

The Sad Saga of New York Housing Policy:

Governor Hochul Is Still Searching for a Pro-Growth Consensus

Eric Kober

Senior Fellow
Manhattan Institute

Introduction

After Governor Kathy Hochul submitted the FY 2025 Executive Budget on January 16, New York's 2024 legislative season began in earnest. One of the biggest issues facing the governor and legislature this session is whether to take steps to alleviate the housing supply crisis in the New York City region. Despite Hochul being the most pro-housing player in Albany, the governor's legislative proposals are, at best, a mixed bag, with significant omissions and problematic proposed provisions. Additionally, if one takes statements from the legislature's Democratic supermajorities in the Assembly and Senate at face value, the compromises necessary to get any housing legislation passed will only make those changes less effective.

About Us

The Manhattan Institute is a think tank whose mission is to develop and disseminate new ideas that foster greater economic choice and individual responsibility.

Why are New Yorkers in this place? Taken purely as a technical exercise, of identifying the appropriate locations for the right amount of housing, the downstate housing supply crisis is solvable. NYC's "City of Yes for Housing Opportunity" proposal would, if enacted and supported with the needed state legislation, give the city a meaningful increase in housing production.¹ An analysis for the *New York Times* found locations for Mayor Eric Adams's full "moonshot" goal of 500,000 new housing units over 10 years "without radically changing the character of the city's neighborhoods or altering its historic districts."² In the suburbs, finding low-impact building sites is even easier. For example, in a 2021 report, I focused on the housing potential of commercial areas near commuter rail stations and along arterial roads.³ A 2017 Regional Plan Association study found the potential for as many as 250,000 new housing units on commuter rail parking lots in the NYC region.⁴



The problem, of course, is politics. New York State has evolved constitutional arrangements and a political culture in which a housing supply crisis can fester, seemingly indefinitely, without electoral consequences for the legislative Democratic supermajorities. Local control of zoning as well as state override are deployed as strategies to prevent housing from being built. Unfortunately, but perhaps realistically, the backlash in the suburbs against Hochul's 2023 housing agenda seems to have convinced her that demanding state action to override local control of land use is a hopeless cause. In NYC, with politicians less insulated from the electorate, voters chose a cautiously pro-housing mayor, Eric Adams, in 2021. But Adams's proposed reforms have yet to demonstrate political viability, and the mayor himself is unpopular, likely for reasons unrelated to proposed zoning changes.⁵

Judging from the 2023 proposals, Hochul and her advisors understand well the broad scope of changes necessary to make housing abundant and affordable in the NYC region. However, the legislature's demonstrated imperviousness to pressure to solve the state's housing problem both makes her current proposals more timid than they should be and limits the amount of political capital that she might be willing to expend to achieve these goals. That leaves the most likely outcome a continued impasse where the legislature kicks the crisis into 2025, or a bad compromise in which everyone gets to declare victory but the housing crisis is barely abated.

Hochul's 2024 Housing Agenda: A New Housing Tax Incentive

The New York governor's proposed housing legislation for the 2024 session is included in an omnibus "Education, Labor and Family Assistance" bill released with the FY 2025 Executive Budget.⁶ The most important of her proposals would create a replacement for the "Section 421a" NYC tax exemption program for new multifamily housing, which lapsed in June 2022.⁷ Hochul's bill creates a new tax incentive called "Section 485-x" or the "Affordable Neighborhoods for New Yorkers" (ANNY) tax incentive.

In a recent report,⁸ I suggested that Hochul should propose legislation simply authorizing the city to create a property tax exemption program for new mixed-income rental housing, by local law. My argument was that state control of 421a had led repeatedly to costly and ineffective program designs and that the mayor and the city council were better positioned to determine how much city tax revenue should be given away, to whom, and under what conditions. The mayor and the city council would then be accountable to voters for the consequences, in a way that the state legislature is not.

Hochul's actual proposal is an unwieldy contraption that combines state mandates, outsourcing of public policy to private interests, and local flexibility in a manner that seems unlikely to produce a good outcome. First, the legislation specifies that eligible rental projects shall receive a 35-year tax benefit and eligible homeownership projects, a 40-year tax benefit. It also specifies the amount of property tax exempted for each year of the term. However, the legislation doesn't specify what an eligible project is. Thus it creates, in effect, a piñata stuffed with NYC property tax revenues for interested parties to fight over.

