



# City of Yes and Housing Affordability

## Manhattan CB3

Sarah Internicola, Lead Housing Policy and Budget Analyst  
Brian Cain, Assistant Director - Housing, Environment, & Infrastructure

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# About IBO

- New York City Government Agency
- Nonmayoral and nonpartisan
- Budget and policy analysis
- Help New Yorkers understand the City's budget and government

# Agenda

- City of Yes Zoning Changes
- IBO Report: Inclusionary Housing and City Subsidies
- Implications for Universal Affordability Preference (UAP)
- Additional City of Yes Modifications
- 485-x
- Additional Funding



# Background

## City of Yes for Housing Opportunity

- Passed December 2024
- Most changes were focused on easing zoning restrictions to promote new housing construction
  - Low density: Accessory Dwelling Units
  - Medium density: Town center zoning, Transit Oriented Development
  - High density: Universal Affordability Preference (UAP)
  - Citywide: Removing parking requirements
- Estimated number of units: 80,000 over 15 years
- UAP is the only piece that concerned income restricted affordable housing

## “Inclusionary Housing and City Subsidies”

- NYC mayors create housing plans. **Two typical approaches:**
  - Direct City Subsidies
  - Inclusionary Housing
- Our goals:
  - Understand the **outcomes of the two approaches** in recent years
  - Discuss **implications for Adams Administration's** policies, potential to promote affordable housing
- NYC Housing Preservation and Development (HPD)
- Only investigating new construction, not preservation

