

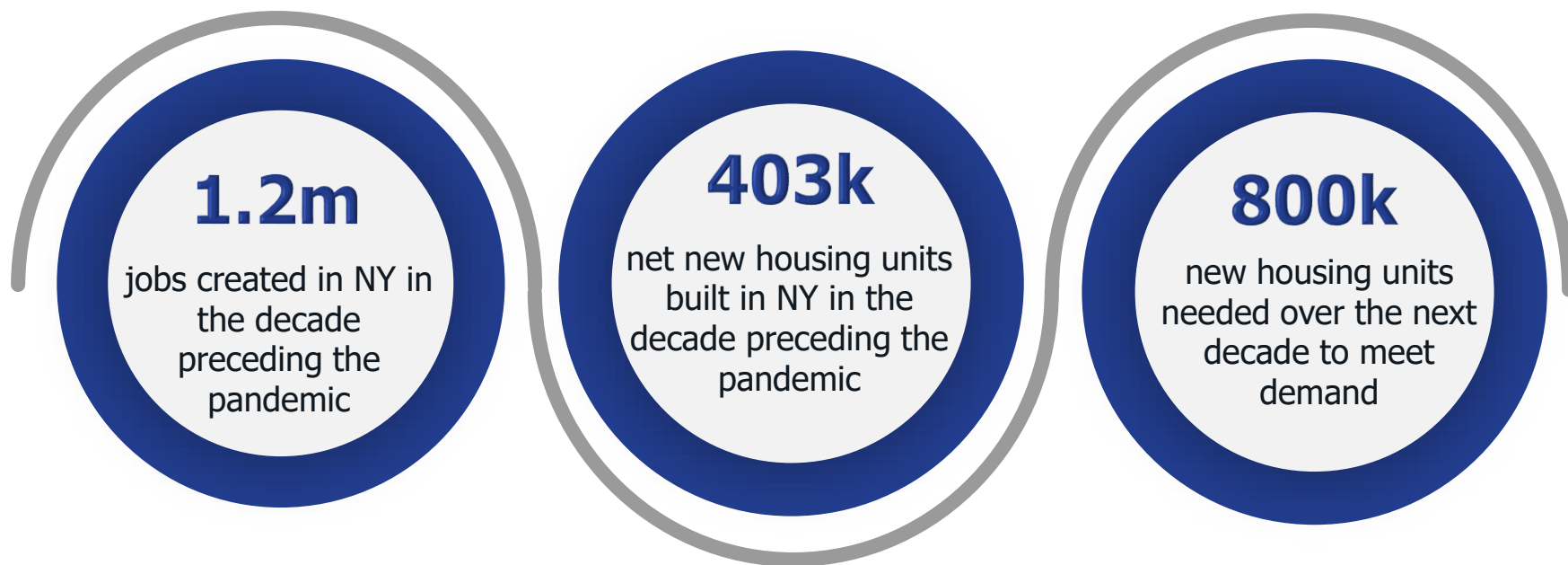


The New York Housing Compact

MARCH 2023

Impact of New York's Housing Shortage

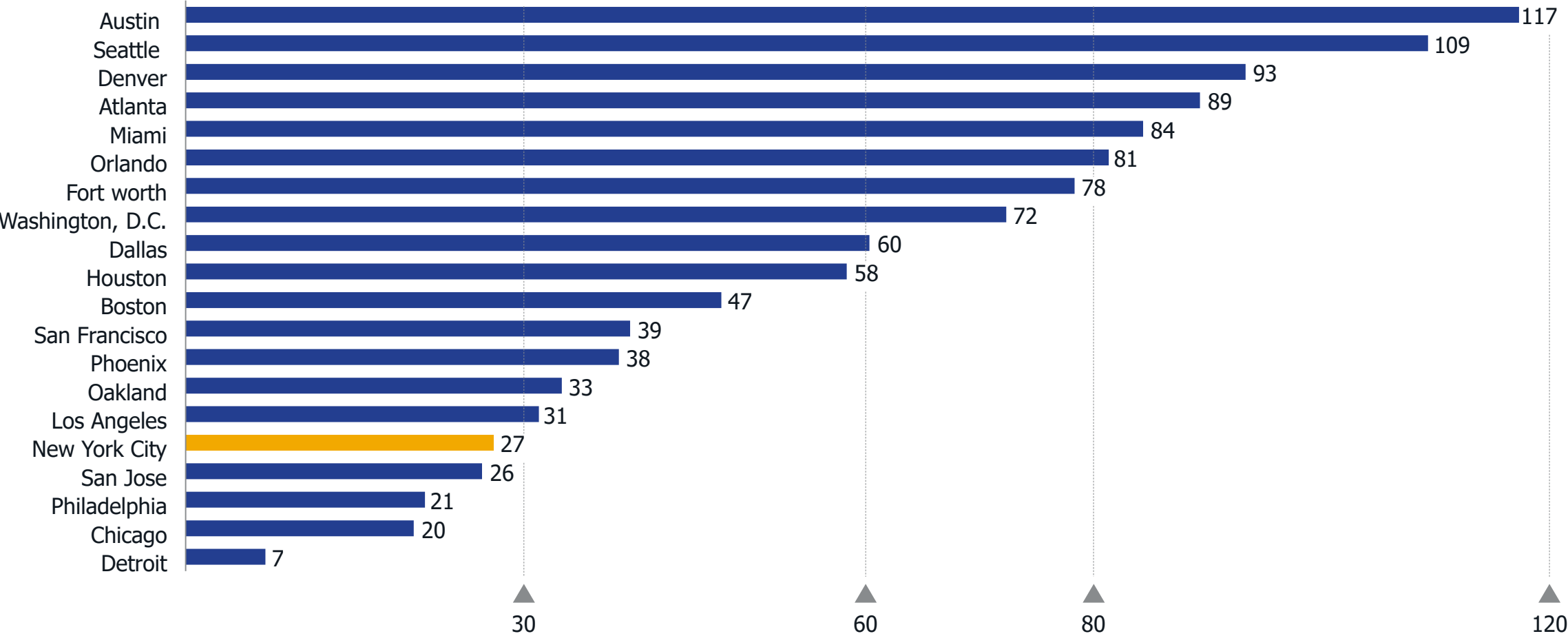
Our housing crisis is years in the making



The mismatch between our high level of job creation and low production of housing for New Yorkers is both a threat to New York's future and something that we can proactively address through the Housing Compact.

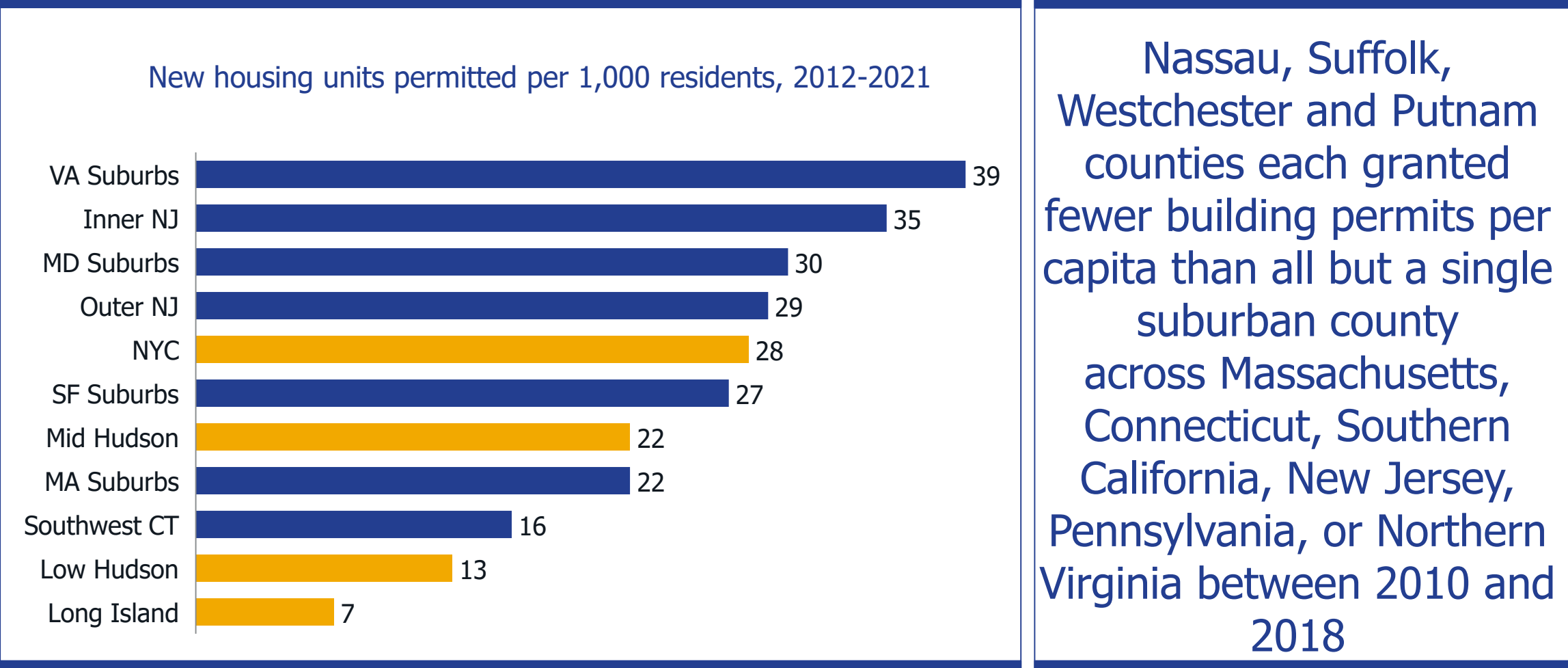
New York City housing production lags most major cities

