

REBNY Testimony | February 17, 2026

The Real Estate Board of New York to Joint Legislative Public Hearing on 2026 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, in early 2024, elected officials set a goal of adding 500,000 new housing units by 2034. Reaching this goal would require a significant increase in housing production over historic levels, equal to about 50,000 new units annually. However, we are still far from that level of production. According to REBNY's most recent [Construction Pipeline Report](#), in Q3 2025, there were 11,746 proposed dwelling units spread across 207 proposed multiple dwelling buildings, falling short of the 12,500 units per quarter that were estimated to meet the 500,000-unit goal over the next decade. We now need to produce 13,147 units per quarter moving forward.¹

Of similar importance is the preservation of existing housing and the availability of 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 maintenance and upgrades. For the 2025 RGB annual proceedings this past spring, [REBNY commissioned a study](#) that surveyed 790 rent-stabilized buildings and found that rising insurance, fuel, and utility costs are the primary drivers of overall expense growth.² Additionally, the data revealed a 3% decline in Net Operating Income (NOI) per unit for post-1973 buildings and a more pronounced 10% drop for pre-1974 buildings between 2023 and 2024. Keeping these apartments in a state of good repair and habitability requires rents to keep up with the expenses required to maintain them and public policy that supports reinvestment in properties.

With these issues in mind, REBNY urges the Legislature to pursue opportunities to advance policies that increase housing production and support local housing initiatives in New York City. We offer the following comments on the FY 2026-27 Executive Budget:

¹ <https://www.rebny.com/reports/q3-2025-construction-pipeline-report/>

² <https://www.rebny.com/testimonies/testimony-april-24-2025/>

J-51 (ELFA – Part O)

The Governor’s budget proposal includes language that would reform the J-51 incentive by creating a New York City rehabilitation tax abatement for certain residential buildings that complete eligible renovation work after June 30, 2026, and before June 30, 2036 (ELFA – Part O). Among other changes, the budget proposal would increase the benefit level, extend the timeline, and expand eligibility for certain homeownership buildings.

REBNY strongly supports the proposed J-51 reforms. As revised, the J-51 incentive has the potential to serve as an important tool to better support capital repairs for New York City’s rent-stabilized housing stock. However, we offer several technical refinements to strengthen the proposal further:

- While the Governor’s proposal appropriately modernizes the cost schedule by requiring review every three years, costs rise annually, and the schedule should therefore be indexed to inflation. In addition, the cost schedule should reflect the realities of modern rehabilitation by covering soft costs such as design, permitting, and consulting, particularly if J-51 is to serve as a meaningful tool for energy efficiency and electrification upgrades needed to meet carbon mandates.
- Although expanded HPD enforcement authority is warranted, eligibility should focus on egregious and hazardous violations, as owners often seek J-51 precisely to fund the repairs needed to cure outstanding issues. Violations that would be addressed through the approved scope of work should not bar participation, and non-hazardous violations should not disqualify otherwise eligible applicants. The penalty framework would also benefit from greater predictability by aligning tenant and HPD notification penalties and eliminating tenant notification requirements for cooperative and condominium buildings.
- While increasing the assessed valuation cap to \$60,000 per unit appropriately expands access for co-ops and condos, that cap should be indexed to inflation over the program’s ten-year duration to ensure it retains its intended impact.

Insurance Reform (TED – Parts BB, DD, GG)

The Governor’s proposed budget includes several proposals to enhance transparency and accountability for property insurers to help bring down costs (TED – Parts BB, DD, GG). The urgency of producing and preserving affordable homes is more acute than ever, but rising property insurance costs now threaten the long-term viability and immediate stability of New York City’s affordable multifamily rental housing stock.

A [recent study](#) by the National Equity Fund and Enterprise Community Partners highlights the growing financial strain on New York City's affordable housing providers.³ Examining 428 developments with over 37,000 income-restricted apartments, the study found that total operating expenses have risen by about 40% since 2017. This rise was driven most sharply by increases in insurance costs (+110%), administration costs (+51%), and repairs and maintenance (+35%). Average insurance costs per unit increased from \$712 to \$1,495 between 2017 and 2024, with the Bronx experiencing the steepest increase at \$1,806 per unit, well above the borough's median monthly rent of [\\$1,322](#). As a result, 57% of affordable housing owners in New York City now spend more on operating costs than they earn in net operating income, [the study](#) found. Combined with a 4% decline in rent collection since 2017, this has led to average losses of \$75,000 per building, undermining the stability of much-needed affordable housing.

REBNY strongly supports these reforms, which include requiring insurers to provide written explanations of premium increases of more than 10% at renewal, mandating insurance discounts for risk-mitigating property improvements, and new reporting requirements for insurers of multi-family housing. These measures represent critical steps toward improving market transparency, stabilizing costs, and safeguarding the financial viability of New York's affordable housing stock. If left unaddressed, the continued escalation of property insurance costs will threaten the financial viability and preservation of the State's housing stock that so many New Yorkers rely on.

