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By Joe Anuta

Fast-growing Tech Firms Max Out On 'Open' Spaces

Old buildings filled with young workers test occupancy laws from the early 1900s



Many tech firms cram large numbers into small spaces in areas like Dumbo.
Photo: Buck Ennis

New York City's tech firms are known for their love of old industrial buildings and stuffing them with eager beavers, 10 or 20 to a side at long tables. But some of the city's hottest, fastest-growing companies are maxing out as they brush up against the legal limits of just how many people can be crammed into today's open-office environments.

Spelled out in that longtime essential of business life in New York—a property's certificate of occupancy—these people ceilings are taking on new importance as tech and new-media companies expand throughout the city.

Anxious tenants are asking their architects to design spaces that can take occupancy counts up to the limit. Similarly, many landlords are seeking to retool old certificates of occupancy to allow for more people per floor.

"It is just amazing how fast these firms are growing," said Scott Spector, principal at architecture firm Spector Group, who noted that as tech firms grow, so, too, do requests to max out certificates of occupancy. The number of such projects Mr. Spector handles has jumped by 50% in just the past three years.

Behind that leap stands a new generation of firms desperate to find their kind of space in their kind of neighborhood—a place like west Chelsea in Manhattan or Dumbo in Brooklyn. In their crosshairs these days are buildings constructed 80, 90 or even more years ago—and designed to house a few massive printing presses and a handful of human operators, or stacks of crates and a guard or two. Today, the spaces are being repurposed by expansion-minded firms to seat long rows of programmers, or simply to free up and fill more space by sweeping away interior walls.

Maybe yes, maybe no

Often, a case can successfully be made for a huge increase in occupancy. But sometimes it cannot. The deciding factor boils down to what has become a key component of a building's value to tenants and landlords alike: not its view or its architectural details, but its stairwells, their number and their width.

"The certificate of occupancy and its limitations reflect a building's safe and proper use, which ensures necessary egress for occupants in the event of an emergency," a Department of Buildings spokesman said.

Others put it in starker terms.

"A lot of these rules are based on bitter experiences," said Alan Gaynor, principal at Boddewyn Gayner Architects.

Like many others, he cites the most infamous of them all, the 1911 fire at the Triangle Shirtwaist Factory near Washington Square that killed 146 garment workers, mostly women, many of whom leaped to their deaths when they were unable to escape the burning 10-story building.

Today's tech firms are of course as eager as anyone else to ensure the safety of their staffers. But many also have a firm belief in the power of crowded open-plan offices to spark a more creative and productive vibe.

Today, the average Manhattan office worker gets nearly 200 square feet of space at the job, down about 20% from the mid-1990s, according to a report from commercial real estate firm Cushman & Wakefield. And with tech firms leading the way to a more crowded future, the densest office environment ever may be just a few years down the road.

"Everyone is talking about how tech is affecting the overall concept of the workplace," said Miguel McKelvey, co-founder of WeWork, a growing company that rents out office space and focuses on balancing density with communal work areas. "We find there is a greater energy level with higher density."

Up to the ceiling

To accommodate that theory, many architects are getting accustomed to laying out space in a way that can take occupancy to the limit. But at the same time, there is an increasing business in helping tenants or their landlords win revisions to what their certificates of occupancy allow.

A case in point is Dumbo Heights, the four-building, 1.4 million-square-foot complex formerly owned by the Jehovah's Witnesses. It was purchased by a partnership including RFR Realty and Kushner Cos. with the aim of creating the city's next tech hub, though the buildings only allowed a fraction of the people that these firms would require.

For example, in one building, by measuring the stairwells along with other factors, the firms were able to demonstrate that triple the amount of people should be allowed into the office portion, and received an updated certificate late last year, according to public records.

"Before they bought the asset, they did their homework," Mr. Gaynor said.

Increasingly, what role old buildings have to play in the modern economy comes right back to the stairwell. That's because unlike other factors that govern density, like the number of bathrooms, stairwells are nearly impossible to expand.

Mr. Spector was hired by a company eyeing a loft-style space in Manhattan that had all the aesthetic trappings of a tech-company office. But the space lacked adequate exit capacity, so he had to convince the firm to drop it.

"I told the client that he might have fallen in love with the space, but they wouldn't fit," Mr. Spector said.

Of course, many land-use experts concede there are ways around the limits.

Some companies design their offices to exceed the legal maximum, with the knowledge that traveling, ill or vacationing employees won't be there on any given day. Others flout the law altogether. But as the trend grows, density may draw more scrutiny.

"It is not as closely monitored [as other aspects of the building code]," said **Gregg Schenker, president of landlord ABS Partners**, "but it will likely become more important going forward as density within office space increases."

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