

### Real Estate Trends

#### ZONING AND LAND USE PLANNING

## 7 Ways Local Governments Can Boost Affordable Housing

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**A**ccording to a recent report from the Office of the New York State Comptroller, three million New York households are living in housing insecurity, defined as “the absence of or limited or uncertain availability of safe, stable, adequate and affordable housing.” These households, which make up nearly 40% of New York households, spent 30% or more of their income on housing. This was the third-highest rate of housing cost burden among U.S. states. Twenty percent of New York households are severely cost-burdened, meaning they pay over 50% of their income to housing.

Both homeowners and renters in the state struggle with the cost of housing. According to the State Comptroller, 52.4% of New York renters are cost-burdened, compared to 28% of homeowners. And renters across

all income levels struggle with rental costs. Nine in 10 renter households with incomes below \$35,000 were cost-burdened, while 16% of households with an income greater than \$75,000 were cost-burdened.



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Part of the problem is that between 2012 and 2022, New York State added only 462,000 housing units, ranking 32nd in the nation. During this period, renter-occupied housing increased by 6.4%, compared to 8.3% for owner-occupied housing. However, household costs also increased significantly in those ten years. Renters saw their household costs rise 39%, while homeowners saw theirs rise 28%.

It is not lost on politicians how the lack of affordable housing affects their constituents. New York Governor Kathy Hochul recently announced \$1 billion in financing to

build and maintain almost 3,000 affordable homes across the state.

While this financing could make a small dent in the state's affordable housing shortfall, politicians at the local municipal level can pursue a range of initiatives to help stimulate the development of affordable housing on their own terms, and without relying on financial assistance from Albany. Here are seven such initiatives.

**1. Streamline the Approval Process.** According to the National Association of Home Builders, it takes approximately eighteen months to build an apartment building. A significant portion of this time is attributed to delays, with 97% of developers reporting delays on their projects, and 83% of those developers blaming permitting processes for many of those delays. Municipalities can stimulate the development of affordable housing by streamlining the permitting process. The more efficiently developers can build affordable housing, the more likely they will do so.

New York municipalities can look to Albany and other states for inspiration. For instance, earlier this year, members of the New York State Legislature introduced a bill requiring municipalities with over 5,000 residents to provide an online, automated permitting process for residential solar panels by June 30, 2026. Municipalities could take a similar approach by building an online permitting process for the development of affordable housing, which could shorten or eliminate delays in the review and approval of permits. This is similar to what the Maine Legislature did when it created a single-application per-

mitting process for the construction of affordable housing, which became law in 2022.

**2. Use Incentive Zoning.** Municipalities could stimulate the development of affordable housing by incentivizing developers to build more of it. Through incentive zoning, municipalities allow developers to exceed zoning restrictions in exchange for the developers' commitments to providing specific benefits to the community, in this case, affordable housing units. By allowing developers to build more units within buildings that might be taller or have larger floor area ratios than otherwise permitted, municipalities can increase the number of affordable housing units within those projects without incurring direct costs for building those units.

**3. Proactively Build Infrastructure.** Developers often hesitate to build projects on sites where they must first install the infrastructure that is needed to support the development and the residents living there. Roads and water and sewer infrastructure are costly to build, and passing this cost to a developer can dissuade it from breaking ground on an otherwise profitable project. Likewise, insufficient infrastructure may force municipalities to limit growth so as not to overburden existing infrastructure.

To attract developers who want to build affordable housing and to steer it to the most appropriate locations, municipalities can proactively develop infrastructure, thereby eliminating the burden on developers to do so. Long Island is an example of what happens when municipalities do not proactively build infrastructure. A significant portion of Long

Island lacks public sewer lines and other sewer infrastructure, so multifamily housing is prohibited for public health reasons. At the same time, developers are unlikely to build in areas where they would have to construct new private sewage treatment plants or extend existing public sewer infrastructure, both of which come with significant costs. Thus, there is less new development of multifamily projects on Long Island, which could have brought more affordable housing units to the market.

