

## Summary of Housing-Related Provisions in the Enacted 2024-25 State Budget

### Statewide:

- Sets aside \$650 million in discretionary funds for municipalities designated as “Pro-Housing Communities.”
- Provides \$500 million in capital funding towards development of up to 15,000 housing units on state-owned land.
- Defines “squatters” and excludes them from the definition of a tenant.
- Establishes an optional local tax exemption for newly-constructed or converted rental multiple dwellings.
  - Allows cities, towns and villages to exempt from local taxation new or converted rental multiple dwellings in a designated benefit area through local law.
  - Applies to buildings of 10 or more units where 25 percent of units are set aside for those with incomes of 60-80 percent of the area-median income (AMI) and 100 percent of the AMI upon vacancy.
  - Any building service employees in these rentals must receive a prevailing wage.
  - Greater tax exemption status is allowed for building projects where all units are rent restricted to 60-80 percent of the AMI.
- Provides an optional local tax incentive for the construction of an accessory dwelling unit (ADU).
  - Allows a county, city, town or village, through local law or resolution to exempt for a period of 5 years up to 100 percent of the increase in assessed value (up to \$200,000) resulting from the construction of an ADU, with a tiered exemption for an additional 5 years thereafter.
- Establishes the New York housing for the future homeownership program and rental housing program.
  - The state Division of Housing and Community Renewal will direct funds, grants and loans to construct and form limited equity cooperative housing and permanent income-limited rental housing (up to 130 percent of the AMI) on land that is state-owned, municipally-owned, or owned by a community land trust or not-for-profit corporation.
- Protects homeowners from deed theft.
  - Defines and adds deed theft as a felony offense and allows the Attorney General to prosecute. Also establishes the process of deed transfer on death.
- Prohibits an insurer which covers loss or damage to residential real property or legal liability of an owner of such real property, from inquiring about on an application whether a building contains affordable housing units, the receipt of rental assistance, source of income of the tenants, or whether it is owned by a limited-equity cooperative. Insurers are also prohibited from cancelling, refusing to issue, or refusing to renew a policy, or restrict coverage based on the aforementioned factors.
- Establishes a process for the return of surplus proceeds to a property owner when a tax delinquent property goes through foreclosure.
  - Creates a homeowner bill of rights related to tax foreclosure proceedings.
  - Requires tax district to provide a warning notice to homeowner when a foreclosure proceeding begins.

- Allows governing body of a tax district to enact a local law permitting property owner to cure a tax delinquency via a repayment plan of no more than 36 months, if the tax amount owed is \$500 - \$30,000.
- Requires notice of homeowner counseling programs be distributed to property owner with every warning notice of foreclosure proceeding beginning or notice of unpaid taxes.
- The State Budget **omits** any language included in the proposed Home Energy Affordable Transition (HEAT) Act or Affordable Gas Transition Act which sought to remove consumer rights to gas service and expand powers of the state Public Service Commission to remove existing and new gas service.

#### “Good cause” Eviction implementation

- Set to expire June 15, 2034.
- Applies to New York City with the option for cities, towns and villages to adopt through its local legislative body. If adopted by a locality outside of New York City, such locality may:
  - Set its own standard for exemptions of units based on the monthly rent amount above a percentage of fair market rent (according to HUD) and what qualifies as a “small landlord” in relation to the number of units held.
- Defines “reasonable” rent increase as an annual rent increase of 5 percent plus CPI, or 10 percent, whichever is lower.
- Allows for eviction proceedings in cases of:
  - Non-payment of rent if rent increases are “reasonable,” meaning they do not exceed 5 percent plus CPI, or 10 percent, whichever is lower.
    - In cases of a tenant challenging an eviction based on “unreasonable” rent, the court must consider the landlord’s property taxes and any recent increases, and may consider fuel and utility costs, insurance, and maintenance, among other factors.
  - A tenant is violating a substantial obligation of their tenancy and fails to cure such violation after written notice.
  - A tenant is committing or permitting a nuisance, causes substantial damage, or their conduct is interfering with the comfort and safety of the landlord, tenants or neighbors.
  - Occupancy by the tenant is in violation of the law and causes civil or criminal penalties to the landlord.
  - A tenant is using the unit for illegal purposes.
  - A tenant unreasonably refuses the landlord access for the purpose of repairs or showing the unit to a prospective purchaser.
  - A landlord seeks in good faith to recover possession for personal use as principal residence or for that of a family member if the tenant is under the age of 65.
  - A landlord seeks in good faith to demolish the unit.
  - A landlord seeks in good faith to withdraw the unit from the rental market.

- A tenant fails to agree to reasonable changes to a lease at renewal, including “reasonable” rent increases provided in written notice within 30-90 days prior to renewal.
- Excludes “squatters” from the definition of a “tenant.”
- Exemptions to the law include:
  - Owner-occupied buildings with 10 units or less and “small landlords” defined as a landlord of no more than 10 units statewide.
  - Units where the monthly rent is 245 percent or more of fair market rent.
  - Units that are sublets where the sublessor seeks in good faith to recover possession for their own personal use.
  - Units where occupancy is solely for employment and such employment is legally terminated.
  - Units already subject to state, local or federal rent-stabilization or rent-control regulations or laws.
  - Units within a condo or coop; units of seasonal use; units of continuing care retirement communities, assisted living, and adult care facilities; manufactured homes; hotel rooms; school dormitories; religious facilities.
- Provide a 30-year exemption for new construction, beginning with buildings built in 2009.
- Requires landlords to provide a new written notice form (provided in Real Property Law Section 231-c) to tenants at lease renewal when increasing rent 5 percent or greater, or when a landlord does not intend to renew the tenancy.
- Effective immediately, except for provisions of the new written notice form, which is effective on August 18, 2024.

### New York City

- Creates a new 485x tax abatement for construction of affordable housing (replaces the expired 421a tax abatement program for the construction of affordable housing).
- Extends for 6 years the expired 421a incentive for vested projects that began between 12/31/2015 and 6/15/2022 and to completed before 6/15/31.
- Allows NYC to increase the floor area ration (FAR) of certain residential dwellings to increase density from its current 12:1.
- Allows NYC to adopt a pilot program to legalize basement dwellings through conversion to legal dwellings only in certain community districts within the Bronx, Brooklyn, Manhattan and Queens.
  - Provides a landlord accepted into the program freedom from civil or administrative liability, fines or penalties.
- Raises the cap on rent increases for individual apartment improvements (IAIs) in rent regulated buildings (recoverable costs of up to \$30,000 over 15 years if a tenant was in place and provided written consent of the improvement; and recoverable costs of up to \$50,000 over 15 years if the unit was vacant). This is an increase over past law capping IAIs at \$15,000 over 15 years.
- Provides a tiered real property tax incentive benefit in NYC for the conversion of eligible commercial space into affordable housing.