



City of New York  
DEPARTMENT OF  
HOUSING PRESERVATION AND DEVELOPMENT  
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**Testimony of the New York City Department of Housing Preservation and Development  
to the New York City Committee on Housing and Buildings and Committee on Finance  
regarding Housing Tax Incentives**

**Thursday, October 23, 2025**

Good morning Chair Sanchez, Chair Brannan, members of the Committee on Housing and Buildings, members of the Committee on Finance and members of the public. My name is Kim Darga, and I am the Deputy Commissioner of Development at the New York City Department of Housing Preservation and Development (HPD). I am testifying alongside my colleagues, Lucy Joffe, Deputy Commissioner for Policy & Strategy, Kerry LaBotz, Assistant Commissioner of Preservation Finance, Tricia Dietz, Assistant Commissioner of Housing Incentives, and Justin Donlon, Deputy Director of Land Use and Stakeholder Engagement. Thank you for the opportunity to testify today on the critical role that tax incentives play in preserving and developing affordable housing for New Yorkers.

HPD's mission is to ensure that every New Yorker has a safe, affordable place to call home, and the utilization of property tax incentives are among HPD's most powerful tools to develop, preserve, and stabilize affordable housing across the five boroughs. Here's why:

Property taxes can account for 40 or more percent of a multi-family building's operating costs. By reducing property tax obligations, HPD's tax incentive programs make it possible to create new affordable housing that might not otherwise be built, allow owners to reinvest in their existing buildings, maintain safe and livable homes, and provide long-term affordability. In exchange for these benefits, owners commit to meeting specific affordability requirements and restrictions as part of a regulatory agreement. As part of HPD's preservation efforts, specifically, these tools also help to protect existing tenants, stabilize neighborhoods, and create a cost-effective path to maintaining and expanding affordability across the city.

While we know there is always more to be done, these tools have been critical to enabling HPD to achieve record levels of affordable housing production this year. In Fiscal Year 2025, HPD produced **28,281 units of affordable housing**, an increase from 25,552 in Fiscal Year 2024. Of those:

- **13,361 units or 47%** were new construction, and
- **14,920 units or 53%** were preservation projects — a notable increase from last year’s preservation production.

Nearly all of these projects relied on a residential property tax benefit, including some projects that require close collaboration with the Council. Beyond affordability requirements, each transaction helps us meet other critical housing goals. A few of these other outcomes include providing housing for households in existing shelter, helping existing housing improve efficiency and meet LL97 requirements, and providing housing to meet the needs of older adults.

HPD administers a broad range of programs designed to meet the diverse needs of New York City’s housing stock. We deploy property tax incentives, often in combination with subsidy, rental assistance, Low-Income Housing Tax Credits (LIHTC), and zoning incentives, all to preserve existing housing and develop new affordable homes. HPD outlines the eligibility criteria and level and type of city assistance in program term sheets that seek to address specific housing goals. These term sheets undergo rigorous review to ensure public resources are being deployed effectively.

These powerful tools enable us to address buildings’ specific physical and financial needs and to maintain the flexibility to solve for an ever-changing number and type of housing challenges.

HPD supports creation of mixed-income and affordable housing. Owners commonly construct new mixed-income housing with programs like 421-a, 485x, or 467-m. For HPD’s **new construction projects**, in which 100% of the units are affordable, the project will typically receive a full residential property tax exemption, allowing HPD to deepen the affordability of resident rents, and house formerly-homeless households and seniors. A typical project financed through our New Construction Finance, Senior Affordable Rental Apartments, and/or Supportive Housing Loan Program will utilize a combination of capital subsidy, a property tax exemption, Low-Income Housing Tax Credits, and, in many cases, rental assistance and/or inclusionary housing. These projects often utilize a full residential tax exemption through 420c or, to a lesser degree, where LIHTC is not used, Article XI.

HPD provides tax incentives, typically through Article XI, along with investment of subsidy to support creation of new homeownership opportunities through Open Door and the Affordable Neighborhood Cooperative Program.

