

NYC PUBLIC EQUITY TRANSFER ACT

LEGISLATIVE SUMMARY & EXECUTIVE BRIEF

****Final Draft | December 30, 2025****

EXECUTIVE SUMMARY

The ****Public Equity Transfer (PET) Act**** is a comprehensive NYC municipal law that restructures \$680 million in annual housing subsidies from traditional rental assistance into ****tenant-owned housing****, mediated through ****Community Land Trusts (CLTs)****, financed by ****mission-driven credit unions****, and tracked through disaggregated equity metrics.

Over 10 years (2026–2035):

- ****5,600 eligible households**** convert from rent subsidies to homeownership
 - ****\$572.6M in intergenerational wealth**** accrues to BIPOC and low-income families
 - ****\$197.4M in community wealth**** captured by CLTs for perpetual affordability
 - ****\$133.4M in property tax revenue**** recovers to municipal coffers
 - ****1.296x municipal ROI**** on initial \$680M investment (plus \$680M federal/private leverage)
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LEGISLATIVE INTENT & FINDINGS

Core Problem Statement

NYC spends ****\$2.1 billion annually**** on housing subsidies (HPD, HRA, NYCHA, Section 8) yet:

- Produces no homeowner equity for beneficiaries
- Creates intergenerational poverty traps
- Generates zero municipal wealth recapture
- Excludes 40%+ BIPOC and low-income households from ownership pathways

Solution Framework

Reallocate existing subsidy budgets into ****equity investments**** that:

1. Convert eligible tenants to homeowners with permanent affordability
1. Channel credit union financing to underserved borrowers
1. Deploy CLT ground leases to cap speculation and preserve equity
1. Track outcomes by race, income, family type, tenure, borough
1. Recapture subsidy dollars as property tax revenue + municipal wealth

Key Policy Innovations

- **Subsidy Reallocation**: (not new spending): Tier subsidy conversion across HPD, HRA, NYCHA
 - **Intergenerational Focus**: Measure wealth transfer at 5/10/20/30-year milestones
 - **Equity Gatekeeping**: 40% BIPOC target, 15% very-low-income minimum
 - **CLT Integration**: 12 existing NYC CLTs + new partnership grants
 - **Credit Union Partnership**: 30-year fixed @ 5.5–6.8%, 100% LTV for share loans
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LEGISLATIVE STRUCTURE (Sections 1–15)

Section 1: Short Title & Findings

- Legislative findings on subsidy inefficiency, wealth gap, CLT efficacy
- Legislative intent: "equity investment" reframing

Section 2: Definitions

- **Public Equity Transfer Framework**: Defined as subsidy-to-ownership conversion model
- **Eligible Household**: Income ≤120% AMI, 12-month rent payment history
- **Community Land Trust**: Nonprofit holding title to land, leasing to homeowners
- **Affordability Covenant**: 30+ year resale restriction per formula
- **Intergenerational Wealth Metric**: Measured at homeowner level; reported disaggregated

Section 3: Department Responsibilities & PETO Governance

- HPD creates **Public Equity Transfer Office (PETO)** within existing structure
- PETO Director reports to Commissioner
- PETO coordinates across HPD, HRA, NYCHA, DCP, DOF

Section 4: Subsidy Reallocation & Financial Mechanics

- **Total Reallocation**: \$680M over 10 years
- **Source**: HPD capital reallocation (\$300M) + HRA subsidy conversion (\$200M) + NYCHA PACT savings (\$180M)
- **Uses**: Down payment assistance (20% per HH), CLT grants, CU partner training, legal/counseling

Section 5: Three Tiered Ownership Pathways

1. **Limited-Equity Cooperative (LEC) via CLT**: Share buydown via credit union; cooperative board governance

1. **CLT Ground Lease Homeownership**: Fee-simple home ownership on CLT-held land; resale formula capped appreciation
1. **Conventional Covenant-Secured Ownership**: Standard mortgage on CLT-held property; 30-year affordability deed lien

Section 6: Affordability Covenants & Enforcement

- **Resale Formula**: $[\text{Original Price} \times (1 + \text{CPI})^{\text{Years}}] + [40\% \times \text{Appreciation Above CPI}]$
- **Right of First Refusal**: CLT has 30-day ROFR on all resales
- **Title Lien Recording**: Permanent affordability covenant recorded against deed
- **Equity Recapture**: Sales above formula price: 60% to CLT, 40% to seller

Section 7: Credit Union Partnership Mechanism

- **Authorized Partners**: NCUA-chartered credit unions + mission-driven banks
- **Loan Products**: 30-year fixed @ 5.5–6.8%, 20-year @ 5.5–6.5%, share loans @ 100% LTV
- **Underwriting Standards**: Credit score 580+, non-traditional credit allowed
- **Default Mitigation**: 120-day forbearance, loan modification, deed-in-lieu options

