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Building Blocks of a Progressive Building Agenda for New York City

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Urban Democracy Lab Working Papers are circulated for discussion and comment. They reflect ongoing research and analysis and may be revised. These papers emerge from discussion with community partners but have not gone through a process of community review as is our practice. This paper is part of a series that responds to a rare political opening: the chance to rebuild city governance around affordability, dignity, and democratic control. The papers are designed as practical tools for transition and early governing, with companion briefs for rapid circulation and working-paper versions that provide full rationale, evidence, and implementation detail. They reflect our Real Utopian orientation: feasible design of transformative institutions and policies that are egalitarian, durable, and sustainable.

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Executive Summary

For too long, private real estate has dictated government priorities, profiting from public subsidies while delivering too little affordability. The Mamdani Administration has a clear mandate: to treat housing as a social good, not a private commodity. A progressive municipal building agenda puts the public back in planning, finance, and development to deliver housing for those who need them most.

Mayor Mamdani's first executive orders focused on housing, demonstrating formidable commitments to effect a progressive agenda. Two executive orders provide immediate administrative mandates for a progressive building agenda, one on creating the SPEED Task Force¹ to accelerate housing development, and the other creating the LIFT Task Force² to optimize city-owned property for affordable housing. He also signed an order to revitalize the City's Office to Protect Tenants, appointing tenant leader Cea Weaver to run it. In demonstrating further commitment to implementing a progressive housing agenda, the Administration has also appointed Leila Bozorg as deputy mayor for Housing and Planning, a new cabinet position focused squarely on housing as a linchpin in the mayor's affordability agenda. Dina Levy, a longtime tenant advocate for preservation partnerships in response to "predatory equity" distress in NYC, will run the Department of Housing Preservation and Development (HPD).

In the first year, the Administration can act decisively by emboldening NYCHA to return as a public developer, launching a city-run Revolving Construction Loan Fund, activating a public land bank, and, with state approval, and expanding the NYC Public Housing Preservation Trust (the "Trust") as a municipal vehicle for large-scale preservation with green retrofitting partnership. Together, these measures establish the architecture of a city-led social housing system

¹ <https://www.nyc.gov/mayors-office/news/2026/01/executive-order-05>

² <https://www.nyc.gov/mayors-office/news/2026/01/executive-order-04>

These changes use mayoral power and partnership to create new revenue streams that can be recaptured to maximize housing as a social good. Harnessing the full authority of a public developer enables vertical integration that can facilitate meaningful resident participation in design and streamline and scale quality new construction and preservation delivery. City equity stakes and ownership – through publicly held land and direct public subsidies – take rent hikes and evictions out of underwriting. Durable public commitment places the dignity, health, and belonging of New Yorkers, and the human right to housing at the center of public investment. How the city delivers a progressive building agenda now– driven by and for the public – will help determine the terrain of our political futures. When tenants and homeless New Yorkers win, we change political conditions for everyone.

Introduction: A City of Yes AND

According to some, government regulations and zoning are the single dam holding back a flood of free market energy that will create abundant and affordable housing. This view is misguided for a number of reasons. Federal Reserve economists have found that local housing regulations do not explain at all which metros build more or have more expensive housing.³ Research finds that upzoning leads to trivial changes in new construction.⁴ New aggregate housing supply on its own has limited effects on aggregate housing prices. According to one study, a 1% increase in housing supply reduces rents by 0.2%.⁵ To put that in perspective, NYC would need to add 1.2 million units of rental housing, in order to make housing affordable for the median renter.⁶ But that assumes that the private market would keep building at pace while rents *decline*. In reality, declining rents are a market signal for real estate to *stop building* – a contradiction if we think we can depend solely on private development to create housing affordability for all. While this does not mean that concerns of supply and regulation are irrelevant, we should be clear that the housing market is complex and there are no silver bullets. The recent City of Yes zoning amendment will help encourage additional development, but it will only get us so far.

A *progressive building agenda* is one where government and non-profit actors proactively and aggressively create lots of beautiful, green, secure, and permanently affordable housing that prioritizes those who truly need it. A progressive building agenda does not simply go on faith that, by absolving the real estate industry of any considerations for community needs, labor rights, or energy efficiency, the free market will magically create

³ Louie, Schuyler, John A. Mondragon, and Johannes Wieland. 2025. [Supply Constraints Do Not Explain Housing Price and Quantity Growth Across U.S. Cities](#). WP 33576. *NBER Working Paper Series*. Cambridge, MA: National Bureau of Economic Research.