For HPD's **preservation projects**, HPD supports a wide range of properties — from co-op and condo buildings, HDFC cooperatives, and Mitchell-Lama properties, to rental properties, including housing that may or may not be rent stabilized or already regulated by HPD or another agency. Our tax exemption tools enable owners to manage operating costs and make building renovations while maintaining or creating affordability. The type and level of tax exemption, which could include Article II, 420c, J-51, and Article IX along with other programs, and whether a tax exemption is combined with other city financial assistance depends on the type of housing and the specific needs of the property. Two of the programs are narrowly focused on specific types of housing, with Article II supporting Mitchell-Lama properties and 420-c supporting existing LIHTC properties. Outside of these programs, there are two main tax exemption programs that provide support for existing housing: J-51 and Article XI.

Certain rent stabilized buildings, low-cost condo and cooperative buildings, and Mitchell-Lama properties can apply for a J-51 abatement to offset the costs of qualifying repairs while keeping rents and maintenance costs low. The program was recently re-authorized by the State Legislature and City Council, but it expires again in June 2026. Support for an extension of this program is critical; without quick action by the State Legislature and City Council, owners of lower-cost housing will lose a critical support for capital repairs.

Given the inconsistent authorization of J-51 over the last decade and limited eligibility for other programs, Article XI has often been the sole option to reduce operating costs within existing housing and provide affordability. The exemption is designed for housing owned by a Housing Development Fund Corporation, a type of entity limited by state statute to own affordable housing. Article XI is the most flexible of tax exemption programs, used for both preservation and new construction — including homeownership, cooperatives, Community Land Trusts, and multi-family rental housing. The program has allowed HPD to address changing housing needs within changing regulatory, resource, and economic environments. The level and duration of the benefit, for a period of up to 40 years, can be established based on the needs of the property, and within the requirements of HPD program terms. This flexibility is balanced by the Council's role in reviewing and approving authorization for every Article XI transaction.

Our goal, across all of HPD's housing finance programs, is always to ensure that affordable and low-cost housing remains viable in a City with increasingly high costs. Any project receiving a tax benefit through HPD is screened for compliance with statutory and programmatic requirements, and recipients have to meet ongoing compliance requirements. Over time, HPD, where the agency has the authority to do so, has refined and modified requirements to ensure tax exemptions are effectively used to achieve housing goals. HPD has made significant changes in recent years in response to stakeholder and City Council feedback, including to requirements and our systems to monitor and hold owners accountable.

Our Asset and Property Management team conducts monitoring to evaluate the physical and financial status of HPD's portfolio, intervening when necessary to bring buildings back into stability and compliance. Though it is always preferable to work with an owner to stabilize the building, meet the affordability and quality conditions that HPD requires through its regulatory agreement, and maintain the tax benefits, HPD will escalate to enforcement and benefit revocation when necessary.

HPD welcomes ongoing collaboration with the Council and our partners to refine and improve these programs. In direct response to Council feedback, we are currently rolling out a new Article XI engagement process to strengthen transparency, coordination, and communication with Council Members around Article XI projects seeking approval in their districts. This process will engage Council Members much earlier, beginning approximately three months before project closing with preliminary project information. Our engagement will continue over the following months, with HPD providing Council with important details such as the summary of the scope of work, details on the violation clearance plan, and affordability requirements. Throughout the process, HPD will assist in facilitating any necessary engagement with the project applicant and, where preferred by the Council Members, tenants. We look forward to working with the Council to ensure the success of this new process. More broadly, we always welcome partnership in identifying buildings in your districts that can benefit from our Article XI tax exemption program and our other programs.

Tax incentives are a key piece of achieving our shared housing goals. We look forward to continuing to partner with the Council to ensure that our tax exemption tools can create the conditions to ensure we are developing, preserving, and stabilizing housing to meet New Yorkers' needs.

## **The Department of Finance Housing Tax Incentive Hearing**

Good morning, Chair Sanchez and Chair Brannan, as well as the members of the Housing committee and the Finance committee. My name is Pierre Dejean, and I am the Assistant Commissioner for Property Exemptions Administration. I am joined by my colleague Ted Oberman, the Director of Commercial Exemptions.

