

2022 Joint Legislative Budget Hearing

Monday, January 31, 2022

Ryan Chavez, Program Director, Basement Apartment Conversion Pilot Program, Cypress Hills LDC

Good morning, Chairs and Members of these Committees. Thank you very much for the opportunity to speak today.

My name is Ryan Chavez, Program Director of the Basement Apartment Conversion Pilot Program at Cypress Hills Local Development Corporation. Founded in 1983, CHLDC is a non-profit community development organization and settlement house based in East New York, Brooklyn that fosters educational and economic success in the community, serves young people, works to secure and preserve affordable housing and stable homeownership, and fights for housing justice.

I am here to speak in support of the 2022 Executive Budget as it relates to the legalization of Accessory Dwelling Units, or ADUs. And I come before you today with first-hand experience and expertise in the field of basement conversions — both in terms of their critical importance to communities like East New York as well as the challenges in implementation.

The East New York community, led by the Coalition for Community Advancement (a grassroots coalition of community based organizations, houses of worship, renters, owners and small businesses) fought during the 2016 rezoning of East New York to prevent displacement, deter real estate speculation, preserve homeownership and create truly affordable housing. Basement legalization was embraced by the ENY community as a strategy for accomplishing these goals. Community leaders advocated for a basement legalization pilot to make existing basement units in East New York safe and healthy, provide extra income to owner occupants of 1-4 family homes and create new affordable housing. We'd like to acknowledge and thank Assembly Member Epstein, in his former role at the Urban Justice Center for all of his support and help to the Coalition for Community Advancement and CHLDC during the rezoning and afterwards in convincing the City that a Pilot program was feasible.

In early 2019, the NYC Department of Housing Preservation and Development, in partnership with CHLDC, launched the East New York Basement Apartment Conversion Pilot Program. The pilot aimed to provide 40 homeowners of one-, two-, and three-family homes in East New York with financial and technical assistance to convert their basements or cellars to safe, legal, and affordable rental units. Public loans are provided to homeowners to cover the cost of conversion. And homeowners with newly converted basement units are required to adhere to rent restrictions for the life of the loan.

The pilot was also designed to demonstrate the feasibility of basement conversions in New York City, identify key challenges and workarounds, and lay the foundation for a broader program to formalize basement apartments citywide.

Interest in the pilot among local homeowners was overwhelming. Basement apartments are part of a delicate, if informal, housing ecosystem. They are naturally among the most affordable housing options for many low-wage renters. But they are also a way for homeowners to keep family members — whether young or aging — close by. And in low- to moderate-income communities of color like East New York, homeownership is often a family's primary source of generational wealth. In many cases, the rental income from these units is the only thing allowing homeowners to hold onto that valuable asset. In short, basement units act as a bulwark against a wave of homelessness and foreclosures and is a

vehicle for stabilizing the homeownership and wealth of Black and Latino homeownership in an increasingly unaffordable City.

However, despite the critical role that basement apartments play, for renters and homeowners alike, the process for bringing these units into the formal housing market is exceedingly and needlessly difficult under existing law. And to be clear: these units need to be brought into the formal housing market.

Working on the pilot program in East New York, we identified three key challenges in implementation that this policy will directly alleviate.

First, parking requirements: roughly a quarter of properties in the pilot were deemed ineligible for the program solely due to their inability to accommodate additional off-street parking. In a community like East New York — and many others — where mass transit is available, this requirement creates a needless barrier for homeowners interested in converting their basement. As such, we fully support this policy's prohibition of parking requirements for certain accessory dwelling units.

Second, ceiling height: the overwhelming majority of properties assessed in the East New York pilot did not meet the required 7'6" ceiling height requirement. For a homeowner to achieve this minimum height requirement, they would have to excavate their basement, which is both prohibitively expensive and risky. For that reason, we fully support the establishment of a 7" ceiling height minimum.

Third, the Multiple Dwelling Law, or MDL: the MDL is a state-level law which imposes a suite of rigorous housing standards on residential properties with three or more units. As we have found in the East New York pilot, for a two-family home looking to add a basement unit to their property, this would reclassify them as a multiple dwelling, forcing them to comply with new regulations often so onerous as to render the conversion impossible. As such, we support the requirement that properties participating in a New York City ADU amnesty program be exempt from the MDL. This will make basement conversions far more financially and logistically feasible in properties with existing units. With that in mind, it is concerning that this MDL exemption is limited only to those properties participating in an amnesty program. As drafted, this policy essentially facilitates that formalization of existing ADUs while maintaining a significant barrier for the development of new ones. For those of us who see ADU development in NYC as an important vehicle for homeowner stabilization and affordable housing creation, this is problematic and restricts the potential of this policy. We strongly believe that this MDL exemption must be extended to include all applicable properties in New York City, whether they have an existing ADU now or hope to develop one in the future.

For these reasons outlined, I reiterate our organization's support for including this policy in the budget and thank you once again for the opportunity to comment.