

## 2024-25 Executive Budget Proposal Summary

On January 16, Governor Kathy Hochul presented her [FY 2024-25 Executive Budget proposal](#), which begins the state budget negotiation process leading up to the April 1, 2024 budget deadline. Governor Hochul proposed a \$233 billion budget that does not include any personal income or business tax increases. Some of the largest cost factors in this year's budget include Education (\$35 billion, including an increase of \$921 million), Medicaid funding (\$40 billion, including 11% growth at an additional \$3 billion) and costs to continue to support migrant sheltering and services (additional \$2 billion).

The Governor's plan to boost housing development in New York includes incentivizing municipalities to opt into the state's recently created Pro-Housing Community Program certification. In order to receive such certification, municipalities must show commitment to increasing their housing stock and identifying impediments to housing growth. Only municipalities that receive the Pro-Housing certification would be eligible for certain state funding from a cumulative allotment of up to \$650 million.

The Governor did not include any "good cause" eviction provisions in her Executive Budget. Over the next several weeks, the State Legislature will release their versions of a state budget setting a baseline for budget negotiations with an expected final agreement around the April 1, 2024 fiscal deadline.

A summary of real-estate related proposals from the Executive Budget can be found below.

### **Increase the Housing Supply**

The FY 2025 Executive Budget seeks to take steps to add housing, remove barriers to development, and encourage local governments to pursue smart, sustainable growth strategies.

- *Develop Housing on State Property*  
The FY 2025 Executive Budget makes available \$250 million as the first installment of \$500 million dedicated capital under the management of ESD to support improvements and repurposing of state properties (former correctional facilities for example) for housing development.
- *Prioritize State Funding to Pro-Housing Certified Communities*  
The Executive Budget encourages participation in the recently enacted "Pro-Housing" Communities Program by making the pro-housing designation a requirement to receive certain state discretionary funding from a pool of \$650 million from various state programs.
- *Preserve and Expand NYC Housing Development*  
The Executive Budget puts forth legislation specific to NYC to reverse state law that restricts maximum density of residential floor area, bolster local tax incentives to allow for affordable housing in office-to-residential conversions, and authorize the NYC to create a pathway to legalize basement apartments. The Executive Budget also authorizes a new residential construction tax incentive in NYC and extends the completion deadline for the expired 421-a tax abatement.
- *Addressing Section 8 Discrimination and Deed Theft*

The Executive Budget will direct the Division of Human Rights to strengthen efforts to enforce state law prohibiting a housing provider or a real estate professional from discriminating against an individual seeking housing because of their use of a Section 8 Housing Choice Voucher. The Executive Budget will also prohibit insurance companies from refusing to cover affordable housing and ensure safeguarding against deed theft and other real property fraud.

- *Continue Progress on Five-Year Housing Plan*

The Executive Budget continues a \$25 billion, five-year housing plan to create and preserve 100,000 affordable homes, 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. Funding includes \$5.7 billion in State capital resources, \$8.8 billion in State and Federal tax credits and other Federal allocations, and \$11 billion to support the operation of shelters and supportive housing units and to provide rental subsidies. Additionally, the FY 2025 Executive Budget establishes a \$500 million fund to support infrastructure upgrades on State sites and properties that could be repurposed to create up to 15,000 units of housing.

- *Strengthen Storm Resiliency*

The Executive Budget dedicates \$40 million for the Resilient and Ready Fund to anticipate and respond to emergencies through rapid home repairs and permanent retrofits; and advances the Blue Buffers Buyout Program to encourage voluntary home buyouts in areas most prone to flooding.

### **Modernize Tax Law to Include the Vacation Rental Industry**

Under the Executive Budget, any vacation rental marketplace provider that facilitates the occupancy of a vacation rental will be responsible for collecting and remitting the State and local sales taxes, in addition to the NYC hotel unit fee.

### **Return Tax Foreclosure Surplus to Property Owner**

To implement the Supreme Court's holding, the Executive Budget provides that when a tax delinquent property is foreclosed upon by the county and sold, any money the county receives that exceeds the liability amount (e.g., overdue taxes, penalties, interest, mortgage liens, etc.) will be returned to the property owner or lienors.