Ned Wang

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**Downsizing: How Micro Apartments are the Step Toward Better Affordable Housing in New York**

**Introduction**

New York land has been contested ever since the first Dutch settlers arrived in New York. People have been beaten, burned, and shot, over it. Until the 1960s, when jobs were shipped overseas, the middle class started fleeing, and buildings were abandoned, New York City was a place of opportunity. At that time, the Bronx was hit the hardest: seventy percent of the purchasing power for the people was gone and one third of the people left the borough. The middle class, who had money that could be taxed, left, and the poor, who did not have money, stayed. With no real estate income to tax, and the poor responding to their plight with violence, it became a dangerous time to live in the city. However, the rich and the middle class have started to come back to the city and are pumping much of their money into New York’s vibrant economy. While New York is once again a desirable place to live, it has turned into an Orlando where few people with blue-collar jobs can afford to live because of high rents. Without affordable housing, the city has become gentrified and homogenous in places, commuting has created environmental and safety issues, and the economic burden has once again caused many people to flee.

**I. Background**

The need for adequate and good quality affordable housing has a long history in New York. When the grid was first created, its original purpose was primarily for single-family homes. When tenements were built in the early 1800s, people were jammed in together with little access to light. Furthermore, New York had a large influx of immigrants from Ireland, due to the potato famine, and Germany, due to the political revolutions, which put another strain on the land and space. Many speculators would buy space and use cheap materials to construct tenements. In 1879, the first tenement laws changed the shape of the apartments in an attempt to give residents more access to light and to prevent overcrowding. These apartments were called “Dumbbell” apartments because of their curvy design. They were six stories tall, housed 300 people in 84
rooms\(^1\). However, even though the conditions improved, there were still numerous problems. Because of the angles, only the top floor apartments received adequate light and ventilation. Furthermore, because of the dumbbell design many residents could look into each other’s rooms causing a lack of privacy\(^2\). By the early 1900s, the city was one of the densest areas in the world. It also had one of the highest death rates, which was partly attributed to the break out of tuberculosis. Many of the city planners blamed the outbreak on the filthy, still over crowded tenements, which housed the poorest of the city’s citizens\(^3\). The Tenement Act of 1901 outlawed the “Dumbbell” tenements and mandated that all the tenements have access to outward facing windows and a courtyard. This meant that developers could not cram in as many people into these lots, using more space and realizing fewer profits.

During the 1920s, the state and federal governments were not ready to subsidize private housing; however, some companies created housing anyway. They still added the garden in the middle, but to make up for the loss of volume they built higher instead. One example of this is Stuyvesant Town, which was created by Met Life Insurance Company in the 1940s in anticipation of the returning veterans\(^4\). The government also started to throw money into affordable housing during the New Deal. Robert Moses was ready with plans and projects to create public housing.

During this era, the architects in the United States started to copy European styles of design. Aspects of this style were super blocks, with apartments near parks. The goal of this style was to give access to light and green space to improve the living conditions. In some areas, sometimes the street was designed diagonally in order to gain better access...
to sunlight. Part of the Wagner-Steal act was created in order to try to combat the depression by creating these “Towers in the Park.” In the 1950’s, Title I gives the federal government the power to clear slums. It goes after poor residential areas and replaces several buildings with this big giant buildings. However, it also stated that more units must be destroyed than built. Many people question this decision because, if the government was trying to build more housing, why would they want to destroy more? The argument that was made was that they were trying to create a healthier environment.

There were many critiques about the Towers in the Park housing. One was that criminals could conduct business around the buildings and not be caught by onlookers. Shops were isolated from residential areas so they lost customers and money. One of the loudest critics of this plan was Jane Jacobs. She believed that affordable housing should be constructed by the community and not by outsiders. She thought that the solution was “Organized Complexity” and that the city should not look just for the one solution.

New York City was hit by the perfect storm after the 1950s. Factories shut down across the nation and moved overseas where there were fewer restrictions on manufacturing. This limited jobs and the upward mobility of many immigrants. Furthermore, because of the G.I. bill and the cheap housing in Levit Town, many white, working class were able to move out of the city and into the suburbs. These effects caused the city to go into bankruptcy and, for a brief moment, the housing prices in New York went down. Many of the neighborhoods were plagued by gang violence, poverty, and drugs. Several construction projects caused parts of the South Bronx to deteriorate, including the Cross Bronx expressway, which separated neighborhoods and displaced thousands of residents. This led to some building owners burning their buildings down and collecting insurance money because it was more profitable than keeping the property. The result was that much of the Bronx looked like a war zone rather than a borough.

