



# This Week in New York

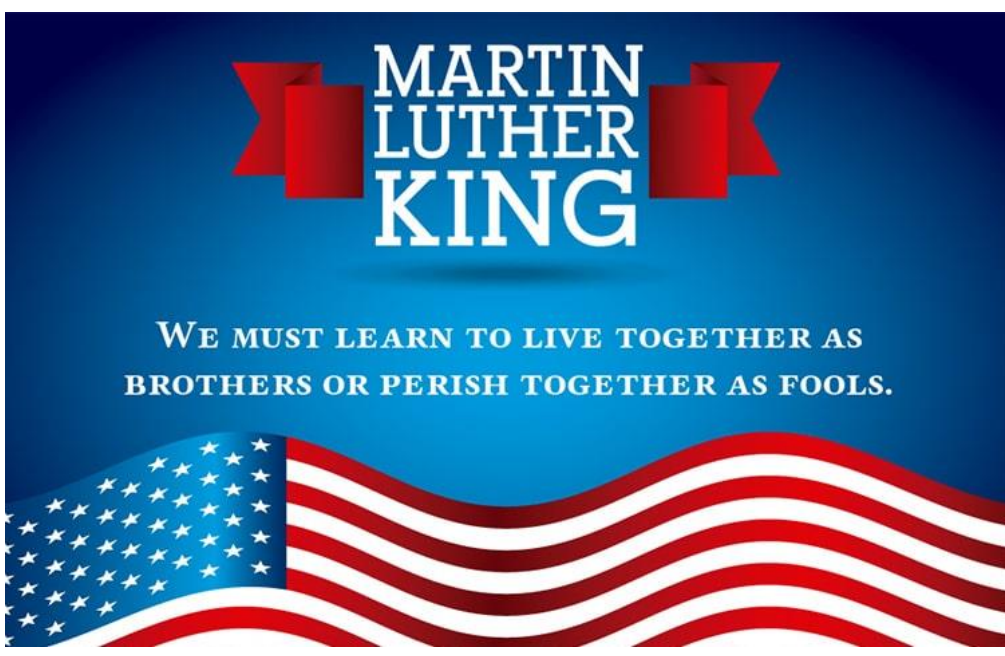
Covering New York State and City Government

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January 13, 2023 Edition



*“Obstacles don't define us. Rather, it is the unparalleled courage and character of us that defines us as a people. So my confidence in the future is steeped in our glorious past - in the face of adversity, we always persist. We persevere, we prevail.” Governor Kathy Hochul*



## *In the News-New York State*



### Governor Hochul Delivers NY's 2023 State of the State Address

Governor Kathy Hochul this week delivered the 2023 State of the State address, outlining her plan for *Achieving the New York Dream* and pledging to make New York “more affordable, more livable and safer.”

Over the course of the [277 page Message to the Legislature](#), the Governor described her plan for the New York Dream which included an 800,000 home *New York Housing Compact* (see page 2), a \$1 billion investment to fix the continuum of care for mental health, initiatives to safeguard our climate and environmental future (see page 3), proposals to keep New Yorkers safe, assistance for workers to keep up with the cost of living, and continued efforts to increase equity in housing, education, health care, transportation and environmental planning, and economic opportunity.

Governor Hochul pledged not to raise income taxes and to index the State's minimum wage to growth in the year-over-year Consumer Price Index. The growth would have capped annual increases and an "off-ramp" in the event of economic or budget conditions. In addition, Governor Hochul called for the creation of the Energy Affordability Guarantee to ensure participating New Yorkers never pay more than six percent of their incomes on electricity.



She called for changes to the State's bail laws that would eliminate a "least restrictive means" standard that can curtail judges' ability to set bail.

"On one hand, the law limits judges to making pretrial determinations based solely on the 'least restrictive means' necessary to ensure a defendant's return to court. On the other hand, the law also directs judges to consider a range of other factors when setting bail," the Governor explained in the written Message to the Legislature.

Governor Hochul added a series of other public protection measures including: tripling funding to \$12 million for reentry programs for those released from prison; tripling aid to \$36 million to hire more county prosecutors; doubling the money for the GIVE gun-violence program from to \$36 million, and adding four new classes of state police recruits.