The Department of Finance is the administering agency for dozens of property exemptions and abatements. Each year the Department of Finance oversees an annual expenditure of real property taxes around 8 billion dollars. These expenditures support older and disabled New Yorkers who are enrolled in our Rent Increase Exemption or Homeowner exemption programs, they help businesses find new commercial store fronts, and we assist not for profits like our houses of worship by relieving them of their property tax burden so they can better serve our communities.

The City's biggest investments are made into affordable housing through programs like 421-A, J-51, and 420-c. The investment totals over 2.7 billion dollars annually. The Department of Finance works day in and day out with the taxpayers to make sure these benefits are delivered on time and fairly. Our sister agency Housing, Preservation and Development, are on the front lines of each of these programs, but we have an amazing working relationship that ensures compliance and proper delivery of the benefits.

In addition to the City's bigger development benefits, the Department of Finance manages the Coop/Condo Abatement program otherwise known as CCA. There are roughly 330,000 units enrolled, totaling an annual tax expenditure of almost 700 million dollars. This is one of the largest benefit programs this City manages and it is a vital affordability tool for many homeowners who live in a coop or condo.

In 2024, the Comptroller conducted an audit of the CCA program for FY19-FY23. The Comptroller's office found that the Department of Finance "generally

ensured that the condo and co-op owners who received the Cooperative/Condominium Tax Abatement (Co-op/Condo Abatement) in Fiscal Year 2023 met the eligibility requirements of the program”. In addition, the auditors found that out of the 300,000 or so recipients that 720 units had been found to have not been eligible for the benefit. The auditors along with the Department of Finance staff found that over five years, between FY19 – FY23, the city granted \$6.5 million in benefits to these units out of the roughly 3.25 billion in benefits administered during that time.

The Department of Finance worked with the auditors and the Comptroller’s office more broadly to comply with the audit. DOF generally agreed with the audit’s recommendations, and we are always looking to improve our processes. The agency took the following steps to address these issues:

1. Remove the Co-op /Condo Abatement from the condo units, including those that were:
  - a. Not classified as Tax Class 2 or do not have building classification code R1, R2, or R4
  - b. Receiving the UDAAP exemption.
  - c. Owned by a business
2. Recover as much of the \$6.5 million in abatements that should not have been granted.
3. Ensure that submitted prevailing wage affidavits are saved, reviewed for correctness and associated with the correct developments.
4. Ensure the error from an eligibility code being carried over from our prior computer system has been corrected and is no longer in use to prevent Property Tax System eligibility checks from being bypassed and to ensure that the ineligible developments and owners are not granted the Co-op / Condo Abatement.
5. Conduct periodic sample-based testing to check for ineligible units receiving the Co-op / Condo Abatement.

These recommendations were not only agreed to last year, but they also are actively in practice.

The Department of Finance's mission is to administer the tax and revenue laws of the city fairly, efficiently, and transparently to instill public confidence and encourage compliance while providing exceptional customer service. The City's tax exemptions are a core function and one that comes with great responsibility. Our work is better and fairer because of the accountability that we are held to.

I would like to thank the Council for the opportunity to testify today, and I am happy to take any questions.



October 23, 2025

Testimony of Sarah Parker, Senior Research and Strategy Officer,  
on Behalf of the New York City Independent Budget Office  
Before the City Council Committees on Housing and Buildings and Finance

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On behalf of the Independent Budget Office (IBO), thank you for the opportunity to testify today on New York City's housing tax incentives. I am Sarah Parker, Senior Research and Strategy Officer. IBO is a nonpartisan, independent government agency created to enhance public understanding of New York City's budget, public policy, and economy through independent analysis.

Housing tax incentives—a form of spending through the tax code to encourage specific behaviors—are a central tool the City uses to financially support new housing production, preservation, and affordability. Examples include exemptions, deductions, special credits, preferential tax rates, abatements, and deferrals of tax liability, referred to as “tax expenditures.”

Although tax expenditures do not appear as planned spending in the City's budget, they represent an intentional foregoing of revenue, making them a form of government spending. Because of this, the use of these tax code-based tools merits the same level of scrutiny as direct spending in terms of what each dollar yields in terms of housing outcomes. IBO conducts studies on the efficacy and efficiency of tax break programs under [Local Law 18 of 2017](#), most recently conducting a study on the impact of the [Industrial and Commercial Abatement Program \(ICAP\)](#). In my testimony today, I will provide an overview of IBO's recent work on the important topic of housing tax incentives.

