DOUGLAS M. BIBBY NMHC RESEARCH FOUNDATION

Building Blocks: How Tax Incentives Lay the Foundation for Housing Growth

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Exhibit 1 – Overview of Impact Analysis and Methodology

About NMHC

Based in Washington, D.C., the National Multifamily Housing Council (NMHC) is where rental housers and suppliers come together to help meet America's housing needs by creating inclusive and resilient communities where people build their lives. We bring together the owners, managers, developers and suppliers who provide rental homes for 40 million Americans from every walk of life—including seniors, teachers, firefighters, healthcare workers, families with children and many others. NMHC provides a forum for leadership and advocacy that promotes thriving rental housing communities for all. For more information, contact NMHC at 202/974-2300, e-mail the Council at info@nmhc.org, or visit NMHC's website at www.nmhc.org.

About the Douglas M. Bibby NMHC Research Foundation

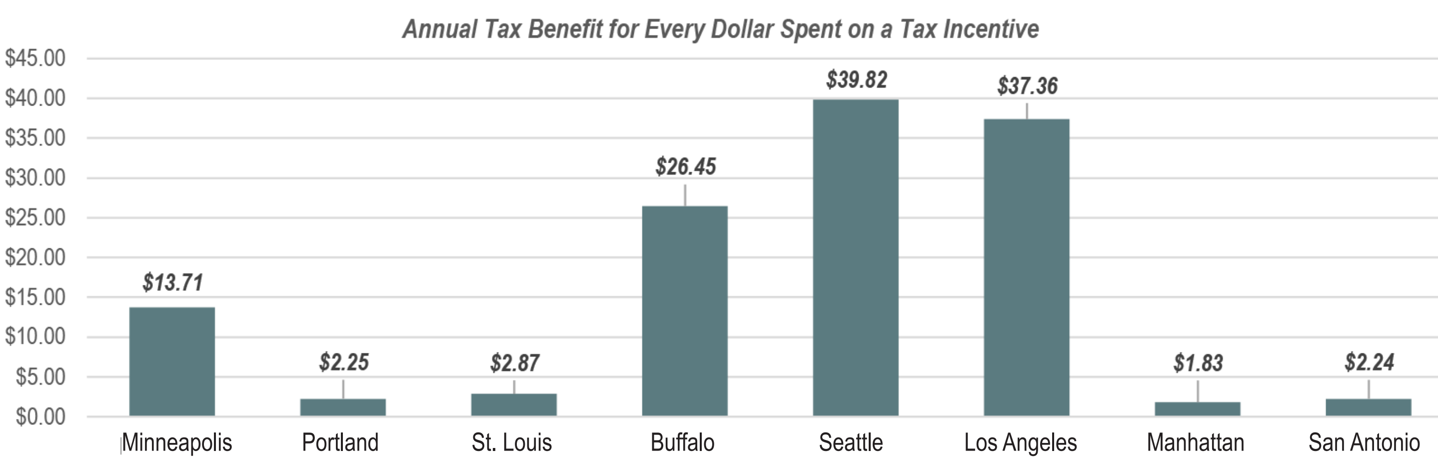
In 2016, NMHC formed a nonprofit (501(c)(3)) Research Foundation to produce research that will further support the apartment industry's business interests. The work supported by the Douglas M. Bibby NMHC Research Foundation raises the industry's standard of performance and encourage worldwide investment in the sector. The Douglas M. Bibby NMHC Research Foundation funds unique and original research on a wide range of topics, including issues related to development and redevelopment activity, affordable and workforce housing, demographics, tax policy, regulatory environment and zoning and land use, among others. In 2018, NMHC formed the Student Housing Research Fund as part of the Douglas M. Bibby NMHC Research Foundation to conduct research focused on the student housing industry to address the paucity and narrowness of research in the industry. For more information, visit nmhc.org/research-foundation.

Executive Summary

Property tax-based programs (including abatements, exemptions and other forms of tax relief) have been implemented in cities across the United States to facilitate and incentivize not only new development but also the renovation and preservation of existing properties. At the behest of the Douglas M. Bibby NMHC Research Foundation, RCLCO evaluated the programs that exist throughout the United States and considered the potential impact on each locality. It has been well established that an insufficient supply of housing can negatively affect the affordability of a market, so any additional housing—whether deed-restricted affordable or not—can improve overall affordability. By providing a tax-based incentive, municipalities can enable new production or preservation projects in markets where they have not been feasible before.

Overall, these programs provide benefits to both developers and municipalities, provided they are designed to balance the reduction in real estate tax revenues with the increase in resident-generated and operational tax revenues. Developers are given opportunities to fill gaps in their financing and operating budget, especially when affordability requirements will cap potential operating income, while municipalities benefit with new housing, new residents, and therefore new resident spending. Through an analysis of property tax-based programs across the United States, as well as an in-depth analysis of programs in eight cities, we found evidence of positive financial and intangible impacts—including increased affordability and maintained supply and demand balance—that these programs can have on their localities over the long term.

While there was not a universal approach to how developments received tax-based incentives, these programs have built or renovated thousands of units. In municipalities where there were affordable housing requirements, almost every locality highlighted in this report has created far more affordable housing than was required. Further, in evaluating the cost-benefit analysis of providing such programs, there was a clear return on investment. Outside of the intangible benefits of improving the supply and demand balance—or in some cases creating new affordable housing—as well as spurring additional investment in these municipalities, there was a clear monetary benefit. For every dollar spent on a tax-based incentive, these municipalities received anywhere from $1.83 to $39.82 per year in additional taxes, depending on the type of program. Regardless, some localities remain reluctant to offer tax abatement opportunities because of uncertainty around the amount and timing of budgetary impacts.



Executive Summary *cont'd*

This table summarizes the efficacy of different tax-based incentive programs offered by municipalities across the United States.

Geography	Minneapolis	Portland	St. Louis	Buffalo	Seattle	Los Angeles	Manhattan	San Antonio
Program Type	Abatement	Exemption	Abatement	PILOT	Exemption	Partial Exemption	Abatement with cap	PFC Exemption
Avg. % of Annual Deliveries Utilizing Program	1.9%	19.0%	34.8%	39.2%	44.5%	N/A	37.6%	16.9%
% of 2023 Inventory Utilizing Program	2.5%	4.8%	4.6%	17.4%	18.9%	1.0%	4.6%	3.8%
Avg. Year Built of Buildings Utilizing Program	1949	2015	1973	1985	2016	1933	2008	2017
Avg. Number of Units in Buildings Utilizing Program	17	118	115	96	114	49	149	251
Avg. % Affordable in Buildings Utilizing Program	68.1%	33.8%	23.3%	Minimum 60%	20.8%	N/A	Minimum 25%	80.7%

Key Takeaways

- Our study found that tax-based incentive programs increase the supply of housing across a variety of markets. From high-yield, high-growth markets to historically lower-growth and lower-investment markets, there is a clear benefit to providing a tax-based incentive to facilitate housing development. It is an effective tool to increase housing supply, either directly by producing affordable housing that otherwise would not be possible/financially viable, or indirectly by increasing the overall supply of housing and thereby maintaining supply/demand balance and preserving affordability.
- It has been well established that limiting the production of new housing can negatively affect the affordability of a market, so any additional housing—whether deed-restricted affordable or not—can aid overall affordability. By providing a tax-based incentive, municipalities can enable these projects in markets where they have not been feasible before.
- Through a review of the programs across the United States, as well as an in-depth analysis of eight programs, there is evidence of the impact these programs can have on their localities.
- While there was not a universal approach to how these buildings received tax-based incentives, the programs have built or renovated thousands of units. In municipalities where there were affordable housing requirements, most localities highlighted in this report created far more affordable housing than was required.
- Further, the cost-benefit analysis of providing these programs shows there was a clear return on investment. Outside of the intangible benefits of improving the supply and demand balance—or in some cases creating new affordable housing—as well as spurring additional investment in these municipalities, there was a clear monetary benefit. For every dollar spent on a tax-based incentive, these municipalities could benefit from $1.83 to $39.82 in additional tax revenue each year, depending on the market and the type of program.

Introduction

Tax-Based Incentive Programs Can Be Part of a Comprehensive Approach to Improving Affordability—Through Increased Supply or Creation of New Affordable Housing

Property tax-based programs (including abatements, exemptions and other forms of tax relief) have been implemented in cities across the United States to facilitate and incentivize new development. Tax-based programs date as far back as 1936, with the first state-led act to drive industrial development in the private sector.[1] These programs have been used for commercial development to bring more jobs and activity to some cities, but they have also been implemented to add new housing in markets with high barriers to entry or to ensure the preservation of affordable housing.

Tax-based programs focused on housing have taken several forms, ranging from direct abatement programs to public facility corporations that provide tax exemptions for new housing developments. While some of these programs work independently from other incentive programs, others will layer on top of other federal or state-wide incentives to help bridge the gap for projects targeting deeper affordability.