Meanwhile, the *Fixing the Continuum of Care for Mental Health* initiative included proposals to expand insurance coverage for mental health services, create 3,500 new housing units for individuals with mental illness, expanding outpatient services, improve admissions and discharge planning, and increasing operational capacity for inpatient psychiatric treatment by 1,000 beds and expanding mental health services for school-aged children.

Now that the Message has been delivered and the programming has been unveiled, the next step is the 2023-2024 fiscal plan—due on or before February 1<sup>st</sup>—to further define the Governor's New York Dream and how she will pay for it.

## ACHIEVING THE NEW YORK DREAM

2023 STATE OF THE STATE | GOVERNOR KATHY

## Statewide Strategy to Address New York's Housing Crisis and Build 800,000 New Homes

Governor Kathy Hochul this week announced a statewide strategy to address New York's housing crisis, build 800,000 new homes over the next decade, and support New York renters and homeowners as part of the 2023 State of the State.

The *New York Housing Compact*, a multi-pronged strategy, includes local participation requirements and incentives. The plan will also require municipalities with Metropolitan Transportation Authority (MTA) rail stations to locally rezone for higher density residential development and includes:

### **Statewide Housing Targets**

The *Compact* will require all cities, towns, and villages to achieve new home creation targets on a three-year cycle. Downstate municipalities served by the MTA, including New York City, will have a three percent new homes target over three years. For municipalities in upstate counties, the new homes target will be one percent over three years. To encourage the inclusion of affordable housing as part of the new growth, affordable units will be assigned extra weight in calculating localities' progress toward their goals.

### **Infrastructure and Planning Funds**

The *Compact* will make available a \$250 million Infrastructure Fund and \$20 million Planning Fund to support new housing production statewide. Municipalities may submit requests for planning funding to undertake either required Transit-Oriented Development rezonings or Preferred Actions to help them hit their growth targets.

### **New Focus on Transit-Oriented Development**

The *Compact* will require that localities with rail stations run by the MTA undertake a local rezoning or higher density multifamily development within half a mile of the station unless they already meet the density level.

### **Remove Obstacles to Housing Approvals**

To expedite rezoning and development of new homes, specific relief from environmental review will be included in the New Homes Targets and Transit Oriented Development proposals.

### **Provide New York City with Tools to Increase Housing**

Governor Hochul put forth several New York City-specific housing proposals including:

- Reverse state law that restricts maximum density of residential floor area. This measure will allow New York City the ability to allow for denser residential development where City officials deem appropriate.
- Expand the type of commercial buildings eligible for conversion to residential use and provide necessary regulatory relief, making an estimated additional 120 million square feet newly eligible for conversion.
- Grant the City of New York, the authority to provide amnesty by local law for existing basement units that meet health and safety standards to be determined by the City.

### **Incentives to Build and Rehabilitate Housing**

This includes new property tax exemptions to encourage mixed income housing development near train stations and incentivize affordable housing in commercial buildings that are converted to residential use in New York City. This also includes updated property tax exemptions offered by local option to support homeowners that build Accessory Dwelling Units and for property owners who need support undertaking certain renovations.

Also, the Governor will work with the State Legislature to develop a successor for the 421-a property tax exemption program that expired last year to stimulate production of new rental housing in New York City.

### **Support for Renters and Homeowners**

Governor Hochul will propose a targeted initiative, modeled on the Buffalo East Homeownership Assistance Program, to finance home repairs in communities statewide that have been identified as having high levels of low-income homeowners of color and homeowner distress. The Governor will also propose increased funding for the State's Tenant Protection Unit, enabling them to open an additional offices.

## **ACHIEVING THE NEW YORK DREAM**

2023 STATE OF THE STATE | GOVERNOR KATHY

## **Investments in Building Efficiency and Clean Air and Water**

Governor Kathy Hochul this week announced investments in clean and efficient buildings, clean air, and clean water, as part of the 2023 State of the State.