Section 8: CLT Integration & Governance

- **12 Existing NYC CLT Partners**: Harlem CLT, East New York CLT, Brooklyn CLT, etc.
- **Annual Grant Structure**: \$600K–\$2M per CLT per year (10-year commitment = \$11M–\$18M per CLT)
- **Performance Gates**: 85%+ completion rate, <2% default, >85% member satisfaction
- **Equity Governance**: 50%+ board = current/former homeowners; 40%+ BIPOC

Section 9: Implementation Timeline

- **Phase I (Yr 1–3)**: 750 conversions/year; HPD subsidy identification; CU partner recruitment
- **Phase II (Yr 4–7)**: 1,250 conversions/year; scaled CLT capacity; state supplemental funding
- **Phase III (Yr 8–10)**: 1,700 conversions/year; replication model; system optimization

Section 10: Equity Accountability & Disaggregated Reporting

- **Annual Report**: Race/ethnicity, income, family type, borough, tenure
- **Year 10 Equity Targets**: 40% households of color, 15% very-low-income
- **Intergenerational Wealth Tracking**: Per-household wealth accrual at 5/10/20/30 years
- **Public Dashboard**: NYC Open Data portal; council committee briefings

Section 11: Legal & Regulatory Framework

- **Title Recording Standards**: Uniform covenant lien language
- **Right-to-Counsel Expansion**: All foreclosure defendants in PET program receive legal aid
- **Eviction Protections**: 120-day notice; relocation assistance; right-to-remain-renting option
- **Fair Housing Compliance**: Disparate impact analysis; language access; fair lending testing

Section 12: Alternative Implementation Scenarios

- **Scenario A**: HPD acquisition + CLT mediation (800 conversions/year)
- **Scenario B**: HRA subsidy conversion (600 conversions/year)
- **Scenario C**: NYCHA resident cooperatization (300 conversions/year)
- **Scenario D**: Alternative funding (state tax credits, CDFI capital, muni bonds)

Section 13: Oversight, Evaluation & Sunset

- **Independent Evaluator**: Columbia SIPA/Furman Center
- **Evaluation Gates**: Year 3, 7, 10 (final summative)
- **Annual Public Report**: Submitted to City Council by June 30
- **Sunset Date**: December 31, 2035; reauthorization if 80%+ of targets met

Section 14: Severability

- If any provision struck down, remainder of law remains intact

Section 15: Effective Date

- Effective immediately upon enactment; implementation begins January 1, 2026
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FISCAL IMPACT SUMMARY

10-Year Municipal Investment

Category	Amount
HPD Subsidy Deployment	\$680.0M
Down Payment Assistance	\$255.0M
CLT Operations Grants	\$22.8M
PETO Personnel & Admin	\$8.0M
Legal & Evaluation	\$7.2M
Total City Investment	**\$973.0M**

Offsetting Revenue & Savings

Source	Amount

Property Tax Increments	\$133.4M
HRA Subsidy Savings (redeployed)	\$215.0M
Federal Section 8 Recapture	\$47.8M
Total Offsets	**\$396.2M**

****Net 10-Year City Cost: \$576.8M (or \$57.7M avg/year)****

Leverage Ratio

- Public: \$680M → Private credit union + CLT: \$2.1B
 - **Overall leverage: 3.1x** (every \$1 city invests mobilizes \$3.10 in private capital)
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EQUITY OUTCOMES (YEAR 10 PROJECTIONS)

By Race/Ethnicity

Group	Target %	Projected %	Status
Hispanic/Latino	42%	40%	ON TRACK
Non-Hispanic Black	25%	23%	BELOW
Combined BIPOC	40%	40%	**MEETS TARGET**

Action Items: Increase targeted outreach to Black households via trusted nonprofits; partner with minority-owned credit unions.

By Income

Band	Target %	Projected %	Status
30–50% AMI (Very Low)	15%	14%	NEAR
50–80% AMI (Low-Mod)	45%	46%	ON TRACK
80–120% AMI (Moderate)	40%	40%	ON TRACK

Action Items: Increase down payment assistance for <50% AMI from 20% to 30%; cross-list with HRA.

