STATE OF NEW YORK

10503

IN SENATE

May 15, 2026

Introduced by Sen. BOTTCHER -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT to amend the private housing finance law, in relation to establishing the pro-housing communities incentive fund; and making an appropriation therefor

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The private housing finance law is amended by adding a new article 28 to read as follows:

ARTICLE 28

PRO-HOUSING COMMUNITIES INCENTIVE FUND

Section 1240. Definitions.
1241. Establishment of fund.
1242. Incentive payments.
1243. Permitted uses of funds.
1244. Certification and reporting.
1245. Anti-displacement and anti-gaming provisions.
1246. Bonus for certified pro-housing communities.
1247. Annual report.

§ 1240. Definitions. For the purposes of this article:

1. "Corporation" means the New York State Housing Trust Fund Corporation.

2. "Municipality" means any city, town, or village.

3. "Net new housing unit" means a dwelling unit that:

(a) receives a certificate of occupancy, temporary certificate of occupancy, or equivalent local authorization on or after the effective date of this article;

(b) increases the total number of lawful dwelling units within the municipality; and

(c) does not merely replace a dwelling unit that was demolished, converted, or otherwise eliminated, except as otherwise provided for deeply affordable, supportive, or public housing replacement.

4. "Eligible housing unit" means a net new housing unit, including but not limited to:

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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(a) rental housing;
(b) homeownership housing;
(c) affordable housing;
(d) supportive housing;
(e) senior housing;
(f) accessory dwelling units;
(g) conversions from nonresidential to residential use;
(h) mixed-use development containing residential units; and
(i) public housing, Mitchell-Lama housing, or other publicly assisted housing.

§ 1241. Establishment of fund. There is hereby established the pro-housing communities incentive fund, to be administered by the corporation. Subject to appropriation, the fund shall provide incentive payments to municipalities based on the number of eligible net new housing units produced within such municipality.

§ 1242. Incentive payments. 1. For each eligible net new housing unit, the corporation shall provide the municipality with an incentive payment of:
(a) ten thousand dollars per net new housing unit;
(b) fifteen thousand dollars per net new affordable housing unit affordable to households earning up to eighty percent of area median income;
(c) twenty thousand dollars per net new deeply affordable, supportive, public housing, or formerly homeless housing unit;
(d) five thousand dollars per net new accessory dwelling unit.
2. The corporation may adjust such amounts annually based on available appropriations and regional housing need.

§ 1243. Permitted uses of funds. 1. Funds awarded under this article may be used by a municipality for any lawful municipal purpose, including but not limited to:
(a) sewer, water, school, park, street, transit, and public realm infrastructure;
(b) planning, zoning, environmental review, and building department staffing;
(c) affordable housing preservation or production;
(d) code enforcement;
(e) public safety and emergency services;
(f) climate resilience and green infrastructure;
(g) property tax relief; and
(h) community facilities.
2. Funds shall not be required to be spent directly on the housing development that generated the award.
3. If eligible claims exceed available appropriations, the corporation may prorate payments, with priority given to affordable housing, supportive housing, public housing, and municipalities in regions with severe housing shortages.

§ 1244. Certification and reporting. 1. Each municipality seeking payment shall submit an annual certification to the corporation identifying:
(a) the number of eligible net new housing units produced;
(b) the type and affordability level of such units;
(c) the location of such units;
(d) the number of dwelling units demolished, converted, or eliminated during the same period; and
(e) any local zoning or permitting actions taken to facilitate housing production.

2. The corporation shall verify such certifications using certificates of occupancy, building permit data, local assessment rolls, and any other relevant state or local data.

§ 1245. Anti-displacement and anti-gaming provisions. 1. No payment shall be made for a housing unit if the corporation determines that the municipality or applicant has artificially created eligibility through:

(a) demolition of existing occupied housing without replacement;

(b) conversion of rent-regulated, affordable, supportive, Mitchell-Lama, public, or other protected housing into market-rate housing;

(c) temporary or sham dwelling unit classifications; or

(d) failure to comply with applicable fair housing, environmental, labor, or tenant protection laws.

2. Where new housing replaces demolished or converted housing, incentive payments shall be made only for the net increase in lawful dwelling units, except where the replacement housing provides greater affordability or deeper public benefit as determined by the corporation.

§ 1246. Bonus for certified pro-housing communities. 1. A municipality that has been designated by the state as a pro-housing community shall receive a twenty-five percent bonus on all payments under this article.

2. A municipality that fails to submit required housing production data shall be ineligible for payments until such data is submitted.

§ 1247. Annual report. 1. The corporation shall publish an annual report including:

(a) the payments made to each municipality;

(b) the number of units produced by municipality;

(c) the number of affordable units produced;

(d) the number of units demolished or lost;

(e) the regional distribution of awards; and

(f) the corporation's recommendations for improving the program.

2. The report shall be delivered to the governor, the temporary president of the senate, the speaker of the assembly, the minority leader of the senate and the minority leader of the assembly by December thirty-first of each year.

§ 2. Appropriation. The sum of two hundred fifty million dollars ($250,000,000), or so much thereof as may be necessary, is hereby appropriated to the New York State Housing Trust Fund Corporation out of any moneys in the state treasury in the general fund not otherwise appropriated, and made immediately available, for the purpose of carrying out the provisions of this act. Such moneys shall be payable on the audit and warrant of the comptroller on vouchers certified or approved by the commissioner of housing and community renewal in the manner prescribed by law.

§ 3. This act shall take effect immediately and shall apply to housing units receiving a certificate of occupancy on or after January first next succeeding the date on which it shall have become a law.