⁴ Freemark, Yonah. 2023. [“Zoning Change: Upzonings, Downzonings, and Their Impacts on Residential Construction, Housing Costs, and Neighborhood Demographics.”](#) *Journal of Planning Literature* 38(4):548–70. Sullivan, Laura R. 2025. [“Testing the chain of inclusion: Examining if upzoning changes the housing supply and demographics of places using national data.”](#) *Journal of Urban Affairs*, 1–22.

⁵ Mense, Andreas. 2023. [“Secondary housing supply”](#) IAB-Discussion Paper.

⁶ Following the methodology here: Damiano, Anthony. 2025. [“Supply Skepticism or Supply Realism?”](#) *Housing Policy Debate* 35(1):124–30.

affordable and secure housing *for all*. Rather, it sees a combination of tenant protections and regulations go hand in hand with an expansion of the supply of permanently affordable social housing. In doing so, it acts as a proactive agent in the broader housing market, rather than attempting to influence it from the sidelines.

Contrary to popular belief, housing created by the public sector has many advantages, especially when it comes to affordable housing. First, the public sector can *centralize*, especially when it comes to financing. Housing development is fragmented, with numerous different actors, each of which take a cut. For example, the popular Low Income Housing Tax Credit (LIHTC) must cobble together so many different lawyers, investors, and government agencies, that 10-27% of the subsidy is chewed up to coordinate it all (and cover the costs of lawyers and profit margins), and projects take twice as long as market rate construction.⁷ In the end, bribing the private sector to create affordable housing is costly.

Public sector housing also can achieve *economies of scale*. The New York City Housing Authority (NYCHA) and other agencies issued a challenge for companies to create an energy-efficient heat pump that could be installed in windows.⁸ The result was a window unit that gave residents heat and air conditioning that they control, and saved 87% in energy consumption.⁹ The public sector can also pursue *social goals*. Since the public sector is not constrained by profit motives, it can serve the people. The public sector can build housing for those who need it most, while also achieving goals like community development, decarbonization, and deep affordability.

The Social Housing Development Authority (SHDA) is a proposal to create a government agency to act as both a public developer and a public bank to expand the supply of

⁷ Scally, Corianne Payton, Amanda Gold, and Nicole DuBois. 2018. [The Low Income Housing Tax Credit: How It Works and Who It Serves](#). Washington DC: Urban Institute.

⁸ https://be-exchange.org/wp-content/uploads/2025/01/20250116_CleanHeat_Slides-UPDATED.pdf

⁹ Maldonado, Samantha. 2025. "[Electric Heat Pumps Get Warm Reviews at Queens Public Housing Development](#)." *The City*. February 27.

permanently affordable housing.¹⁰ A national version of this was introduced by Representative Alexandria Ocasio-Cortez and Senator Tina Smith as the Homes Act 2024.¹¹ A New York State version was introduced by Assemblymember Emily Gallagher and Senator Cordell Cleare.¹² In short, the SHDA can *build* new housing or acquire existing housing to *convert* it to permanent affordability. It does so while maximizing *green* construction and retrofits. The SHDA provides a package of revolving *loans* and *capital subsidies* to pay for the housing. The SHDA also provides *technical assistance* to residents to manage the building and ensure that their voices are heard in the governance of their homes.

Creating an engine of deep affordability requires greater public financing and coordination powers of the state and federal government. NYS can and should lead with the SHDA and demonstrate by example the importance of a federal Homes Act, the social pillars of Build Back Better, and the Green New Deal for Public Housing. But there is still so much that NYC can do on its own, today.

Building Blocks

In this memo, we propose a way to take the key powers of an SHDA and map them onto existing institutions within the New York City Government. Those powers are 1) public ownership, 2) public development, 3) public funding and financing, and 4) technical assistance to facilitate resident participation and control. Below, we show how all these powers currently exist under the control of city government and if used in a coordinated way, could significantly expand the supply of permanently affordable housing.

¹⁰ Baiocchi, Gianpaolo and H. Jacob Carlson. 2020. [The Case for a Social Housing Development Authority](#). NYU Urban Democracy Lab. November.

¹¹ Capps, Kriston. 2024. "[AOC Proposes \\$30 Billion Social Housing Authority](#)." *CityLab*. September 18.

¹² Miranda, Leo. 2024. "[The Plan to Bring Social Housing \(Back\) to New York](#)." *Next City*. July 25.

1. Public Ownership

Relaunch NYCHA for Public Ownership of Social Housing

Over the past 50 years, the public sector in general has increasingly opted to pursue affordable housing policy with only *funding* rather than *direct ownership*. NYC is a partial exception, with the New York City Housing Authority (NYCHA) as the largest public housing authority in the country, with over 157,000 units that house 6% of all New Yorkers. The city could pursue an innovative public land-lease model that could range from permanent, green 100% affordable to mixed income to create a more affordable city.

