Policy Brief: High Cost of Affordable Housing Delays

NEW YORK HOUSINGCONFERENCE

Nov 2025

NYHC surveyed developers to understand affordable housing development process delays and associated costs. We received responses for 21 affordable housing projects representing 4,700 units from for-profit and non-profit developers across New York City at all stages of development.[1] Projects were both new construction and preservation in the following HPD programs - Senior Affordable Rental Apartments Program (SARA), Extremely Low- & Low-Income Affordability Program (ELLA), Neighborhood Construction Program (NCP), Supportive Housing Loan Program (SHLP), LIHTC Preservation (Year 15) Program, Participation Loan Program (PLP), Third Party Transfer Program (TPT), and Section 610.

62% of participants cited HPD staffing as the main reason for the project delays.[2] Other reasons cited for project delays: Marketing; OMB Review; Interagency Review (DOB, DEP, FDNY, BSA, etc.); HPD BLDS review process; and ULURP.

HPD average loan processing time is 47 months[3] **and average added costs due to lengthy processing is $1.2 million per project.**[4] **This is equivalent to HPD capital subsidy for 8 new construction affordable homes or funding for CityFHEPS vouchers helping 60 families to pay rent for a full year.** The process from HPD project intake to loan closing is averaging nearly 4 years. That is before construction even begins. One Bronx preservation project, with over 200 existing homes in need of substantial rehabilitation, has spent more than 4 years in HPD's pipeline. The delays and late-stage changes to the construction planning process have required the developer to source additional predevelopment financing to cover an expected $1.2 million in additional costs.

Marketing and lease up averaged 19 months[5] **and added $1.1 million in unnecessary costs.**[6] **This is equivalent to HPD capital subsidy for 7 new construction affordable homes or funding for CityFHEPS vouchers helping 55 families to pay rent for a full year.** From notice of intent to marketing to achieving a 95% occupancy rate is taking far longer than market rate projects. One substantial new construction development in an outer borough took almost 2 years to complete the marketing and lease up process for several hundred units. The project incurred significant construction loan interest for months when the developer could not convert the loan to permanent financing due to the slow lease up. During the same period, the building was already losing projected rental income. Costs of delays totaled $2 million.

On average, it took projects 24 months[7] **to go through the ULURP Pre-certification process, adding almost $600k in costs.**[8] **This is equivalent to HPD capital subsidy for 4 new construction affordable homes or funding for CityFHEPS vouchers helping 30 families to pay rent for a full year.** An affordable housing development with hundreds of units of new construction planned in the Bronx spent almost 2.5 years in the ULURP Pre-Certification. Due to the lengthy land use approval process, the developer was forced to refinance their acquisition loan with a new lender and incur additional carrying costs (interest, insurance, taxes, and site maintenance) estimated at $800,000.

71% of participants stated that rising operating costs were a major concern.[9] **44% of participants were concerned about low rent collection.**[10] Other concerns reported were deferred maintenance; inability to hire staff; inability to refinance; and potential default.

1. Not all respondents answered every survey question.
2. 21 responses received.
3. 11 responses received.
4. 7 responses received.
5. 9 responses received.
6. 7 responses received.
7. 5 responses received.
8. 8 responses received.
9. 21 responses received.
10. 21 responses received.