

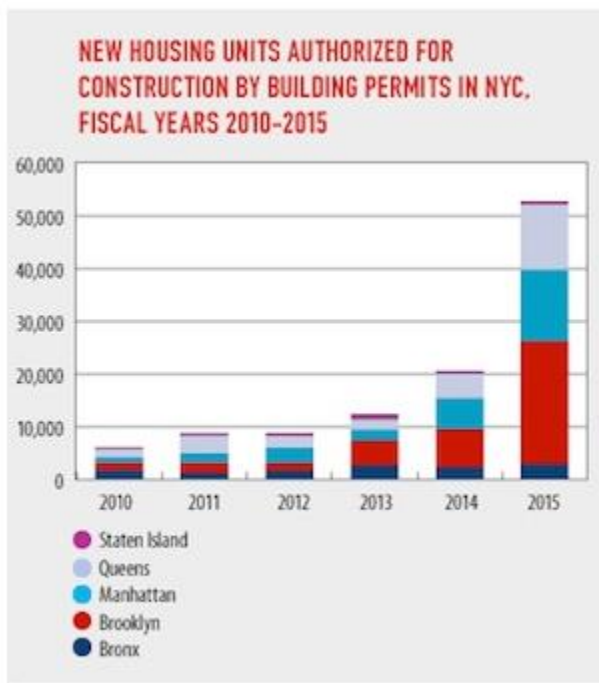
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Building Permits in New York City Rise for Sixth Year

By Peter Maloney



Building permits issued in New York City rose for the sixth consecutive year, according to an analysis of data by the New York Building Congress.

Permits authorizing construction rose 156% in Fiscal Year 2015 (July 1, 2014 - June 30, 2015) compared with FY 2014 with 52,618 permits issued for residential units in the just ended fiscal year, according to NYBC analysis of U.S. Census data

The number of permits rose in each of the five boroughs, but Brooklyn experienced a 225% increase with 23,326 dwelling units authorized for construction in FY 2015, compared to 7,181 in FY 2014.

“The Building Congress has long believed that New York City needs to produce at least 20,000 new housing units each year to keep pace with demand and a growing population, but we never

thought we would see a year in which that many units would be authorized in one borough alone. The current strength of the Brooklyn market is quite remarkable,” Richard T. Anderson, president of NYBC, said.

Manhattan, with 13,499 permitted units, was second to Brooklyn for the third consecutive fiscal year. Queens was home to 12,326 newly authorized units, followed by the Bronx with 2,753, and Staten Island with 714.

Of the 52,618 permits issued by the Dept. of Buildings in FY 2015, 42,088 were issued from the start of January through June. The NYBC attributes that surge, in part, to the strength of the residential sector, but it also can be traced to the June 15 expiration of New York State’s 421-a tax abatement program and the recognition that even if the program were reauthorized, it would be in a form that was considerably less advantageous to developers of new housing.

A similar situation occurred in the spring of 2008. After the adoption of a new, less generous, and more restrictive version of the 421-a program that would apply to any residential project started after July 1 of that year, a number of developers rushed to obtain the necessary permits and start foundations. As a result, the DOB issued permits for 26,851 residential units in the first half of the year, with more than 17,000 issued in June of that year alone.

“Residential construction spending was already at record levels, even prior to this recent surge, and barring an unforeseen economic downturn, we have every reason to believe the pace will continue and maybe even accelerate in the coming years,” Anderson said. “That said, we think it’s safe to predict that the number of new residential permits will cool considerably for the remainder of the year – and for at least as long as uncertainty remains over the future of the 421-a program.”

According to a parallel Building Congress analysis of New York City Dept. of Housing Preservation and Development data, construction started on 8,483 units of affordable housing in FY 2015, an 80% increase from 4,708 in FY 2013.

While the raw number of affordable units rose significantly, that number fell as a percentage of overall units authorized in the five boroughs. In FY 2015, the number of affordable units started equaled about 16% of the housing units authorized, compared with 23% in FY 2014. In 2010 when the housing market was still reeling from the recession, affordable housing starts equaled 55% of all authorized units.

“Mayor de Blasio has declared that he will create 80,000 new units of affordable housing over the next decade, and he’s off to a strong start,” Anderson said. “In order to sustain and build upon it, his administration, with the help of Albany, will need to find a way to entice developers to include an even greater percentage of affordable units in their market-driven development projects.”

