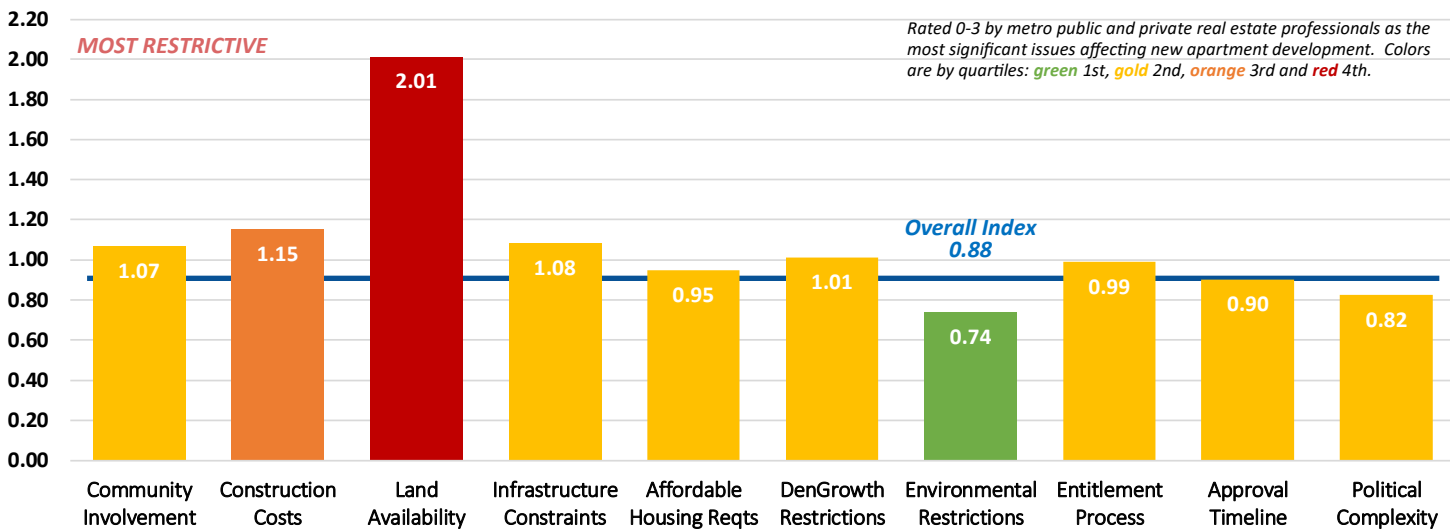


BARRIERS to APARTMENT CONSTRUCTION				CHICAGO
BARRIERS RANKING <sup>1</sup>	NEW MF DEMAND <sup>2</sup>	HIGH RENT BURDEN <sup>3</sup>	STAR SHARE <sup>4</sup>	
9	35.2k	44%	39%	
MEDIAN RENTAL HOUSEHOLD INCOME			\$41,130	
INCOME REQUIRED FOR AVERAGE RENT <sup>5</sup>			\$55,160	

**MOST RESTRICTIVE APARTMENT CATEGORIES: LAND AVAILABILITY**

The sprawling Chicago metro ranks in the top fourth of other major markets for least restrictive supply barriers and an index of 0.88. Most of the subindices below align with the index, save for the glaring restriction of land availability and its suitability for development. Other key issues cited are the number of public meetings needed for community engagement, high impact fees and their waiver, general density restrictions and the heavy influence of local councils. The median metro rental incomes are a significant 25% below the required for average market rents of \$1,380. Some 44% of renters pay over 35% of income on their lease. As with scaled metros like Chicago, these barriers become more pronounced in the urban core relative to outlying housing sectors. Affordable housing requirements Downtown drive project values lower and restrict underwriting, while entitlements are often delayed by arbitrary zoning conditions among 50 Wards. Development teams also suffer from high property taxes and a lack of confidence in the local fiscal conditions.

**Barriers to Apartment Construction Subindices**



**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:**

- <sup>1</sup>**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.
- <sup>2</sup>**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).
- <sup>3</sup>**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%.
- <sup>4</sup>**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%.
- <sup>5</sup>**INCOME REQUIRED FOR AVERAGE RENT** assumes a more conservative 30% of rental household income needed for the average metro contract rent.