Specifically, Governor Hochul announced a package of building decarbonization initiatives, including zero-emission new construction and the phase out of the sale of new fossil fuel heating equipment. This announcement also includes \$500 million in clean water funding.

### **Investing in Clean Air and Reducing Emissions**

To improve air quality and reduce emissions from various sectors, Governor Hochul is:

- Calling for zero-emission new construction, with no on-site fossil fuel combustion by 2025 for smaller buildings, and by 2028 for larger buildings.
- Proposing to prohibit the sale of any new fossil fuel heating equipment by 2030 for smaller buildings and 2035 for larger buildings, along with related fossil fuel systems for all buildings.
- Advancing a system to assign letter grades to larger buildings statewide based on their energy usage to help building managers make informed choices to cut electricity bills and emissions.
- Directing the Department of Public Service (DPS) to identify and remove the barriers to deploying charging infrastructure for medium- and heavy-duty vehicles efficiently and timely.
- Directing the New York State Office of Parks, Recreation and Historic Preservation (OPRHP) to source all facilities' electricity from renewable energy sources by 2030 by generating its own electricity and prioritizing other green resources such as community solar or purchasing renewable energy from other local facilities.
- Creating an Office of Just Transition to centralize and direct State planning for a just transition for affected workers and communities that looks beyond the transition from coal and addresses the shift away from other fossil fuels.

### **Investing in Clean Water**

Governor Hochul will invest \$500 million in clean water funding to support water quality and infrastructure projects and protect public health. In addition, the State will establish a program offering financial assistance to municipalities to investigate sources of contamination and remediate contaminated sites over the next five years.

### **Reduce Waste and Invest in Local Recycling Programs**

Governor Hochul will propose the Waste Reduction and Recycling Infrastructure Act, which shifts the responsibility of recycling to the producer. The program will require that New York meet material-specific recycling rates, create binding post-consumer recycled content rates, and help ensure recycling is convenient for consumers.



## **2022 Bills Currently in the Governor's Office**

**S74A—Sponsored by Senator Hoylman/AM Weinstein**—Provides for the types of damages that may be awarded to the persons for whose benefit an action for wrongful death is brought.

**S8815—Sponsored by Senator Krueger/AM Weinstein**—Relates to the liability of a person who presents false claims for money or property to the state or a local government.

## ***In the News-New York City***



### **Mayor Adams Releases Preliminary Budget for Fiscal Year 2024**

#### ***FY24 Preliminary Budget Includes Investments in Affordable Housing, Street Cleanliness, and Public Safety***

New York City Mayor Eric Adams this week released New York City's "balanced" \$102.7 billion [Preliminary Budget for Fiscal Year 2024 \(FY24\)](#), reflecting his "ongoing commitment to promoting an equitable recovery by making investments in affordable housing, keeping city streets clean, ensuring the safety of communities, and promoting a greener, healthier city."

The Preliminary Budget maintains the city's budget reserves at \$8.3 billion. This includes \$1.6 billion in the General Reserve, \$250 million in the Capital Stabilization Reserve, \$4.5 billion in the Retiree Health Benefits Trust fund, and \$1.9 billion in the Rainy-Day Fund.

Agency new needs in Fiscal Year 2023 (FY23) and FY24 are funded with savings or existing agency resources. The Adams administration was able to ensure FY23 remained balanced. A combination of savings and FY23 revenue was applied to balance FY24. Gaps are now \$3.2 billion in FY25, \$5.0 billion in FY26, and \$6.5 billion in FY27.



“As our city continues its recovery, our administration continues to make investments in our core priorities — including public safety, affordable housing, and clean streets — while exercising strong fiscal management,” said Mayor Adams. “By asking agencies to self-fund new needs with preexisting resources, the Fiscal Year 2024 Preliminary Budget continues our strong track record of making prudent use of taxpayer dollars while continuing to ‘Get Stuff Done’ for New Yorkers.”

The city’s revenue forecast was updated to reflect an additional \$1.7 billion in FY23 and \$738 million in FY24. The windfall increase in FY23 is driven by continued momentum from the record Wall Street activity in 2021, though the city expects that continued slowing growth in the economy will lead to slowing growth in tax revenue over the financial plan.