## **Types of Housing Tax Incentives**

### **As-Of-Right versus Discretionary**

Many property tax breaks are structured to be “as-of-right” programs. Any development that applies and meets the program's criteria on location, project type, and the amount of set-aside affordable housing (if applicable) is entitled to receive the tax break. There is no limit to the number of developments that can participate or how much the City forgoes in tax revenue. This adds a level of unpredictability and volatility to the size of the tax expenditure in any given year.



As-of-right tax breaks contrast with discretionary tax breaks, which developments can only obtain with the approval of an agency or board that reviews the details of the proposed project. Often discretionary tax breaks are evaluated and granted as part of broader economic development priorities. A central way the City grants discretionary property tax breaks is through the negotiation of [payments in lieu of taxes \(PILOT\)](#) arrangements. Another discretionary option that is often granted by the City is the waiver of the Mortgage Recording Tax. For example, the City granted such a waiver for housing development planned at [Willets Point](#).

## Abatement Versus Exemption

The two main ways to reduce property taxes is through granting an abatement or an exemption. Property tax exemptions reduce the taxable value of the property to which the tax rate is then applied, lowering the tax liability—like a deduction on income taxes. Abatements leave unchanged the taxable assessed values but then lower the tax bill—like a tax credit on income taxes. Although a full property tax exemption and a full property tax abatement both result in a \$0 tax liability for the benefiting property, the difference in [the discount structure has ramifications for other property tax bills citywide](#). This is because State law assigns each of the four tax classes—based on types of properties—to represent a set percent of the total amount of tax liability for a fiscal year prior to applying abatements.

## Housing Development Versus Individual

Among housing tax incentives, some tax breaks benefit housing developments, while others benefit individuals. Tax incentives for housing development include the 485-x, J-51, 420-c, and the Division of Alternative Management (DAMP) programs. Development-level tax benefits help reduce the operating costs of buildings and are often granted to help finance income-restricted affordable units in the property. Many of the City's housing programs—including [inclusionary housing](#)—are predicated on the assumption that the property will have discounted or no tax liability for a period of time that generally matches the length of the regulatory agreement. Tax incentive benefits at the individual level include the Coop/Condo Partial Tax Abatement, Senior Citizen and Disabled Homeowner Exemptions (SCRIE/DRIE), and Veterans and Clergy exemptions. These provide tax breaks tied to a specific apartment or house for people in specific demographics. Some tax incentives for individuals require the beneficiary household to income-test while others do not.



## Largest Housing Tax Incentives in Terms of Forgone Revenue

In fiscal year 2025, the City collected \$34.6 billion in Real Property Taxes. That year, the City provided \$8.1 billion in property tax discounts, according to the Department of Finance's [Annual Report on Tax Expenditures](#). While some of these property tax breaks benefit commercial and industrial properties, almost \$4 billion in forgone tax revenue are tied to just four specific housing tax break programs created under State law. I will now outline these four housing tax incentives, all of which are as-of-right programs.

### 421-a/485-x

The 421-a program, [recently rebranded as 485-x](#), is the largest of the City's tax expenditure, totaling nearly \$2.0 billion in forgone revenue in 2025. This program provides full property tax exemptions for newly constructed residential housing for up to 40 years. In 2025, the program provided exemptions to 40,803 residential properties totaling 215,747 units. It has evolved over time to include requirements that a share of units be income-restricted affordable housing. Program outcomes depend on which choices from a menu of options are made by developers. According to application data for the new 485-x program from June 2024 through April 2025, no developer has yet selected into the 485-x option with the most rental units and deepest affordability requirements (Option A).

### New York City Public Housing

The New York City Housing Authority (NYCHA) is exempt from direct taxation, valued at \$775 million annually. The NYCHA tax exemption is codified in State law in perpetuity, although the City can ask for a nominal PILOT, which it did prior to fiscal year 2014. NYCHA's property tax exemption lowers the operating costs for NYCHA. IBO has reported on NYCHA's budgetary challenges in recent years and [new pressures from the Trump administration](#).