RCLCO evaluated the programs that exist throughout the United States and considered the potential impact on each locality. Further, this report will highlight several programs in depth to determine the impact of the program in these specific cities. These programs have a range of success based on the overall economic conditions, jurisdictional cooperation and operational capacity, but provide insight into the capability of an abatement or exemption program to add housing and, in some cases, deed-restricted affordable housing.

Developers are given opportunities to fill gaps in their financing and operating budget... while municipalities benefit with new housing, new residents, and therefore new resident spending.

Overall, these programs provide benefits to both developers and municipalities. Developers are given opportunities to fill gaps in their financing and operating budget, especially when affordability requirements will cap potential operating income, while municipalities benefit with new housing, new residents and therefore new resident spending.

Regardless of the type of program—whether an abatement, exemption or public facility corporation—this report will outline how the decrease in expected property tax revenue will be more than recovered through taxes from new resident spending and property operating expenditures, creating a blueprint for municipalities looking to further facilitate housing, specifically affordable housing.

[1] Mikesell, J., Zorn, C. et al (2002). A Guide to the Structure of Property Tax Abatements in the United States. Lincoln Institute of Land Policy.

The Case for New Housing

Development of New Housing Helps Create Balance Between Supply and Demand, Which Can Promote and Preserve Affordability

To determine the efficacy of these abatement and exemption programs in creating affordable housing, RCLCO evaluated the ability of these programs to facilitate the construction of new housing, which adds to market supply and therefore improves overall market affordability by better serving all household income levels.

This finding has been reaffirmed through several academic studies and articles from a variety of political perspectives that have found that the addition of new housing—regardless of affordability—is an important key to mitigating rising housing prices and rents. For example, the Legislative Analyst's Office (LAO) of the California Legislature found, "as market-rate housing construction tends to slow the growth in prices and rents, it can make it easier for low-income households to afford their existing homes. This can help to lessen the displacement of low-income households. Our analysis of low-income neighborhoods in the Bay Area suggests a link between increased construction of market-rate housing and reduced displacement."[2] According to the LAO, there could be several causes, including that as new supply is added, older housing—which has become less in demand over time—will become more widely available at lower price points for lower-income households. It also can decrease the competition between low- and middle-income households, who can end up competing for the same housing stock when there is a supply constraint.

> **"Underlying both of these phenomena—high housing costs in the suburbs and high housing costs in the cities—is a relatively straightforward problem of supply and demand."**
>
> **– JOHN MANGIN**

Richard Florida, a leading urban planner at the University of Toronto, similarly found that policies that limit new construction can cause more affordability issues. He states, "We've long known . . . that restrictive land use and building codes in cities limit housing construction (and therefore housing supply), leading to increased costs, worse affordability problems, and deepened inequality in urban centers."[3] Edward Glaeser and Joe Gyourko further stated that zoning restrictions, not construction and land acquisition costs, are the driver of high housing costs. They found that "government regulation is responsible for high housing costs where they exist."[4]

John Mangin, writing in the *Stanford Law and Policy Review*, summarizes what he describes as "uncontroversial among urban economists": "Underlying both of these phenomena—high housing costs in the suburbs and high housing costs in the cities—is a relatively straightforward problem of supply and demand. As demand to live in a particular suburb or city outstrips the existing housing stock, two things can happen: more housing gets built to meet the demand, or prices get bid up to ration the existing stock."[5]

[2] Legislative Analyst's Office (2016). Perspectives on Helping Low-Income Californians Afford Housing.

[3] Florida, R. (2016). How Zoning Restrictions Make Segregation Worse. *The Atlantic Citylab*.

[4] Glaeser, E. and Gyourko, J. (2002). The Impact of Zoning on Housing Affordability. *National Bureau of Economic Research*.

[5] Mangin, J. (2014). The New Exclusionary Zoning. *Stanford Law & Policy Review*.

Evan Mast—professor of economics at the University of Notre Dame—reaches a similar conclusion in a 2021 study that examines 52,000 residents in new multifamily buildings across 12 large cities, the previous addresses of those residents, the current occupants of those previous addresses, the previous addresses of those current occupants and so on for six rounds.[6] Mast determined that "constructing a new market-rate building that houses 100 people ultimately leads 45 to 70 people to move out of below-median income neighborhoods, with most of the effect occurring within three years." This finding led Mast to conclude that, assuming a symmetric relationship between reducing demand and increasing supply, the delivery of this market-rate building that houses 100 people can be interpreted as equivalent to adding 45 to 70 depreciated units in below-median-income neighborhoods.

With this in mind, tax abatement and exemption programs can facilitate the creation of affordable housing in two ways: 1) through the creation of deed-restricted affordable housing designated for a certain area median income and 2) the development of new—or renovation of existing—multifamily housing.

The Mechanisms

Various Forms of Tax-Based Incentive Programs

To determine the different types of tax-based incentive programs that exist today, RCLCO surveyed major cities across the United States. While many smaller cities and counties offer tax abatement of some kind, the types of abatements available for multifamily properties range greatly. There are also programs throughout the U.S. that are available only to nonprofit developers or are limited to single-family homes or small multifamily buildings, all of which add value but for this analysis were not highlighted.

Since these programs take a variety of forms, RCLCO determined several overarching categories with which to organize the different programs. These are summarized below, including the program mechanism—the method by which the program is administered—the affordability requirements and the product type.

Program Mechanism: Abatement, Exemption, Credits or PILOT

While these programs all reduce the overall tax amount due by a property, they do so through several different mechanisms.

- **Abatements:** For this report, abatements are defined as a direct reduction in real estate taxes. The property is assessed at its full value, but the bill will reflect the reduction agreed upon under the program. Municipalities with abatement programs—which will be expanded upon later in this report—include Cleveland, Ohio, St. Louis, Missouri and Minneapolis, Minnesota.
- **Exemptions:** Tax-based programs that utilize exemptions have a very similar outcome, but the primary difference is the program is exempt from taxes, reducing the overall assessed value. Governing bodies that have used this type of mechanism include Texas, Seattle, Washington and Richmond, Virginia.

[6] Mast, E. (2021). JUE Insight: The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market. *Journal of Urban Economics.*

- **Tax Credit Programs:** Similar to the federal Low-Income Housing Tax Credit (LIHTC) program, some states have tax credit programs, where the municipality will grant a lump-sum amount to the project which can be applied to the real estate tax bill for some period of time (typically 10 years). These have mainly occurred at the state level, with some examples being Colorado and South Carolina.
- **Payment in Lieu of Taxes (PILOT):** A PILOT program attempts to bridge the gap between a full abatement and a partial abatement. Instead, projects that participate in a PILOT program essentially pay a small percentage above the pre-development assessed value, which can increase every year. This can allow the municipality to regain some share of its abatement on an annual basis. Some examples include Buffalo, Downtown Memphis, as well as Metro Nashville/Davidson County in Tennessee.

Affordability Requirements—Direct versus Indirect

This category is used to discern which programs have an affordability requirement and therefore a **direct** impact on the amount of affordable housing in the market, versus **indirect**, which is simply adding new housing to the overall market supply. Programs that are determined to have a direct impact could include strategies such as requiring a share of the units to be preserved at a certain level of area median income (AMI), including a LIHTC component, or implementing rent control.

- For example, Washington, D.C. implemented a tax-based incentive program in 2022 (with abatements added in 2023 and 2024) that is designed to encourage new housing development in the city, primarily through the conversion or demolition of existing office properties. The abatement will last 20 years, the amount of which would be based on caps set by the city, but it requires an affordable component of either 10% of units at 60% of AMI or 18% of units at 80% of AMI.

Property Types—New Development, Rehabilitation, Historic Preservation

These programs vary as to what properties are allowed to take advantage of the tax incentive. Some programs limit these incentives to rehabilitating existing buildings or preserving historic properties to ensure they remain in the housing stock at a high quality. Many allow new construction to take advantage as well, though very few are strictly limited to new construction.

