



S.880B / A.2707B — Legislative Summary

The Housing Development Fund Company Fairness, Preservation, and Affordability Act

Sponsors: Sen. Jackson (D-31), Sen. Cleare (D-30) | AM Taylor, AM Reyes, AM Alvarez, AM De Los Santos, AM Tapia, AM Levenberg

The Problem

Over 1,100 HDFC co-ops — housing more than 30,000 families, mostly first-time homeowners from communities traditionally shut out of homeownership - face a fiscal cliff. The DAMP tax benefit that keeps these buildings financially viable expires in 2029. Lenders are already pulling back from HDFC financing. Without legislative action, maintenance costs will spike, buildings will deteriorate, and tens of thousands of affordable homeownership units will be at risk.

What the Bill Does

- **Makes the DAMP tax benefit permanent** — eliminates the 2029 expiration that threatens the continued existence of HDFC co-ops. Without the tax benefit, most HDFCs cannot sustain themselves financially. The assessed value cap (\$13,295/unit in 2025–26) increases by 2.5% annually.
- **Fixes a tax inequity:** many HDFCs — especially those in lower-income neighborhoods — have units assessed below the current DAMP cap and therefore receive no tax benefit at all, while market-rate co-ops receive a 467-a abatement with no income restrictions. The bill gives HDFCs the greater of the DAMP exemption or 200% of the standard co-op abatement, ensuring that every income-restricted HDFC receives meaningful tax relief.
- **Continues existing income limits on buyers:** the law requires ongoing compliance with income restrictions as they exist today — at the HDFC's election, either the existing §576 formula or up to 165% of Area Median Income, the standard HPD has applied for decades and that appears on HPD's own website.
- **Creates real enforcement:** HDFC boards must file annual compliance certifications filed with HPD; HPD has audit authority over sales records and power to suspend or revoke the tax benefit for noncompliant transfers.
- **Protects family transfers:** transfers to family or household members are exempt from the income requirement.
- **Updates distressed-building relief:** extends the city's authority to offer tax forgiveness to fiscally distressed HDFCs at risk of foreclosure, subject to regulatory oversight.

Why It Matters for New York City

HDFC apartments sell at 61% below comparable market co-ops — \$373K vs. \$752K for one-bedrooms; \$570K vs. \$1.82M for three-bedrooms (2020-2024 UrbanDigs data). **The existing income limits deliver affordability without price caps or regulatory agreements.**

The bill's income limits and enforcement preserve what is already working. It aligns with the Mamdani administration's homeowner platform, which calls for "a new tax benefit that can sustain this vital housing long-term." It costs the city and state nothing.

What the Bill Does Not Do

The bill does not change the rules in the middle of the game. It keeps the promise the City made to 30,000+ homeowners who held up their end of the bargain for 40 years. No price caps, asset tests, mandatory monitors, or inheritance restrictions. No new regulatory agreement. No dissolution or market-rate conversion. HDFC homeowners have overwhelmingly and vehemently opposed all of these provisions because they are deeply unfair to shareholders who invested their life savings under existing rules and because they create an unsustainable financial burden on HDFC buildings. S.880B / A.2707B is a clean preservation bill: tax benefit, income limits, compliance.

The Ask

The HDFC Coalition respectfully asks you to co-sponsor S.880B / A.2707B and to support moving the bill through the Housing Committee this session. The DAMP tax benefit expires in 2029 and lenders are already pulling back. Every month without a legislative solution deepens the instability for **1,200+ buildings** and **100,000+ residents**. This is a zero-cost bill that preserves affordable homeownership in your district and across the city. The New York City Council has introduced a resolution in support. We ask the Legislature to act.