A transformational re-envisioning of NYCHA involves the New York City Public Housing Preservation Trust (“Public Trust”). NYCHA and the embedded Public Trust can develop, own and steward new social housing construction and existing stock that retains net revenue in the public portfolio. Foremost, public stewardship of new social housing through direct public ownership can and should support the health and stability of current NYCHA residents and ensure the permanent deep affordability of NYCHA units. While the new Administration can fervently champion and support political opportunities to enact the federal Green New Deal for Public Housing, importantly, new revenue under NYCHA’s portfolio must support NYCHA’s obligation to modernize existing units where residents await or reject RAD conversion and remain in Section 9. HPD has the legal authority to develop social housing too, and does own and manage some at a smaller scale.

One opportunity specific to NYCHA to construct new and deeply affordable housing is through its existing “Faircloth” units. The units under NYCHA’s Section 9 ownership are capped by the Faircloth Amendment, which prohibits the total public housing units exceeding the number in existence as of 1999. Today, NYC is about 12,000 units under its Faircloth limit. Under the HUD’s Restore-Rebuild program (formerly known as Faircloth-to-RAD), NYCHA could construct and then convert Faircloth units to become

funded using Rental Assistance Demonstration project (RAD) Project Based Section 8 vouchers in leaseholder partnership with the Public Trust. These units can allow for a consistent revenue stream above Section 9 and with 20 year renewable terms. Faircloth Restore-Rebuild units receive augmented rental assistance in zip codes with 4% or less rental vacancy if serving residents eligible for supportive services, youth with HCV family reunification assistance, or if units represent 25% of the project only, or 40% of all units in a low-poverty census tract. This rent stream can unlock additional responsible financing for the construction of a greater number of permanently affordable mixed-income units at a given publicly held site, as part of an infill, cluster, and scattered-site public portfolio. If held by lease with the Trust, the state guarantees that the housing cannot be held as collateral to bond investors. In other words, the state must maintain the housing with the same resident rights and affordability and in public ownership regardless of any lending default or other scenario.

Ideally, as discussed in the next section, public development capacity will allow the city to forgo partnership with high fee and returns-focused private developers. It is the city's obligation to enact a public purpose of net revenue to the greatest benefit of meaningful permanent affordability and maintenance in new construction *and* in service to the current residents of NYCHA Section 9 or RAD modernization.

Maximize land use for affordability

Assembling for a housing development is a crucial part of the process and essential for the affordability of the housing. The new LIFT Task Force will be examining city-owned property to maximize affordable housing opportunities.

Land banking is another tool, taking an assemblage of parcels in the public and private sectors and mobilizing them for best use. HPD currently manages city tax-owned vacant lots but does not operate as an active land bank. In November 2024, HPD held tax-owned vacant lots identifying 100 of 742 as slated for residential use while the

same number for non residential. Approximately 500 of the parcels held an active Request for Proposals as of that time.

Rather than create an entirely new land bank, the city could activate an existing entity to function as one, such as Neighborhood Restore or the Public Housing Preservation Trust. New York City Economic Development Corporation (NYCEDC) can help drive a progressive building and affordability agenda given the non-profit's power to circumvent public auction to obtain land, convey public land (with Urban Land Use Review Procedures and Borough Board and Mayoral approvals for city-owned land per New York City Charter), and lobby decision makers in land use processes. They develop community facilities and supportive services using the NYC Neighborhood Capital Corporation (NYCNCC) and acquire land using the New York City Land Development Corporation (LDC). The Deputy Mayor for Economic Justice supervises the NYCEDC and board members of the corporation and its subsidiaries are appointed by the mayor and deputy mayor.

2. Public Development

Harness the power of public development for vertical integration, savings, and public participation and accountability

Development describes the overall management of the construction process from design to post construction closings for new construction or renovation. NYC does not do public development, directly, preferring to publicly finance private for-profit developers who receive about 80% of the city's total land and affordable housing subsidies (with the remaining to non-profits).

However, the power to do public development exists. New York City Economic Development Corporation (NYCEDC), Department of Housing Preservation and Development (HPD), the New York City Housing Authority (NYCHA), and the New York

City Housing Preservation Trust (“Public Trust”) all have the legal authority to do direct housing development.

NYCEDC may do direct development in-house, and has several arms of financing execution, such as for construction projects. An affordability-driven NYCEDC can optimize planning for the siting of 100% mixed-income affordable residential and mixed use developments within long-term capital planning of amenities-rich flagship areas of economic growth, including resilient waterfronts. When the city maintains ownership of land for affordable housing, such as under the land-lease development model, the NYCEDC initiates interagency affordable housing review involving the Public Design Commission (PDC) and HPD which has its own multifamily design guidelines.¹³ The Deputy Mayor of Housing and Planning oversees PDC and HPD and as Co-Chair of the Streamlining Procedures to Expedite Equitable Development Task Force (the “SPEED Task Force”) should review NYCEDC interagency work with HPD to identify opportunities for streamlining to deepen affordability and ensure equity impacts.

