Room to Grow: Mapping ADU Potential in New York City 2025

CENTER for NYC NEIGHBORHOODS

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The Center for NYC Neighborhoods promotes and protects affordable homeownership in New York so middle- and working-class families can build strong, thriving communities. Through collaborations with dozens of statewide partners, the Center's work focuses on three major areas: advocating for systemic changes to create equitable housing policies; creating and administering programs that enable new affordable homeownership opportunities and housing preservation; and delivering catalytic capital to provide relief to financially stressed households while stimulating local economies. Since 2008, the Center has served nearly 378,000 homeowners across the state. Last year, the Center and its partners saved more than 1,700 homes from foreclosure and preserved $3.5 Billion in neighborhood property value.

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EXECUTIVE SUMMARY

This report examines the potential for accessory dwelling units (ADUs) to serve as a more equitable and incremental form of housing growth in New York City.

Drawing on a spatial analysis of ADU feasibility, a socio-spatial equity analysis, and comparative case studies from peer cities (Los Angeles, Portland, and Seattle), our study finds that while the City of Yes for Housing Opportunity (City of Yes) has been a critical step forward, zoning reform alone will not unlock widespread ADU development. Nor can City of Yes, on its own, ensure that ADU development reaches the communities that need it most. Without intentional, equity-driven implementation, the benefits of ADUs are likely to remain concentrated in higher-income, lower-risk neighborhoods, reinforcing, rather than redressing, New York City's existing housing inequities.

HIGH-LEVEL FINDINGS

1 ADU Potential in New York City is High, But Opportunity is Concentrated in Lower-Risk, Higher-Income Neighborhoods.

Our analysis identified approximately 256,353 residential lots in New York City that could support an ADU under current zoning and regulatory assumptions. However, these opportunities are disproportionately located in neighborhoods with lower poverty rates, lower displacement risk, and higher homeownership rates—particularly in Queens, Staten Island, and parts of Brooklyn. In contrast, higher-need neighborhoods with high displacement risk and lower incomes have significantly fewer eligible lots.

2 Structural Capacity for ADUs in New York City Varies Significantly Across Neighborhoods

ADUs rely on specific building characteristics: pitched roofs for attic units, below-grade space for basements, or sufficient yard area for backyard cottages. As a result, different neighborhoods support different ADU types. For example, garage ADUs are most prevalent in Staten Island (37.9 percent of eligible lots), while basement conversions dominate in Brooklyn (58.4 percent of eligible lots). Most eligible lots support only one or two ADU types, underscoring the need for typology-specific design and permitting pathways.

3 Zoning Reform is Important, but Not Sufficient for Large-Scale ADU Adoption

While the City of Yes provides critical enabling legislation, ADU development in New York City remains constrained by fragmented permitting processes, a lack of homeowner clarity, and high construction costs. Legalization without parallel investment in implementation infrastructure risks limited uptake, especially among lower-income homeowners and communities of color.

4 Equity-Focused Financing and Technical Assistance Are Critical to Expanding ADU Access Beyond Higher-Income, White Homeowners

Today's ADU builders are likely to be homeowners with the wealth, time, and professional networks to navigate a complex development process. Without public support, including subsidized financing, technical assistance, and tenant protections, ADUs will remain out of reach for those who could benefit most from the flexibility and supplemental income they offer.

SUMMARY OF RECOMMENDATIONS

To realize the full potential of ADUs as a tool for both housing production and affordability, New York City must invest in the infrastructure, financing, and design support needed to help homeowners realistically build these units. The following recommendations are designed to move beyond ADU legalization and toward implementation strategies that prioritize equity, accessibility, and feasibility across diverse communities and housing types.

1

Invest In Infrastructure for Coordinated ADU Implementation

Establish a centralized ADU Implementation Office at HPD to streamline permitting, outreach, technical assistance, and compliance. A dedicated team can provide individualized support to homeowners navigating zoning, design, and construction processes.

2

Target ADU Resources to Communities Vulnerable to Displacement via Community Ambassadors

Focus ADU programming in high-displacement neighborhoods with physical capacity for development to advance equity goals and protect tenants. Community-based organizations are best positioned to lead outreach, offer technical assistance, and ensure tenant protections. Grant incentives, translated materials, and localized engagement can help ensure both homeowners and renters benefit.

3

Expand Access to Capital Through Inclusive Financing Tools

Partner with mission-driven lenders to create flexible loan products based on projected rental income and future home value. Pair these tools with nonprofit project managers who can guide homeowners through permitting, budgeting, and construction.

4

Create Typology-Specific ADU Design and Regulatory Pathways

Tailor ADU design and permitting to New York City's varied housing stock. A pre-approved design catalog and fast-track permitting, especially for common conversions like basements and attics, would reduce barriers. Clear compliance guidance and accessible technical assistance will also be critical to ensure projects remain affordable and feasible.

New York City is in the midst of a housing crisis, and the scale of need is only growing. With housing production lagging far behind population growth, and affordability slipping further out of reach for many New Yorkers, the City must make full use of every available tool.

Accessory Dwelling Units (ADUs), small secondary homes created through conversions or additions to existing residential properties, are an emerging housing solution that enables municipalities to add an incremental housing supply without radically changing the character of existing neighborhoods.

The 2024 City of Yes for Housing Opportunity zoning reform marked a major step forward by legalizing ADUs citywide, but zoning changes alone will not be enough. Realizing the potential of this housing type will require coordinated action across city agencies, targeted investment, and policies that ensure ADUs are accessible to the homeowners and neighborhoods that need them most.

This report analyzes where ADUs are physically feasible across New York City, who stands to benefit, and what is needed to bring these opportunities to scale equitably. We estimate the total number of lots that could support an ADU, identify where that potential is highest, and compare these patterns to indicators like poverty, homeownership, and displacement risk. We also examine national best practices and provide policy recommendations for ensuring that lower-income and BIPOC homeowners, who face some of the greatest barriers to building wealth through homeownership, are not left behind. Together, these findings show that ADUs can play a meaningful role in addressing the housing shortage, but only if the City pairs zoning reform with targeted investments in equity and implementation.

Though much of the discussion around ADUs in New York City centers on their potential to address the City's limited housing supply, these units also offer solutions to a variety of complex, interrelated concerns.

Rising costs, restrictive zoning, and changing household structures have made it difficult for residents to find housing that is both affordable and adaptable. ADUs offer a flexible solution, one that can support multigenerational living, aging in place, and income generation, while also boosting local housing supply. The following section reviews the existing literature on ADUs, exploring their varied benefits, limitations, and implications for housing equity.

WHAT ARE ADUs?

ADUs are additional living quarters located on single-family lots that are independent of the primary dwelling unit. These self-contained spaces, equipped with kitchen and bathroom facilities, are fully habitable and designed to meet essential living needs, including heating, cooking, and sanitation. ADUs exist in various arrangements and sizes, each manifestation catering to the needs of the home. Detached ADUs, often referred to as "backyard cottages," "guest houses," or "accessory apartments," are freestanding structures located separate from the primary home. Attached ADUs, sometimes referred to as "granny flats," are physically connected to the main house, typically through an addition or an over-the-garage unit. Although the living spaces are separate, attached ADUs share walls with the primary home. Another variation of the ADU is the interior ADU, which involves repurposing existing spaces within the main home, such as basements, attics, or underused rooms, into self-contained units. Similarly, garage conversions (whether attached or detached) have become increasingly popular, transforming unused garage space into fully functional living quarters.

ADUs AND HISTORICAL ZONING PRACTICES

ADUs have long been a part of the American housing landscape, adapting to the country's shifting economic, demographic, and regulatory conditions. Historically, these small, self-contained residential units provided flexible housing solutions for families, workers, and boarders across income levels. Predating the introduction of zoning in the 1920s, informal and semi-formal housing arrangements, such as carriage houses, attic apartments, and backyard cottages, were common in both urban and rural areas. In 19th-century Chicago, for instance, carriage houses originally used as stables often included living quarters for coachmen that were later repurposed into residences.[1]

With the rise of Euclidean zoning[2] in the 1920s and 1930s, ADUs, like many other multi-unit housing forms, faced increasing regulation.[3] The introduction of zoning laws in many cities and towns aimed to segregate land uses, with residential areas designated exclusively for single-family homes.[4] The adoption of these regulations coincided with broader socio-economic trends, largely the rise of the suburbanization movement in the post-World War II era, but also exclusionary land-use practices.[5] As suburbanization expanded, many cities implemented exclusionary policies like redlining and racial covenants in mortgage lending, which systematically restricted Black and other non-white Americans from gaining access to housing in suburban developments, creating inequitable patterns of homeownership that persist to this day.[6] This shift also led to the marginalization of ADUs, as they were often prohibited or heavily restricted in areas designated for single-family housing as a way to minimize the

1 Erica Gunderson. 2020. "Ask Geoffrey: A Brief History of Chicago's Coach Houses." WTTW News, Broadcast, August 6, 2020. Available at: https://news.wttw.com/2020/08/06/ask-geoffrey-chicago-s-coach-houses.

2 Euclidean zoning is a type of zoning where a city or town is divided into separate zones for different land uses, such as residential, commercial, or industrial areas.

3 Enterprise. "A History of Housing Policy Through a Racial Equity Lens: 1900-1929, The Rise of Local Zoning and Housing Policies. Blogpost. Available at: https://www.enterprisecommunity.org/housing-policy-timeline/1900-1929.

4 Jessica Trounstine. 2018. Segregation by Design: Local Politics and Inequality in American Cities. Cambridge, MA: Cambridge University Press.

5 Ibid.

6 Richard Rothstein. 2017. The Color of Law: A Forgotten History of How Our Government Segregated America. New York, NY: Liveright.

Image Credit: Alfred Twu

in-migration of outsiders.[7] As a result, the construction of new, legal ADUs was severely limited, and in many cases, existing units were removed or converted to other uses. By the 1980s, increasing demand for compact, infill-housing[8] options led to a resurgence of interest in ADUs, and prompted several states to revise their regulations. In response to growing concerns over housing shortages, states began to introduce policies aimed at accommodating ADUs; however, municipalities still maintained significant control over the design and approval process, as is customary in land-use governance. This resulted in a patchwork of local regulations that often constrained the impacts of state-level reforms. California, for instance, passed its first statewide ADU legislation in 1982, requiring localities to allow ADUs while retaining discretionary permitting processes. Washington State followed suit in 1993 with a similar law. Despite these legal shifts, opposition to ADU development remained widespread, particularly in light of concerns about potential increases in traffic, insufficient street parking, and the perceived strain on local infrastructure. These concerns translated into restrictive zoning codes and permitting processes that hindered the widespread adoption of ADUs.

In 2000, in response to the growing demand for ADU-friendly policies, AARP and the American Planning Association collaborated to produce **a model for state and local ADU laws**. This model offered a more structured framework for municipalities to support ADU development while addressing community concerns. Substantial changes to ADU policies, however, remained relatively modest until the mid-2010s.

While early legislative actions in states like Vermont, with its 2005 law requiring municipalities to allow ADUs up to 30 percent of the size of the home, showed promise, true ADU reforms were often incremental.[9] The introduction of more robust statewide regulations finally gained momentum as the effects of the Great Recession (2008) began to fade and housing prices climbed. As states sought ways to address growing housing shortages, laws that removed regulatory barriers to ADU construction began to take shape, particularly in California, Oregon, and New England. By 2020, this shift led to significant increases in ADU development, with a review of MLS listings showing that in the Sunbelt states of California, Florida, Texas, and Georgia, the percentage of ADUs in active listings increased from 4.3 percent to 9.2 percent between 2010 and 2019.[10] Northern states, however, saw more modest growth, with the percentage of ADUs in active listing increasing from just 2.7 percent to 4.1 percent.[11]

The growing interest and applicability of ADUs have also become a key part of the national conversation about housing affordability. The Biden-Harris administration's 2022 **Housing Supply Action Plan**, for example, included a call to scale ADU construction, citing research that indicates zoning and financing reforms could result in the creation of one million additional ADUs – and therefore, housing units – over the next five years.

7 Sam Khater and Kristine Yao. 2020. "Granny Flats, Garage Apartments, In-Law Suites: Identifying Accessory Dwelling Units from Real Estate Listing Descriptions Using Text Mining." A report prepared on behalf of Freddie Mac. Available at: https://www.freddiemac.com/fmac-resources/research/pdf/202006-Insight-10.pdf.

8 Infill housing refers to new residential units constructed on vacant or underutilized land within already-developed urban areas, often in the form of additions to existing lots, rear-yard cottages, or conversions of accessory structures. It is intended to increase density without expanding the urban footprint.

9 Kol Peterson. 2023. "ADU Legislative Initiatives- History in the Making (Part IV)." AccessoryDwellings.org. Blog series, April 24, 2023. Available at: https://accessorydwellings.org/2023/04/24/adu-legislative-initiatives-history-in-the-making-part-iv-2/.

10 Ellie Sheild and David Luberoff. 2023. "Accessory Dwelling Units: Lessons for Massachusetts from Around the Country." A report prepared on behalf of the Joint Center for Housing Studies (JCHS) of Harvard University. Available at: www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_adus_sheild_luberoff_2023.pdf.

11 Khater and Yao 2020, p. 7.

THE BENEFITS OF ADUs

ADUs have the potential to deliver a broad range of economic, environmental, and social benefits both at the individual and community levels. For homeowners and renters, ADUs provide flexible housing options, support multigenerational living, and can generate supplemental income. When developed at scale, ADUs can alleviate housing shortages, especially in places with limited available land, by adding new units without the need for large-scale development or significant infrastructure investment. This combination of individual benefits and scalable impact makes ADUs a versatile and cost-effective tool to address diverse housing challenges.

ECONOMIC INCENTIVES

Unlike traditional multi-family housing projects that are often burdened with high construction and land acquisition costs, ADUs are also generally less expensive to build due to their smaller size and ability to repurpose existing structures. As a result, they are typically more affordable to rent, alleviating financial strain on renters in high-demand areas. Case in point, in a 2013 survey conducted by Oregon's Department of Environmental Quality (DEQ), 20 percent of ADUs were found to be rented "at less than half of their market value."[12]

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For homeowners, ADUs offer a unique opportunity to generate additional income to help cover mortgage payments, property taxes, maintenance, or other costs. This cash surplus can be especially critical for longtime or senior residents, particularly low- and moderate-income (LMI) homeowners, who might otherwise be at risk of displacement in rapidly gentrifying neighborhoods. ADUs can also serve as a long-term investment, increasing the overall value of the home. Research indicates that homes with ADUs can see a property value increase of up to 25 percent in some markets.[13] The steady stream of rental income from an ADU can also act as a financial cushion during critical stages in the life cycle, like retirement or periods of unemployment, by offsetting a homeowner's expenses.[14]

EFFICIENT LAND USE AND ENVIRONMENTAL BENEFITS

In addition to their robust economic benefits, ADUs also promote sustainable and efficient land use by maximizing existing developed land, reducing suburban sprawl, and leveraging extant infrastructure. Unlike new housing developments that require extensive land clearing, ecosystem disruption, and infrastructure expansion, ADUs are built within established neighborhoods, most often by repurposing underutilized spaces. This form of infill development allows cities to increase housing density without significantly altering the built environment, ultimately reducing the need for new roads, sewer lines, and utility infrastructure, which can be costly and time intensive for both homeowners and municipalities to install. ADUs are also inherently more efficient, requiring less energy for heating, cooling, and lighting compared to traditional single-family homes. What's more, a 2013 study from the Oregon Department of Environmental Quality found that an ADU's median living area per person is 44 percent lower than that of newly constructed single-family residences.[15]

12 Kol Peterson. 2018. Backdoor Revolution. Portland, OR: Accessory Dwelling Strategies, LLC, p. 181.

13 The ADU-Hour Podcast. 2021. "The ADU Hour with Guest Abdur Abdul-Malik." Podcast series, June 1, 2021. Available at: https://www.buildinganadu.com/the-adu-hour-podcast/bkhpsb2gy2wmzz3ecw5cjecaymttf6.

14 Jake Wegmann and Karen Chappel. 2012. "Understanding the Market for Secondary Units in the East Bay." UC Berkeley: Institute of Urban and Regional Development. Working paper, 2012-03. Available at: https://escholarship.org/uc/item/9932417c#main.

15 Margaret Morales. 2018. "The Forgotten Green Housing Option: Accessory Dwelling Units." Sightline Institute. Web page, June 4, 2018. Available at: https://www.sightline.org/2018/06/04/the-forgotten-green-housing-option-accessory-dwelling-units/.

On top of their direct energy savings, ADUs also contribute to a broader shift toward compact, mixed-use neighborhoods that typically encourage alternative transportation options. As ADUs are often built in already-developed, transit-rich areas, they can help reduce residents' reliance on car transport. Studies have shown that ADU residents tend to own fewer vehicles than those living in traditional single-family homes, leading to lower emissions from personal transportation. In Portland, for instance, the Oregon DEQ study reported that ADU households owned an average of 0.93 cars, compared to 1.53 cars for all other households in the city.[16] By promoting infill development and reducing the need for longer commutes, ADUs support a more sustainable urban form,[17] contributing to lower traffic congestion and reduced air pollution, which is better for all city residents.

2021 AARP national study found that:

70%

of respondents aged 65 or older would consider living in an ADU

62%

would consider building one for a loved one

COMMUNITY AND SOCIAL BENEFITS

In addition to these environmental advantages, ADUs offer meaningful social benefits by fostering multigenerational living arrangements, strengthening local communities, and expanding access to high-opportunity neighborhoods. Because ADUs create "spaces for groups and individuals to live in close proximity" while maintaining "their own distinct, private living quarters," they are well-suited to fostering healthy owner-tenant dynamics and stronger social connections.[18] This is especially true for older adults since ADUs provide a flexible housing option that enables them to live independently while remaining near family members or tenants who can assist with daily activities.

As a result, a 2021 AARP national study found that 70 percent of respondents aged 65 or older would consider living in an ADU if they needed assistance, and 62 percent would consider building one for a loved one, even without an immediate care need.[19] Similarly, a 2020 AARP survey of New Hampshire adults over 45 found that while only 7 percent reported having an ADU on their property, nearly half of those who did (49 percent) built it to house an older family member or friend, and 23 percent built one for a younger relative.[20] By introducing rental housing options in areas that are otherwise unaffordable for many lower-income households, ADUs can help prospective tenants gain access to housing near employment centers, high-quality schools, and other amenities. This unique ability to integrate new housing opportunities within existing communities, while preserving the communities' overall scale and appearance, makes ADUs a compelling method for increasing housing diversity in historically exclusionary neighborhoods.[21]

The Basement Apartment Conversion Pilot Program (BACPP) found that even with financial assistance, the average cost to convert a basement into a legal ADU was around $250,000 per unit, far exceeding the means of most LMI homeowners.

16 Ibid.

17 The "urban form" refers to the physical characteristics and spatial organization of a city, encompassing its built environment and the arrangement of its elements, including the patterns of its streets, buildings, blocks, and open spaces, as well as the way these elements interact to shape the city's overall structure and function.

18 Peterson 2018, p. 18.

19 Joanne Binette and Fanni Farago. 2021. Home and Community Preference Survey: A National Survey of Adults Age 18-Plus. Washington, DC: AARP Research, November 2021. Available at: https://doi.org/10.26419/res.00479.001.

20 Gabriela Hasbun. 2020. "Accessory Dwelling Units Allow Homeowners to Choose Where They Age." AARP. Web page, April 27, 2020. Available at: https://www.aarp.org/home-family/your-home/info-2020/accessory-dwelling-unit.html.

20"[H]istorically exclusionary neighborhoods" refers to areas where areas are shaped by a combination of zoning laws, such as single-family-only zoning and large minimum lot sizes, and discriminatory policies like redlining, restrictive covenants, and biased mortgage lending practices. Together, these tools limited housing options and access to credit, effectively excluding lower-income families and people of color and reinforcing racial and economic segregation. Thus, updated zoning codes that encourage ADU development, would yield more diversity in housing in neighborhoods that historically prohibited multi-family development. For more about the history and ramifications of exclusionary zoning see footnotes 4, 6, and 34.

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BARRIERS FOR ADUs

Despite ADUs' varied benefits, the development process for these units is often fraught with significant financial, bureaucratic, and practical barriers, especially for LMI homeowners.

HIGH CONSTRUCTION COSTS AND FINANCING COMPLICATIONS

Although ADUs are often more affordable to build than new multifamily housing, the up-front costs of construction can still be prohibitively high for many homeowners. While converting existing spaces such as basements, attics, or garages may serve as a more affordable alternative to building a detached backyard unit, the reality is that these conversions still require extensive and costly retrofits to meet safety, habitability, and zoning requirements. Basements, for instance, frequently require foundation reinforcement, waterproofing, and drainage improvements to prevent flooding and ensure the structural integrity of the building. Moreover, many basements in older homes have low ceiling heights, which necessitate expensive structural changes (such as underpinning or slab lowering) to meet minimum height requirements. In New York City, for example, the Basement Apartment Conversion Pilot Program (BACPP) found that even with financial assistance, the average cost to convert a basement into a legal ADU was around $250,000 per unit, far exceeding the means of most LMI homeowners.[22] These high costs stem from the need to install egress windows, fire-rated materials, improved ventilation, and independent heating systems, all of which are required for the space to be habitable and code-compliant.

