

One of the **biggest issues** we often see is owners working with brokers who do not understand the **use and occupancy** of buildings and the impact that these ratings can have on property value and potential sales. **People often confuse use and occupancy with zoning**, especially with commercial properties.

While zoning and building codes are closely related, they both serve different functions. In a nutshell, **zoning codes** regulate how a given section of land can be used and what type of business can utilize the land and its structures. On the other hand, **building code** regulates the details of the structures themselves by assigning a **use and occupancy rating**. Each type of classification has different building code requirements which relate to the type of hazards or uses in the building.

Often, commercial property owners are approached by brokers who are not experienced with use and occupancy ratings. This can have a detrimental effect on the timing and value of leasing and selling a building. For example, if a buyer's or tenant's use triggers a change of use for a building, this can result in an unpredictably long permit process, which can delay a sale or extend the Buyer's loan approval.

A multitude of factors come into play when determining use and occupancy. Here are just a few:

- What is the building's current legal use and occupancy and is this on file with the city?
- What may a future buyer do to trigger a change of use and occupancy and what is the potential cost of potential improvements?
- How long is the permitting process with the city?
- What will the city require to issue a certificate of occupancy? Seismic upgrades? System Development Charge? ADA compliance? Who pays for this?
- Does the Buyer's lender require city permits for loan approval?

Scope of Work	Code Considerations
Change of use or occupancy of a building	Current code requirements must be met, including: addressing accessibility for new work and removing existing barriers, potential seismic upgrades, potential addition of sprinkler systems, and others.
Change of use or occupancy of a building in certain locations	May require parking, bike parking, pedestrian amenities and landscaping depending on use and location of property within certain zones.
Alterations with a value over a certain amount specified in the zoning code	May require upgrades to elements of the site including bike parking, pedestrian connections, pedestrian amenities, landscaping and screening depending on use and location of property within certain zones.
Alterations to exterior	May require Design Review or Historic Resource Review (land use review) in certain locations or for designated historic buildings.
Change that causes an increase of customers, traffic and/or use of resources	Systems Development Charges (SDCs) may be assessed.

Right now, owners are required to navigate countless scenarios before stabilizing and putting their property on the market for lease or sale. Understanding building code and zoning enables a Seller / Landlord to attract the right fit for their building. **Experience proves to be a valuable asset** when attempting to mitigate both the frequency and severity of mistakes that can arise. Be discerning before you trust people.

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