

Impact of Intro. 910 on Affordable Housing Production

The New York City Council is considering [Intro. 910](#), described as, “Establishment of community hiring and compensation standards for city assisted housing development projects.” The legislation would effectively create a minimum wage of \$40 per hour including benefits for construction workers on city-subsidized affordable housing projects. New York Housing Conference has analyzed the impacts of the legislation on affordable housing production.

Effect on Affordable Housing Production

Setting a minimum wage for construction workers will increase construction costs and require more subsidy from the city for affordable housing projects to maintain current production levels. NYHC estimates that the city will need an **additional \$750 million** in city capital per year or affordable housing production will drop by about 3,000 units. HPD previously estimated in [October 2024](#) that this bill would require an additional \$500 million per year but that was before federal changes were enacted this summer by Congress, which expanded the Low Income Housing Tax Credit. HPD advanced \$1.5 billion into this year’s budget to utilize additional federal tax credits.

Mayor-elect Zohran Mamdani has proposed producing 20,000 units of new construction low-income affordable housing per year, a significant increase from the current average of 7,000 new units per year, by allocating \$10 billion per year in housing capital – roughly tripling current spending. He has also stated his intent to use union labor in his affordable housing plan but further details have not been specified to date.

Other Policy Considerations

New Construction Program Priority Populations: The city finances roughly 2,000 units of senior and supportive housing annually. The Senior Affordable Rental Apartment program requires that 30% of units must be set aside for formerly homeless households. This program is under threat of Section 8 budget shortfalls and federal plans to eliminate HOME funding. Likely, new city-sponsored rental assistance or operating funds will be required to maintain production in this program serving low-income seniors. In the city’s supportive housing program, 60% of units are dedicated to formerly homeless individuals and families. Additional costs in these programs will result in fewer units tackling homelessness.

Affordable Housing Preservation: Intro. 910 covers both new construction and preservation projects. The city’s preservation needs currently exceed budgeted funding and there is growing concern regarding affordable housing projects at risk of default. NYHC is recommending that at least \$1 billion in preservation funding be allocated in the upcoming budget. Adding new labor costs on preservation projects could make it even harder to ensure existing buildings have the resources they need while maintaining current affordability levels. Additional cost pressures can impact the scope of work and rent levels in existing affordable housing in need of rehabilitation or financial stabilization.

Onerous Reporting & Enforcement Requirements: The legislation adds new reporting requirements and punitive enforcement measures that go far beyond state standards for minimum wage record retention standards. Adding to the bureaucracy of building and preserving housing adds costs to housing development. Such additional costs impact whether certain developers, including nonprofits, small developers and MBEs, can successfully participate in affordable housing production programs.

The compliance risks associated with this bill may also be a deterrent for some operators and nonprofit boards. The bill allows the Comptroller to withhold city funding to the developer; requires payment of one and half times the wages and benefits denied; and sets civil penalties up to 25% of the total amount found to be in violation. If a contractor is found to be failing to comply in two instances within six years, they will be ineligible for city contracts or financial assistance for five years.