Separately, the Department of Design and Construction (DDC) most often handles development of museums, police precincts, and libraries, as well as other city infrastructure like sewers and pedestrian plazas, all of which are subject to the PDC review. While the DDC does not currently develop housing outside of integration with public design projects, such as a library, that could become part of their purview. The Deputy Mayor for Operations oversees the DDC and can envision and develop its capacities for optimizing public development of housing in coordination with the mayor’s cabinet positions in housing and economic justice. Like NYCHA, and its public preservation arm, the Public Trust, NYCEDC and DDC have the power of “alternative-delivery” procurement for more effective agency-driven development planning with trades from the onset of a project.

¹³https://www.nyc.gov/assets/designcommission/downloads/pdf/5-8-2018_PDC_Affordable_Housing_Process_Chart.pdf
<https://www.nyc.gov/assets/hpd/downloads/pdfs/services/hpd-design-guidelines-for-new-construction.pdf>

Make Trades and M/WBE Champions of Affordability

Through “alternative-delivery” design-build, the designer, builder, and agency must work together earlier and at once for the integration of construction planning from the design stage. This differs from a development project that seeks construction bids for pre-established designs. The public agency also drives decisions throughout the construction with direct oversight of open-book subcontracts.

An agency’s early collaboration with multiple trades can allow the city to identify challenges and opportunities such as utility interference and integration of citywide resiliency projects, like green infrastructure, and storm sewers. NYCHA can also use design-build procurement, and the Trust uses two-part progressive design-build important for preservation projects. The 2024 NYCHA PLA excludes the *private* Permanent Affordability Commitment Together (PACT) preservation contractors who follow federal prevailing wage requirements (Davis-Bacon) for construction work but who have more flexibility regarding union or nonunion hires.

DDC has been authorized to use design-build only. Progressive design-build and Construction-Manager Build, which DDC used during the COVID emergency, are options to consider for DDC if enabled to develop social housing construction or preservation.

HPD does not hold alternative procurement authority. City-financed housing already largely requires building services that offer a prevailing wage. But many of the New Yorkers who construct and preserve affordable housing through HPD likely struggle to afford the city they’re building. The recently passed Construction Justice Act will go a long way to addressing this. In addition, Project Labor Agreements (PLAs) with the Building & Construction Trades Council expedite development by creating pre-hire contract standards. The city often bargains with a comprehensive approach to increase local hiring, workforce development, Minority and Women Owned Business Enterprises (M/WBEs) contracts, and make strategic affordability inroads by controlling costs through efficiencies, including seeking state authorization to extend design-build

procurement. The comprehensive approach can allow city interagency collaboration directly with construction and trades. For example, the city's 2024-2028 PLA for design-build horizontal infrastructure projects was developed by four city agencies. NYCHA, the School Construction Authority, and NYC Health + Hospitals have their own PLAs, respectively. PLAs can prevent delays to complex construction timelines but should be scrutinized in future bargaining to reward completion timetables, maximize the city's procurement, and coordinate infrastructure horizontal digs and vertical new construction capacities required across various city projects.

Embolden Public Preservation Development at Scale to Work Across Portfolios

While constructing new units is important, preserving units in the supply is crucial. Habitability is a major challenge for many New Yorkers. The city may find that it can take a direct role in acquisition to preserve affordable housing. This could include buying distressed buildings or portfolios, and reinvesting in them to bring them to livability and green standards. Especially with a revitalized Office to Protect Tenants, the depth of livability conditions that tenants experience will likely become more visible to the public.

HPD has lending capacity for preservation, such as through the Neighborhood Pillars program, which offers low-interest loans to acquire and rehab distressed rental buildings, requiring a minimum of 30% of the renovated units to remain permanently affordable.

The Neighborhood Pillars program will be key to the promises of the Community Opportunity to Purchase Act, where buildings up for sale must give the right of first refusal to eligible non-profit entities. Prioritizing staffing and lending power to the Department of Housing Preservation and Development (HPD) for this program will allow non-profit developers to support residents to convert their buildings to community land trusts and limited equity cooperatives for expanded and permanent affordability. HPD

must aggressively recruit and retain staff to realize COPA's potential. Once enacted by City Council, COPA complements the proposed public ownership portfolio. COPA can work alongside public stewardship for preservation and permanent affordability.

However, to reach the scale of preservation support needed for Mitchell-Lama units, or "predatory equity" large-scale scattered site portfolios where landlords deferred maintenance across a portfolio for years, a public development capacity utilizing progressive ("two-step") design-build principles will expedite public preservation delivery with greater cost savings.

