

REBNY Testimony | February 27, 2025

The Real Estate Board of New York to Joint Legislative Public Hearing on 2025 Executive Budget Proposal: Housing

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate. REBNY appreciates the opportunity to provide testimony on the Executive Budget proposals regarding New York City's housing needs.

New York City is in the throes of a housing crisis driven by a severe lack of new production and an insufficient supply of affordable housing needed to meet the City's diverse socioeconomic needs. Recognizing this reality, the Mayor and Governor set a goal of 500,000 new units by 2032 as part of their "New" New York Plan Report, [Making New York Work for Everyone](#) in New York City. Reaching this goal would require a significant increase in housing production over historic levels, equal to about 50,000 new units annually. More than two years later, we are still far from that level of production. According to REBNY's most recent [Construction Pipeline Report](#), in Q4 2024 there were 4,309 proposed dwelling units spread across 97 proposed multiple dwelling buildings, significantly short of the 12,500 units per quarter required to meet the 500,000-unit goal over the next decade.

REBNY was pleased to see the efforts made in the FY 2024-25 budget to address some of the critical housing supply challenges our State is grappling with. Importantly, the approved budget included a six-year completion deadline extension of the 421-a program for vested projects to move forward, preserving the creation of 36,000 units. In addition, the budget lifted the 12 FAR cap so that the City can pursue local zoning changes to increase density and apartment production and created a new 467-m tax incentive that will support office-to-residential conversions – all of which will begin to help us address our State's housing affordability crisis.

The budget also enacted 485-x as a replacement tool for multifamily mixed income construction. However, affordable rents mandated as part of this program are below the cost of operating the units, significantly increasing construction labor costs within the defined wage zones. This is going to make it exceedingly difficult to have 485-x keep pace with the production levels of 421-a, much less support the higher production levels necessary to achieve the 500,000-moonshot goal.

Local efforts are also underway in New York City to address the housing supply crisis. In December, the City Council adopted the [City of Yes for Housing Opportunity](#) proposal, which updates outdated zoning

laws to allow for more housing across all five boroughs, projecting the creation of 82,000 new homes over 15 years. We are greatly appreciative of the \$1 billion allocation from the Governor in recognition of this pro-housing action and the need for financial support to achieve its goals. Additionally, the public review process recently began for the [Midtown South Mixed-Use Plan, which will be the first rezoning to utilize the new above 12 FAR districts permitted under the changes approved as part of the state budget](#). This rezoning supports the creation of 9,700 new residential units, including approximately 2,900 permanently affordable units, by enabling office-to-residential conversions and permitting residential density above 12 FAR.

Although recent State and City efforts are key steps toward building more housing, the scale and protracted duration of our housing crisis requires more, and we cannot settle for incremental wins. REBNY urges the Legislature to continue to look for opportunities to build off these efforts, and offers the following comments on the FY 2025-26 Executive Budget:

Algorithmic Pricing (ELFA – Part H)

The Governor’s budget proposal includes language that would ban the use of real estate management software that recommends rent prices via the use of an algorithm (ELFA – Part H). REBNY believes that preventing collusion between owners and managers is a laudable goal. However, we are concerned that banning the ability of property owners to use of external and publicly available data would undermine the foundation of practical market analysis and lead to unintended consequences, such as higher rents and reduced market efficiency that would negatively impact consumers. Therefore, distinguishing between nonpublic competitor data and publicly available market data is important. As the Legislature considers this provision, we urge a careful evaluation of terminology and definitions to ensure the best outcomes for consumers and housing providers.

Institutional Investing (ELFA – Part F)

The Governor’s proposed budget includes language that seeks to limit private-equity ownership of single- and two-family homes in New York (ELFA – Part F). According to a [2024 U.S. Government Accountability Office report](#), in 2022, investors with more than 1,000 properties collectively owned about 3 percent of the national housing stock. This ownership is largely concentrated in large Sunbelt metro areas, such as Atlanta and Dallas.