The City, however, made a complete turnaround in the ‘90s. The city began to attract money back into Manhattan, and, as a result, the prices became more expensive. Today, New York City has become a hip place to live. It is considered both the financial capital and the fashion capital of the world. It also contains the tallest building in the Western Hemisphere and some of the most iconic monuments in the world. It was the
fifth visited city in the world in 2013, and the most visited one in the Western Hemisphere. However, in spite of these positive aspects, New York City does not do much to help upward mobility of the lower and middle classes. While the education rates are not in the bottom 100 cities, there is still much that can be done to improve the chances of children escaping poverty. Furthermore, New York City is routinely ranked as one of the most expensive cities in the world\textsuperscript{5}. It has the most expensive real-estate in the western hemisphere and is ranked in the top 10 globally.

II. Problem

With rickety, crowded trains, impoverished parks, and an expensive education system, it is hard to find money for affordable housing. Creating affordable housing is also not the splashiest move an elected official can make. However, it is a problem that is going to have to be addressed in the coming years. The most important distinction that needs to be made in tackling this problem is knowing there are two branches of affordable housing: housing for the homeless and housing for those who cannot afford market rate rents. There are two different types of solutions for these problems. The big elephant in the room here it is the budget, and regardless of which direction any politician chooses to take, taxes are going to have to be raised. At this point, politicians should not be worried about scaring off the rich. New York is New York, there is no other city like it in the country, so it has a monopoly on being the largest city with multiple entertainment options, and breath taking skylines. While it does have one of the highest state taxes in the country, it is not in the top 5. Some has it ranked outside of the top 10 and some at number 7. Regardless, when Bridgeport, Connecticut has higher taxes than our 8 million people city, it means it is time to raise taxes\textsuperscript{6}. I am not saying that it is a necessity to tax the well to do 16 percent, but in order for this metropolis to function

\textsuperscript{5} Staff, CNN. "World's Most Expensive City Is ..." CNN. Cable News Network, 04 Mar. 2014. Web. 25 May 2014

properly and effectively, people are going to have to pay a bit more. Taxes could be raised on tobacco, alcohol, large soft drinks, gasoline, non local meat, etc. The money from these taxes could go to affordable housing, and would also encourage people to live healthier lives.

Affordable housing is a major necessity for New York. The population of New York City is expected to grow to about 9 million by 2030. We are gaining about 75,000 people per year, but we are only supplying a fifth of them with housing. While 75,000 may not seem a lot compared to 9 million, imagine filling both Yankee Stadium and Madison Square garden and announcing that one in five of those people will be able to find housing. Currently about 800,000 singles, about the number of people that live in Boston, are not able to find affordable apartment in the city\(^7\). Of the 8 million residents that live in New York, 3 million of them are immigrants. New immigrants come with a limited skill set: the skill set for economic success in New York is mostly made up of competence in business, finance, medicine, and art. This means a majority of immigrants who are in search of a better life are going to receive low wages, which will make it even harder for them to pay for housing. Furthermore, while wages are decreasing, rent is increasing: between 2002 and 2011 the median rent has increased by 19% the median income of rent holders has declined. This is going to lead to a multitude of problems for many renters.

Figure 1 shows the average price of homes in New York City since 1980 per year. The graph could be broken up into three sections. The first section from 1980 to 1988 contains a growth rate of about 11% and the price index increased from 35.26 to 84.12. During this time, New York was still an undesirable place to live and the prices were falling. It could be interpreted that the speculators were buying up below market rate land hoping to sell it for even more in the future. People could also be buying homes in the city at ridiculous deals because they still wanted to live in the city. The prices dipped a bit from 1989 to 1990 and then it started to increase at a large pace from 1993 to 2006. While it only grew at 8.32% during this time period it remained a bit more constant and thus it grew from 75.54 to 213.5. During this time, New York began to recover and thus the prices began to go up again. However, when the recession began in 2008, the market fell at a rate of 4.6% per year, because people had less money to buy houses. However, it appears that the market is starting to rebound potentially increase again. This
demonstrates that the market will continue to go up and many people might not be able to afford these rates\(^8\).