New housing units developed per 1,000 residents in major U.S. cities (2011-2020)



Source: US Census Bureau

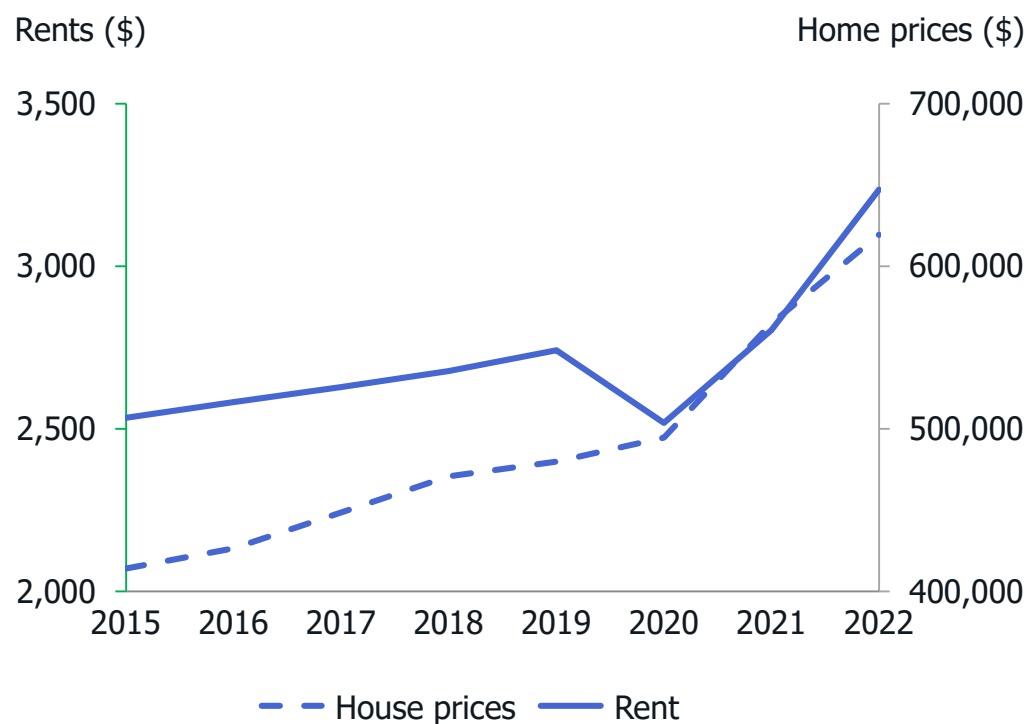
New York's suburbs lag suburbs across the nation



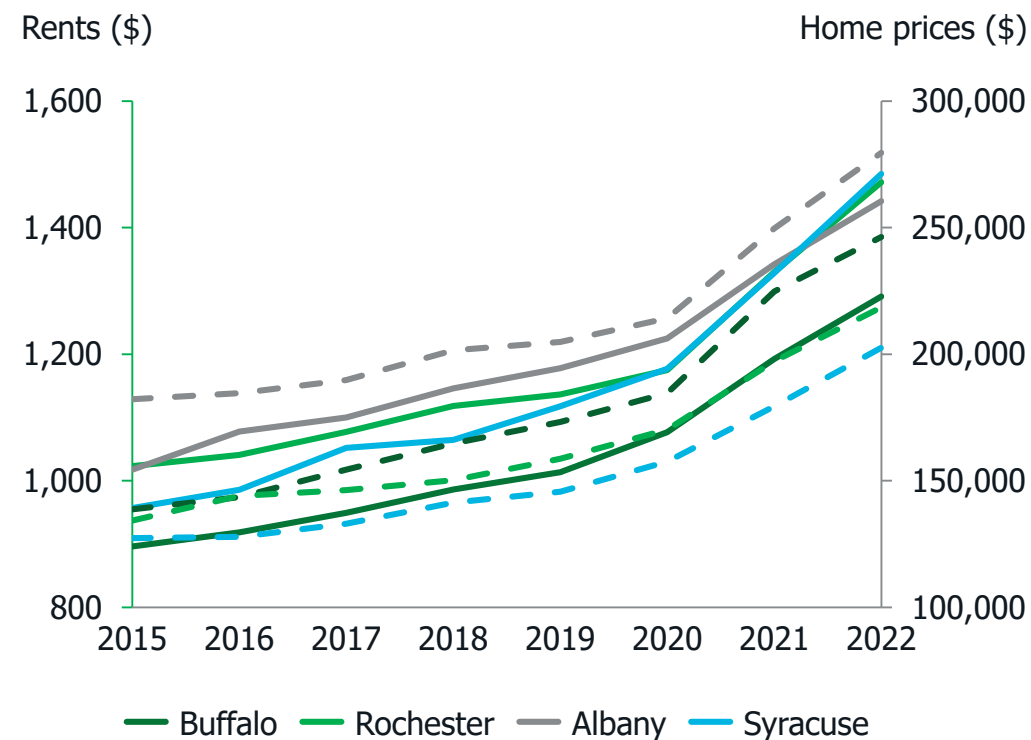
Source: NYC Department of City Planning; US Census Housing Starts; Furman Center

Without new housing, both rent and home prices have risen dramatically across the state

In NY metro, home prices up 50%, rents 30%



Rest of state, home prices up 50-80%, rents 40-60%



Source: Zillow Home Value Index: smooth, seasonally adjusted measure of the typical home value, reflecting typical value for homes in the 35th to 65th percentile range. Zillow Observed Rent Index: smooth measure of typical observed market rate rent; mean of listed rents that fall into 40th to 60th percentile range for all homes and apartments in a given region.

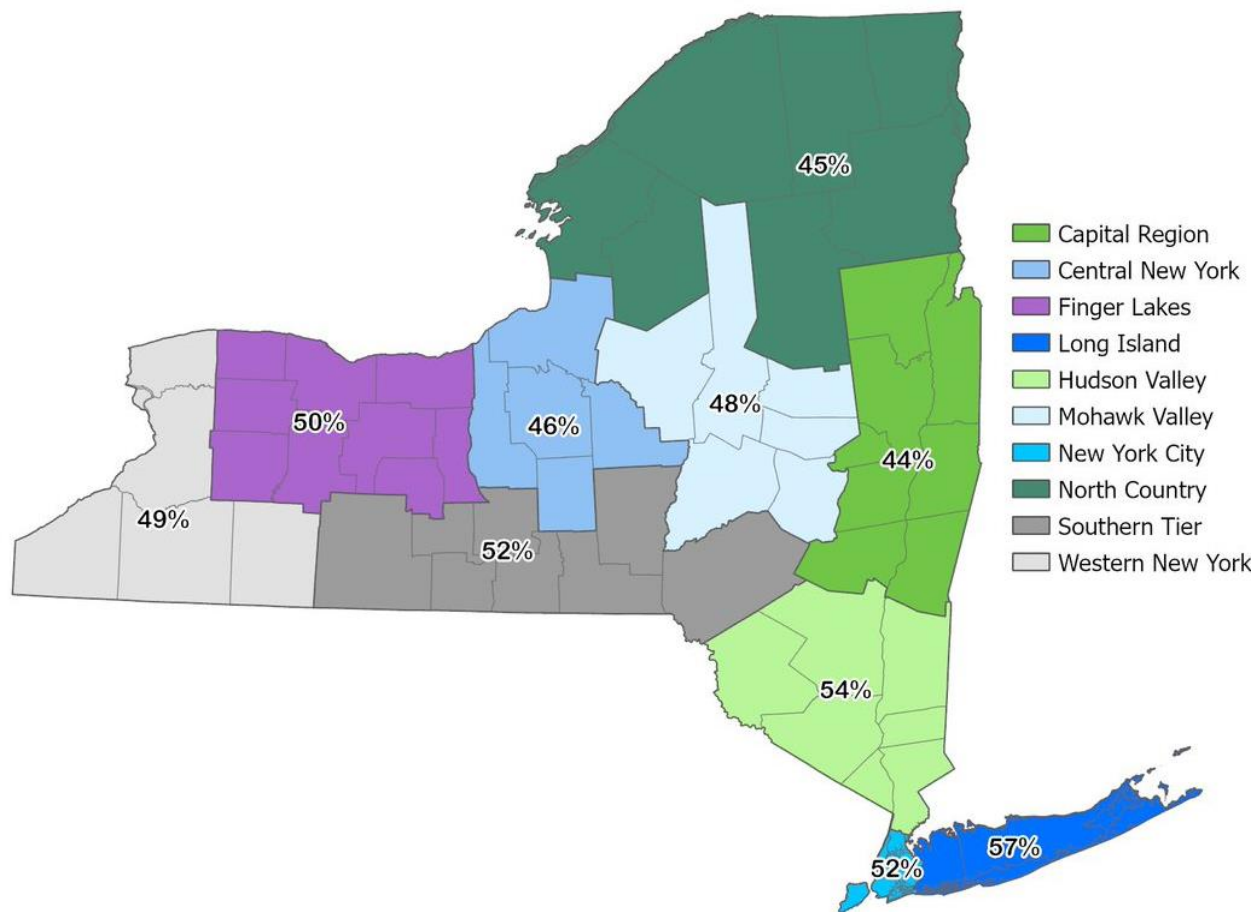
Residents leaving New York save significantly on their housing costs

In a Fiscal Policy Institute analysis, the researchers found that nearly 1/3 of all net out-migration from New York was to the neighboring states of New Jersey, Connecticut and Pennsylvania, followed by California and Florida.