Florida's Live Local Law, passed in 2023, incentivizes affordable housing development in the state. In addition to offering a tax credit program, it allows new multifamily housing to take advantage of a property tax exemption for buildings owned by nonprofit organizations that are 70 units and larger and serve households up to 120% of area median income, with greater exemptions for deeper affordability. The program has received some strong interest and there are a few projects currently under construction that will take advantage of the program, including a proposal to build over 3,200 units in the Miami-Dade area.[7]

[7] Dinkova, L. (2024). 3,200-unit project in West Littler River marks Miami-Dade's biggest Live Local Act Proposal. *The Real Deal.*

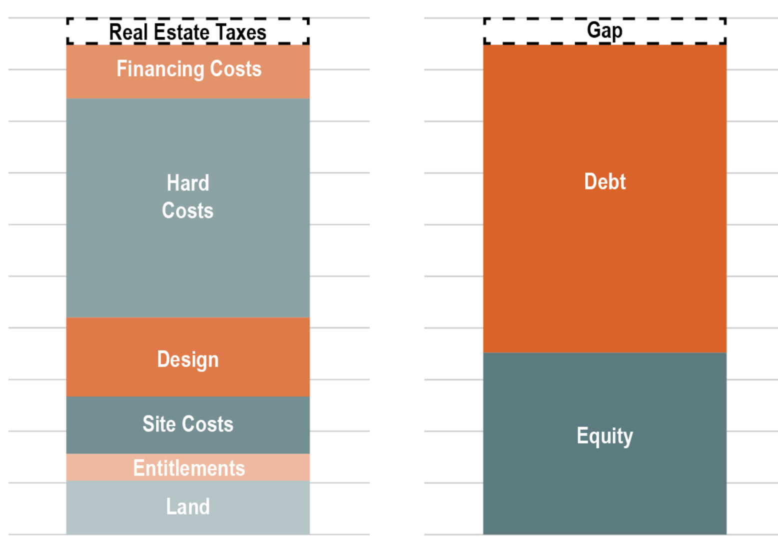
- For example, the Mills Act in California—which will be evaluated more in-depth later in this report—allows for single-family homeowners and multifamily property owners to have their property assessed at a different value under the Mills Act to reduce the overall property tax.
- In addition, Cook County in Illinois provides a 12-year exemption for 80–90% of assessed value with properties rehabilitated under the Class L Property Tax Incentive program. However, these properties have to be designated landmarks, and they are not strictly limited to commercial properties.
- While these programs require a historic designation status before being approved for the tax abatement program, this manifests—as the case with California—as properties being consistently added to the historic registries in these locations to potentially take advantage of the Mills Act.

The Benefits

Tax-Based Incentive Programs Can Help Municipalities Facilitate Growth and Drive Value

While the impression may be that municipalities have to "give up" revenue to support future development, there are tangible and intangible benefits that can outweigh any reduction in real estate tax collections. First, the facilitation of new development—especially for programs that support the development of affordable housing—has the intrinsic benefit of increasing investment in these municipalities. In addition, new housing (regardless of affordability level) will bring in more residents and therefore increase the supply and bring it in balance with demand, making housing overall more affordable. Then, in addition to the increased activity, these new residents will bring economic benefits in the form of resident spending as well as income taxes. Further, increased activity can help galvanize additional interest in the area and potentially create a halo effect of increased assessed values and therefore increased tax revenue. While these are harder to quantify—and can be driven by other economic drivers and wider macroeconomic trends—the lack of these programs would make it more difficult for projects to get done and contribute in any way to the overall municipality. This report will analyze the impact on local municipalities, focusing on resident spending.

Helping the Bottom Line



By offering a tax-based incentive, municipalities can assist developers in making a project viable or enable them to have more affordable housing. In developing new or redeveloping existing apartments, there are many different elements of the process that build on each other to create the overall construction budget. This includes the land (or building basis), the entitlements, hard costs, financing costs, as well as carry costs that are necessary to pay while the building is under construction, including real estate taxes. Developers will traditionally use equity and debt to finance these projects.

However, for some projects, there is often a gap—whether it's a low loan-to-value ratio from the debt issuer or not being able to raise enough equity—leaving a gap in funding the project and hindering its completion. This can be an even bigger hindrance for affordable housing projects, which can make it harder for traditional funding sources to underwrite and see a viable return. This is where a tax abatement or exemption can help bridge the financing gap and make a project feasible where it may not have been before.

These incentives can also serve properties once they are in operation. Given the goal for many of these programs is to create and preserve affordable housing, the reduced tax burden can help building owners and developers offset the lost revenue of affordable rents, thereby creating an incentive for these private developers. For programs that allow any multifamily residential product to participate in the tax-incentive program, developers can take advantage of this program to boost their returns. This is most beneficial, however, in cities where market rents do not support new development, and therefore abatements can ensure new market-rate development reaches minimum return thresholds.

Case Study Implications and Impact

To evaluate the efficacy of different tax-based incentive programs, we analyzed an assortment of programs offered by municipalities across the United States. The programs range in their application, tax burden reduction and affordability requirements. Regardless, these programs have added a modest amount of housing to the city's overall inventory, many of which have recently contributed up to 40% of deliveries in a given year. An overview of these programs is below, outlining the type of program, the percentage of units that have participated in the program, as well as other characteristics of the buildings approved under the individual programs. Each of these municipalities was selected for a variety of reasons, but the goal was to create a wide cross-section of cities that include those in high-growth markets (San Antonio and Seattle), with high barriers to entry (Los Angeles and Manhattan), as well as lower growth markets trying to facilitate development (Buffalo and St. Louis).

Geography	Minneapolis	Portland	St. Louis	Buffalo[8]	Seattle	Los Angeles	Manhattan[9]	San Antonio
Program Type	Abatement	Exemption	Abatement	PILOT	Exemption	Partial Exemption	Abatement with cap	PFC Exemption
Avg. % of Annual Deliveries Utilizing Program[10]	1.9%	19.0%	34.8%	39.2%	44.5%	N/A	37.6%	16.9%
% of 2023 Inventory Utilizing Program[11]	2.5%	4.8%	4.6%	17.4%	18.9%	1.0%	4.6%	3.8%
Avg. Year Built of Buildings Utilizing Program	1949	2015	1973	1985	2016	1933	2008	2017
Avg. Number of Units in Buildings Utilizing Program	17	118	115	96	114	49	149	251
Avg. % Affordable in Buildings Utilizing Program	68.1%	33.8%	23.3%	Minimum 60%[12]	20.8%	N/A	Minimum 25%[13]	80.7%

8 Buffalo has approved three additional projects, but they are expected to deliver in 2024/2025.

9 Manhattan was separated from New York City overall for data accuracy purposes.

10 RCLCO determined this percentage on a program-by-program basis, where in 2000 and later, if buildings that participate in their program have delivered, what share of units were in the program versus not using the program.

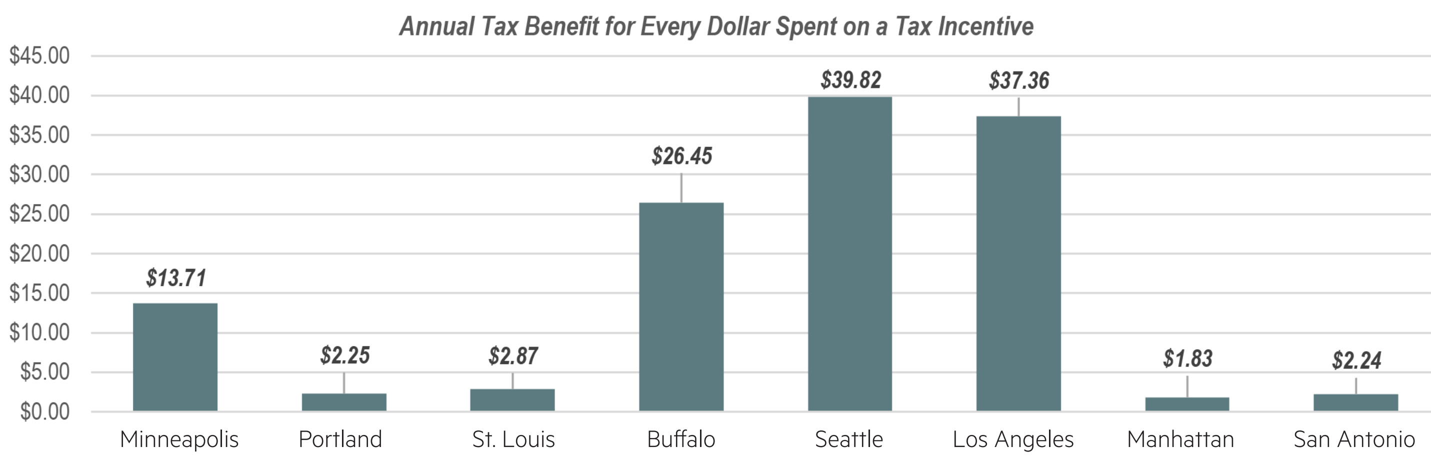
11 Inventory was defined as all multifamily properties with 20 or more units in Portland and San Antonio, and five or more units in the remaining geographies to align with each program's emphasis.

12 Individual building affordable percentages were not able to be clarified, but the program requires at least 60% of units be affordable.

13 Individual building affordable percentages were not able to be clarified, but the program requires at least 25% of units be affordable.

Outside of New York and Los Angeles, most case study programs required some share of meaningfully affordable housing—with some achieving well beyond the required limits of their programs. While it is possible some of this development—particularly in high-growth markets—would have occurred without these programs, tax-based incentive programming definitively improved the ability of these new buildings to be built. Whether through providing an alternative financing component or enabling a viable return, these markets all have barriers that make building new development difficult, so any additional assistance can help bring more units online. For example, in markets like Los Angeles or New York, high barriers to entry and high land costs can make it difficult for new properties to be built, similar to markets where market rent does not enable new construction. In addition, with programs that have a required affordability component, many new projects chose to go above and beyond that requirement, which is further enabled by the tax incentives offered at each of these municipalities.

