

CRAIN'S

NEW YORK BUSINESS

January 27, 2026

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Op-ed: First time homebuyers must be part of the solution to the housing crisis

By Jamie A. Smarr

The housing crisis profoundly impacting New York City results from a combination of problems — demand for homes in the five boroughs far outpacing supply, government regulations focused on controlling rents instead of promoting new home building, high construction costs and interest rates, chief among them.

The complex housing crisis requires a multifaceted approach to solve. There's no one-shot solution.

There's no question we're a city of renters. New Yorkers overwhelmingly reside in rental apartments. Multifamily housing development is obviously the most efficient use of scarce land, capital and other resources to create housing here. Preservation of the city's existing housing stock, principally in legacy multifamily rental buildings, is also part of the solution.

But there's another component that can play a greater role in solving the housing crisis: grow our housing supply by expanding opportunities for first time buyers of one- to four-family homes in the five boroughs. The city must aggressively promote opportunities for renters to become homeowners.

Few are aware of existing appealing incentives and programs designed to encourage and assist New Yorkers buying their first homes. The City's HomeFirst Down Payment Assistance Program provides down payment assistance up to \$100,000 in the form of a forgivable loan to qualifying first time buyers of 1- through 4-family homes, condominiums or cooperative apartments in the five boroughs. New York State programs add additional financial support for first-time homeowners on top of the City's incentives.

Among the qualifications for these down payment assistance programs is a maximum household income that does not exceed 120 percent of area median income.

But the city's HomeFirst Down Payment Assistance Program is not well known. To draw attention to this valuable program, the NYC Housing Partnership's annual Affordable Housing Expo attracts over 1,000 New Yorkers who are unaware that down payment assistance is available for their first home purchase.

The HomeFirst Down Payment Assistance Program should be energetically promoted to New Yorkers, with the city and state launching a multi-language public service ad campaign using a full array of broadcast, cable, webinars, digital and print media, to generate greater awareness of — and demand for — the program. Banks offering residential mortgages should market the HomeFirst Down Payment Assistance Program through their advertising, websites and social media, in-branch signage and staff training.

On the supply side, the city and state should encourage builders and contractors to produce affordable one- through four-family homes for middle-income first-time homebuyers throughout the city. A new Build the Dream program could offer specific meaningful incentives to home builders such as:

- Access to low interest construction financing
- Identifying underutilized city- and state-owned parcels in the five boroughs that are too small or oddly shaped for large multifamily construction but would be well suited for individual homes. These lots could be sold at favorable terms to house builders.
- Sales tax relief on construction materials
- Hiring bonuses for employing construction workers residing in the borough in which the new homes are located

Build the Dream would also create new opportunities for small businesses and minority-owned firms, while expanding construction trades employment opportunities in our communities. We have a new administration in City Hall. Expanding housing opportunities for New Yorkers is one of its highest priorities. It must productively collaborate with the City Council, the governor and the state Legislature, and partner with non profit affordable housing advocates and the private sector to quickly increase access to affordable safe and comfortable homes for working class New Yorkers. Let's achieve the dream of affordable home ownership.

Jamie A. Smarr is the president and CEO of the NYC Housing Partnership.