

## 2024-25 New York State Enacted Budget Summary



On April 20, 2024, the State Legislature passed the final bills comprising the 2024-25 New York State budget. The \$237 billion spending plan was held up for weeks, due primarily to education funding and Medicaid, but was also delayed on account of policy issues concerning housing production and tenant protections. After last year's bruising battle over the governor's Housing Compact, this year's budget negotiations yielded some modest gains in housing production, preservation, and affordability.

Below is a summary of the major actions taken in this year's New York State budget:

### Housing

**NYC Floor Area Ratio (FAR) Cap Increase** | Authorizes NYC to allow new housing or designated lots to exceed the 12.0 FAR cap if new construction meets or exceeds permanent affordable housing requirements and adheres to current uniform land use review procedures. Further, this bill would prohibit buildings above 12.0 FAR in historic districts and in zoning lots with joint living-working quarters governed by the Loft Law.

This new law is meant to enhance density and build more housing in NYC.

**Affordable Housing from Commercial Conversions Tax Incentive Benefits (AHCC)** | This provision establishes the Affordable Housing from Commercial Conversions Tax Incentive Benefits (AHCC) program in NYC to incentivize the inclusion of affordable rental units in certain multiple dwellings converted from commercial, manufacturing, or other non-residential buildings. AHCC would not be available for converting a hotel or other class B multiple dwelling.

This new program would provide a 35, 30, or 25-year benefit to owners seeking to convert eligible commercial property into affordable rental property. Each benefit period maintains a 100% real property tax exemption during the construction period, with a reduction of the benefit over time. Additionally, applicants for the program must ensure that entrances to common areas are shared among the affordable and market rate units and that units are not isolated to specific floors.

Affordable units must have a unit mix proportional to market units or at least 50% of affordable units must have 2 or more bedrooms and not more than 25% affordable units shall have less than 1 bedroom.

The NYC Department of Housing Preservation and Development (HPD) will manage the program and may accept certifications from architects or engineers to verify the information provided in the application for the benefit.

**Legalizing Existing Basement and Cellar Units in NYC** | This bill would authorize NYC to establish by local law a program to convert inhabited and other basement or cellar apartments currently in existence to legal dwelling units, provided that such conversions are done consistently with the protection of health and safety.

The program is limited to certain Community Districts in the Bronx (9-12), Brooklyn (4,10,11,17), Manhattan (2-3,9-12), and Queens (2).

**Extension of 421-a Projects** | Under current law, to be eligible for a tax abatement pursuant to section 421-a of the RPTL, a vested project must be completed by June 15, 2026. This bill would extend the completion deadline to June 15, 2031. Upon the creation of an application form by NYC HPD, applicants will have 90 days to

submit a letter of intent (LOI) to apply for the tax abatement for projects commenced between December 31, 2015 and June 15, 2022, with a completion date on or before June 15, 2031.

### **Affordable Neighborhoods for New Yorkers and Affordable Homeownership Tax Incentive Program (485-x)**

| This new incentive is meant to replace the 421-a tax abatement in NYC, with the goal of increasing affordable housing production. This new incentive is divided among Small Rental Projects (5-11 units), Modest Rental Projects (5-100 units), Large Rental Projects (100+ units), Very Large Rental Projects (150+ units), and Homeownership Projects (condominium or cooperative). Each category is assigned a different benefit period by project size, starting at a 10-year benefit period for a Small Rental Project to a 40-year benefit period for a Very Large Rental Project. Homeownership Projects are eligible for a 20-year benefit period.

All of the projects must conform with an assigned affordability option, and all enjoy a 100% exemption from real property tax during the construction period. Further, most of the options allow for a 100% exemption for the entirety of the program's lifespan, except for Small and Modest Rental Projects and Homeownership Projects, which decrease over time.

Similar to the new Commercial Conversions Tax benefit, this new benefit requires universal access to common egress and spaces, and a proportional dispersal of affordable and market rate units throughout the building. The NYC Department of Housing Preservation and Development (HPD) will manage the program and may accept certifications from architects or engineers to verify the information provided in the application for the benefit.

**Individual Apartment Improvement (IAI) Reform** | This budget provision makes changes to the Rent Reform law passed in 2019 with respect to IAI. Specifically, these amendments raise the recoverable costs of a landlord for IAI in NYC from \$15K to \$30K over a 15-year period. The landlord must receive written consent from a tenant if the unit is currently occupied.

The period of eligibility begins on June 14, 2019 and \$30K may be expended on any number of units over a 15-year period. \$50K may be expended upon vacancy if it was certified as vacant on December 31<sup>st</sup> (2022-24) or if the apartment is vacant following a period of continuous occupation of 25 years prior to the IAI.

The landlord must provide evidence that the improvements are necessary to address sub-standard conditions or useful life concerns.

**Study of Single-Exit, Single Stairway Multi-Unit Residential Buildings** | This budget provision directs the State Fire Prevention and Building Codes Council to study standards for egress for buildings up to 6 stories that are single-exit, single stairway, multi-unit residences. This provision is based on bill (S.6573/A.7322). The sponsor states that single stair buildings up to 6 stories are allowed in NYC code and should be considered for other parts of the state because it allows for a variety of housing types and increases window coverage and design options, allowing the expansion of the number of bedrooms and affordability.