Attic and garage conversions often carry similar financial burdens, as attics typically lack sufficient ceiling height, insulation, or safe stair access, necessitating expensive structural upgrades. Garages, meanwhile, frequently require the installation of entirely new electrical, plumbing, and HVAC systems.

For those who are not deterred by the high costs of ADU construction, securing financing presents yet another significant hurdle for interested homeowners. Studies show that many ADU owners rely on cash savings rather than loans for their ADU construction.[23] While this may work for higher-income homeowners, LMI households typically require lending products to finance their ADU development. Structural challenges, however, make borrowing for ADUs particularly hard. Traditional lenders often do not factor future ADU rental income into property appraisals, resulting in homes with ADUs being undervalued by up to 9.8 percent in some cases.[24] Furthermore, many loan products are designed for large-scale home purchases or renovations rather than smaller, incremental projects like ADUs. Strict credit requirements, high interest rates, and the need for substantial home equity or collateral further limit financing options for prospective homeowners. Additionally, existing home improvement loan programs, such as Fannie Mae's **HomeStyle Renovation Mortgage** or **FHA's 203(k) loan**, often come with rigid eligibility criteria, high fees, or complex application processes that make them inaccessible to many LMI homeowners.[25]

22 David Brand and Jon Campbell. 2024. "NY's Basement Legalization Plan 'Inexplicably' Misses Parts of City That Need It Most." Gothamist, May 8, 2024. Available at: https://gothamist.com/news/nys-basement-legalization-plan-inexplicably-misses-parts-of-city-that-need-it-most.

23 Karen Chapple, Jake Wegmann, Farzad Mashhood, and Rebecca Coleman. 2017. "Jumpstarting the Market for Accessory Dwelling Units: Lessons Learned from Portland, Seattle, and Vancouver." A report on behalf of the San Francisco chapter of the Urban Land Institue. Available at: https://ternercenter.berkeley.edu/wp-content/uploads/pdfs/Jumpstarting_the_Market_--_ULI.pdf.

24 Ibid.

25 Ibid.

The lack of dedicated ADU financing options has left homeowners with few viable pathways to fund construction, despite the long-term affordability and financial stability that ADUs could provide homeowners. Without loan products that reflect the unique nature of ADU development, such as renovation loans that incorporate projected rental income or government-backed low-interest financing programs, many homeowners who could benefit most from an ADU remain unable to access the capital needed to build one.

Beyond that, the incentive for creating an ADU is not always clear or appealing to homeowners. While ADUs can provide rental income, the financial benefits are not always immediate or substantial enough to justify the significant up-front costs. For many LMI homeowners, the potential rental income may not offset the costs of construction, retrofitting, and ongoing maintenance, particularly when factoring in property taxes, financing costs, and other associated expenses. According to a study by the Lincoln Institute of Land Policy, the lack of clear financial incentives for ADU development is a major reason these units remain underutilized in many areas.[26] Without access to low-cost financing options, many homeowners see ADUs as a risky investment rather than a viable opportunity, or investment. Additionally, unlike large-scale developers who can spread costs across multiple units, individual homeowners often face higher per-unit costs, making ADU construction a less attractive financial prospect.

According to a study by the Lincoln Institute of Land Policy, the lack of clear financial incentives for ADU development is a major reason these units remain underutilized in many areas.

REGULATORY BARRIERS

While the legal and permitting frameworks governing ADUs vary by jurisdiction, certain regulatory barriers consistently hinder their development. For instance, zoning laws play a major role in determining where ADUs can be built, how large they can be, and what conditions must be met for their final approval. Size restrictions are commonly imposed to ensure that ADUs fit within the character of the neighborhood. Typically, units ranging from 400 to 1,200 square feet are permitted to be constructed, depending on local zoning codes and lot size.[27] However, restrictive zoning requirements such as minimum lot sizes, setback rules, and conditional-use permits can also work against ADU construction by creating additional barriers that are difficult or unpredictable. In some cities, homeowners must seek special approval from elected or appointed officials before constructing an ADU, a process that can be both costly and time-consuming.

Public hearings on ADU applications further complicate their development by providing an avenue for local neighborhood opposition to pressure officials into denying permits or imposing burdensome conditions. A study of Massachusetts municipalities found that while many allowed ADUs, most required discretionary approvals, creating uncertainty that discouraged homeowners from pursuing them. By contrast, cities with more flexible zoning approaches tend to see higher rates of ADU construction. For example, until 2019, owner-occupancy and parking requirements that were imposed in Seattle led to significantly fewer ADU permits than in Portland, which had less restrictions.[28]

26 Chapple et al. 2017.

27 Vicki Been, Benjamin Gross, and John Infranca. 2014. "Responding to Changing Households: Regulatory Challenges for Micro-Units and Accessory Dwelling Units." NYU Furman Center, Working Paper. Available at: https://furmancenter.org/files/NYUFurmanCenter_RespondingtoChangingHouseholds_2014_1.pdf.

28 Ibid.

The permitting process also presents challenges for ADU development. Even as many cities work to streamline approvals, the process remains complex and costly. In New York City, for example, homeowners must obtain permits for structural alterations, utility connections, and safety compliance, each of which requires a separate review process. Navigating these requirements typically necessitates hiring architects, engineers, and contractors, adding substantial costs that can be prohibitive for LMI homeowners, if at all possible. Further limiting homeowner flexibility are owner-occupancy mandates, which are intended to prevent speculative development. However, studies indicate that even without such mandates, the majority of ADUs are built by homeowner-occupants, suggesting these requirements may serve more as deterrents than necessary safeguards.[29]

Further, unlike large-scale developers, most ADU builders are individual homeowners with little to no experience in real estate, permitting, or construction. Managing an ADU project requires coordinating with city agencies, contractors, and inspectors, an unfamiliar and often overwhelming process for those without prior development experience. Meanwhile, 70 percent of homeowners building an ADU encountered unexpected delays and cost increases, often due to difficulties navigating permitting requirements or working with contractors unfamiliar with ADU-specific regulations.[30] Additionally, some homeowners fear that engaging with city permitting offices may lead to inspections that uncover unrelated code violations on their property, which may further deter them from pursuing ADU construction.

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LACK OF KNOWLEDGEABLE PROFESSIONALS

Many contractors have limited experience with ADUs, and for larger firms, individual ADU projects may be too small to justify the time and effort, especially in high-demand housing markets like New York City. Nearly a quarter of ADU owners reported wishing they had access to professionals with specific ADU expertise.31 Without guidance from experienced architects, builders, and permitting consultants, homeowners must take on much of the project management themselves, increasing the risk of costly mistakes or prolonged construction timelines.

The aforementioned challenges create significant friction in the ADU development process, which disproportionately affects lower-income homeowners who may lack the time, knowledge, or connections to navigate these complexities. As a result, even in jurisdictions that have eased zoning restrictions and provided financial incentives, the learning curve of ADU development remains a persistent barrier to their widespread adoption.

29 Ahmad Abu-Khalaf. 2020. "New Reflections on Affordable Housing Design, Policy, and Production." A report prepared on behalf of Enterprise. Available at: https://www.enterprisecommunity.org/sites/default/files/2021-06/overcoming-barriers-to-bringing-adu-development-to-scale.pdf.

30 Chapple et al. 2017.

31 Ibid.

New York City is currently experiencing a profound housing crisis. With a historically low vacancy rate hovering between 1 and 2 percent, well below the 5 percent threshold that defines a housing emergency, competition for available units is fierce, and prices continue to rise. As of 2024, the median rent for a one-bedroom apartment exceeds $3,000 per month, while the median home price has soared over $800,000—figures that remain out of reach for many working- and middle-class New Yorkers. At the same time, roughly 67 percent of residents rent their homes, a rate nearly double the national average of 36 percent. Together, these figures underscore just how narrow the pathway to homeownership has become in New York City.[32]

THE CITY'S AFFORDABLE-HOUSING CRISIS UP CLOSE

A persistent mismatch between supply and demand drives the City's housing crisis. From 2010 to 2022, New York City's employment base grew by 23 percent, yet its housing stock expanded by only 9 percent.

A persistent mismatch between supply and demand drives the City's housing crisis. From 2010 to 2022, New York City's employment base grew by 23 percent, yet its housing stock expanded by only 9 percent.[33] In the surrounding suburbs, especially in Nassau, Suffolk, and Westchester counties, restrictive zoning laws have further constrained regional housing production by prioritizing single-family homes.[34] By limiting the development of denser, more affordable housing types, these zoning provisions have reinforced patterns of racial and economic segregation, preserving access to high-opportunity neighborhoods for wealthier, predominately white homeowners while shutting others out.[35] In practice, this has meant that families of color, especially New York City's Black and Hispanic households, have been systematically denied access to the same schools, green space, transit, job centers, and home equity-building opportunities that exclusionary communities have protected for generations.[36]

The consequences are profound. Today, access to homeownership (affordable or otherwise) remains deeply stratified by race and geography. In New York City, the homeownership rate stands at just 30 percent, well below the nationwide average of 66 percent. As is the case nationally, there are stark racial disparities in homeownership rates among racial-ethnic categories: for Non-Hispanic whites (41 percent) and Asians (44 percent), the homeownership rate is above the citywide average, but is significantly lower among Black (26 percent) and Hispanic (18 percent) households.[37] These disparities reflect not only the long-standing impacts of exclusionary zoning in the New York City metro area, but also a complex system of policies that have entrenched inequities in the City's

32 Brad Lander. 2024c. "Spotlight: New York City's Homeowner Housing Market." A report prepared by the New York City Comptroller's Office, March 12, 2024. Available at: https://comptroller.nyc.gov/reports/spotlight-new-york-citys-homeowner-housing-market/.

33 Brad Lander. 2024b. "Spotlight: New York City's Housing Supply Challenge." A report prepared by the New York City Comptroller's Office, February 13, 2024. Available at: https://comptroller.nyc.gov/reports/spotlight-new-york-citys-housing-supply-challenge/.

33 Isaac R. Burke. 2025. "The Most Exclusive Real Estate: Breaking Through Exclusionary Zoning on Long Island." Brooklyn Law Review 90(4): pp. 1275-1307. Available at: https://brooklynworks.brooklaw.edu/cgi/viewcontent.cgi?article=2419&context=blr.

34 Isaac R. Burke. 2025. "The Most Exclusive Real Estate: Breaking Through Exclusionary Zoning on Long Island." Brooklyn Law Review 90(4): pp. 1275-1307. Available at: https://brooklynworks.brooklaw.edu/cgi/viewcontent.cgi?article=2419&context=blr.

35 Trounstine 2018, see also Rothstein 2017 and Burke 2025.

36 Richard Alba and Steven Romalewski. 2012. "The End of Segregration? Hardly: A More Nuanced View from the New York Metropolitian Region." The Graduate Center, CUNY. Web page, March 2012. Available at: https://www.gc.cuny.edu/center-urban-research/research-projects/end-segregation-hardly. See also: Danielle Cohen. 2021. "NYC School Segregation: A Report Card from the UCLA Civil Rights Project." A report prepared on behalf of the UCLA Civil Rights Project. Available at: https://www.civilrightsproject.ucla.edu/research/k-12-education/integration-and-diversity/nyc-school-segregation-report-card-still-last-action-needed-now. Braden Crooks. 2023. "Opinion: How Exclusionary Zoning Perpetuates Segregation in New York." CityLimits, March 31, 2023. Available at: https://citylimits.org/opinion-how-exclusionary-zoning-perpetuates-segregation-in-new-york/.

37 Lander 2024c.

housing market, including the City's inequitable property-tax system[38] and practice of selling tax liens.[39]

Although the City's population growth and housing stock appeared to increase in tandem over the past four decades (each by about 25 percent), a closer look reveals deeper shifts in household structure and spatial needs. The share of adult-only households in New York City has grown steadily, rising from 71 percent in 2017 to 74 percent by 2022.[40] Adult-only households tend to occupy more space per person, a trend amplified by the rise in remote work, which has increased the demand for larger living areas, especially among higher-income renters and homeowners. As demand for housing in New York City continues to rise—especially for larger units—affordable housing options have become scarcer, pushing out more low-and middle-income families.[41]

New York City's affordability problem is further exacerbated by a disconnect between what is considered affordable in terms of housing costs and what the average New Yorker can realistically afford. As is the case in other localities, housing affordability in New York City is based on the Area Median Income (AMI), a figure calculated by the US Department of Housing and Urban Development (HUD).[42] In 2024, this figure was calculated to be $139,800 for a family of three in New York City, which is almost double the City's median household income of $77,000.[43] HUD's calculation of AMI for New York City combines data from the five boroughs with nearby higher-income counties (Putnam, Rockland, and Westchester), and uses median family income rather than household income, which excludes single-person and non-family households,[44] resulting in a higher estimate. Additionally, HUD applies a "High Housing Cost Adjustment" (HHCA) to better reflect the region's expensive housing market. This adjustment raises income limits when very low-income families (earning half the initial calculated AMI) cannot afford local rents. For example, in 2019, this adjustment increased the AMI for a family of four from $65,200 to $90,600 in New York City.[45] As a result, HUD's AMI reflects housing costs more than typical resident incomes, meaning many apartments labeled as "affordable" are still out of reach for most New Yorkers.

38 Iziah Thompson and Stephen Hoskins. 2025. "Footing the Bill: Fifty Years of NYC Overtaxing Tenants, Towers, and Low-Income Communities of Color." A report prepared on behalf of the Community Service Society (CSS), March 2025. Available at: https://www.cssny.org/news/entry/new-report-new-yorks-unfair-property-tax-system-on-its-50th-birthday. See also: Brad Lander. 2025. "Property Tax Reform." A report prepared by the New York City Comptroller's Office. Available at: https://comptroller.nyc.gov/propertytaxreform/.

39 New York City's Tax Lien Sale, for example, has disproportionately affected Black and Brown homeowners, pushing them into foreclosure over small unpaid property taxes, water and sewer charges, and other property-related charges. The selling of liens often occurs in neighborhoods that have been subject to disinvestment and where property values were suppressed for years due to systemic racism. Under the City's program, homeowners' tax liens are sold to a trust, which imposes high interest rates and fees upon the debts, making it increasingly difficult for homeowners to catch up on payments. This practice has exacerbated wealth loss in communities of color, particularly in gentrifying neighborhoods where property taxes are rising faster than many homeowners can afford. For more about this issue, see this 2024 report from the Coalition for Affordable Homes.

40 Lander 2024b.

41 Stefanos Chen. 2023. "New York's Millionaire Class Is Growing. Other People Are Leaving." New York Times, December 5, 2023. Available at: https://www.nytimes.com/2023/12/05/nyregion/nyc-working-class-tax-rich.html. See also: Emily Eisner and Andrew Perry. 2023. "Who is Leaving New York State? Part I: Income Trends." A report prepared on behalf of the Fiscal Policy Institue. Available at: https://fiscalpolicy.org/wp-content/uploads/2023/12/FPI-Who-is-Leaving-Full-Report-Dec-2023.pdf.

42 Mihir Zaveri. 2024a. "The Housing Crunch: Why 'Affordable Housing' in New York City Can Still Cost $3,500 a Month." New York Times, November 12, 2024. Available at: https://www.nytimes.com/2024/11/12/nyregion/housing-crunch-affordable-housing.html. See also: Grace Fulop. 2024. Pathways to Homeownership in New York City Today. A report prepared for the Center for NYC Neighborhoods. Available at: https://cnycn.org/research-and-stories/report-pathways-to-homeownership-in-nyc-today, pp. 64-67.

43 Zaveri 2024a.

44 A non-family household refers to households where no members are related to the householder (the person who owns or rents the home) by birth, marriage, or adoption.

ADUS AS A SOLUTION TO NEW YORK CITY'S HOUSING CRISIS

In addition to the shrinking gap between the City's "affordable" and market rents, New York City's land-use regulations, lengthy permitting and approval processes, historic preservation rules, and building code have all worked to slow the pace of housing production, further driving up housing costs.[46] Traditional development has also proven to be prohibitively expensive[47] and (often) politically fraught.[48] Consequently, ADUs have been floated as a possible means of increasing the City's housing stock sustainably and equitably, even if incrementally.[49] While New York State has yet to establish a comprehensive statewide policy that would promote and facilitate the development of ADUs, there has been some progress at both the city and state levels that could significantly impact the future of ADU creation in New York.

ADU PROGRESS AT THE CITY AND STATE LEVELS

Local organizing around the 2016 **East New York rezoning** led to the passage of **Local Law 49** (formerly **Council Introduction 1004-2018**) in 2019,[50] which established the **East New York Basement Apartment Conversion Pilot Program (BACPP)**. Intended, first and foremost, to legalize basement and cellar apartments in Brooklyn's Community District 5 (CD5), Local Law 49 was also meant to test the impact of building code reform on basement conversions, with a focus on reducing regulatory barriers while ensuring safety for tenants and homeowners.[51] Local Law 49 was a pivotal first step in addressing the large number of informal basement apartments that have long existed throughout New York City[52] —units that often operate outside formal oversight and can pose significant safety risks.[53] In some cases, homeowners are unaware that their units are illegal; in others, they wish to legalize the space but face extreme barriers like complex regulations, high compliance costs, and uncertain and convoluted processes.

Since its inception, BACPP has demonstrated both the potential and challenges of ADU conversions in New York City. The program provides significant financial assistance with conversion costs through no-interest loans, forgivable loans, and low-interest loans for participating homeowners with incomes up to 165 percent of AMI. As a condition of receiving funding, homeowners selected for

45 New York City Independent Budget Office. 2019. "Comparing Affordability Levels of the Mayor's Housing New York Plan With Neighborhood Incomes." A fiscal brief prepared in February 2019. Available at: https://ibo.nyc.ny.us/iboreports/affordable-for-whom-comparing-affordability-levels-of-the-mayors-housing-new-york-plan-with-neighborhood-incomes-february-2019.html.

46 Brad Lander. 2024a. "Building Blocks of Change: A Blueprint for Progress at NYC's Housing Preservation and Development." A report prepared by the New York City Comptroller's Office, February 8, 2024. Available at: https://comptroller.nyc.gov/reports/building-blocks-of-change/. See also: Citizens Budget Commission (CBC). 2022. "Improving New York City's Land Use Decision-Making Process." Available at: https://cbcny.org/research/improving-new-york-citys-land-use-decision-making-process.

47 Mihir Zaveri. 2024b. "The Housing Crunch: New York Doesn't Have Enough Housing. Why Is It So Expensive to Build." New York Times, November 14, 2024. Available at: https://www.nytimes.com/2024/11/14/nyregion/housing-crunch-zoning-new-york.html.

48 Janaki Chadha and Irie Sentner. 2024. "New York's Housing Crunch Collides with Development Skeptics." Politico, June 5, 2024. Available at: https://www.politico.com/news/2024/06/05/new-york-housing-eric-adams-00161569.

49 The City of New York. 2024. "Mayor Adams Announces New Tools To Help New Yorkers Add Accessory Homes, Build Generational Wealth, And Continue To Remain In Their Communities." Press release, August 5, 2024. Available at: https://www.nyc.gov/office-of-the-mayor/news/614-24/mayor-adams-new-tools-help-new-yorkers-add-accessory-homes-build-generational-wealth-.

50 Kate Leitch. 2023. "Basement Apartment Conversion Pilot Program." A report prepared on behalf of the Citizens Housing & Planning Council. Available at: https://chpcny.org/publication/basement-apartment-conversion-pilot-program-interim-report/.

51 Ibid.

52 Kate Leitch and Sarah Watson. 2017. "Hidden Housing: The Case for a Conversion Program for Basement Apartments in NYC." A report prepared on behalf of the Citizens Housing & Planning Council. Available at: https://chpcny.org/publication/hidden-housing/.

53 Ibid.

participation in the pilot had to agree to relocate their tenants temporarily and to return the tenants at either their previous rent or an affordable rate. The program also provided participating homeowners with technical assistance through the conversion process, from financing to tenant relocation and reentry. Also accompanied by key changes to the City building code (such as allowing cellar apartments, adjusting minimum ceiling heights, and relaxing window size requirements), the program made it easier for homeowners to convert these spaces legally. For example, the ceiling height requirement for two-family homes with subgrade units was reduced from 8 feet to 7 feet 6 inches.[54] To ensure greater safety for their tenants, participating homeowners were required to install fire suppression systems and comply with egress regulations.[55]

While BACPP has faced challenges, particularly at the onset of COVID-19,[56] it has generated important insights into the regulatory hurdles and potential solutions for scaling this program citywide. As of April 2023, construction had only begun on one basement apartment conversion, with four two-family homes still in the pre-development stage.[57] Overall, the program's progress (or lack thereof) has highlighted the complexities homeowners face when seeking to comply with both building and zoning codes, and underscores the need for further regulatory adjustments and support to create more robust, safe, legal, and affordable housing options.

