



Yardi[®] Matrix

National Affordable Housing Report

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Affordable Multifamily Deliveries Set to Peak in 2025

With shelter costs a growing issue across the country, construction of affordable multifamily housing is an increasingly important component of the nation's housing stock. Completions of affordable multifamily (defined as properties that agree to limit rents as a condition of a tax credit or subsidy) are set to reach a multi-year high of 78,000 in 2025, according to Yardi Matrix's new affordable database.

Meanwhile, starts have dropped as construction becomes more difficult, which means deliveries will decline in coming years at the same time the demand is growing. Starts of fully affordable units fell by 28.7% to 66,000 in 2024, the lowest number since 2020. However, starts of market-rate apartments fell even faster, by 47% to 208,000 in 2024, the lowest number since 2013. The result is that affordable multifamily construction is increasing as a share of all multifamily development activity.

Some of the decline in affordable housing starts is due to the same factors that limit market-rate construction. Those include the costs of land, labor and materials; rising insurance premiums; lack of labor; delays in entitlements; and slower construction times. For affordable properties, that means as costs rise, the same amount of subsidies produces fewer units. And the longer it takes to build, the fewer units get delivered. Yet another potential problem for the segment is that the value of tax credits may be reduced if corporate taxes are cut, which means affordable development general partners must raise more equity to capitalize projects.

Affordable construction is not equal across the country. How it is distributed is based to a large degree on demand and support of state and local governments. Matrix found that California, Texas and Florida lead the nation in affordable multifamily stock and development. California has 166,000 fully affordable units, Florida has 157,000 and Texas has 138,500. California leads the country in fully affordable units under construction, with 11,074, trailed by Florida (6,688 units), Texas (4,537), New York (2,480) and North Carolina (2,122) rounding out the top five. Between 2025 and 2027, California is projected to lead the U.S. with 12,556 fully affordable deliveries by private developers, with Texas (8,751 units), Florida (7,739), North Carolina (4,533) and New York (3,325) rounding out the top five states.