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# New York Governor Proposes Plan To Loosen Restrictions on Converting Hotels, Offices to Housing

## Hochul's Housing Plan Also Includes Allowing Basement Apartments and Other Accessory Dwelling Units



New York Gov. Kathy Hochul said she plans to make it easier for hotels and offices to be turned into housing units. (Andria Cheng/CoStar)

By **Andria Cheng**  
CoStar News

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The proposal comes as states and communities across the nation seek to address a tight housing market that has pushed up prices and rents. California, for instance, last year moved to change land-use rules to allow homeowners to split their single-family lots to build duplexes with up to four units, among other actions.

A pandemic that has emptied out offices and hotels, along with New York's ongoing housing shortage, calls for more flexible zoning rules that make it easier for commercial spaces to be turned into residential ones, according to Hochul's 237-page State of the State Book released Wednesday alongside her State of the State address.

Part of Hocu's agenda includes allowing office-to-residential conversions of buildings constructed before 1980 or any applicable buildings located south of 60th Street in Manhattan until December 2027.

The housing plan includes increasing "density in appropriate urban areas," according to the State of the State Book. That involves permitting basement apartments, backyard cottages, garages, attics and other accessory dwelling units in single-family neighborhoods; increasing housing developments near transit stations; and giving New York City the authority to "encourage densification." Hochul plans to propose a repeal of an existing New York state law that limits the maximum density of the residential floor area ratio in New York City to 12.

The governor also seeks to propose legislation for multifamily construction in zones drawn by municipalities around rail transit stops within commuting distance to New York City.

Her plan includes what's described as a "new, more effective program" to replace the 421-a property tax exemption, which is set to expire this summer and gives a tax credit to new multidwelling construction in exchange for a portion of the development being set aside for affordable housing units.

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2010 took advantage of the program. “With 421-a set to expire in 2022, there is an opportunity to enact a different kind of abatement program that can continue to incentivize rental housing construction across New York City while creating permanent and deeper affordability and spending taxpayer money more efficiently.”

The Real Estate Board of New York, an industry trade group, said it’s supportive of Hochul’s plan to create a new incentive program for rental housing construction.

“New York City needs far more rental apartments, particularly at lower rents — and it’s clear the private sector must continue to play a key role in producing it,” REBNY President James Whelan said in a statement. “We support Governor Hochul’s sensible proposals for addressing the city’s housing crisis by eliminating density limits so the city can rezone areas with good mass transit, pursuing commercial-to-residential conversions, and creating a new program that incentivizes the development of rental apartments and produces more affordable housing for New Yorkers.”

REBNY said since 2014, nearly 30% of New York City’s below-market rate apartments were generated by developments utilizing the 421-a program, citing data from the New York City Department of Housing Preservation and Development and the New York City Department of Finance.

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