As the BACPP unfolded, parallel efforts emerged to advance ADU legalization beyond New York City. During the 2021-2022 legislative session, for instance, the NYS Accessory Homes Act (**S4547**/**A4854**) was introduced (at the state level) with a framework designed to facilitate the widespread adoption of ADUs throughout New York State. The bill attempted to create a partnership between State and local governments by allowing municipalities to tailor ADU laws to their community needs while ensuring that certain state-mandated standards were met, including essential regulations for occupancy, dimensional requirements, and parking.

One of the bill's most significant innovations was its state financing program to assist LMI homeowners in the construction of ADUs. The program would have provided both construction loans and grants. Additionally, a technical assistance program would have helped homeowners navigate the complex regulatory landscape, including zoning codes, building codes, and other regulatory hurdles that typically stymie the creation of ADUs. The bill also sought to protect tenants in ADUs by extending anti-discrimination provisions from the **New York Human Rights Law,** meaning tenants living in ADUs would have been shielded from discrimination based on factors like race, creed, color, national origin, and other protected categories. Moreover, the bill included rent control provisions, stipulating that rent increases for ADUs could not exceed 3 percent annually (or 1.5 times the Consumer Price Index), offering tenants protection from steep rent hikes. Clear eviction standards were also included in the legislation to prevent unwarranted evictions, ensuring ADU tenants would have greater security in their housing, a key concern alongside protections against discrimination and tenant vulnerabilities in New York State's **high-cost** housing market.

54 Leitch 2023.

55 Ibid.

56 Sadef Ali Kully. 2020. "City's Basement Apartment Program Buried by Covid-19 Budget Cuts." CityLimits, May 11, 2020. Available at: https://citylimits.org/citys-basement-apartment-program-buried-by-covid-19-budget-cuts/.

57 Leitch 2023. See also Kirstyn Brendlen. 2023. "Progress Slow in Pilot Program to Make East New York Basement Apartments Legal, Safe." Brooklyn Paper, June 2, 2023. Available at: https://www.brooklynpaper.com/pilot-slow-east-new-york-basement-apartments/.

The NYS Accessory Homes Act did not advance past committee in either house and would need to be reintroduced in order to become law.[58]

In parallel with state efforts, New York City has begun to implement an innovative program to test the feasibility and effectiveness of ADUs in urban settings, particularly in neighborhoods with significant affordability challenges. Launched in 2023, the **Plus One ADU Program** supports LMI New Yorkers who wish to add an ADU to their property or make capital repairs to an existing ADU. The program provides low or no-interest capital loans and construction financing grants, supplied by the New York State Homes and Community Renewal. In the program's first iteration, 15 eligible homeowners were selected.[59] To be eligible, participants must be owner-occupants, be current on any existing mortgages, and may earn up to 165 percent AMI or $186,450 for a two-person household, but preference is given to homeowners who are at or below 100 percent AMI or $113,000 for a two-person household.

Finally, in December 2024, New York City passed **Local Law 126** (formerly **Council Introduction 1127-2024**, which is tied to **S8306, Part R**[60]). This new basement pilot, which launched on June 16, 2025,[61] will legalize certain basement and cellar units in New York City. Typically, under the State's multiple dwelling law (MDL), when converting basement apartments within two-family homes, several costly upgrades are required to be made.[62] This includes digging out the building's foundation to increase ceiling height by a few inches.[63] However, advocates have long argued that these types of upgrades do not improve basement safety but instead create an undue burden on the basement conversion process and its associated costs.[64] The pilot program, then, effectively allows exceptions to the State's MDL—but only in fifteen of the City's 59 community boards.[65]

Currently, the New York City Department of Housing Preservation and Development (HPD), the City's primary agency for maintaining and creating affordable housing, is finalizing pilot rules.[66] Once those rules are in place, New York City homeowners in the respective community boards will be able to apply to participate in the pilot, though participation will be limited.[67]

58 Additionally, see this analysis of another State bill aimed at basement legalization that stalled in the Legislature: Rebecca C. Lewis. 2023. "So…what ever happened to setting up safer basement apartments in New York?" City & State: New York, September 29, 2023: Available at: https://www.cityandstateny.com/policy/2023/09/so-what-ever-happened-setting-safer-basement-apartments-new-york/390810/.

59 Subeksha Poudel. 2024. "New Funding for 'Accessory' Apartments Touted as Tool for Housing Older New Yorkers." CityLimits, August 6, 2024. Available at: https://citylimits.org/new-funding-for-accessory-apartments-touted-as-tool-for-housing-older-new-yorkers/.

60 Greg David. 2024. "How Much Housing Will Hochul's New Deal Build?" The City, April 23, 2024. Available at: https://www.thecity.nyc/2024/04/23/kathy-hochul-budget-housing-good-cause-421a/.

61 Ambar Castillo. 2025. "Basement Apartments Get a Legal Path in NYC – but only in these 15 Neighborhods." EpicenterNYC, June 9, 2025. Available at: https://epicenter-nyc.com/basement-apartments-get-a-legal-path-in-nyc-but-only-in-these-15-neighborhoods/.

62 Haidee Chu. 2024. "Neighborhoods That most Need Basement Apartment Legalization Left Out of State Pilot." The City, April 29, 2024. Available at: https://www.thecity.nyc/2024/04/29/basement-apartments-legalization-queens/.

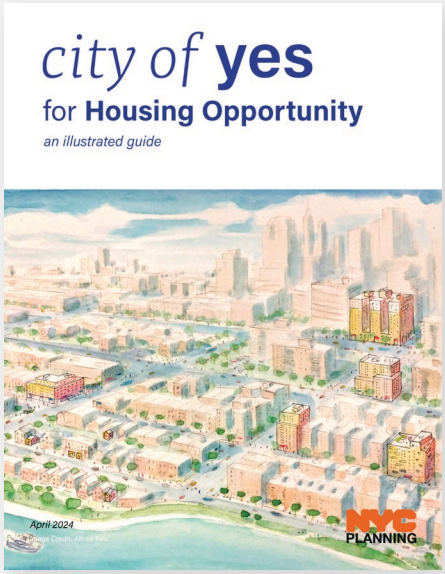
63 Ibid.

64 Ibid. To learn about an effort to extend the pilot beyond the initial fifteen community boards to include at-risk neighborhoods unaddressed by the pilot, see: Chris Janaro. 2024. "Late-Session Bill Would Add More NYC Neighborhoods to Basement Legalization Plan." CityLimits, May 30, 2024. Available at: https://citylimits.org/late-session-bill-would-add-more-nyc-neighborhoods-to-basement-legalization-plan/.

65 David 2024; Chu 2024; Janaro 2024.

66 Castillo 2025.

67 Ibid.



The City of Yes for Housing Opportunity zoning resolution (City of Yes) was also passed in December 2024. City of Yes is a critical initiative aimed at addressing the city's chronic housing shortage by revising zoning laws and promoting more flexible land use across the five boroughs. The resolution includes expanding opportunities for higher-density housing options such as ADUs, which have long been restricted under the city's traditional zoning framework. The resolution now permits ADUs to be built in one and two-family homes in all low-density districts, with certain restrictions. It simultaneously prohibits backyard ADUs in low-density residential areas (R1, R2, and R3 zones) unless they are in transit-accessible districts and historic districts. Additionally, ADUs are blocked altogether in attached homes or row houses, while those on ground or basement floors are restricted in areas vulnerable to flooding. To build an ADU, homeowners are required to live on the property, ensuring that the units are used to meet local housing needs rather than as purely speculative or short-term rental investments.

The City of Yes resolution was negotiated in tandem with the **City for All housing plan**, which also includes significant investments in affordable homeownership, infrastructure, tenant protections, and neighborhood revitalization. These investments, totaling $5 billion, are intended to strengthen the housing market and provide more equitable opportunities for all New Yorkers, as well as are intended to offset potential displacement pressures created by City of Yes zoning changes. Among the funding initiatives is the expansion of homeownership opportunities through programs like **HomeFirst**, a program designed and launched in 2004 to help moderate-income residents purchase homes by providing a down payment assistance grant of up to $100,000.[68] These efforts aim to close racial homeownership gaps, support intergenerational wealth-building, and stabilize communities at risk of displacement.

While recent legislative changes and local programs have paved the way for increased ADU construction in New York City, significant work remains in quantifying their potential impact on housing affordability and homeownership. Further programming and legislation are needed to support both homeowners and tenants, addressing financial barriers and the risk of displacement. Ensuring that ADU development remains accessible to LMI communities while balancing growth with tenant protections will be critical in leveraging ADUs as a sustainable solution to the city's housing crisis.

68 Crucially, City for All doubled the funding commitment and allocation for HomeFirst program, ultimately allowing the AMI threshold to increase from 80% to 120%.

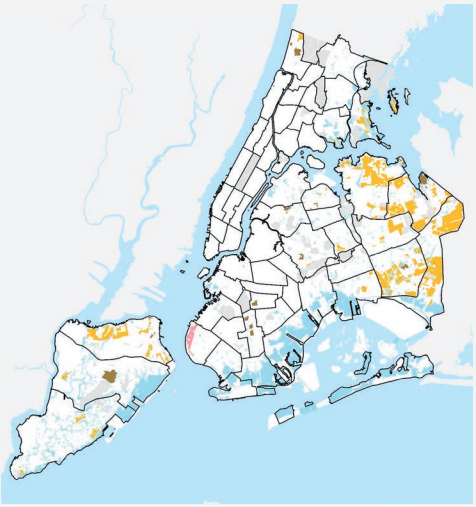
DATA & METHOD

This study combines spatial analysis with a comparative case-study analysis to: 1) estimate the development potential of ADUs in New York City; and 2) evaluate the policy conditions necessary to support their equitable expansion within the city.

Grounded in the 2024 **City of Yes for Housing Opportunity zoning text amendment** (City of Yes), the research aims to identify where ADUs could be feasibly developed and to examine how implementation strategies in peer cities may inform more inclusive ADU policies locally.

DATA SOURCE

Our spatial analysis is grounded in MapPLUTO (version 2023), the New York City Department of City Planning's parcel-level land use dataset. MapPLUTO includes key variables such as land use, zoning district, lot area, lot dimensions, number of buildings, number of floors, and building class. To identify residential properties eligible under the City of Yes framework, we filtered for tax lots with existing one- or two-family homes (land use codes 1 and 2), aligning with the amendment's rule that allows one ADU per 1- or 2-family dwelling.



To reflect regulatory constraints on where specific ADU types are permitted, we incorporated the following supplemental spatial datasets:

Historic Districts

(Landmarks Preservation Commission): to exclude lots where backyard ADUs are prohibited.

Greater Transit Zone

(GTZ) boundaries (DCP): to apply GTZ-based restrictions on detached ADUs in R1-2A, R2A, and R3A zones.

Flood Risk Layers

from the NYC Panel on Climate Change (NPCC): specifically, the 2050 10-year inland stormwater floodplain and the 2080 1 percent coastal floodplain. These served as proxies for areas where basement and backyard units would be restricted under the City of Yes amendment until the Department of Environmental Protection releases its official maps.

Special Zoning District Boundaries:

namely, the Bay Ridge Special District west of Ridge Boulevard, where detached ADUs are prohibited.

To understand the demographic and socioeconomic context of ADU development, we used data from the U.S. Census Bureau's 2023 American Community Survey (ACS) 5-Year Estimates. Neighborhood-level indicators such as race and ethnicity, household income, homeownership rates, and rent burden were integrated into our analysis to assess how the potential for ADU construction overlaps with indicators of housing need and historical disinvestment. We also used the **Displacement Risk Index** developed by the Department of City Planning (DCP) and HPD. This composite index score incorporates measures of population vulnerability (e.g., low-income households, nonwhite residents, residents with limited English proficiency, and severely rent-burdened households), housing vulnerability (e.g., high shares of unregulated rental units, poor maintenance conditions), and market pressures (e.g., rising rents and home values, neighborhood change metrics) to capture spatial patterns of displacement risk.

For our case study analysis, we relied on policy documents, government reports, planning data from municipal department portals, and published academic and grey literature from three U.S. cities—Portland, Los Angeles, and Seattle.

We selected these cities due to their comparable housing market pressures, history of zoning reform related to ADUs, and variation in implementation strategies. Each case study drew on multiple sources to capture the policy tools used, the scale and trajectory of ADU production, and any evidence of racial equity or affordability impacts. These materials were reviewed systematically to extract consistent variables across cases.

ANALYTICAL STRATEGY

To estimate ADU feasibility across New York City, we first categorized tax lots by the four primary typologies outlined in the City of Yes amendment: basement conversions, backyard cottages, garage conversions, and attic units. Using MapPLUTO, we filtered lots based on land use (restricting the sample to one- and two-family homes) and structural characteristics associated with each typology. For example, lots eligible for backyard cottages were filtered by zoning district and minimum lot area using zoning-specific lot requirements; we excluded lots in R1A, R2A, and R3A districts outside the Greater Transit Zone, and applied lot size cutoffs ranging from 1,700 to 4,750 square feet, depending on the district. Basement eligibility was inferred from the presence of a full basement, while garage conversion eligibility was determined by identifying detached and semi-detached homes with accessory buildings. Attic eligibility was assumed for buildings with two or more floors. Each BBL was tagged with binary variables indicating potential for each typology and assigned a total ADU eligibility flag.

After creating spatial layers for each typology, we aggregated the data to summarize how many lots were eligible for each ADU type and where they were located. This included a borough-level analysis and a comparison of typology prevalence by neighborhood. We then performed a spatial join between ADU-eligible parcels and **Neighborhood Tabulation Areas (NTAs)** (small geographic units used by New York City's DCP to approximate neighborhoods), linking each lot to its corresponding displacement risk score. This enabled a bivariate Spearman correlation analysis[69] to test whether areas with higher displacement risk also had more lots eligible for ADU construction.

To deepen our understanding of the potential socio-spatial implications of ADU development, we cross-referenced typology eligibility with ACS variables such as poverty rate, homeownership rate, and racial/ethnic composition. This allowed us to identify neighborhoods where ADUs may meaningfully support affordability and intergenerational wealth-building as well as areas where regulatory, financial, or infrastructural barriers may limit their feasibility or impact.

To further clarify where targeted interventions might be most impactful, we organized NTAs into a simple quadrant framework, an analytical technique that categorizes data into four distinct quadrants based on two chosen criteria. In this type of framework, each axis represents a key dimension of analysis, and the intersection of these axes divides the field into four categories, or "quadrants," that help distill complex datasets into actionable insights. Our quadrant framework is based on the following two dimensions: ADU development potential and displacement risk. We defined "high ADU potential" as NTAs that had an above-median share of eligible lots across all four ADU typologies, and "high displacement risk" as those that scored above the citywide median on the

69 We selected Spearman's coefficient due to the non-normal distribution of both variables, as well as the ranked nature of the displacement risk index.

Displacement Risk Index. This approach allowed us to categorize NTAs into four groups: 1) areas with high displacement risk and high ADU potential; 2) areas with high risk but low potential; 3) areas with low risk and high potential; 4) areas with low risk and low potential. The intersection of spatial eligibility and socioeconomic conditions forms the basis of our equity-focused analysis and shaped our final policy recommendations.

On the qualitative side, our case study review followed a systematic strategy. For each city, we conducted a document analysis of publicly available policy texts, implementation reports, and program evaluations, using a consistent thematic framework to guide our review of each case study. Our eight thematic areas included:

Local Context and Policy Motivation

We examined the broader housing landscape at the time ADU policies were introduced, including key affordability challenges, demographic trends, and land-use conditions. This helped us understand what prompted cities to prioritize ADU reform and what local needs shaped the design of those policies.

Regulatory and Zoning Changes

We tracked the specific reforms cities made to zoning codes, permitting procedures, and building regulations to legalize or expand ADU development. This included analysis of how cities revised setback rules, lot-size minimums, parking requirements, and owner-occupancy mandates.

ADU Typologies

We reviewed how different jurisdictions defined and permitted various ADU forms, such as detached backyard cottages, basement and attic conversions, and garage conversions. This helped clarify the scope and flexibility of each city's ADU policy framework.

Implementation Process

We looked at how ADU programs were operationalized, including which departments or agencies were responsible for review, how permitting processes were structured, and whether reforms were introduced via phased rollouts, pilots, or citywide programs.

Outreach, Education, and Technical Assistance

We assessed how cities supported homeowners through educational campaigns, toolkits, or technical assistance. We paid particular attention to whether cities partnered with community-based organizations to increase awareness among LMI homeowners and residents of color.

Affordability and Equity Tools

We cataloged financial strategies used to lower the cost of ADU development or incentivize affordability. We also explored how effective these tools were in reaching lower-income homeowners and tenants.

Racial Equity Strategies

We documented whether and how cities explicitly addressed racial disparities in homeownership and housing access within their ADU programs. This included efforts to direct outreach to communities of color, engage trusted community partners, or design financing products accessible to historically excluded groups.

Production and Outcomes

Finally, we reviewed available data on the scale and location of ADU production, who was building ADUs (e.g., homeowners, developers), and who was living in them (e.g., family members, renters, voucher holders). Where possible, we also considered emerging evidence on the demographic distribution of ADU production and use.

This approach ensured that we could make cross-city comparisons, highlight promising models, and critically assess which reforms might translate well to New York City's unique regulatory and housing-market context.

This study's findings indicate that while ADU potential in New York City is widespread, it is highly uneven, concentrated in lower-risk, higher-income areas, and shaped by structural constraints that make construction infeasible on many otherwise eligible lots.

While zoning reform is necessary, it is far from sufficient. Absent targeted financing and support systems, ADU development risks reinforcing existing disparities in access to capital and housing opportunities. This section will explore four core findings: (1) that ADU potential is high but concentrated in advantaged neighborhoods; (2) that structural capacity significantly varies across lots and neighborhoods; (3) that zoning reform alone cannot drive large-scale or equitable ADU growth; and (4) that equity-focused financing and technical assistance are critical to expanding access for LMI homeowners.

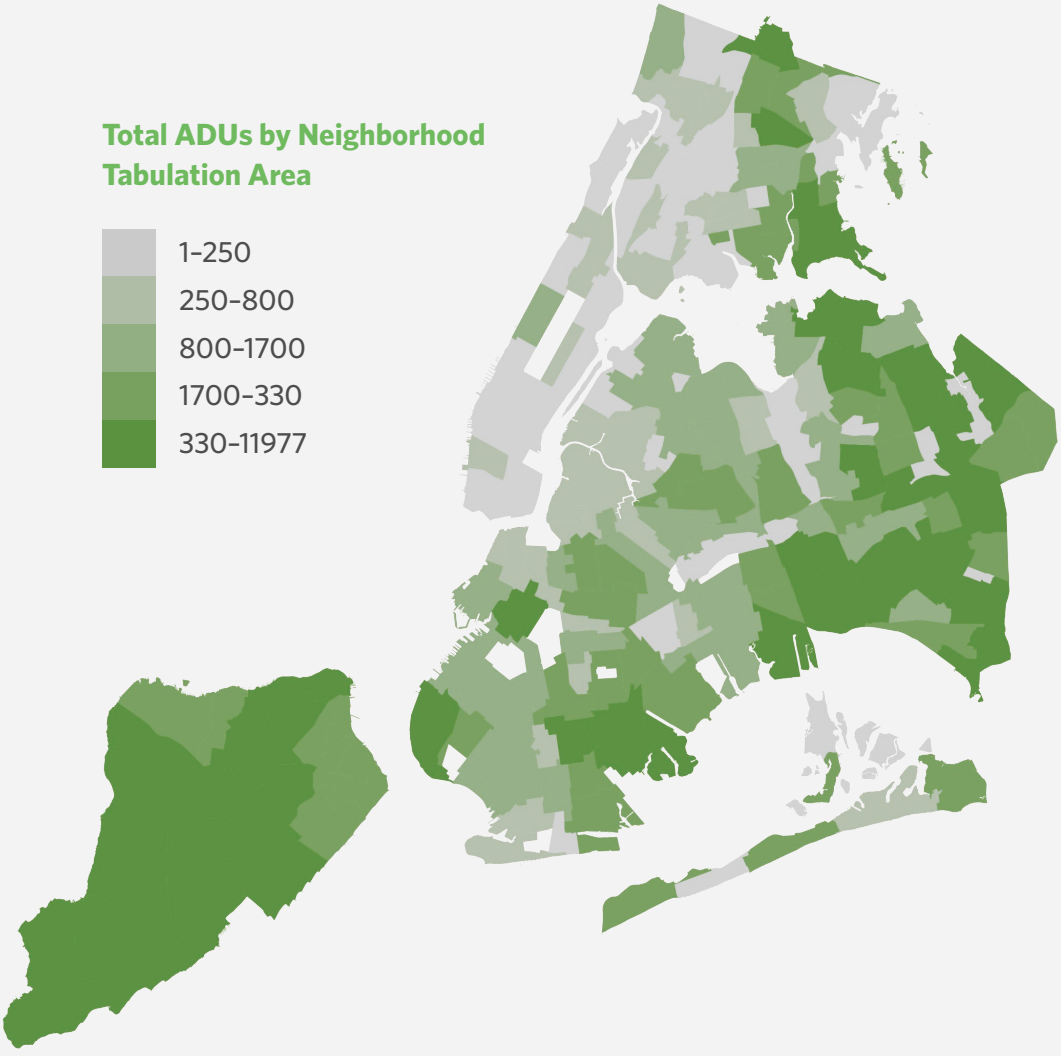
FINDING #1

ADU Potential is High, But Opportunity is Concentrated in Lower-Risk, Higher-Income Neighborhoods.

