

New Tax Incentives & Zoning Policies

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New Tax Incentives and Zoning Policies for Housing Production in NYC

A terrific article by Herrick (<https://www.herrick.com/news/nycs-new-housing-production-tax-zoning-incentives/>) addresses New York City's affordable housing program allowing a transformative change with the introduction of legislative amendments to expand housing construction. The modifications of the 421-a program to 421-a(16) has been extended until June 15th, 2031 and allows developers tax benefits while ensuring a percentage of affordable housing. A key component of this program is that foundations must have been completed prior June 15, 2022

One of the challenges in taking advantage of this program is that foundations would have been completed prior to vertical construction starting. This "prior work" is getting a great deal of scrutiny from insurers and we are seeing more and more "Prior Work Exclusions" being added to contractor and owner-GC policies. Having prior work limitations could have a devastating effect on structural defects resulting from a foundation that was completed well before the vertical construction commenced.

I would caution any developer who is taking advantage of 421-a Program to carefully examine any insurance policy endorsements that could restrict the coverage for future [construction defect] claims that may have arisen from the "prior work".

If you have any questions relating to these risks or need help with any risk or insurance related issues please contact [Albert Sica](mailto:asica@thealsgroup.com), Managing Principal, at 732-395-4251 or asica@thealsgroup.com.