

In June, New York City extended the 421-a exemption program for housing development projects with over 15 units until January 15, 2016. The 421-a tax exemption allows a property tax break for 10 – 15 years. However, there is a provision in the extension that states that construction workers must be paid at the prevailing rate. This prevailing rate will be negotiated between the building trades and the Real Estate Board of New York (REBNY).

This wage mandate can lead to future court challenges , may prevent the construction of affordable rental units, and may lead to more condo development. The Mayor wants 160,000 affordable rental units built through this program. If the building trades and REBNY do not agree to a prevailing wage under the new mandate, then the exemption will be suspended after January 15, 2016.