Across the five boroughs, we found approximately 256,353 residential lots that could feasibly accommodate an ADU under the current zoning provisions and publicly available rulemaking resources.

Our research has revealed that New York City does, indeed, have significant potential for ADU development. Across the five boroughs, we found approximately 256,353 residential lots that could feasibly accommodate an ADU under the current zoning provisions and publicly available rulemaking resources, including basements, attics, garages, and backyard units. With the Regional Plan Association (RPA) predicting that the City will need 473,000 units of housing by 2032 to keep up with increasing demand, our figures suggest that ADUs could be a powerful tool to expand the city's housing supply, potentially meeting roughly half the projected need.[70]

Total ADUs by Neighborhood Tabulation Area

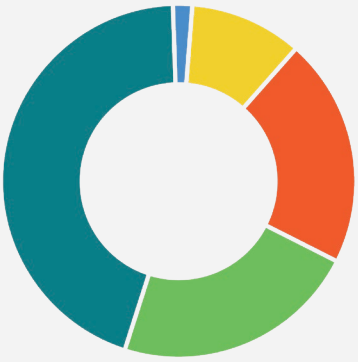


70 Regional Plan Association (RPA). 2022. "Regional Plan Association Analysis Finds 817,600 Units of Housing Needed by 2032 to Meet Projected Demand." News release, December 19, 2022. Available at: https://rpa.org/news/news-release/meeting-housing-demand-in-nys-release.

Digging deeper into the borough-level patterns, we begin to notice important variations in ADU capacity across New York City's incredibly diverse housing landscape.

ADU Distribution by Borough

- **44.9%** Queens
- **22.1%** Staten Island
- **21%** Brooklyn
- **10.3%** Bronx
- **1.4%** Manhattan



Queens contains the largest share of ADU-eligible lots with approximately 152,816 lots (or 44.9 percent of the citywide potential). This potential is largely due to the borough's sizable stock of one- and two-family homes situated on relatively larger parcels. It is worth noting, with its lower-density zoning and strong residential character, that Queens closely resembles the built environment of cities like Los Angeles and Portland, where ADU production has proven especially scalable.

Staten Island follows Queens in ADU potential, with roughly 75,315 (or 22.1 percent of the citywide potential) eligible lots, despite having the smallest population of the City's five boroughs. Staten Island's suburban land-use patterns and prevalence of detached single-family homes (especially in NTAs like Great Kills and Annadale-Huguenot-Prince's Bay-Eltingville) make it highly conducive to ADU development.[71]

Brooklyn boasts approximately 71,622 eligible lots (or 21.0 percent of the citywide potential). High-potential neighborhoods such as Midwood, Flatlands, and Park Slope-Gowanus combine a concentration of small-scale homes and accessible lot configurations, providing ample opportunities for infill housing.

The Bronx has approximately 35,231 eligible lots (or 10.3 percent of the citywide potential), with clusters of potential in neighborhoods like Allerton-Pelham Gardens and Schuylerville-Throgs Neck-Edgewater Park. These are areas where one- and two-family homes could especially support conversions of basements or garages. Manhattan, by contrast, has very limited ADU capacity with fewer than 4,838 eligible lots (or 1.4 percent of the citywide potential). The borough's dense high-rise development, cooperative housing, and limited low-density zoning leave few opportunities for small-scale ADU growth.

While the citywide potential for ADU conversions is significant, our spatial equity analysis shows that this opportunity is unevenly distributed. Mapping ADU eligibility against typical indicators of housing vulnerability, such as

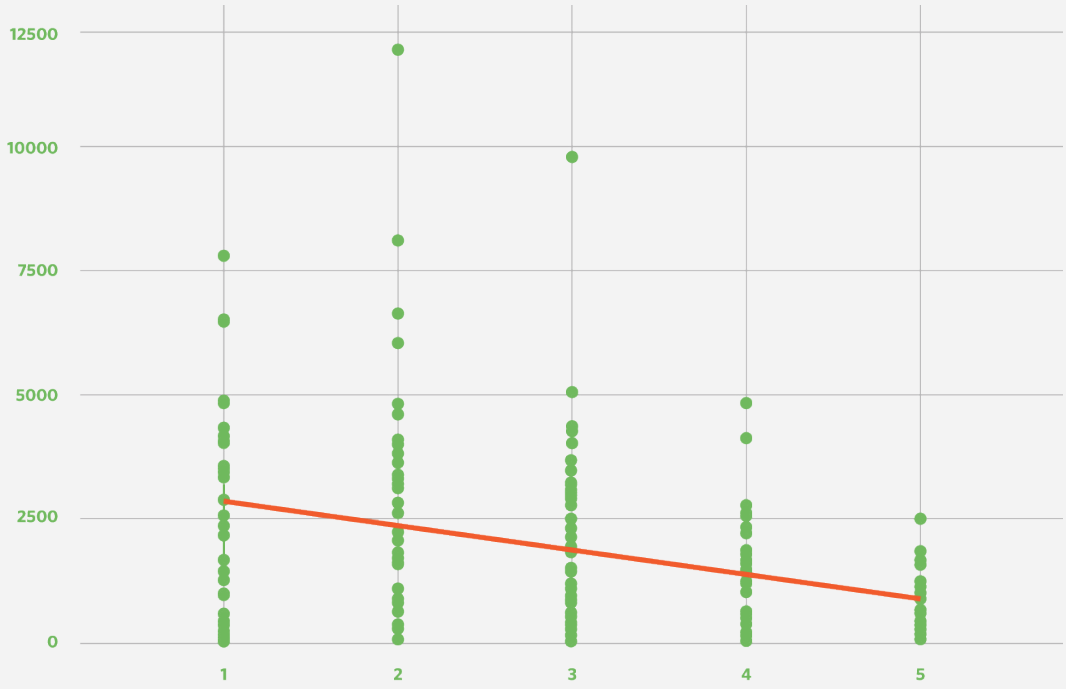
71 Neighborhood Tabulation Areas (NTAs) are geographic units created by the NYC Department of City Planning to present data at a more detailed neighborhood level. For more information, see: https://www.nyc.gov/assets/planning/download/pdf/data-maps/nyc-population/census2010/ntas.pdf

poverty rates, homeownership levels, and displacement risk, a consistent pattern emerges. Neighborhoods with higher ADU potential typically have lower displacement risk, which is bolstered by higher household incomes and greater homeownership rates.

A moderate negative correlation (Spearman's rho = -0.337, p < 0.001) indicates that neighborhoods facing higher displacement risk have fewer ADU-eligible lots.

Comparing ADU potential and displacement risk across neighborhoods, the relationship is statistically significant. A moderate negative correlation (Spearman's rho = -0.337, $p < 0.001$) indicates that neighborhoods facing higher displacement risk have fewer ADU-eligible lots. This relationship holds across ADU typologies, including attics, garages, and backyard structures, except for basements, for which no significant correlation was found. Further, NTAs with the greatest ADU opportunity are often those with the least housing vulnerability, such as Great Kills (NTA SI54) or Westerleigh (NTA SI07), compared to more at-risk areas like Brighton Beach (NTA BK19) or Hunts Point (NTA BX27), which have far fewer eligible parcels.

DISPLACEMENT RISK VS. ADU POTENTIAL BY NTA



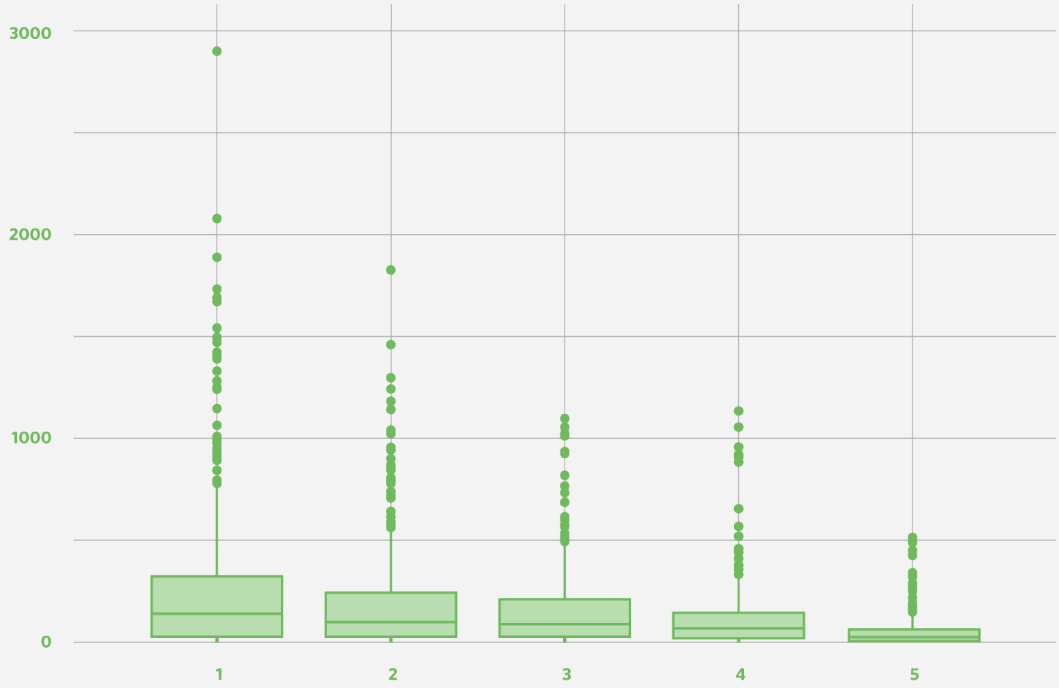
The above plot shows how the potential for ADU development (measured by the number of eligible parcels) compares to a neighborhood's displacement risk across NYC. Each dot represents one neighborhood tabulation area (NTA). Neighborhoods are grouped by their Displacement Risk Index score, from 1 (low risk of displacement) to 5 (high risk).

When neighborhoods are grouped into quintiles[72] by poverty rate, the distribution of ADU potential is more evident. Census tracts in the quintile with the lowest

72 In statistics, any of five equal groups into which a population can be divided according to the distribution of values of a particular variable.

poverty rates (i.e., poverty rates below 7 percent) have a median of 139 ADU-eligible lots, compared to just 19 lots in the quintile with the highest poverty rates (i.e., above 26 percent). This finding underscores the relationship between income, land use, and housing form: lower-poverty areas are more likely to have the kinds of parcel sizes and zoning designations that make ADU development feasible

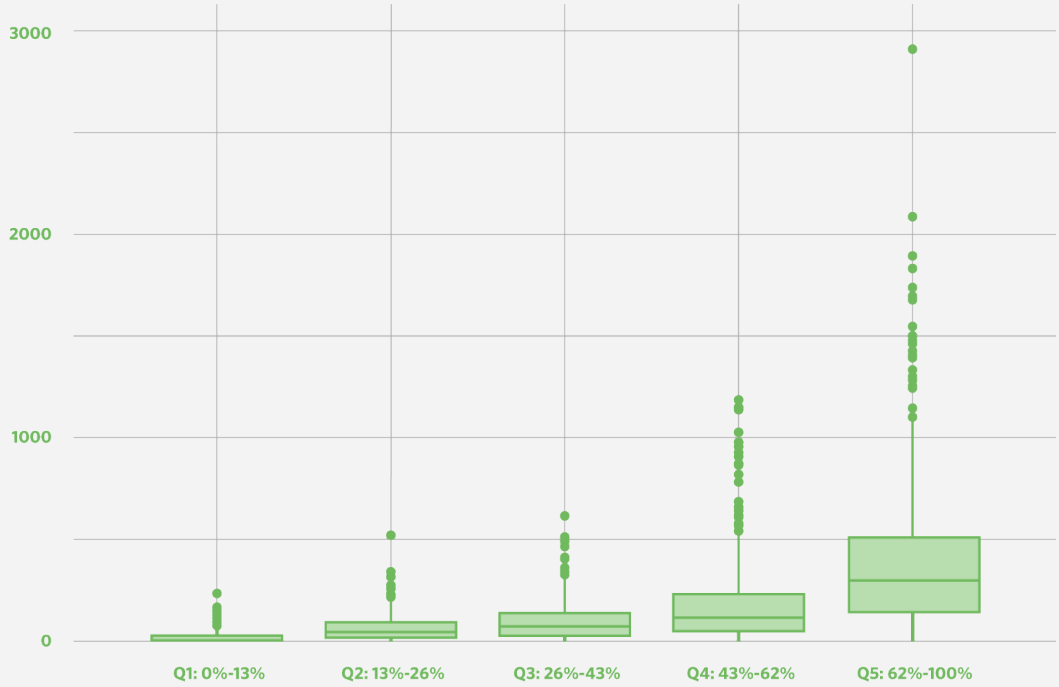
ADU POTENTIAL BY POVERTY RATE QUINTILE



The box plot above illustrates the distribution of ADU development potential by census tracts (measured by the total number of eligible lots) across New York City when grouped by poverty-rate quintiles (i.e., poverty rate below 7 percent, poverty rate between 7 and 12 percent, poverty rate between 12 and 17 percent, and poverty rate greater than or equal to 26 percent).

A similar trend appears when examining homeownership rates. In the quintile with the highest homeownership rates (i.e., neighborhoods with at least 62 percent owner-occupied units), ADU potential is markedly higher than in areas with lower homeownership rates. The median number of eligible lots in these high-ownership neighborhoods is 297, compared to just 8 in the lowest quintile. As owner-occupancy is often a prerequisite for ADU construction, both in terms of financial feasibility and, importantly, policy compliance, these high-ownership neighborhoods, which tend to face lower displacement risk, are better positioned to benefit from ADU legalization. Conversely, neighborhoods with fewer homeowners, which often face higher displacement risk, have less ADU potential. This suggests that without affordability protections or homeowner support targeted to vulnerable communities, ADU policies risk reinforcing existing housing inequities rather than reducing them.

ADU POTENTIAL BY HOMEOWNER RATE QUINTILE



The box plot above show the distribution of ADU development potential (measured by the total number of eligible lots) across New York City when grouped by homeownership-rate quintiles (i.e., homeownership rate below 13 percent, between 13 and 26 percent, between 26 and 45 percent, between 45 and 62 percent, and greater than or equal to 62 percent).

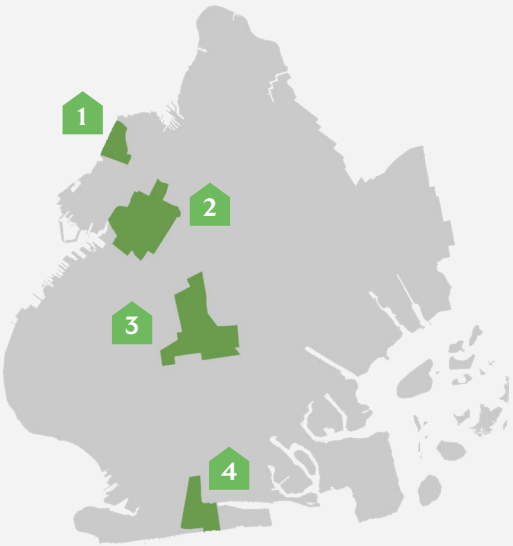
To better understand how ADU eligibility intersects with neighborhood vulnerability, we applied a quadrant framework to classify areas by both ADU potential and displacement risk, using borough-level case studies from Brooklyn. Brooklyn's internal diversity—spanning highly affluent, low-displacement neighborhoods alongside communities with high housing precarity and rapid market pressures—makes it an ideal case study for understanding how ADU potential aligns with or diverges from displacement risk.

1 Brooklyn Heights
Low Risk | Low ADU Potential

2 Park Slope-Gowanus
Low Risk | High ADU Potential

3 Flatbush
High Risk | High ADU Potential

4 Brighton Beach
High Risk | Low ADU Potential



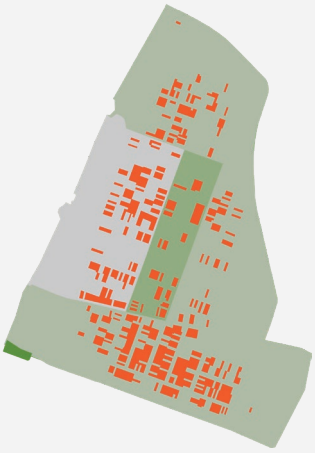
1

Low ADU Potential / Low Displacement Risk: **Brooklyn Heights–Cobble Hill**

Brooklyn Heights–Cobble Hill has few (approximately 548) eligible lots and features a high homeownership rate (39.8 percent), low poverty levels (6.4 percent), and a population that is 32.4 percent nonwhite. While the neighborhood is wealthy and stable, its historic building patterns and tight lot configurations limit the physical feasibility of ADU development. This case illustrates how even in affluent, low-risk areas, zoning and built form can constrain infill housing. ADU implementation here may require modest zoning adjustments or incentives for creative approaches; otherwise, large-scale ADU development is unlikely.

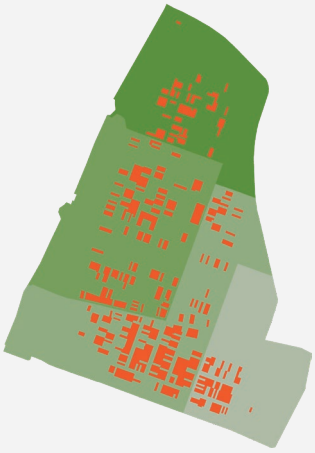
Percent Nonwhite (%)

- 0–24
- 24–28
- 28–33
- 33–40
- 40–46.5



Percent Owner Occupied (%)

- 0–15
- 15–32
- 32–46
- 46–56
- 56–70



Percent Below Poverty (%)

- 0–3
- 3–6
- 6–7
- 7–9
- 9–11

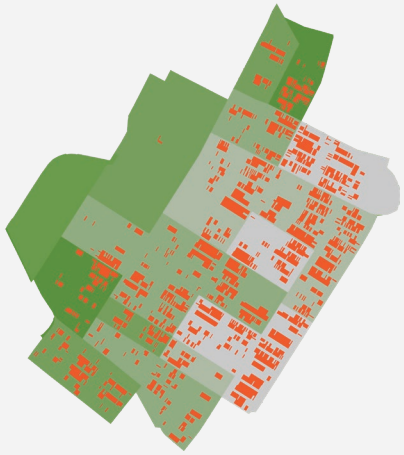
2

High ADU Potential / Low Displacement Risk: **Park Slope–Gowanus**

Park Slope–Gowanus has strong physical conditions for ADU development with approximately 3,548 eligible lots. The neighborhood has a homeownership rate of 35.6 percent, a poverty rate of 7.4 percent, and a population that is 37.8 percent nonwhite. Its housing stock is composed of row houses and larger parcels, which support backyard or garage conversions despite denser zoning. Although the area is relatively stable and affluent, ADU legalization could unintentionally drive up property values if unaccompanied by affordability measures.

