Yardi Matrix

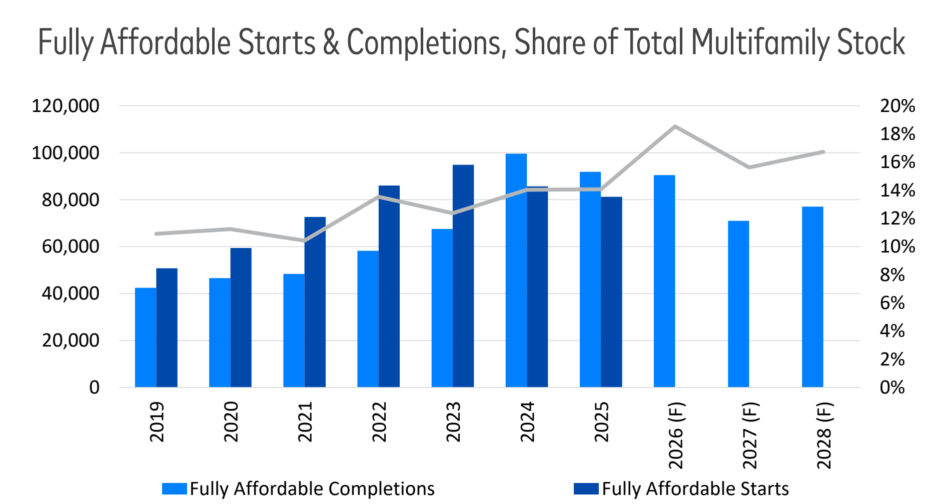
Affordable Housing National Report

June 2026

Affordable Supply Pipeline Slowing, But Still Near Record Highs

After several years of record-high deliveries fueled by increased funding, starts in the U.S. affordable housing market are decelerating. While many states have prioritized building new subsidized apartment units to solve the growing affordability problem, the affordable multifamily new-construction market is running into the same issues faced by market-rate developers. Construction costs are rising, labor in some areas is scarce and each project is subject to the demands and timelines of local authorities.

Fully affordable apartment deliveries increased for five straight years before hitting the segment's historical peak at 99,558 in 2024, according to Yardi Matrix's database. Deliveries slowed to 91,841 in 2025, but that still represents the second-highest total in the market's history and roughly double production in any year prior to 2020.



Source: Yardi Matrix

With starts ebbing, fully affordable deliveries are set to decline over the next two years, although at levels that remain elevated relative to the previous decade. Fully affordable housing starts increased every year for more than a decade before peaking at 94,873 in 2023. Starts then fell to 85,662 in 2024 and 81,230 in 2025. Matrix forecasts 90,476 fully affordable units to be completed in 2026 before falling to 70,977 in 2027.

Over the next three years, Matrix forecasts 238,484 fully affordable deliveries in the U.S., with concentrations in highly populated primary metros with significant demand for affordable housing as well as high-growth Sun Belt markets. Eleven markets are projected to deliver at least 5,000 fully affordable units through 2028, led by Los Angeles (14,471), New York City (12,418), Austin (8,959), Dallas (8,647), the Miami Metro (8,432), San Francisco (7,750), Denver (6,597), Washington, D.C. (6,159), and San Antonio (6,137).

Partially affordable apartment development has followed a similar pattern. Deliveries peaked at 105,180 in 2024 and fell to 95,969 in 2025. Starts of partially affordable units have dropped since peaking at 119,001 in 2022, down to 77,000 in 2025. Consequently, Matrix forecasts about 80,000 units will be delivered per year in 2026 and 2027 in partially affordable properties.