Section 485-x's Unruly Wage Negotiation

The process for determining what projects are eligible has two steps. First, representatives of the real-estate industry and organized labor (in reality, the Real Estate Board of New York and the NYC Building and Construction Trades Council) will determine, by a Memorandum of Understanding,

not later than January 1, 2025, a designated geography, the “prime development area.” This area would encompass parts of Manhattan, Brooklyn, and Queens. Second, the two groups will establish a wage rate for construction workers in these areas, which could be different (presumably higher) in Manhattan from what it is in Brooklyn or Queens.

This seems like a bad idea, which is even worse because it was already tried—in legislation renewing the Section 421a program, pushed by former governor Andrew Cuomo in 2015. In this earlier iteration, the parties failed to reach agreement, and the program lapsed until the legislature enacted specific prevailing-wage requirements into law in 2017. That legislation designated an “enhanced affordability area” in Manhattan south of 96th Street, northern Brooklyn, and western Queens, generally viewed as the city’s strongest multifamily housing markets. In those areas, buildings with more than 300 units were subject to special, union-scale wage requirements but also got a more generous tax benefit.⁹

By creating the outsourced negotiation, the proposed legislation gives organized labor a shot at grabbing more tax revenue in outlying areas where the lapsed 421a program’s 35-year benefit and modest affordability requirements created a windfall for landowners and developers. The wage negotiation is upstream of the decisions left to the city’s Department of Housing Preservation and Development (HPD), which include determining the percentage of units in the building required to be rented or sold below market levels, and the incomes at which such units are required to be affordable.¹⁰ Since the amount of cash in the piñata is determined by state law at the outset, the more that labor grabs in wages, the less that is available to subsidize affordable housing. The developer will, in any event, get the threshold rate of return needed to make the investment worthwhile. As HPD well understands, without providing for that return, there will be no private investment and no new housing through the 485-x mechanism at all. While the city might have preferred to keep some of its property tax revenue—providing a shorter tax exemption period, for example, and a less costly affordability requirement—the legislation precludes that discussion.

Perhaps the legislation is structured this way to gain labor’s support. However, it is more likely to lead to an impasse, as it did before. It is better to have all aspects of the legislation decided by one legislative process—ideally, the city’s.

Rulemaking as a Substitute for Lawmaking

Another flaw in Hochul’s Section 485-x proposal is that HPD’s decisions are to be made by regulation rather than local law, cutting out a role for the New York City Council. That is perhaps a play for the mayor’s support, but it is bad lawmaking. Legislation should be considered by the city’s elected legislature, and rulemaking should be limited to implementing the law, not creating it. The argument that the council is not responsible enough to participate in designing the new tax exemption won’t go over well with its members, and that dissatisfaction will likely induce the council to try to use its leverage in the land use and budget processes to undercut the mayor’s position. It is better to have the council’s buy-in at the start, and the mayor has considerable leverage himself to negotiate an acceptable deal.

“Good Cause Eviction” Is a Likely Housing Battleground

The state legislature will have its own idea of a Section 421a replacement, and any legislation that it is inclined to enact will likely be much less pro-housing than what Hochul proposed. One point that has been made repeatedly by legislative leaders is that a 421a replacement must be accompanied by legislation for “good cause eviction.” Such legislation would make tenant eviction harder for a variety of currently legal reasons, including failure to pay a rent increase over a specified threshold—effectively imposing a version of rent control on housing units that are now

deregulated and forcing landlords to offer lease renewals in almost all cases. While Adams would happily take this trade, Hochul has been resistant (and “good cause eviction” is not included in her recent proposal), and the real-estate industry is vehemently opposed.¹¹

Proponents of a New York “good cause eviction” law like to point out that New Jersey has such a law and still enjoys high levels of housing production. That’s true, but the high levels of housing production in New Jersey mitigate the adverse effects on the housing market of the “good cause eviction” law. The principal effect of a law that curtails rent increases for existing renters, as “good cause” does, should be higher-than-average rates of lease renewals. That means that fewer existing apartments are available for newcomers, forcing them to rely more on new construction. The data are consistent with this outcome. The rental housing website RentCafe rated northern New Jersey, with a high rate of lease renewals and a high rate of new construction, as the second most competitive rental housing market in the U.S. in 2023, after Miami-Dade County, Florida. The website reported:

