Alternative Housing Types

Demographic shifts have led to an increasing number of New Yorkers living alone, but New York’s housing stock remains largely geared toward larger households. For years, New York City has been experimenting with allowing alternative forms of housing, to provide lower-cost options to single adults while freeing up larger units for couples and families, but their wide adoption raises concerns about quality and substandard housing historically associated with this kind of housing. The next mayor will need to consider whether Accessory Dwelling Units (ADUs), Single-Room Occupancy Units (SROs), and micro-units can help New York City address its affordability and homelessness crises.
Background

The character of New Yorkers’ housing arrangements has changed significantly in the past several decades. Fewer people live with families; in 2010, 47 percent of New Yorkers over age 25 did not reside with a spouse or partner. The population of older Americans is increasing as well, and many older Americans live alone and are unable to age in place due to increasing housing prices. However, the median housing unit in New York City is about 90 years old and reflects the demands of past living patterns. Studio apartments and alternative housing like SROs remain in limited supply.

At the same time, housing growth has not kept pace with demand in New York City. The city added only 0.19 housing units for each new job over the past decade. This means that there are more people who need places to live and relatively fewer places to house them. As a result, a growing number of people struggle to pay rent, exacerbating the city’s housing affordability and homelessness crises. This is particularly true for single New Yorkers earning $18,150 (30 percent of Area Median Income) or less per year; more than 218,000 of these households were considered severely rent-burdened as of 2015. Given the mismatch between housing needs and housing stock, and New York’s struggles to keep pace, there is increasing interest in allowing a broader range of housing types. ADUs, micro-units, and SROs—three forms of smaller, and generally lower-cost, housing—could help fill the gap.

New York City has been experimenting with these models, at very small scales, for years, but has not adopted meaningful new policies in response to those experiments. Moreover, with increasing interest in repurposing hotels and other commercial spaces as housing in the wake of COVID-19, these questions are particularly timely.

4 See Stern and Yager, supra note 1 at 6.
6 Stern and Yager, supra note 1, at 3–4.
ADUs, Micro-Units, and SROs

The three forms of housing discussed in this brief all provide alternative living arrangements that are smaller and potentially more affordable than full-size apartments but differ somewhat in their structure, location, and the population served. ADUs are smaller units located on the same property as a primary residence. These units could be in a separate structure on the property, like a backyard cottage, or attached to the primary dwelling, including in a basement or converted garage. ADUs are fully self-contained units with their own bathroom and kitchen or kitchenette. Proponents tout ADUs for their potential to provide affordable options for renters, facilitate multigenerational living arrangements, and generate revenue for homeowners to use to help pay their mortgage and other expenses. Often, ADUs are used where zoning prohibits other methods for adding additional residential units on a lot, especially in single-family residential districts. Cities and towns across the country have moved to allow easier ADU construction, and several states have preempted local regulations that impede the construction of ADUs. Most prominently, California allows the development of up to two ADUs per lot as-of-right—i.e., without needing a special permit or prior approval from the government.

Currently, New York City disallows ADUs. Despite this, thousands of New Yorkers currently live in illegal basement apartments; because the units are illegal, tenants have few options if they seek to abate hazardous living conditions or enforce lease terms. In 2019, New York City created a small basement apartment conversion pilot program in East New York, providing low- or no-interest loans to homeowners who wished to develop basement apartments on their property. But, the program imposed extensive conditions on which homeowners could participate and on what terms they could rent out their ADU, limiting uptake. Only a handful of homeowners—nine as of May, 2020—were approved

to participate in the program. The pilot is currently on hiatus due to COVID-19 related budget cuts. Additionally, in January 2021, New York state legislators introduced a bill to legalize ADUs across the state; the bill is still pending.

Micro-units are smaller apartments intended primarily for individual living. Micro-unit developments generally also have substantial common spaces to compensate for the smaller individual units. Micro-units would be smaller than the 400 square foot minimum apartment size required in New York City until 2016, but would still have their own bathroom and kitchen or kitchenette. Micro-units could be attractive options for young people, people living alone, or people in transitional periods of their life who are unable to afford larger studio or one-bedroom apartments. Micro-units could also allow for the construction of more units on a single lot, which could alleviate housing shortages in desirable locations near transit.

SROs generally consist of a private room with access to bathroom and kitchen facilities that are shared with fellow building occupants. SROs were at one point fairly common in New York City. However, many were not properly maintained, and residents found themselves living in extremely substandard living conditions. Because of this, New York City generally barred the construction of new SROs in 1954. Currently, there are only about

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** UNIT TYPES USED FOR COMPARISON **

- Studio Apartment 400sf
- Micro Unit 300sf
- Efficiency with shared kitchen 225sf
- Efficiency with shared kitchen and bath 160sf

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13 Id.
14 Id.
16 Been et al, supra note 2, at 21.
17 Been et al, supra note 2, at 16.
30,000 legal SRO units remaining in New York City, down from approximately 200,000 at mid-century.\textsuperscript{18} Despite this history, some have argued that SROs could provide an affordable, low-cost option for individuals who are otherwise unable to afford housing. SROs once provided a housing option of last resort for people on the brink of homelessness (and illegal SROs still serve this function across the city); their legal reintroduction could provide housing to those who risk going without it.\textsuperscript{19}

The next mayor will need to confront and possibly revise several regulatory restrictions beyond general prohibitions of ADUs, micro-units, and SROs if they wish to pursue alternative housing forms to promote affordability. First, most districts in New York City require off-street parking spaces in proportion to units in a development, which can stymie projects intended to increase density in an area, especially projects with small units.\textsuperscript{20} Next, New York City limits the number of dwelling units that can be built on a lot; since smaller units allow for more units in the same amount of space, they are more likely to run afoul of these restrictions.\textsuperscript{21} New York City’s affordable housing programs and tax subsidies tend to favor larger units by limiting the number of one-bedroom or studio apartments and generally barring construction of units smaller than 350-400 square feet.\textsuperscript{22} SRO units, in particular, cannot be constructed unless they are approved by the HPD commissioner and are either owned or operated by a non-profit or built with substantial government assistance.\textsuperscript{23} The next mayor could facilitate the process of constructing ADUs, micro-units, and SROs by removing these roadblocks or by providing incentives and loans to developers and homeowners to construct these units.