# Inclusionary Housing

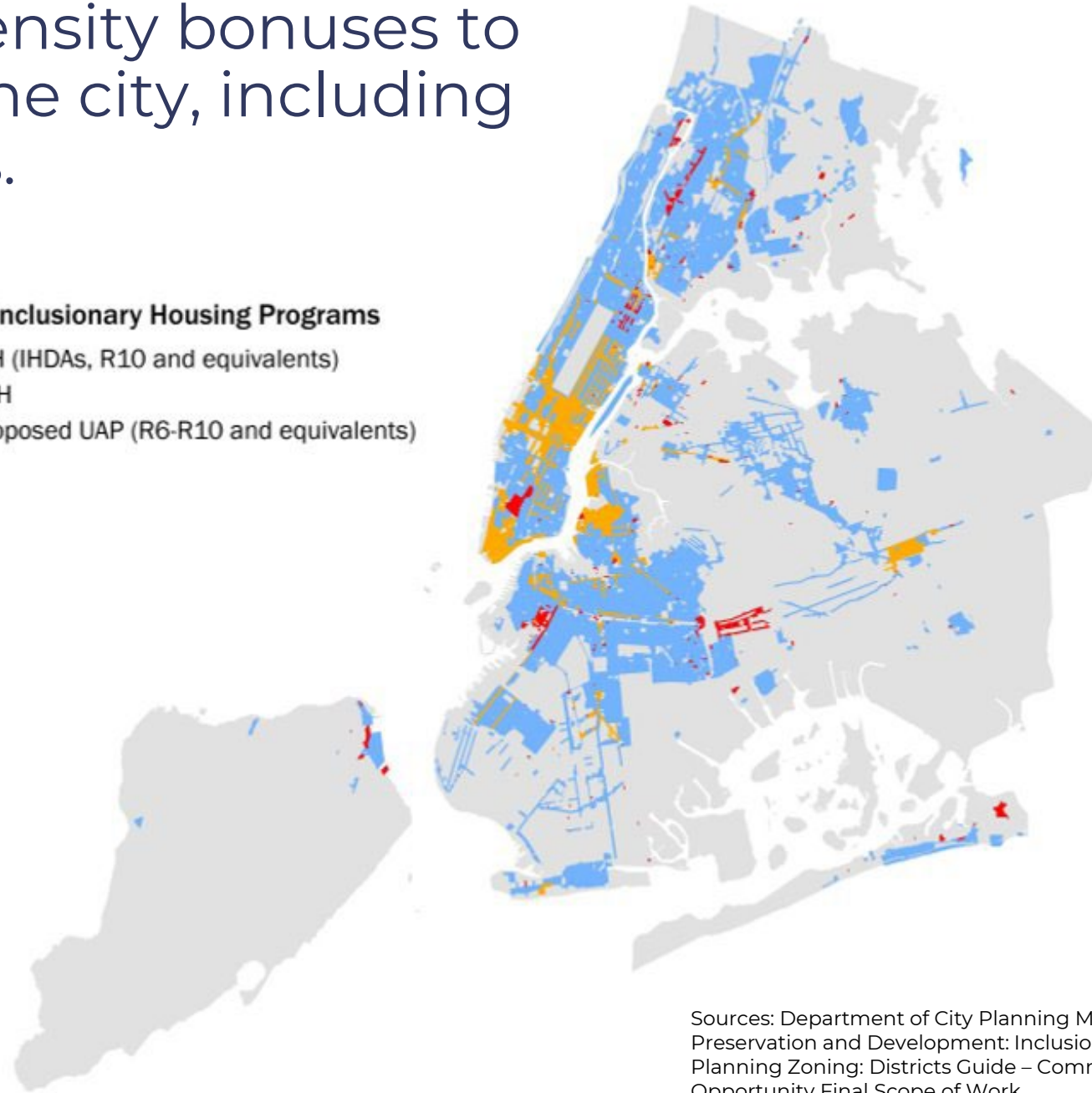
## Density Bonus

- Allows developers to build higher than otherwise allowed by zoning, in exchange for some affordable units
- Value of the incentive depends on market rents in the area
- Three programs in NYC
  - Voluntary Inclusionary Housing (VIH)
  - Mandatory Inclusionary Housing (MIH)
  - Universal Affordability Preference (UAP)

UAP expands density bonuses to much more of the city, including lower-rent areas.