With an occupancy rate of 96.3% (the second highest in the country) and 70.5% of apartment dwellers choosing to stay put, prospective renters in North Jersey counties (like Bergen, Essex, Hudson, Morris, Passaic, Sussex and Union) faced fierce competition this year. Even with a 1.98% uptick in new apartments, renters had very limited options to choose from, leading to one of the toughest rental markets in the U.S. Consequently, it took 34 days, on average, for vacant apartments to become occupied in 2023 as 14 prospective renters competed for the same units.¹²

In contrast, in New York, where housing construction is far lower as a percentage of the base supply, “good cause eviction” would exacerbate the deleterious effects of the numerous measures that the legislature and local governments have already taken to hinder the effective operation of the market mechanism that matches the supply of housing with demand. Draconian rent regulations affecting most of NYC’s rental housing stock keep residents in place who might otherwise need to move because of rising rents. While local politicians might see that as a policy triumph, they have shown little concern for people who want to move into the city or form new households. While people in those categories can compete for a relatively large stock of new housing in northern New Jersey, the same option does not exist in the city and its suburbs, where new housing construction is squashed by restrictive zoning and other laws.

Currently, newcomers can compete mainly for the limited stock of unregulated units for rent. This has repeatedly pushed NYC market rents to all-time records in the post-pandemic period.¹³ The legislature would, according to the Democratic legislative leadership, take some of those units off the market. That is what they mean when they say that they want to reduce the number of evictions. It is a cruel fact that when the housing stock is effectively fixed, for some people to move into the NYC metro area, other people must move out. The price signal of rising market rents tells some people that it is time to move to where housing is cheaper—which is pretty much everywhere outside the handful of metros that, like NYC, suppress housing construction in the face of robust job growth.

There is no shame in moving out of town for a better life, but NYC’s politicians seem to believe that there is political benefit in creating a new group of incumbent tenants whose rents are controlled. Newcomers and newly formed households will then have even fewer vacant units to choose from, resulting in even greater spikes in market rents.

The New York metropolitan area has a “cost burden” problem, in which an unusually large percentage of households pay more than 30% of their income in rent, or for ownership costs. Harvard’s Joint Center for Housing Studies finds that in 2021, the latest year for which data are available, the New York metropolitan area, including northern New Jersey, ranked 13th among 933 large and small U.S. metropolitan areas for the overall percentage of cost-burdened households

(including both renter and owner households), at 41.9%. (Most of the higher-ranked metros are in California, the nation's other notoriously housing-constrained state.) The percentage of cost-burdened renter households in the area was 52.3%.¹⁴

“Good cause” will not help lower this percentage because households paying market rents are higher-income and less likely to be among the cost-burdened. What it will do is upend the assumptions about the future course of rents that formed the basis for real-estate investments, lowering returns and perhaps making some projects insolvent. New York's left-leaning Democratic legislators are likely unmoved, believing that impairing housing investment values is another step to the “decommodification” of rental housing—ownership by the government or by nonprofits dependent on government support. However, real-estate interests are correct in their vehement opposition to “good cause.” Private investment in very substantial amounts of new housing, both rental and ownership, and reinvestment in the aging rental stock is the only route out of New York's downstate housing crisis. New York State and City, constantly lurching from budget crisis to budget crisis, will never have the fiscal capacity to take responsibility for housing construction and maintenance in the NYC metropolitan region. The city's and state's lack of capacity to take on the financial requirements of the private housing sector is compounded by the vast fiscal needs of the NYC Housing Authority, whose history should be a warning to legislators who want to drive private capital out of rental housing.

Hochul's Other Housing Proposals

In a December 2023 brief for the Manhattan Institute, I suggested that Hochul's 2024 housing legislative agenda should have three components: support for NYC's current “City of Yes for Housing Opportunity” zoning initiative; support for future city initiatives; and some nondisruptive minimum standards for suburban zoning ordinances, modeled on other states' actions, that could spur modest housing construction.¹⁵ Hochul's proposed legislation offers the city some of what it currently needs, but the latter two components I proposed are not addressed.