### Class 2 Coop/Condo Partial Tax Abatement

The Class 2 Coop/Condo Tax Abatement provides a partial property tax break for owners, totaling \$695 million in reduced property taxes in 2025. This tax break is intended to reduce the disparity in taxation between Class 1 homeowners of one- to three-unit houses compared with Class 2 homeowners of coop and condo units. The abatement is not tied to any affordability requirements or income restrictions and does not have a time limit.



## 420-c Low-Income Housing Exemption

The 420-c Low-Income Housing program provides a full property tax exemption for low-income affordable housing developments financed through federal low income housing tax credits. The property must be owned by a charitable or social welfare organization to qualify and operate under a Department of Housing Preservation and Development regulatory agreement; the exemption ends upon the expiration or termination of this agreement. In 2025, 420-c provided \$479 million in tax breaks for 2,555 properties totaling 96,662 units.

## Conclusion

The City's housing tax incentives are a complex constellation of programs that apply both to developments and individuals, new construction and preservation, renters and owners, and market rate and income-restricted housing. Many of these programs were initially crafted decades ago and have evolved over time to meet changing housing conditions and markets. IBO monitors tax expenditure programs on an ongoing basis, focusing on the local impacts of new housing production, preservation, and affordability through a lens of fiscal responsibility. Thank you for the opportunity to testify today and I am happy to answer questions.



**Topic: Housing Voucher Recipients to directly receive housing vouchers (full award amounts) deposited onto their benefit cards or deposited into their checking accounts.**

- Request to allow all housing vouchers (CityFHEPS, Section 8, Section 9, etc.) to be given directly to the housing voucher recipient. The housing vouchers will be deposited onto their benefit cards or directly deposited into their checking accounts.
- The housing voucher recipient will receive the Full Award Amount – regardless as to the monthly rent. For example: \$1500 voucher \$2000 rent or \$1500 voucher \$5.00 rent; either way the voucher recipient will receive the Full Award Amount.
- This will allow the housing voucher recipient to be in control and have a say in where they live, how they live, and it allows them to have a say and a vested interest in their communities and their environments. This will allow the housing voucher recipient to move into communities and environments that are more conducive to their preferred lifestyles, locations, and surroundings. And this will allow them to move “at will” and without any “red tape” from CityFHEPS, Section 8, Section 9, etc.
- By allowing the housing voucher recipient to directly receive the full award amount this will eliminate slumlords, unscrupulous landlord's practices, computer glitches with unpaid rent, frivolous evictions, and the failure of landlords to make repairs because they will no longer receive the voucher from CityFHEPS, Section 8, Section 9, etc. As it stands now, they receive the housing vouchers - regardless as to whether or not they make repairs or whether or not they ensure a safe and secure environment. It will no longer be “money in the bank” for the landlords.
- And it will offer a viable and doable solution to most of the topics and issues that have been discussed at length at City Council Housing Hearings.
- It will not cost the city, state, and or federal governments any undue burdens and/or additional financial costs. With just a few changes to the computer systems – and the full award amounts will be forwarded onto their benefit cards or directly deposited into their checking accounts. Note: use the government shutdown to your advantage, by rerouting all housing vouchers to the recipients; and sending letters to all housing voucher recipients, and all landlords who participates in the housing voucher program about the upcoming changes.

- Make the appropriate changes to the computer systems and send letters to all housing voucher recipients informing them that on “this” date all housing voucher recipients will receive their full award amounts deposited onto their benefit cards or into their checking accounts. Also, send letters to all landlords who participates in any housing voucher programs that on “this” date they will begin receiving their full rent (housing voucher amounts and any personal contributions) directly from the residents and inform them that they will no longer receive housing voucher payment deposits from any housing voucher program.
- Personal story: CityFHEPS recipient since 2015, and the City Marshalls Office placed a lock on my door on July 31, 2025, exactly 6 days after landlord received August 2025 rent from CityFHEPS. City Marshalls Office contacted HRA & CityFHEPS before placing the lock on my door, and they failed to inform the City Marshalls Office of the housing voucher. I went to court, and the Housing Court Judge ordered the locks removed 4 days later on August 4, 2025. Case still ongoing in court.