From a financial perspective, they found that these movers found significant savings in their housing costs, including:

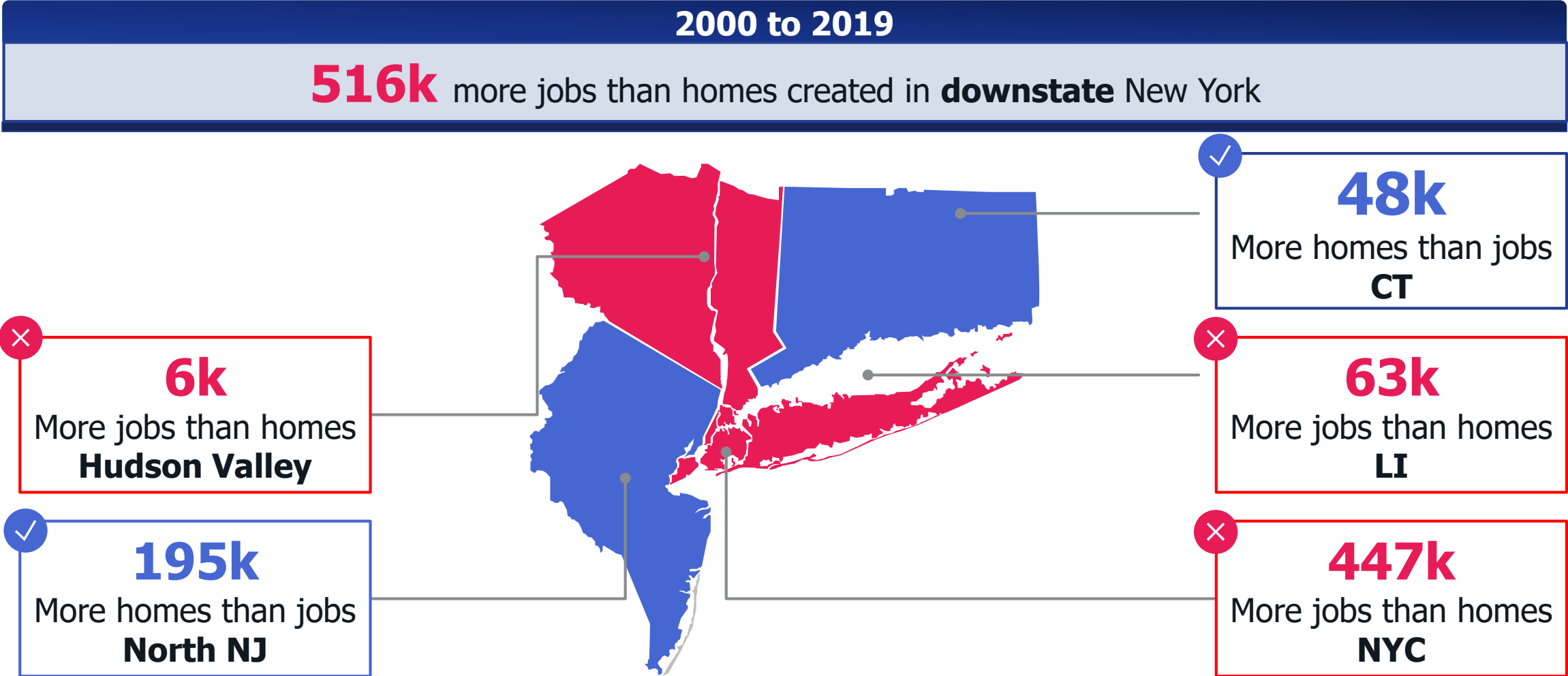
- The typical family that moves out of New York State saves **15 times** more from lower housing costs than they do from lower taxes
- The average mover would save 34% on their mortgage outside of New York, an average of \$18,300
- The average mover would save 19% on rental costs outside of New York, an average of \$5,300

More than half of all New York renters pay more than 30% of their income in rent



In every region, **40-60%** of renter households are paying more than 30% income

This shortage threatens New York's economic future



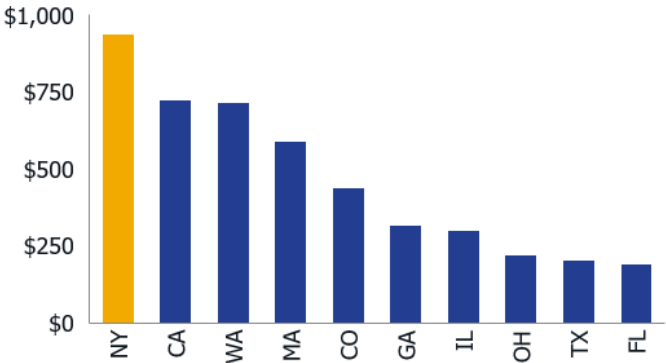
Source: NYC Department of City Planning Geography of Jobs Report

Drivers of New York's Housing Shortage

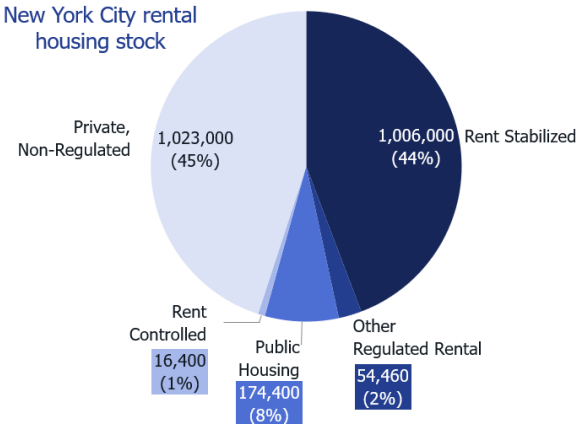
NYS leads the nation in affordable housing funds and regulation

The State of New York funds more affordable housing per capita than any other state

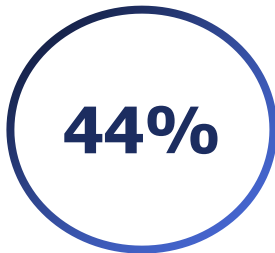
Affordable housing bond funding per capita, 2011-2020



New York leads the nation in regulated housing



2017-2022 Housing Plan investment 2022-2027 Housing Plan investment



of all rental units in the State are rent-regulated or public housing units

Source: Rent Guidelines Board, City of New York; US Census Bureau, 2021 New York City Housing and Vacancy survey
Note: Does not include additional investments made by NYC and other localities

But New York is also a national leader in *limiting* new housing

According to [Wharton Residential Land Use Regulatory Index](#), the only city with more restrictive zoning than the NYC Metro Area is San Francisco (also facing a housing crisis)



Over 2/3 of the localities in the NYC Metro are classified as “highly regulated” in the Index, meaning they have **3+** entities to approve projects, with average review times **from 9 months to 24 months**



