

USE & OCCUPANCY IN COMMERCIAL REAL ESTATE

Why zoning, building code, occupancy classification, and permitting matter before you buy, lease, or market a commercial property.



WHY USE & OCCUPANCY MATTERS

One of the **biggest** mistakes property owners make is assuming a building's current use automatically complies with city code requirements. In reality, a property's **zoning**, **approved use**, and **occupancy classification** are often very different things — and misunderstanding those distinctions can create major issues during leasing, financing, redevelopment, or sale.

While zoning and building codes are closely related, they regulate different aspects of a property:

- **Zoning codes** determine how land can legally be used.
- **Building codes** regulate how structures are designed, constructed, and occupied safely.
- **Occupancy classifications** establish how a building may legally function based on life-safety standards and intended use.

Many commercial buildings have operated for years without owners fully understanding whether their current use aligns with existing permits and occupancy approvals. This frequently becomes an issue when:

- A buyer plans renovations or a change of use
- A lender requires permits or certificates of occupancy
- A tenant improvement project triggers new code requirements
- The city reevaluates an existing use under current standards

In some cases, what appears to be a simple tenant improvement can unexpectedly trigger substantial upgrades, permitting requirements, or delays.



KEY QUESTIONS OWNERS SHOULD CONSIDER

- ✓ Is the current use legally established and on file with the city?
- ✓ Does the occupancy classification match the intended business use?
- ✓ Could a future buyer or tenant trigger a change-of-use review?
- ✓ What improvements could be required by the city?
- ✓ Would seismic, ADA, fire/life-safety, or system upgrades be required?
- ✓ How long could permitting and approvals take?
- ✓ Would a lender require permits or certificates before funding?



Experience can be a valuable asset when identifying potential issues early, minimizing delays, and helping owners understand the true implications of redevelopment, leasing, or repositioning opportunities.

COMMON CODE CONSIDERATIONS



CHANGE OF USE OR OCCUPANCY

Changes in how a building is used may require city review, updated permits, or additional improvements depending on the proposed occupancy type.



ACCESSIBILITY REQUIREMENTS

ADA upgrades, accessible routes, parking, restrooms, and entry improvements are commonly triggered during alterations or occupancy changes.



FIRE & LIFE SAFETY

Fire sprinklers, alarms, exiting systems, emergency lighting, and occupancy limits are frequently reevaluated during permitting.



STRUCTURAL & SEISMIC REQUIREMENTS

Certain renovations or changes in occupancy may trigger seismic or structural upgrade requirements depending on building age and scope of work.



PERMITTING DELAYS

Unexpected permit reviews can significantly impact leasing timelines, construction schedules, and transaction closings.

EXPERIENCE MATTERS

Navigating use and occupancy issues requires careful review of zoning history, permits, occupancy records, and current building code requirements. Small oversights can become expensive problems later in a transaction.



NEED ASSISTANCE EVALUATING A PROPERTY?

Contact Commercial Black for guidance before you buy, lease, or invest.

CONTACT US TODAY



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