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## TESTIMONY OF THE QUEENS AND BRONX BUILDING ASSOCIATION

October 23, 2025

Good Morning, I am Robert Altman and I am the Legislative Consultant to the Queens & Bronx Building Association.

Many buildings currently within the 421-a program have an abatement period that is or was limited to 15 years. This has serious consequences for affordability and renewing mortgages in apartment buildings as full taxes looming after 15 years harms the ability of owners to refinance after the initial mortgage period (usually anywhere from 5-10 years) and it also may require significantly increased rents just to get a mortgage. Many of these units are in areas where all of the building rents are less than or equal to 130% of Area Median Income. These buildings should be able to keep the abatement so that they can refinance, and tenants should not be forced out of their units.

Fortunately, there is a solution.

- Allow 421-a projects with 15-year abatements to extend the abatement period for another 35 years and continue within the 421-a program.
- Allow only buildings where all rents are no more than 130% of Area Median Income to qualify.
- Require that all the units continue to be rent-stabilized (thus, avoiding the apartments going fair market).
- Have, if necessary, the owners sign a regulatory agreement (but for bureaucracy purposes, it is best if this can be done legislatively).

QBBA member, Galaxy Contracting, a builder of affordable housing without having to use anything more than 421-a is here to give an example of the issues faced by this situation.

Additionally, while many people here today will complain about 485-x, the truth is that 485-x does not work in large parts of the boroughs outside of Manhattan for any building 100 units or over. This is because the wage package is too rich.

While everyone would like to pay workers more, the pay scale for construction and development must work in order to justify the creation of housing. If the cost elements of construction are too high, then nothing gets built.

- When running financial models for potential projects, QBBA members are finding that the models work for buildings under 100 units but do not for projects over 100 units.
- This basically means that the City is losing units because our builders are not electing to build larger buildings, even with enhanced zoning, because the cost of construction is too high when compared with the revenue that would be generated.

TESTIMONY OF THE QUEENS AND BRONX BUILDING ASSOCIATION

October 23, 2025

- While some may see this as a reason to lower the size of buildings in which the wage provisions are applicable, then lowering such threshold will only mean that even less units get built. as the economics of building will require our members to construct even smaller buildings. And then the City would lose more housing units.
- That is why we suggest raising the limits of buildings not subject to wage restrictions to 151 so more 150-unit buildings can be constructed.

We would be happy to further discuss this with the Council outside of the hearing process as well.



## **Testimony to the New York City Council Committee on Housing and Buildings & Committee on Finance**

### **Re: Housing Tax Incentives – October 23, 2025**

Chairs Brannan, Sanchez and members of the Committees,

Thank you for the opportunity to submit testimony on housing tax incentives.

#### **About the Association for Neighborhood and Housing Development (ANHD)**

ANHD is one of New York City's leading policy, advocacy, technical assistance, and capacity-building organizations. We represent more than 80 neighborhood-based and citywide nonprofit organizations with missions centered on affordable housing and equitable economic development. Our coalition builds community power and advances policies that ensure the right to affordable housing and thriving, equitable neighborhoods for all New Yorkers.

We provide technical assistance, research, and public education to strengthen the nonprofit housing sector and translate local experience into citywide policy. Our work supports the groups developing, managing, and organizing to preserve affordable housing—many of whom operate in historically disinvested communities and serve tenants most vulnerable to displacement.

#### **A Preservation Crisis Requiring Immediate Action**

ANHD's new report, [\*Preserving the Foundation: The Crisis Facing New York City's Affordable Housing\*](#), finds that more than 63,700 affordable homes—representing 22 percent of the city's subsidized housing stock—are already in financial distress. Rising insurance, utilities, and maintenance costs have outpaced revenues under regulated rents, leaving community development corporations and nonprofit owners with margins too thin to absorb losses. For the community-based developers who rebuilt neighborhoods after decades of disinvestment, this is a breaking point. We cannot build fast enough to replace what is slipping away. Preservation is prevention, and protecting the homes we already have is the only path to prevent displacement and safeguard decades of public investment. Our testimony is focused on some of the tax incentives that support preservation efforts.

