



BLOG | HOUSING

# Building the Housing We Need

## State Proposes Cost-Effective Strategies to Boost Production, Increase Affordability

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As part of the Fiscal Year 2024 Executive Budget, Governor Kathy Hochul proposed a package of bills intended to double New York’s housing production rate to create 800,000 new units over the next decade. For years, New York has failed to create enough new units of housing to keep up with rising demand, with per capita housing production that has lagged far behind its peers.

The Citizens Budget Commission (CBC) supports the proposals to plan and zone for growth. They are in line with CBC’s extensive work on housing and land use, referenced below, which finds these approaches would significantly boost production and, importantly, increase affordability to ensure New York remains an attractive place to live and work.

Importantly, this package does not require significant public spending to address the housing development crisis; instead, it smartly removes barriers to production and provides targeted incentives.

The Governor’s proposals would boost production primarily by requiring local governments to plan and zone for growth by a) requiring them to either meet production targets or allow streamlined development (the “Housing Compact,”) and b) rezone for transit-oriented development. Crucially, these actions would be exempt from costly and time-consuming environmental reviews.

The proposals also include regulatory fixes needed to maximize production potential, such as: creating a path to legalize New York City basement apartments; lifting the floor area ratio (FAR) cap on new development and modifying the cap for commercial conversions; providing a tax incentive for conversion of offices to mixed-income rentals; and extending the construction completion deadline for active 421-a projects.

CBC's in-depth work provides a useful guide to the causes of and solutions to the housing shortage. Critical background, findings, and recommendations are contained in:

- [Strategies to Increase Housing Production in the New York City Metropolitan Area](#) gave evidence of New York's underproduction, identified its root causes, and recommended solutions in line with Governor Hochul's Housing Compact;
- [Improving New York City's Land Use Review Process](#) explains why New York State's outdated environmental review laws make the rezonings needed to build more housing so costly, contentious, risky, and time consuming; and
- [The Potential for Office-to-Residential Conversions: Lessons from 421-g](#) shows why regulatory relief is needed to facilitate conversions, and why an incentive may be necessary for mixed-income rental conversions.

CBC's reports and testimony on related and essential housing issues includes:

- Analysis showing that a tax incentive successor to 421-a is needed to make rental housing development [financially feasible](#), given New York City's high construction costs and property taxes;
- [Testimony](#) on why good cause legislation should balance the ability to maintain existing housing and encourage new development with appropriate tenant protections;
- Analyses of the New York City Housing Authority's [operating challenges](#) and the origins of its [extensive capital needs](#);
- A profile of [rent burdened households](#) from the 2017 Housing and Vacancy Survey; and
- The impact of [rent regulation](#) on affordability and building conditions.

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