If you’re sunning yourself on the balcony of your new city apartment, you might want to thank Kelley Klobetanz.

The vice president with Prudential Mortgage Capital Company persuaded the U.S. Department of Housing and Urban Development in December to amend the Noise Control Act of 1972, which prohibits balconies in residential buildings located in noisy urban neighborhoods. That’s important, because many people today prefer to live in cities, particularly near major transit hubs, which tend to be noisy.

“Residents continue to want to have their own individual exterior space, and that demand has been consistent across the decades,” says the Denver-based Klobetanz. “Just because you live in an urban environment, that doesn’t mean you don’t want your own private, exterior space.”

Klobetanz, who works with PMCC’s commercial mortgage originations for Federal Housing Administration-insured properties, says when Housing and Urban Development first chose to prohibit balconies more than 40 years ago, it was for a good reason.

“What they were really trying to do back in the 1970s was pursue social justice policy. They were trying to protect people who qualified for Section 8 housing and had little choice about where they could live,” explains Klobetanz. “They often lived in buildings located near busy transit hubs where ambient outdoor noise exceeded safe levels.”

So the agency passed regulations refusing to insure any properties with residential outdoor space where noise levels exceeded 65 decibels, which is just below the 70-decibel threshold at which the U.S. Environmental Protection Agency says hearing damage occurs.

Today, things have changed.

“Transit-oriented developments have become extremely popular with residents, so there is a greater demand for these types of properties and people who live in these developments want a balcony. The issue is no longer about social justice protection, but about providing a market-demanded amenity,” Klobetanz says.

Developers who build these communities are finding it harder to market them without outdoor space. It also cuts into profits. A balcony adds a rent premium of between $10 and $100 per month depending on the market, according to Klobetanz.

Developers and companies like Prudential that provide the mortgage financing for these projects, brought their concerns to the industry’s trade group, the Mortgage Bankers Association. As an association member, Prudential Mortgage Capital Company works with other industry colleagues to solve common concerns. Each year, a committee is formed to focus on a central issue.
In 2016, Klobetanz headed up a committee to address the balcony issue. Working closely with the association, her committee colleagues and Housing and Urban Development, Klobetanz drafted a letter to the agency requesting it re-consider the outdated noise rule.

It did.

Now, the federal government will give case-by-case consideration to projects that propose outdoor space, making it possible for developers to qualify for a waiver allowing them to construct balconies.

“Times have changed and financially comfortable people are choosing to live in transit-oriented communities, and they want that balcony or private outdoor space. Now, it’s possible to have it,” says Klobetanz. “It was a great example of a public/private partnership and the cool thing is we got it done.”