#### **Strengthening Article XI for Nonprofits and HDFCs**

Article XI remains one of the City's most powerful tools for preserving affordable housing, especially for nonprofit developers. Yet the very buildings that depend on it most often face the greatest barriers to accessing it.

#### **The Challenge**



Many HDFCs rely on Article XI to maintain affordability and stabilize maintenance fees. But when prior exemptions such as J-51 or older Article XI agreements expire, these buildings can quickly fall into distress. To renew or obtain a new exemption, owners must typically pair it with an HPD financing program. For well-resourced properties and high-capacity owners, this is manageable. For distressed buildings and lower-capacity owners that are often struggling with arrears, incomplete records, or open violations, it can take years.

During these delays, reserves deplete, debt mounts, and conditions worsen. The backlog of applications and limited HPD staffing capacity have left many mission-driven owners unable to stabilize their properties. Streamlining Article XI for distressed HDFCs and nonprofit owners through expedited reviews, simplified documentation, and temporary exemptions during loan processing would directly strengthen the financial and physical health of the city's affordable housing stock.

### **Lowering the AMI**

The current Article XI framework allows income restrictions up to 165% of AMI, with only [two-thirds of units](#) required below that level - that is, up to one-third of units in an Article XI building can serve households up to 165% of AMI (currently over \$220,000 for a family of 3). Setting the ceiling this high risks directing scarce preservation resources toward mixed-income buildings rather than those serving the city's most vulnerable households. At these upper income bands, units are often affordable to middle- or even upper-middle-income New Yorkers instead of the low-income tenants most at risk of displacement.

At the same time, buildings serving families earning below 80% of AMI, where the affordability crisis is most severe, struggle to access the same level of support. These properties are often older, smaller, and more likely to be nonprofit- or HDFC-owned, operating with limited reserves and facing deferred maintenance, arrears, and compliance challenges. Yet these are the very developments that Article XI was originally designed to preserve.

Lowering the allowable AMI levels for Article XI exemptions and aligning them with the City's priorities would ensure that the program remains focused on deep affordability rather than functioning as a broad tax incentive. This adjustment would allow HPD to direct staff capacity and subsidy dollars toward the projects with the greatest public benefit.

Recalibrating AMI thresholds is not about excluding moderate-income households. It is about recognizing that preservation funds must first reach the buildings and tenants at the highest risk of loss.

### **Prioritize Preservation Deals**

Preservation must take precedence over new construction when it comes to prioritizing resources. With rising operating costs and mounting arrears, many nonprofit and HDFC owners



are struggling to keep buildings stable despite serving the lowest-income New Yorkers. Directing Article XI resources toward preserving occupied, at-risk housing protects existing residents, safeguards decades of public investment, and ensures that limited funds strengthen the homes already providing affordability. HPD should focus staff capacity and technical assistance on nonprofit developers and HDFCs, whose work stabilizes distressed portfolios, prevents displacement, and reinforces the City's long-term preservation pipeline.

### **Strengthening and Centering Nonprofits in 420-c**

As the City considers updates to 420-c, it is essential that the program remain centered on nonprofit ownership and mission-driven development. 420-c has been one of the most effective tools for sustaining deeply affordable housing, and proposals to broaden eligibility risk diverting its benefits to for-profit entities that do not deliver lasting community value. Preserving 420-c as a mechanism for nonprofit stewardship will protect long-term affordability and ensure that public resources continue to advance community-based ownership rather than private gain. Strengthening this program should reinforce its original intent: to keep affordable housing permanently affordable and accountable to the people it serves.

### **Renewing J-51 to preserve the Rent Stabilized housing stock**

While functioning quite differently from subsidized housing, New York City's rent stabilized stock is also critical to maintaining affordability and stability for millions of New Yorkers across the five boroughs. J-51 is a critical tool to address capital needs and support the preservation of NYC's rent stabilized housing. Short timelines and sometimes temporary expirations of this tax incentive have made it more difficult to utilize effectively. We urge the city to support a renewal long-term renewal of the J-51 program by the state legislature in 2026.