Total savings achieved by the administration over the November Financial Plan Update and the Preliminary Budget is more than \$3 billion over Fiscal Years 2023 and 2024. Nearly all the savings in the Preliminary Budget were driven by the administration’s 50 percent Vacancy Reduction Initiative citywide, which reduced vacancies by more than 4,300 across the financial plan and contributed savings of \$181 million in FY23 and \$350 million in FY24. According to the Mayor, approximately 23,000 vacancies remain open citywide, leaving agencies ample room to hire for critical positions.

New York State Comptroller Thomas DiNapoli questioned the Mayor’s use of the Wall Street windfall to brighten the City’s short-term fiscal outlook.

“Given better than anticipated revenue, New York City had a chance to set aside additional funds in reserves but missed the opportunity to do so in its preliminary budget and four-year financial plan, even as it faces substantial fiscal and economic uncertainties,” he explained. “These changes to the FY 2023 budget have allowed the city to balance its FY 2024 budget and reflect the continuation of a healthy short-term fiscal outlook. However...the city has chosen not to reflect the anticipated recurring costs associated with asylum seekers...one of a number risks the city will have to grapple with. The city must lay out these and other risks transparently...to plan and identify new ways to close these gaps without harming services, which would be counterproductive to the city, and state’s, economic recovery.”

Mayor Adams did recognize the budget pressures, specifically pointing to the costs of meeting its legal obligation to shelter approximately 40,000 asylum seekers that have moved through the intake system and the estimated at least \$1 billion in FY23. In addition, the City recognizes the need to fund billions of dollars in upcoming labor contract settlements over the financial plan, growing annual health care expenses, and waning federal stimulus funds that sunset in Fiscal Year 2025.

Budget Programming includes:

### **INVESTING IN AFFORDABLE HOUSING**

The administration is allocating an additional \$2.8 million in new funding in FY24 to streamline the building and land use process across several city agencies. This is anticipated to cut months off the current process for certain affordable housing projects and accelerate the production of new homes.

## **ADVANCING EDUCATIONAL EQUITY AND EXCELLENCE**

The Mayor's budget includes an additional \$80 million to fund lower enrollment for FY24, keeping the total at \$160 million for another academic year. Schools would be held harmless for enrollment changes.

## **PROMOTING A SAFER, CLEANER, AND GREENER CITY FOR ALL**

FY24 investments include:

- DOB will develop, adopt, standardize, and implement a citywide building code (\$2.6 million);
- Expansion of the Neighborhood Rat Reduction Initiative into Harlem (\$1.8 million); and
- Hiring of chief decarbonization officers across multiple agencies to elevate and streamline greenhouse gas emission reductions in agency operations. (\$1.62 million).

FY24 capital investments include:

- Accelerating projects to meet carbon reduction targets set in Local Law 97 (\$259 million);
- Funding street reconstruction projects related to Vision Zero and the Streets Plan (\$228 million).
- Supporting the Willets Point public-private partnership that builds 2,500 affordable homes and creates a soccer stadium, 40,000 square feet of public open space, and a hotel (\$153 million).
- Doubling signal installation to 200 annually and making related upgrades (\$77 million); and
- Making repairs and upgrades to marine infrastructure in Staten Island and Manhattan, including piers and barges (\$46 million).

# ***Briefs***

## **Governor Hochul Announces Proposal to Rebuild New York's Public Workforce**

In the State of the State Address, Governor Kathy Hochul mapped out a plan to improve the New York State Civil Service system to address a future shortage of more than 15,000 workers. According to the Governor, more than 26 percent of the state workforce will become retirement-eligible in the next five years. Her strategy aims to “attract and retain top talent and increase the diversity of the public workforce to better reflect New York State”, by:

- Holding Civil Service exams on an ongoing basis to give candidates more opportunities to take tests.
- Modernizing the Civil Service pay structure to provide more competitive wages so the State can recruit top-tier talent.
- Providing unrepresented State workers with 12 weeks of fully paid leave to use for bonding with a newborn, fostered, or adopted child. The Governor will also direct the Office of Employee Relations to engage State unions on extending this benefit to their employees through collective bargaining.
- Modernizing State office buildings to better facilitate telecommuting and hybrid work models.
- Launching a Public Service Matters campaign to promote career opportunities with New York.
- Establishing a new award round for the Nurses for our Future scholarship program. This second round of funding will encourage recipients to work in a nursing position with a state agency after graduation to attract the next generation of nurses to rewarding careers in state government.

