

**Title:** Debating Tall: Special Requirements for High-Rise Luxury Apartment Owners?

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# Special Requirements for High-Rise Luxury Apartment Owners?

The growing practice of using high-rise apartments as secondary residences that act as “safety deposit boxes” for wealthy international investors has been criticized as detrimental to the development of community life, design quality, and as a strain on city services that goes uncompensated. So we ask, “Should we legislate special civic responsibilities for high-rise luxury apartment owners?”

### NO

**Robert Pratt**

*Managing Director, Tishman Speyer Properties*

While inactive or unoccupied apartments may be argued as wasteful consumers of resources and infrastructure or inconsiderate neighbors, impacting the city with their darkened presence, they can also be argued as potent market symbols. They indicate the efficient flow of capital to the “best” markets in the world. Their mere presence is often a trigger for area-wide improvements. Why object to a neighbor like that?

Real estate development is usually remarkably efficient at reacting quickly to a shift in the highest and best use of a site. The market has recognized that the likelihood of a project’s success is often driven through a residential model as opposed to other models.

The strategic rise of using luxury apartments in high-profile international markets as haven for personal investment is a reflection of geopolitical issues and an increasing ease of moving capital around the globe. An investor’s decision to buy is a vote of confidence in those locations, and that vote is often one with a decidedly long-term view.

The development of the luxury high-rise apartment as a product can be instrumental in driving the development of entire areas or neighborhoods within cities, as the luxury market often brings with it desired amenities in the form of shopping, dining, entertainment and cultural facilities.

Great urban areas gain their reputations by providing an overall environment that people generally want to enjoy. Trying to legislate the adding of a few specific residents – or discouraging others through extra taxes – isn’t going to change the fabric of the neighborhood.

Standing back a little further, telling people how to use a possession like an apartment feels like a real societal overreach. I would contrast this with governments telling people how to use their cars, for example. The collective use of cars can demonstrably overtax infrastructure, cause pollution, and other ill effects. Effective management of cars can cause measurable societal benefits. It’s hard to see how the same can be true about requiring residency in apartments.

Perhaps it is best to ensure a place is attractive to occupy, rather than try to legislate it.

### YES

**Kheir Al-Kodmany**

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Owners should be responsible for maintaining their apartment interiors and exteriors, whether they spend time there personally or not. In addition to ensuring upkeep of interior and exterior spaces, owners could also be required to upgrade their apartments to meet contemporary sustainability standards so that they reduce their negative environmental impact. They could also be liable for any building improvements; for example, upgrading the lighting systems, elevators,

green roofs, etc. These could be minimum requirements, exercised through municipal code.

But even before maintenance becomes an issue, the opportunity to stress and ensure high quality design in residential high-rises should be taken. If legislating high quality and sustainability is the means – including changing air-rights reassignment rules to reduce shadows and transfers of affordable housing obligations – so be it.

Of course, the issue extends beyond design and maintenance. High-rise luxury housing is usually designed to a level of quality comparable to a high-end hotel, regardless of occupancy. The more difficult issue has to do with the fact that people who do not occupy their residences do not spend money on commercial and city services, while their empty buildings take up real estate that could otherwise be put to use. While an additional luxury tax, as has been suggested, would be unnecessarily punitive, and might encourage disinvestment and lower property tax revenues overall, tax incentives to build and develop luxury housing should not come at the expense of affordable housing.

We should aim to ensure high-quality delivery of high-rises so that we sustain a positive image about this building typology – doing so will continue to attract residents of all kinds. As the world’s urban population is increasing exponentially, we anticipate a greater demand on high-rise living. Indeed, we have already seen an unprecedented pace in constructing residential high-rises worldwide, and we do have a responsibility to sustain this emerging, colossal building stock and our communities.