However, REBNY has concerns about the governor's proposal regarding homeowners' insurance loss ratio benchmarks (TED – Part CC). Based on feedback from insurance providers and our members who operate nationally, establishing a fixed two-year benchmark for evaluating rate adjustments risks failing to account for the cyclical and catastrophic nature of property insurance losses. Major events such as Superstorm Sandy, as well as more recent severe weather events, including this year's winter storms and extreme cold snap, demonstrate that insurance risk and claims exposure often materialize unevenly over longer time horizons. A rigid two-year framework could prevent insurers from gradually adjusting premiums to reflect accumulated risk and higher-cost events, potentially leading to sharper future rate spikes or reduced market participation. Rather than promoting stability, this structure may unintentionally constrain insurers' ability to responsibly price risk, ultimately undermining the availability and affordability of coverage for multifamily housing providers. We recommend further discussion on this concept.

Housing Access Voucher Program (HAVP)

The Governor's proposed budget includes an investment of \$50 million for the Housing Access Voucher Program (HAVP), a statewide rental assistance program enacted in last year's FY 2025-26 budget. HAVP would create a flexible, statewide Section 8-like program to help New Yorkers who are homeless or face

³ <https://www.enterprisecommunity.org/sites/default/files/2025-10/Distress-in-NY-Affordable-Housing-Stock.pdf>

an imminent loss of housing. REBNY commends the Governor's ongoing commitment to HAVP, but the program will require more funding to meet statewide needs.

REBNY continues to strongly support HAVP, as housing vouchers are a proven cost-effective way to ensure housing stability and expand choice for New Yorkers across neighborhoods. In addition to helping tenants in need pay rent, housing vouchers assure full and reliable payments to housing providers, supporting the financial stability of the rental housing stock. 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.⁴ 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.⁵ As AMIs are adjusted annually, income limits should likewise be updated to maintain program effectiveness. Therefore, as part of this year's final budget considerations, we encourage additional investment in HAVP.

SCRIE/DRIE (REV – Part V)

The Governor's proposed budget would extend the Senior Citizen Rent Increase Exemption (SCRIE) and Disability Rent Increase Exemption (DRIE) programs for an additional two years and increase the eligibility limits in New York City from \$50,000 to \$75,000. These programs serve as critical lifelines for many rent-burdened New Yorkers who rely on fixed incomes and are often unable to absorb rent increases. REBNY supports expanding SCRIE and DRIE, as these proposed changes will enable the programs to keep pace with inflation and help ensure that vulnerable New Yorkers remain stably housed while keeping important revenue for repairs and maintenance whole for property owners.

Capital Money for Housing

REBNY supports the Governor's proposed \$250 million capital allocation to accelerate affordable housing development and recognizes the importance of aligning new State investment with recent federal reforms that strengthen the effectiveness of the Low-Income Housing Tax Credit (LIHTC) program, including improvements to credit utilization and the lowering of the private activity bond financing threshold. These federal changes create a timely opportunity to unlock additional projects, but maximizing their impact will require addressing the underlying cost drivers that make housing production in New York City significantly more expensive than in other major cities. New York City already invests substantially more per capita in affordable housing than most jurisdictions nationwide, yet excessive regulatory requirements, lengthy approval processes, and overlapping mandates continue to limit how far public dollars can go. Pairing new capital funding with meaningful regulatory reform is

⁴ <https://winnyc.org/wp-content/uploads/2024/02/HAVP-Report.pdf>

⁵ <https://otda.ny.gov/news/meetings/CPRAC/2024-12-18/attachments/2024-12-18-CPRAC-2024-Recommendations-and-Progress-Report.pdf>

essential to maximize scarce resources, improve project feasibility, and ensure that public investment fully leverages enhanced federal tools to deliver more affordable homes at scale.

Tenant Protections (ELFA – Part P)

The Governor’s proposed budget includes enhanced criminal penalties for landlords who engage in systematic harassment of rent-regulated tenants. REBNY supports providing prosecutors with tools to hold bad actors accountable, including making a D-felony penalty available when harassment impacts multiple apartments across multiple buildings.

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 and housing access in New York City. To effectively tackle this crisis and develop lasting solutions, we must adopt a comprehensive approach that fosters collaboration among the City, the State, and the private sector. For example, the proposal to amend the State Environmental Quality Review Act (SEQRA) to facilitate housing production and infrastructure projects builds on local New York City initiatives *Green Fast Track* and the recently adopted land use proposals from the 2025 Charter Revision Commission (REBNY comments on this part of the budget can be found [here](#)).⁶ Thank you for the opportunity to comment on these issues raised in the Executive Budget.

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⁶https://assets.ctfassets.net/6zi14rd5umxw/3zvrWlV3BZuS1ChwUSWCg7/c2691435c4e41f5dfd0fe6fe085d8f16/20260128_Executive_Budget_Testimony-SEQRA.pdf