BARRIERS to APARTMENT CONSTRUCTION

BOSTON

BARRIERS RANKING[1]	NEW MF DEMAND[2]	HIGH RENT BURDEN[3]	STAR SHARE[4]
45	53.2k	42%	40%

MEDIAN RENTAL HOUSEHOLD INCOME $47,580

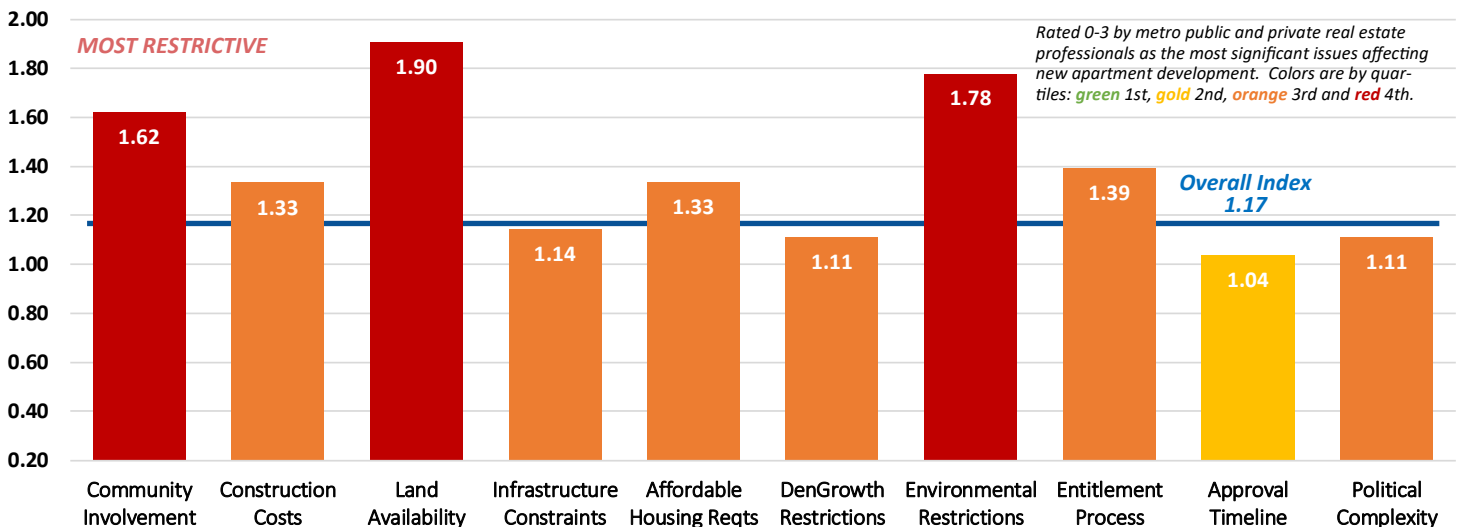**INCOME REQUIRED FOR AVERAGE RENT[5]** $84,800

MOST RESTRICTIVE APARTMENT CATEGORIES:

➤ LAND AVAILABILITY
➤ ENVIRONMENTAL RESTRICTIONS
➤ COMMUNITY INVOLVEMENT

Boston respondents cite land availability and environmental issues as most important to regulating land for multifamily development, followed closely by community involvement. Other indices of costs, infrastructure and policy restrictions are seen as more restrictive than the U.S. average. As with many scaled metros like Boston, these barriers become more pronounced in the urban core relative to outlying housing sectors. The MA 40B law is a good example of the complexity of zoning issues within such a region. The law eases zoning when subsidized units are included in development in municipalities where less than 10 percent of available housing is affordable. This in effect pushes development to suburban areas that have yet to meet this quota and where zoning laws vary significantly from urban Boston. Given expected demand of more than 53,000 new rental households in this area through 2030, the mayor prioritized $26 million in new and recommended funding for affordable housing early in 2019.

Barriers to Apartment Construction Subindices

MOST RESTRICTIVE

Rated 0-3 by metro public and private real estate professionals as the most significant issues affecting new apartment development. Colors are by quartiles: green 1st, gold 2nd, orange 3rd and red 4th.

Overall Index 1.17

Community Involvement	Construction Costs	Land Availability	Infrastructure Constraints	Affordable Housing Reqts	DenGrowth Restrictions	Environmental Restrictions	Entitlement Process	Approval Timeline	Political Complexity
1.62	1.33	1.90	1.14	1.33	1.11	1.78	1.39	1.04	1.11

BARRIERS INDEX METHODOLOGY:

These NAA HAS Barriers to Apartment Construction indices were created from over 90 apartment development, process and timing questions in ten categories and sourced digitally from real estate professionals in both the public and private realms. An initial overall metro **Barriers to Apartment Construction** *Index* is also plotted above.

DEFINITIONS and NOTES:

[1]**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.

[2]**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).

[3]**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%.

[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 major metro average of 36%.

[5]**INCOME REQUIRED FOR AVERAGE RENT** assumes a more conservative 30% of rental household income needed for the average metro contract rent.

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