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Report: Small Units Can be Part of the Affordable Housing Solution in New York City, If Barriers Removed

A new NYU Furman Center report makes the case for building new small-unit housing to more affordably accommodate New York City's single-person, low-income households.

New York, NY: A new report from the NYU Furman Center finds that small units can be a viable option to help address New York City's affordable housing need. The report demonstrates the financial feasibility of small-unit housing and details the regulatory barriers the city would need to address in order to spur their development.

The report, *21st Century SROs: Can Small Housing Units Help Meet the Need for Affordable Housing in New York City?*, explores the potential demand for smaller, cheaper units; the economics of building small units; and the regulatory barriers to building small units in New York City. It considers the feasibility of self-contained micro units as well as efficiency units with shared kitchens and/or baths.

"Nearly 1.2 million New Yorkers live alone or with roommates, and many of them are paying large shares of their income on rent," said **Jessica Yager**, Executive Director of the NYU Furman Center and author of the report. "Smaller units can be supported with lower rents than larger units. But there are a number of provisions in City laws and rules that make it difficult to build them."

The report uses financial modeling to demonstrate that small units can be significantly cheaper to build and operate than larger units. According to the report, with a property tax exemption and no other subsidy, a standard 400 square foot studio unit requires approximately \$1,480 per month in rent to support construction, which would be affordable to a single person earning at least \$59,452 per year (or 89% of area median income (AMI)). By contrast, a 160 square foot efficiency unit with shared kitchen and bath would require a rent of only about \$840 per month, which is affordable to a single person earning at least \$34,068 a year (or 51% of AMI). With government subsidy beyond a tax exemption, small units could be made affordable to even lower income households.

The authors also identify key regulatory barriers that impede the creation of small units, and provide recommendations to overcome them. The city adopted “Zoning for Quality and Affordability” in 2016, which removed minimum unit size regulations from the Zoning Resolution; but Zoning Resolution density factor regulations and parking requirements still hinder development. The Housing Maintenance Code restricts the creation of units with shared facilities, and many commonly used subsidy programs have unit-size and bedroom-mix rules that can discourage the creation of small units.

The report details how the City could address the barriers to developing small units by amending the Zoning Resolution and the Housing Maintenance Code. It also suggests that a city-supported small unit demonstration project and a Small Unit New Construction Program would help encourage the creation of subsidized small units.

“Despite the city’s substantial commitment to creating affordable housing, meeting the needs of low-income households in the city remains a significant and ongoing challenge,” said Yager. “Small housing units can be part of the solution, if some of the existing barriers to their creation are addressed. It’s time to update the SRO model with a new version of small units for the 21st century that provides much-needed high-quality, affordable housing for single New Yorkers.”

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Read the policy brief: [21st Century SROs: Can Small Housing Units Help Meet the Need for Affordable Housing in New York City?](#)

[Read the accompanying white paper \(PDF\) >>](#)

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About the NYU Furman Center

The NYU Furman Center advances research and debate on housing, neighborhoods, and urban policy. Established in 1995, it is a joint center of the New York University School of Law and the Wagner Graduate School of Public Service. More information can be found at furmancenter.org and [@FurmanCenterNYU](https://twitter.com/FurmanCenterNYU).