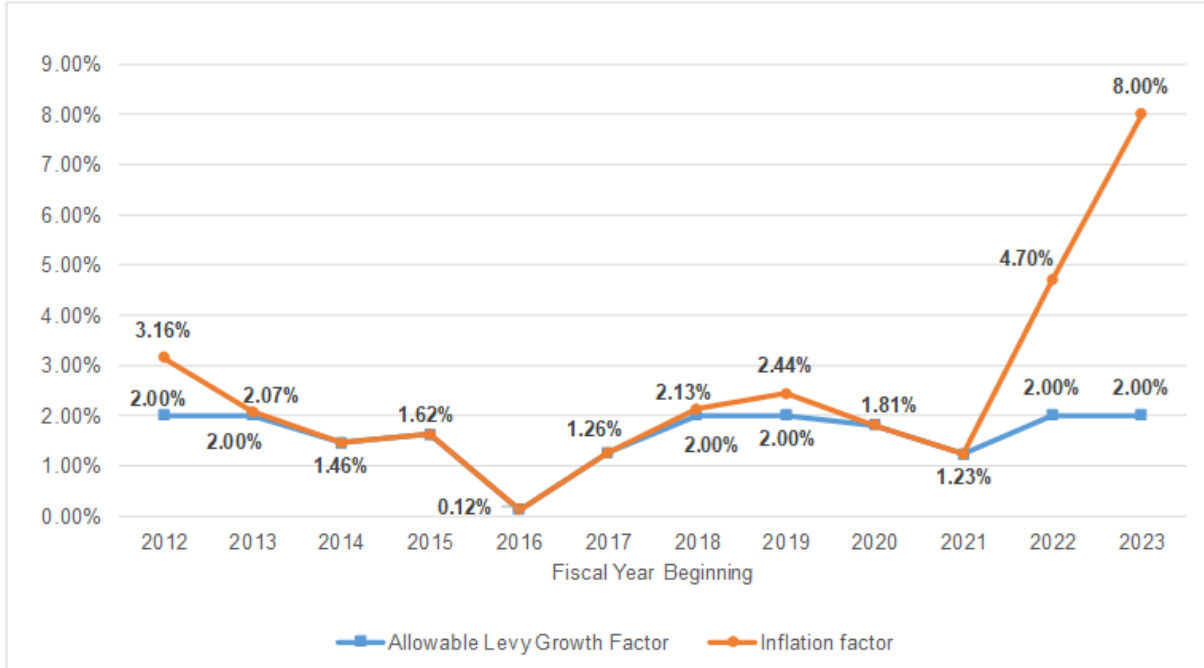
## Comptroller DiNapoli: School District and Big City Tax Levy Cap at 2% for Second Straight Year

Property tax levy growth for school districts and the state’s biggest cities will be capped at 2%, the same as last year, according to [data](#) released this week by State Comptroller Thomas DiNapoli.

The tax cap limits annual tax levy increases to the lesser of the rate of inflation or 2% with certain exceptions, including a provision that allows school districts to override the cap with 60% voter approval of their budget. Comptroller DiNapoli’s office calculated the inflation factor at 8% for those with a June 30, 2024 fiscal year end.

The 2% allowable levy growth affects the tax cap calculations for 676 school districts and 10 cities with fiscal years starting July 1, 2023, including the “Big Four” cities of Buffalo, Rochester, Syracuse and Yonkers.

**Allowable Levy Growth and Inflation Factors for Entities with a July 1 - June 30 Fiscal Year**



Note: Allowable levy growth factor is expressed as a percentage.