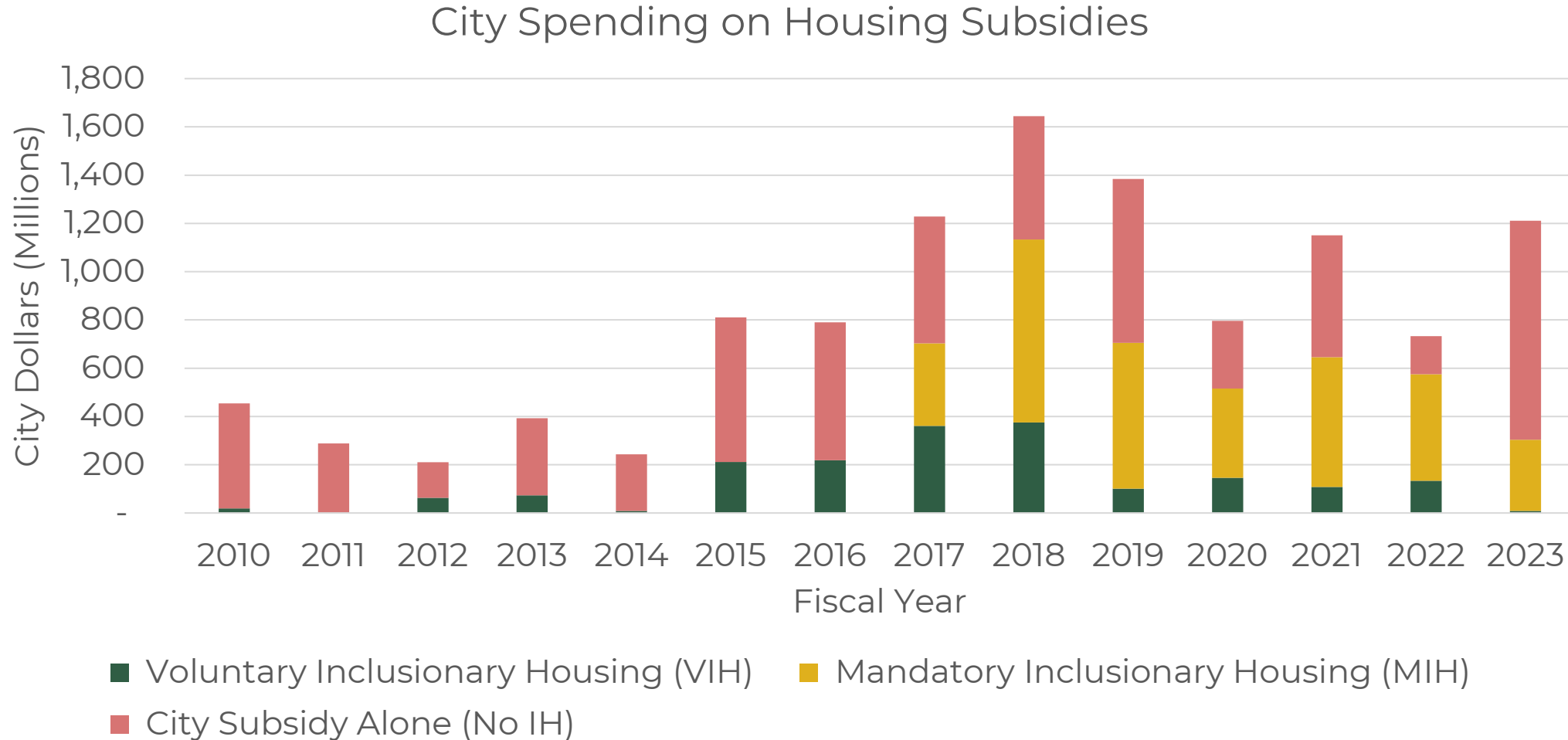
**NYC Inclusionary Housing Programs**

- VIH (IHDAs, R10 and equivalents)
- MIH
- Proposed UAP (R6-R10 and equivalents)



Sources: Department of City Planning MapPLUTO 24v2, Department of Housing Preservation and Development: Inclusionary Housing Program, Department of City Planning Zoning: Districts Guide – Commercial Districts, City of Yes for Housing Opportunity Final Scope of Work.

