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The 'Impossible Dream' of Rental Development
By MICHAEL STOLER
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Real estate experts say the development of residential rental apartment buildings is grinding to a halt in New York City. Limited availability of financing, high land and construction costs, the elimination of the 421-a program, and limitations on tax exemption financing has led to conditions that make building unprofitable for developers, even as the demand for new rentals is greater than ever...

The principal of W Financial, Gregg Winter, said that in most cases, "rentals can only be built where land has been held by the developer for years, or in other cases land held for decades for another business purpose, like a parking lot or garage, is developed by the longtime owner, often with a joint venture partner who is a professional developer. If that same parcel were to be sold at market rate, the economics would be unlikely to work as a rental. The sunset of the 421-a program strikes an additional, possibly fatal, blow to the economic viability of developing residential rentals or mixed-use projects in New York City."