RCLCO evaluated the potential return on investment, i.e., for every dollar spent on a tax incentive, the tax benefit the locality receives in return. While these returns vary based on the type of program, the answer is definitive: there is payback for creating these programs in addition to the intangible benefits of new housing—including increased affordability, maintaining supply and demand balance, and supporting development that would be financially infeasible otherwise. The partial abatements, PILOT programs and capped exemptions offer the clearest return, as the locality does not have to reduce their overall income to the same extent. Further, in larger, more expensive markets, the higher incomes and higher other taxes can drive additional revenue from new residents. But, overall, even in lower yield markets, there is a financial return to be made, with each case study receiving between $1.83 and $39.82 in indirect tax benefit for every dollar spent on a tax abatement (illustrated in the chart below).



Overall, there are clear benefits that can outweigh the cost of an abatement program. This analysis shows that even by limiting the impact to the locality—not accounting for new residents at the state level—there is a net positive financial impact. It is also clear that the programs that only offer partial abatements and exemptions have a stronger net impact since the municipality is “giving up” less.

Conclusion

This study focused on the value of providing tax-based incentive financing. Despite the perception that it requires a locality to forgo revenue in return for additional housing, this report found that there was not a loss to the locality and that in addition to any new housing, localities earn a return on their investment.

Regardless of how these programs are structured, there is a positive impact on these municipalities, creating thousands of housing units—up to tens of thousands in others—with significantly more affordability than is required, as well as generating a return on new residential spending.

There is a clear path to implementation and execution for localities that have yet to implement a tax-based incentive structure. As the current affordability crisis worsens and financial feasibility gets harder to achieve, these incentives can make a difference in changing the housing market dynamic. As municipalities evaluate how to best increase the supply of residential housing, these existing programs can serve as a blueprint for successful strategies, regardless of the existing conditions.

Case Study

MINNEAPOLIS' 4d PROGRAM

- Minneapolis' 4d program has created 2,200 units since its inception in 2018.
- Despite only requiring a minimum of 20% of all units delivered to be affordable, 68% of all units to date are considered affordable.

BY THE NUMBERS

2,200 units since 2018

68% of units serving 60% or below of AMI

2.5% of all inventory

Program Overview

The 4d program, which has been in effect since 2018, is designed to incentivize the preservation and expansion of affordable housing options within the city. In contrast to a traditional tax abatement or exemption, the 4d program reduces a property's tax burden by decreasing the tax rate for eligible affordable units. Prior to recent legislative changes in 2023, the 4d program applied different tax rates based on the characteristics of qualified projects; the new 4d (1) program now applies a uniform rate.

- **To utilize the 4d (1) program,** property owners must designate at least 20% of their rental units as affordable to households earning 60% or less of the area median income (AMI), for 10 years.
- **In return,** participants in the program are granted 10 years of eligibility for the 4d (1) program, which reduces the property tax class rate on qualifying rental units. As of this report, the reduced property tax class rate is 0.25%. The associated tax savings are required to be used on property maintenance, property security, improvements to the property, rent stabilization and/or increases to the property's replacement reserve account.[14]

Significance

Minneapolis' 4d program is a valuable illustration of a targeted approach to incentivizing affordable housing preservation and expansion by providing a unique tax advantage. By linking the tax benefits directly to affordability commitments, the 4d program exemplifies how fiscal incentives can be structured to address specific housing challenges.

Findings

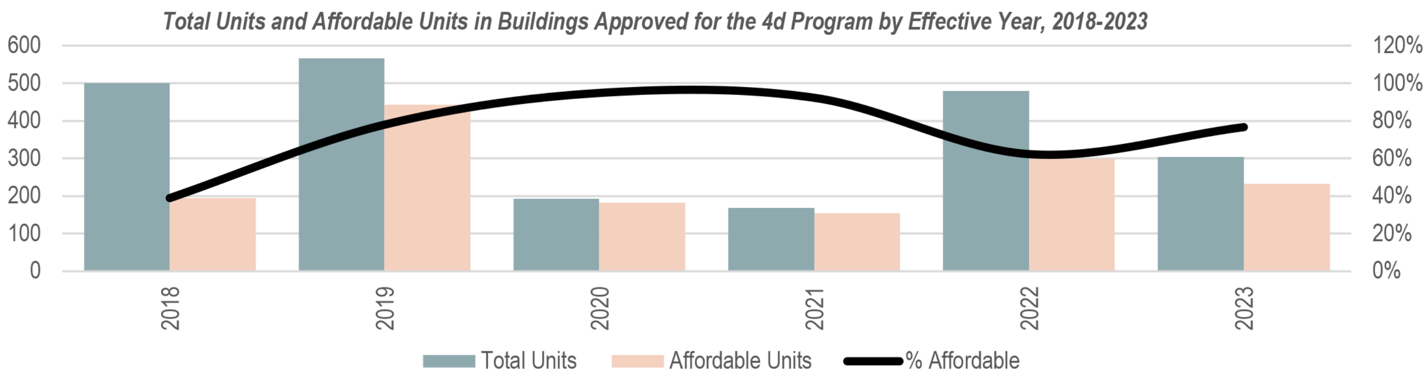
RCLCO analyzed the list of current 4d participants, which includes properties that have been participating in the program since its inception in 2018. As of this report, more than 130 multifamily buildings (defined as buildings with five or more units) are actively utilizing the 4d program. Of the more than 2,200 units in these buildings, approximately 1,500 are 4d affordable units, suggesting that program participants typically exceed the 20% minimum by a wide margin to leverage the targeted tax incentives.

[14] Minneapolis, MN. (2024). 4d Affordable Housing Incentive Program Guide. minneapolismn.gov.

Case Study

MINNEAPOLIS' 4d PROGRAM *cont'd*

Avg. % of Annual Deliveries in Minneapolis (In Years Where Units Utilizing the Program Were Delivered, 2000+)[15]	*1.9%*
% of Minneapolis' 2023 Inventory Utilizing Program	*2.5%*
Avg. Year Built of Buildings Utilizing the Program	*1949*
Avg. Number of Units in Buildings Utilizing the Program	*17*
% Affordable in Buildings Utilizing the Program	*68%*



Source: RCLCO; City of Minneapolis

While Minneapolis has a meaningful number of buildings participating in its 4d program, it is a relatively small percentage of the city's total multifamily inventory, at 2.5%. At the same time, the average vintage of buildings participating in the program is 1949 and the average number of units is less than 20, suggesting that this program is likely being leveraged by buildings that are not attracting top-of-market rents, making the required affordability constraints a small burden in comparison to the tax advantages that the program offers.

[15] CoStar.

Case Study

PORTLAND'S MULTE PROGRAM

- There are 5,000 units today that utilize MULTE outside of Inclusionary Housing (approved before 2017).
- Buildings in Portland's MULTE program also have higher than required affordability, with 33.8% of units in the program deemed affordable.
- Portland's program now preserves affordability for 99 years.

BY THE NUMBERS

33.8% affordable units

2015 average year built of buildings in the program

4.8% of all inventory

Program Overview

Portland's Multiple-Unit Limited Tax Exemption (MULTE) program has been available to property owners for more than a decade. While the program has been refined several times since its inception, the underlying goal has always been to generate affordable housing units for the community. Prior to 2017, multifamily buildings were not required to apply affordability constraints to a large percentage of their units, so the program offered a 100% exemption on improvements in exchange for affordability constraints. Following the rollout of Inclusionary Housing (IH) in 2017—requiring all new multifamily buildings exceeding 20 units to preserve a portion of their units for households making less than 80% of the AMI—all new apartment buildings have been able to utilize the new MULTE program. Since IH is compulsory, the MULTE program has become less beneficial to property owners, as the exemption amount has been reduced, and the compliance period has been extended.

- **To utilize the stand-alone MULTE program (pre-IH),** multifamily projects, consisting of 20 or more units, are required to preserve ~20% of units for households making less than 80% of AMI for a 10-year compliance period.
- **In return,** program participants received a 100% exemption on improvements for the duration of the compliance period.
- **To utilize the MULTE program (post-IH),** multifamily projects, consisting of 20 or more units, are required to comply with the affordability requirements outlined in the IH program (i.e., 20% at 80% of AMI or 10% at 60% of AMI) for 99 years.
- **In return,** program participants receive either a 100% exemption on improvements or an exemption on the IH units, depending on the property's location and the degree of affordability, for 10 years.[16]

Significance

Portland's MULTE program was included due to its scale and its targeted approach. RCLCO focused on the buildings that participated in the program before IH, as the current iteration of MULTE, working in conjunction with IH, is less of an incentive and more of an ancillary benefit to developers who are subject to the new IH policies.

[16] Portland, OR. (2024). Multiple-Unit Limited Tax Exemption (MULTE). portland.gov.