Floor Area Cap

Hochul proposes a straightforward lifting of the Multiple Dwelling Law (MDL) 12 Floor Area Ratio (FAR)¹⁶ cap on the size of residential buildings in NYC. The legislature has declined, for several sessions, requests from Hochul, Adams, and Adams's predecessor, Bill de Blasio, to lift this cap and thus allow NYC's planning commission and city council to decide how large apartment buildings can be. There is no rationale for the legislature's opposition, other than receptivity to well-funded “preservationist” groups that want to freeze development in Manhattan and hostility to private development in general. New Yorkers, in the meantime, can stand on the Battery Park City esplanade and watch buildings exceeding the 12 FAR cap rise in Jersey City, where no such restriction exists.

Residential Conversions

Many office buildings whose owners would like to convert them to housing, following the post-pandemic decline in office occupancy, are built at more than 12 FAR. Lifting the FAR cap entirely would mean that the city could amend its zoning to permit residential conversions of such excess floor space. However, to make this change fully effective, the city also needs to amend MDL's special residential conversion rules,¹⁷ which waive certain requirements, such as the dimensions of yards and courts, that otherwise would make the conversion infeasible. Those rules currently

apply only to buildings that existed in 1977. The city would like to move this date to 1990, allowing conversion of a group of buildings constructed in the 1980s that are now obsolete. Hochul's proposed legislation fails to include this change. The legislature should nonetheless enact it.

Hochul did propose a tax incentive to encourage developers to provide affordable housing in converted buildings. This is not a good policy idea,¹⁸ but the Adams administration believes that it improves the chances of the city council approving its zoning proposal. Perplexingly, this legislation is structured differently from the proposed 485-x, discussed earlier in this paper. The latter specifies the term of the tax exemption but leaves the determination of the required percentage of affordable units, as well as the income levels targeted, to HPD. By contrast, the conversion incentive, called the Affordable Housing from Commercial Conversion (AHCC) tax incentive benefit, leaves the determination of the amount and term of the tax benefit to future rulemaking by the state's Division of Housing and Community Renewal (DHCR), in consultation with HPD. However, the legislation specifies that 20% of the units be affordable, and it specifies the targeted income levels for those units. In addition, "prevailing" (union-scale) wage requirements are imposed.

It is not clear whether any of this works economically, at a cost that is worthwhile for the city to pay. As with the tax incentive for new residential buildings, the city should be authorized to enact a local law that specifies the parameters of the tax incentive. DHCR's role is superfluous.

Basement and Cellar Dwelling Units

Yet another Hochul legislative proposal would, in fact, authorize the city to enact a local law. This law would create a process for legalizing basement and cellar dwelling units created without a proper building permit. Any such law would need to satisfy health and safety concerns. This limits the potential legalization for cellar units, which have less than half the floor-to-ceiling height above grade and likely represent most currently illegal dwellings. Cellar windows are also typically too small to be used as escape routes in a fire, requiring costly alterations to create a second means of egress. Basement units, in many cases, violate zoning but do not present health and safety concerns.

One change the city seeks, but Hochul did not propose, is to exempt new basement accessory dwelling units from MDL requirements, which apply to any building with three or more units.¹⁹ The governor's proposal thus would provide an amnesty for existing illegal units but retain impediments in state law for the creation of new, similar units.

The proposed basement and cellar dwelling legalization legislation would include a "right of first refusal" for tenants displaced by renovations to return to the unit, once completed. The proposal includes no requirement that the unit be made available at an affordable rent for that household. That's something the rent-control-loving legislature will never accept, but the major reason a private property owner might invest in legalizing a dwelling unit would be to collect a higher rent.

This conflict could be resolved, in a typical New York way, by offering public subsidies for renovation costs, but the government will never be able to subsidize more than a tiny fraction of the needed investment. In the end, there is no real substitute for an abundant enough housing supply when it comes to having no need to worry about where a displaced household might go.

What Hochul Did Not Propose

Hochul did not propose, as I had recommended in my December 2023 brief, general relief for new housing from the state's costly, time-consuming, and largely uninformative environmental review requirements. Her proposal for legalizing basement and cellar dwellings in NYC does

exempt the proposed local law and any associated zoning changes from environmental review. A legislature that sincerely valued local land use control but wanted to expedite locally crafted solutions to the housing crisis in the NYC region would take note of this provision and greatly extend its applicability to new housing.