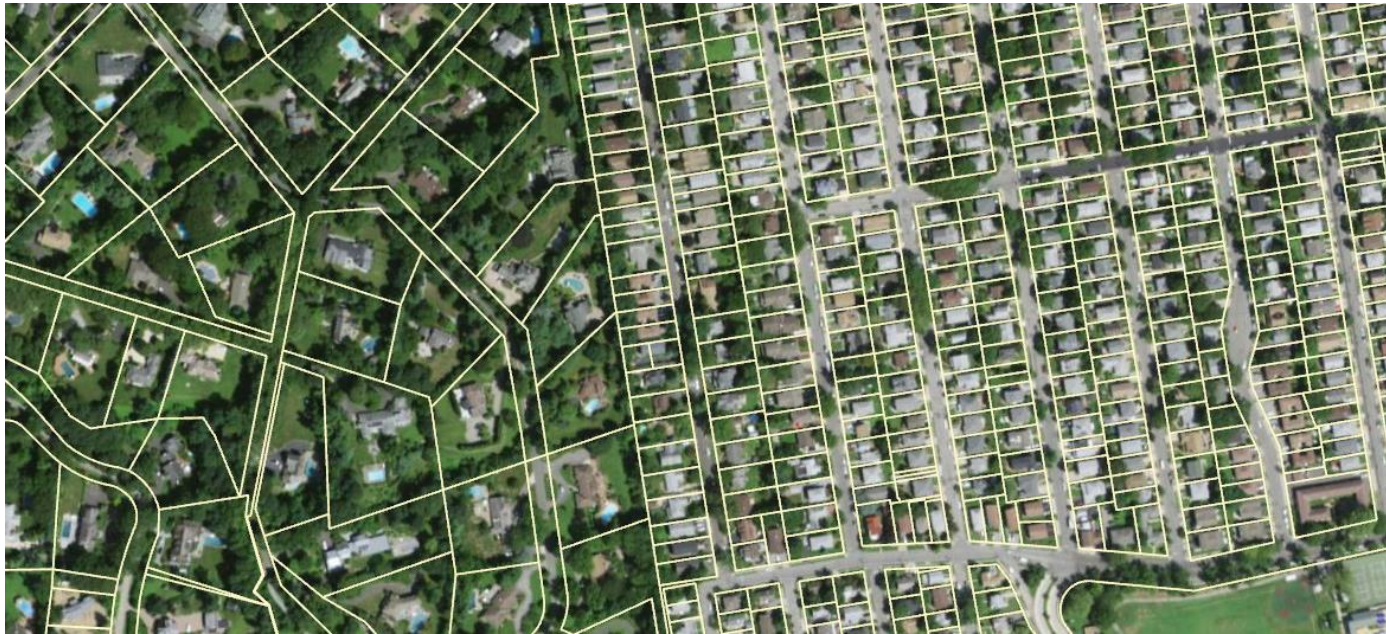
"The suburban counties around NYC may have the worst exclusionary zoning in the nation."

BROOKINGS

And we know this restrictive zoning drives up housing costs

Village A min lot size 1-5 acres

- ~0.5 - 1 homes/acre
- \$2.6M median home price
- Currently only one rental on market at \$19,500 per month

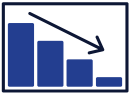


Village B min lot size 0.1 acres

- ~11 homes/acre
- \$728k median home price
- Currently 10 rentals on market between \$2,800 & \$4,850

Nearly \$2M differential in average home price between adjacent villages

Limits on supply have economic and social costs



Stymies economic growth

- Studies show restrictive zoning reduced aggregate US GDP by up to 8.9% between 1964 and 2009 than it otherwise would have been – translating to average wages almost \$9k lower than they would otherwise have been



Reduces housing options

- Fewer than 4% of housing units nationwide are suitable for people with moderate mobility difficulties (including seniors)
- Only 7% of new homes constructed nationwide are starter homes, down from 40% in 1980



Impedes climate goals

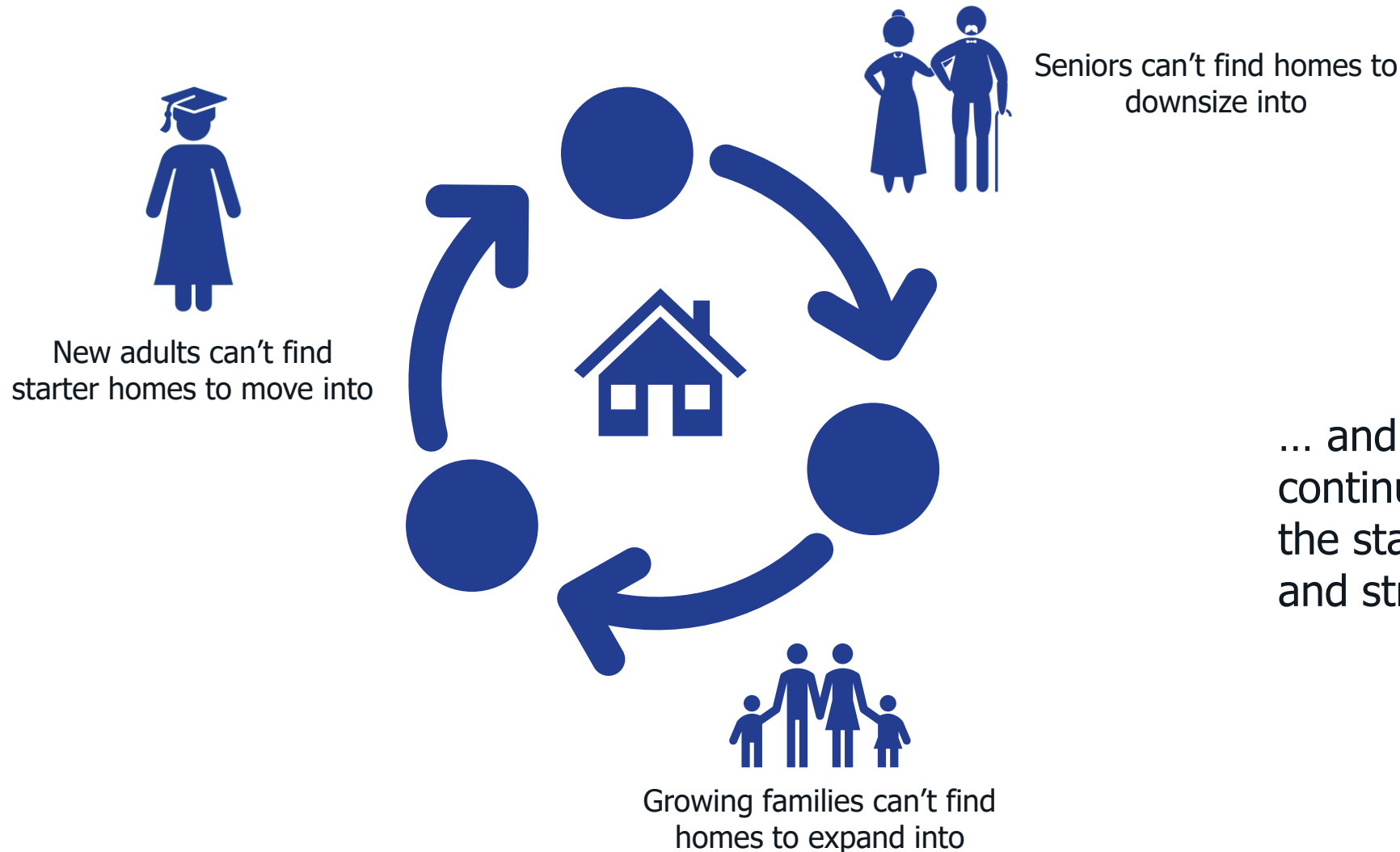
- Low-density housing produces nearly four times the greenhouse gas emissions of high-density homes
- Walkable, transit friendly neighborhoods concentrate development in climate friendly ways and relieve pressure on rural conservation areas



Perpetuates racial discrimination

- Reducing the housing cost gap through looser zoning regulations could narrow the school test-score gap by 4-7 percentile points
- Low density zoning is strongly correlated with racial segregation, a result of historic red-lining

New York's housing cycle is broken ...



... and if we don't take action, we will continue to see New Yorkers leave the state, endangering our economy and straining our communities.

A Plan to Solve New York's Housing Shortage

Dramatically increasing housing supply equitably is an economic and affordability imperative



800,000 new homes

Over the next ten years, New York will need an estimated 800,000 new homes – double our rate of growth – in order to make up for decades of underproduction, support a growing economy, and provide housing that's affordable for New York families.

Expanding housing supply lifts up entire communities



New supply does not increase rents or drive displacement

- For every 10% increase in new construction housing stock, rents decrease by 1% within 500 ft (NYC)
- In a study of the San Francisco housing market, researchers found that building market rate housing was associated with a lower probability that low and moderate-income residents in the neighborhood would experience displacement



