Governor's Executive Budget Summary (State Fiscal Year 2026-27)

On Tuesday, January 20, Governor Kathy Hochul presented the FY 2026-27 Executive Budget proposal. The $260 billion proposed state budget increases overall spending 0.7 percent over last year's budget, which includes an 11.4 percent decrease ($10.35 billion) in federal funding, and a 5.7 percent increase ($8.55 billion) in state operating funds spending. The Executive Budget does not propose any new income or business tax increases; however, the budget proposes to extend for 3 years the corporate franchise tax on business with more than $5 million in annual income.

Governor Hochul's Executive Budget continued to emphasize affordability and supporting New York families. The proposed budget commits $250 million in capital funding for affordable housing development (part of the state's $25 billion housing plan launched in 2022), $50 million for the development of modular and starter homes, and Article VII language to promote more housing construction by reforming the State Environmental Quality Reform Act (SEQRA). The budget also proposes $1.7 billion in new investments for childcare across the State, an additional $1.6 billion for school aid, and an additional $886.9 million for aid to counties, cities, towns and villages.

The release of the Governor's budget formally begins the state budget negotiation process between the Governor and State Legislature with a final plan due by April 1, 2026. The Senate and Assembly will release their respective budget proposals in the coming weeks. A summary of relevant proposals included in Governor Hochul's Executive Budget can be found below.

Housing & Real Estate Related Proposals

- **State Environmental Quality Review Act Reform:** The Executive Budget proposes to implement reforms to the State Environmental Quality Review Act (SEQRA), allowing for housing, infrastructure, and other projects that meet specific criteria to be built more expeditiously throughout the State.
- **Accelerate Low Income Housing Construction**: The Executive Budget invests $250 million in new capital to accelerate housing construction.
- **Innovative Approaches to Building Homes**: The Budget provides an additional $100 million in State capital for the MOVE-IN NY homes program to bolster innovation in emerging factory-built and modular construction technologies. This investment is expected to help construct thousands of new housing units throughout the State.
- **Manufactured Homes Park Improvement Revolving Loan Fund:** The Executive Budget will create a new revolving loan fund to support continued investment in the improvement of manufactured home parks.
- **Resilient and Ready:** The Executive Budget provides an additional $50 million in capital funding to support resiliency efforts for low-and moderate-income homeowners.

- **Lead Abatement**: The Budget provides an additional $20 million in capital funding to assist landlords in meeting lead remediation requirements to protect tenants.
- **Fair Housing Testing:** The Budget provides a new $2 million in local assistance funding to protect against discriminatory housing practices.
- **Upstate Tenant Protection Unit:** The Budget provides an additional $402,000 in funding to support the continued work of the Upstate Tenant Protection Units.
- **Tenant Protections from Pervasive Harassment:** The Budget includes legislation that will stiffen criminal penalties for landlords who engage in systematic harassment of rent regulated tenants across multiple buildings, as well as repeat serious offenders of existing anti-harassment laws.
- **J-51 Tax Incentive Reform:** The Executive Budget includes legislation to overhaul the J-51 tax incentive to better support capital repairs for New York City's rent-stabilized housing stock.
- **Increase the Number of Land Banks Allowed in the State:** This would increase the maximum number from 35 to 45 to help redevelop blighted and abandoned properties.
- **Preserve & Improve More Rent-Regulated Housing:** This would provide an annual tax abatement for up to 20 years on eligible rent-regulated housing in New York City.
- **Activate Underutilized Prison Sites in Northern New York:** This would allow 3 correctional facilities in Essex, Franklin and Saratoga counties to be utilized for housing, environmental or economic reasons, in exchange for land being conveyed to the state for preservation within the Adirondack Park region.

Other Relevant Executive Budget Proposals

- **Extend Transfer Tax Rates for Qualifying Real Estate Investment Trusts (REITs):** This proposal would extend reduced transfer tax rates on REITs for 3 years.
- **Affordable Utilities Omnibus Legislation:** This would direct the Public Service Commission (PSC) to tie executive compensation at utilities to performance-based targets that include energy affordability measures
- **Modernize Utility Rate Regulation to Protect Consumers:** This would increase the amount of time for PSC review of rate increase cases from 11 to 15 months, in order to provide for a more thorough review by the PSC.
- **Mitigate Energy Cost Burden:** This would require utilities to submit annually an energy affordability index and allow for independent utility affordability monitors.
- **Protect Tenants from Unfair Utility Shutoffs:** This would eliminate the practice of utility service shutoffs when a landlord fails to pay utility bills and allow utility companies to place a lien against the landlord in these instances.

- **Automatic Property Insurance Premium Reduction:** This would require insurers to offer discounted premiums to residential & commercial property owners who make property improvements that contribute to the safety & security of the insured structures.
- **Reduce Unnecessary Litigation for Auto Insurers:** This would address the rising costs of auto insurance by reducing unnecessary litigation and ensuring that bad actors and those who are primarily responsible for causing auto accidents are precluded from collecting excessive non-economic damages, while also ensuring that victims of auto accidents are adequately compensated for their losses.
- **Strengthen Insurer Anti-Fraud Claims:** This would extend the period an insurer has to report suspected fraud to the Department of Financial Services from 30 to 60 days and would clarify the right of an insurer to deny a claim or assert a defense after the 30-day payment requirement when fraud is suspected.