



CONSTRUCTION OUTLOOK UPDATE: **AFFORDABLE HOUSING**

NEW YORK CITY BUILT OVER 34,000 AFFORDABLE HOUSING UNITS TO REMAIN ON PACE FOR MAYOR'S TARGET.



The Goldin at Essex Crossing:
Delancey Street Associates; Dattner Architects

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BRONX AND BROOKLYN AFFORDABLE HOUSING CONSTRUCTION LEADS ALL OTHER BOROUGHES

According to a New York Building Congress review of City housing data, New York City is on pace to meet Mayor Bill de Blasio's target for the construction of new affordable units throughout the five boroughs.

From January 2014 through July 2018, New York City built a total of 34,482 new affordable housing units. That represents approximately 29 percent of the Mayor's construction target of 120,000 units through 2026.

The new construction target was first announced as part of the Mayor's Housing New York Plan in 2014 that included the preservation or construction of 200,000 affordable housing units by 2024. In an updated 2017 report, *Housing New York 2.0*, Mayor de Blasio committed to a revised target of 300,000 preserved or new affordable apartments by 2026, with 40 percent of that total being new construction.

Since the announcement of the original plan in 2014, a total of 109,767 affordable units have been provided in New York City, with the bulk delivered by preservation of existing buildings (75,285 units, or 69 percent). The 34,482 newly constructed affordable units represent 31 percent of the share of affordable units provided. Although this is below the Mayor's target of 40 percent, newly constructed affordable units have risen since 2014, with 2,778 in FY 2014, 8,562 in FY 2015, 6,297 in FY 2016, 7,705 in FY 2017 and 9,140 in FY 2018. Through the same time period, over 140,000 housing units were authorized for construction in New York City, suggesting that affordable new construction comprises about 24 percent of all new housing built.

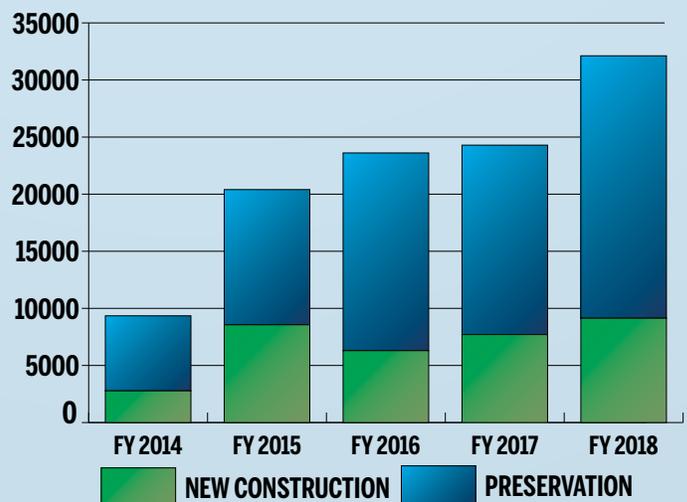
“From the very beginning of his mayoralty, Mayor de Blasio prioritized the building of affordable housing, and it is a tremendous credit to him and his administration that they not only achieved their goal, but are actually exceeding expectations. The lack of affordable housing for New Yorkers is an emergent and worsening crisis. Members of the design, construction and real estate industry must continue to work with the Mayor's office to remedy this housing shortfall and keep New York City a great place to live.”

**Carlo A. Scissura, CEO and President
New York Building Congress**

A CLOSER LOOK AT AFFORDABLE HOUSING CONSTRUCTION

Between January 2014 and March 2018, the Bronx accounted for the largest share (11,670 or 40 percent) of the affordable new construction, followed by Brooklyn (8,494, or 30 percent). In contrast, the Bronx attracted only six percent of the market rate construction, but Brooklyn drew 41 percent over the period. Manhattan had 18 percent of affordable new construction (5,289 units) and 25 percent of the market rate units (22,408). Queens topped Manhattan in market rate construction (23,451 units) but had little more than half of Manhattan's affordable new construction (2,852 units). Staten Island had the least new housing development on either basis, constructing only 508 new affordable units or 2 percent.