Decreased rents filter down the income spectrum

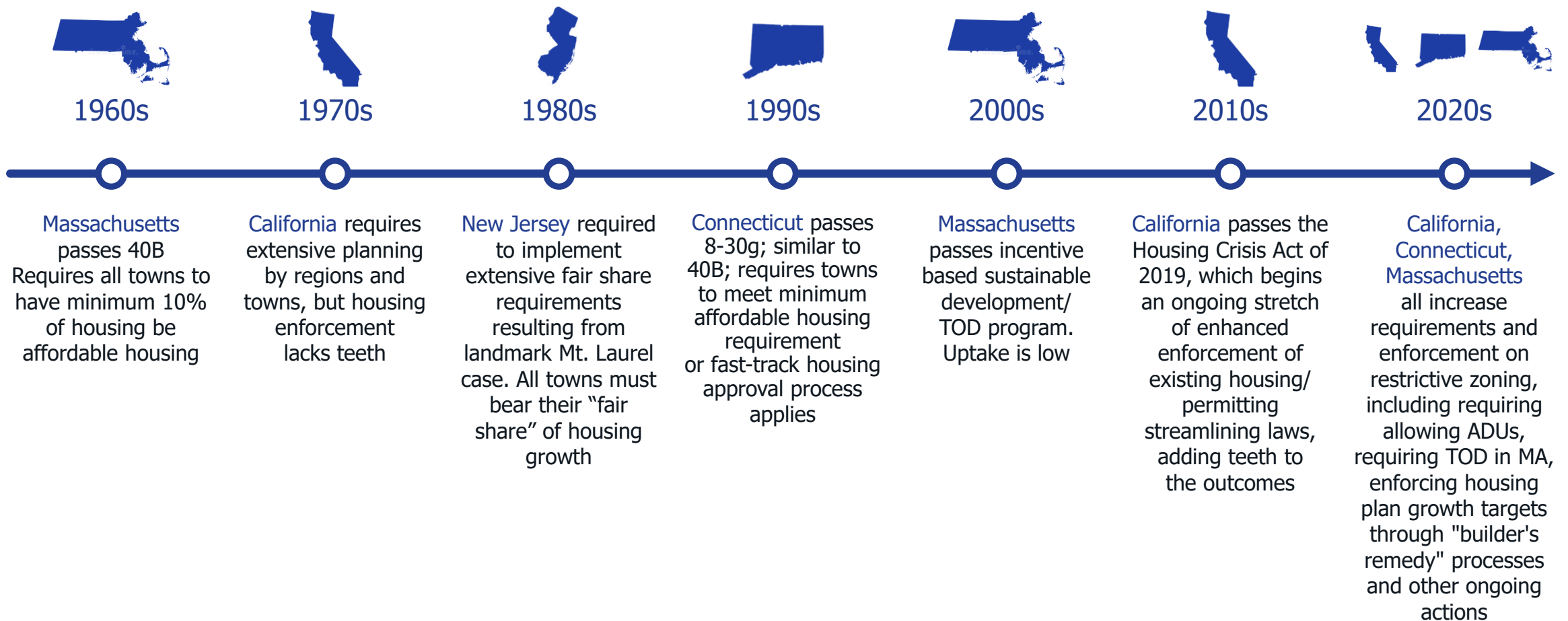
- 23% of units available to very low-income renters in 2013 had filtered down from higher rent categories in 1985
- Among the 2013 affordable units, 19% had higher rents as recently as 2005
- Filtering takes time; it's not an immediate solution



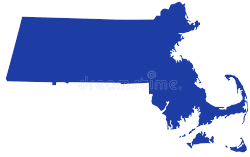
New supply does not depress property values

- In a study of Chicago home values after TOD zoning reforms, property values rose 15% to 23% as a result of increasing development opportunities

Plan formed after thorough review of other state experiences



Relying solely on incentives has failed in other states; enforcement consistently increased to achieve housing goals



Massachusetts

In 2005, MA passed 40R, providing incentives to towns that rezoned for TOD



While lower-income communities further out participated, no suburbs near Boston, the targeted communities, participated or made any changes



In 2021, MA passed 40A, changing the incentive to a requirement that all towns with a transit stop rezone for TOD



California

CA has had city/county planning requirements for many years



Enforcement for growth was non-existent and housing prices continued their steep rise



Since roughly 2018, CA has mandated many statewide changes to ensure cooperation in housing production: now as many as 124 CA towns are soon to be subject to "builder's remedy," which will result in tens of thousands of new units



Connecticut

CT implemented a planning support fund for all localities to encourage planning for equitable distribution of growth



While nearly all of CT's towns took advantage of the planning funding to review their zoning, only 2 towns (both lower-income) zoned for density (TOD)



CT's 8-30g, which allows denser projects as-of-right if towns have not hit affordability targets, has been more effective in producing new housing

To get there, our plan relies on three key strategies

Based on the last decade, we anticipate that baseline growth would be roughly **400,000 new homes** without any new actions.

To meet the projected need for an additional **400,000 new homes**, the Compact relies on three main strategies:

Everyone Does Their Part

Statewide New Home
Targets



Unlock ~149K homes

New Homes Near Transit

Transit Oriented
Development throughout
MTA region



Unlock ~190K homes

Supporting localities to grow or stabilize

Tax incentives, office
conversions, basement apt
legalization, and other funds



Unlock ~56K homes

Funding available for municipalities

- \$20M in planning and technical assistance grants to municipalities
- \$250M in initial infrastructure funding to support new development, in addition to existing resources for infrastructure
- This funding complements existing State infrastructure funding (Environmental Bond Act, Water Infrastructure Improvement funding, Clean Water State Revolving Fund, Consolidated Local Street and Highway Improvement Program, etc)



Sewer/water infrastructure



Parking structures

Detailed Solutions for New York's Housing Shortage

Everyone Does Their Part

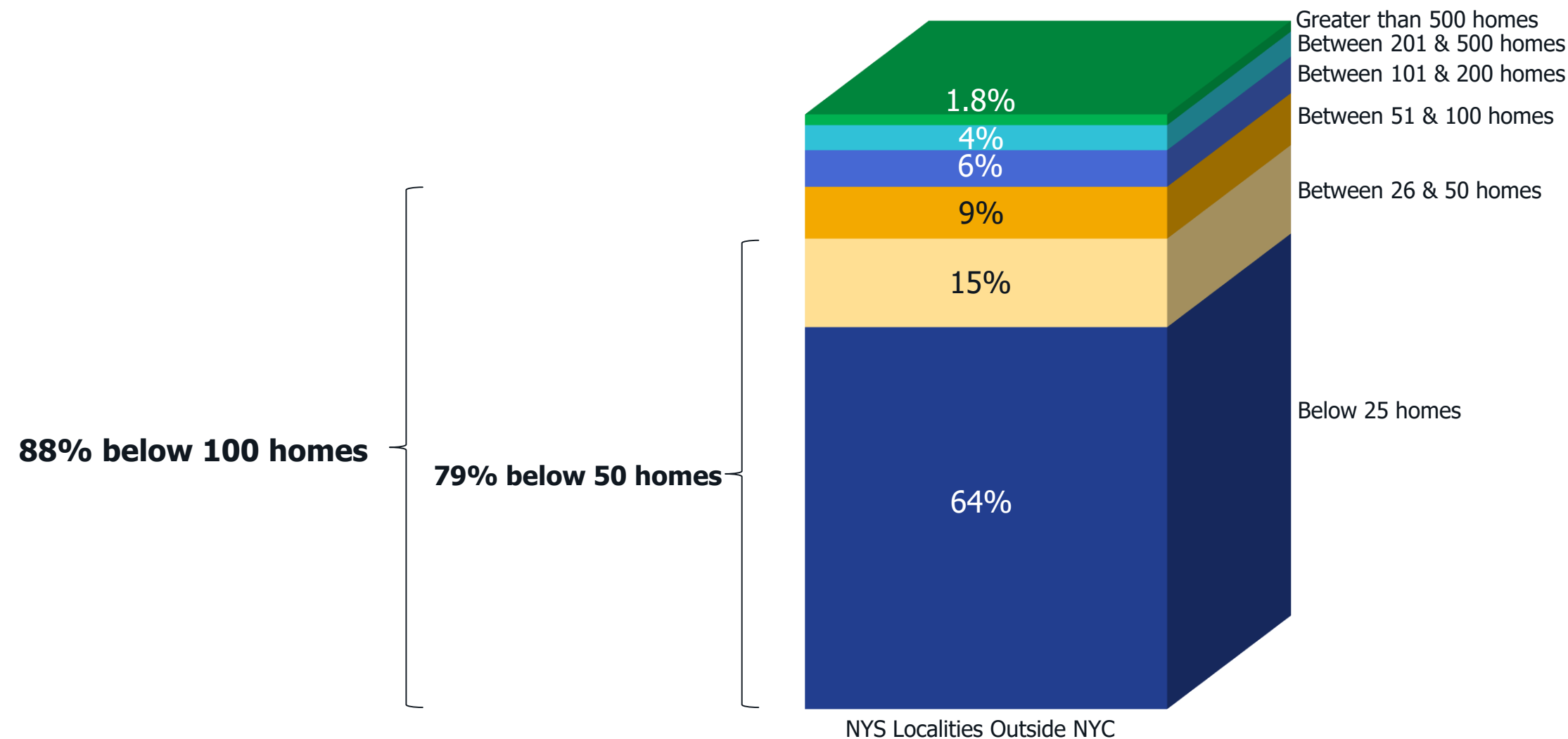
New Home Targets

Targets for new housing for all municipalities



- Targets balance need, regional variation, and simplicity
- In order for our communities (urban, suburban and rural) to thrive in the future, we need to create the opportunities for households in all stages of life

In most of NYS, the targets will be below 100 homes over 3 years



Every municipality can choose to flexibly increase housing capacity through rezonings



Rezone for Multifamily Development



Rezone for Existing Commercial Areas



As-of-right Lot Splits



Accessory Dwelling Units



Remove Exclusionary Measures

- HCR Planning office established to assist localities
- Localities chose how and where to increase housing options
- If at least two zoning actions are taken, municipalities get an additional 3 years before they need to start meeting growth targets

Cities, towns and villages will design the rezoning rules for housing capacity in the way that best suits their community

A locality may choose to rezone commercial areas like a strip mall or an office parks for mixed residential and commercial use



Image credit: Brookfield Properties



Image credit: AARP

A locality may choose to rezone so that ADUs can be allowed on any property



A locality may choose to rezone for duplexes and triplexes

Affordability is built into the framework

Our plan relies on growth targets *and* drives affordability

We need *both* market *and* below-market housing

For example:

If an Upstate town has ~10,000 homes,
their target would be ~100 homes permitted over three years

The town could permit 100 homes to achieve the target **OR**

The town could permit 50 affordable, regulated homes to achieve the target



If a municipality or community district has not undertaken rezonings within the 3-year cycle, fast tracked approval process kicks in



Projects including a minimum number of homes (10 Upstate or 20 Downstate) and a minimum affordability requirement (20% of units at or below 50% AMI or 25% of units at or below 80% AMI) or includes supportive housing can be fast tracked.



