

INSIGHTS & INSPIRATIONS



WLI's 'City of Yes' event digs into how NYC hopes to grow housing supply in creative ways through its new initiative.

After New York City's 421A affordable housing incentive sunset in 2022, home building stalled. High interest rates did not help. Nor did the space scarcity that has long challenged builders. But NYC officials are not idle while Albany explores pro-build legislation. To help materially grow New York City's housing supply to 500,000 new units by 2034, the Adams Administration last year launched 'The City of Yes', a series of proposed innovative measures to accelerate home building amid a larger goal of a more inclusive and equitable NYC. "COVID showed us that we don't need to be so constrained in how we use space," said panelist **Bonnie Campbell**, a principal at **Two Trees Management Company**. Changes proposed by the initiative, in three major categories – carbon neutrality, economic opportunity and housing opportunity – range from adjusting zoning, height, and space per affordable housing unit caps, to legalizing accessory dwelling units (ADUs). All this applies citywide to minimize the 'NIMBYism' that has stymied affordable housing builds, particularly in wealthy neighborhoods.

To explore the fine print, potential impact, and timing of these measures while proposed legislative changes wind their ways past City Planning and City Council, our **Women's Leadership Initiative** on March 12 brought together public and private sector leaders to make those in the industry aware of the new opportunities and challenges proposed legislation may bring, prior to its expected passage at year's end, following public, Community Board, Borough President and City Planning and Council review. (The predevelopment period is now, with RFPs arriving assuming Universal Affordable Preference, or allowing for 20-30% more floor space if it is dedicated to affordable housing, panelists said). The panel comprised **Annie White**, director of Real Estate and Economic Development at **Karp Strategies**; **Leila Bozorg**, executive director of housing for the **City of New York**; **Edith Hsu Chen**, executive director of NYC's **Department of City Planning** (and the leading 'City of Yes' advocate), and **Bonnie Campbell**, of **Two Trees**. Below follows an overview of the initiative's key tenets and timing, based on a lively conversation moderated by **Jodi Stein**, a partner in **Sheppard, Mullin**,

Richter & Hampton LLP's Real Estate, Energy, Land Use & Environmental Practice Group. "City of Yes is the most expansive zoning reform the city has undertaken in 60 years, and is designed to promote sustainability, support small businesses, and create housing opportunity," said Chen, at the discussion's start:

- 1. The initiative's carbon neutrality component consists of rules, regulations and incentives favoring** green building and energy combinations, including EV charging stations and solar panels. It was approved in 2023 by City Council. Its other measures include faster environmental reviews.
- 2. City of Yes for Economic Opportunity seeks to update zoning to help small businesses find space and grow. The proposal was approved by the City Planning Commission and is now under consideration by the City Council, with a vote expected later this Spring.** Its 18 different proposals with subproposals include creating safe commercial corridors; allowing commercial activity on upper floors and above residential units; expanding the areas where Life Sciences buildings can operate; growing the range of occupations that can be legally carried out at home; and the establishment of corner stores in residential areas. "Small businesses are the lifeblood of our neighborhoods. This is not the smog and soot of the '60s. We need more sensible regulations for the 21st century," said Chen. Added White: "These antiquated zoning regulations create a higher barrier to entry to small businesses. Also, city rules and regulations are very complex, especially for SMEs (small and medium-sized enterprises). Proposed zoning changes in addition to interagency wraparound services for SMEs will help get rid of unnecessary bureaucracy."
- 3. Formal review of City of Yes for Housing Opportunity, which would allow for more a little more housing across all neighborhoods, began on April 29.** Its UAP overlay aims to eliminate outdated zoning rules as a barrier to build across the city, by scrapping the need for additional mapping. It pushes "all neighborhoods do a little bit, for incremental growth across the city," said Chen. Proposals in its eight policy categories include expanding the range of office buildings that can be converted to residential, based on age (those built before 1990 versus the current cap of 1961 and 1977, depending on the neighborhood); shared housing arrangements; infill of parking lots or campus space for housing or ADUs; tax incentives for conversions; and the scrapping of parking mandates. "We should be providing cribs, not cars in this transit-rich city," *[about the lifting of parking mandates]*," said Chen. Added Bozorg: "The alarming levels of rents in arrears has a destabilizing effect on buildings, families and neighborhoods. The lifting of the FAR12 cap [or allowing for taller buildings in neighborhoods previously zoned as low-rise] allows for higher density districts. We need a bit of everything everywhere—every tool. The goal is to get rid of zoning as an exclusion."
- 4. Housing incentives at the state level are necessary to jumpstart home construction:** "Building multifamily housing in NYC is time consuming, risky and expensive," said Campbell. "I don't see a sustainable future without a housing program that subsidizes affordability in NYC. Private multifamily housing starts are down 80%. This is a tragedy in a city that is chronically short on housing. We need all tools available to address this critical issue." Added Chen: "It is critically important that the state budget include a replacement for the 421-a tax incentive program. Without it, New York City's housing production numbers will continue to lag."
- 5. A federal package also looms with changes to the Affordable Housing Tax Credit.** "It's sitting at every level of government," said Bozorg.
- 6. City of Yes interagency coordination is addressing issues related to sufficient mass transit options and wastewater infrastructure.** "We don't want to overstress any one neighborhood. We need to think strategically about development and growth," said Bozorg.

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