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NEW NAA/NMHC STUDY RANKS HARDEST CITIES TO ADD NEW APARTMENTS: MIAMI RANKS #4 OUT OF 50 METRO AREAS

Rankings Based on Local Regulations, Amount of Available Land to Develop

WASHINGTON, D.C., June 26, 2017 – Miami ranks #4 out of 50 metro areas in terms of hardest cities to add necessary new apartments, according to new research from Hoyt Advisory Services (HAS), commissioned by the National Multifamily Housing Council (NMHC) and the National Apartment Association (NAA). In addition to Miami, Honolulu, Boston, Baltimore and Memphis were ranked the hardest cities out of the 50 metro areas studied.

The research examines and ranks 50 metro areas based on specific factors, including local regulations and the amount of available land to develop. The ranking, titled the Barriers to Apartment Construction Index, scores 50 metro areas along an index that goes up to 19.5 in the most difficult market to add apartments (Honolulu) all the way down to -5.9 in the easiest (New Orleans). Regardless of where each metro area ranks, the United States needs to build at least 4.6 million new apartments by 2030 to meet the expected increase in demand; otherwise the affordability problems that exist today will only get worse.

“The Miami metro area will need all types of apartments and at all price points,” said Kristi Novak, Legislative Committee Chair, South East Florida Apartment Association. “Miami apartment developers, owners and managers and their residents contribute $18.7 billion to the local economy annually, and that number is expected to rise with increased demand.”

Today NAA and NMHC also released Vision 2030, a set of recommendations for policymakers at all levels of government on how to lower barriers to development and better address the current and future housing shortage of all types of apartments and at all price points. To add to the challenge of accommodating 4.6 million apartment households, as many as 11.7 million existing apartments could need to be renovated, or risk being lost from the stock.

The number of apartment renters is at an all-time high, and the growing demand for apartments is making it challenging for millions of families nationwide to find quality rental housing that is affordable at their income levels.

“For many families, locally and nationally, the shortage of affordable rental housing creates significant hurdles that can hamper their future financial success,” added Novak. “This is not just a problem for today. By 2030, the affordable housing crisis will become even more severe unless public and private sector leaders take bold, innovative action."

According to the new study, meeting the demand for apartments means building more than 325,000 new apartment homes each year on average; however, from 2012 through 2016, the apartment industry averaged only 244,000 new apartment homes (in buildings with 5 units or more) per year. The last time the industry built more than 325,000 in a single year was 1989. This new apartment construction would boost the economy in the coming years, both nationally and in local metro areas.

"While the number of new apartments built each year has been rising, it hasn't been enough to meet current demand *and* make up for any possible shortfall at certain price points in the years following the recession. This imbalance between high demand and limited supply options has driven down affordability and reduced housing options for renters. Rents tend to be particularly high in areas with the greatest barriers to new development, such as California, where there's a significant shortage in available land for building new apartment homes. This makes it more expensive to build," said NAA Chair Cindy Clare, CPM.

"For many reasons, building apartments has become costlier and more time-consuming than it needs to be. Over the past three decades, not only have hard costs like land and materials risen sharply, but regulatory barriers to apartment construction have also increased significantly, most notably at the local level," explained NMHC Chair Bob DeWitt. "These obstacles to development, such as outdated zoning laws, unnecessary land use restrictions, arbitrary permitting requirements, inflated parking requirements, environmental site assessments and more, discourage housing construction and raise the cost of those apartment communities that do get built."

According to the research, the easiest cities to build new apartments included New Orleans, Little Rock, Kansas City, Indianapolis and St. Louis.

To reach the goal of building 4.6 million apartments by 2030, government officials and private developers must come together to take action. NAA and NMHC are advocating for solutions at all levels of government that will help supply meet demand and reduce the cost of developing apartments.

The federal government can ensure sufficient funding of housing programs, enact a pro-housing tax policy, and reform regulations that unnecessarily increase housing costs.

State and local governments have a toolbox of approaches they can take to address the apartment shortage and help reduce the cost of housing. They can:

- Adopt local public policies and programs that harness the power of the private sector to make housing affordability more feasible.
- Increase public-private partnerships

- Leverage the state-level authority to overcome obstacles to apartment construction.
- Collaborate with business and community leaders to promote apartments.

Based on research conducted by Hoyt Advisory Services and commissioned by NMHC and NAA, the data includes an estimate of the future demand for apartments in the United States, the 50 states and 50 metro areas, including the District of Columbia. For the purposes of this study, apartments are defined as rental apartments in buildings with five or more units. The data are available on the website www.WeAreApartments.org.

In conjunction with the study's release, the website www.WeAreApartments.org breaks down the data by each state and 50 key metro areas. Visitors can also use the **Apartment Community Estimator** – or ACE – a tool that allows users to see the trends in their state or metro area to determine the potential economic impact locally.

For more information, visit www.WeAreApartments.org. Find out more about the Miami metro area's apartment demand at www.WeAreApartments.org/data/metro/miami. More information about the methodology used in this study can be found at www.WeAreApartments.org/about.

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For more than 25 years, the National Multifamily Housing Council (NMHC) and the National Apartment Association (NAA) have partnered on behalf of America's apartment industry. Drawing on the knowledge and policy expertise of staff in Washington, D.C., as well as the advocacy power of 170 NAA state and local affiliated associations, NAA and NMHC provide a single voice for developers, owners and operators of multifamily rental housing. Today, more than one-third of Americans rent their housing and 39 million people live in an apartment home. For more information, please visit www.nmhc.org or www.naahq.org.

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