

FY 2027 New York City & State Policy Agenda

Community Preservation Corporation

ABOUT THE COMMUNITY PRESERVATION CORPORATION (CPC)

CPC is a nonprofit multifamily housing and community revitalization finance company providing flexible capital solutions, innovative thinking built on 50 years of experience, and a collaborative approach to the complex issues facing communities. Over the past five decades, CPC has grown from a NYC-based nonprofit to a national lender and equity investor with a robust suite of capital products that can meet the needs of our customers and the communities we serve together, having invested more than $16 billion to finance the creation and preservation of more than 276,000 units of quality housing in neighborhoods across New York State and beyond. **Today, CPC works at the nexus of capital, communities, and building innovation.**

CAPITAL

CPC offers responsive capital solutions for the creation and preservation of multifamily affordable and workforce housing, spanning new construction, rehabilitation, refinancing, and acquisition. Our national permanent loan product offering includes Freddie Mac, Fannie Mae, and FHA financing through CPC Mortgage Company. CPC maintains an AA- rating from S&P.

COMMUNITIES

CPC is guided by a decades-long experience in shoring up the physical and financial conditions of New York City's affordable housing stock. Now, CPC is working with our public and private sector partners to develop and implement solutions that address disinvestment and distress across large-scale portfolios while maintaining affordability and restoring long-term stability.

BUILDING INNOVATION

CPC's longstanding commitment to innovation allows us to continually develop and advance new approaches to address the evolving challenges facing the housing sector. By promoting policy solutions grounded in energy efficiency and innovation, CPC helps reduce operating costs, mitigate risks, and preserve the long-term affordability and stability of housing.

To tackle the housing crisis, New York must advance preservation and production strategies together.

PRESERVE EXISTING HOUSING: *Mobilize resources to preserve physical quality and financial viability*

With allowable rent growth tightly constrained by regulatory agreements, rent stabilized properties face a fundamental mismatch: expense growth far outpaces allowable annual rent increases. This leads owners with tight operating budgets to rationally prioritize fixed costs such as taxes and debt service payments over more elastic expenses, like maintenance and repairs. As building issues go unaddressed, financial distress can quickly lead to physical distress. Rent stabilized buildings urgently need operating relief in service of shoring up financial feasibility, physical health, and housing quality. While no one tool can holistically address these levels of distress, these tools combined can provide meaningful building operations relief:

Lower Expenses for Rent Stabilized Housing:

- *Address Rising Property Insurance Costs:* Across CPC's portfolio, per-unit insurance premiums increased 74% from 2020-2024, which, along with other rising costs in the current inflationary environment, has placed significant pressure on the financial stability of affordable housing. We urge the State to adopt commonsense reforms to liability coverage dictated by New York's Scaffold Law, enact legislation to require disclosure of third-party litigation funders, and offer premium rebates in response to investment in risk mitigation.
- *Stem Rising Utility Costs:* Predictable operating expenses are essential to maintaining financially healthy buildings, yet rising utility costs, especially those for water and sewer which are on track to reach $2,000/unit by 2030, have made budgeting increasingly difficult. CPC urges increasing funding the Multifamily Water Assistance Program, a critical backstop for affordable buildings that provides a $250 per apartment annual credit towards an eligible building's water bill, to increase the number of units served by the program and double the per-apartment assistance amount to $500 per unit.

- *Reduce Property Tax Liability:* When adjusted for inflation, stabilized rents have effectively declined since 2016, creating growing financial pressure on owners of rent-stabilized properties. A multiyear 100% as-of-right tax abatement for financially distressed rent-stabilized properties would support the long-term financial viability and physical preservation of these buildings.

Open Avenues for Reasonable Revenue Growth:

- *Right-size Rent at Turnover:* Regulated affordable housing should be allowed to lease vacant units at the current year's AMI levels. This change would strengthen project financial stability without affecting existing tenants and bring online another tool to help ensure long-term preservation of regulated affordable housing.
- *Fund Rental Assistance Vouchers:* In an environment of dwindling federal resources, local housing assistance is more important than ever. We applaud the City's FY 2027 Budget which includes $175M for the implementation and expansion of CityFHEPS, in addition to the State Legislature's inclusion of a $50M allocation for the Housing Assistance Voucher Program. CPC continues to support responsibly funded rental assistance vouchers to fill the gaps left behind by rescinded federal funding and urges prioritizing efficiency, clear eligibility standards, and simplified documentation to reduce barrier for both tenants and owners.
- *Insulate Annual Increases from Politics:* The arbitrary nature of the annual Rent Guidelines Board process leaves both owners and tenants at the whims of politics. Instead, annual rent guidelines should be determined by a standardized formula indexed to inflation, like the formula used to determine a conscionable rent increase under New York's Good Cause Eviction Law. This would provide both tenants and owners with predictable cost horizons and insulate rent stabilized housing from politics.