**NEW HOUSING CONSTRUCTION vs PRESERVATION
AFFORDABLE HOUSING FROM JANUARY 2014 ONWARD**



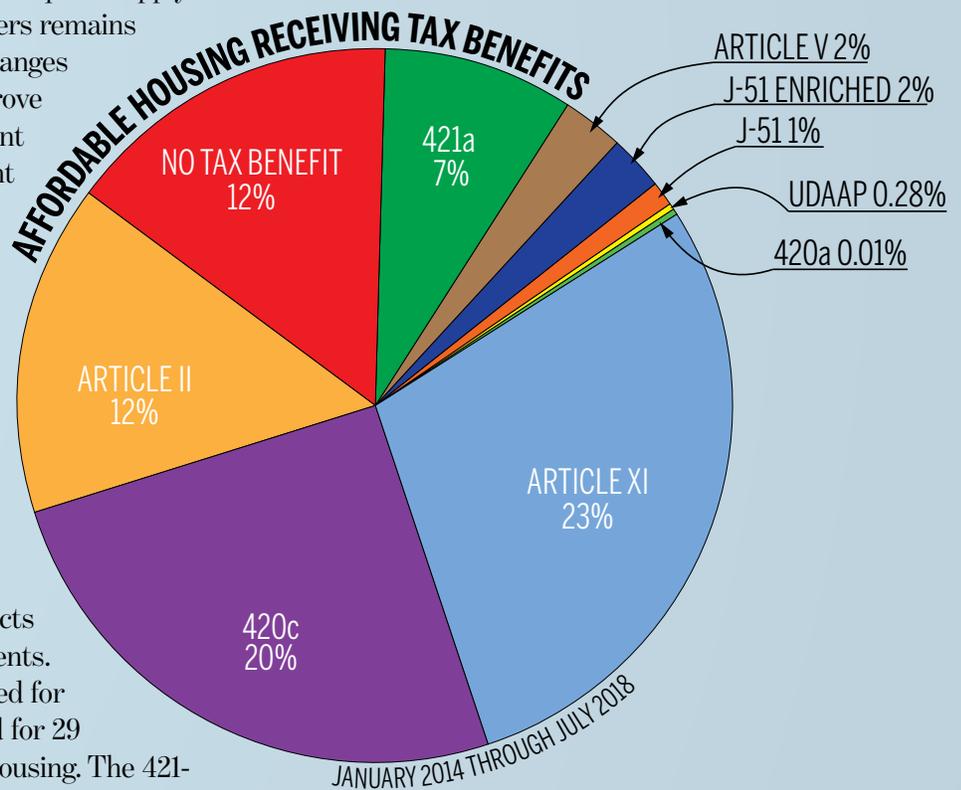
One- and two-bedroom units are the most prevalent form of affordable housing delivered since 2014. Through March 2018, one-bedroom units accounted for 36 percent of all new affordable construction in the City (10,490 units) and the 8,620 two-bedroom units accounted for an additional 30 percent. Regarding preservation, two-bedroom units (22,006) represent 36 percent share of units, followed by 20,670 one-bedroom units (34 percent). Of the remaining new and preserved affordable housing most are three bedrooms, but nearly 100 have five or more bedrooms and over 3,000 are unknown as to size.

Between January 2014 and March 2018, 58 percent of the newly constructed affordable units were reserved for low income households earning between 51 and 80 percent of the area median income; for a family of three that's a maximum of \$68,720 annually. Approximately 11 percent of units were built for households of *very low incomes* (31-50 percent of the area median income), or families of three making between \$25,770 and \$42,950. Approximately 19 percent of the units were built for those with *extremely low incomes* (0-30 percent of the area median income) or a family of three making \$25,770 or less.

EFFECT OF TAX INCENTIVES

Despite the upward trend, the lack of an adequate supply of housing that is affordable to New Yorkers remains one of the city's most pressing issues. Changes in tax policy and new legislation can improve conditions. The New York City Department of Housing Preservation and Development points to tax incentives as major drivers of an affordable built environment for New Yorkers. Of the New York City affordable units financed since January 2014, 79 percent were preserved or built thanks to planned tax credits.

In particular, Article XI exemptions are reserved for corporations formed to build low-income housing. This exemption accounted for 28 percent of new construction and rehabilitation projects completed for extremely low to low residents. The 420c tax abatement, which is reserved for affordable housing non-profits, accounted for 29 percent of extremely low to low income housing. The 421-a tax exemption applies to multi-unit projects on vacant lots and requires projects in GEA zones to have at least 25 percent affordable units. This exemption accounted for seven percent of all affordable housing. Although the 421-A tax break expired in 2016, Mayor de Blasio's *Housing New York 2.0* included calling for its reinstatement. If there is no change in policy, according to the NYU Furman Center's 2017 Subsidized Housing report, 347 properties (with about 27,000 units) are "set to expire out of affordability restrictions or from their regulatory agreement by 2023."





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The data for this report is provided by the New York City Department of Housing Preservation.

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