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## This Year's Housing Debate: A Step in the Right Direction, But Not Far Enough

Housing has again become a key area of negotiations in the current budget cycle. This year's executive budget laid out a far narrower plan to address New York's housing affordability crisis than last year's budget proposal. Meanwhile, the Senate brought forward a new set of housing policy recommendations in its one-house budget proposal, attempting to comprehensively address the housing supply and affordability issues that currently plague the state. But what are these proposals — and are they enough to address New York's housing crisis?

This year's proposals, particularly those put forward by the Senate, address each of the three pillars of housing policy that are essential to creating a just and affordable housing landscape in New York.

### Three Pillars of Housing Policy: Increasing Supply, Protecting Tenants, and Building Social Housing

As described in FPI's [fiscal year 2025 budget briefing](#), a comprehensive set of housing policies must address three dimensions of housing needs in the state:

- **Increasing Supply:** ensuring the sufficient supply of market rate of housing, which must involve land use reform (i.e., eliminating restrictive zoning regulations) and may involve incentives or direct investment to stimulate new construction;
- **Protecting Tenants:** protecting existing tenants from market pressures and from predatory acts by landlords; and
- **Building Social Housing:** publicly financing and constructing below-market housing for low- and middle-income households.

Only by addressing each of these dimensions can New York develop enough high-quality housing to meet the needs of all New Yorkers, so that families are able to maintain financial stability as their needs evolve. The table below organizes the current executive and legislative housing proposals into FPI's three pillars of housing, along with commentary on the policy options and ensuing debate.

The table below presents the full range of policy options currently being debated by policymakers in Albany. The executive proposals focus mainly on the "housing supply" pillar but make relatively limited interventions. The Assembly measures focus on tenant protections and social housing but fail to move the needle on overall housing supply, thus creating concern that any affordability gains will be swallowed by a deepening supply shortage. Finally, the Senate proposal is the widest ranging and addresses all three

pillars of strong and effective housing policy. Still, even with the Senate's full slate of proposals, FPI finds that the Senate plans lack the scale and boldness needed to truly tackle New York's ongoing housing crisis.

**FPI Recommendations: *Further policy action needed to truly address the housing crisis***

Solving a problem as dire as New York's housing crisis will require deep, sustained investment and transformative policy action beyond this year's executive and legislative proposals. In particular, tackling the restrictive local land use regulations (i.e. zoning), especially in downstate New York, is essential to increasing the supply of housing for households across the income distribution. None of the budget proposals sufficiently address local land use restrictions, and thus will not translate into the necessary housing supply increases that New York needs after years of un-met demand. Similarly, the proposal to establish the New York Housing Opportunity Corporation falls short of providing the new facility with enough funds to provide sufficient affordable housing options, and the lack of explicit movement towards expanding rent stabilization in the state leaves room for continued affordability constraints for tenants. Still, the Senate's housing proposals have created a strong starting framework for a comprehensive approach to solving the housing crisis. With expanded changes to restrictive zoning regulations and deeper investments in both housing supply and affordability, the State has the opportunity to enact the most consequential suite of housing policy in decades.

Pillar	Policy	Executive Proposal	Senate Proposal	Assembly Proposal	FPI Comments
<b>Housing Supply</b>	<b>Tax Incentives</b>	<p>Affordable Housing for Commercial Conversions (AHCC)</p> <p>Tax incentive for converting NYC commercial space to residential.</p> <p>[ELFA R]</p>	<p>Increases share of affordable units relative to Executive proposal (from 20% to 25%).</p> <p>Specifies tax benefit starting with 65% to 80% property tax exemption that declines over time.</p> <p>(Contrast executive proposal which tasks HCR with defining the benefit).</p>	Rejected	<p>Tax incentives should be used judiciously, as they can be costly to localities across the state and too generous to private developers.</p> <p>Economically speaking, tax incentives can stimulate development activity that wouldn't otherwise be possible in the absence of the tax break. Private developers should not be subsidized for projects that would still happen in the absence of subsidization. In the New York City metro-area, tax incentives have been paired with affordability requirements, but it is unclear whether the tax benefit exceeds the cost required to build affordable units and thus</p>
<b>Housing Supply</b>	<b>Tax Incentives</b>	<p>Affordable Neighborhoods for New York (ANNY)</p> <p>NYC 421-a replacement.</p> <p>[ ELFA U]</p>	<p>Open to discussion, but insist that ANNY be part of comprehensive package that includes the “core principles” of good cause.</p>	Rejected	