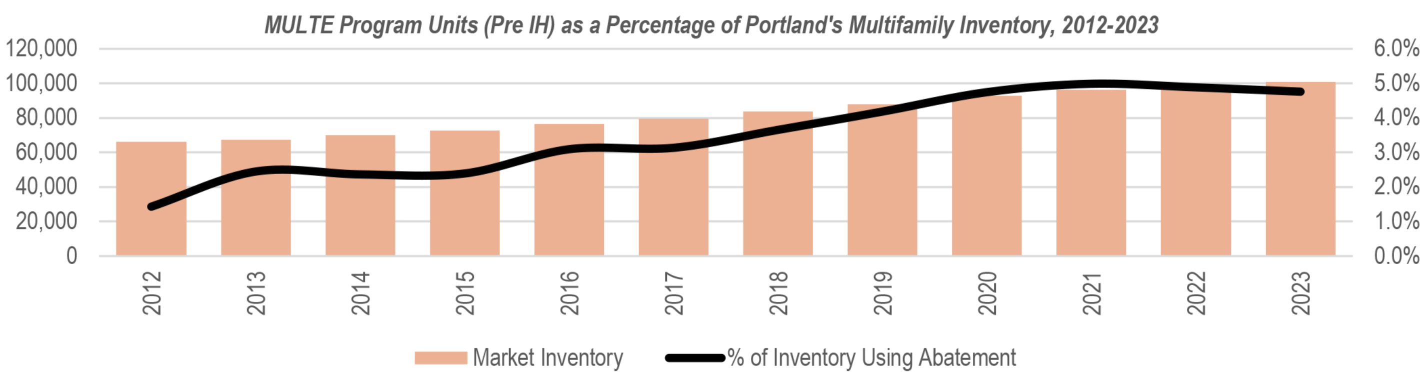
Case Study

PORTLAND'S MULTE PROGRAM *cont'd*

Findings

Nearly 50 properties—representing more than 5,000 units—are included in Portland's list of properties that are utilizing MULTE but are not subject to IH, and a majority were built within the last decade. In contrast to Minneapolis' 4d program, introduced above, less than 35% of the units in these buildings are classified as affordable, suggesting that the majority of the buildings participating in this program are capable of attracting market-rate rents that are meaningfully higher than what is required by the respective affordability constraints.

Avg. % of Annual Deliveries in Portland (In Years Where Units Utilizing the Program Where Delivered, 2000+)[17]	*19.0%*
% Portland's 2023 Inventory Utilizing Program	*4.8%*
Avg. Year Built of Buildings Utilizing the Program	*2015*
Avg. Number of Units in Buildings Utilizing the Program	*118*
% Affordable in Buildings Utilizing the Program	*33.8%*



Source: RCLCO; CoStar; Portland Housing Bureau

As a relatively new program, Portland's MULTE program has been gradually gaining influence over the city's market as a whole. Since this is only an illustration of the buildings that are not subject to IH, it suggests that the previous version of the exemption, where buildings received a full exemption on improvements for the same period of time that they were subject to affordability constraints, was a large enough incentive to generate a meaningful number of affordable and market-rate residential units.

[17] CoStar.

Case Study

ST. LOUIS' TAX ABATEMENT PROGRAM

- Approximately 6,200 units have received an abatement since 2018, 23.3% of which are affordable units.
- A third of all deliveries between 2021 and 2023 were utilizing this program, despite being introduced in the 1960s.

BY THE NUMBERS

6,200 total units

33% of all multifamily deliveries utilizing the program between 2021 and 2023

Program Overview

St. Louis' tax abatement program, which was introduced in the early 1960s, is much less prescriptive than many of the other programs assessed for this report. Rather than targeting affordable housing creation within buildings of a certain vintage or scale, St. Louis intended to address the broader goal of promoting the development and renovation of structures within the city's limits.

- **To utilize the program,** owners are subjected to an extensive process where the community benefits and fiscal impacts of their project are analyzed before being reviewed by a series of administrative bodies.
- **In return,** if all parties involved deem that the proposed investment in new construction or rehabilitation is significant enough, a tax abatement is authorized. These abatements are typically five to ten years in duration, and the percentage of the abated is variable, but typically exceeds 90%.[18]

Significance

St. Louis' tax abatement program has a nuanced approach to generating value and community benefits in one of the most prominent cities in the Midwest.

Findings

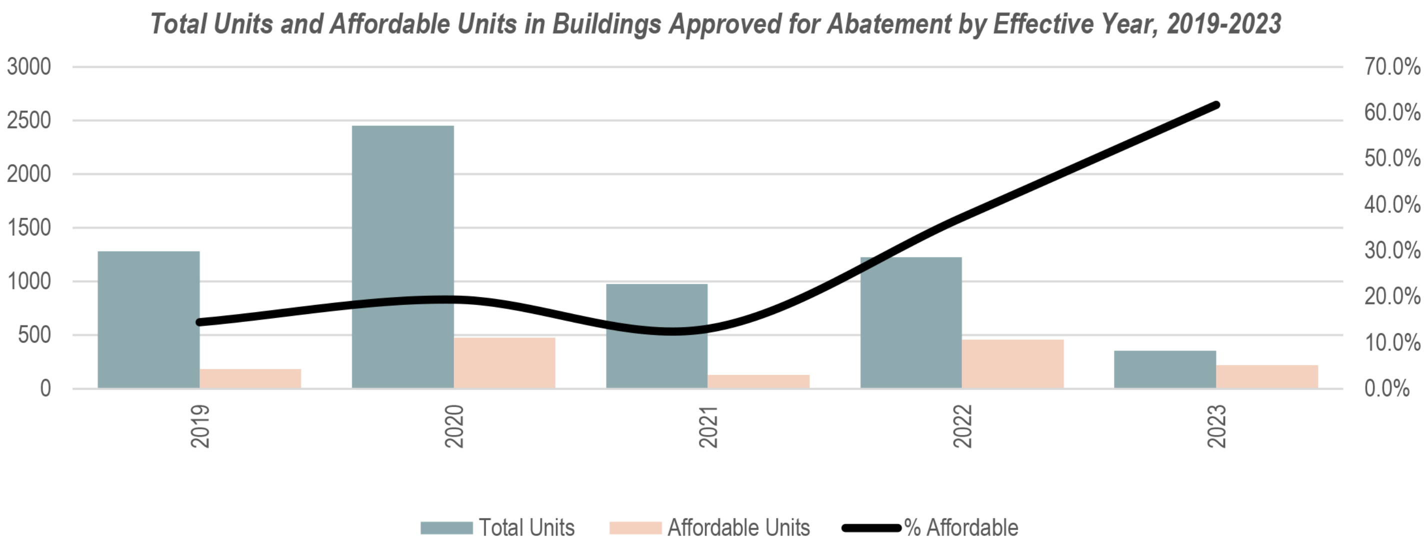
Since 2018, St. Louis has provided tax abatements to more than 50 multifamily properties, representing more than 6,200 units. A significant portion of these buildings was built before 2000, suggesting that one of the largest impacts that this program is having is on the rehabilitation of existing structures. Despite this being one of the primary impacts, a significant percentage of new deliveries in the city are also utilizing the program. Between 2021 and 2023, more than 33% of all multifamily deliveries in St. Louis were utilizing the program, suggesting that the broad scope of the program is effectively contributing to diverse development in the city.

[18] St. Louis Development Corporation. (2024). Real Estate Tax Abatement. developstlouis.org.

Case Study

ST. LOUIS' TAX ABATEMENT PROGRAM *cont'd*

Avg. % of Annual Deliveries in St. Louis (In Years Where Units Utilizing the Program Where Delivered, 2000+) [19]	*34.8%*
% of St. Louis' 2023 Inventory Utilizing Program	*4.6%*
Avg. Year Built of Buildings Utilizing the Program	*1973*
Avg. Number of Units in Buildings Utilizing the Program	*115*
% Affordable in Buildings Utilizing the Program	*23.3%*



Source: RCLCO; St. Louis Development Corporation

The year 2020 saw the largest number of abatement approvals at nearly 2,500 units. In the years following, the quantity of units in buildings using an abatement has decreased, and there has been an increasing emphasis on the affordability within the buildings. While there has been a decline in approval activity, this is likely a product of larger macroeconomic conditions making development/rehabilitation even more difficult.

[19] CoStar.

Case Study

BUFFALO'S PILOT PROGRAM

- Buffalo has approved 6,000 units through its PILOT program, at least 60% of which serve 60% AMI or below.
- Buffalo's program is widespread, making up 17.4% of the total inventory in the city.
- The program is widely used to renovate older buildings.

BY THE NUMBERS

6,000 total units

17.4% of all inventory

Program Overview

Buffalo, New York has historically been a "naturally affordable" market. However, in response to recent population increases, the city has been using an array of tax incentives to encourage affordable housing as a preventative action. One such program is the city's Payment in Lieu of Taxes (PILOT) program, which was created in 1998.

- **To utilize the program,** owners must create housing for low-income households. This requires at least 60% of all units in any given building to be attainable to individuals earning 60% of the AMI or less. The owners must also comply with the relevant affordability restrictions for 15 years.
- **In return,** participants in the program are subject to annual payments rather than traditional real estate taxes. The base payment is 5%—or less, depending on the degree of affordability—of the total income of the proposed operating budget (less a 5% vacancy rate), and a 3% escalation rate is applied to each of the following year's payments. These annual payments are due for 15 years, at which point participants are once again subject to traditional real estate taxes.[20] This can meaningfully reduce a property's tax liability—often by around 50%.