Because a majority of people’s wages is going to rent, bad economic scenarios are created for both the people and commerce. From 2002 to 2011 there has been a notable increase in the rent burdened households for the middle, lower, and moderate income groups\(^9\). More rent burdened means that people are spending less in stores, saving less for their children’s education, and eating less healthy. This could mean that people eat fast food more rather than eat healthier options because fast food is a cheaper option. Eating fast food and junk food could cause more people to be obese and put a larger strain on our underfunded hospitals. It could also mean, in order to be able to pay the rent, tenants will buy factory farm meat, instead of buying organic food, because the factory farm meat is cheaper, although more unhealthy. Higher rents also means that people will spend less, which will hurt our economy and many businesses. It could also lead to people spending less on their kids education which will put a larger burden on their children who will rack up more student debt and make it harder for them to navigate out of it. For some seniors, it could lead to giving up medicate and food: they might even end up homeless. Regardless, these problems will put an even larger strain on our government now and in the future. The longer this problem lasts, the more money we will have to pay with our taxes.

There are also those who are not able to afford to live in the city, but can afford to live in the suburbs. This is harmful to the city for numerous of reasons. For one, it takes money out of the city. Some people, like teachers, are able to still work in the city but will spend the money in their own town creating a net loss of money in the city. Furthermore, more commuters create larger and longer traffic jams into the city. More traffic jams mean more idle cars, which means more unnecessary gas being burned.


Drivers typically pay about $2,200 a year for gas, which means more money out of their pockets and more green house gasses released\(^1\). Furthermore, some people spend about 90 minutes commuting to work in the city, which means more strain on resources. The MTA is already having a smaller budget, so more people commuting could lead to a greater strain and subsequently more accidents. Some people commute all the way from Deleware and Philadelphia, which creates even further climate change damage. Suburbia is not a sustainable way to live either. More people have to drive in order to go to places, which creates higher obesity rates. Suburbia is also sprawling which does not make good use of the land. In a city, there is a higher density and therefore there can be more land for nature. If more people were able to live in the city, then commuting emissions would be greatly reduced, and it would ease the effects of climate change. Water levels are already expected to rise one foot, due to the melting of the polar ice caps, and with green house gasses still emitted downtown Manhattan could potentially be flooded in the future.

While it is clear that affordable housing is a problem, building new properties in New York is difficult. Currently, there is a high state rental tax which discourages the growth of rental properties. The core of the problem is that it is extremely expensive to construct buildings in New York. Land in Manhattan and now parts of Brooklyn are through the roof. Many developers feel that the only way they will make money, or at least a marginal profit, is if they sell the houses at market rate prices instead of at more reasonable levels. Furthermore, there is such a demand for housing in New York; people who can afford to pay are willing to new constructed houses. This reinforces the idea that the way to succeed in the construction market in New York is to build bigger and pricier. Even if developers buy cheap land, they often will not build housing if they think the lots will go up in value. Currently there is a tax loophole that does discourage this behavior.

Developers often create market rate housing but in order to get zoning permits or better tax rates, they often make some of the units affordable. However, sometimes they discriminate against the renters, who are occupying the affordable units. They sometimes deny them certain services in the buildings that other tenants receive such as gyms or lounges. Sometimes there is an entirely separate building that they reside in and enter through a different entrance\(^\text{11}\). Many occupants feel that this treatment is discriminating and is not a solution to the crisis at all. Some, though, might argue that if the government interferes too much, that contractors might not see any value in developing New York real estate and they should take what the developers offer.

There is a lot of resistance to new laws that tackle affordable housing. However, affordable housing is one of the items that capitalism has failed in the past because it goes against the basic principle of supply and demand. When the demand is incredibly high and there is not enough suppliers problems that to occur in where the supplier can take advantage of the buyers. For example, there are cases where landlords sometimes turn off heat in the winter or even cut the power. Furthermore, sometimes the landlords even leave the houses in disrepair. While the city’s government has been helping with this situation there is still not enough money to construct more housing. The rich will also not like the idea of having higher taxes and might move from the City if it becomes too high or move into the suburbs or even New Jersey. However, again there is so much demand, that more rich will move right back in. The federal government will probably not give any help nor would the state. Conservatives are also not going to get on board with any plan related to this. Some say that it is encouraged because it shows that New York is growing and improving.

### III. Possible Solutions

No one will come out of this a total winner. The rich are going to have to pay, and the people in need are going to have to sacrifice location and size. Proposed taxes

that encourage environmental protection, health, and education are all ways to rise funding for housing. There is enough demand for housing in New York by the rich that the city can afford to raise taxes on the rich and not worry about them running off with their money. However, the main industry in New York is finance, which is accessible anywhere, and unless the city has a brand new industry, the city would be wise not drive out its main source of revenue with ridiculously high taxes. Yet, the city should also not forget about the working middle class, as they make up the majority of the population.