The governor also did not propose any legislation limiting the extent to which local governments could prevent new housing construction. Without such legislation, many suburban jurisdictions will retain zoning that allows only single-family homes on large lots, keeping housing expensive and excluding most of the workers providing services to the community from living there. I had suggested legislating two requirements: first, that local governments in the downstate region must permit one accessory dwelling unit²⁰ on each single-family lot; and second, that minimum lot size requirements be capped at 5,000 square feet. Those two provisions would have allowed a modest amount of additional housing, expanding housing opportunity in every suburban community, while respecting the suburban character.

Zoning overrides are unpopular in the suburbs, and the governing Democrats have higher priorities than picking a fight over land use. One was victory for the Democratic candidate, Tom Suozzi, in the special election for the House seat of former Representative George Santos on February 13, 2024. The district, New York's 3rd, covers much of Nassau County, as well as a small part of Queens. Additionally, in the November general election, the outcome of races in the NYC suburbs will heavily influence which party controls the House of Representatives.

Hochul did propose legislation to authorize residential development of surplus land owned by two State University of New York campuses on Long Island (Farmingdale and Stony Brook), as well as additional land in the Town of Babylon controlled currently by the state's Department of Transportation. The legislation would allow development of a modest amount of housing in Suffolk County, outside the 3rd Congressional District.

Conclusion: New York's Legislators Will Govern Appallingly Without Political Pressure

Several conclusions are to be drawn from the sad saga of New York's continued housing impasse. One is that NYC remains largely on its own in solving its housing crisis. To enact zoning changes, the city continues to rely on affordability mandates that are economically infeasible without Section 421a-level tax incentives and, in many parts of the city, additional public subsidies.²¹ Hochul's Section 485-x proposal leaves a great deal of uncertainty about whether such incentives will be reinstated in a workable form. Most recently, the Department of City Planning proposed a rezoning that would permit multifamily housing in a corridor served by proposed new Metro-North stations in the Bronx.²² By incorporating Mandatory Inclusionary Zoning (MIH) requirements, the proposal ensures that the projected future residential development in the rezoned area is dependent on tax incentives and likely the availability of capital subsidies. In the absence of a 421a replacement tax incentive, the only residential buildings that could be built are deeply subsidized, 100%-affordable developments, which qualify for tax exemptions under other provisions of law that do not expire.

City officials defend the inclusion of MIH requirements as politically necessary to gain the approval of the city council. Council members may be cynical, knowing that by supporting MIH rezonings, they can appear to be pro-housing without seeing their communities change much. Or they may be poorly informed about the ineffectiveness of the city's proposals. Of course, the

Adams administration has not tried to educate the public and elected officials about how MIH projects are financed (e.g., with public money) and how much the city spends to get each affordable unit. The city makes promises that it cannot keep on affordability, and the result is simply that not much housing gets built. One can see why the Adams administration is anxious to make the trade of “good cause eviction” for a 421a replacement program: Adams will be able to meet some political commitments in the short term, and the housing crisis will get worse on his successor’s watch. That puts enormous pressure on Hochul to stop being the only responsible adult in the room and agree to a bad deal. It’s a dispiriting situation.

A second conclusion is that the housing impasse in the legislature is likely to go on, unless New Yorkers elect a better legislature or, at least, threaten to do so. The legislature remains dominated by antigrowth politics, as a consequence of structural issues including, as I described in a 2023 brief, “the continuous election cycle, political competition focused specifically on some of the most antigrowth parts of the state, lack of a strong libertarian tradition among Republicans, and reactionary attitudes on land use among both Republicans and Democrats.”²³ The electoral successes of Adams and Hochul indicate that the citywide and statewide Democratic primary electorates in 2021 and 2022, respectively, were more moderate than those in most of the districts that comprise the Democratic majority, particularly at the very low levels of turnout that characterize legislative Democratic primaries. The structural issues could be addressed by constitutional reforms, such as moving to four-year legislative terms, instituting term limits, allowing all voters to participate in primary elections regardless of party affiliation, or establishing nonpartisan November elections.²⁴ However, with no provision in the state constitution allowing citizen ballot initiatives, any of these reforms would have to be approved by the very state legislators who prosper under the current system.

