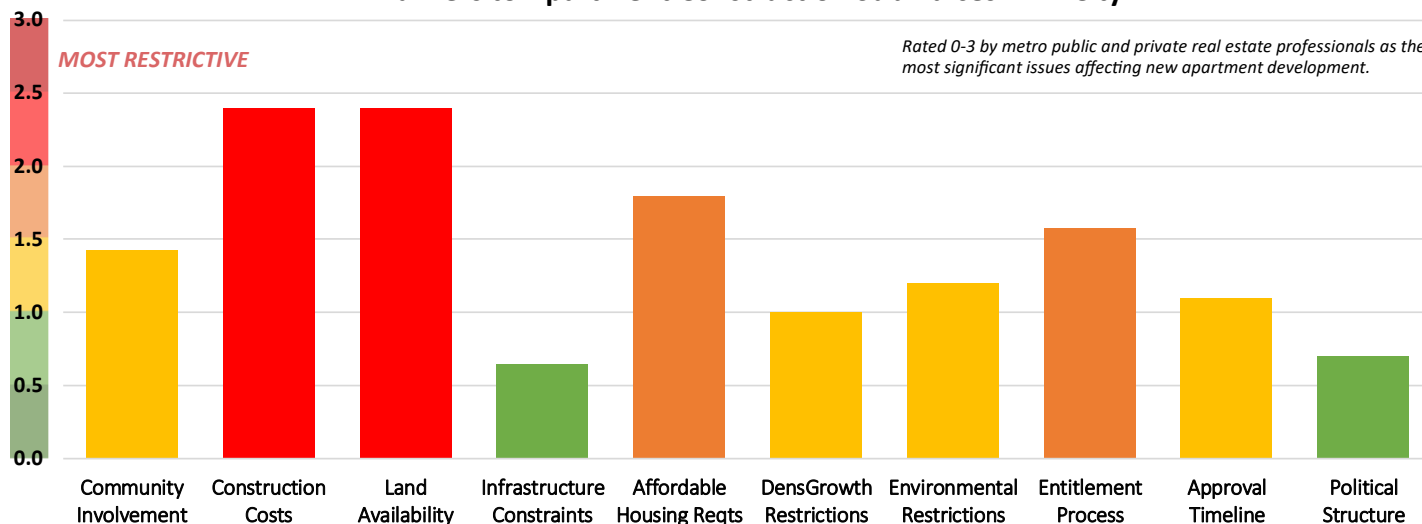


MOST RESTRICTIVE APARTMENT CATEGORIES: ➡ **LAND AVAILABILITY**
➡ **LAND and CONSTRUCTION COSTS**

Not unexpectedly, construction and land costs as well as general land availability were rated as the top factors influencing the new apartment market in New York City. The City also has the highest multifamily property tax rate in the country with complex rent control laws, and can have lengthy submission and appeal processes for housing developers. Respondents then listed affordable housing requirements and the entitlement process as restrictive, followed by community involvement. Community meetings before zoning requests was a particularly significant influence. The complexity of the NYC urban market is particularly extreme when compared to other metros in the number of submissions and percent of projects that require property tax or other public subsidies. Also, environmental restrictions have significant impact on new apartments. Interestingly, less significant factors include infrastructure and political structure, particularly involvement of county and state level legislative and approval processes versus City actions.

Barriers to Apartment Construction Subindices—NY City



SUPPLY INDEX METHODOLOGY:

These pilot NAA HAS Barriers to Apartment Construction indices were created from 70 apartment development, process and timing questions in ten categories and sourced digitally from select real estate professionals in both the public and private realms. Outcomes were refined for the data return and discussed with local development leadership. An overall **Barriers to Apartment Construction Index** will soon result with more metro sampling.

DEFINITIONS and NOTES:

¹**DEMAND RANKING** is the relative rank among 50 metro apartment markets based upon the average of forecasted total rental housing demand 2017-2030 from the NMHC NAA demand study by HAS: *U.S. Apartment Demand—A Forward Look (2017)*; ranges from 1 (Dallas-Ft Worth) to 50 (Cleveland).

²**HIGH RENT BURDEN** refers to that share of households spending over 35% of combined household income on rent; ranges from 54% and median rents of \$1,200 (Miami) to 31% and median rents of \$750 (Sioux Falls) with a metro average of 41%.

³**OLDER APT SHARE** refers to that share of apartments (5 units or more) built before 1980; ranges from 89% (Cleveland) to 19% (Raleigh and Orlando).

⁴**STAR SHARE** is that share of metro rental housing stock with five or more units HAS qualified as ***Second-Tier Affordable Rentals** or those non-institutional sites of typically lower unit count, lower quality and greater age, often overlooked as crucial affordable housing already in place. Using CoStar® ratings of 1-5 for sites of five units or more, STAR is the lower ratings of 1-2. This share ranges from 61% (Los Angeles) to 17% (Austin) with a metro average of 36%.