If denied, the developer can initiate a fast-track appeal either to a state-level Housing Review Board (HRB) or through the courts.



Project must be approved unless locality demonstrates either (1) a valid health/safety reason for denial, (2) that the locality implemented two Preferred Actions or hit growth targets in the previous three-year cycle, (3) the locality has since constructed sufficient units to meet the growth target, or (4) the project was not eligible for fast track

Options for “safe harbor” that avoid fast track approval

Prep Cycle (2024-2026)

- All localities will have safe harbor (fast track approval would not apply) for the first three years after bill passage (2024 – 2026).
- Localities are encouraged to enact two or more preferred action rezonings during the prep cycle to increase their housing capacity and/or permit enough homes to meet their growth targets.

Initial Cycle (2027 – 2029)

- If a locality met its growth targets EITHER in the prep cycle OR in the three years prior (i.e., from 2021 through 2023) OR enacted at least two preferred zoning actions, fast track approval would not apply.
- During the initial cycle, localities must either enact two or more preferred action rezonings or meet their growth targets to achieve safe harbor for the next cycle.

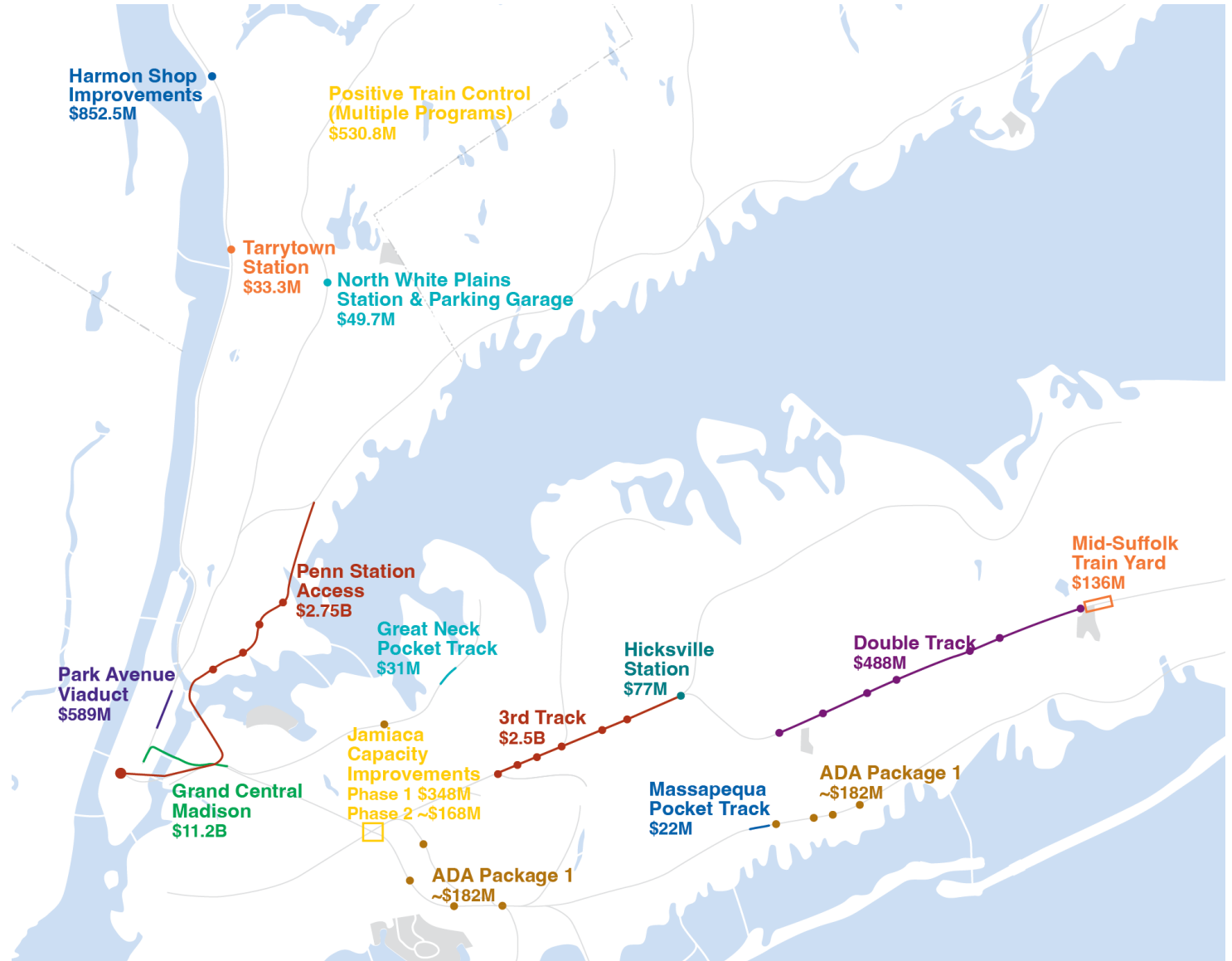
Health and Safety Exceptions

- No locality will be required to approve projects, and the HRB/courts will not have authority to approve projects, that do not meet key health and safety standards. Localities can request infrastructure funding for a range of items, including sewers, parking, water treatment, etc.

New Homes Near Transit

Transit Oriented Development

New York has made unprecedented investments in commuter rail infrastructure serving communities with little housing growth and substantial capacity



Municipalities with rail transit must rezone near stop

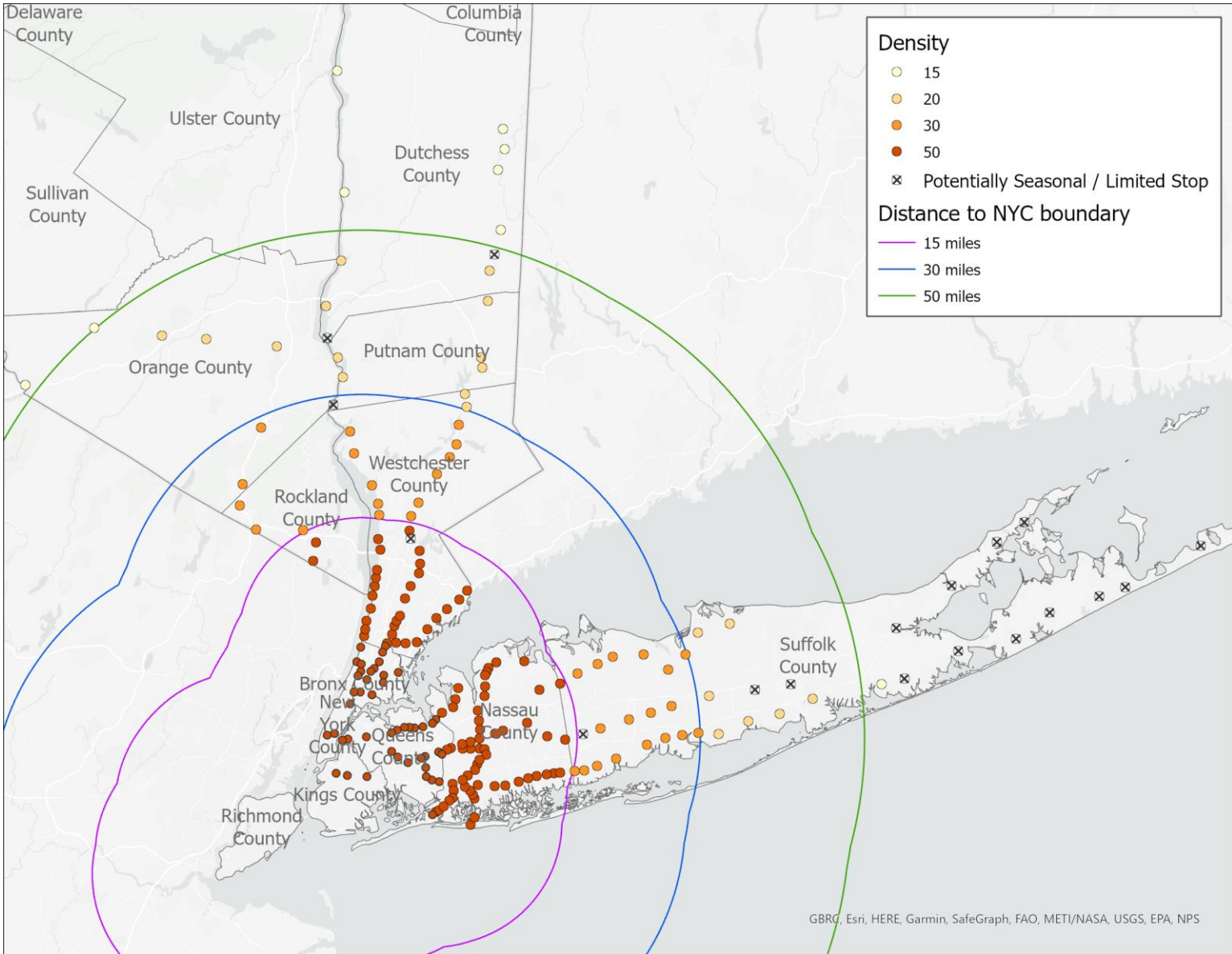
- Within 3 years, any municipality with an MTA rail transit stop (including NYC but not seasonal stops) that does not already meet the density must **rezone** within ½ mile of the stop
- If municipalities do not rezone within 3 years, developments within the transit area will be allowed as of right up to the density of the tier where it is located
- Funding will be available for municipalities to undertake the rezonings



