

**July 28, 2016**

<https://www.politicopro.com/states/new-york/city-hall/story/2016/07/report-shows-residential-construction-permits-plummet-after-expiration-of-tax-break-104342>

**Report shows residential construction permits plummeted after 421-a expiration**



A Brooklyn apartment building under construction. | AP Photo/Mark Lennihan

By [SALLY GOLDENBERG](#)

If there was any doubt, [a new report](#) emerged on Thursday confirming the impact an expiring property tax break had on development in the past year.

In Fiscal Year 2016, from July 1, 2015 to June 30, 2016, after the tax break expired, the city's buildings department authorized construction of 20,144 new housing units across the five boroughs, according to a report from the New York Building Congress.

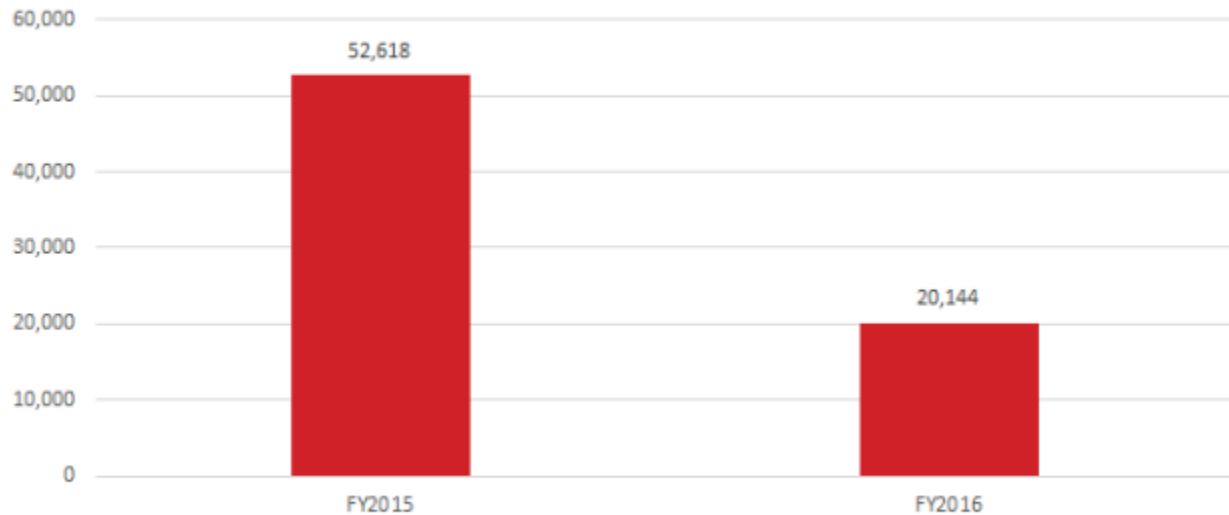
The prior fiscal year, as developers awaited a legislative decision in Albany on the future of the tax break, the buildings department authorized 52,618 residential permits — 62 percent more than the past fiscal year. The data is based on U.S. Census statistics.

"New York City's residential sector essentially experienced a perfect storm of circumstances between late 2014 through the middle of last year," Richard Anderson, president of the trade organization, said in a prepared statement. "In addition to the investment community's continued and seemingly insatiable appetite for residential projects, local developers were working furiously to get their projects fully permitted in advance of anticipated changes to the 421-a program."

"All of this produced an unprecedented, one-time surge in permits," he added.

### Private residential permits in New York City

Number of new private residential units permitted in New York City in city fiscal years 2015 and 2016



Source: U.S. Census; New York Building Congress

**POLITICO** NEW YORK

During the first half of 2016, the Bronx led all boroughs, with 1,926 residential units authorized by the city, the report showed.

The 421-a tax break expired in June of 2015, as it does every four years. The State Legislature passed a reformed version of it, but Gov. Andrew Cuomo would not sign it unless construction unions and real estate developers could reach an agreement on labor wages.

During the following seven months, as they negotiated to no avail, the break was extended, but it expired again in January.

Alicia Glen, deputy mayor for housing and economic development, said in a roundtable this week that not a single residential rental has been created since the break expired.

Without the tax break, the de Blasio administration will have a harder time reaching its goal of creating 80,000 new below-market-rate apartments over 10 years. City Hall released figures this week showing its overall housing plan is on schedule so far.

Read the report here: <http://bit.ly/1QGx1xH>