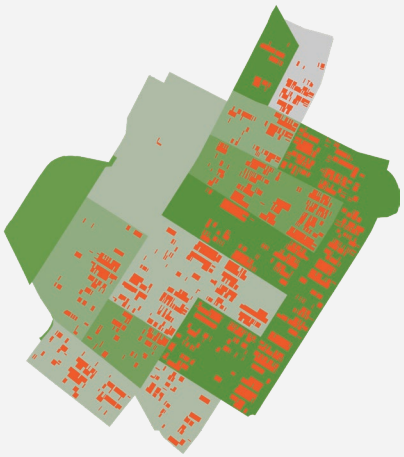
Percent Nonwhite (%)

- 0–26
- 26–30
- 30–37
- 37–50
- 50–75.8



Percent Owner Occupied (%)

- 0–21
- 21–33
- 33–38
- 38–45
- 45–60.6



Percent Below Poverty (%)

- 0–2
- 2–5
- 5–7
- 7–10
- 10–23

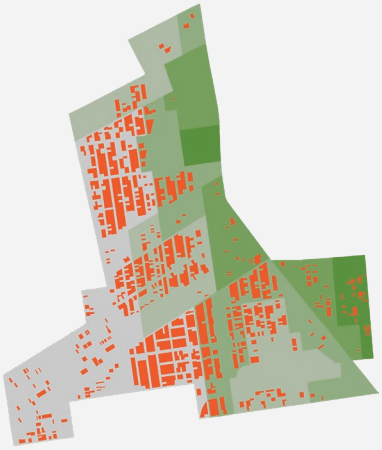
3

High ADU Potential / High Displacement Risk: **Flatbush**

Flatbush has a large number of eligible lots (about 2,465) but also faces significant housing vulnerability. The neighborhood has a poverty rate of 15.0 percent, a homeownership rate of 24.9 percent, and is 73.0 percent nonwhite. Longstanding patterns of disinvestment and ongoing gentrification have put pressure on LMI renters and homeowners alike. ADU legalization here could offer much-needed flexibility, but without safeguards, it risks exacerbating the displacement of vulnerable neighborhood residents.

Percent Nonwhite (%)

- 0–55
- 55–70
- 70–85
- 85–93
- 93–99.4



Percent Owner Occupied (%)

- 0–8
- 8–16
- 16–22
- 22–38
- 38–74.6

Percent Below Poverty (%)

- 0–8
- 8–13
- 13–16
- 16–20
- 20–39

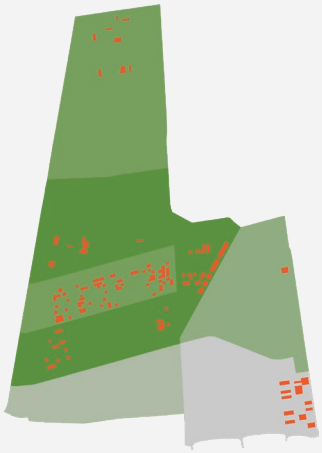
4

Low ADU Potential / High Displacement Risk: **Brighton Beach**

Brighton Beach has limited ADU development capacity with just 266 eligible lots. The neighborhood has a relatively high poverty rate of 19.7 percent, a homeownership rate of 39.8 percent, and is 28.7 percent nonwhite. Despite the need for more housing options, ADUs alone are unlikely to meet local housing needs. Dense housing patterns and restrictive zoning constrain opportunities for ADU construction. In areas like Brighton Beach, complementary policies such as anti-displacement programs, preservation of rent-stabilized units, and targeted affordability subsidies are critical.

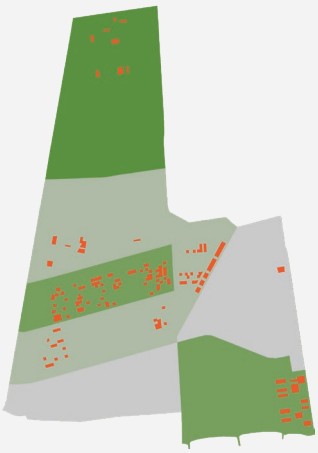
Percent Nonwhite (%)

- 2.9–12
- 12–20
- 20–34
- 34–40
- 40–74.8



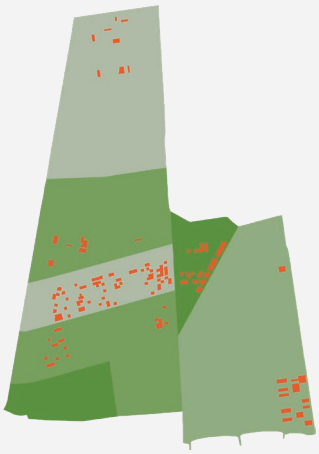
Percent Owner Occupied (%)

- 1–20
- 20–33
- 33–45
- 45–62
- 62–84



Percent Below Poverty (%)

- 2.5–10
- 10–14
- 14–18
- 18–30
- 30–57.8



FINDING #2

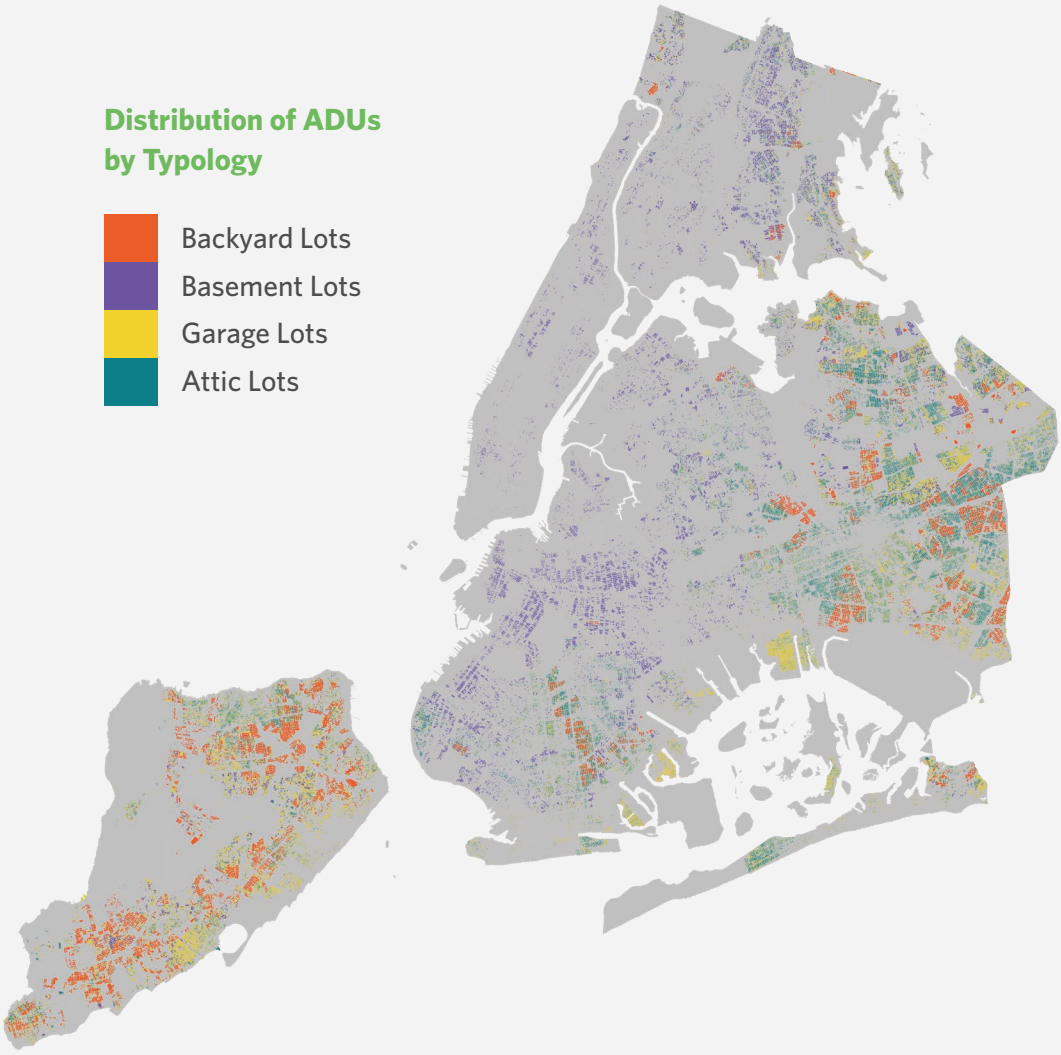
Structural Capacity for ADU Types Significantly Vary Across Neighborhoods

While there is significant potential for ADU development across New York City, the structural capacity for ADUs varies significantly across neighborhoods. Differences in building form, lot size, and historic development patterns all strongly shape the physical feasibility of ADU development.

A citywide map of eligible lots by ADU typology reveals distinct geographic patterns for each form of ADU: attics, basements, garages, and backyard cottages.

Distribution of ADUs by Typology

- Backyard Lots
- Basement Lots
- Garage Lots
- Attic Lots

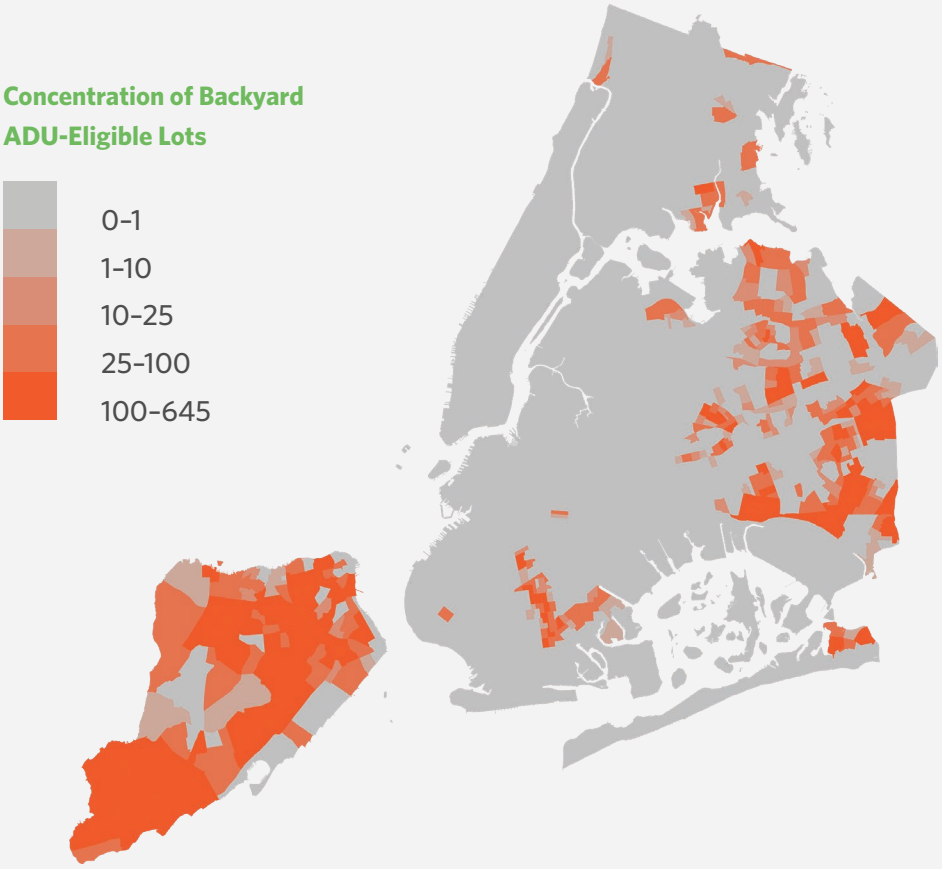


Not only is ADU potential unevenly distributed across the City's geography, but there also exists a typological clustering. The typological clustering reflects variations in built form, zoning, and housing age, and shapes the feasibility of different types of ADU conversions or additions. Consequently, most eligible lots for ADUs support only one or two forms of ADUs.

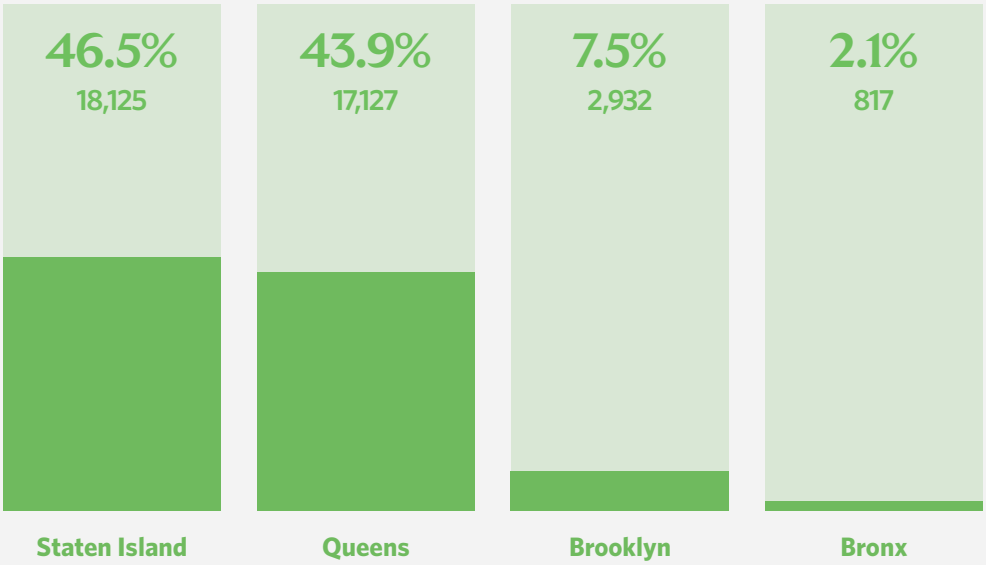
BACKYARD ADUs

These are primarily concentrated in boroughs with more suburban character and larger lots, where detached structures can be built. Staten Island and Queens dominate this category, accounting for 46.5 percent and 43.9 percent of New York City's eligible backyard ADU lots, respectively. Brooklyn and the Bronx hold smaller shares at 7.5 percent and 2.1 percent, while Manhattan has virtually no eligible backyard lots. The significant presence of eligible backyard lots in Staten Island and Queens reflects the prevalence of single-family homes with ample yard space in both boroughs, making backyard cottages a strong opportunity for expanding housing options in these areas.

Concentration of Backyard ADU-Eligible Lots



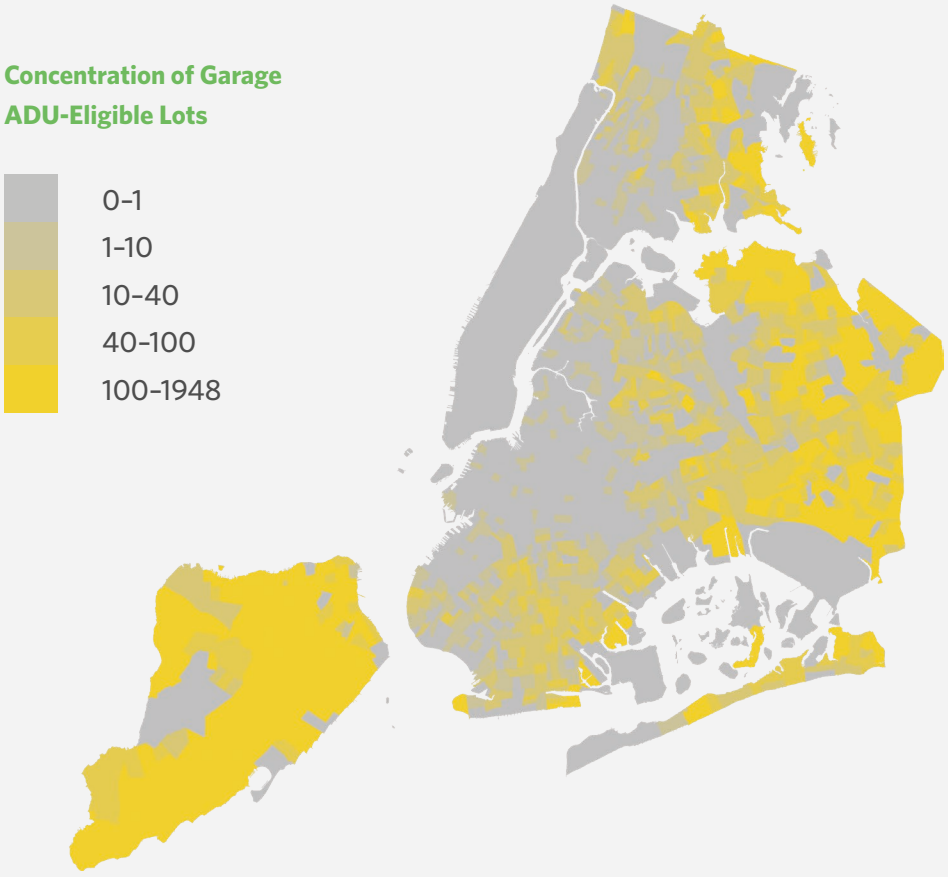
Eligible Backyard ADU Lots by Borough



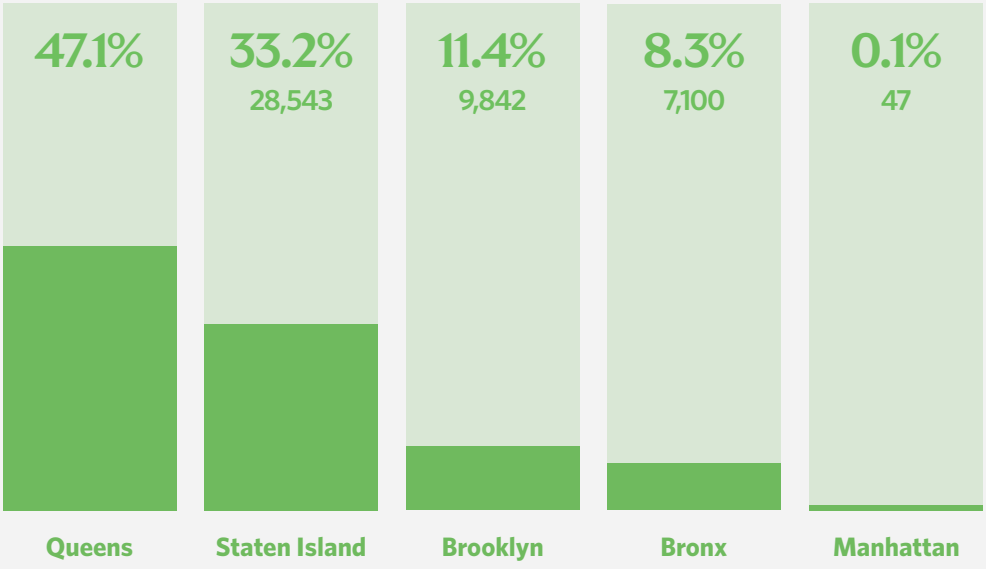
GARAGE ADUs

These follow a similar pattern, with Queens and Staten Island comprising 47.1 percent and 33.2 percent of eligible garage conversions citywide. These boroughs' low-density neighborhoods and widespread detached garages can facilitate garage conversions or present them as a relatively straightforward ADU option. Meanwhile, Brooklyn boasts 11.4 percent of eligible garage conversions, while the Bronx has 8.3 percent, and Manhattan only 0.1 percent, underscoring the scarcity of detached garages in more urbanized boroughs.