**4. Encourage Development Near Transit.** Multifamily housing is a better fit for certain areas, such as those with walkable neighborhoods and those served by public transportation. Encouraging developers to build affordable housing near transit centers or nodes will attract residents who want to reduce their transportation costs while increasing their opportunities for employment. They will also provide a boon to the local business community, as new residents will spend money in local shops, making those areas more attractive for new businesses.

By taking advantage of an existing transit infrastructure, municipalities can increase the number of people living in a particular area without increasing traffic or carbon emissions, or constructing new transit infrastructure.

**5. Allow More Apartment Units.** A big reason for the lack of affordable housing in many municipalities is that they severely limit the areas where multifamily housing can be built, preferring to keep most of their residential areas zoned for single-family detached homes only. A simple way to stimulate the

development of affordable housing is to provide developers with more opportunities to build affordable apartments in locations that are most appropriate.

Besides exploring areas that can be rezoned from single-family to multifamily use, municipalities can examine their comprehensive plans and zoning regulations holistically to determine how and where to allow for more multifamily buildings. For example, they could reevaluate their approach to mixed-use developments and revisit their minimum lot size requirements, floor area ratios, and density limits.

**6. Encourage Residential Development in Vacant and Underutilized Commercial Buildings.** Empty or sparsely occupied commercial buildings, such as office buildings and department stores, present opportunities for municipalities to work with developers to build affordable housing within them. Whether converting them solely into apartments or creating mixed uses that include multifamily housing, municipalities and developers can inject new life into older commercial buildings and areas that have suffered because those buildings were not fully occupied. To do so, municipalities would need to evaluate how those areas are zoned, identify the limitations that stand in the way of redeveloping those buildings, and take action to remove or overcome those limitations, allowing developers to convert those buildings into affordable housing.

**7. Revise Building Codes To Reduce Costs While Ensuring Safety.** Building codes exist for a reason. Municipalities should not sacrifice safety in the interest of growth or speed.

However, their building codes can become outdated by requiring building materials or techniques that are more expensive and less effective than newer, widely accepted materials and techniques.

For example, under the New York City plumbing code, only copper, brass, and ductile iron pipes are approved for potable water. It prohibits the use of PEX (cross-linked polyethylene) piping, a type of plastic piping used in plumbing systems. PEX is known for its flexibility, durability, and ease of installation, making it a popular choice for new construction. It is far less expensive than traditional metal piping. Although widely accepted by the building industry and trades, and even permitted in some parts of New York State, its use is specifically banned in New York City for potable water distribution within buildings.

By periodically reevaluating and updating their building codes, municipalities can reduce the cost of building multifamily buildings. Allowing developers to use less expensive building materials and more efficient construction techniques will certainly reduce overall construction costs, which, in turn, is likely to attract more affordable housing projects.

### **Taking Small Steps To Tackle a Significant Problem**

Fixing New York State's affordable housing woes could, in some people's eyes, introduce additional problems. For example, increasing density could put more strain on existing

infrastructure. However, higher density means more tax dollars will be available to expand that infrastructure. Likewise, there's a concern that increased density could burden schools and social services. Again, the additional tax revenue will provide municipalities with resources to increase the availability of these public services.

Development and gentrification often go hand in hand, at least in the minds of long-time residents. NIMBYism and similar complaints often accompany these projects, and density can change a neighborhood's culture. However, more development often means a higher quality of life for current residents, who will benefit from the influx of new neighbors ready to spend money, as well as the new and reinvigorated businesses that are eager to be patronized by them.

Additionally, environmental issues caused by density, such as the potential for increased carbon emissions resulting from increased traffic and the overburdening of infrastructure, must also be monitored and mitigated. Smart zoning and urban planning can help ease many of these issues, as it is not a foregone conclusion that increased density will adversely impact the environment.

Like most states, New York is facing an affordable housing crunch. But neither the state nor its municipalities are powerless. They can take action by utilizing one or more of the initiatives outlined above to begin alleviating the shortage of affordable housing by attracting more development of it.