Wyandanch TOD

Tiered density requirements tied to commuting distance

Distance from NYC border	Aggregate density within 1/2 mile
Within 15 miles	50 homes/acre
Between 15 and 30 miles	30 homes/acre
Between 30 and 50 miles	20 homes/acre
Beyond 50 miles	15 homes/acre



Illustrating how to achieve graduated density

Built density: Advocates have illustrated the tiered nature of the density options, even within the same TOD zone

Advocates argue that many historic downtowns already approach these densities but because of subsequent downzonings, these areas would be illegal to build now (would be non-conforming)

Transit-Oriented Development Act of 2023

Part of the New York Housing Compact

Tier 1 TOD Zone - within 15 miles of New York City



These areas will not be rezoned, and are also excluded from the denominator when calculating the average density around the station.



What does 50 homes on an acre look like?



Tier 1 - "Downtown Station"
Vacant Lot to Housing and Main Street Activation



Tier 1 – "Downtown Station"
Vacant Lot to Housing and Main Street Activation

Tier 1: 50 homes / acre within 15 miles of NYC

Illustrative TOD examples in NYS context



Tier 3 – “Park & Ride Station”
Parking Lot to Housing & Multimodal Mobility



Tier 3 – “Park & Ride Station”
Parking Lot to Housing & Multimodal Mobility

ARUP

Tier 3: 20 homes / acre between 30 and 50 miles of NYC

Regulation and Tax Relief

Slashing Red Tape

NYC will have flexibility to allow more office conversions

- “New” New York Panel is focused on the revitalization of central business districts
- City Taskforce re Adaptive Reuse of Office is focused on necessary regulatory changes for conversions
- Office to residential conversions are already permitted for a subset of commercial buildings that meet certain age and geography requirements under Article 1 Chapter 5 of the Zoning Resolution.
- Within NYC, owners of office buildings built before 1990 will be able to use existing rule to convert office spaces into housing
- The changes are anticipated to unlock the potential for 120 million new square feet of residential space



NYC will have flexibility to legalize more basement units

- Following the devastation wrought by Hurricane Ida, it was clear to all that there was an urgent need to create a pathway to legalize basement dwellings currently barred by law, bringing these homes out of the shadows.
- The proposal provides the City of New York with the authority to provide amnesty by local law for existing basement units that meet health and safety standards to be determined by the City.
- This change builds on the Fiscal Year 2023 \$85 million capital program in the Governor's housing plan to assist with these conversions in New York State



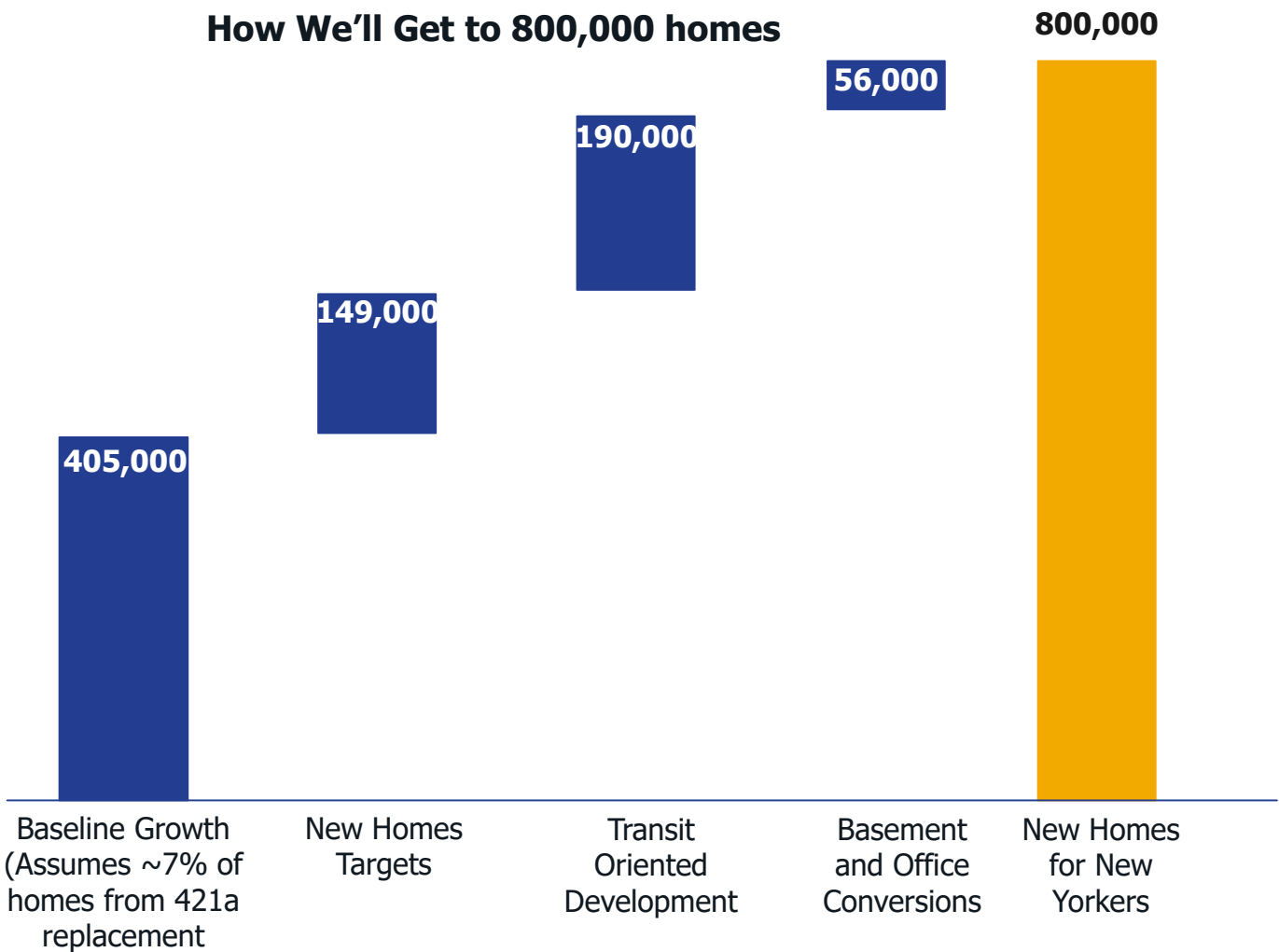
Image: NYC HPD Basement Apartment Conversion Program

Create incentives for housing production throughout the state

The proposed tax incentive programs include:

- Modify PILOT rules through regulations so that residential PILOTS do not count negatively towards the tax cap
- Authorize property tax exemptions outside NYC to incentivize affordable housing
- Authorize property tax exemptions specifically for ADUs (similar to existing home improvement exemption)
- Incentivizing affordable units in commercial conversions in NYC
- Authorize exemption for capital investments to existing affordable residential buildings in NYC

New Yorkers agree that implementing the strategies in the Compact is the right thing for New York and our families