## Governor Hochul Announces Plans to Build a Stronger Health Care System for the Future

Governor Kathy Hochul this week announced a series of proposals aimed at building a stronger health care system for New York State’s future and providing high-quality care for all New Yorkers. According to the Governor, the 2023 State of the State initiatives will “transform” the cost and delivery of care and prepare for future public health emergencies.



### **Provide Health Care Capital Funding and Establish a Technology Capital Program**

Governor Hochul proposes increasing health care capital funds – both to expand existing transformative capital funding and establish a new capital grant fund to enable technological upgrades. These funds will spur investment in modernization of health care facilities as well as utilization of advanced clinical technologies, cybersecurity tools, and other technological upgrades to improve quality of care, patient experience, accessibility, and efficiency.

### **Reform Traveling Nurse Agency Staffing Practices and Expand Licensure Flexibility**

Governor Hochul will introduce legislation to require staffing agencies to register and report data about their operations with the goal of increasing transparency into the utilization and costs of contract labor. Legislation will also be advanced to allow health care providers to do more under their licenses and to allow the State to join the Interstate Licensure Compact and the Nurse Licensure Compact, making it easier for physicians and nurses licensed in other states to practice in New York.

### **Increase Health Care Coverage and Affordability**

Governor Hochul will advance several modifications to Medicaid coverage, including expanding access to services, such as supportive housing, nutritionists, and doulas, among other changes. In addition, she will submit a waiver to expand the Medicaid buy-in program for New Yorkers with disabilities so they can work and still qualify for coverage.

### **Expand Access to Primary Care**

Governor Hochul will increase Medicaid reimbursement rates for primary care and for school-based health centers and ensure Medicaid coverage for primary and urgent care within the shelter system. Governor Hochul will expand coverage for community health workers who help New Yorkers navigate health and social services. In addition, Governor Hochul will support the integration of primary and mental health care by relaxing licensure restrictions on health care facilities, allowing Medicaid reimbursement for additional types of licensed mental health providers in community health centers and establishing a working group on integrated care.

### **Protect New Yorkers from Medical Debt**

Governor Hochul will create a comprehensive plan to address excessive medical debt, including amending the Consumer Credit Fairness Act to cover medical debt, launching an industry and consumer education campaign that addresses medical debt and affordability, and reforming hospital financial assistance applications to require hospitals to use a uniform application form. In addition, she is proposing to require drug manufacturers to report changes in drug prices in advance and make that information publicly available to consumers. The proposal will also bring registration and transparency from “additional participants in the historically opaque drug supply chain.”

## **Mayor Adams Unveils Recommendations to Convert Underused Offices into Homes**

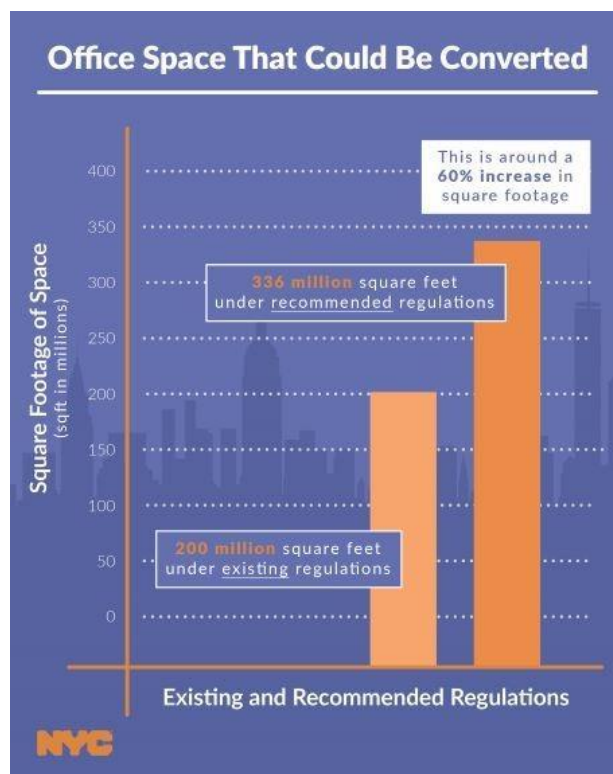
New York City Mayor Eric Adams this week unveiled recommendations from a city-led task force to facilitate the conversion of underused office space into new housing for New Yorkers.

