



NEW YORK STATE SENATOR

Brian Kavanagh

## Sen. Kavanagh, AMs Lee and Elected Officials Rally with Mitchell-Lama Residents to Cut Onerous ‘Shelter Rent’ Tax in State Budget

BRIAN KAVANAGH April 4, 2025



### Advocates, Residents Rally Behind Proposal to Reduce Burden on Affordable Housing

*New York, NY* – State Senator Brian Kavanagh and Assemblymember Grace Lee held a press conference in Lower Manhattan today, alongside Senator Brad Hoylman-Sigal, Assemblymember Harvey Epstein, residents of Mitchell-Lama housing and advocates for housing affordability, to push to ensure a critical tax reduction is included in the final State budget. The proposal would cut the Mitchell-Lama “shelter rent tax” in New York City in half and would permit other localities throughout the state to do the same, providing much-

needed relief for affordable housing residents.

The Mitchell-Lama program provides affordable rental and co-op housing to moderate- and middle-income New Yorkers. Mitchell-Lama developments pay a tax on their revenue (“shelter rent”) in lieu of property taxes, which contributes to their overall operating costs. Reducing the tax from 10% of shelter rent to 5% will save buildings hundreds of thousands of dollars, helping to fund repairs and keep these developments affordable.

Mitchell-Lama’s in Lower Manhattan would save roughly the following amounts, based on FY2023 numbers:

- Masaryk Towers - \$554,755
- Gouverneur Gardens - \$295,063.5
- Confucius Plaza - \$186,835.5
- Village East Towers - \$197,561.5
- Village View - \$504,798.5
- Washington Square Southeast - \$106,046.5

In addition, Senator Kavanagh and Assemblymember Micah Lasher have introduced legislation ([S5662/A6654](#)) co-sponsored by Assemblymember Lee, that would eliminate the shelter rent tax entirely in New York City, putting Mitchell-Lama housing on par with many other affordable housing developments that are exempt from taxes to support their maintenance and affordability.

“The Mitchell-Lama program has been a lifeline for moderate income and middle-class New Yorkers for decades, but the 10% shelter rent tax on these affordable units places an unfair

burden on residents and housing providers,” said **Senator Kavanagh, who represents Lower Manhattan and chairs the Housing Committee**. “Reducing this tax, and perhaps ultimately eliminating it entirely, will help keep housing costs stable, preserve affordability, and ensure these vital homes remain accessible for the people who built our communities and make them thrive. With rising costs threatening affordability, now is the time to act. The Governor, Senate and Assembly have all expressed support for reducing this tax. I thank Assemblymembers Lee, Epstein, Glick, and Lasher, and Assembly Housing Chair Rosenthal for their partnership on this. We urge our colleagues in Albany: Let’s get this done!”

“Our Mitchell-Lama developments are struggling to stay affordable as rising costs make it harder to maintain and operate these buildings,” **said Assemblymember Grace Lee**. “By cutting the shelter rent tax in half, our proposal will provide significant financial relief, allowing buildings to reinvest hundreds of thousands of dollars into necessary repairs and long-term sustainability. We must get this done in this year’s budget.”

"As Chair of the Assembly's Housing Committee, I was proud to help champion this proposal in our state budget to reduce the tax burden on Mitchell-Lama developments, one of our state's most vital affordable housing stocks," **said Assemblymember Linda B. Rosenthal (D/WF - Manhattan)**. "Reducing the shelter rent tax that developments must pay each year is a simple change we can make to help stabilize developments and preserve these homes for years to come. For years, I have fought to protect the Mitchell-Lama program and its residents and I will continue that work to ensure our final budget meets their growing needs. In addition to the shelter rent tax proposal, I worked to secure a sizable increase in capital funding to \$750,000 million in the Assembly's one-house budget to help address the urgent need for repairs across the state's Mitchell-Lama developments. As budget negotiations carry on, I will continue to advocate for the needs of our Mitchell-Lama developments to ensure that these homes remain safe and affordable."

“Mitchell Lamas are a critical source of affordable housing for middle-income New Yorkers,” said **Assembly Member Harvey Epstein**. “We must ease the financial strain on these buildings and cutting the shelter tax is a simple way to make this possible.”

**Assemblymember Micah Lasher said:** “Mitchell-Lama housing is part of what makes the West Side such a special place, but too many of these buildings are under enormous financial strain. I strongly support Governor Hochul's proposal to reduce the shelter rent tax on Mitchell-Lamas, and am grateful to Senator Brian Kavanagh and Assemblymember Grace Lee for rallying us together to help make sure it happens in the final budget. I am also proud to sponsor legislation, together with Senator Kavanagh, to fully eliminate the shelter rent tax for Mitchell-Lama buildings, and hope that this year's budget will be the first step on the path to making our bill the law.”

“Lower East Side co-op Gouverneur Gardens strongly supports the efforts of our representatives Senator Kavanagh, Assemblymember Lee, and others to increase affordability by reducing financial burdens on our Mitchell Lama affordable housing developments. 71% of our 1,500 residents live in low income households and cannot afford the double-digit carrying charge increases necessary to keep up with the skyrocketing utility costs and insurance costs that have doubled in the past few years,” said **Samuel Moskowitz, President of the Board at Gouverneur Gardens**.

“The Washington Square Southeast Apartments Board of Directors strongly supports the proposed shelter rent reduction. Lowering the rate from 10% to 5% is a meaningful step toward preserving affordability for Mitchell-Lama residents and ensuring the long-term stability of our developments. We thank Governor Hochul, Senator Kavanagh, Assembly Member Grace Lee, and all those advocating for this critical measure,” said **Keith Torjusen, President of the Board at Washington Square Southeast**.

“Many Mitchell-Lama cooperatives are struggling with rising costs – everything from insurance to utility bills. Having this more favorable tax calculation will definitely help Mitchell-Lama boards balance their budgets,” said **Richard Heitler, Treasurer of the Board at Village East Towers.**

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