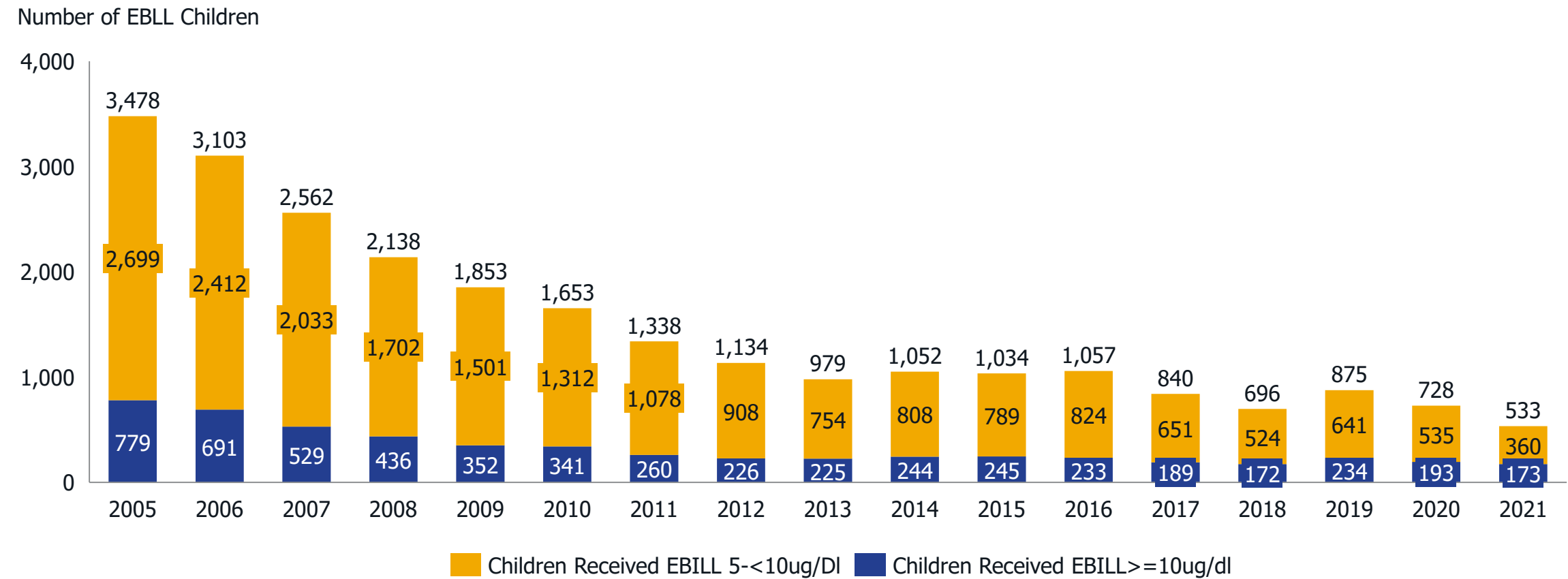
Recent polling found that 74% of likely voters support reforming housing approvals, 67% of likely voters support transit oriented development, and 65% of likely voters support implementing new homes targets.

Stabilizing Communities

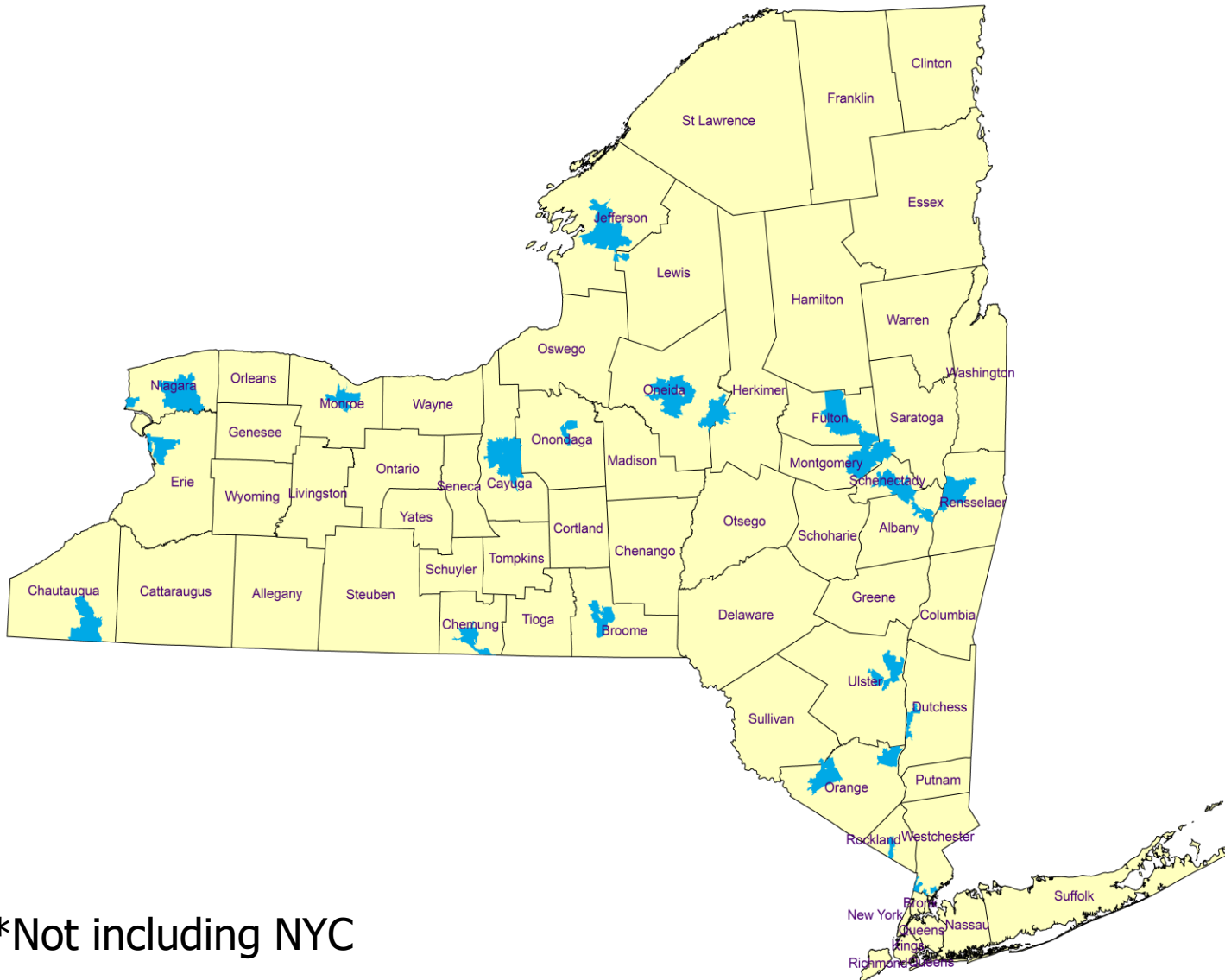
Comprehensive Lead Poisoning Prevention Initiative

- Building on a successful model that reduced the number of children with elevated blood lead levels in Rochester, the new program to eliminate lead paint poisoning will expand to the 24 highest risk municipalities across the state
- Require two-family and multi-family rental units built before 1980 in high-risk areas to verify lead safety through a lead risk assessment every three years, tracked in a comprehensive rental registry maintained by local health departments
- Landlord assistance for required risk assessments and remediation of lead hazards will be made available via grants

The Rochester Lead Prevention Program has delivered 6.5-fold drop in the number of children with elevated blood lead levels



The initiative will focus on the 24 municipalities identified as highest risk from age of housing and socioeconomic factors



High-risk municipalities

Albany
Amsterdam
Auburn
Binghamton
Buffalo
Cheektowaga
Elmira
Jamestown
Kingston
Middletown
Mount Vernon
Newburgh

New Rochelle
Niagara Falls
Poughkeepsie
Rochester
Rome
Schenectady
Spring Valley
Syracuse
Troy
Utica
Watertown
Yonkers

*Not including NYC

Empower local governments to stabilize communities by addressing vacant properties

- As part of HCR's 5-year housing plan, we allocated **\$50M** to support **land banks** throughout the state, providing additional opportunities for local organizations to actively support neighborhood revitalization efforts
- As raised by local leaders, particularly in rural areas, the budget includes a proposal to add flexibility to local governments' ability to **reclaim abandoned residential properties** (19A update)
- The updated tools help localities take ownership of dangerous properties by clarifying and streamlining key processes to certify that vacant residences have been abandoned



Albany County Land Bank Before and After

Provide home repair funds in areas with high concentrations of low-income homeowners of color

- Modeled on the Buffalo East Homeownership Improvement Program
- The Homeowner Stabilization Fund will target 10 communities with high levels of low-income homeowners of color and high levels of homeowner distress
- The initiative's goal is to stabilize both homeowners and neighborhoods, increasing property values, preserving equity and promoting generational wealth building
- Localities would partner with local non-profits to provide grant assistance to individual homeowners to undertake repairs on their homes
- The fund would provide improvements and stabilization of up to 200 homes per community

Expand HCR's Tenant Protection Unit

- The Housing Stability and Tenant Protection Act (HSTPA) of 2019 enacted tenant protections for nearly 85,000 households in nearly 1,800 manufactured home parks, including via authorization of municipalities to opt into the Emergency Tenant Protection Act and implement rent stabilization for additional tenants
- Expanding the TPU unit to have on the ground capacity upstate will help the tenants in manufactured housing parks advocate for their rights, as well as improve access to grants available for farmworker housing
- Staff would be available for towns seeking to opt into the HSTPA, and publicize and advise on the farmworker housing programs

Now is the time for action for a better future for NY



New Rochelle, NY



Patchogue, NY

400,000
families
housed
1.2M
new jobs

Last decade



800,000
families
(seniors,
children,
young
adults)
housed

Millions
more
new jobs

NY's next decade



Farmingdale, NY



Buffalo, NY