



THE BASE CAMPAIGN'S

# Blueprint for Basement Apartments

1

## Establish Funding for a Citywide Program

**Guarantee sufficient funding to continue and complete the East New York Basements Pilot.** This will ensure baseline learnings for design of a citywide program that works. Expand the pilot to more neighborhoods in New York City.

**Fund the legalization and conversion of basement and cellar apartments.** Include enough money as a line item in the FY2022 budget to fund low-interest or evaporating loans, additional administrative personnel and grants for CBOs to support homeowners and tenants through the legalization process.

**Ensure program permanence.** Protect the continuity of the program through the next mayoral administration to ensure the 200,000 potentially eligible buildings can participate.

2

## Update Zoning & Building Codes

**Legalize cellar conversions.** Change housing codes and amend zoning to allow habitable cellars to be legalized, as they have for the East New York Basement Pilot. Ensure the conversion of cellars will not put a building out of compliance with its zoned Floor Area Ratio (FAR) by exempting the cellar unit from the FAR calculation.

**Address parking restrictions.** The City should waive parking requirements triggered by the addition of a basement unit.

**Allow for 7 foot ceilings.** Allow for the approval of seven-foot ceilings with minimal protrusions, and other modifications, when it is safe and efficient.

3

## Simplify the Participant Experience

**Offer easy-to-understand financing.** All financing options for homeowners should include financial counseling assistance and have clear terms and conditions.

**Establish an Office of Small Homes.** Create an independent office that is specifically fluent in the needs of the 1-to 4-family market to manage basement conversions and accessory dwelling unit creation, along with all other 1-4 family building city programs.

4

## Make it Affordable

**Provide low-interest and evaporating loans.** Ensure that low- and moderate-income homeowners benefit from basement conversions by providing low-interest and evaporating loans, based on income.

**Create regulatory agreements to protect tenants.** The City should create a regulatory policy to keep rents affordable and apartments accessible to low-income New Yorkers.

**Create an amnesty program for homeowners** who already have tenants living in basements to allow them to bring units up to code and into the legal housing market.



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# Establish a city-wide program

## Guarantee sufficient funding to continue and complete the East New York Basements Pilot

In early 2020, the City gutted FY21 funding for the East New York basements pilot program, which the de Blasio administration had guaranteed to the East New York community during the ENY 2016 rezoning. The program promised to convert 40 basements into affordable rental units for low- and moderate-income homeowners in this community of color already facing mounting pressures of speculation and displacement.

The program has secured alternate funds to sustain a much scaled back pilot through FY21. However, it is vital that the City allot the \$250,000 that the pilot program requires to continue operations in FY22 and keep the City's promise to ENY, evaluate the pilot's lessons after completion, and expand the program citywide.

## Fund the legalization and conversion of basement and cellar apartments

The risk of foreclosure and evictions is most acute in low-income and working-class communities of color. For homeowners with informal basements units, the lack of any citywide conversion program puts them at risk of exorbitant fines, sudden vacate orders, and the loss of much-needed monthly income. For tenants of these units, this means a constant state of housing precarity and a lack of tenant protections.

The City must include a line item in the FY22 budget to establish a citywide basements legalization and conversion program. This needs to include sufficient funding for: affordable and forgivable loans for homeowners; technical assistance provision; and resources for partnering CBOs to help their communities through the complex legalization process.

## Ensure program permanence

Programs are too often initiated with insufficient commitment or follow-through by politicians, only to see them scaled back or shelved in subsequent administrations. This ensures that these programs never develop the administrative infrastructure and public support needed to see them succeed in perpetuity.

Both current and prospective administrations and City Councils should issue a high-level commitment to a bold and permanent basement conversion program. The goal of identifying 200,000 potentially eligible participants citywide should be at the center of any housing policy.



# Update zoning & building

## Legalize cellar conversions

Current building code does not allow for the conversion of cellars into habitable units, even when they may be mere inches shy of being officially considered a basement (basements are legally defined as more than 50% above grade). The ENY Pilot was designed to solve this by adding other safety requirements for cellars such as a second egress door. A secondary problem is that cellars are not included in a building's Floor Area Ratio (FAR), and when converted, can potentially put a building out of compliance with zoning, even when not adding to the actual bulk of the building.

BASE calls for updating building codes and amending zoning to allow habitable cellars to be safely legalized, as they have for the ENY Basement Pilot. Ensure the conversion of cellars will not put a building out of compliance with its zoned Floor Area Ratio (FAR) by exempting the cellar unit from the FAR calculation.