⁵**INCOME REQUIRED FOR AVERAGE RENT** assumes a more conservative 30% of combined rental household income for the average metro rent: source Zillow.com.

BARRIERS to APARTMENT CONSTRUCTION

NEW YORK OUTER METRO

DEMAND
RANKING¹

16

HIGH RENT
BURDEN²

45%

OLDER APT
SHARE³

79%

STAR
SHARE⁴

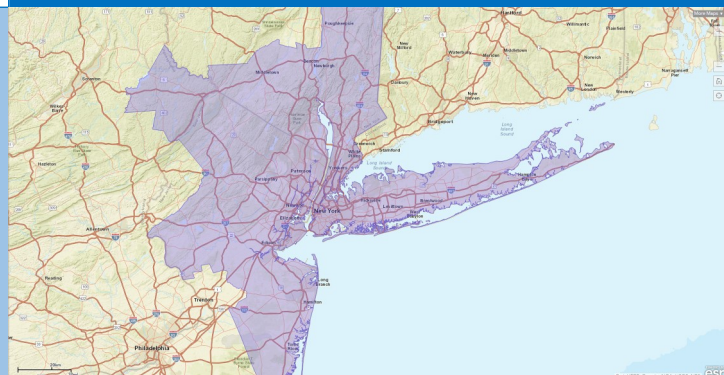
48%

MEDIAN RENTAL HOUSEHOLD INCOME

\$43,500

INCOME REQUIRED FOR AVERAGE RENT⁵

\$158,300



MOST RESTRICTIVE APARTMENT CATEGORIES:



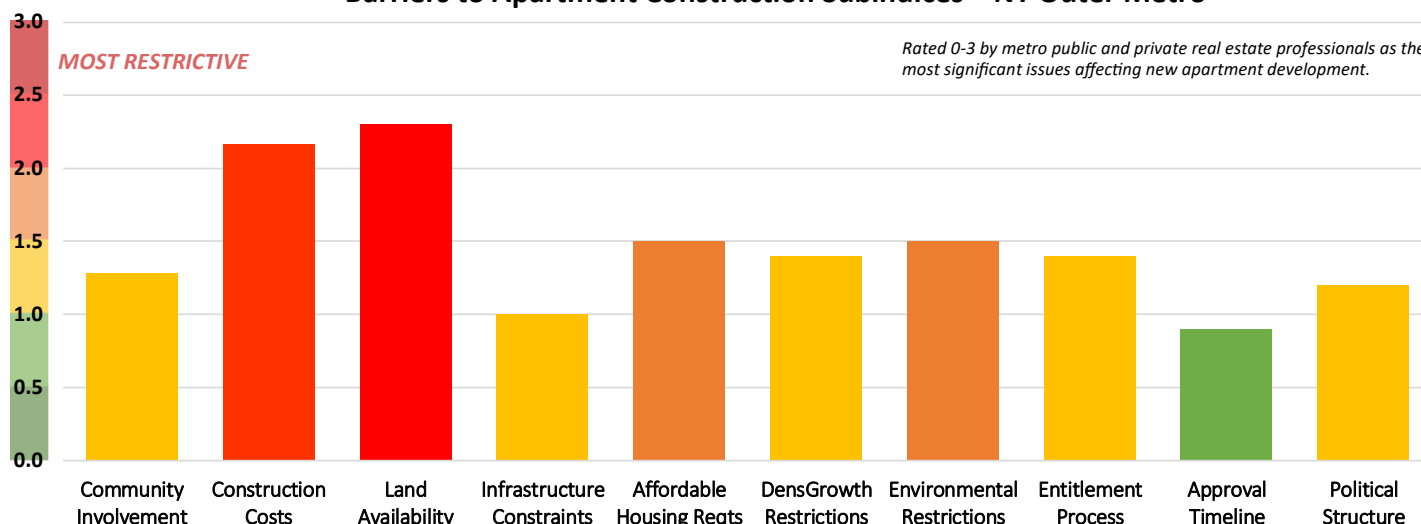
LAND AVAILABILITY



LAND and CONSTRUCTION COSTS

Not unexpectedly, construction and land costs as well as general land availability were rated as the top factors influencing new apartment construction in the peripheral New York metro market. The overall New York metro survey covered Manhattan as well as the full metro area including other parts of NY and NJ. New York metro also has the highest apartment property tax rate in the country. Respondents saw affordable housing requirements slightly less restrictive than in the City, though density and growth restrictions were ranked higher. Environmental restrictions were ranked higher in the suburbs than in the City, while the entitlement process and approval timeline restrictions were ranked lower. The suburban markets also placed a greater emphasis on political structure and infrastructure constraints.

Barriers to Apartment Construction Subindices—NY Outer Metro



SUPPLY INDEX METHODOLOGY:

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