Concentration of Garage ADU-Eligible Lots



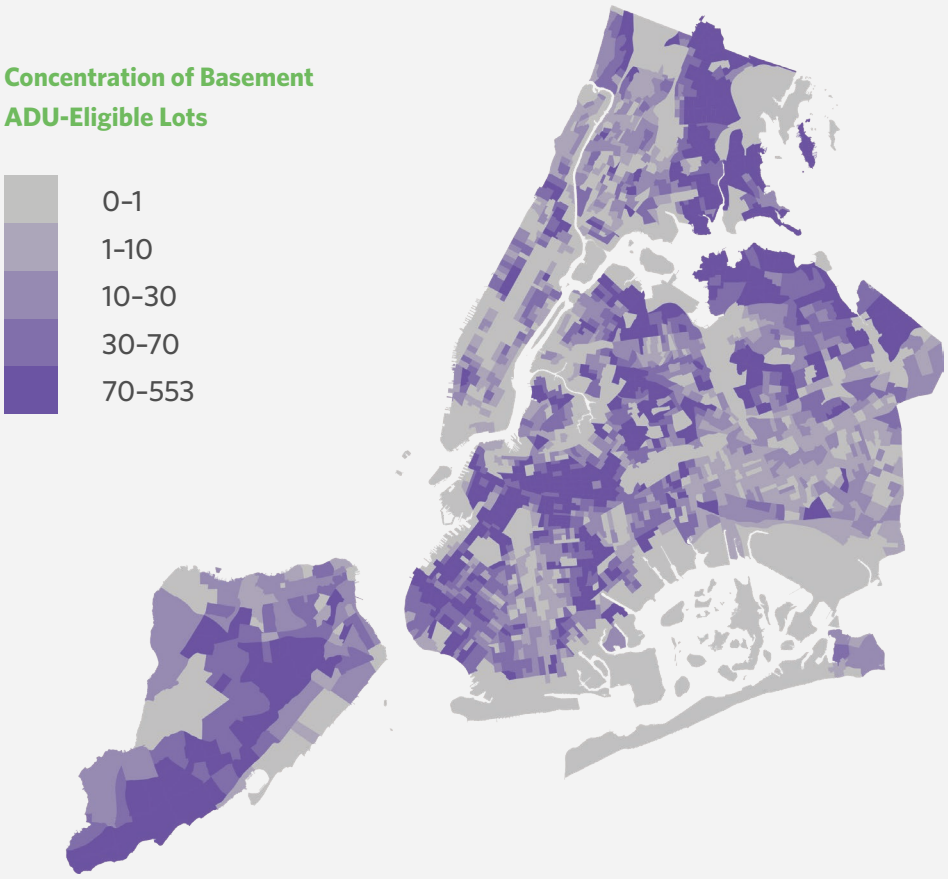
Eligible Garage ADU Lots by Borough



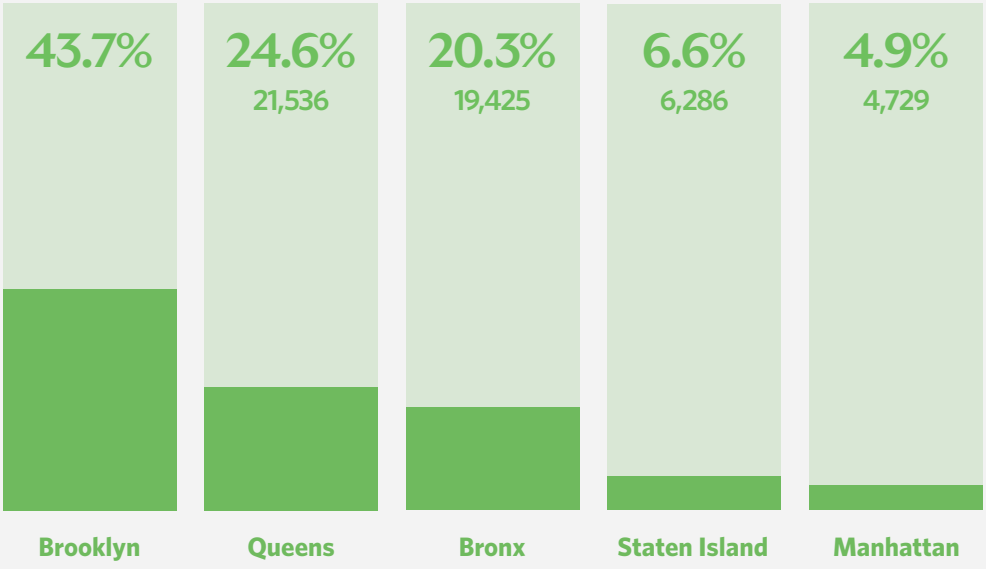
BASEMENT ADUs

These concentrate heavily in Brooklyn (43.7 percent), followed by Queens (24.6 percent) and the Bronx (20.3 percent). Staten Island and Manhattan represent smaller shares of eligible basement ADUs at 6.6 percent and 4.9 percent, respectively. This distribution aligns with the older housing stock in Brooklyn, Queens, and the Bronx, where basements and cellars are common and often suitable for conversion. Basement ADUs provide a way to add living space without altering the exterior footprint, making them an important option in denser neighborhoods with limited lot space.

Concentration of Basement ADU-Eligible Lots



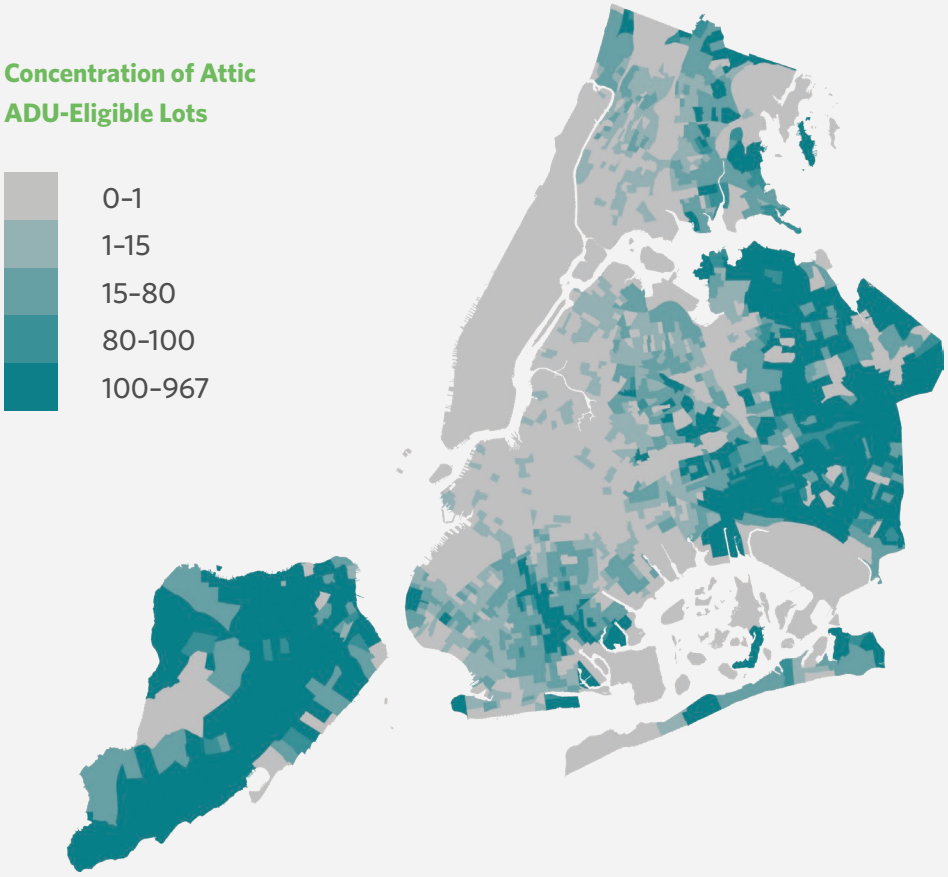
Eligible Basement ADU Lots by Borough



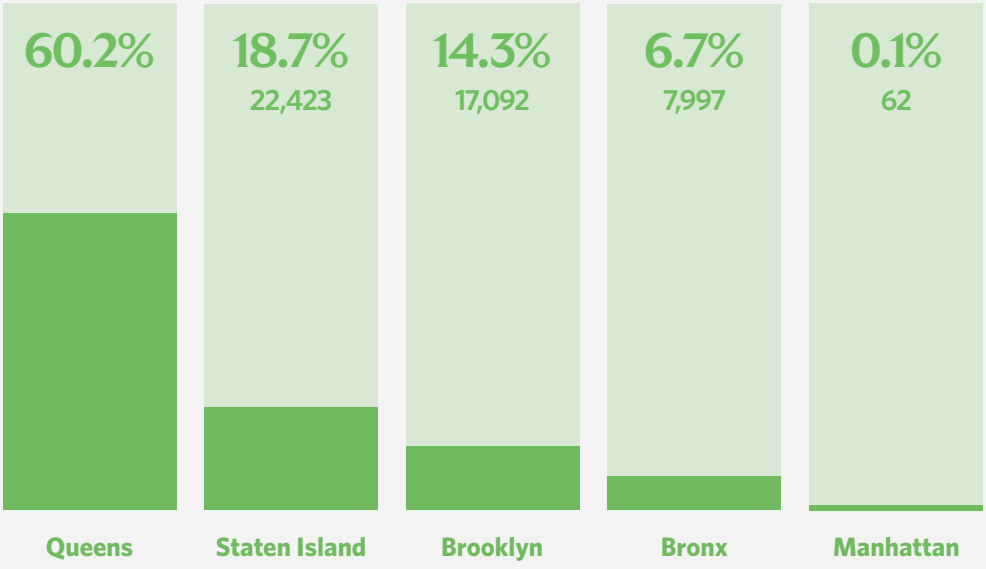
ATTIC ADUs

These show a more pronounced dominance in Queens, which accounts for 60.2 percent of eligible attic units citywide, reflecting the borough's significant stock of single- and two-family homes with accessible attic space. Staten Island follows with 18.7 percent of eligible attic units, then Brooklyn with 14.3 percent, and finally the Bronx with 6.7 percent of eligible attic units. Manhattan's share of eligible attic units is negligible at 0.1 percent, consistent with its multifamily building stock and limited attic space suitable for conversion.

Concentration of Attic ADU-Eligible Lots



Eligible Attic ADU Lots by Borough

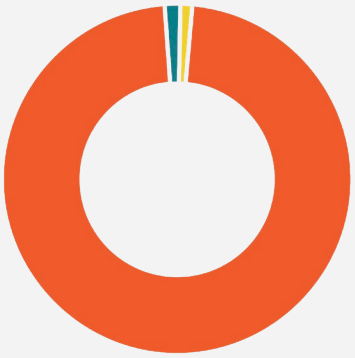


ADU TYPOLOGIES, BY BOROUGH

Analyzing the distribution of ADU typologies within each borough reveals not just the total volume of potential development, but also the form of ADU development that is most likely to occur. The relative share of attic, basement, garage, and backyard units in each borough reflects differences in existing housing stock, lot sizes, zoning, and built form.

ADU Typologies in Manhattan

97.7% Basement
1.3% Attic
1% Garage



For example, in Manhattan, nearly all eligible ADUs exist in basement units, accounting for approximately 97.7 percent of the borough's total eligible conversions. This overwhelming dominance points to the borough's dense, multifamily housing stock, which offers limited opportunities for detached or accessory structures. Meanwhile, attic units make up just 1.3 percent of Manhattan's eligible units, and garage conversions are effectively nonexistent at 1 percent. These percentages underscore the scarcity of single-family homes, garages, or large yards in the borough.

ADU Typologies in Queens

47% Attic
26.4% Garage
15.4% Basement
11.2% Backyard

Queens presents a more varied profile of ADU typologies. Attic ADUs represent the largest share of eligible development at 47 percent, a figure supported by the borough's large inventory of single- and two-family homes with pitched roofs. Garage conversions are also common, comprising 26.4 percent of eligible development, thanks to the prevalence of detached garages in lower-density areas. Backyard ADUs make up 11.2 percent of eligible development, while basement units account for 15.4 percent of eligible development, suggesting that while below-grade units are feasible, above-ground conversions remain more dominant.

ADU Typologies in Brooklyn

Brooklyn's ADU potential skews heavily toward basement conversions, which make up 58.4 percent of the borough's eligible development. This reflects Brooklyn's aging housing stock and the prevalence (and common use) of basement space in its row-house neighborhoods. The potential for attic and garage conversions is nearly tied, at 13.8 percent and 13.7 percent, respectively, while eligible backyard ADUs are less common, at just 4.1 percent.

ADU Typologies in Bronx

In the Bronx, basement ADUs also lead in eligible potential, accounting for 55 percent of eligible development. The borough's housing stock often includes basement space that can be adapted for residential use. Otherwise, attic conversions constitute 22.6 percent of potential development, while garages represent another 20.1 percent of eligible development. The potential for backyard ADUs is relatively rare at 2.3 percent, likely due to the Bronx's smaller lot sizes and tighter urban layout.

ADU Typologies in Staten Island

Staten Island has the most balanced distribution of ADU typologies, which reflects its suburban-style development. Garage conversions are the most common form of eligible development at 37.9 percent. This is followed by the potential for attic ADUs at 29.7 percent and backyard cottages at 24 percent. Basement units are the least prevalent form of eligible development at just 8.3 percent, highlighting Staten Island's limited use of below-grade space and the greater feasibility of detached or accessory structure conversions.

Zoning Reform is Important, But Not Sufficient for Large-Scale ADU Adoption

The experiences of Los Angeles, Portland, and Seattle demonstrate how complementary efforts like permitting reform, design standardization, public education, and administrative coordination have been critical in driving scalable ADU production.

LOS ANGELES

Although California passed favorable ADU legislation in 1982 with Senate Bill (SB) 1160, which directed localities to permit ADUs on single-family lots, cities retained wide discretion to impose restrictive design and permitting requirements. A follow-up bill in 2002 (**Assembly Bill (AB) 1866**) attempted to reinforce the state's intent to promote ADU development by requiring ministerial approval for ADUs that met local standards[73]. Still, the lack of state oversight allowed jurisdictions to maintain onerous and often arbitrary rules that discouraged ADU development. Over the 34 years following the 1982 legislation, the number of legally permitted ADUs in Los Angeles remained nominal.

73 Ministerial approval means that local governments must approve ADU applications that meet objective zoning and development standards without requiring discretionary review or public hearings. This streamlines the approval process and limits local authority to deny compliant applications.

In 2016, the California Legislature passed a package of ADU reform bills (**SB 1069** and **AB 2299**) that waived parking requirements near transit and eliminated setbacks for garage conversions.[74] When the city of Los Angeles missed a 2017 compliance deadline, it was required to approve ADUs under the state's default standards, triggering a dramatic spike in production. Permits jumped from fewer than 100 annually (before 2016) to over 2,300 in 2017, and more than 4,000 in 2018. By 2022, the number of ADU permits had surpassed 7,000 annually, with ADUs accounting for nearly one in four newly permitted residential units in Los Angeles.[75]

While the results of California's ADU legislative reform proved striking, they alone did not account for the dramatic increase in ADU production in Los Angeles. Along with the city's adoption of state standards, Los Angeles established a suite of administrative, educational, and design tools that played a critical role in scaling ADU permitting and construction.

To reduce informational and administrative barriers to ADU development, the City of Los Angeles launched **a centralized resource portal** hosted by the Los Angeles Department of Building and Safety (LADBS). The portal consolidates key materials for prospective and current ADU developers, including step-by-step guides, zoning and eligibility checkers, Frequently Asked Questions (FAQs), and clear explanations of local and state regulations for ADUs, Junior ADUs (JADUs), and Movable Tiny Houses (MTHs). It also outlines development standards (like parking exemptions near transit and solar and fire safety requirements), making regulatory information more accessible to homeowners who may not have prior experience with construction or permitting.

In addition to the resource portal, LADBS introduced the Electronic Plan Review Program (**ePlanLA**). This online system enables homeowners and professionals to submit project plans for review, apply for permits, and track applications electronically. The program enables the digital submission of scaled drawings and supporting documents, eliminating the need for in-person plan check appointments and streamlining the permitting process. As of 2024, ePlanLA accepts submissions for all ADU project types, including new construction, additions, and alterations.

Finally, to address the city's large stock of unpermitted units, the City of Los Angeles adopted the Unpermitted Dwelling Unit (UDU) Ordinance **(Ord. No. 184,907)** in 2017. This ordinance established a voluntary program to legalize unpermitted units that met basic health and safety standards. It offered homeowners, whether responding to code violations or seeking proactive compliance, a streamlined path to bring units into the formal housing market. In exchange, owners were required to provide at least one low- or moderate-income affordable unit for each UDU legalized, expanding the city's stock of affordable housing while improving oversight and habitability standards.

PORTLAND

Portland's efforts to enable ADU development began in the 1980s. Initially, the city allowed only internal conversions in homes at least five years old and required owner-occupancy, conditions that severely limited uptake. Over time, the city gradually dismantled these barriers. By 1988, it permitted detached ADUs

74 M. Nolan Gray. 2024. "California ADU Reform: A Retrospective, How YIMBYs Helped Kick Off a California Building Boom". A report prepared for the California YIMBY Education Fund. Available at: https://cayimby.org/wp-content/uploads/2024/01/CAY-ADU_Report-2024-v4.pdf.

75 City of Los Angeles. 2018. "Accessory Dwelling Unit Ordinance: Background and Frequently Asked Questions. Informational material, May 2018. Available at: https://planning.lacity.gov/ordinances/docs/ADU/faq.pdf.

with setbacks (rules that require a certain distance between a structure and the property line), eliminated the age and owner-occupancy requirements, and introduced design standards to ensure that ADUs matched the primary dwelling. These incremental changes helped normalize ADUs and streamline approvals.[76]

The most influential of Portland's ADU reforms came in 2010 when the city temporarily waived System Development Charges (SDCs) and one-time fees, which range from around $7,000 to $12,000 on average. This systemic lowering of the financial burden on homeowners spurred a sharp increase in ADU development, with permits rising from 25 in 2009 to 70 in 2010, and climbing steadily in the years that followed. Further, the policy was extended multiple times before being made permanent in 2018, with one important condition: homeowners intending to use their ADU as a short-term rental within ten years would still be required to pay the full SDC. This provision helped align the policy with the city's affordability goals and curb speculative development.[77]

Portland also invested in homeowner education. The city's Bureau of Development Services created detailed permitting guides and partnered with organizations like the Oregon Department of Environmental Quality (DEQ), Earth Advantage, and AccessoryDwellings.org to host public events and provide technical assistance for homeowners interested in ADU conversion. Instructional materials, web-based guides, and ADU tours also worked to demystify the process, especially for first-time builders, and built public support for small-scale infill.

From 2010 through 2018, the combination of zoning reform, fee waivers, and homeowner education yielded substantial results. ADU permit issuance increased dramatically, and the city's approach became a national model for enabling small-scale residential construction. Though permitting activity dipped slightly after 2018, potentially due to the perceived end of the "limited-time" SDC waiver and the introduction of the short-term rental restriction, it remained far above pre-2010 levels. By the mid-2010s, ADUs were being developed at scale: most were 500–600 square feet, commonly built as studios or one-bedroom units. A 2014 DEQ report found that approximately 80 percent of Portland's ADUs were used as long-term residences, with some offered at reduced rates or rent-free to family and friends.[78]

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SEATTLE

In 2015, the City of Seattle convened a Housing Affordability and Livability Agenda (HALA) task force to address its housing shortage, bringing together a diverse group of stakeholders to identify policy tools that could expand housing options and reduce barriers to production. Among the **task force's 65 recommendations** was the expansion of Accessory Dwelling Units (ADUs), which had been allowed in limited forms in the city since the 1990s but remained difficult and costly to build.[79] Early community engagement revealed a

76 Local Housing Solutions. 2021. "Facilitating the Development of Accessory Dwelling Units in Portland, OR." A report published on April 15, 2021. Available at: https://www.localhousingsolutions.org/housing-policy-case-studies/facilitating-the-development-of-accessory-dwelling-units-in-portland-or/#footnote.

77 Ibid.

78 Northwest Economic Research Center (NERC). 2019. "The Portland ADU Market: Conditions, Costs, Drivers, Incentives." A report prepared by NERC with support from the Institute for Sustainable Solutions (ISS). Available at: https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1042&context=nerc_pub.

79 Matthew Leger. 2022. "Empowering Residents: Advancing Seattle's Accessory Dwelling Unit Strategy." A feature of the Data-Smart City Solutions series presented by Harvard's Kennedy School, March 3, 2022. Available at: https://datasmart.hks.harvard.edu/empowering-residents-advancing-seattle%E2%80%99s-accessory-dwelling-strategy.

range of barriers to ADU development, including regulatory restrictions, parking mandates, complex permitting, and unclear design expectations.

Responding to this feedback, Seattle pursued a multiyear process of legal and administrative reform. In 2019, after a prolonged legal delay requiring a full Environmental Impact Statement (EIS), the City adopted a suite of reforms that eliminated owner-occupancy and off-street parking requirements, increased maximum ADU sizes to 1,000 square feet, and allowed two ADUs per lot. These changes dramatically expanded eligibility, making ADUs viable on many more properties across the city.

Recognizing that many homeowners lacked the time, money, or technical expertise to navigate design and permitting requirements, the City launched **ADUniverse** in 2020, a centralized digital hub with tools to support homeowners through the development process. The platform includes a step-by-step guide to ADU development, a property eligibility tool, a permitting dashboard, and access to 10 pre-approved detached ADU (DADU) designs. Selected for cost-efficiency and sustainability, these plans (available for $1,000 or less) can reduce design costs by thousands (typically estimated at $15,000 or more) and shave several weeks off permitting timelines. Homeowners are still required to obtain site-specific engineering and utility planning, however.[80]

To further lower information barriers, Seattle's Office of Planning and Community Development (OPCD) partnered with the University of Washington's (UW) **Data Science for Social Good** project to create **an online tool** that uses zoning, permitting, and parcel data to assess whether a site is suitable for an ADU. The tool flags potential constraints and guides homeowners through the next steps. This data-informed approach helped residents evaluate feasibility early in the process, reducing uncertainty and frustration. Seattle also invested heavily in outreach and public education to shift the narrative around ADUs, moving away from fears about neighborhood disruption and toward a broader understanding of ADUs as a way to support aging in place, multigenerational households, and relieve housing pressure. Through partnerships with UW, the local chapter of the American Institute of Architects, and community events like ADU fairs, Seattle has worked to normalize ADUs as a viable housing option. In recent years, the city has also begun to publish **an annual ADU report** that tracks permitting activity, spatial trends, and usage patterns, providing data for evaluating equity, refining policy, and informing the public.

ADU permits in Seattle jumped from 286 in 2019 to 987 in 2023. Detached units accounted for over half of Seattle's new permits, and roughly 13 percent of applicants have used pre-approved designs.