# Many projects receiving city subsidies also use density bonuses

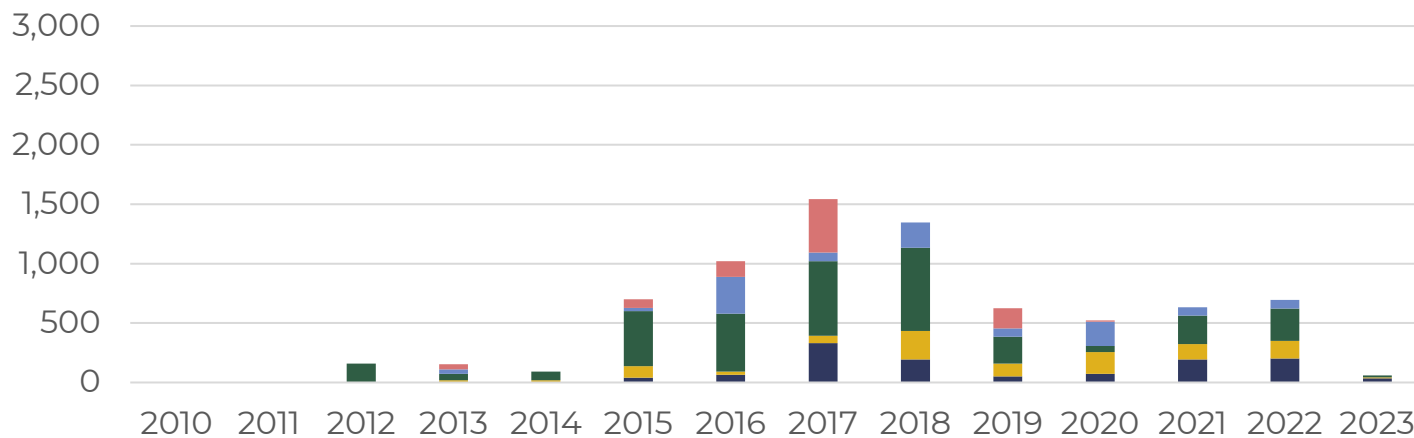


Source: IBO analysis of Department of Housing Preservation and Development data

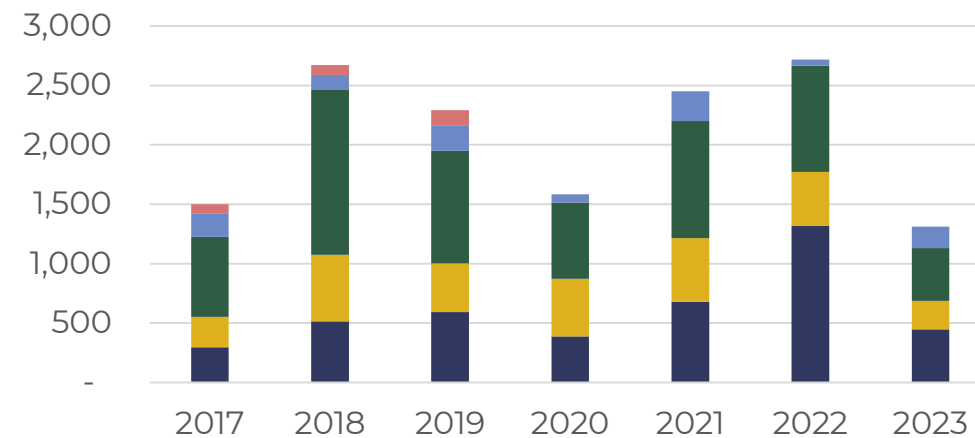


# Without subsidy, IH programs produce few deeply affordable units

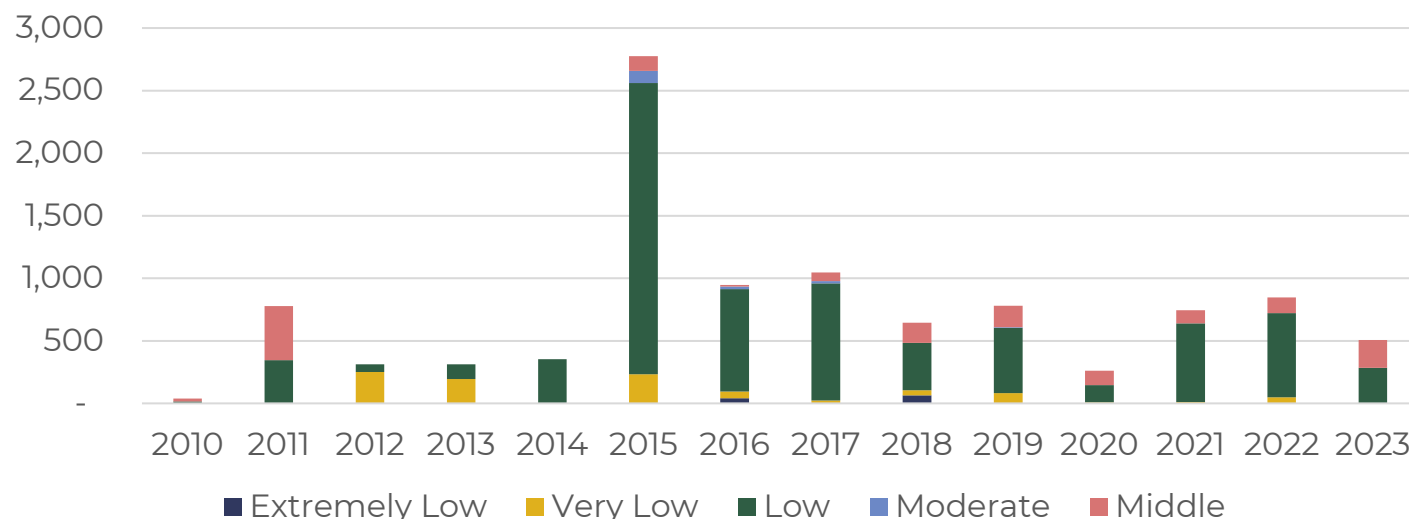
VIH with Subsidy



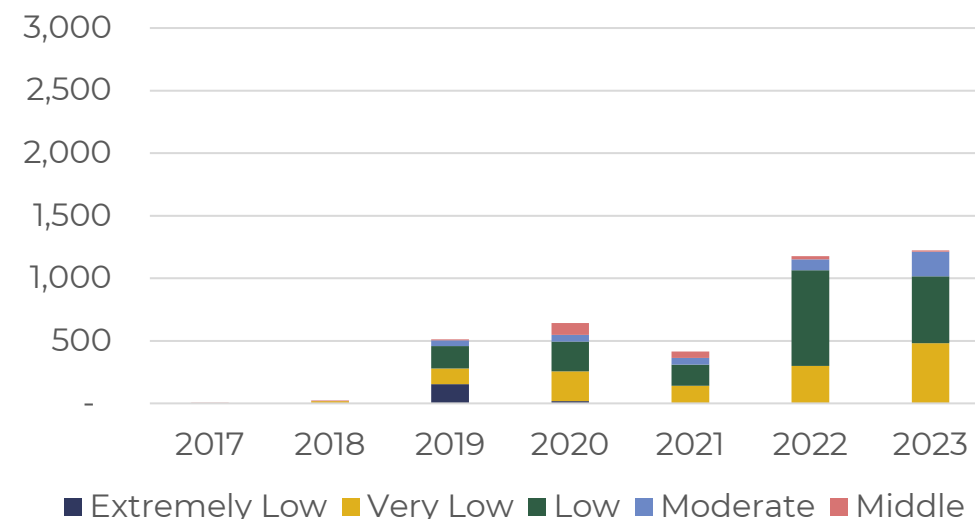
MIH with Subsidy



VIH without Subsidy



MIH without Subsidy



Source: IBO analysis of Department of Housing Preservation and Development data

# Implications for UAP

- Though often thought of as separate tools, inclusionary housing and direct subsidies are **often used together** to achieve more units and/or deeper affordability
- Inclusionary housing alone has produced **few deeply affordable units**
- UAP will likely require **expanded funding** for direct subsidies in order to reach deeper affordability levels and lower-rent areas
- No data yet on UAP uptake

# Council Modifications

- Added affordability on large UAP projects
  - 20% of units at 40% AMI for projects over 10,000 square feet
- Council negotiated for affordability requirements in Town Center and TOD zoning areas
  - “50,000 or more square feet of permitted floor area will be required to provide permanently affordable housing at an average of 80 AMI”
  - Like inclusionary housing, same constraints apply

# City of Yes and Tax Incentives

## 485-x

- Introduced in April 2024
- New housing through UAP, town center zoning, and TOD likely to use 485-x, requires some affordable units
- Affordable units can count toward both 485-x requirements *and* density bonus requirements
- Unclear how each policy might drive new development



# Additional Funding

- Through negotiations with City Council, City of Yes was passed alongside \$5 billion in funding for housing and infrastructure (“City for All”)
- \$2 billion in capital funding for affordable housing
- \$1 billion from New York State
- \$1 billion from New York City
- Other operating funding for housing programs:
  - \$215 million for CityFHEPS
  - \$7.6 million annually for anti-Harassment Tenant Protection program
- Not clear how capital funding will be distributed geographically