Support Rollout of J-51 Tax Abatement: J-51 received a ten-year renewal in the FY27 State budget, extending eligibility for completed projects from 2026 to 2036, increasing the percentage of covered eligible costs to 100%, and requiring cost schedules to be regularly updated. CPC applauds the Legislature and New York City Council for enacting this legislation and we look forward to supporting eligible borrowers in accessing this benefit for critical building repairs, modernization, resiliency improvements, and environmental upgrades.

INCREASE NEW HOUSING PRODUCTION: Remove barriers and advance news tools to build more housing

Deploy Mixed-Income Housing Strategies: Mixed-income housing programs are some of the City's most effective tools for pairing affordability with new construction, making them essential to reaching Mayor Mamdani's Block by Block Housing Plan goal of building more than 200,000 new affordable homes over the next decade. Programs like 80/20, Inclusionary Housing, and Universal Affordability Preference demonstrate how public investment can unlock housing production at scale while maintaining income diversity across and within new construction. CPC strongly supports continued investment in these approaches as a core part of meeting the City and State's production targets.

Renew Capital Investment in Housing: New York State's current $25 billion, five-year housing plan, which aims to create or preserve 100,000 affordable homes, concludes with the enacted FY 2027 budget. CPC applauds the Governor and the Department of Housing and Community Renewal (HCR) on this catalytic investment and encourages continued capital support for housing to sustain momentum and advance New York's long-term housing production and preservation goals over the next five years, and beyond.

Lower Construction Costs and Expedite Construction: CPC supports recent efforts by the City and State to expedite production of new housing through various mechanisms including implementing the City of Yes zoning amendment, the 485-x tax incentive program, the City's new Expedited Land Use Review Procedure (ELURP), Mayor Mamdani's SPEED Taskforce, and modernization of the State Environmental Quality Review Act (SEQRA). These reforms have the potential to decrease construction time and ultimately lower total development costs, and their success should remain a top priority across all sectors.

FY 2027 New York City & State Policy Agenda

Community Preservation Corporation

PROGRAMMATIC HIGHLIGHTS

CPC is proud to partner with New York City and State across a diverse portfolio of programs, including:

Permanent Lending with New York City and State Retirement Systems: CPC has longstanding partnerships with the public pension funds, including the New York City Retirement System and the New York State Common Retirement Fund. CPC's Long Term Fixed-Rate Financing Product can also be insured by the State of New York Mortgage Agency, whose insurance flexibility lets CPC deploy private capital efficiently to meet housing and revitalization needs across the City and State.

Housing Central New York (HCNY) Fund: Administered by CPC following a competitive process, the $150M HCNY Fund provides subordinate debt financing to qualified developers for mixed-income rental and for-sale housing projects in the Central New York region. Created by Empire State Development and Center State Corporation for Economic Opportunity, and administered by CPC in partnership with both, the fund addresses growing housing demand in the Central New York region.

Programmatic Administration with New York Division of Housing and Community Renewal (HCR): CPC is proud to partner with the State on numerous innovative programs to support the production and preservation of affordable housing statewide. Current programs include:

- *Housing Acceleration Fund (HAF):* A $215 million New York State initiative administered by HCR, HAF provides low-cost construction financing for shovel-ready, mixed-income multifamily developments. CPC serves as a primary participating lending partner, managing $45.5 million of this capital.
- *Climate Friendly Homes Fund (CFHF):* CPC is proud to administer part of Governor Hochul's $250M five-year allocation to electrify 10,000 homes. CFHF provides funding to electrify heating, cooling, and domestic hot water across low-income multifamily buildings throughout the State.
- *Participation Loan Program (PLP):* PLP provides gap financing to develop and preserve high-quality affordable rental housing, address blight, and restore neighborhoods outside of New York City. Targeting renovation of rental buildings with up to 50 units in medium density neighborhoods, PLP can be combined with private lender financing, resulting in lower blended financing costs. We applaud the State's commitment to PLP and encourage continued financial and programmatic support.
- *The Legacy Cities Access Program:* Funded by HCR, Legacy Cities Access is a $25M program that aims to support cities struggling to address blight, vacant and distressed properties by providing resources to Minority- and Women-Owned Business Enterprises and non-profit developers who have the capacity to take title to and renovate vacant properties, in turn creating new opportunities to promote affordable homeownership for underserved homebuyers.
- *Affordable Homeownership Opportunity Program (AHOP):* Launched by Governor Hochul's five-year housing plan, AHOP provides gap financing for new construction of small homeownership projects that are affordable to low- and moderate-income first-time buyers and meet certain energy efficiency targets.

Connect with the Policy Team:

www.communityp.com

ERIC BEDERMAN
Director, Public Affairs
ebederman@communityp.com

EMILY KLEIN
Deputy Director, Public Affairs
eklein@communityp.com