The combined effect of these strategies has been significant. ADU permits in Seattle jumped from 286 in 2019 to 987 in 2023. Detached units accounted for over half of Seattle's new permits, and roughly 13 percent of applicants have used pre-approved designs. Importantly, ADUs have now become a meaningful component of the city's infill strategy, particularly in Neighborhood Residential zones, which account for nearly 90 percent of all ADU permits. A growing share of ADUs are also now being sold as condominiums, providing new, more affordable paths to homeownership.[81]

80 Ibid.

81 Seattle. 2024." Accessory Dwelling Units: 2023 Annual Report." A report prepared by the Office of Planning and Community Development and the Seattle Department of Construction and Inspections, July 2024. Available at: www.seattle.gov/documents/Departments/OPCD/OngoingInitiatives/EncouragingBackyardCottages/OPCD-ADU-Report-2023.pdf.

Equity-Focused Financing and Technical Assistance Are Critical to Expanding ADU Access Beyond Higher-Income, White Homeowners.

Traditional financing options like home equity loans and home equity lines of credit (HELOCs) and cash-out refinancing are often out of reach for lower-income households, particularly those without generational wealth or stable access to credit, which tends to fall along racial-ethnic lines due to the lasting impacts of historical racism and systemic discrimination.[82] As developing or converting an ADU requires significant capital and time for permitting and project management, it's clear that without targeted support, ADUs risk becoming a tool that reproduces — rather than challenges — existing housing disparities. Fortunately, cities like Los Angeles, Portland, and Seattle have recognized this dynamic and begun testing a range of interventions to circumvent this phenomenon, from fee waivers and legalization pathways for unpermitted units to small-scale grant programs and technical assistance initiatives.

LOS ANGELES

Unlike other parts of California, ADU construction in Los Angeles has been relatively more prevalent in lower-resource neighborhoods, particularly among Black and Latino homeowners. This trend is shaped by multiple factors: the prevalence of existing unpermitted units, strong local construction networks, and relatively lower building costs in many Black and Latino neighborhoods, where homeownership is more common.[83] Yet significant barriers persist, including high up-front costs and complex permitting processes. In response, a set of small-scale initiatives has emerged to address these gaps.

One of the most innovative efforts has been the **Backyard Homes Project**, a collaborative initiative led by the design nonprofit LA Más in partnership with Restore Neighborhoods LA, Self-Help Federal Credit Union, Genesis LA, and the Housing Authority of the City of Los Angeles (HACLA), among others. The Backyard Homes Project, which kicked off in 2019, serves as a one-stop shop to support LMI homeowners through the full ADU process—from financing and design to construction and leasing. In exchange for receiving subsidized services, participants agreed to rent their units to Section 8 voucher holders for at least five years. The program also offered landlord training, tenant support, and signing bonuses, and targeted historically disinvested neighborhoods like El Sereno and Highland Park. By directly addressing cost, complexity, and unfamiliarity with affordable rental programs, the Backyard Homes Project

82 James N. Conklin, Kristopher Gerardi, and Lauren Lambie-Hanson. 2023. "Can Everyone Tap into the Housing Piggy Bank? Racial Disparities in Access to Home Equity." A working paper for the Federal Reserve Bank of Philadelphia. WP23-25, November 2024. Available at: https://www.philadelphiafed.org/-/media/frbp/assets/working-papers/2023/wp23-25.pdf. See also Fulop 2024, p. 11.

83 Julia Greenberg, Hannah Phalen, Karen Chapple, David Garcia, and Muhammad Alameldin. 2022. "ADUs for All: Breaking Down Barriers to Racial and Economic Equity in Accessory Dwelling Unit Construction." A report prepared for the Terner Center at UC Berkeley. Available at: https://ternercenter.berkeley.edu/blog/adu-equity-barriers/.

helped to make ADU development more accessible to households typically excluded from such opportunities. [84]

The **LA ADU Accelerator Program**, launched through the Bloomberg Philanthropies Mayors Challenge in partnership with Los Angeles' Housing Department and the LA Bloomberg Innovation Team, also took a targeted approach to expanding affordable rental housing, this time for older, low-income Angelenos. Launched in 2018 through the Bloomberg Philanthropies Mayors Challenge, the program provided guaranteed rents and tenant placement services to homeowners who agreed to house low-income older adults in permitted ADUs for at least five years. Tenants paid no more than 30 percent of their income, with the city covering the remainder, essentially creating a voucher-like system. Though the program housed just 32 individuals across 25 ADUs, it demonstrated how targeted public-philanthropic partnerships can effectively leverage existing units to meet urgent affordability needs.[85]

Elsewhere in Los Angeles County, cities have piloted similar equity-oriented programs, including providing construction financing to homeowners in exchange for income restrictions on new ADUs. These efforts have been paired with federal housing vouchers or local rental subsidies to help renters cover ongoing costs.[86] In 2018, the county's **Second Dwelling Unit (Strategy F4) Pilot Program**[87] offered forgivable loans to homeowners who agreed to rent ADUs to formerly homeless tenants. Pasadena's **Second Unit ADU Program**, which launched in 2020 and concluded in 2025, provided low-interest loans and project management support to build (or legalize) ADUs for Section 8 voucher holders. West Hollywood adopted a comparable approach with its **Affordable ADU Pilot Program**, which today offers "comprehensive assistance" for financing, designing, and permitting in exchange for renting to a Section 8 tenant for a seven-year continuous term.

84 City of Los Angeles. 2010 -2025. "LA Más." Informational material. Available at: https://www.ladbs.org/adu/standard-plan-program/approved-standard-plans/la-m%C3%A1s.

85 Jenny Schuetz and Eve Devens. 2024. "Can income-restricted ADUs expand the affordable housing stock in Los Angeles?" A report prepared for Brookings Institute. Available at: https://www.brookings.edu/articles/can-income-restricted-adus-expand-the-affordable-housing-stock-in-los-angeles/.

86 Ibid.

87 Los Angeles County Department of Regional Planning. 2017. "Recommendation to Approve Second Dwelling Unit Pilot Project Under Homeless Initiative Strategy F4: Second Dwelling Units Pilot Program (All Supervisorial Districts) (3-Votes)." Official documentation, August 15, 2017. Available at: https://file.lacounty.gov/SDSInter/bos/supdocs/116059.pdf.

While these initiatives illustrate how ADUs can be aligned with public benefit through affordability covenants, tenant matching, and homeowner support, they have operated on a small scale, producing fewer than 10 new affordable ADUs each and serving just a few dozen tenants. Further, most of these programs were time-limited pilots and today face challenges to expansion, including rising construction costs, interest rate volatility, and a lack of long-term funding commitments from philanthropy or government.

Perhaps one of the most important efforts the City of Los Angeles has undertaken to lower administrative and design barriers has been the **ADU Standard Plan Program.** Launched citywide in March 2021, the program offers over 40 pre-approved ADU designs that meet the Department of Building and Safety's zoning, building, and energy efficiency requirements.[88] By removing uncertainty around design compliance and shortening permitting timelines, the program reduces costs and makes construction increasingly feasible, particularly for homeowners working with small-scale contractors.

At the state level, the California Housing Finance Agency (CalHFA) introduced **a $40,000 ADU grant** to cover pre-development costs for homeowners earning below 80 percent of AMI. Though funds are limited and administered through approved lenders rather than directly to homeowners, this grant program is a meaningful step toward bridging the cost gap for moderate-income households.

Together, these efforts underscore that to scale ADU development, municipalities must invest in infrastructure that is deeply supportive. More specifically, equitable financing (including forgivable loans, below-market interest rates, and revolving loan funds) and technical assistance tools have proven critical in ensuring ADUs serve as tools for housing equity in Los Angeles.

PORTLAND

Despite being a national leader in ADU zoning and permitting reform, Portland has struggled to ensure equitable access to its ADU development. Although the city offers by-right approvals, waived System Development Charges (SDCs), and minimal design or parking requirements, recent surveys show that over 80 percent of ADU owners are white and more than half earn above $100,000 annually.[89] These disparities underscore that without targeted financial tools and technical assistance, ADU construction remains out of reach for many LMI homeowners.

Recent surveys show that over 80 percent of ADU owners are white and more than half earn above $100,000 annually.

In the face of these growing inequities, the Portland Housing Bureau and Prosper Portland launched a pilot **ADU Loan Program** aimed at helping longtime homeowners vulnerable to displacement. The program offers up to $80,000 in zero-interest loans to qualifying households to convert large basements into permitted ADUs.[90] Loans are structured with no up-front costs and 15-year repayment terms, targeting homeowners earning up to 120 percent of AMI in the historically Black Interstate Corridor Urban Renewal Area. Applicants must demonstrate long-term ownership, current tax and insurance compliance, and sufficient equity. Additional repair loans and lead abatement grants help ensure safety and code compliance. Though small in scale, the program reflects an intentional effort to align ADU production with anti-displacement and racial equity goals.

88 Jessica Ritz. 2021. "Los Angeles's Standard Plan Program for ADUs Takes Aim at the Housing Crisis." Metropolis, March 24, 2021. Available at: https://metropolismag.com/viewpoints/la-standard-plan-adu-housing/.

89 NERC 2019.

90 Portland Housing Bureau (PHB). "Portland Accessory Dwelling Unit Loan Program: Frequently Asked Questions." Informational material. Available at: https://efiles.portlandoregon.gov/Record/13233792/File/Document.

Complementing public programs are innovations in community-based financing. Portland's Consolidated Community Credit Union, for example, has developed a first-of-its-kind **ADU-specific HELOC** that allows borrowing against the future appraised value of a completed ADU—a major departure from traditional equity products based solely on current value.[91] Advantis Credit Union also offers a **"Rehab Mortgage,"** which permits borrowing up to 90 percent of improved value and explicitly supports ADU construction. While more accessible than private financing, these products still rely on collateral-based underwriting and do not account for projected rental income, limiting their usefulness for lower-income homeowners with fewer assets or properties in lower-value areas.

To address these gaps, local nonprofits are experimenting with new models of ADU delivery that offer financial support for homeowners while also ensuring affordable rental opportunities. One such example is the **Small Homes Northwest** pilot developed by Hacienda Community Development Corporation, which constructs modest backyard cottages for low- to moderate-income homeowners and rents them to low-income tenants at regulated rates for 10–15 years. After this period, homeowners assume full control of the unit, gaining a lasting income stream. Construction is completed at market wages in partnership with the National Association of Minority Contractors, while financing is supported by Craft3, Umpqua Bank, and philanthropic partners like Meyer Memorial Trust and the Kuni Foundation.[92] By offering culturally specific outreach, tailored financing, and third-party property management, Small Homes Northwest reduces both homeowner and lender risk while promoting inclusive development. Though still in the early stages, it offers a replicable model for how ADUs can support affordable housing production and long-term neighborhood stability.

Still, the vast majority of ADUs in Portland remain market-rate units built by wealthier households, often for personal use or short-term rental. To that end, a 2014 survey found that only 5 percent of ADUs rented for under $500, while over 30 percent are now used as vacation rentals.[93] Fewer than half serve as someone's primary residence. Without affordability covenants or public incentives tied to tenant outcomes, even relatively low-cost units may not reach the households most in need.[94]

SEATTLE

Compared to Los Angeles and Portland, Seattle's ADU financing and technical assistance remain relatively underdeveloped. Although recent regulatory reforms have expanded ADU eligibility, financial barriers continue to limit LMI homeowners from pursuing development opportunities. Most ADUs are built by white, higher-income homeowners in low-displacement-risk neighborhoods, where access to land, financing, and permitting expertise is concentrated. In 2023, 87 percent of permitted ADUs were located in Neighborhood Residential

91 Cecille de Laurentis. 2021. "Using Accessory Dwelling Units (ADUs) to Promote Affordable Housing, Equity, and Well-Being." The Reinvestment Fund. Informational material, January 2021. Available at: https://www.investhealth.org/wp-content/uploads/2021/01/Using-Accessory-Dwelling-Units-ADUs-to-Promote-Affordable-Housing-Equity-and-Well-Being.pdf

92 Hacienda Community Development Corporation (CDC). 2022. "Small Homes Northwest Project Welcomes First Resident." News release, May 31, 2022. Available at: https://www.haciendacdc.org/news-updates/smallhomesnorthwest.

93 Oregon Department of Environmental Quality. "Accessory Dwelling Unit (ADU): Finance Guide." Informational material. Available at: https://www.oregon.gov/deq/FilterDocs/ADU-FinanceGuide.pdf.

94 Martin J. Brown and Jordan Palmeri. 2014. "Accessory Dwelling Units in Portland, Oregon: Evaluation and Interpretation of a Survey of ADU Owners." Informational report produced on behalf of the Oregon Department of Environmental Quality. Available at: https://www.oregon.gov/deq/FilterDocs/ADU-surveyinterpret.pdf.

In 2023, 87 percent of permitted ADUs in Seattle were located in Neighborhood Residential zones and concentrated in census tracts with low displacement risk.

zones[95] and concentrated in census tracts with low displacement risk.[96] Very few have been built in historically disinvested communities or by lower-income homeowners, reflecting persistent racial and economic disparities in who can build and benefit from ADUs and demonstrating the impacts that result when support and access are not intentionally made equitable.

ADU construction costs in Seattle typically range from $150,000 to $350,000, with detached units often on the higher end. Most homeowners who can build rely on cash savings, traditional home equity loans, or cash-out refinancing, products that assume significant wealth or equity already exists. Those options are inaccessible for LMI households, particularly those without generational wealth or stable credit. To date, Seattle has not implemented a public ADU loan program targeting income-eligible homeowners, leaving a gap in equity-focused support. The nonprofit community development financial institution (CDFI)[97] **Craft3** offered one of the few ADU-specific financing options in the region. **Their Home Energy and ADU Loan** provided up to $250,000 (in addition to technical support) with flexible underwriting to include projected rental income and accommodate lower credit scores. However, Craft3's reach was limited, both geographically and in scale, and the product was not integrated into city-led outreach, and is currently on pause.[98]

How ADUs are used in Seattle further reflects these access and affordability challenges. According to recent city data, about one-third of ADUs function as long-term rentals, while 10 percent are registered short-term rentals. Approximately 12.5 percent serve as rent-free housing for family or friends, often within multigenerational households. These figures indicate that while some ADUs provide informal affordable housing, few are intentionally leveraged as affordable rental stock. Additionally, 47 percent of ADU permits in 2023 were part of redevelopment projects replacing single-family homes with high-end multi-unit construction, often unaffordable for most residents. This trend suggests ADUs are more frequently a wealth-building tool for already-advantaged homeowners than a strategy to preserve affordability or prevent displacement.[99]

Looking ahead, Seattle's **One Seattle Plan** is a comprehensive plan update slated for adoption this year, which offers an important opportunity to correct these imbalances. The plan seeks to comply with new state housing laws by requiring a broader range of housing types, including middle housing like triplexes and fourplexes and acknowledges ADUs as part of the solution. This next phase will enable Seattle to move beyond enabling development toward supporting equitable outcomes through strategies such as scaling financing tools like Craft3's loan product, creating affordability incentives for below-market-rate ADU rentals, and targeting outreach to homeowners in high-displacement-risk areas. The city might also explore forgivable loans, matching grants, or tailored technical assistance to support longtime homeowners with limited savings or financial experience.

95 Seattle's Neighborhood Residential (NR) zones—formerly known as Single Family zones—include NR1, NR2, NR3, and Residential Small Lot (RSL). For more information see: https://one-seattle-plan-zoning-implementation-seattlecitygis.hub.arcgis.com/pages/neighborhood-residential

96 Seattle 2024.

97 A CDFI, or Community Development Financial Institution, is a specialized financial institution that works to bring capital and financial services to low-income communities and individuals who often lack access to traditional banking services. CDFIs are mission-driven, privately owned organizations that can be banks, credit unions, loan funds, or other types of financial institutions.

98 Ibid.

99 Ibid.

The following section draws on our analysis of how New York City's physical and regulatory landscape has the potential for ADU development.

To contextualize our estimates of ADU eligible lots under the **City of Yes zoning text amendment**, we applied an equity-focused analytical framework, examining how ADU potential intersects with key socioeconomic indicators (such as displacement risk, homeownership rates, and poverty levels). This helped identify neighborhoods that stand to benefit most from ADU legalization and those where targeted policies will be necessary to ensure ADUs support housing stability and reduce financial burdens, particularly in historically marginalized communities. We supplemented this analysis with a review of ADU implementation strategies in Los Angeles, Portland, and Seattle to surface lessons for New York. Together, these findings inform the discussion and policy recommendations that follow.

ADU Feasibility Concentrated in Lower-Need Areas, Underscoring Opportunities for Growth in High-Displacement Risk Neighborhoods

Our analysis suggests that, structurally and spatially, high-risk communities may lack the physical conditions or land-use patterns that enable ADU development. We have found that neighborhoods with the highest levels of ADU eligibility are often those that have historically benefited from low-density land-use patterns and stable homeownership patterns. With a large portion of these neighborhoods located in Staten Island, these communities exemplify the conditions necessary to develop ADUs: large lot sizes, detached single-family homes, and high rates of homeownership. In contrast, neighborhoods facing the highest displacement risk reflect legacies of redlining, disinvestment, and restrictive zoning policies that have limited homeownership opportunities and reinforced patterns of racial and economic segregation. These areas are often characterized by older, denser housing stock, more fragmented parcels, and less stable homeownership, all of which pose structural and financial barriers to ADU construction.

This finding aligns with and adds nuance to existing literature on New York City's housing crisis, which documents how decades of exclusionary zoning have limited affordable homeownership opportunities and further entrenched racial and economic segregation within the City. While ADUs have been promoted as a strategy to incrementally increase housing supply across the City, our findings underscore that without deliberate and equity-centered policy interventions, ADU legalization risks disproportionately benefiting wealthier, predominantly white homeowners.

Financial and procedural barriers further compound this divide. Existing research shows that ADU construction entails significant up-front costs, permitting challenges, and the need for specialized expertise, factors that disproportionately deter LMI homeowners. Our analysis confirms that these hurdles, combined with a lack of accessible financing and technical assistance, contribute to ADUs remaining an inaccessible or risky investment for many of the City's most vulnerable residents.

In vulnerable communities, poorly regulated ADU development could heighten speculation and displacement pressures, especially if driven by profit rather than long-term affordability or family use.

Our research suggests that without deliberate and equity-centered implementation strategies, ADU legalization risks reinforcing rather than reducing the City's deep socio-spatial inequities. Furthermore, in vulnerable communities, poorly regulated ADU development could heighten speculation and displacement pressures, especially if driven by profit rather than long-term affordability or family use.

Zoning Reform Sets the Stage, While Implementation and Support Determine ADU Growth

While zoning reform is a crucial first step to legalizing ADUs, our findings emphasize that regulatory changes alone cannot overcome the numerous practical barriers that limit large-scale ADU development in New York City. Experiences from cities like Los Angeles, Portland, and Seattle demonstrate that with coordinated implementation strategies (including streamlined permitting, administrative support, and financial assistance), New York City will be better positioned to translate zoning reform into widespread ADU uptake.

Lessons from Los Angeles, Portland, and Seattle also demonstrate that zoning reform must be paired with thoughtful implementation strategies to increase ADU adoption. Though these cities each technically legalized ADUs decades ago, their early policies left in place significant practical barriers, high permitting costs, restrictive design requirements, and opaque approval processes that kept ADU development levels low. As housing pressures mounted and ADUs emerged as a more viable and politically palatable form of housing infill, these cities proactively revisited and revised their policies to support broader uptake. Reforms like fee waivers in Portland, preemption of local restrictions in California, and the elimination of parking and owner-occupancy mandates in Seattle laid a stronger legal foundation for ADUs. But equally important were the implementation tools that followed: centralized ADU websites, parcel-level eligibility checkers, pre-approved designs to reduce cost and delay, and ongoing performance tracking to identify geographic disparities or emerging bottlenecks. Many of these cities anticipated challenges, like permitting timelines, but many others only became visible through sustained outreach and policy iteration. For New York City, zoning reform has proved to be a critical first step, but scaling ADU production will require intentionality and an ongoing commitment to investing in sound feedback loops and responsive systems that can evolve alongside the realities that homeowners and renters will face.

Scaling ADU production will require intentionality and an ongoing commitment to investing in sound feedback loops and responsive systems that can evolve alongside the realities that homeowners and renters will face.

These insights align with a robust body of literature documenting the varied barriers to ADU development beyond zoning. High construction costs, fragmented permitting processes, and a lack of ADU-specific financing for LMI homeowners all pose substantial financial and logistical burdens. Further, the lack of accessible, culturally competent technical assistance limits many homeowners' ability to successfully navigate the ADU development process. These overlapping challenges disproportionately affect those without credit, savings, and the property equity needed to navigate complex permitting systems and finance construction. [100]

100 Schuetz and Devens 2024.

New York City's Complex Housing Stock Demands Tailored ADU Strategies by Typology

While ADU legalization is often discussed as a citywide policy shift, our analysis reveals that the physical feasibility of ADU development in New York City is deeply shaped by the built environment. Neighborhoods vary dramatically in their structural capacity to support different ADU types, whether basement conversions, garage renovations, attic build-outs, or detached backyard cottages, due to differences in housing stock, lot size, density, and legacy development patterns. As such, the city's approach to ADU legalization must be responsive not just to regulatory and financial barriers but to the material and neighborhood-level realities of its housing typologies.