**Exemption for Newly-Constructed or Converted Rental Multiple Dwellings** | Authorizes municipalities to pass a local law allowing an exemption from property taxation and ad valorem levies of rental multiple dwellings constructed or converted in a benefit area defined by local law. Eligible projects include properties with 10 or more units where 25% of the units are affordable to individuals or families with an income no less than 60% of the average median income (AMI) and no more than 80%.

The exemption lasts over a period of 25 years, with the first three years (construction period) being 100% exempt, and a 4% decrease in the exemption each year. New construction must take place on vacant, predominantly vacant or underutilized land or on land improved with a non-conforming use or on land containing one or more substandard or structurally unsound dwellings, or a dwelling that has been certified as unsanitary by the local health agency.

Residential portions of mixed-use properties may be eligible for the benefit if residential rentals represent at least 50% of the square footage, the units are affordable, and comply with the requirements of this provision.

**Accessory Dwelling Unit Capital Improvement Benefit** | This provision defines and adds the term “accessory dwelling unit,” to the definition of “housing accommodation,” under the State’s Human Rights Law. Additionally, this provision adds a capital improvement benefit, whereby a local government may pass a law authorizing the exemption from taxation and ad valorem levies for the construction of new accessory dwelling units.

The benefit allows for a 100% exemption of increase in assessed value for a period of 5 years, with an option for a 5-year extension if the owner agrees to a 25% decrease for the first 3 years and an additional 10% decrease in the final 2 years. The exemption is limited to \$200K in increased market value.

**New York Housing for the Future Homeownership and Rental Housing Program** | Authorizes the subsidization of construction for cooperative rental and cooperative homeownership for households with an income up to 130% of area median income. The State Division of Housing and Community Renewal (DHCR) may identify sites owned by the state, a municipality, not-for-profit, or community land trust for the provision of housing our rental purposes.

**Good Cause Eviction** | Asserts rights and benefits to renters in NYC when faced with eviction. Allows local governments outside NYC to adopt similar protections. Specifically, the budget makes annual rent increases above 10% or 5% plus the Consumer Price Index (whichever is lower) presumptively unreasonable to protect tenants against price gouging and strengthens legal protections for covered renters in eviction proceedings, where applicable. These protections will be mandatory in NYC. Municipalities outside of New York City will have the ability to opt-in to the program.

## Public Procurement & Capital Projects

**PLAs for Large Scale SUCF Projects** | Large scale projects (\$10 million+) commissioned by the State University Construction Fund (SUCF) will now require project labor agreements (PLAs) in most circumstances.

**M/WBE Program Extension** | Due to expire on December 31, 2024, the State’s M/WBE program was reauthorized until July 1, 2025.

**NYCTFA Bond Limit Increase** | The New York City Transitional Finance Authority (NYCTFA), which helps finance NYC’s capital improvement plan, was authorized to increase its bond limit from \$13.5 billion to \$27.5 billion beginning July 1, 2025.

**Battery Park City Authority Bond Limit Increase** | The authority is authorized to raise its bond limit from \$1.5 billion to \$2.5 billion, with the intent to continue resiliency efforts in the authority’s project area.

## Energy and the Environment

**NY HEAT Act Eliminated from Final Budget Agreement** | The governor and Legislature could not come to an agreement over competing proposals to phaseout new fossil fuel infrastructure, including the removal of the “100 ft. rule” which requires public utilities to provide a free natural gas hook-up for homeowners within 100 ft. of an existing gas line. The bill’s fate is now bound to the regular Legislative Session schedule, due to end on June 6<sup>th</sup>.

**Residential Energy Storage Benefit** | Establishes a sales tax exemption for residential energy storage systems equipment.

## Workforce

**Paid Breaks for Breast Milk Expression in the Workplace** | This provision amends the Labor law to require paid breaks for up to 30 minutes, for breast milk expression. Nursing employees who take more than 30 minutes to express breast milk would be permitted to be covered using existing paid break time or mealtime.

**Sunset of the COVID-19 Sick Leave Law** | In a rebuke to the governor's efforts to sunset the COVID-19 sick leave benefits this year, the Legislature negotiated a new sunset date of July 31, 2025.

**Paid Prenatal Leave** | This provision amends the Workers' Compensation Law to provide 20 additional hours of leave under New York's Paid Family Leave Law for eligible pregnant employees to attend appointments for prenatal care, including physical exams, monitoring and testing, and discussions with a health care provider.

## Capital Investments (at-a-glance)

### Housing

Pro-Housing Community Funding: \$650 million  
Housing Production on State Land: \$500 million

### K-12 Education

School Building Aid: \$3.4 billion

### Higher Education

SUNY and CUNY Capital Projects: \$1.29 billion

### Economic Development

NYCREATES Albany NanoTech Complex: \$500 million  
Empire AI Research: \$275 million

### Transportation

NYS DOT Plan: \$7.7 billion  
Consolidated Local Street and Highway Improvement Program (CHIPS): \$598 million

### Environment & Energy

Clean Water Projects: \$500 million  
Environmental Protection Fund: \$400 million  
DEC Capital Projects: \$90 million  
State Parks Capital Projects: \$200 million  
State Parks Centennial Projects: \$100 million  
Resilient & Ready Program: \$40 million

For more information on the New York State Enacted Budget, visit the NYS Division of Budget's [website](#).