



Be careful what you wish for: The uncertainty over the renewal of 421A in April

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The current 421A deadline in April and the uncertainty over how it will be renewed coupled with the anxiety over an unclear development policy regarding inclusionary zoning and affordable housing has created quite a bit of anxiety in the real estate industry.

With 15,000 units slated to hit the market in 2015, the future appears unclear. Is the demand still there for high end condos? What is the market for mid level condos? Is the rental market still strong? How will the affordable policy play out 80/20 or 50/30/20? Will a poor door be permitted? Can the affordable units be built off-site in an area that needs the affordable units? Will the income constraints cause affordable units to go unused? Will there be a push for more student housing to accommodate the higher education bubble? Will the "hipsters" continue to create a demand for dormitory style living? Will "micro-units" be permitted?

One thing is clear; markets don't like uncertainty. 2008 has created an "aura" of constant concern. Prosperity can be here today, gone tomorrow. Pointless articles about "shell" foreign corporations buying high end apartments serve no purpose and contribute to the anxiety.

There just appears to be winds of discontent, suspicion and ambivalence to the real estate industry. This is dangerous, particularly to the market that is the primary driver to the local economy. The progressives should be careful that they just might get what they want at the cost to the very groups they champion- the middle class and the common man.

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