Our analysis reveals that ADU feasibility in New York City is not just a question of zoning or legalization; it is fundamentally shaped by the physical form and legacy of development of each neighborhood. Structural capacity for ADUs varies significantly by borough and by neighborhood, reflecting differences in housing stock, lot size, density, and urban form. Some areas, like Staten Island and Queens, have physical conditions that support a wide range of ADU typologies, particularly detached units such as garages and backyard cottages. These boroughs tend to have lower-density, auto-oriented development patterns, larger lots, and more single-family homes, conditions that enable more flexible infill options. In contrast, Brooklyn and the Bronx are better suited to basement and attic conversions, where older housing stock includes underutilized interior spaces that can be adapted without expanding the building footprint. Manhattan presents the most limited structural potential for ADU development, with the vast majority of eligible lots suited only for basement ADUs, due to the predominance of multifamily buildings, small lots, and a lack of accessory structures.

These findings echo the broader literature on ADU adoption, which underscores how local housing typologies shape development outcomes. In several U.S. cities, citywide increases in ADU production were achieved not through blanket reforms, but by reducing regulatory barriers for specific, context-appropriate ADU types. For example, Portland saw annual permits for backyard cottages grow from just 25 in 2009 to over 470 by 2018 after implementing reforms like a 20 percent lot coverage maximum for detached units, streamlined permitting, and temporary impact fee waivers.[101] Similarly, in Los Angeles, state-level ADU reforms in 2019, including relaxed parking mandates and the preemption of local zoning restrictions, contributed to a sharp rise in garage-to-ADU conversions, with total ADU approvals nearly doubling from 3,400 in 2018 to 6,800 in 2019.[102]

These examples underscore the importance of aligning ADU policy with the built environment. In New York City, where physical conditions and housing forms vary significantly across boroughs, a citywide push for backyard ADUs would likely fall flat, especially in boroughs like Manhattan and the Bronx, where

101 Local Housing Solutions 2021.

102 Nisma Gabobe. 2020. "West Coast Cottage Reforms Lead to Explosive Rise in Permits." Sightline Institute. News release, December 2, 2020. Available at: https://www.sightline.org/2020/12/02/west-coast-cottage-reforms-lead-to-explosive-rise-in-permits/.

103 Leitch and Watson 2017.

few detached homes exist. Instead, a citywide focus on basement ADUs, paired with more localized support for other typologies (e.g., garage conversions in Queens or Staten Island), would be far more effective. A typology-specific strategy that reflects New York's spatial diversity is key to realizing the full potential of the City's zoning reform.

Among the most immediate and impactful opportunities for ADU expansion in New York City is the legalization of basement units. With an estimated tens of thousands of informal basement apartments already housing New Yorkers, often in substandard and unsafe conditions, bringing these units into the formal housing market presents a critical strategy for expanding affordable and safe housing stock.[103] Given the prevalence of basement spaces in the City's existing housing stock, especially in neighborhoods with older homes and high displacement risk, it will be critical to establish a clear, well-supported pathway to legalization that prioritizes safety, stability, and trust.

A one-size-fits-all approach to ADU policy will not be sufficient to facilitate scalable development. Instead, effective ADU strategies must be grounded in the physical and spatial realities of each place. This means tailoring policy tools and technical assistance to the types of units that are most feasible in each borough and designing support systems that reflect the barriers faced by homeowners on the ground.

ASSUMPTIONS & LIMITATIONS

This study is primarily limited by its reliance on publicly available datasets, such as MapPLUTO and the American Community Survey (ACS), which offer broad but imperfect proxies for assessing structural capacity, demographic composition, and housing dynamics. The analysis also does not capture homeowner awareness, intent, or interest in building an ADU, factors that are not only central to adoption but difficult to measure quantitatively. Without this behavioral layer, the findings are limited and best understood as a measure of opportunity, not of demand.

In addition, several methodological constraints shaped the spatial analysis. For example, due to the unavailability of the Department of Environmental Protection's City of Yes-specific flood map (at the time of this study), we relied on proxy floodplain and stormwater datasets to approximate flood risk, a critical consideration in determining safe and feasible ADU construction. Similarly, while the analysis identified attics, basements, and other structural forms as potential ADU locations, it could not assess actual interior conditions or physical feasibility at the unit level. Attics, for instance, were the most common configuration flagged for potential ADU conversion, yet their variability in ceiling height, access, ventilation, and fire safety makes it difficult to determine how many are truly buildable without more granular inspection data. These kinds of limitations suggest that the lot-level estimates likely overstate functional ADU potential and should be interpreted as upper-bound scenarios.

Several simplifying assumptions were made based on current regulations and data availability. We assumed all eligible lots—those with one- or two-family homes not restricted by zoning, historic designation, or flood risk—could feasibly support an ADU. However, since MapPLUTO lacks owner-occupancy data, this may overstate feasibility by including investor-owned properties or homes not occupied by owners, contrary to ADU zoning requirements. Physical constraints such as side-yard access, building condition, and utility capacity, which may further limit development, were also not accounted for by this analysis.

Lastly, this analysis does not consider financial, permitting, or political barriers that may affect whether property owners pursue ADU projects. Therefore, our estimates represent a theoretical maximum of potential for ADU development under current and proposed zoning.

IMPLICATIONS FOR FUTURE RESEARCH

Our research has underscored that, while zoning reform has expanded the legal possibility of ADU development, it has not ensured equitable access to that possibility. In New York City, ADUs are a newly emerging housing option, enabled by the City of Yes zoning text amendment and its accompanying legislation. As these reforms have only recently gone into effect, this study offers an early perspective on their potential, both in terms of where ADUs are likely to be built and who is likely to benefit from their construction.

Our findings show how legal eligibility, structural feasibility, regulatory clarity, and financing support interact, and often fall short, for LMI homeowners and communities of color. While the literature widely acknowledges the promise of ADUs for increasing housing supply, it has often focused more on enabling mechanisms (like zoning and permitting) than on implementation constraints and socio-spatial outcomes. This study adds to that conversation by synthesizing spatial analysis and case-study comparisons to demonstrate how ADU policy can operate unevenly in practice. It also surfaces an important conceptual reframing: that ADUs are not just a land-use solution, but also a financial, racial justice, and affordability challenge, particularly in New York City's context, requiring a more holistic policy approach.

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Invest in Infrastructure for Coordinated ADU Implementation

New Yorkers are ready to help address the City's housing crisis, but without clear guidance and support, even the most motivated homeowners face a dizzying maze of rules, permits, and agencies. New York City should make it easier to say yes to ADUs by creating a centralized ADU Implementation Office housed within the Mayor's Office, with program operations anchored at the Department of Housing Preservation and Development (HPD). This structure would combine the Mayor's Office's citywide authority to drive interagency coordination with HPD's deep programmatic expertise in housing development and homeowner support. Positioned for strong interagency coordination, this office would serve as the City's one-stop shop for ADU activity, streamlining permitting, compliance, technical assistance, and outreach, so homeowners are not left to navigate a fragmented system on their own. A centralized office can also build the internal capacity necessary to monitor, scale, and adapt ADU production as demand grows.

The office should include a dedicated ADU Technical Assistance Team composed of architects, engineers, legal experts, and nonprofit housing counselors. The team would provide one-on-one support to hxomeowners, from assessing structural feasibility and developing compliant plans to navigating permitting, financing, and contractor coordination. The office could also compile a list of vetted, mission-aligned contractors, particularly women- or minority-owned, for homeowners to potentially contract for technical assistance during their build out. Just as importantly, this cadre of ADU experts would serve as interagency guides, helping residents move efficiently through building, fire, and resiliency requirements that often derail projects before they start.

To ensure that outreach is accessible and effective, the office should manage centralized communications and outreach, including a multilingual website, regular webinars, service centers, and neighborhood-based workshops hosted in partnership with trusted community organizations. These efforts are especially critical for reaching LMI homeowners, as well as immigrant households who may face language or documentation barriers. In cities like Portland and Los Angeles, smaller-scale equity-oriented ADU initiatives have succeeded in part because they were grounded in partnerships between public agencies, community-based organizations (CBOs), and lenders, with a shared infrastructure to support homeowner participation. New York City could build on these models by creating culturally specific outreach strategies and tailored technical support pipelines. Doing so would not only expand access to critical information but also help rebuild trust in government programs among communities historically left out of land-use and housing decision-making.

The office should also maintain a digital platform to help homeowners understand their eligibility for ADU development. Building on the model established by Seattle's **ADUniverse**, the tool would allow residents to enter their addresses and receive tailored information about zoning, structural feasibility, and permitting requirements. This kind of site-specific guidance can be especially valuable in a complex regulatory environment like New York City's, where eligibility often depends on factors like lot size, building type, flood risk, and historic designation. A well-designed platform would also reduce strain on

agency staff by preemptively answering common questions and encouraging only viable applications to move forward.

To ensure ongoing transparency and public accountability, the office should also establish an ADU performance dashboard and commit to publishing an annual report that monitors implementation progress, identifies challenges, and tracks equity outcomes. This dashboard could visualize the spatial distribution of ADU permits and completions across the City's five boroughs, providing insights into where units are being built, at what pace, and by whom. This level of transparency is essential not only for assessing program uptake but also for identifying disparities in access or barriers facing particular communities. By collecting and disaggregating data by income, race, and geography, the City can begin to align ADU development with broader housing equity goals and set concrete benchmarks for inclusion and affordability.

Target ADU Resources to Communities Vulnerable to Displacement via Community Ambassadors

New York City must invest where opportunity is the greatest: in communities where homeowners face rising housing costs and displacement risk but also have the physical and zoning conditions necessary to build.

To realize the full potential of ADUs as a tool for housing stability and wealth-building, New York City must invest where opportunity is the greatest: in communities where homeowners face rising housing costs and displacement risk but also have the physical and zoning conditions necessary to build. A citywide ADU pilot, designed in partnership with trusted neighborhood organizations, can unlock this potential by focusing on neighborhoods with high-housing cost burdens and displacement risk alongside strong feasibility for ADU development.

The citywide ADU pilot program should be co-designed and delivered through trusted community organizations with long-standing relationships in pilot neighborhoods. These partners would play a central role not just in construction management but in homeowner recruitment, directing homeowners to trusted housing counseling and legal services providers, and long-term stewardship. Importantly, these programs should not only serve homeowners but also aim to protect and uplift renters, particularly older adults, Section 8 voucher holders, and other low-income tenants at risk of displacement. By offering homeowners additional support or grant incentives in exchange for renting newly built ADUs to specific vulnerable populations at affordable rates, New York City can align ADU production with fair-housing goals and displacement prevention.

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As our research has underscored, equitable ADU development in New York City will require intentionally directing public resources to communities where homeowners face the greatest risk of displacement but also hold untapped potential to create affordable housing. Programs like Portland's **Small Homes Northwest** and Los Angeles's **Backyard Homes Project** have demonstrated that ADU production can advance racial and economic equity when designed with and for lower-income homeowners of color. These models succeeded not just because they reduced regulatory barriers, but because they centered the needs of homeowners through trusted CBOs. In both cities, nonprofit partners recruited eligible participants, provided construction and permitting support, and ensured long-term affordability through rental covenants and structured property management support. New York City has piloted promising elements of

this approach. **BACPP**, launched by HPD in partnership with Cypress Hills Local Development Corporation, demonstrated that community-rooted programs can help homeowners navigate complex legal, financial, and construction processes while adding safe, rental apartments in historically underinvested neighborhoods. Similarly, the state-funded **Plus One ADU program** provides homeowners with up to $125,000 in funding for the creation or legalization of accessory apartments, combining financing with direct technical assistance. Together, these pilots show that combining subsidies with hands-on implementation support can yield both new affordable-housing options and greater housing stability for participating homeowners.

Equitable ADU implementation will require meeting homeowners where they are, particularly in linguistically and culturally diverse neighborhoods where there may be low awareness of ADUs or deep skepticism about becoming landlords. Many lower-income homeowners, especially immigrants, seniors, and first-generation families, face language barriers, lack of access to legal and construction guidance, or fear the risks of renting due to past experiences or informal units. A network of neighborhood-based ADU Ambassadors, trusted nonprofits (including housing counselors and legal service providers), tenant advocacy groups, or homeowner-serving CBOs, could serve as localized, culturally competent messengers. These partners would offer public workshops, one-on-one consultations, and support with permit applications while building peer networks among homeowners navigating similar challenges. All outreach should include translated materials in high-need languages (e.g., Spanish, Bengali, Haitian Creole, Mandarin), user-friendly digital tools like permit checklists and benefits calculators, and clear guidance on how to legalize existing units without displacing tenants.

Models from California reinforce the importance of these investments in local capacity. Initiatives like Oakland's **Keys to Equity**, which pairs BIPOC homeowners with financing and one-on-one guidance, and the **Napa Sonoma ADU Center**, which provides free webinars, technical support, and financing referrals, show that community-rooted infrastructure significantly increases the likelihood that lower-wealth homeowners will successfully pursue ADUs. These organizations also connect homeowners to vetted, mission-aligned contractors, many of whom are women- or minority-owned, expanding economic opportunity on both the production and rental side. In New York City, a similar approach can create not just more ADUs, but stronger, more resilient neighborhoods that support both homeowners and tenants alike.

Expand Access to Capital Through Inclusive Financing Tools

Expanding financing opportunities will ultimately determine whether ADUs become a tool for widespread housing opportunity in New York City. To make ADUs work for more homeowners, the City must build a diverse, ADU-specific financing ecosystem tailored to its unique housing stock, ownership patterns, and racial equity goals. Partnering with mission-driven lenders, like local community development financial institutions (CDFIs) or credit unions, can help design loan products that meet homeowners where they are. Like Portland's **future-value**

HELOC, new loan models should be underwritten not just on existing home equity, but also on projected rental income and post-construction value. Second-lien renovation loans and bridge loans, like those offered by Redwood Credit Union and San Mateo Credit Union in California, could allow LMI homeowners to access construction capital without refinancing their first mortgage, a critical need in a high-interest-rate environment.

Shared-appreciation agreements and ground-lease models may also offer creative solutions for homeowners without sufficient equity or income to qualify for loans. In a shared-appreciation agreement, an investor provides upfront capital in exchange for a portion of the future increase in the home's value, reducing the need for monthly debt service while still giving the homeowner access to cash. Ground-lease models, by contrast, separate ownership of the land from the structure, allowing a mission-driven entity such as a nonprofit or community land trust to retain long-term control of the land while the homeowners finances and builds improvements like an ADU. These approaches, where public or private partners invest capital in exchange for a future return or share in rental income, allow homeowners to access funding without monthly payments. While these models remain nascent, particularly in the ADU context, they warrant exploration, particularly as part of a larger toolkit that offers multiple entry points based on homeowner risk tolerance and financial profile.

To help scale these efforts, New York City should also advocate for changes at the state and federal levels that mobilize broader sources of capital. Renovation loans backed by FHA or Fannie Mae, for instance, remain largely untapped in the ADU space due to rigid underwriting standards, the failure to account for future ADU income, and appraisals that undervalue ADUs. Reforming these products to reflect the realities of ADU development, while pairing them with homeowner counseling and education, could expand their reach and utility. Similarly, state-level programs like New York's **ADU Plus One pilot** can be leveraged not just as funding sources but also as platforms for testing new underwriting strategies and subsidy structures that prioritize low-income and BIPOC homeowners.

We also recommend that the City establish and fund hands-on support services through neutral, third-party project managers (often local nonprofits), focused specifically on helping homeowners navigate the ADU financing process. These project managers would assist homeowners in understanding loan products, preparing application materials, coordinating with lenders, and managing construction budgets. By providing this specialized guidance, they can help reduce the risks of financing delays, cost overruns, and predatory lending, making capital more accessible and manageable for lower-wealth homeowners.

Create Typology-Specific ADU Design & Regulatory Pathways

To meaningfully scale ADUs, New York City needs to tailor its regulatory and permitting systems to the reality of its built environment.

New York City's housing landscape is notoriously complicated, but building an ADU does not need to be. To meaningfully scale ADUs, the City must tailor its regulatory and permitting systems to the reality of its built environment. A crucial first step is commissioning a New York City ADU Design Catalog: a suite of pre-approved architectural plans tailored to the most common building types and ADU typologies in the five boroughs—including basements, attics, garages, and backyard cottages.

Modeled after Los Angeles's **Standard Plan Program** but adapted for New York's unique constraints, this catalog would be developed by DCP in partnership with local architects and code experts. It would streamline NYC's Department of Buildings' (DOB) review and accelerate permitting timelines, while offering clear, typology-specific design guidance that responds to the city's distinctive building stock and regulatory triggers.

To complement this catalog, the City should also establish a public directory of vetted ADU professionals, including architects, engineers, and nonprofit housing counselors, with experience navigating New York's permitting landscape. These professionals should offer City-negotiated service packages or income-based subsidies to ensure affordability for lower-income homeowners. Together, these resources could anchor a new "Fast Track" ADU permitting process tied to pre-approved designs, cutting review times, lowering soft costs, and reducing regulatory uncertainty. Importantly, this fast-track process should extend to homeowners pursuing the legalization of existing unpermitted ADUs. Building on models like California's ADU amnesty programs **(click here to see one example)**, New York City could offer a temporary compliance window during which informal units that meet baseline health and safety standards can be brought into compliance without triggering full-code upgrades or fines.

Basement conversions, in particular, demand careful attention. As shown by the 2019 **East New York Basement Pilot** (BACPP) and the ongoing **BASE campaign**, bringing informal basement units up to code can cost upwards of $250,000 and trigger a maze of overlapping city and state regulations—from egress and ceiling height requirements to fire separation and the Multiple Dwelling Law. Many of the homeowners in the neighborhoods served by these entities, often working-class immigrants or seniors, face prohibitive costs or get disqualified entirely due to outdated zoning provisions like parking minimums. For these units, standard plans and regulatory flexibility could offer a lifeline. New York City's Design Catalog should also include a set of cost-conscious, pre-approved retrofit models for basement conversions, addressing common obstacles like low ceiling heights, limited light and air, and fire-rated egress paths while offering alternative compliance pathways that prioritize life safety without adding unnecessary costs.

> **A targeted approach that pairs typology-specific design templates with a fast-track permitting system can turn what is currently a confusing and costly process into a clear, navigable path for homeowners.**

By reducing up-front costs, clarifying code requirements, and connecting homeowners with trusted technical support, New York City has the power to make ADUs feel less like a risky burden and more like a practical, viable option.

The passage of COY marks a critical moment for ADUs in New York City. But it also raises pressing questions about what it would take to meaningfully scale these housing units, and how policy will translate into practice for homeowners and renters on the ground.

This study set out to explore how ADUs could support more equitable housing growth and what it might take to fully realize their potential.

Using spatial analysis and comparative case studies, we found that COY opens the door for thousands of new ADUs across the five boroughs, but realizing this potential will depend on far more than zoning amendments. Regulatory complexity, structural and typological constraints, high construction costs, and unequal access to financing all limit who can realistically build an ADU in New York City and where. These barriers are especially acute in lower-income communities and communities of color, where the need for additional income, multigenerational space, and housing stability is often highest. At the same time, our analysis shows that the areas with the most ADU potential do not always overlap with areas facing the highest risk of displacement, underscoring the need for targeted, equity-focused implementation. While our findings are tailored to the New York context, the recommendations can also serve as a guide for other municipalities looking to develop ADU programs that are not only scalable, but just.

The promise of ADUs is both real and exciting. While they are not a singular solution to New York City's housing crisis, ADUs offer a flexible, incremental path to adding new homes in neighborhoods that have long resisted change. In a city defined by architectural and regulatory complexity, this kind of small-scale development can be especially powerful when paired with strong public support. With the **City for All** plan unlocking $5 billion in new housing commitments, New York City now has a rare opportunity to align funding with forward-thinking policy.[104] By investing in standardized designs, legalization pathways for informal units, financial and technical assistance for lower-income homeowners, and permitting reforms, New York can work to ensure that ADUs play a meaningful role in advancing a more equitable housing landscape.

104 The City Council of New York City. 2024. "NYC Council Secures $5 Billion in Commitments for City for All Plan to Invest into Communities and Increase Affordability." News release, November 25, 2024. Available at: https://council.nyc.gov/carlina-rivera/2024/12/19/nyc-council-secures-5-billion-in-commitments-for-city-for-all-plan-to-invest-into-communities-and-increase-affordability/#:~:text=City%20Hall%2C%20NY%20%E2%80%93%20The%20New,of%20addressing%20the%20housing%20crisis.

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