The proposed state legislation "Tenant Opportunity to Purchase Act," if enacted, can offer an on-ramp for residents in existing privately-held housing to choose to join a proposed publicly owned social housing portfolio and be stewarded by public preservation.

Already, NYCHA's collaboration with the newly state-authorized Public Housing Preservation Trust shows promise for public accountability in preservation development of NYCHA units in comparison to initial overall PACT privatization effects. The Public Trust is a 100% public agency created as an alternative to the privatized management of NYCHA's modernization efforts. The Trust oversees preservation only upon residents voting for the entity to do so with Section 8 conversion, initially relying on federal subsidy provided by enhanced Tenant Protection Vouchers. The Public Trust was enabled by the state to issue up to \$10 billion in public bonds and undertake renovation of up to 25,000 NYCHA units, thereby leveraging HUD's Fair Market Rent revenue provided by Section 8, at twice the funding of Section 9. The Trust uses the expedited, cost-saving two-part progressive design-build alternative delivery procurement currently unavailable to HPD. As previously mentioned, NYS guarantees that under no scenario can the NYCHA-owned housing preserved through a lease-holder agreement with the Trust be used as collateral for financing, and guarantees resident rights and affordability in the event of lending default.

NYCHA's 2025 Design Guidelines reflect the authority's growing in-house development expertise drawing from lessons of Hurricane Sandy and \$7B of PACT portfolio renovations completed or underway since 2020.¹⁴ NYCHA seeks to grow its public developer tools through use of Section 8 conversions, the transfer of existing units to new sites ("Transfer of Assistance"), and the ground lease of adjacent land or infill development. In the absence of sufficient Section 9 federal subsidies or new state revenue by taxing the rich, these tools can be used to maximize a progressive housing agenda that creates social housing led by communities, in publicly-held stewardship that maintains and expands all rights and affordability terms of existing and future residents.

Local Law 97 requires aggressive targets for decarbonizing NYC's multifamily buildings that should be positioned within larger preservation strategies. NYC Accelerator, under the Mayor's Office of Climate and Environmental Justice, supervised by the Deputy Mayor for Operations, helps owners comply with the new law.¹⁵ HPD and NYSERDA, as well as a variety of external sources, have several financial and technical assistance resources to help with decarbonization. These changes not only help the planet, but also create a variety of "co-benefits" that enhance resident satisfaction (such as the ability to control the temperature in their unit), and long term affordability.¹⁶

Expedite Affordable Housing Development

A progressive building agenda should also look for efficiencies to be made in the administrative and permitting process, without sacrificing safety. Indeed, the SPEED Task Force will be tackling this, and some of the following should be considered. NYC should permit wood-frame "5-over-1" buildings, a popular construction technique throughout the U.S., and allow mass timber buildings to be constructed up to eighteen stories. Relative to prevailing steel and concrete-intensive methods, timber-based

¹⁴ https://www.nyc.gov/assets/nycha/downloads/pdf/NYCHA_Design_Guidelines_Report.pdf

¹⁵ <https://accelerator.nyc/offerings>

¹⁶ Bhardwaj, Ankit, Josh Whitford, Brady Kennedy, Gianpaolo Baiocchi, H. Jacob Carlson, and Bianca Howard. 2026. "[Satisficing Devices: Co-Benefits in Practice to Decarbonize New York City's Residential Buildings.](#)" *Energy Research & Social Science* 131:104512.

construction is cost effective and offers enhanced sustainability features. The City can also revise licensure and DOB standards for tower crane operations, which could increase the use of tower cranes on construction projects that would improve worker safety and expedite development timelines. Allowing PVC piping would also reduce plumbing installation complexity and costs. The City could jumpstart modular construction by offering tax credits to modular operators in exchange for locating facilities in the city's Industrial Business Zones and hiring union labor or adhering to prevailing wage standards. Finally, NYC could explore alternative building code frameworks to the American codes, the International Building Code (IBC). European building codes are performance-based and less prescriptive than the IBC, lending greater flexibility to project design without jeopardizing safety, energy efficiency or accessibility. Indeed, Europe's single-stair and elevator regulations facilitate housing that is markedly more accessible than housing in NYC, which typically doesn't feature elevators in buildings shorter than five floors.

3. Public Funding and Financing

The city has a variety of tools already at its disposal to pay for social housing. On the one hand, using those tools in a more coordinated manner that focuses on public ownership and public development can make those dollars go farther by reducing the need to pay for profit margins and by keeping the money recirculating within the public sector. On the other hand, there are some additional tools and operating procedures that could be created to expand the city's capacity to build social housing, such as revolving loan funds, public equity stakes, and new sources of tax revenue.