One possible model of affordable housing designers can look to is Via Verde. Via Verde is a 100 million dollar project that combines both green living and high-end living at an astonishingly affordable rate. The roofs of Via Verde are either solar panels or green roofs which have a communal garden. Via Verde also contains a fitness center and, in the middle, a community center where they show movies or host events. Furthermore, the rooms themselves are high-end and comfortable. Of course with apartments this good, and all apartments are presently occupied. This is also a mixed housing unit for about 81 coops and 150 rentals. Some critics complained that all the units were not affordable, though mixed housing does help pay for the expensive project and creates a better environment for the tenants.\(^\text{12}\)

While the Via Verde project is intriguing and helpful to combating rocketing rates and a devastated environment, it is very hard to reproduce. The price of Via Verde cost 100 million dollars to produce and the city cannot afford to keep spending out millions. The best solution the city can offer is micro apartments. Micro apartments, as defined by the city, are apartments that have less than 400 square feet with a kitchen and a bathroom. The designers of recent models were able to save space by adding movable furniture, a Murphy (fold down bed), sliding doors that lead to storage space. Another key component to the micro apartments is that they come with community area. These areas include bars, rooftops gardens, communal dens on each floor, fitness rooms, lockers, and

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bike storage\textsuperscript{13}. Of course, the more communal areas there are, the higher the cost. The construction for about 55 units with 40\% below market rates, costs about 16.6 million dollars in the heart of Manhattan. Part of what makes the construction so cheap is that the units are able to be stacked together. Via Verde provided 222 units with the price of 100 million. The micro houses are cheaper than the 100 million dollar apartments. Micro apartments are designed for singles and it is estimated that one third of all house searchers are singles. The average monthly rent is as low as 940 dollars a month. Sharing apartments with two separate wage earners is beneficial for people needing affordable housing because it allows for more space at a better rate.

Micro apartments won't solve all the affordable housing problems. For one, they do not help large families or those who desire space. Micro apartments also have the potential to become grim and over crowded. Some critics have gone as far as to call them the tenements of the 21\textsuperscript{st} century. If the target range is for college grads who make about 44,200 dollars a year, other have said they are still not affordable if the rent is as high as 2,000 dollars a month. The current price could be unacceptable for some buyers who would prefer for the rent to be about 1,000 dollars a month. However, this is still an improvement from 3,000 dollars a month\textsuperscript{14}. The keys to micro apartments are not space and size but quality and efficiency. Micro apartments are not only incredibly efficient to house multiple tenants, but also are of high quality. People would want to live in a futuristic apartment in the heart of Manhattan and would trade a lot of space for a reasonable price. Furthermore, if these were constructed in the Queens or in the Bronx, then the price would go down to an even more affordable rate. In today's society, all a person needs is a laptop, a bed, and a kitchen, and this apartment offers that.

Larger families need larger homes, and while micro apartments are not the solution, the same principle applies. Apartments need to be constructed as small as possible and as cheaply as possible but at a high quality. Maybe for larger families, the


designers could put two or even three micro apartments together. The target location for affordable housing should not be Manhattan. Instead, the government should focus on other areas in the Bronx, Queens, and parts of Brooklyn. Finally, affordable housing should not be constructed in a massive scale the hip areas and in Manhattan. It should be constructed in Queens, the Bronx, and parts of Brooklyn where the property values are not as high. In order to compensate for the poor location, the New York should increase their budget for public transportation. The MTA should add more express trains into the city in order to decrease the commute time and should also add more trains to alleviate the growing commuter stream into the city.

Affordable housing is a growing problem but the city should also look to make sure that rents in hip neighborhoods do not get pricey. The city should make an effort not to lose the meager affordable housing it already has. While it cannot put a price lock on all the rents in Manhattan should attempt to do so for certain iconic neighborhoods or for residents who have lived there for generations. This is a solution that does not need numerous dollars to fix and it can be done by legislation. While it does interfere with the free market, compromises could be made by only giving special privileges for tenants who have a long history in these areas or for special neighborhoods with iconic cultural backgrounds. Part of the charm of New York are immigrant neighborhoods and the city should protect them.

Conclusion

The best way to protect the planet is to be efficient and cities are one of the most efficient systems in the world. Cities can house many people in exchange for little space and are very green. However, when cities like New York start to become expensive an intervention must be made. Money must be spent to provide housing and improve the available housing in the city. Those who can pay must take pride in helping their city become even better. And for those who sacrifice space and location, they must take pride.

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in living in such great city. Who knows? Maybe their questionable location in Queens might become the new hip neighborhood. In addition, housing must go hand in hand with education. The city is run on business and people must be given those opportunities through an improved school system. Housing is a crucial first step but it is not the last.

**Bibliography**