Significance

Buffalo's PILOT program has had a significant impact on the city's housing market, and it is a good illustration of another unique way of incentivizing housing production.

Findings

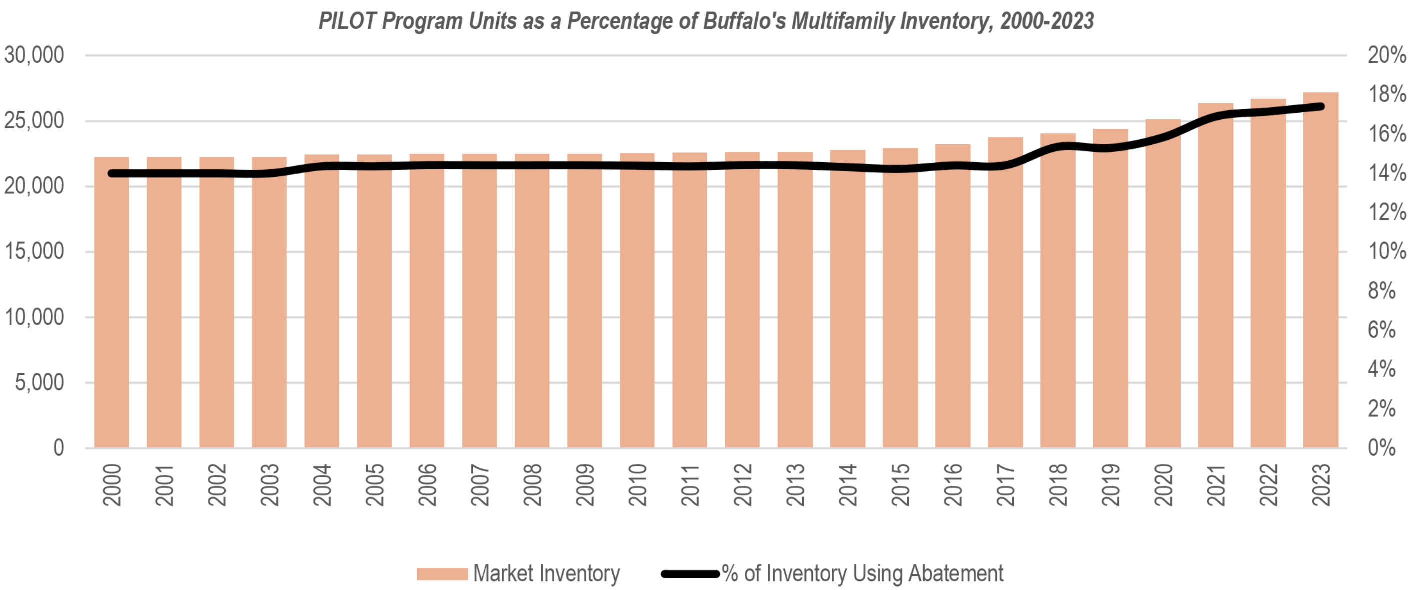
Buffalo's PILOT program has contributed to the creation/preservation of more than 60 multifamily buildings, consisting of nearly 6,000 units. This represents more than 15% of Buffalo's total multifamily housing inventory as of 2023.

[20] Buffalo, NY. (2018). The City of Buffalo on Payments in Lieu of Taxes for Qualified Housing Developments.

Case Study

BUFFALO'S PILOT PROGRAM *cont'd*

Avg. % of Annual Deliveries in Buffalo (In Years Where Units Utilizing the Program Where Delivered, 2000+)[21]	*39.2%*
% of Buffalo's 2023 Inventory Utilizing Program	*17.4%*
Avg. Year Built of Buildings Utilizing the Program	*1985*
Avg. Number of Units in Buildings Utilizing the Program	*96*
% Affordable in Buildings Utilizing the Program	*Minimum 60%*



Source: RCLCO; CoStar; Mayor's Office of Strategic Planning

While renovated projects make up a majority of the buildings using this program, there has been a significant number of new developments that have leveraged the tool. In many of the years following the inception of the program, more than one-third of the deliveries in Buffalo used the city's PILOT program. Like St. Louis' tax abatement program, introduced above, this suggests that the Buffalo PILOT program has enabled diverse housing development to meet underlying goals, which in this case has been the creation of affordable units.

[21] CoStar/Includes seniors housing buildings.

Case Study

SEATTLE'S MFTE PROGRAM

- Seattle's current program (the latest iteration since its inception in 1998), provides a 12-year exemption for 20% to 25% of affordable units.
- 32,000 units (or 300 buildings) currently have tax-exempt status because of the MFTE program.
- Since 2000, approximately 44.5% of annual deliveries of multifamily housing in Seattle have participated in the MFTE program.

BY THE NUMBERS

32,000 total units

18.9% of all inventory

44.5% of annual deliveries participation in MFTE

Program Overview

Seattle's Multifamily Tax Exemption (MFTE) program is designed to incentivize the inclusion of income- and rent-restricted units. The program was introduced in 1998 and has been through six iterations since its inception.

- **To utilize the program under the most recent ordinance,** under the most recent ordinance, property owners must provide 20% to 25% of their units—depending on the number of two or more bedroom units—for households at levels ranging from 40% to 90% of AMI depending on unit size.
- **In return,** property owners are eligible to receive a full property tax exemption on residential improvements for up to 12 years.[22]

Significance

Seattle's MFTE program was included as a case study largely because of its scale. Considering that the program was first implemented before the turn of the century, there have been ample opportunities to refine the exemptions and associated requirements to maximize participation and value generation.

Findings

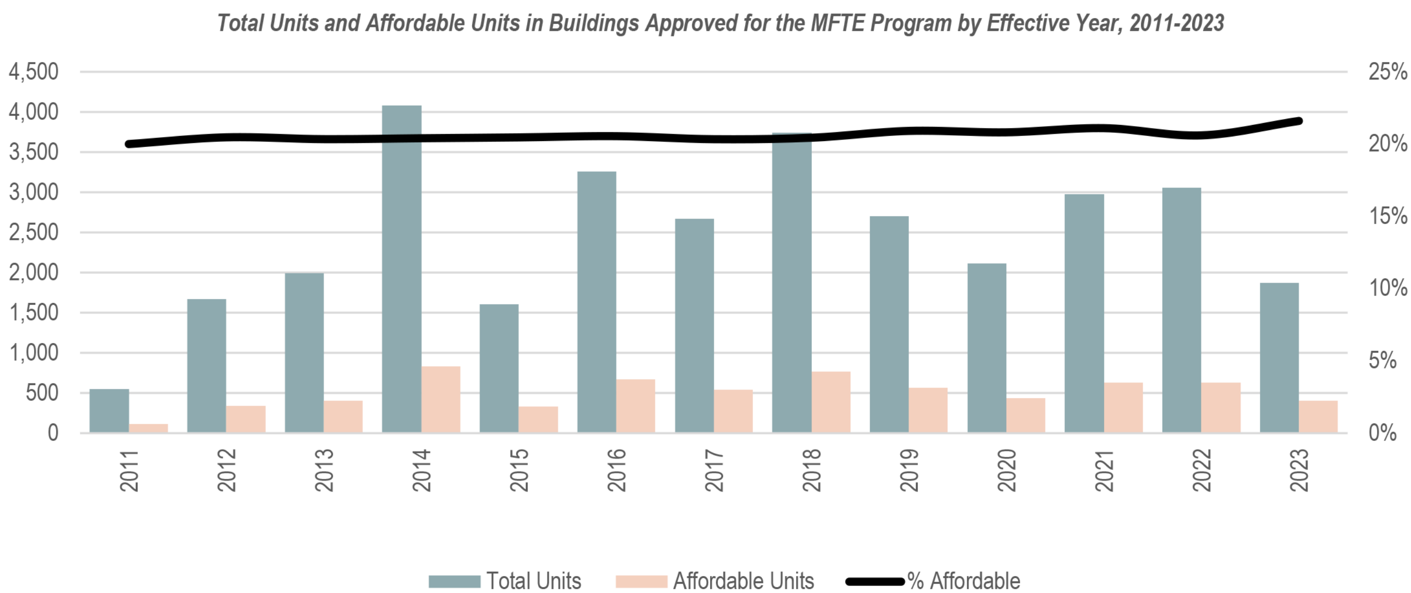
RCLCO assessed Seattle's current inventory of affordable rental units in market-rate buildings that are utilizing the MFTE program. This analysis suggests that the MFTE program is having a relatively large impact on the city as a whole, through both the scale of units that have been put into service through the MFTE program and the net fiscal impact of providing these new units. Nearly 300 multifamily buildings, representing more than 32,000 units, are currently benefitting from property tax exemptions, which has allowed for this uniquely large representation in a market with a significant amount of multifamily product.

[22] Seattle, WA. (2024). Multifamily Tax Exemption. seattle.gov.

