

Affordable Housing – Section 485x

Anchin
ACCOUNTANTS & ADVISORS

ANCHIN'S REGULATORY COMPLIANCE & INVESTIGATIONS (RCI) TEAM

Our RCI team can assist with the analysis needed to verify compliance with Section 485-x of the Affordable Neighborhoods for New Yorkers (ANNY). We track wage averages throughout a construction project to ensure that the minimum average hourly wage is met. With this tracking of wage and hour numbers, we keep developers and owners informed of areas where they may be falling short so they can make the appropriate wage adjustments to increase the average hourly wage and remain in compliance with the law.

Anchin has created electronic databases to track wages and benefits paid to employees by their employer. We leverage these to collect monthly payroll data from each contractor on the job and provide detailed reports to the client upon completion of our review. We also utilize a digital filing system, Huddle, to securely house all of the certified payroll documentation that is submitted by each contractor on the project. This system allows contractors to electronically access and submit documents in a manner that makes submission, review, and publishing an efficient and seamless process.

Section 485-x of the Affordable Neighborhoods for New Yorkers Tax Incentive

- Adopted in April 2024, replacing the expired 421-a program.
- Projects must have commenced on or after June 16, 2022, and on or before June 15, 2034. Projects must be completed by June 15, 2038.
- Wage Requirements:
 - Very Large Projects (150+ units):
 - **Zone A (e.g., Manhattan south of 96th St, Greenpoint, Williamsburg, Long Island City):**
Workers must be paid the lesser of \$72.45/hr (increasing 2.5% annually after 7/1/25) or 65% of prevailing wage.
 - **Zone B (e.g., Brooklyn Heights, Downtown Brooklyn, Park Slope, Queensbridge, etc.):**
Workers must be paid the lesser of \$63/hr (increasing 2.5% annually after 7/1/25) or 60% of prevailing wage.
 - Large Projects (100+ units): Minimum wage of \$40/hr, increasing 2.5% annually after 7/1/25.
- Projects under 100 units: Wage requirements may not apply, but affordability restrictions do.
- Eligible sites must file a preliminary notification with the NYC Department of Housing Preservation and Development (HPD).
- Payroll records must be maintained for 6 years.
- Affordable and stabilized units will be permanently subject to rent stabilization under 485-x.
- Projects must allocate at least 25% of total applicable costs to MWBE (Minority and Women-Owned Business Enterprises).
- Buildings with 30+ units must pay service employees the prevailing wage.
- Applicants must notify NYC Comptroller's Office and HPD 90 days before construction if subject to wage requirements, or risk penalties up to \$5,000 per day.
- Applicants must work with an independent monitor to ensure compliance with this law.

YOUR INDEPENDENT MONITOR FOR SECTION 485-X OF THE AFFORDABLE NEIGHBORHOOD FOR NEW YORKERS

Anchin's RCI team, led by former Department of Labor Inspector General, Brian Sanvidge, has extensive experience in compliance review services, with over 30 years of experience in the public sector, serving a diverse range of clients with compliance monitoring and investigations. Our experienced professionals have monitored projects covering billions of dollars in construction costs for a variety of clients, including numerous federal, state, and local agencies. Our areas of specialty include, but are not limited to, integrity monitoring, state and local tax compliance, municipal project compliance, compliance with economic development benefits, and privately funded project compliance.

Public sector clients that we have worked with, including various government and state entities, must consider federal laws and diverse local and state laws, regulations, and requirements in executing construction projects. A combination of expertise in the wider public sector and construction industry, specifically, enables our team to easily resolve any questions or challenges concerning the compliance environment. We employ an experienced team—specializing in monitoring, government contract requirements, tax compliance, fraud and forensics—whose time is spent working on complex matters covering a variety of areas, including:

- Payroll and regulatory compliance reviews and monitoring
- Labor compliance monitoring
- Construction monitorships
- Monitoring for Departments of Economic Development to detect fraud, enhance compliance, and drive accountability and transparency
- Corporate integrity monitorships
- MWBE/DBE/SBE compliance, certification, and outreach programs
- Independent forensic analysis of MWBE/ DBE/ SBE compliance data
- Construction audits and fraud investigations

Contact Anchin Today!



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