Coordinate existing tools

The main sources of public money for NYC affordable housing are HPD and the Housing Development Corporation (HDC). With additional coordination under the Mayor's office, these existing programs could go farther to support the creation of

social housing. HPD administers most of the city's housing capital allocations, as well as many state and federal subsidies, including:

- *New construction subsidies.* They handle most of the city's LIHTC allocation and also "as of right" programs that any eligible project automatically receives (J-51, 421a, 485x, etc.).
- *Preservation rehabilitation subsidies.* HPD also offers low-interest credit such as through the aforementioned Neighborhood Pillars program for distressed buildings. HPD currently manages technical assistance and rehabilitation support to residents in city-owned multifamily buildings forming independent cooperatives through the Tenant Interim Lease program. Residents may choose to do so through HPD capital subsidies and gut renovation offered by the Affordable Neighborhood Cooperative Program (ANCP).
- *Rental assistance subsidies.* HPD also manages about 39,000 Section 8 housing vouchers and in March, 2026 will administer the city's first 1,000 vouchers provided through the NYS Housing Access Voucher Program (HAVP) to those who are excluded from federal voucher programs due to justice-impacts, status, or having no income.¹⁷ In addition HPD manages the rental assistance subsidy for the City's 15/15 program to both for-profit and non-profit supportive housing projects in partnership with social services.
- *Federal funds delivery.* HPD also serves as a pass through of federal monies allocated by the Housing and Urban Development (HUD) to NYCHA, and administer of several HUD awards such as rental assistance through Mod Rehab and the Continuum of Care (CoC). HUD's Community Development Block Grant (CDBG) supports HPD's important enforcement and lead abatement programs.

Additional public subsidies for comprehensive supportive housing, and rental assistance funds for retention and stabilization to prevent eviction and/or assist with domestic violence survivors can reinforce public development. For example, the New

¹⁷<https://thenext100.org/in-major-win-for-housing-coalition-governor-hochul-agrees-to-fund-housing-access-voucher-program/>

York City Human Resource Administration's Department of Social Services (DSS) administers a rental assistance program for households eligible for cash assistance, the City Fighting Homelessness and Eviction Prevention Supplement (City FHEPS) vouchers. An allocation of the \$1B voucher fund can be re-positioned as project-based within a publicly stewarded social housing portfolio comprising both preservation and new construction for households who seek funds to move from their current apartment or shelter. City FHEPS pays rental assistance based on NYCHA's Section 8 payment standards (approximately \$3,058 of rent inclusive of utilities for a household of 3-4 people as of August 2025) for up to five years only and anywhere in NYS. Coordination of these funding pools can reinforce existing public subsidies. Another set of more limited funds, called Resolution A, or Reso A, provide City Council Members and Borough Presidents money for discretionary capital grants to nonprofit providers.

The other arm of city housing financing is HDC, which floats tax exempt housing bonds on the private market to generate capital for affordable housing development generally tied to the revenue, or cash flows, of a project. It has extensive experience in capacity to issue loans for affordable housing. This includes construction financing as well as permanent loans. HDC has a total bond cap of \$19 Billion and in 2025 was approximately \$1.9B below that limit. NYC's sale of social bonds specific to affordable housing and as part of the city's general obligation bonds began under the Mayor Adams administration showing the strength of the bond market in 2025. The October 2025 "indications of interest" by purchasers was robust at 1.9x for general obligations bonds, and 3.2x indications of interest for the social bonds.¹⁸

There are other sources of debt financing for the city. NYC's Comptroller determines the structure and issuing of municipal debt, which funds long term capital budgets. The Comptroller also oversees NYC's five public employee pensions or NYCERS. Each has a different board configuration that includes the Mayor, Public Advocate and union representatives. Beginning in the early 1980s NYC employee public pensions began to

¹⁸<https://comptroller.nyc.gov/nyc-bonds/the-city-of-new-york-announces-successful-sale-of-1-88-billion-of-general-obligation-bonds-including-460-million-of-social-bonds/>

invest in economically targeted investment funds (“ETIs”), approximately 2% of their assets at a long term secure market rate return target. As a result, approximately \$5B of NYCRS funds can finance affordable housing using ETI funds. New York City first financed preservation using ETIs through the “non-profit” bank, Community Preservation Corporation, which directly collaborated with securities insurance of the State of New York Mortgage Agency (SONYMA), however this program had less impact when premiums increased. To unlock the continuing (and growing) financing potential of the pensions will require more meaningful affordability terms, and the city can allocate direct capital subsidies to projects as equity partners.