These questions are posed in a particularly acute way by recent proposals to convert hotels and commercial spaces into housing, in the wake of COVID-19. The most significant cost savings from such proposals would come only if hotel rooms could be used as housing with minimal conversions. However, hotel rooms are small and may not meet regulatory standards for apartments. Thus, proposals to convert commercial spaces into housing pose the same questions as proposals for new micro-units or SROs: which housing quality protections should be loosened, if any, to allow for cheaper and smaller housing units?

\textsuperscript{18} Stern and Yager, supra note 1, at 6.
\textsuperscript{20} See Been et al, supra note 1, at 42.
\textsuperscript{21} Been et al, supra note 1, at 43
\textsuperscript{22} See Stern and Yager, supra note 1, at 20. However, in 2016, New York City did away with minimum unit size restrictions in higher density areas, so these units could be constructed without subsidies. See id. at 35.
\textsuperscript{23} Stern and Yager, supra note 1, at 14–15.
Reforming Parking Requirements

New York City’s zoning code, like most in the country, mandates that new development include off-street parking spaces. In low-density zones, the zoning resolution generally requires at least one parking space for each new home constructed, while less parking per unit is required in higher-density zones. Small buildings and small lots are exempt from parking requirements, and in 2016, the city removed all parking requirements for affordable housing in designated areas near subways. In the “Manhattan Core” (below 96th Street on the East Side and 110th Street on the West Side) and in parts of Long Island City, the City instead imposes a maximum number of parking spaces that developers can provide. A Furman Center analysis from 2012 found that, on average, the city required 43 parking spaces per 100 units of housing built; this number has likely changed slightly in the intervening years due to subsequent rezonings.24

The purpose of minimum parking requirements is to prevent new development from competing for scarce on-street parking spaces—and to reduce community opposition to new development based on that competition.25 However, parking requirements impose heavy costs on the city: increasing housing costs and harming the environment. Parking requirements increase housing costs directly—an underground parking space costs up to $50,000—and indirectly, by making development more difficult and reducing the supply of housing.26 Developers routinely reconfigure their projects into less efficient shapes to qualify for an exemption from parking requirements, and when they do not, often must use space for parking that could be used either for more housing or for other amenities like green space. Notably, more than three-quarters of New York City developments subject to parking minimums build almost exactly to the minimum parking requirement, indicating that developers see this parking as a costly burden and in excess of what residents demand.27 At the same time, by mandating the production of parking beyond what the market would supply, these zoning rules effectively subsidize the cost of car ownership, which in turn encourages residents to drive.28 Parking minimums therefore may increase both greenhouse gas emissions and local air pollution that causes respiratory illness.

An increasing number of cities have moved towards eliminating parking requirements. San Francisco, Minneapolis and Hartford have each acted to remove parking requirements entirely, while cities large and small—from Buffalo to Spokane—have seriously reduced their parking mandates.29 The next mayor should consider whether New York City—with its best-in-the-nation transit system—should join them.

25 Id. at 2–3.
26 Id. at 6.
27 Id. at 9.
Potential Drawbacks of Developing Micro-Units, SROs, and ADUs

While ADUs, micro-units and SROs can offer cheaper, smaller housing options, this comes at a cost. Most importantly, smaller units or new housing types may result in lower-quality housing conditions. SROs, in particular, were often unsafe and unsanitary—for many years around the mid-twentieth century, the city worked hard to eliminate SROs for just this reason. Even ADUs and micro-units may offer residents a smaller apartment than New York City currently considers the minimum for a household’s basic needs. These types of housing raise other concerns as well. Some homeowners fear that increases in density would negatively affect neighborhood character.

Proponents acknowledge these challenges but contend that they are surmountable. Adequate regulation as to safety and sanitation could ensure that the units do not fall into disrepair, as SROs did in the mid-20th century. And new units may change neighborhood character, but they can also preserve housing opportunities for people of multiple income levels and allow existing residents to obtain additional revenue to help pay their mortgages or other bills.30 Additionally, as to basement apartments, thousands already exist, and legalization would allow those units to be subject to health and safety standards and provide tenants with legal recourse in the event of substandard maintenance.31 Finally, proponents argue that, in light of significant housing shortages, rising homelessness, and unaffordable prices, permitting the construction of units that individuals are willing to live in outweighs potential downsides.

Additionally, to the extent that the city seeks to subsidize or otherwise encourage these kinds of units, rather than merely permit their creation, the city should also consider whether it would crowd out support for larger homes for families. Families with children face their own distinct challenges in finding quality, affordable housing, and there is a necessary trade-off between support for smaller units and for larger units.

30 See Been et al, supra note 1, at 18.
31 See Hidden Housing, supra note 8, at 12.
Conclusion

ADUs, micro-units, and SROs involve a trade-off: more, cheaper housing, but with smaller units (and in the case of SROs, units without private kitchens or bathrooms). In choosing whether and how to promote construction of these housing units, the next mayor will need to balance safety and quality concerns and regulatory hurdles with the need to ensure ample affordable housing to all New Yorkers.