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Housing Supply	Tax Incentives	421-a extender for projects that are not going to be completed by original 2026 end-date.  [ELFA T]	Open to discussion, but insist that it be part of comprehensive package that includes the “core principles” of good cause.	Rejected	provides excess subsidization to private housing developers.  Tax incentives may play a role in creating new housing Upstate where job markets are weaker and the economy is relatively depressed. These conditions make it risky for developers to invest, especially in a period of high interest rates that increase the cost of borrowing.
Housing Supply	Tax Incentives	[Not included]	Audit NYC housing tax incentive programs  [ELFA NN]	[Not included]	
Housing Supply	Tax Incentives	[Not included]	421-p: Tax incentive program that municipalities other than NYC can opt into. Would give tax benefit for development of buildings with 20+ units. Has income restrictions for units that will be specific to each region.  [ELFA XX]	[Not included]	
Housing Supply	Reforming land use	Legalizing basement dwellings	Rejected	Rejected	Land use reform is essential for allowing new development of multifamily housing in the

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		[ELFA S]			NYC metropolitan area (including the suburbs).
<b>Housing Supply</b>	<b>Reforming land use</b>	[Not included]	Incentivizes creation of accessory dwelling units (ADUs), small residential units on the same plot as an already-existing residence.  [ELFA SS]	[Not included]	Strict zoning regulation has slowed new housing development in the NYC metro area to such a degree that adequate new housing has not been built despite increased housing demand over recent decades. Only by relaxing strict zoning regulations will New York be able to build the requisite housing to meet New Yorker’s needs.  Current legislative proposals make marginal progress on land use reform by making it easier to build accessory dwellings and eliminating NYC density restrictions. However, these measures will not be sufficient for easing the housing crisis on the supply-side.
<b>Housing Supply</b>	<b>Reforming land use</b>	Eliminates the NYC floor area ratio (FAR) cap, which limits FAR to 12.0 sq. ft. of floor area per sq. ft. of lot size for residential buildings [ELFA Q]	Modifies executive proposal to subject residential buildings with FAR greater than 12 to already-existing regulatory procedures (Mandatory Inclusionary Housing and Uniform Land Use Review Procedure) that may add significant hurdles to expanding housing	Rejected	
<b>Housing Supply</b>	<b>Reforming land use</b>	[Not included]	Signaled interest in faith-based affordable	[Not included]	

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			housing act, though not included in legislative proposals		
<b>Housing Supply</b>	<b>Reforming land use</b>	Pro-housing community grants:  Conditions existing grants to municipalities on the adoption of Land use reforms that permit more housing construction (\$650 million).	Accepted as written in executive proposal	Modifies executive proposal to include definition of “financial hardship.”  [ELFA II]	
<b>Housing Supply</b>	<b>Reforming land use</b>	[Not included]	Study building codes for small single-stair multi-family buildings.  [ELFA MM]	[Not included]	

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<p><b>Housing Supply</b></p>	<p><b>Direct State Investment in Housing Development or Revitalization</b></p>	<p>NY-RUSH: \$500 million over two years (\$250 million in fiscal year 2025) to be spent by state directly on developing state land for new housing</p> <p>[ELFA P]</p>	<p>Modifies executive proposal to require \$250 million and redevelopment of proposed sites to be pursuant to the proposed New York Housing Opportunity Corporation (NYHOC)</p> <p>(See “social housing” part of table for more details).</p>	<p>Modifies executive proposal to require projects be approved by legislature</p>	<p>Direct State spending on housing development and revitalization is an efficient approach to creating new housing and ensuring that costs of land and construction are contained.</p> <p>Relative to tax incentives for private developers, direct State spending contains costs because the State does not need to profit from its investments, and can access lower-cost capital, and returns to scale beyond what private developers can access.</p>
<p><b>Housing Supply</b></p>	<p><b>Direct State Investment in Housing Development or Revitalization</b></p>	<p>[Not included]</p>	<p>Upstate “Infill Housing Pilot program”: \$40 million in capital grants to build 1-, 2-family homes in 5 upstate cities.</p> <p>[ELFA WW]</p>	<p>[Not included]</p>	<p>However, direct State spending requires that the State have significant capital and operational funds that are not required for policies like tax breaks, which are costly in the</p>

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<p><b>Housing Supply</b></p>	<p><b>Direct State Investment in Housing Development or Revitalization</b></p>	<p>[Not included]</p>	<p>\$50 million towards Community Land Trust acquisition fund; creates fund under Affordable Home Ownership Development Program</p> <p>[ELFA RR]</p>	<p>[Not included]</p>	<p>long-run as they forgo future tax receipts, but do not have an up-front expenditure. For this reason, direct State spending has been limited over recent decades, as state capacity has declined. This year’s proposed legislation takes steps towards increasing direct State spending on new housing development.</p>