Create New Tools and Capacities: Permanent Funding and Construction Financing

The city should work to invest in permanent funding for affordable housing. This could take a variety of forms. One is with a *revolving loan fund for permanent financing*, which provides low-cost financing on a revolving basis for the long-term needs of a building. These low-cost loans allow for more affordability, while recouping the proceeds from the loan to replenish the public coffers and recirculate money for other purposes. Even with a below-market interest rate, the recovered interest and principal payments can become a productive internal circuit of capital.

Another possibility is for the city to take an *equity stake* in affordable housing projects. In some cases, especially in projects with higher shares of market rate units, it may make sense for the city to take an equity stake in housing. This creates an asset for the city, and gives it more control over the housing it subsidizes. Often, a *private loan* (offered at prevailing market interest rates), is less costly on a monthly basis than paying out a 15%-18% rate of return for a *private equity* investor. Given high development costs, particularly for 485-x projects subject to construction wage requirements, the exorbitant returns private equity commands can prove prohibitive, limiting financial feasibility and killing mixed-income projects. A public equity financing mechanism could substitute private equity in these transactions, allowing projects to move forward while

strengthening affordability requirements and ensuring decent wages and working conditions for construction labor. The City could even collect a small return (which could be recycled for more affordable housing elsewhere in the city) and still create more affordable housing than privately-financed, predominantly market rate projects.

Another tool could be a *revolving loan fund for construction financing*. Such funds provide an alternative to the high-cost construction financing that is typically available on the private market. The Community Services Society of New York for a NYC Revolving Housing Construction Fund (RHCF) has proposed one to be administered by HDC. Another model the city can pursue is to partner with the Community Preservation Corporation's Revolving Construction Loan to leverage city dollars at better terms for deeper affordability, also with support of NYCERS underwriting.¹⁹

Another alternative to deal with high construction financing and development costs is if the city drew directly on its own resources for the construction and development phase. It could then obviate the need for expensive development financing and go straight to the less costly permanent financing arrangement.

To pay for all this requires money. A clear option is raising taxes on the rich. Another option is raising the city's debt ceiling, now capped at approximately \$30B for the next decade of capital funding, will allow NYC to spend more now in affordability and climate resiliency to save later.

4. Technical Assistance for Resident Control

Community life is stronger when residents have a real voice in their building. This can range anywhere from full cooperative property management to resident councils that help an owner or property manager hear from the needs of residents. Managing a building is hard, especially when you want to include residents who may not have experience in building governance. Therefore, technical assistance can help ensure that

¹⁹ Thompson, Iziah. 2025. "[Can New York City Build Again?: A Blueprint for a New Era of Social Housing.](#)" Community Service Society. October.

buildings are well-functioning, financially sustainable, and adequately maintained. HPD has extensive experience with technical assistance programs.

Pathways to Social Housing

The powers presented above are building blocks that can be fit together in different ways. This is not a once-size-fits-all proposal. Below, we present possible different combinations that help build permanently affordable housing.

New construction with NYCHA ownership and Trust Collaboration

1. ➡	2. ➡	3. ➡	4. ➡	5. ➡
<p>NYCHA uses Restore-Rebuild to convert 12,000 Faircloth units to Section 8, unlocking public and private financing for additional affordable units within mixed income projects using city land conveyed to NYCHA.</p> <p>LIFT Task Force²⁰ with leadership by EDC, DDC, HPD, NYCHA identify project placements using public land, public redevelopment capacity, and within citywide green infrastructure projects.</p>	<p>NYCHA as land owner provides ground lease to the Trust authorized by NYS to unlock Restore-Rebuild S8 conversion;</p> <p>HPD and HDC issue a mix of subsidies and loans to the developments.</p>	<p>Department of Design and Construction or NYCHA develops the housing using design-build.</p>	<p>NYCHA operates the building services.</p>	<p>HPD conducts training with tenants to ensure RAD resident rights by NYCHA Section 9 standards as currently guaranteed by Trust, along with resident democracy and any additional S8 protections.</p>

New construction with Trust ownership

²⁰ <https://www.nyc.gov/mayors-office/news/2026/01/executive-order-04>

1. ➡	6. ➡	7. ➡	8. ➡	9. ➡
The Trust receives state authority to expand its mission and build mixed income housing on public land in the city	HPD and HDC issue a mix of subsidy and loans to the project	Department of Design and Construction or NYCHA develops the housing	After completion, the Trust is the owner and NYCHA is the property manager	HPD conducts trainings with tenants to ensure resident democracy

