

August 1, 2016

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Number of Multifamily Permits Drops in New York

Permits dropped by more than half in the 12 months after the demise of the 421-a program.

by Dees Stribling

New York—The number of [residential permits](#) issued by the New York City Department of Buildings (DOB) dropped by more than half in the 12 months after the demise of the 421-a program, according to a New York Building Congress analysis of U.S. Census data. The program gave developers a 10-year tax exemption for building a multi-unit residential project on vacant land.



During the 12-month period running from the expiration of the program (July 1, 2015) through June 30 of this year, the DOB authorized construction of 20,144 new units of housing in the five boroughs, a drop of 62 percent from the 52,618 residential permits that were issued between July 1, 2014 and June 30, 2015. That said, the 20,144 permitted units is right in line with the average of 19,928 residential permits that were authorized annually between 2005 and 2014.

“In addition to the investment community’s continued and seemingly insatiable appetite for residential projects, local developers were working furiously to get their projects fully permitted in advance of anticipated changes to the 421-a program,” noted New York Building Congress president Richard T. Anderson. “All of this produced an unprecedented, one-time surge in permits.”

Through the first six months of 2016, the Bronx led all boroughs with 1,926 DOB-authorized units, followed by Brooklyn with 1,394 units, Queens with 1,222 units, Manhattan with 821 units, and Staten Island with 621 units. Both the Bronx and Staten Island saw an increase in the number of permitted units during the first half of the year compared to the same period in 2015, while Brooklyn, Manhattan and Queens experienced considerable declines.

Overall, the Bronx has accounted for nearly 32 percent of all permitted units in the first half of 2016, after averaging just 11 percent of all authorized units between 2011 and 2015. If that pace were to hold through the rest of the year, the Bronx would take the top spot for the first time since 2009 and just the second time since at least 2000.

Brooklyn had led the city with the most units authorized for construction for the past four consecutive years. In 2015, the DOB permitted the construction of 26,026 units in Brooklyn, followed by 12,667 in Queens, 12,267 in Manhattan, 4,682 in the Bronx, and 541 in Staten Island.