Failing such reforms, we are left with the hard slog of organizing moderate opponents to incumbent legislators in individual Democratic primaries. However, legislators work hard to ensure that voters are dependent on their continued incumbency.

Who are those voters? The primary winners from a never-ending housing crisis are existing homeowners in the city and the suburbs, who have acquired unearned wealth due to constraints on housing supply. Rent-regulated tenants are also beneficiaries of the current system, if they value low rents more than they mind the disinvestment that draconian rent caps must induce. “Good cause eviction” is a bid to add a new dependent group of higher-income tenants who can use the savings from controlled rents to take nicer vacations or acquire a second home. Another group of beneficiaries are the businesses that build and manage affordable housing, making a guaranteed profit at public expense with little risk, and the people who work in the affordable housing industry. They are good for votes as well as campaign contributions, as public subsidies can be recycled back into political campaigns.

The larger real-estate industry has historically supported Republicans, but the legislature, in tandem with the city government under de Blasio, has tamed the industry by making it dependent on short-term renewals of the Section 421a tax exemption. The industry cannot risk retaliation by the legislative majority, and so it is unlikely to aggressively organize support for pro-growth challengers.

Thus, the legislative majority, though appallingly bad at governing the state, is very good at working the system to ensure perpetual incumbency. The losers, people who leave the state and people who never move to the state because housing is too expensive, cannot vote in New York elections.

The people who should be most disturbed by this are the state’s Democratic leaders, who include not only Hochul but Senate Majority Leader Chuck Schumer and House Minority Leader Hakeem Jeffries, and President Joe Biden. There is hardly anything easier and more effective in cementing



The Sad Saga of New York Housing Policy

future Democratic political success than adding enough population in NYC to save a congressional seat in the 2030 census. Democrats have 100% control over this possibility, and yet they cannot stop themselves from blocking housing, and thus population, growth.

Voters of goodwill, too, should be infuriated by the crushing of opportunity and innovation because of anti-housing policies. A positive sign in San Francisco, NYC's dismal peer in growth suppression, is the emergence of pro-growth citizens' groups in recent years, demanding reform.²⁵ Similarly, credible and effective pro-housing groups operate at the state level in California.²⁶ New York badly needs a comparable infrastructure of groups advocating for policies that can alleviate the downstate housing crisis and address other critical issues.

In the absence of countervailing pressure, perhaps miraculously the legislature will discover civic duty and enact constructive housing legislation in 2024. More likely, however, it will once again do nothing, as in 2023, or enact a bad "compromise" allowing some version of Section 421a to stagger back to life for a few years, in exchange for "good cause eviction." The real-estate industry will then reap what profits it can, but shortly will find itself dependent on finding a new, damaging way to buy off the legislature and get the tax break reinstated once again.

It's a bad game to be playing. The state's political leadership and the business community should organize with concerned citizens to identify and support candidates who will campaign for better policies. Other cities and other states have done so, and New York must as well.