The question going forward is how much increased funding and state legislative efforts to reduce barriers to affordable housing construction will be offset by market conditions that have contributed to the drop in housing starts. While we expect a decline in "Capital A" affordable housing deliver-

U.S. Multifamily Deliveries by Asset Type, 2019-28

Total Completions	2019	2020	2021	2022	2023	2024	2025	2026 (F)	2027 (F)	2028 (F)
Market	263,905	275,149	311,204	261,851	330,495	431,023	392,436	252,310	256,814	249,685
Partially Affordable	49,881	55,340	67,398	69,705	80,708	105,180	95,969	80,103	80,482	100,222
Fully Affordable	42,456	46,559	48,389	58,229	67,539	99,558	91,841	90,476	70,977	77,031
Student + Senior*	25,408	29,009	25,089	20,864	29,247	27,880	19,858	20,486	23,793	22,878
SFR	7,617	8,059	11,998	19,507	37,902	45,483	52,459	44,773	22,208	10,511
Total	389,267	414,116	464,078	430,156	545,891	709,124	652,563	488,148	454,274	460,327

**Senior: Includes both fully and partially age-restricted properties. Source: Yardi Matrix*

ies, we forecast that the segment will maintain its supply level better than market-rate apartments, resulting in affordable units comprising a greater share of overall new multifamily stock.

Data in this bulletin is derived from Yardi Matrix's database that encompasses 120,000 multifamily properties with 24 million units, of which 27,000 properties with 3.6 million units are fully affordable. Matrix defines affordable properties as those in which rents in at least 90% of the units are limited to a percentage of area median income (AMI) in exchange for a subsidy. Partially affordable properties contain a mix of market-rate and subsidized units in which the market-rate units comprise between 10% and 90% of the total.

Deliveries Slow as Costs and Other Constraints Limit Starts

The recent decline in starts and deliveries has caused affordable housing development to plateau—but at a much higher level than in any previous decade. Nationally, deliveries of fully affordable (99,558) and partially affordable (105,180) peaked in 2024, with Matrix forecasting less new supply over the next two years. We project fully affordable deliveries to fall to 90,476 in 2026 and 70,977 in 2027, while partially affordable deliveries will drop to 80,103 in 2026 and 80,482 in 2027.

Starts have eroded as market conditions become less favorable. Over the past two years, higher construction costs, elevated interest rates and declining tax credit pricing have altered the economics of affordable housing development. Many projects that were viable when market conditions were different now require additional subsidies, more complex capital stacks or longer timelines to move forward. Some deals are being delayed, resized or not pursued at all.

Fully affordable starts fell to 81,230 in 2025, down 5.2% year-over-year. And the decline in starts accelerated over the course of the year, due to economic uncertainty and inflationary pressures. On a quarterly basis, fully affordable starts dropped 16.9% year-over-year in Q4 2025 and 19.9% year-over-year in Q1 2026.

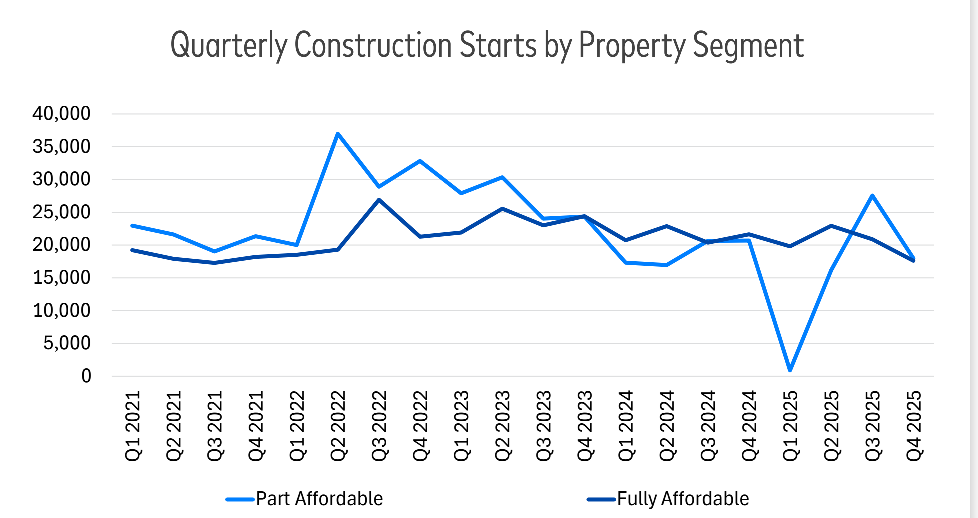
However, because of increased federal tax credit funding and the efforts of local and state officials to improve affordability, deliveries are likely to remain well above pre-2020 levels.

