

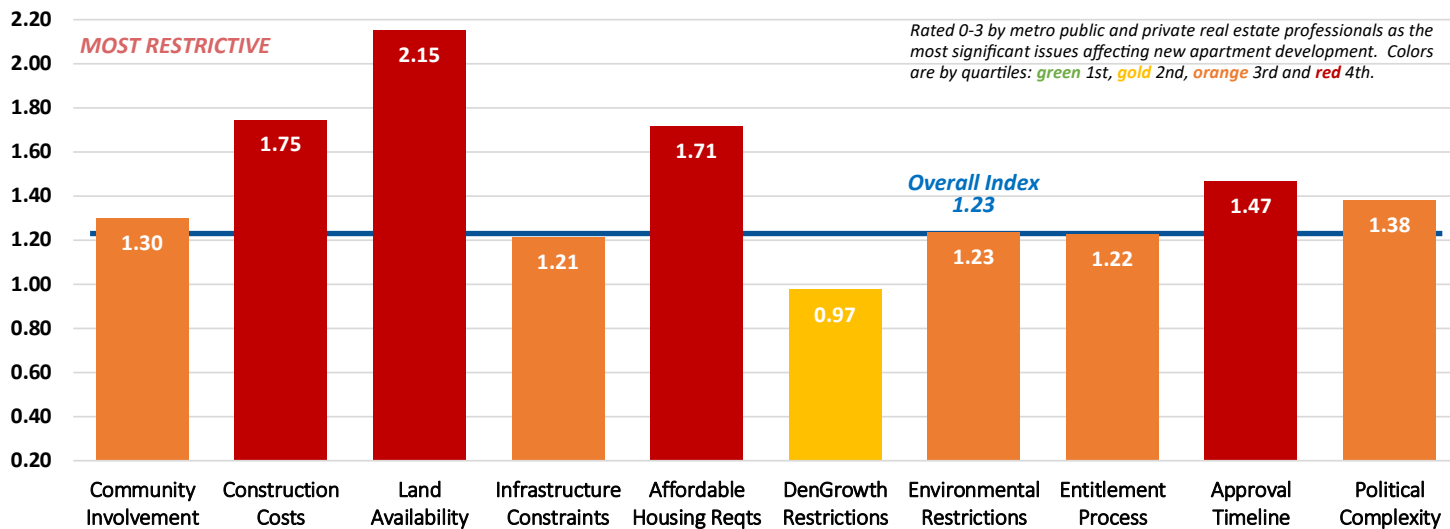
BARRIERS to APARTMENT CONSTRUCTION				LOS ANGELES
BARRIERS RANKING ¹	NEW MF DEMAND ²	HIGH RENT BURDEN ³	STAR SHARE ⁴	
48	134k	50%	61%	
MEDIAN RENTAL HOUSEHOLD INCOME			\$49,930	
INCOME REQUIRED FOR AVERAGE RENT ⁵			\$81,240	

MOST RESTRICTIVE APARTMENT CATEGORIES:

- LAND AVAILABILITY
- CONSTRUCTION COSTS
- AFFORDABLE HOUSING REQUIREMENTS

The sprawling Los Angeles metro ranks in the bottom fourth of new apartment construction with an overall supply index of 1.23. Sustained demand for multifamily is in the top third of national metros and half of current renters pay over 35% of incomes on their lease. Respondents cite land availability as the most restrictive issue, followed by affordable housing requirements. Construction and land costs are well above index, driven higher by heavy impact fees, as was the approval timeline for rezoning and discretionary use permits. All other subindices are of significance, in the third index quartile, save for slightly lower restrictions on density and growth. Median rental incomes are in the top third of major metros, yet remain a significant 39% below the income required for their average market rents of \$2,035.

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:

- 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.