Barriers to Apartment Construction

**BARRIERS to APARTMENT CONSTRUCTION**

<table>
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<th>BARRIERS RANKING¹</th>
<th>NEW MF DEMAND²</th>
<th>HIGH RENT BURDEN³</th>
<th>STAR SHARE⁴</th>
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<tr>
<td>51</td>
<td>17.7k</td>
<td>44%</td>
<td>31%</td>
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**MEDIAN RENTAL HOUSEHOLD INCOME**

$44,790

**INCOME REQUIRED FOR AVERAGE RENT⁵**

$50,800

**MOST RESTRICTIVE APARTMENT CATEGORIES:**

- APPROVAL TIMELINE
- LAND AVAILABILITY
- INFRASTRUCTURE CONSTRAINTS

Baltimore ranks highly restricted in the bottom fourth amid softer demand when measured against other major markets. Survey respondents cite an array of barriers that shadowed the typical barriers of cost, community opposition and politics with a higher 1.26 overall index. Land availability is expectedly restrictive, along with infrastructure constraints seen in both availability and school crowding. Environmental issues center on coastal restrictions, wetlands and mitigation. Entitlement process issues include a range of council opposition, historic district and design criteria unknowns. Yet most restrictive is the typical timelines for rezoning and discretionary use permits. Metro rental incomes trend 12% below the average market rents of $1,270. City Council has recently passed an affordable housing trust fund using future transfer taxes with a source of income provision expected in March 2019.

**Barriers to Apartment Construction Subindices**

![Graph showing barriers subindices](image)

- **Community Involvement**: 1.23
- **Construction Costs**: 1.14
- **Land Availability**: 1.67
- **Infrastructure Constraints**: 1.67
- **Affordable Housing Reqs**: 0.95
- **DenGrowth Restrictions**: 1.24
- **Environmental Restrictions**: 1.57
- **Entitlement Process**: 1.54
- **Approval Timeline**: 1.78
- **Political Complexity**: 1.30

**Overall Index**: 1.26

**DEFINITIONS and NOTES:**

- **BARRIERS RANKING** is the relative ranking among 58 major metro apartment markets based upon the average index of each metro from the least restricted to the most; ranges from 1 (Albuquerque) to 58 (San Jose). Rankings consider expert responses from throughout the extended metro that includes but not isolates the urban core.
- **NEW MF DEMAND** is the updated total demand for new multifamily units (in thousands) through 2030 based upon the forecasted total rental housing demand 2017-2030 from the NAA-NMHC demand study by HAS: U.S. Apartment Demand—A Forward Look (2017); ranges from 3,890 (Sioux Falls) to 222,589 (New York).
- **HIGH RENT BURDEN** refers to that share of 2017 households spending over 35% of combined household income on rent; major metro ranges from 56% and rents of $1,370 (Miami) to 38% and rents of $865 (Sioux Falls) with a major metro average of 43%.
- **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 major metro average of 36%.
- **INCOME REQUIRED FOR AVERAGE RENT** assumes a more conservative 30% of rental household income needed for the average metro contract rent.