Case Study

SEATTLE'S MFTE PROGRAM *cont'd*

Avg. % of Annual Deliveries in Seattle (In Years Where Units Utilizing the Program Where Delivered, Year 2000 and later)[23]	*44.5%*
% of Seattle's 2023 Inventory Utilizing MFTE	*18.9%*
Avg. Year Built of Buildings Utilizing MFTE	*2016*
Avg. Number of Units in Buildings Utilizing the Program	*114*
% Income-Restricted Units in Buildings Utilizing MFTE	*20.8%*



Source: RCLCO; Seattle Office of Housing

One limitation of Seattle's MFTE program is that there is not a meaningful incentive to exceed the required minimum affordability thresholds, as properties that meet the requirements can be awarded a full property tax exemption on the value of the residential improvements. While this is a limitation from the perspective of increasing the supply of income-restricted units, MFTE might still be incentivizing the overall housing supply if one assumes that the housing would not have been built without the tax exemption. During the last 12 years, the share of income-restricted units has hovered around the minimum share required (20%), and the number of units leveraging the exemption has varied, but on average is approximately 2,500 units per year. This suggests that MFTE has remained attractive to developers, providing an enticing incentive to participate.

[23] CoStar.

Case Study

LOS ANGELES' PARTICIPATION IN CALIFORNIA'S MILLS ACT PROGRAM

- Los Angeles has approved Mills Act contracts for 4,200 units in historic buildings.
- City officials are examining expanding the Mills Act to apply to any building over 30 years old to increase the production of adaptive reuse projects.

BY THE NUMBERS

4,200
total units

1933
average year built for participant buildings

Program Overview

The Mills Act is a state-wide historic preservation tool that has been in place since 1972. The program provides property tax relief to owners of qualified historic properties in exchange for their commitment to preserving and maintaining the historical and architectural integrity of their property.[24]

- **To utilize the program,** a property must be a qualified historic property. This involves being listed in the National Register of Historic Places, being located in a registered historic district or being listed in any state, city or county official register of historical or architecturally significant places.
- **In return,** participants' properties are valued using an income approach rather than the standard assessment approach. This can result in a substantially lower assessed value, and subsequently lower tax bill, particularly for properties that were recently purchased. Participants in the Mills Act are eligible to receive these benefits indefinitely, as the contracts typically have 10-year revolving terms that are automatically renewed each year.[25]

Significance

Despite representing one of the least traditional housing tax incentives among the list of case studies, RCLCO included the Mills Act, as it is the best representation of how local tax incentives are influencing housing within the most populous city in California.

Findings

There are currently 87 multifamily properties, representing more than 4,200 units, utilizing the Mills Act Tax Incentive in Los Angeles.

[24] Los Angeles City Planning. (2024). Mills Act Historical Property Contract Program. planning.lacity.gov.

[25] California State Parks. (2024). Mills Act Program. ohp.parks.ca.gov.

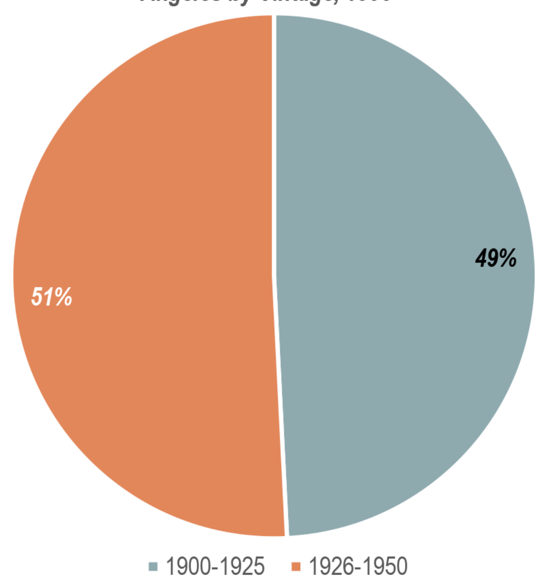
Case Study

LOS ANGELES' PARTICIPATION IN CALIFORNIA'S MILLS ACT PROGRAM *cont'd*

Avg. % of Annual Deliveries in Los Angeles (In Years Where Units Utilizing the Program Where Delivered, 2000+)[26]	*N/A*
% of Los Angeles' 2023 Inventory Utilizing Program[27]	*1.0%*
Avg. Year Built of Buildings Utilizing the Program	*1933*
Avg. Number of Units in Buildings Utilizing the Program	*49*
% Affordable in Buildings Utilizing the Program	*N/A*

Considering that all of the properties using the program were built prior to 1950, this program has not contributed a meaningful amount of new supply to Los Angeles' housing inventory. While adaptively reused structures have had a net positive impact on the total number of housing units in the city, these structures are typically smaller than newly constructed buildings, limiting the overall impact that a tax incentive program rooted in preservation can have on the housing supply.

Distribution of Buildings Utilizing the Mills Act in Los Angeles by Vintage, 1900+



Source: RCLCO; Los Angeles City Planning

Despite influencing a limited amount of net-new housing in Los Angeles, the Mills Act does represent a unique type of tax incentive. The lack of housing additions relative to the market's inventory is less a product of the program's structure and more a product of the program's focus. In theory, adjusting assessment methodologies rather than applying an explicit abatement or exemption could have a meaningful impact, similar to some of the other programs assessed, if the goal was to generate a larger quantity of affordable and/or market-rate housing. One limiting factor of this program is the conflict with Proposition 13, which essentially caps increases in assessed value starting from the year sold, so properties that have not sold recently likely will not benefit from the Mills Act.

However, new legislation in Los Angeles is considering expanding the power of the Mills Act to apply to properties built at least 30 years before the contract is executed with the intent of developing adaptive reuse.[28] As this expansion is explored, it may spur additional interest in these types of development projects.

26 CoStar.

27 County of Los Angeles. (2024). Assessor Parcel Data. assessor.lacounty.gov.

28 Solovieva, D. (2024). State Lawmaker Miguel Santiago looks to adaptive reuse for LA Housing. *The Real Deal*.

Case Study

MANHATTAN'S 421-A EXEMPTION PROGRAM

BY THE NUMBERS

26,000
total units

2008
average year built for participant buildings

4.6%
of all inventory

- 26,000 units currently benefit from 421-a.
- 421-a focuses on the construction of new housing on a vacant lot; the average year built for properties in the program is 2008.

Program Overview

New York state's 421-a Program is a property tax exemption that was introduced in 1971. It was designed to incentivize new multifamily development, particularly affordable housing. It complements New York City's other prominent tax incentive programs like J-51, which incentivizes the renovation of multifamily buildings, and 421-g, which incentivizes the conversion of commercial buildings to multifamily structures in Manhattan.

- **To utilize the 421-a (16) Program,** the most recent iteration of the program, owners must be planning new multifamily construction on a predominantly vacant lot or a lot with an older non-conforming structure. The planned projects are required to conform to one of three affordability options for the duration of the benefit period. All of these options require that at least 25% of the building's units be designated affordable, but the AMI restraints, additional subsidy options and location limitations vary.
- **In return,** participants receive a 100% property tax exemption for the duration of the construction period, up to three years, and for the first 25 years following construction, followed by an exemption that is equivalent to the percentage of affordable units for the last 10 years.[29]

Significance

RCLCO selected New York's 421-a Program because of its scale and emphasis on producing new housing within the most prominent city on the East Coast. While the program applies to the entirety of New York City, Manhattan was highlighted for this study because it is New York City's most prominent borough and possesses the highest quality data.

Findings

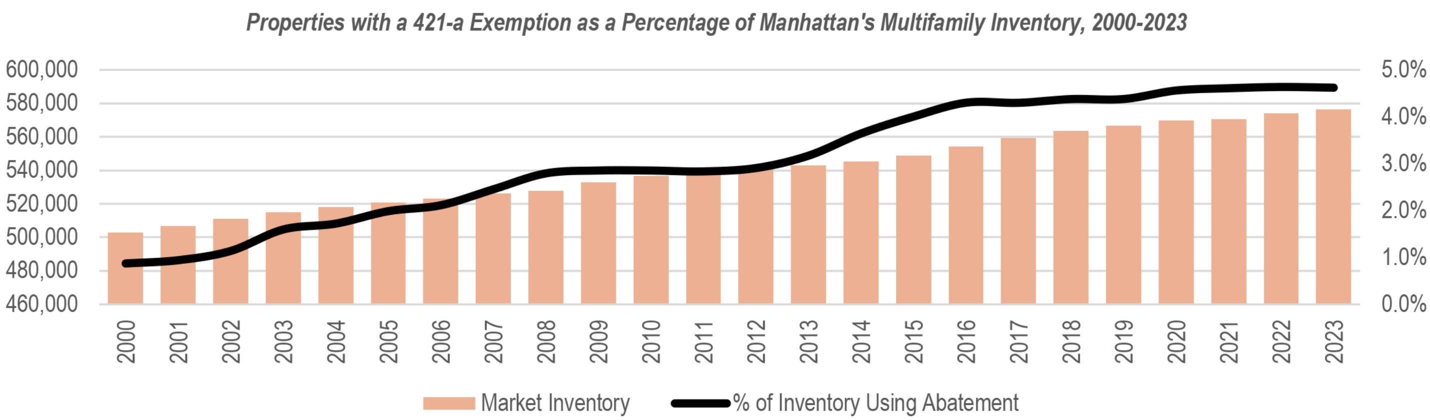
RCLCO assessed New York City's active list of properties receiving the 421-a exemption in Manhattan to determine the impacts of the program relative to the multifamily market in the borough as a whole. Since this program has a relatively long benefit term, this data precedes the turn of the century. Nearly 180 buildings, representing more than 26,000 units, are still benefiting from the program. This accounts for approximately 5% of Manhattan's total multifamily inventory.

