

## **Summary of real estate and tax-related proposals included in Governor Hochul's 2022 State of the State Address**

On Wednesday, January 5, 2022, Governor Kathy Hochul gave her first State of the State address in Albany, outlining her legislative agenda for 2022. The day also marked the beginning of the legislative session, which runs through mid-June. Governor Hochul's address focused primarily on public health and the ongoing impacts the COVID pandemic has had on many aspects of life including the economy, housing and health care to name a few. Regarding housing, the governor stated that the state's housing shortage is largely the result of outdated laws, programs, and land use barriers that prevent the development of new housing. The governor outlined a number of initiatives and proposals which will be considered by the State Legislature throughout the legislative session and state budget negotiations. The following proposals have been highlighted as they deal with housing and tax policy:

### **Expanding the state's housing supply**

- Encouraging the development of additional housing in areas with high need and capacity, especially in areas near public transportation, that incentivize the creation of affordable rental housing; and that allow for flexible conversions of existing commercial spaces into residential housing.
- Encouraging the creation of accessory dwelling units (ADUs) by proposing legislation to require municipalities to allow a minimum of one ADU on owner-occupied residentially zoned lots and legalizing existing ADUs in New York City pending certain building code requirements.
- Easing restrictions on converting hotels and commercial space into residential housing

### **Prohibiting landlords from automatically rejecting tenants based on credit score and criminal history**

- Prohibiting landlords from automatically denying applicants on the basis of credit history or score if the applicant can demonstrate certain aspects of financial stability.
- Prohibiting landlords from automatically denying applicants on the basis of criminal history, requiring housing providers to conduct individualized assessments of a conviction and evidence of rehabilitation while ensuring the safety and welfare of existing residents.
- Creating the Eviction Prevention Legal Assistance Program to provide free legal assistance to upstate New York renters who cannot afford counsel and expand the state's Fair Housing Testing Program to allow counties to respond to complaints and conduct testing.

### **Requiring the electrification of homes**

- Committing to a minimum 1 million electrified homes and up to 1 million electrification-ready homes by 2030.

- Requiring zero on-site greenhouse gas emissions for new construction by 2027 and updating the state’s building codes to reflect that goal.
- Mandating energy benchmarking for large buildings

### **Establishing a \$25 billion 5-year housing plan**

- Initiating a new \$25 billion five-year Housing Plan to create and preserve 100,000 affordable homes in both urban and rural communities, including 10,000 homes with support services for vulnerable populations, and electrify an additional 50,000 homes as part of the State’s plan to electrify 1 million homes and make another 1 million electrification-ready.
- Creating and preserve 100,000 low-income rental and co-operative housing units in both urban and rural communities

### **Improving the Brownfield Cleanup Program (BCP) and promote redevelopment**

- Expanding the property tax credit eligibility for some disadvantaged and low-income communities, as well as renewable energy facility sites, in an effort to focus BCP driven redevelopment.
- Expanding the Brownfield Opportunity Area (BOA) program to allow for funds to be used for more pre-development activities, including demolition, asbestos removal, site preparation, legal and financial services, renewable energy feasibility studies, and impact analyses.

### **Providing middle-class and small business tax relief**

- Creating a \$1 billion state property tax rebate program for middle- and low-income households for 2022, projected to impact 2 million New Yorkers.
- Increase the tax return adjustment (or subtraction modification) to reduce a small business’ gross taxable income by raising the threshold for qualifying taxpayers to include those entities with a gross income of up to \$1.5 million. Current law allows for a 5 percent subtraction modification for sole proprietorships with incomes of less than \$250,000.
- Accelerating the timeline for New York State’s middle-class tax cuts originally passed in 2018 and scheduled to be fully phased in by 2025. Governor Hochul proposes to fully phase in the tax cut by 2023.

### **Creating pilot program for transitional housing for post-incarcerated individuals**

- Leveraging residential treatment facilities set up to provide parolees with stable housing for 90 days as they pursue a job and a permanent home. Once a parolee successfully secures an approved housing location, the head of that location would be eligible to receive a temporary stipend to help offset household costs for a 12- week period.

### **Increasing broadband access and investment**

- Creating a new statewide ConnectALL office to direct efforts and \$1 billion in state, federal and private investment funds to expand broadband access and affordability throughout the state. Initiatives include creating a broadband assessment and interactive map detailing availability, and providing infrastructure and planning grants to municipalities to support expanding access to broadband, particularly in rural areas.
- Utilizing federal Infrastructure Investment and Jobs Act (IIJA) funds approved by Congress in November 2021 to provide a \$30 a month broadband subsidy for low-income households.

**Enacting a 2-term limit and ban on outside income for statewide elected officials (excludes the Legislature)**