Federal funding for the Low-Income Housing Tax Credit (LIHTC), which is the most frequently used program in the Matrix database, is set to increase by 12% next year to about $14 billion. The credits are divvied up by state based on population, so the impact should be broad-based across the country.

Metros with the greatest number of affordable units delivered in 2025 were Austin (7,059), Los Angeles (4,547), San Francisco (4,020), Dallas (3,661) and New York City (2,810). Since 2020, metros with the most fully affordable units delivered include Austin (21,860), New York City (18,024), Los Angeles (17,886), San Francisco (17,142) and Seattle (16,864).

Looking ahead, metros with the largest forecast increase in fully affordable new supply in 2026 include Tampa (1,403 deliveries, up 135.8% year-over-year), Orlando (1,757, 73.3%), Columbus (1,729, 62.2%), Houston (1,912, 53.5%), Denver (3,317, 46.4%) and New York City (3,973, 41.4%).

than 9,000 units through 2028. After years of elevated development activity that has pushed affordable housing deliveries to record levels in Austin, production is expected to moderate after the current batch of projects under construction are completed.



Source: Yardi Matrix

Local Conditions Govern Affordable Property Supply Growth

Regulatory and entitlement constraints continue to shape development activity at the local level. Approval timelines remain extended in many high-cost markets, while funding programs and allocation processes can introduce additional uncertainty. Even in markets with strong demand, these factors limit the pace at which new projects can enter the pipeline.

Austin remains the clearest example of a market that has moved through its peak. Deliveries rose sharply in 2025 (7,059 units, up 43.6% year-over-year) before projected declines in 2026 (3,955 units, -44.0%). Between 2023 and 2025, Austin delivered more than 14,000 affordable units, compared to a forward pipeline of less

Atlanta shows a similar pattern, though less pronounced. The market delivered more than 8,000 units annually between 2023 and 2025, but its forward pipeline falls to just over 4,000 units per year through 2028. Atlanta is an example where a large share of its development backlog has already been worked through, leaving fewer projects to carry forward into the next phase of the cycle.

Sun Belt growth markets are driving much of the near-term expansion. Houston (up 53.5%), Denver (46.4%) and Phoenix (39.2%) are posting strong gains in 2025-26. All three also rank among the top markets for future deliveries. Denver is expected to deliver nearly 6,600 affordable units through 2028, Houston more than 5,200 and Phoenix 5,683. San Antonio also maintains a substantial pipeline at 6,137 projected deliveries through 2028. However, future growth in Sun Belt markets is expected to become more measured as projects currently underway move through the pipeline.

Large gateway markets present a more balanced profile and continue to account for a large share of future supply. Los Angeles combines strong recent deliveries (more than 11,000 units between 2023 and 2025) with the largest forward pipeline (14,471 units from 2026 to 2028), while New York City retains a substantial pipeline despite a sharp near-term decline in 2025 (2,810 units, -43.1% year-over-year). Together, the two markets account for nearly 27,000 affordable deliveries projected through 2028.

San Francisco also remains a significant contributor, with 7,750 projected deliveries through 2028. Unlike markets that have already worked through a significant share of their development inventory, these large metros continue to replenish their pipelines. Despite elevated costs and longer development timelines, the scale of demand and availability of affordable housing funding continues to support new-project activity.

Florida metros stand out across both time frames. During 2025-26, Tampa (up 135.8%) and Orlando (73.3%) are expected to record substantial growth in fully affordable deliveries. When viewed over a longer time period (2023 to 2025 versus 2026 to 2028), both markets are projected to increase affordable development (Tampa up 44.2%, Orlando 50.1%). While neither ranks among the largest markets for delivery nationally, both continue to build pipeline depth, with 3,108 deliveries projected in Tampa and 3,924 in Orlando through 2028. Strong population growth and development environments that continue to support new housing production have allowed projects to move forward even as financing conditions have tightened nationally.