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<p><b>Tenant Protections</b></p>	<p><b>Good Cause Eviction and Universal Rent Stabilization</b></p>	<p>[Not included]</p>	<p>Stated alignment with principles of “good cause eviction” and suggestion that some version should be included in full housing package.</p>	<p>Endorses protections for tenants from arbitrary rent increases and unreasonable evictions; no reference to “good cause eviction” as such.</p>	<p>Good Cause Eviction legislation would protect most tenants from unjust evictions including “unreasonable” rent increases. The precise definition of an “unreasonable” rent increase – typically an annual limitation on the permissible rent increase – is at the heart of the Good Cause Eviction legislation.</p> <p>Other states such as Oregon, and California, and neighboring cities such as Jersey City, have similar laws that set maximum rent increases above which a tenant can withhold rent without risk of eviction. Establishing a similar law in New York is an important step for ensuring fair access to housing for low- and medium-income tenants.</p>

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Tenant Protections	Legal Representation	[Not included]	\$115 million for eviction legal services; establishes Office of Civil Representation  [ELFA TT]	[Not included]	Legal protections for homeowners and tenants are only effective when accompanied by public funding to ensure that lower-income groups have access to such services.
Tenant Protections	Legal Representation	[Not included]	Homeowner protection program: \$40 million in grants to non-profits that provide counseling to homeowners  [ELFA YY]	[Not included]	
Tenant Protections	Emergency Assistance and Vouchers	[Not included]	Removes requirement to repay rental arrears emergency assistance.	[Not included]	Emergency assistance programs are an essential part of protecting tenants and low-income homeowners from eviction and foreclosure, which can lead to chronic homelessness. In some cases, however, voucher programs have been used at a larger scale to address broad affordability issues. This can be problematic because it requires that the State pay market rents on behalf of residents, which can both be unnecessarily expensive and increase rental
Tenant Protections	Emergency Assistance and Vouchers	[Not included]	\$250 million for the Housing Access Voucher Program (HAVP).  [ELFA HH]	\$250 million for Housing Access Voucher Program (HAVP).  [ELFA DD]	

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					prices. Instead, the State should pair a short-term, emergency voucher program with social housing that provides apartments insulated from market forces.
<b>Social Housing</b>	<b>Social Housing Development</b>	[Not included]	<p>Creation of the New York Housing Opportunity Corporation (NYHOC), a public authority with broad powers to acquire property and develop housing.</p> <p>Income restrictions of 165% of area median income in units. Initial capital allocation of \$250 million.</p> <p>[ELFA CCC]</p>	[Not included]	<p>Social housing is state-developed housing that remains insulated from market fluctuations, thereby providing below-market rental units to middle- and low-income tenants.</p> <p>Social housing policy should include a state authority that builds and leases rental housing at below-market rates. This authority would have the power to issue its own bonds to finance the construction of new buildings or the acquisition and renovation of existing buildings. Newly created units would continue to be owned by the authority, thereby staying</p>
<b>Social Housing</b>	<b>Social Housing Development</b>	[Not included]	\$50 million for Mitchell-Lama Preservation and Homeownership Program	\$500 million for Mitchell-Lama Preservation and Homeownership Program	

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<b>Social Housing</b>	<b>Social Housing Development</b>	[Not included]	[Not included]	Foundations for Futures: Directs HCR to create limited-equity cooperatives with income limit of 130% AMI; \$500 million capital appropriated.  [ELFA AA]	insulated from market pressures.  Social housing policy can also include developing or acquiring housing to be sold to homeowners, where such housing will remain insulated from market conditions, and thus permanently affordable.
<b>Social Housing</b>	<b>Public Housing</b>	[Not included]	\$500 million for NYCHA; \$140 million for outside NYC	\$500 million for NYCHA; \$150 million for outside NYC	Currently proposed legislation is a good starting point, but would need to be scaled up significantly to meet the housing needs of New Yorkers.
<b>Social Housing</b>	<b>Maintenance funds for low income tenants</b>	[Not included]	Rental improvement fund pilot: \$75k grants to repair rentals; limits rents to FMR.  [ELFA ZZ]	[Not included]	
<b>Social Housing</b>	<b>Maintenance funds for low income tenants</b>	[Not included]	Rent stabilization repairs: \$40 million for NYC and suburbs  [ELFA AAA]	[Not included]	