REBNY is concerned that this proposal seeks to address a problem that is not particularly prevalent in New York. We urge the Legislature to carefully assess this proposal to ensure it does not deprive New York’s housing stock of needed investment and deter desirable purchasers from the State. In addition, it is essential that lower-income households without access to the resources to buy single- and two-family homes still have opportunities to rent these properties in neighborhoods which are better resourced by schools, transit, and job opportunities. We also urge consideration for the sellers of these homes and their circumstances, and whether this is reducing opportunities for those homeowners.

The Economics of Operating and Maintaining Quality Housing in New York City

The Executive Budget does not include tools to address increasing problems within the rent regulated housing stock. Most of New York City's existing housing stock is at least 50 years old, with four out of five units built before 1974. Older buildings and the homes within them can easily fall into disrepair without ongoing upgrades and maintenance. To keep these apartments in a state of good repair and habitability requires rent prices to keep up with expenses required to maintain them. Unfortunately, since the passage of the Housing Stability and Tenant Protection Act in 2019, the NYC Rent Guidelines Board (RGB) has [found](#) that the number of stabilized, distressed buildings has increased year over year. Last year, monthly expenses were found to exceed monthly rent.

For the 2024 RGB annual proceedings, REBNY and the Rent Stabilization Association (RSA) jointly commissioned a [study](#) that surveyed 781 residential property owners and managers of all types representing approximately 242,000 units, or 11% of the City's rental housing stock. The study found that property taxes, fuel, and insurance primarily drive expense growth, and expenses increased 10.8% between 2023 and 2024. The economic infeasibility of unit improvements was the most cited reason for continued unit vacancies.

Keeping buildings in good physical condition for the people who live in them will require public policy that supports reinvestment in properties. However, the proposed budget currently omits much-needed policy changes to address the economics of operating and maintaining quality housing. REBNY strongly recommends policy interventions to allow for reinvestment and improvement of existing apartments and building systems.

Opportunities for Homeownership

Allowing buildings to convert from rental housing to homeownership also represents an opportunity for improving apartments and making building-wide investments in higher-quality housing. The Affordable Housing Retention Act ([S1354/A4954](#)), sponsored by Senator Cleare and Assemblymember Epstein, proposes to expand homeownership opportunities and to preserve a portion of New York City's affordable housing beyond the term of existing and expiring government program benefits. In addition to re-activating a pipeline for homeownership opportunities, this bill also has the potential to place hundreds of new for-sale condominium units into the marketplace, resulting in potentially millions of dollars in transfer, mansion, and mortgage-recording taxes being paid to the City and State. Fully market-rate rental housing should also be able to be converted to homeownership units under this standard. This change would not impact rent-stabilized housing but certainly would increase for-sale housing opportunities for New Yorkers. We encourage the inclusion of this bill in final budget considerations for this year.

Housing Access Voucher Program (HAVP) (S72/A1704)

In previous budget years, both houses of the Legislature have supported the establishment of state-funded rental assistance through the Housing Access Voucher Program (HAVP) ([S72/A1704](#)) in their one-House budget resolutions. HAVP would create a flexible, statewide Section 8-like rental assistance program to be used by people at risk of or experiencing homelessness. The Governor's FY 2025-26 budget proposal does not include funding for this program.

REBNY continues to strongly support HAVP, as housing vouchers are a proven cost-effective method of ensuring housing stability and expanding choice for New Yorkers across neighborhoods. According to a [2024 report published by Women in Need \(Win\)](#), HAVP would provide over \$95 million in savings on emergency shelter costs alone after a full year of implementation. Further, the [Child Poverty Reduction Advisory Council's 2024 Recommendations and Progress Report](#) emphasizes the role of a voucher program modeled after Section 8 as a key tool for the State to help reduce child poverty. Therefore, as part of the final budget considerations for this year, we encourage the adoption of HAVP.

In conclusion, REBNY commends Governor Hochul for putting forward policies to address housing affordability and to the Legislature for considering whether those policies will move the needle on affordability, homeownership opportunities, and access in New York City. To effectively tackle this crisis and develop lasting solutions, we must adopt a comprehensive approach that fosters collaboration amongst the City, State, and private sector. Thank you for the opportunity to comment on these issues raised in the Executive Budget.

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