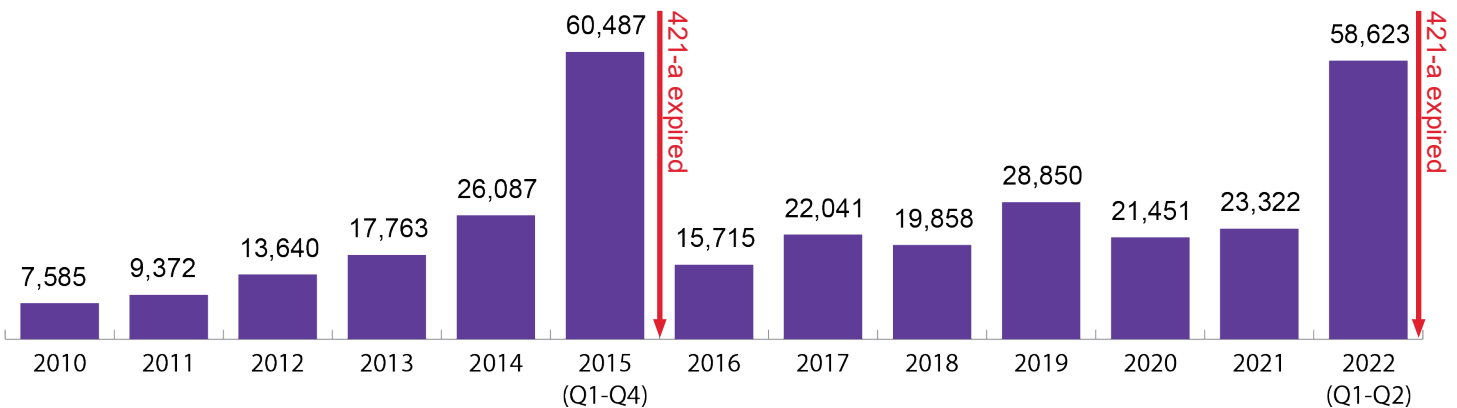


- The first half of 2022 saw a **significant spike in housing permits**, likely because developers were rushing to qualify for the Affordable New York tax benefit – more commonly known as 421-a – before it expired in June.
- It is **more uncertain than usual how many permits will actually result in completed units**, as the current economic environment may make it difficult to finish this number of projects by the tax benefit’s four-year deadline.
- **Past trends suggest permitting activity will drop steeply** following the expiration of the 421-a tax benefit in June.

In the first half of 2022, the Department of Buildings (DOB) issued permits for about 58,600 homes, **a significant spike** compared to previous years. By all indications, the expiration of the 421-a tax benefit on June 15, 2022 drove the permitting spike as developers sped up projects to qualify for the tax benefit. Developers also likely acted on **uncertainty about the future availability of a similar benefit**, which would require State legislative action.

## Permitted Housing Units in New Buildings in NYC by Year



DCP’s Housing Database 2022Q2 Version

The numbers from the first half of 2022 are **comparable to the large spike in 2015** – the largest in over 50 years – when DOB issued permits for about 60,500 units **over an entire calendar year**. As in 2022, this permitting activity was likely driven by the expiration of a previous version of the 421-a tax benefit in December 2015.

Permitted projects must complete construction within four years to qualify for the tax benefit. Typically, 80 to 90 percent of permitted projects are completed within four years. However, **limits on construction sector capacity and today’s high interest rates** will likely reduce the share of recently permitted projects that can complete within this timeframe.

In the absence of a successor program, past trends suggest that permitting activity will drop steeply following the expiration of the program.