

## Governor Hochul's FY 2025 Preliminary Budget

Governor Kathy Hochul has unveiled the Fiscal Year 2025 New York State Budget. In her budget address, Governor Hochul touted that this year's fiscal framework aims for balance as well as keeping her promise of not including any new increases in state income taxes. Where last year's budget was highly ambitious, housing issues in this year's budget are paired with climate initiatives, greater affordability, and livability. We will see how these proposals become a reality throughout this year's legislative session. RSA will continue to insist on data and economic considerations as practical lenses that instruct full consideration of building owner concerns.

To address the housing crisis throughout New York, Governor Hochul has outlined the following:

- Offer Pro-Housing Community certification for localities to access up to \$650 million in state discretionary funding.
- \$500 million in capital funds dedicated to developing up to 15,000 housing units on state-owned property.
- Legislation to increase the housing supply in New York City including new tax incentives, authority for the city to lift outdated residential density restrictions where appropriate, incentives to encourage affordable housing in office conversions, and a path toward legalizing basement and cellar apartments.
- Legislation prohibiting insurance carriers from raising premiums on property owners based on tenant source of income, the existence of affordable housing units, or receipt of government assistance.

- Legislation to protect homeowners by creating a clear definition of the crime of deed theft to help enhance enforcement and other measures to prevent this crime.

Gov. Hochul's \$233 billion executive budget proposal closes a \$4.3 billion deficit New York has faced, which is likely why she has projected fiscal caution. The spending plan, while including modest growth, differs greatly from the large increases of the past several years. State budget watchdogs have weighed in against raising income taxes, arguing it puts the state at a competitive disadvantage. The state's fiscal health depends on long-term planning for future budget gaps.

The overall theme of this year's executive budget proposal is future solutions for New York and affordability. In terms of housing, there is a greater focus on building more and getting creative with existing structures like offices and basements.

As we saw with last year's budget negotiations, although everyone agreed something needed to be done with housing, the internal rifts within the legislature and with the Governor ultimately caused an impasse.

There were other items proposed in the preliminary budget, such as changes of \$2.4 billion in the next budget cycle to aid in the migrant crisis, including \$500 million from its reserve, as well as the Governor's stance on not raising taxes.

Based on what we saw last year, and new conversations for this year, we believe the far-left lawmakers from New York City are going to continue to test the governing power and resolve of Kathy Hochul. We will keep you apprised of all developments concerning the budget via email blasts and upcoming issues of the *RSA Reporter*. ■

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