More Funding for Affordable Housing But Development Trends Weakening

The national outlook points to a moderate decline in deliveries over the next several years, driven by the lagged impact of declining starts. At the same time, supply is not slowing uniformly across markets. While some metros continue to replenish their pipelines and expand future deliveries, others are moving past peak

Top Metros by Projected Delivery Growth (2025–2026)

Metro	2025	2026	Change	YoY %
Tampa	595	1,403	808	135.8%
Orlando	1,014	1,757	743	73.3%
Columbus	1,066	1,729	663	62.2%
Houston	1,246	1,912	666	53.5%
Denver	2,265	3,317	1,052	46.4%
New York City	2,810	3,973	1,163	41.4%
Phoenix	2,518	3,505	987	39.2%
Charlotte	1,571	1,959	388	24.7%
San Diego	1,691	2,014	323	19.1%
Twin Cities	1,281	1,476	195	15.2%

Source: Yardi Matrix

Change in Deliveries by Metro: Recent Output vs. Forward Pipeline (2023–25 vs. 2026–28)

Metro	2023–2025	2026–2028	Change	% Change
Orlando	2,615	3,924	1,309	50.1%
Houston	3,658	5,297	1,639	44.8%
Tampa	2,156	3,108	952	44.2%
Columbus	2,832	3,965	1,133	40.0%
New York City	9,471	12,418	2,947	31.1%
Los Angeles	11,871	14,471	2,600	21.9%
Phoenix	5,430	5,683	253	4.7%
Denver	7,058	6,597	-461	-6.5%
Austin	14,168	8,959	-5,209	-36.8%
Atlanta	8,237	4,177	-4,060	-49.3%

Source: Yardi Matrix

development periods after several years of elevated affordable housing production. As a result, national supply is increasingly shaped by a mix of emerging, expanding and maturing markets rather than a single development cycle.

Given the number of projects already under construction and the increased funding for programs such as LIHTC, affordable multifamily supply growth is likely to hold up better than the market-rate segment in coming years. Fully affordable deliveries represented roughly 10% to 11% of multifamily new supply between 2013 and 2021. The segment's share increased to 14% in 2025 and is projected to rise to approximately 19% in 2026 before leveling at 16% to 17% in 2027-28.

There are complications that could stymie growth in affordable development. Government programs are often slow to translate into actual construction. All deals remain subject to the same construction timelines, delivery risks and cost pressures as market-rate developments. Affordable projects also face extended permitting, funding application and compliance processes that can delay delivery and dilute the impact of increased funding. Speeding the entitlement process is a key component of building more housing.

Some of the increased funding will be spent on preserving existing units that are nearing the end of compliance or extended-use agreements, or on converting older market-rate properties to affordable housing. Matrix data found that more than one million affordable units are expected to reach the end of compliance periods over the next 15 years. While preservation and conversion can be cost-effective and essential strategies, they do not contribute directly to new-supply totals.

Financing affordable developments remains a thorny issue. Increased LIHTC allocations are an important tool for expanding affordable housing, but the value of credits has declined, to the low 80-cent range in most areas, forcing developers to secure additional funding sources to meet equity requirements for individual deals. Each added layer of financing increases project complexity, construction costs and development timelines.