Developed by the Office Adaptive Reuse Task Force, the New York City Office Adaptive Reuse Study presents 11 recommendations that would make changes to state laws and city zoning requirements to extend the most flexible conversion regulations to an additional 136 million square feet of office space.

Property owners will make determinations whether to convert their building. With these recommendations in place and current city and state regulations, office conversions could potentially create as many as 20,000 homes in the next decade.

The task force's recommendations include:

- “Expanding the universe of office buildings with the most flexible regulations for conversion to residential use from buildings constructed through 1961 to those constructed through 1990.”
- Expanding flexible conversion regulations to all high-intensity office districts, including Downtown Flushing and the Bronx Hub.
- Finding opportunities to allow housing, whether through conversions or new construction, in a centrally located, high-density part of Midtown that currently prohibits residential development.
- Allowing office buildings to convert to various much-needed types of housing, including supportive housing.
- Providing flexibility for offices to convert all existing space into housing, eliminating limitations that incentivize only partial conversions or make conversion projects infeasible.
- Exploring and pursuing a tax incentive program to support the production of affordable and mixed-income housing through office conversions.
- Creating a property tax abatement program to incentivize retrofitting office space for child care centers.



## Coming Up

### *New York State*

*Tuesday, January 17<sup>th</sup>*

*Senate Standing Committee on Energy and Telecommunications*, Capitol Room 124, Albany, 10 a.m.

*Senate Standing Committee on Banks*, Capitol Room 123, Albany, 10:30 a.m.

*Senate Standing Committee on Judiciary*, Capitol Room 124, Albany, 11 a.m.

*Senate Standing Committee on Local Government*, Capitol Room 123, Albany, 11:30 a.m.

*Senate Standing Committee on Health*, Capitol Room 124, Albany, 12 p.m.

*Senate Standing Committee on Insurance*, Capitol Room 123, Albany, 12:30 p.m.

*Senate Standing Committee on Transportation*, Capitol Room 124, Albany, 12:45 p.m.  
*Senate Standing Committee on Higher Education*, Capitol Room 124, Albany, 1 p.m.  
*Senate Standing Committee on Consumer Protection*, Capitol Room 123, Albany, 1:30 p.m.

*Assembly Session*, New York State Capitol Building, Assembly Chamber, Albany, 2 p.m.  
*Senate Session*, New York State Capitol Building, Senate Chamber, Albany, 3 p.m.

### **Wednesday, January 18<sup>th</sup>**

*Senate Standing Committee on Judiciary*, Legislative Office Building Hearing Room A, Albany, 10 a.m.  
Appearing – Hon. Hector LaSalle, nominated for Chief Judge of the Court of Appeals

*Assembly Session*, New York State Capitol Building, Assembly Chamber, Albany, TBD  
*Senate Session*, New York State Capitol Building, Senate Chamber, Albany, TBD

## **New York City**

### **Tuesday, January 17<sup>th</sup>**

*Subcommittee on Landmarks, Public Siting and Dispositions*, 250 Broadway, 14<sup>th</sup> Floor, 11 a.m.

### **Wednesday, January 18<sup>th</sup>**

*Committee on Rules, Privileges and Elections*, Council Chambers – City Hall, 9 a.m.

*Joint - Committee on Health, Oversight and Investigations & Consumer and Worker Protection*, Council Chambers – City Hall, 10 a.m.

Oversight – The Proliferation of Unlicensed Smoke Shops in New York City.

*Subcommittee on Zoning and Franchises*, 250 Broadway – Committee Room, 14<sup>th</sup> Floor, 10:30 a.m.

*Committee on Land Use*, 250 Broadway – Committee Room, 14<sup>th</sup> Floor, 11 a.m.

*Committee on General Welfare*, Committee Room – City Hall, 1 p.m.

Oversight – The CityFHEPS Retail Assistance Programs.

### **Thursday, January 19<sup>th</sup>**

*Committee on Finance*, Committee Room – City Hall, 10 a.m.

*City Council*, Council Chambers – City Hall, 1:30 p.m.

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