

Summary: New Housing Policies in the 2025 NY State Budget



Below is a summary of the new housing policies and regulations included in New York State's FY 2025 Budget:

REGULATION	BEFORE NY STATE BUDGET	2025 NY STATE BUDGET CHANGES
Vested 421-a Development Sites (Any development site with a "Commencement Date" on or before June 15, 2022)	Must complete construction by June 15, 2026 to qualify for tax benefits.	Extends completion date for 421-a vested development sites (excluding 421-a Options C & G) to June 15, 2031. Options C and G must be completed by June 15, 2026.
485-x Tax Exemption	No as-of-right tax exemption for developers following expiration of 421-a program in June 2022.	<p>"The new program has 5 different options with all developments over 100 units including new wage requirements.</p> <ul style="list-style-type: none"> - Project with 6 - 99 units: 20% of units at 80% of AMI (35-year exemption w/ final 10 years at percent of affordable units in building) - Project with 100 - 149 units: 25% of units at 80% of AMI (35-year exemption) - Project with 150+ units: 25% of units at 60% of AMI (40-year exemption) - Projects outside Manhattan less than 12.5K Sq. Ft. and have 6 - 11 units: must make at least 50% of units rent-stabilized (eligible for 10-year tax exemption) - Homeownership: 100% units have initial average assessed value of \$89/sf (20-year exemption w/ final 10 years at 25%)"
Office-to-Residential Conversion Tax Exemption	No citywide tax exemption for conversion of office space to residential. Previously, 421-g tax exemption between 1995 and 2006 (construction completed by 2013) helped facilitate conversions in designated areas of Lower Manhattan that fit within residential zoning requirements; did not require levels of affordability.	<p>Conversions using new 467-m tax exemption will require 25% of units to be rented at a weighted average of 80% of AMI (includes 5% of units at 40% of AMI). In Manhattan (below 96th Street) tax savings would be 90% of tax bill, whereas outside of area tax savings would be 65% of tax bill. Length of tax exemption determined by commencement date:</p> <ul style="list-style-type: none"> - Projects that commence before July 1, 2026: 35-year benefit - Projects that commence before July 1, 2028: 30-year benefit - Projects that commence before July 1, 2031: 25-year benefit
Density Changes (Lifting the FAR Cap)	FAR cap limited residential space to at most 12 times lot size.	Lifting cap does not automatically allow larger apartment buildings, but allows city to rezone for them. Adams administration aims to create 2 residential districts with a FAR of 15 and 18. A rezoning would trigger the Mandatory Inclusionary Housing law.
Individual Apartment Improvements (IAIs)	Caps IAI spending at \$15,000 over 15-year period limited to 3 IAIs. Increases shall be 1/168 for buildings with 35 units or less or 1/180 for buildings with more than 35 units, for a period of 30 years.	Makes IAI increases permanent and caps improvement costs at \$30,000. Increases for buildings with 35 units or less 1/144 of repair costs; 1/156 if building larger. If unit was either occupied continuously for 25 years or registered as vacant in 2022, 2023, and 2024, allowed improvement costs rise to \$50,000. Then the IAI rent increases would be 1/168 if 35 units or under and 1/180 if over 35 units.
Good Cause Eviction		<p>"Free market apartments that are not exempt, can have a tenant challenge rent increases if it exceeds whichever is less between 10% and 5% plus the CPI (Currently 3.4% in New York-Newark-Jersey City).</p> <p>Exemptions Include:</p> <ul style="list-style-type: none"> - Buildings constructed in 2009 or later: Exempt from good cause for 30 years from the time of completion. - Units Rented at/above 245% of Fair Market Rents: Good cause will not apply to units renting above 245% of fair-market rent (which is equivalent to \$5,800 for a studio). - Small Portfolio Owned: Owners with no more than 10 units in New York State. - Small Owner-Occupied: Owner-occupied buildings with 10 or fewer apartments. - Condos/Co-ops - Rent-stabilized units - Affordable housing units: Units within a housing accommodation where such unit(s) must be affordable to tenants at specific income level pursuant to statute, regulation, restrictive declaration, or regulatory agreement with a local, state, or federal government entity (i.e. LIHTC programs)"