### **Conclusion**

Together, Article XI and 420-c form the backbone of nonprofit-led preservation in New York City, while J-51 is a valuable tool to address capital needs in rent stabilized buildings. As the Council reviews these programs, ANHD urges a renewed commitment to clarity, consistency, and community control—principles that ensure every public dollar supports lasting affordability and the stability of the tenants and neighborhoods who call this city home.

Thank you again for the opportunity to submit testimony. If you have any questions or would like more information, please contact Sonali Govind: [Sonali.g@anhd.org](mailto:Sonali.g@anhd.org).

## **Existing Building Code suggested changes, corrections, and additions to the fire alarm system section.**

1. 804.4.1.1 occupancy Group E and I-4, in Exceptions add “Buildings” by both.
2. 804.4.2 Control Units in line # 41 replace the word “reset” with “operation.”
3. 804.4.3.3 Smoke detector in elevator lobbies and elevator landing of Group R-2 occupancies, clarify elevator recall as it applies to smoke detector floor and alternative floor if it applies.
4. 804.4.6 Existing fire alarm in prior places of assembly used as a cabaret, addresses cabaret fire alarm system replacement section 804.4.7.5 states that there is not an existing generator it is not required. Replacement of the entire system as per the new code requires this. So, if it is equivalent to new, should it not require this?
5. 804.4.7 Fire alarm system alterations and replacements in existing buildings, clarifying the intent of the statement “have not been signed off shall be cumulatively considered.”
6. 804.4.7.3 System Technology upgrade, clarify if the requirement for elevator lobby temperature applies here or not.
7. 804.4.7.3.2 Circuits, why should an existing building with an approved fire alarm system that has some work done as so stated have to meet this requirement and be rewired to some degree? The requirement for survivability should not be required at this point.
8. 804.4.7.3.5 Operation sequence and 804.4.7.4 System replacement, refer to the new building code, but that does not take into consideration that the existing building construction and the current infrastructure may and or will not align to do so. It should clearly explain, require, and allow current operations as per the Buildings Code at the time of installation based upon the occupancy. An example of this is that in elevator machine rooms the fresh air louver is required to be open one third and upon the operation of the smoke detector in that room, open the other two thirds. The new code deleted that whole section, since now elevator machine rooms are temperatures controlled with HVAC unit. So, based upon things like this, the new code should not apply in certain cases with specific existing building systems in place and in use due to existing conditions and the code at that time did. There are many more examples and situations that this applies to. Very clearing wording is necessary to ensure factors like this are included and allowed for so that a past requirement is no longer complied with and should be. Changing out the fire alarm system should not require upgrading of the existing and working building systems.

From: S. Gilbert Superior Protection Services 9/30/25

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Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Jake Capistrano

Address: \_\_\_\_\_

I represent: DOF

Address: \_\_\_\_\_

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Date: \_\_\_\_\_

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Name: Kerry Labowitz

Address: \_\_\_\_\_

I represent: HPD

Address: \_\_\_\_\_

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Name: Kim Dargatzis

Address: \_\_\_\_\_

I represent: HPD

Address: \_\_\_\_\_

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Date: \_\_\_\_\_

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Name: Wendy Wan

Address: \_\_\_\_\_

I represent: HPD

Address: \_\_\_\_\_

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Name: Lucy Joffe

Address: \_\_\_\_\_

I represent: HPD

Address: \_\_\_\_\_

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(PLEASE PRINT)

Name: Tricia Dietz

Address: \_\_\_\_\_

I represent: HPD

Address: \_\_\_\_\_

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Name: Pierre Dejean

Address: 59 Maiden Lane 22nd Floor

I represent: NYC DOF

Address: 59 Maiden Lane, NY NY

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Name: Ted Oberman

Address: Emergency Medical Dispatch

I represent: Director of Commercial

Address: Exemptions, DOF

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Date: 10/23/25

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Name: Sarah Parker

Address: \_\_\_\_\_

I represent: Independent Budget Office

Address: 110 William St 14th Fl. NY NY 10038

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☐ in favor ☐ in opposition

Date: 10/23/25

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Name: Tahitha Ward

Address: [REDACTED] 10025

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

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Date: 10/27/25

(PLEASE PRINT)

Name: Christopher Leon Johnson

Address: [REDACTED]

I represent: 5TH

Address: \_\_\_\_\_

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