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Affordable Housing Alert

JANUARY 7, 2022

New York Governor Hochul's State of the State message delivers promising news for the affordable housing industry

By Deborah VanAmerongen

Real estate owners, developers, and operators get a peek at proposed opportunities for affordable properties in New York.



What's the Impact?

- / The state proposes budget increases for creation and preservation of affordable homes
- / Governor Hochul also detailed initiatives focused on homelessness prevention, rental application practices, and housing equity

On Wednesday, January 5, New York Governor Kathy Hochul delivered her first State of the State Address. In the speech and [accompanying book](#), she highlighted several initiatives that address the housing affordability crisis in New York. Some of the initiatives are geared toward increasing affordable housing production, and others make an effort to address fairness and equity in the housing market. Following is an overview of the proposals.

Comprehensive five-year housing plan

The governor proposed a new, \$25 billion, five-year housing plan to create and preserve 100,000 affordable homes throughout New York State. Expect to see the details of this plan in the governor's budget proposal, which will come out later this month. The governor did outline a few priorities in her speech, including a focus on supportive housing (affordable housing with services for persons with special needs), articulating a goal of creating 7,000 units of supportive housing, and preserving 3,000 units over the next five years. In addition, she said \$300 million will be dedicated to the production and preservation of affordable senior housing and \$250 million to electrify 50,000 homes. The plan covers rural rental properties as well.

The governor announced two pilot initiatives: one to encourage affordable homeownership projects focusing on resident control and permanent affordability and the other to spur innovation in construction methods for affordable housing production, which could include approaches such as modular production and 3D printing.

Expanding the housing supply

The governor also announced several initiatives promoting more affordable housing production outside of the state's housing financing programs. These proposals will be put forward in legislation and require support from the Legislature. We can expect to see bills that:

- / Require municipalities to allow a minimum of one accessory dwelling unit (ADU) on owner-occupied residentially zoned lots. ADUs include backyard cottages, attics, garages, and basements; current land use restrictions prevent homeowners in some communities from building ADUs
- / Foster multifamily construction in zones drawn by municipalities around rail transit stops within commuting distance to New York City
- / Repeal existing New York State law that limits the maximum density of residential floor area ratio (FAR) in New York City to 12.0, and give the city the autonomy to allow for denser residential development where appropriate
- / Facilitate hotel and office conversions to residential use
- / Extend the Brownfields Credit Program, which is set to expire at the end of 2022
- / Propose a new tax abatement to replace 421-a (also known as "Affordable New York") that aims to create deeper and more long-term affordability; require carbon-neutral technologies, electrification, and electrification-ready building systems; enable construction of financially viable smaller buildings, and create an all-affordable homeownership option to promote low- and moderate-income homeownership opportunities across the city

We can expect the new tax abatement for New York City in particular to be the focus of many players in the real estate industry, and the City of New York will also play a big part in the negotiations around that proposal.

Housing access and equity

Governor Hochul announced initiatives designed to address unfair practices and improve housing stability. Among the proposals are plans to prohibit landlords from denying applicants based solely on credit score if they can demonstrate creditworthiness through other means and prohibit denials based solely on criminal background. In addition, the governor proposed expanding a New York City program to provide free legal assistance to upstate renters who cannot afford counsel in eviction proceedings. Governor Hochul will also propose legislation to make affordable mortgage financing available to owners of manufactured homes. The governor will also create a permanent New York State Disaster Recovery and Resiliency Unit within Homes and Community Renewal (HCR) to facilitate administration of federal funds to meet recovery needs and coordinate resiliency initiatives.

Addressing homelessness

In addition to the investments in supportive housing noted above, the governor will undertake other initiatives to address homelessness. New York State will establish Safe Options Support (SOS) teams to collaborate and coordinate with New York City-run first-line outreach teams to engage street homeless individuals and help secure placement in housing programs with wraparound social services. The state will also increase investment in the needs of homeless youth and expand the use of telemedicine to connect with the street homeless population. Finally, the governor proposes an increase in the amount of public assistance recipients can earn and the amount they can save before losing eligibility and eliminating the 45-day waiting period for safety-net assistance benefits.

Affordable housing connectivity program

HCR will work with Empire State Development to fund the retrofit of all affordable housing projects with broadband installations. In addition, the Department of Public Service will undertake efforts to ensure every eligible New Yorker can take advantage of a permanent \$30-a-month broadband subsidy for low-income households.

In total, these proposals offer a broad strategy to address the affordability crisis in New York. We will keep an eye on developments within the state budget and in legislation and share updates as the legislative session goes forward.

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