Top 10 Metros for Affordable Deliveries
2026-28

Los Angeles	14,471
New York City	12,418
Austin	8,959
Dallas	8,647
Miami Metro	8,432
San Francisco	7,750
Denver	6,597
Washington DC	6,159
San Antonio	6,137
Phoenix	5,683

Source: Yardi Matrix

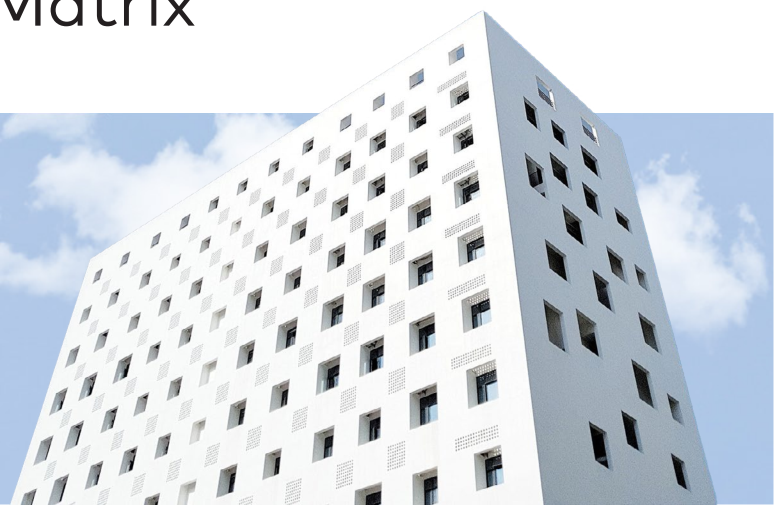
Also causing uncertainty are the future of renter subsidy programs such as Housing Choice Vouchers and added requirements regarding who is qualified to receive subsidies. If renter subsidy programs are cut and/or fewer recipients qualify for vouchers, that could depress demand for affordable housing.

For developers, this environment has become more selective, as fewer projects can be advanced under current conditions despite strong underlying demand. For investors, the shift increases reliance on a targeted group of markets where development remains viable, raising exposure to local conditions and project timing.

—Jacob Gonzalez, Senior Research Analyst, and Paul Fiorilla, Director of Research

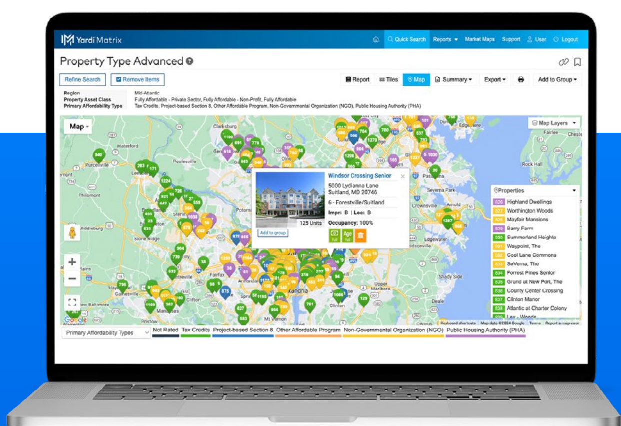
Yardi Matrix

Power your business with the industry's leading data provider



AFFORDABLE HOUSING KEY FEATURES

- **Dual Market Data Access:** Subscribers enjoy a comprehensive view with access to both affordable and market rate data, including market outlooks and trends
- **Comprehensive Data Coverage:** Gain insights on supply, actual expenses, revenues, lease trade outs, rent, occupancy, turnover, renewal rents, capex and more
- **Customize Segmentation Options:** Access tailored insights with segmentation options including LIHTC, non-profit, PHA, senior living and more



Yardi Matrix Affordable Housing provides extensive coverage with detailed data on over **28,000 affordable properties** totaling **3.7 million units.**

YARDI

(800) 866-1144
Learn more at yardimatrix.com/affordable

Contact us

Contacts

Jeff Adler
Vice President & General Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 908-5242

Paul Fiorilla
Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x15849

Jacob Gonzalez
Senior Research Analyst
Jacob.Gonzalez@Yardi.com
(800) 866-1124 x31795

Doug Ressler
Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

JR Brock
Industry Principal
Jr.Brock@Yardi.com
(480) 318-0345

Authors

Paul Fiorilla
Director of Research

Jacob Gonzalez
Senior Research Analyst

Yardi Matrix