## Address parking restrictions

Zoning rules mandate that parking is provided for a specific percent of the units in a building. The mandatory amount of parking spaces is dependent on the zoning designation of the property. This will automatically disqualify many homeowners from participating, especially those that are attached on both sides. In the ENY Pilot, 25% of interested participants were disqualified solely on parking.

The City should waive parking requirements for the addition of new basement units. As the City grapples with solving both the affordable housing and homelessness crisis, along with trying to fight climate change, the plan to retain such strict parking requirements seems shortsighted and at odds with many of the City's stated policy goals.

## Create regulatory agreements to protect tenants

Basement tenants are some of the most vulnerable residents of New York City. Most tenants of illegal basements are low-income families, gig workers, seniors, or undocumented residents. The most consistent concern these tenants raise about a basement conversion program is that legalization will bring higher rents and ultimately displace them.

Tenants should not have to choose between unaffordable rents and poor living conditions. BASE calls on the city to create a regulatory policy to keep rents affordable and make sure basement apartments remain accessible for low-income New Yorkers. Homeowners that benefit from subsidized financing, zoning adjustments, and building code accommodations should be expected to pass on the benefits of the conversion program to their tenants in the form of affordable, sustainable rents.

# 3

# Simplify the participant experience

## Offer easy-to-understand financing

Converting a basement into a legal apartment can be a complex and intimidating experience for homeowners, particularly when it comes to financing the project. Homeowners are often confronted with competing funding offers and complicated terms that make them susceptible to predatory lending practices.

Homeowner-centered financing options must be crafted by the city to make the conversion experience easy and sustainable. Additionally, all qualifying homeowners interested in the program should be connected to housing and financial counseling services at a HUD-certified housing counseling agency. A counselor should work with homeowners to ensure the conversion project is the right option for that particular household and that the homeowner understands the responsibilities that come with basement legalization.

## Establish an Office of Small Homes

A basement conversion program is an unparalleled opportunity to add thousands of safe, affordable housing units across the city. In doing so, many low and moderate income homeowners will officially assume the responsibilities of being a landlord for the first time. However, the City has not always managed small homes programs efficiently and effectively. Government agencies that primarily work with housing developers and large-scale professional landlords frequently struggle to design programs and communication strategies that are approachable and easy to understand for the typical New York City homeowner.

BASE calls on the City to invest in the necessary administrative infrastructure to support small homeowners through the basement conversion program by establishing an Office of Small Homes. In addition to supporting the basement conversion program, the Office of Small

Homes can assume responsibility for all city programs targeting 1 to 4 family housing. The needs and experiences of small homeowners are significantly different than those of large landlords. Therefore, the agency that serves them should be specifically designed to address their unique needs.

# 4

# Make it affordable

## Provide low-interest and evaporating loans

BASE calls on the city to create an equitable lending program to allow low- and moderate-income households to convert their basements at minimal cost to the homeowner. The city should establish a sliding-scale financing plan that provides evaporating, interest free, and low-interest loans to fund the conversions based on income. For homeowners at or below 50% Area Median Income (AMI), loans should be evaporating to help vulnerable homeowners avoid the cost burden of conversion. Homeowners under 100% AMI should have access to interest-free loans to support conversion without the unsustainable burden of debt. Lastly, homeowners over 100% AMI should have access to low-interest amortizing loans to make conversion affordable and sustainable.

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## Create an amnesty program for homeowners

The fines that homeowners with illegal basements are subject to can be financially devastating and can put homeowners on the path to foreclosure and financial ruin. As organizers and direct service providers, the BASE coalition knows that if homeowners are liable for these violations should they come forward to participate in the basement conversion program, they will opt to continue renting their basements illegally and the success of the program will be in serious jeopardy.

Therefore, BASE calls on the city to create an amnesty program for homeowners. This policy will allow homeowners with existing basement tenants and potential violations to come forward to participate in the program without the fear of having to pay burdensome fines. By allowing homeowners to join the program and have their violations go unpunished, it will not only ensure greater participation but it will also make the process more affordable for homeowners, who might be unable to afford the cost of the fines and the cost of converting the basement unit.

# Basement Apartments Safe for Everyone

The BASE Campaign is mobilizing New York communities for the creation of a citywide program to streamline basement and cellar conversions into legal apartments.



## BASE includes:

Chhaya Community  
Development Corp.

Communities Resist

Cypress Hills Local  
Development Corp.

Center for NYC  
Neighborhoods

Minkwon Center

Neighborhood Housing  
Services of Jamaica

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