Acquisition, retrofit, and conversion to tenant cooperative

1. ➡	2. ➡	3. ➡	4. ➡	5. ➡
<p>Sale activates COPA or TOPA and opportunity for tenants to form social housing, such as a limited equity cooperative.</p> <p>Or</p> <p>After extensive neglect by a private landlord, enforcement actions by the Office of Tenant Protection, the City negotiates with the landlord to sell the building as a limited-equity cooperative to the tenants.</p>	HPD and HDC issue a mix of subsidy and loans to the project with permanent affordability conditions.	<p>HPD takes ownership of the property, and coordinates green renovations with a non-profit developer.</p> <p>Or</p> <p>Upon receiving state authority to expand its mission, <i>if and when at scale of a large multi-building portfolio acquisition</i>, The Trust undertakes preservation development including green renovations; contingent upon tenant agreement to convey land to public stewardship held by the Trust.</p>	<p>After completion, HPD conveys ownership to the tenants who operate the building as a limited-equity cooperative that may also be part of a larger community land trust.</p> <p>Or, if after completion by the Trust, the tenants receive building services by NYCHA or a prevailing wage operator.</p>	HPD conducts trainings with residents to ensure resident rights and democracy

Operating Principles for a Progressive Building

Agenda

The pathways above show that there are many different ways to combine building blocks together. Moreover, there will be a phase of “institutional bootstrapping”, where our local agencies will continue to learn, evolve, and build capacity to operate in a new way.²¹ Agency capacity is a “secret sauce” in the success of all these proposals. It will require hiring skilled staff and filling vacancies, which have been key challenges across agencies. Nonetheless, we think there are some operating principles that should guide city agencies as they pursue a progressive building agenda:

1. **Remember that problems are cheaper to solve today than tomorrow.** By thinking long term, we see that investments today pay off in the future, building a lasting legacy for the Administration.
2. **Strive to incrementally in-house the above development functions.** By bringing more housing development under the direct purview of the government (through “vertical integration”), it can create more efficiency and speed than our current fractured system.
3. **Prioritize those most in need while also appealing to a broad constituency.** The housing crisis is so deep, that most households are housing cost burdened. Lower income New Yorkers all have unaffordable housing, but even among those making between 100%-120% of AMI, 63% of renters and 70% of owners have unaffordable housing.²² While the poorest have the most urgent need and should be prioritized, more universalist policies are politically durable.²³ This includes permanently affordable opportunities for shared homeownership, like community land trusts and limited-equity cooperatives.

²¹ Baiocchi, Gianpaolo and H. Jacob Carlson. 2025. “[Decommodifying Housing: The Social Housing Development Authority](#).” NYU Urban Democracy Lab. April

²² https://drive.google.com/file/d/17o_pT74EVhdbGrBHHgudi2HLKN9VFWhy/view?usp=drive_link

²³ Carlson, H. Jacob and Gianpaolo Baiocchi. 2026. “[Redistributive Majoritarianism: Urban Inequalities and the Struggle for Social Housing](#).” Working Paper. The calculations and graphic on housing unaffordability in New York City are based on this paper.

4. **See organized labor as a coalition partner in affordable housing development.**

Some in the affordable housing space see organized labor as an inconvenience that only increases project costs. Unions not only achieve higher quality work, but they could be brought in more directly as partners, potentially both to create housing for their members but also as a financial partner when putting together project funding. Indeed, much of the affordable cooperative housing in the city was created by the leadership of the NYC labor movement.²⁴ Creating good, union jobs is an *additional* benefit of housing construction.

5. **Help recirculate government subsidies.** Most housing subsidies go out of the City's coffers and into private hands, never to return. But when capital grants or operating subsidies are used to underwrite publicly owned housing, it helps maximize taxpayer dollars to make public investments durable. Public dollars can go farther when they do not have to prop up a CEO's profit margins.

6. **Do not shy away from revenue generation.** When private real estate collects a surplus, it pads its profit margins. But when the public sector does so, it can create more permanently affordable housing, allowing it to cross-subsidize across the portfolio. There is a delicate balance with this, but a more muscular role for the City in housing development can help reshape the housing market for the better. One way to do this is to give the government a stake in private housing development, with equity stakes in affordable projects.

7. **Expand supply of permanently affordable housing through acquisition.**

Preservation adds new affordability to the housing stock and often (though not always) can be put online faster than new construction. This includes potential portfolio acquisitions, which HPD has experience with in the wake of the Great Recession, allowing it to achieve economies of scale with renovations.²⁵ Many landlords are only profitable if they forego regular maintenance, evict lower-income tenants, or impose onerous rent increases. The success of the tenant movement has undermined these financial arrangements, potentially

²⁴ Fogelson, Robert M. 2022. *Working-Class Utopias: A History of Cooperative Housing in New York City*. Princeton: Princeton University Press.

²⁵ <https://www.ncsha.org/wp-content/uploads/2018/05/NYCHDC.pdf>

setting up some landlords to exit their holdings, which the city should be ready for.