# Thank You!

## Questions & Discussion

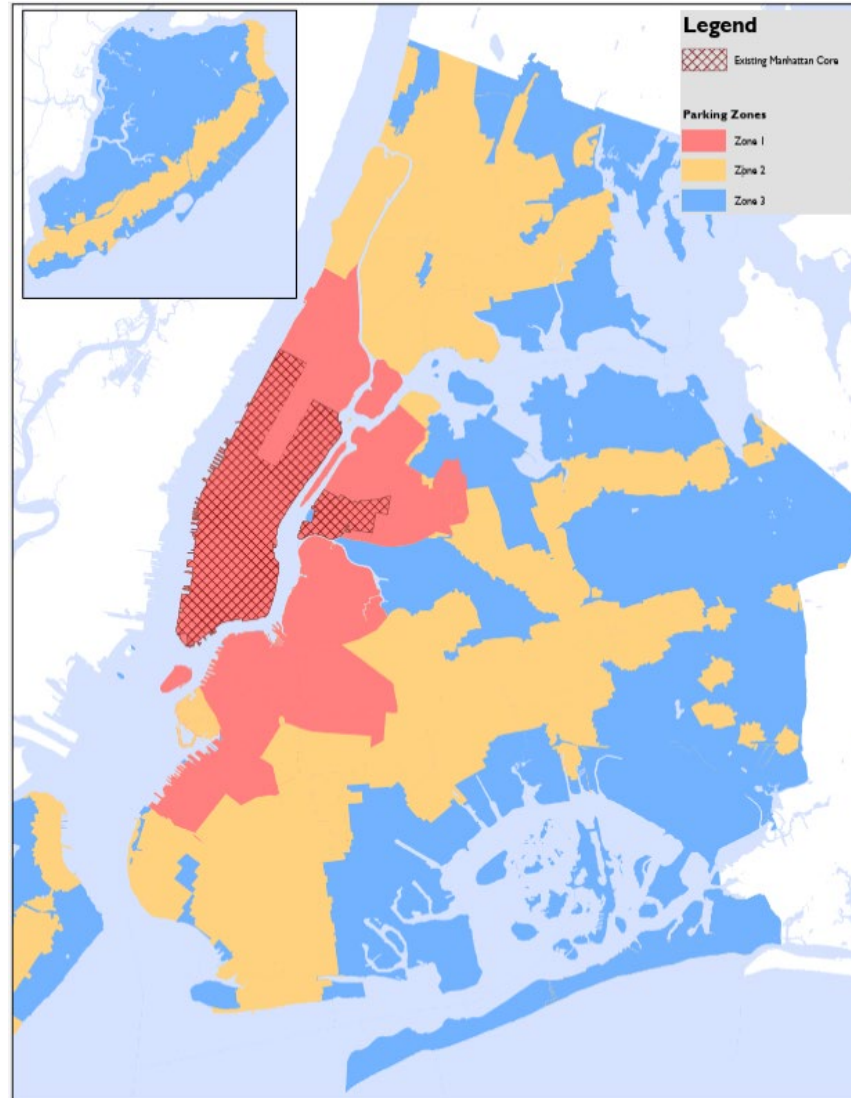
Read the full report:



## Direct Financing from HPD

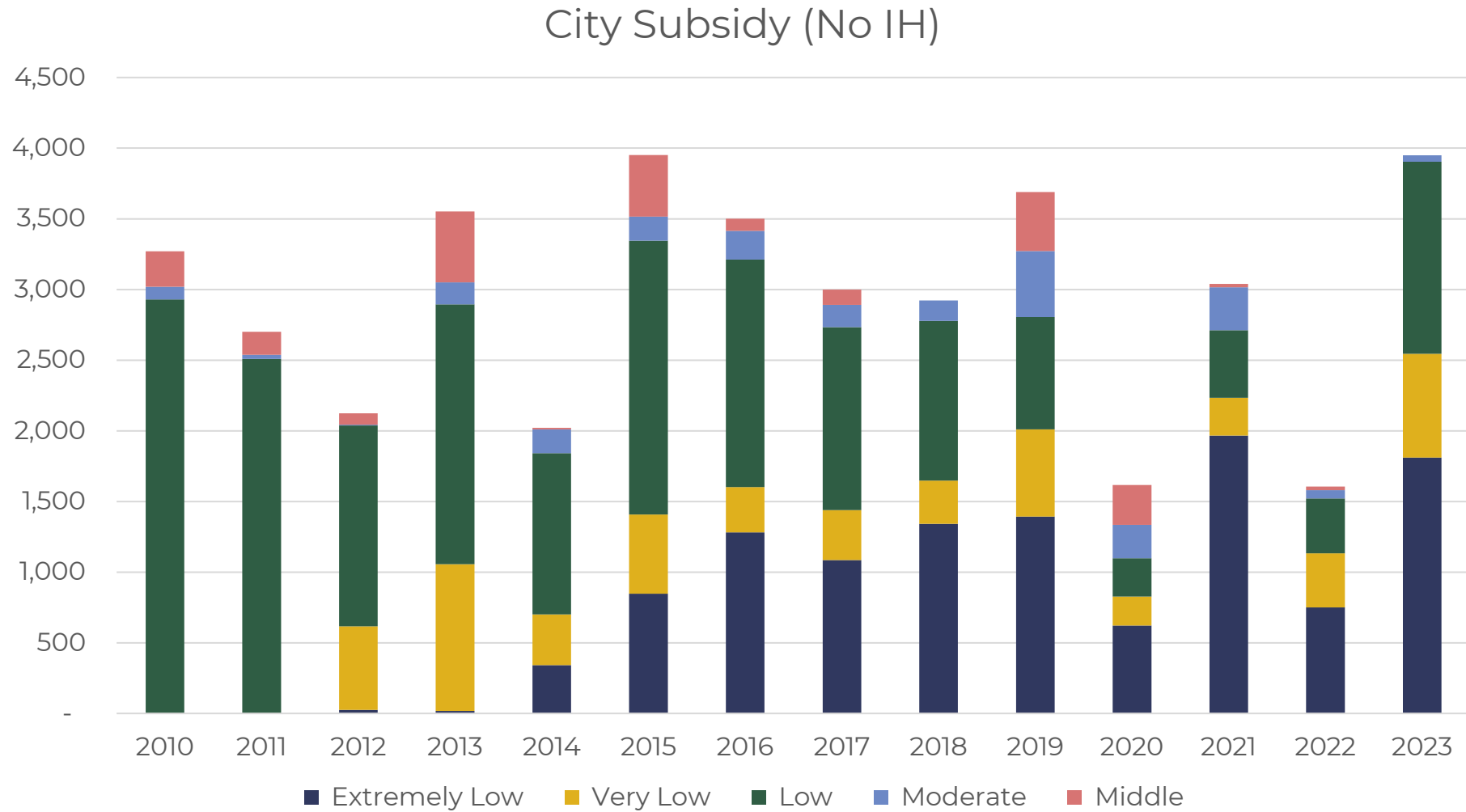
- Grants or low-cost loans to affordable housing developers
- Different financing programs require different affordability levels
  - Requirements and funding outlined in HPD's term sheets
- Funded through HPD capital budget
- NYC Examples:
  - Extremely Low- and Low-Income Affordability (ELLA)
  - Mix-and-Match
  - Senior Affordable Rental Apartments (SARA)

# Appendix: Alterations to Parking Minimums





# City subsidies alone have produced the most deeply affordable units



Source: IBO analysis of Department of Housing Preservation and Development data



# 485-x Options

## Option A

- Large projects: 100+ units, 25% of units affordable to avg 80% AMI, 35-year benefit
- Very large projects: 150+ units, 25% of units affordable to avg 60% AMI, 40-year benefit
- As of November 2025, no applications for this option

## Option B

- Modest projects: 6-99 units, 20% of units affordable to avg 80%, 35-year benefit

## Option C

- Small rental projects: 6-10 units, at least half of units must be rent stabilized, no affordability requirement, outside Manhattan, 10-year benefit

## Option D

- Homeownership: at least 6 units, outside Manhattan, 20-year benefit

# Inclusionary Housing

## NYC's Different Inclusionary Housing Programs

	Type	Benefit	Requirements
<b>Voluntary Inclusionary Housing (VIH)</b>	Opt-in	1.25-3.5 square feet of bonus floor area for each square foot of affordable housing. (Up to 20% increase in R10 districts, up to 33% increase in inclusionary housing designated areas)	Affordable units must be permanently affordable to residents at or below 80% AMI
<b>Mandatory Inclusionary Housing (MIH)</b>	Required in certain areas, can also opt-in	Area must be upzoned to increase permitted residential density or an individual lot is granted a zoning variance allowing for increased density	Options ranging from 20% of floor area affordable at 40% AMI on average, through 30% of floor area affordable at 115% AMI on average
<b>Universal Affordability Preference (UAP)</b>	Opt-in	20% more floor area ratio (FAR) allowed	All additional FAR allowed must be used for affordable units, must average to 60% AMI