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Housing Starts Surging; Affordability Lagging

By Joe Maniscalco



New York, NY - The number of new affordable housing units being started around town may be on the rise according to a positive new report from the NY Building Congress — but the figure actually represents just a tiny fraction of the overall surge in residential construction now taking place.

New York City saw an 80 percent jump in affordable housing unit starts from July, 2014 to June of this year. Fiscal year 2015 saw 8,483 new units of affordable housing granted building permits. That's compared to 4,708 affordable housing units in 2013.

As encouraging as that may sound, however, the total number of new affordable housing starts continues to be far outstripped by the construction of other more expensive residential units.

The Department of Buildings okayed the start of 52,618 residential units in fiscal year 2105 — a whopping 156-percent increase over the previous year, and the sixth consecutive year of growth in the residential market.

At the same time, the amount of affordable units started as a percentage of overall units authorized, continued to decline.

The number of affordable housing units started in fiscal year 2015, represented around 16 percent of all new housing units given the go-ahead. That number stood at 23 percent the previous year, and in 2010 was as high as 55 percent.

“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,” NY Building Congress President Richard Anderson said in a statement. “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.”

The tug-o-war between affordable housing advocates and big-time developers is manifested in the continued battle over the city’s controversial 421-a tax abatement program, which gives builders significant financial breaks in exchange for a limited number of affordable housing units.

A tentative deal struck in June extended the life of 421-a, but a sought after prevailing wage requirement for construction workers has yet to be crafted.

“We support the increased development and construction of affordable housing for New Yorkers,” Building and Construction Trades Council President Gary LaBarbera told LaborPress. “And we continue to work with the City of New York to develop ways to make sure this housing is built in a responsible way, by creating good construction jobs with health care and pension benefits that lead to careers, and using a workforce that makes quality and safety a top priority.”

In issuing the NY Building Congress report, Anderson said that 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.”

Brooklyn saw the most building permits issued in fiscal year 2015 with 23,326 -- that's opposed to just 7,181 the year before.

“I am pleased with the uptick in affordable housing being financed by HPD and a construction boom that has the potential to create hundreds of job opportunities for New Yorkers,” Brooklyn Assembly member Walter Mosley [D-57th District] told LaborPress. “With the increase of up to 80 percent of new affordable units being produced over 2013’s fiscal numbers, we are beginning to address the housing crisis in this city, but we still have a long way to go. I will be interested to see the data next year, after the full implementation of the new 421-a amendments and the elimination of the Geographical Exclusionary Areas and what impact it will have on these residential unit numbers going forward.”