Endnotes

- ¹ New York City Department of City Planning (NYC DCP), “City of Yes for Housing Opportunity,” I described and critiqued the proposal in Eric Kober, “NYC’s Mayor Adams Finally Faces Housing Crisis with Major Reforms,” Manhattan Institute, Nov. 21, 2023.
- ² Vishaan Chakrabarti, “How to Make Room for One Million New Yorkers,” *New York Times*, Dec. 30, 2023.
- ³ Eric Kober, “Overcoming Exclusionary Zoning: What New York State Should Do,” Manhattan Institute, Mar. 11, 2021.
- ⁴ Regional Plan Association, “Untapped Potential: Opportunities for Affordable Homes and Neighborhoods Near Transit,” November 2017.
- ⁵ A widely reported Quinnipiac poll in December didn’t specifically ask about land use reforms but found many other issues where respondents viewed Adams negatively, including crime, schools, the migrant surge, the city budget, and homelessness. See Quinnipiac University/ Poll, “NYC Mayor Adams’ Approval Sinks to Record Low, Under Fire on Several Fronts, Quinnipiac University New York City Poll Finds; Most Voters Worry Budget Cuts Will Affect Their Daily Lives,” Dec. 6, 2023.
- ⁶ FY 2025 New York State Executive Budget, “Education, Labor and Family Assistance Article VII Legislation,” Parts P through U. The provisions are briefly summarized in the “Memorandum in Support.”
- ⁷ NYU Furman Center, Directory of Housing Programs, “421a Tax Incentive.”
- ⁸ Eric Kober, “Rebooting the New York Housing Compact: What Are the Legislative Options in 2024?” Manhattan Institute, Dec. 21, 2023.
- ⁹ Jarrett Murphy, “UrbaNerd: Understanding the Latest Changes to 421-a,” *City Limits*, Apr. 10, 2017.
- ¹⁰ Income eligibility for “affordable” housing units is generally specified as a percentage of Area Median Income, or AMI, an income level calculated annually by the U.S. Department of Housing and Urban Development. See New York City Dept. of Housing Preservation and Development (NYC HPD), “Area Median Income.”
- ¹¹ Aaron Short, “Stakeholders Say 2024 Will Be the Year for a 421a Replacement. Good Luck,” *Commercial Observer*, Jan. 16, 2024.
- ¹² Veronica Grecu, “2023 Year-End Report: Miami Tops U.S. Hottest Markets, but the Midwest Heats Up the Competition,” RentCafe, Dec. 11, 2023.
- ¹³ According to the Douglas Elliman real-estate firm, median rents in Manhattan, Brooklyn, and northwestern Queens peaked in the summer of 2023 but remain at levels well above pre-pandemic rents; see “Elliman Report: Manhattan, Brooklyn and Queens Rentals,” December 2023.



The Sad Saga of New York Housing Policy

- ¹⁴ Joint Center for Housing Studies of Harvard University, “Renter Cost Burdens Reach Record Levels,” in *The State of the Nation’s Housing 2023*.
- ¹⁵ Kober, “Rebooting the New York Housing Compact.”
- ¹⁶ FAR, or Floor Area Ratio, is the ratio of a building’s floor space to its lot size. If the permitted FAR is 12, on a 10,000-square-foot lot, 120,000 square feet of floor space can be built.
- ¹⁷ New York State Multiple Dwelling Law, §277.
- ¹⁸ I explained why in Eric Kober, “Affordable Housing Made Expensive,” *City Journal*, Jan. 18, 2023.
- ¹⁹ The city’s proposal is explained in NYC DCP, “City of Yes for Housing Opportunity: Draft Scope of Work in Preparation of a Draft Environmental Impact Statement,” September 2023, pp. 43–44.
- ²⁰ Accessory dwelling units, in this case, would be more narrowly defined than NYC’s current zoning proposal: second, usually smaller, units on lots currently occupied by single-family homes.
- ²¹ I wrote about this problem in Kober, “NYC’s Mayor Adams Finally Faces Housing Crisis with Major Reforms.”
- ²² NYC DCP, “Bronx Metro-North Station Area Study.”
- ²³ Eric Kober, “NYC’s Housing Crisis: Next Steps After ‘New York Housing Compact’ Fails,” Manhattan Institute, May 18, 2023.
- ²⁴ Final Five Voting NYC, a nonprofit organization, is campaigning for a version of nonpartisan elections in NYC, <https://www.finalfive.nyc>.
- ²⁵ One such group is GrowSF, “a non-partisan organization that wants San Francisco to be safe, clean, affordable, and vibrant” (<https://growsf.org/>). Other groups collaborating on a moderate reform agenda include Abundant SF, TogetherSF Action (<https://tsfaction.org>), Stop Crime SF (<https://stopcrimesf.com>), and Neighbors for a Better San Francisco (<https://www.neighborsbettersf.com>). See Josh Koehn, “Y Combinator CEO Garry Tan Is Organizing San Francisco’s Moderate Political Agenda,” *San Francisco Standard*, Nov. 13, 2023.
- ²⁶ These include California YIMBY (<https://cayimby.org>) and YIMBY Law (<https://www.yimbylaw.org>). New York’s own self-styled pro-housing “YIMBY” group, Open New York, has compromised the credibility of its advocacy by supporting anti-housing policies such as “good cause eviction” at the state level and Mandatory Inclusionary Housing at the local level.