

# NOW & NEXT

## New York Affordable Housing Legislative Updates

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### New York affordable housing legislative updates

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The New York Legislature passed significant affordable housing legislation in the just-wrapped session—including a hotel conversion bill signed into law by Governor Hochul today and rental assistance legislation expected to be signed in the coming weeks.



#### What's the Impact?

- / Provides increased opportunities for affordable housing owners to maximize the use of rental subsidies in rent-stabilized properties
- / Encourages hotel conversions to supportive or permanent affordable housing by increasing administrative flexibility

New York lawmakers passed affordable housing legislation updating rental assistance and hotel conversion programs to facilitate low-income housing production in the state. Notably, the legislature failed to pass bills related to two highly anticipated and debated issues—a “good cause” eviction bill and 421-a program replacement or renewal.

Here are the highlights:

## Rental assistance

The legislature has passed a bill amending the Private Housing Finance Law (PHFL) to allow owners to maximize the use of rental subsidies, such as tenant-based vouchers or project-based assistance like HAP contracts, even for units that are subject to rent stabilization. The bill provides that public agencies that regulate affordable housing projects, such as the New York City Department of Housing Preservation and Development (HPD), may allow in the applicable regulatory agreement that the owner charge and collect rent up to the maximum payment standard or contract rent even if it exceeds the applicable legal rent. The ability of these projects to utilize full rental subsidies would increase the cash flow needed to operate the buildings and for maintenance and repairs without impacting the rent burden on the residents or the long-term affordability of the project. This could provide substantial relief to owners of projects where the payment standard or contract rent currently exceeds the legal rent. It remains unclear how regulatory agencies would document this update for projects with existing regulatory agreements.

## Hotel conversions

Today, Governor Hochul signed into law a bill to address the dual issues of a lack of affordable housing and underutilized hotel space by allowing hotel conversions to take place without certain onerous and costly zoning and building code requirements. Last year, [New York passed the Housing Our Neighbors with Dignity Act \(HONDA\)](#), which allocated state funds for the acquisition or conversion of distressed hotels and other commercial properties. The new legislation takes another step forward by permitting hotel rooms to be converted to supportive and/or permanently affordable housing without requiring owners to obtain a new certificate of occupancy under certain conditions, including approval of the local housing agency and location of the property in proximity to residential zoning districts if not in such district. Although the law would apply only to certain qualifying buildings, it is a substantial step forward in aiding applicants considering using HONDA funds or other available financing sources for the adaptive reuse of underutilized hotels.

## What's next?

Nixon Peabody will continue to provide insights on additional developments related to New York affordable housing legislative updates.

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