By Borough

Borough	Conversions	Tax Revenue	ROI
Manhattan	4,000	\$14.4M	1.85x
Brooklyn	15,000	\$38.3M	1.92x
Bronx	16,000	\$36.0M	1.95x
Queens	12,000	\$34.2M	1.89x
Staten Island	3,500	\$10.5M	1.88x
TOTAL	**50,500**	**\$133.4M**	**1.91x**

FINANCIAL PROJECTIONS: THREE SCENARIOS

Conservative (55% uptake, 3.5% default, 6.5% rates)

- Year 10 Conversions: 4,400
- Cumulative ROI: 1.10x
- Risk Level: Medium
- Recovery Mechanism: CU forbearance + loss reserve

Base Case (70% uptake, 2.0% default, 5.8% rates)

- Year 10 Conversions: 5,600 ✓
- Cumulative ROI: 1.296x
- Risk Level: Low-Medium
- Status: On-track scenario

Optimistic (85% uptake, 1.0% default, 5.2% rates)

- Year 10 Conversions: 6,799
 - Cumulative ROI: 1.478x
 - Risk Level: Low
 - Bonus: Achieves 40% BIPOC target by Year 8
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STRESS TEST RESILIENCE

Recession Scenario (Years 3–5: 15–20% home value decline)

- **Impact**: Year 10 conversions drop to 4,770 (15% reduction)
- **Loss Severity**: Default spike to 8%; \$42M cumulative loss
- **Recovery**: Years 6–10 show recovery to 450 conversions/year
- **Mitigation**: CU reserve fund (\$50M minimum); covenant forbearance protocol

Policy Reversal Scenario (Federal subsidy cut 30%, 2-year pause)

- **Impact**: Year 10 conversions drop to 3,000 (46% reduction vs. base)
- **Recovery Mechanism**: State supplemental funding (\$100M–\$150M) + CDFI capital
- **Timeline**: Recovery by Year 8; near-baseline by Year 10
- **Recommendation**: Diversify funding sources; establish state backup commitment

Chronic Low Uptake Scenario (45% vs. base 70%)

- **Impact**: Year 10 conversions drop to 2,400 (57% reduction); extended 12-year timeline
- **Cost**: Average annual deployment slower but more sustainable
- **Mitigation**: Tenant outreach increase; CLT educational campaigns; remove red tape

- **Recommendation**: Baseline risk tolerance acceptable given program flexibility
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INTERGENERATIONAL WEALTH IMPACT

Per-Household Wealth Accrual (10 Years)

Metric	Base Case	Conservative	Optimistic
Homeowner Equity Buildup	\$85K	\$71K	\$100K
CLT Community Wealth Capture	\$35K	\$28K	\$44K
Intergenerational Transfer Potential	\$102K	\$86K	\$125K

Aggregate City-Wide (Year 10)

Outcome	Amount
Total Homeowner Equity	\$138.8M
Total CLT Community Wealth	\$197.4M
Property Tax Increments	\$133.4M
Total Intergenerational Transfer	**\$572.6M**

Interpretation: \$572.6M in real wealth transferred from municipal subsidy stream into individual family equity and community assets; reduces intergenerational poverty; builds BIPOC generational wealth.

NEXT STEPS & IMPLEMENTATION ROADMAP

Immediate (Q1–Q2 2026)

1. **Enact Local Law** by City Council; HPD establish PETO
1. **Recruit Credit Union Partners**: Launch partner selection; finalize loan product terms
1. **Engage CLT Network**: Formalize partnership agreements; distribute first-year grants
1. **Subsidy Reallocation**: HPD/HRA/NYCHA coordinate budget reallocations
1. **Tenant Outreach**: Launch awareness campaign in Top 20 CD's; disseminate in 15+ languages

Phase 1 Implementation (2026–2028)

- 750 conversions/year (Years 1–3)

- Credit union originations: 800/year target
- CLT partnerships: Full 12-partner network operational
- First cohort reaches Year 3 stability milestones

Mid-Term Review (Year 3)

- Independent evaluator assessment
- Equity gate review: BIPOC/income targets
- Credit union performance scorecard
- Policy amendments as needed

Program Expansion (2029–2032)

- Scaling to 1,200–1,600 conversions/year
- State supplemental funding integration
- Alternative funding mechanisms (bonds, CDFI)
- Additional CLT partnerships if capacity

Final Evaluation & Reauthorization Decision (Year 10, 2035)

- Summative impact evaluation
 - Reauthorization decision: 5-year extension if targets met
 - Perpetual covenant endowment establishment
 - Transition plan for post-program covenant stewardship
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CONCLUSION

The **Public Equity Transfer Act** transforms NYC's housing subsidy framework from **dependency** to **ownership**, from **rental payments to lenders** to **equity accrual to families**, from **municipal expense** to **municipal wealth**.

By redeploying existing \$680M in annual subsidies through CLTs and credit unions, NYC can:

- Convert 5,600+ eligible households to homeowners
- Build \$572.6M in intergenerational family wealth
- Capture \$197.4M in community assets via CLTs
- Generate \$133.4M in new property tax revenue
- Achieve 1.296x fiscal ROI
- Advance racial and income equity in homeownership

The Act's design prioritizes **intergenerational equity**, **community wealth-building**, **permanent affordability**, and **fiscal sustainability**—aligning NYC's housing subsidy system with 21st-century values of asset-building and economic justice.

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