

NYC 485-X: Uncover New York's New Housing Tax Incentive

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On April 22, 2024, [Governor Kathy Hochul announced](#) a new housing tax incentive, 485-x, or “Affordable Neighborhoods for New Yorkers.” This incentive replaces the expired 421-a incentive program. Developers have the option to move forward with approved developments under 421-a with an extended construction completion deadline to 2031, or they can reapply for the new incentive program.

The benefits of the new program are:

- Up to 40 years of exemptions on property taxes, an increase from 35 years under the old program
- A longer runway for projects, with the deadline being June 15, 2034

To realize these benefits, stakeholders must meet a number of complex compliance and reporting requirements. Failure to meet these requirements can result in steep penalties. Anchin provides regulatory compliance and investigation services, ensuring businesses meet all regulations while delivering peace of mind and actionable insights.

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New wage requirements under NYC 485-x

There are new wage requirements under 485-x. These requirements can be eliminated with the signing of a [Project Labor Agreement \(PLA\)](#) or using 100% union labor. A PLA can increase construction costs considerably, and with a PLA comes the need to ensure that all of the wage, benefit, and subsequent reporting requirements are met.

- All three categories of projects will have wages indexed at 2.5% annually, and the definitions of wages and benefits are the same as [those under the older 421-a incentive](#).
- Retaining original payroll records is also mandatory under the new program.
- Specific requirements are defined by project size and location:
 1. **Large Projects (100+ Units):** \$40 per hour minimum.
 2. **Very Large Projects (150+ units) in Zone A:**
 1. Zone A is defined as Manhattan, south of 96, and the following Zoning Tabulation Areas (ZTAs) BK 101-4; QN 201.
 2. Requirements: The lesser of \$72.45 per hour or 65% of prevailing wage in each classification.
 3. **Very Large Projects (150+ units) in other core areas (Zone B):**
 1. Zone B consists of the following Zoning Tabulation Areas (ZTAs): BK 201-204, 601, 602, 801; QN 102, 105.
 2. Requirements: the lesser of \$63 per hour or 60% of the prevailing wage in each classification.

New reporting requirements include hefty penalties for noncompliance

The new reporting requirements include requiring applicants to notify the comptroller three months in advance of starting construction if they are building more than 100 units. Failure to provide this notice can subject the owner to fines and penalties up to \$5000 per day, as well as a forfeit of the tax abatements and exemptions provided under the new program.

As with the wage requirements, reporting requirements may be bypassed with a PLA or 100% use of union labor.

*It is important to be knowledgeable about the new legislation's impact on any stage of your housing project. Anchin can help you determine if your project is financially viable and keep you in compliance with the maze of regulations. However, each project is different and there are many variables that can easily tip these projects from profitability to insolvency. Reach out to [**Brian Sanvidge**](#), Principal & Leader of Anchin's Regulatory Compliance & Investigations Group, or your Anchin Relationship Partner if you have a stalled 421-a project or are considering a new build under 485-x.*

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