[29] New York City Department of Finance. (2024). 421a Exemption. nyc.gov.

Case Study

MANHATTAN'S 421-A EXEMPTION PROGRAM *cont'd*

Avg. % of Annual Deliveries in Manhattan (In Years Where Units Utilizing the Program Where Delivered, 2000+)[30]	*37.6%*
% of Manhattan's 2023 Inventory Utilizing Program	*4.6%*
Avg. Year Built of Buildings Utilizing the Program	*2008*
Avg. Number of Units in Buildings Utilizing the Program	*149*
% Affordable in Buildings Utilizing the Program	*Minimum 25%*



Source: RCLCO; CoStar; NYC Department of Finance

Critics of New York's 421-a Program believe that the tax benefits awarded to developers are not proportionate to the impact that the program is having on the city, since the explicit affordability constraints are relatively limited, including households making up to 130% of AMI. In contrast, advocates of the program argue that many buildings would not have come to fruition without the program, since the costs to develop in New York City are so high, and that this additional housing—market or affordable—is needed. While it is true that other programs around the United States have been able to implement similar programs with shorter benefit periods and larger affordability constraints, many of the markets where these more progressive programs exist are not nearly as constrained by associated development costs.[31]

[30] CoStar.

[31] NYU Furman Center. (2022). Policy Breakfast: The Future of 421-a and Housing Development. furmancenter.org.

Case Study

SAN ANTONIO HOUSING TRUST

- San Antonio Housing Trust operates a public facility corporation to enable the development of affordable housing—80.7% of units delivered are deemed affordable.
- 8,500 total units have been approved, largely in new construction buildings.

BY THE NUMBERS

8,500
total units

2017
average year built for participant buildings

80.7%
affordable units

Program Overview

Public facility corporations (PFCs) and housing finance corporations (HFCs) are two primary mechanisms used in Texas to stimulate the development of affordable housing. While the two corporation types were established under different chapters of the Texas Local Government Code—chapters 303 and 394 respectively—both entities are afforded the ability to extend financial aid through tax exemptions. The San Antonio Housing Trust (SAHT) is a strong example of how government-adjacent entities utilizing these tools are fueling housing development in Texas. The Trust was created in the 1990s to incentivize affordable housing and the revitalization of neighborhoods throughout San Antonio. SAHT has an array of tools that they can apply to deals they are involved in, including low-interest loans, tax-exempt bonds and property/sales tax exemptions.

- **To utilize the program,** property owners are required to adhere to SAHT's goals of preserving and creating affordable housing in San Antonio. While there are no explicit requirements to partner with SAHT, buildings that have done so have allocated 80% of their units as affordable, on average.[32]
- **In return,** owners who partner with SAHT can leverage their array of financing tools. One of the most powerful tools is the San Antonio Housing Trust PFC, which can distribute a 100% property tax exemption and a 100% sales tax exemption on construction materials for new developments. Developers transfer their property to the PFC, which then leases it back to the developer, a technicality that allows the PFC to apply the full exemption. In exchange for participating in the venture, PFCs often receive fractional ownership or payment, which is contributed to other projects that align with the organization's underlying goals.[33]

[32] San Antonio Housing Trust. (2024). Work With Us. sahousingtrust.org.

[33] The University of Texas at Austin School of Law. (2020). Public Facility Corporations and the Section 303.042(f) Tax Break for Apartment Developments in Texas. law.utexas.edu.

Case Study

SAN ANTONIO TRUST *cont'd*

Significance

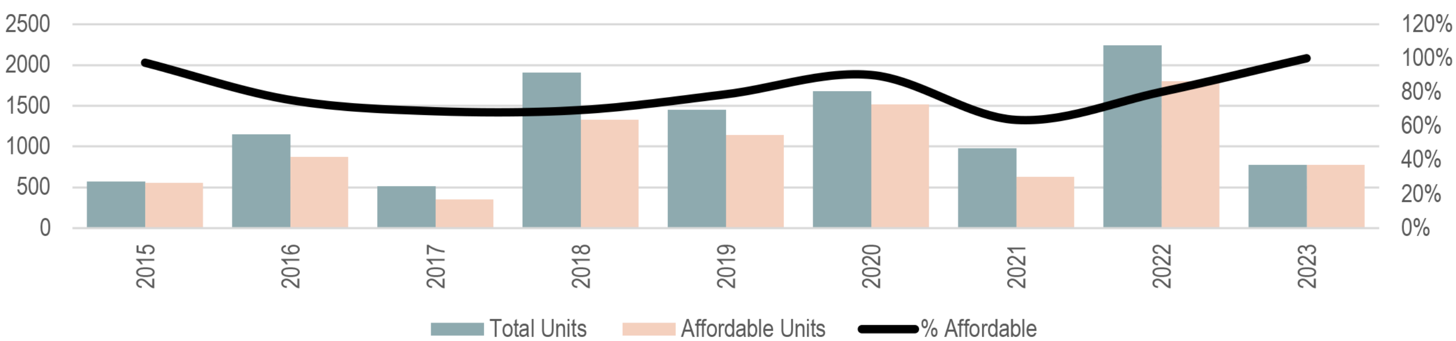
We included SAHT in this study because of the organization's PFC, scale and contribution to one of the largest and fastest-growing cities in Texas.

Findings

SAHT has helped place 35 multifamily buildings in service, representing more than 8,500 units, and there are another 18 buildings, representing more than 4,500 units, under construction or awaiting approval. On average, these buildings, including both existing and pipeline product, are relatively large and are composed primarily of affordable units.

Avg. % of Annual Deliveries in San Antonio (In Years Where Units Partnered with SAHT Where Delivered, 2000+)[34]	*16.9%*
% of San Antonio's 2023 Inventory Partnered with SAHT	*3.8%*
Avg. Year Built of Buildings Partnered with SAHT	*2017*
Avg. Number of Units in Buildings Partnered with SAHT[35]	*251*
% Affordable in Buildings partnered with SAHT	*80.7%*

Total Units and Affordable Units in Buildings Partnered with the SAHT by Effective Year, 2015-2023



Source: RCLCO; San Antonio Housing Trust

While some apartments were delivered with the assistance of SAHT before 2015, development was relatively sporadic. However, the last nine years have seen strong activity, with an average of 1,200 units per year benefiting from a partnership with SAHT. The use of government-adjacent entities to provide tax incentives is inherently complex relative to some of the clearly defined programs administered directly by governing bodies; however, SAHT has been able to effectively contribute a large quantity of housing, suggesting that the quality of the incentive is more important than the mechanism used to award it.

[34] CoStar.

[35] Average Units/% Affordable includes pipeline projects.

Appendix

Exhibit 1: Overview of Impact Analysis and Methodology

To calculate the potential impact beyond the sheer number of units added, RCLCO selected a building in each market that matched the general average property that was approved under the program and evaluated the potential impact on the locality. For this analysis, RCLCO tried to match the potential positive impacts of new residents to the value of real estate tax incentive, thereby focusing on the locality that administers the program. RCLCO also widely assumed that these properties would likely not have been built or renovated without the tax abatement program, which may be a potential opportunity for further analysis.

For each case study property, this report evaluated the assessed value for each property and determined how much of a decrease in property tax revenue each municipality was accounting for. This was primarily determined through assessors' websites, combined with data provided by the municipalities to affirm the amount abated or exempted. Some of these programs—mainly Minneapolis' 4d program, Buffalo's PILOT program, and California's Mills Act—used a unique tax rate or exempted value, which was calculated separately.

Then, RCLCO looked at potential revenue benefits for municipalities that approved these properties. These ranged from local income property taxes—which only applied to Manhattan and St. Louis—to potential resident and building operations spending to calculate the amount of spending tax revenue gained by each municipality. RCLCO was able to determine a net impact, outlined below.

Geography	Minneapolis	Portland	St. Louis	Buffalo	Seattle	Los Angeles	Manhattan	San Antonio
Property Address	1815 Garfield St. NE	247 NE 146th Ave.	3401 Goodfellow Blvd.	25 Linwood Ave.	708 6th Ave. N	854 S. Oxford Ave.	831 9th Ave.	330 W. Cheryl Dr.
Year Built	1963	2016	1967	1970	2013	1929	2004	2012
Number of Units	36	112	146	83	118	72	149	252
% Affordable	67%	20%	100%	100%	20%	0%	0%	79%
Asking Rent/Unit[36]	$1,237	$1,465	$590	$994	$2,010	$1,698	$4,925	$772
2023/2024 Assessed Value for Tax Incentive[37]	$1,453,000	$17,951,120	$746,830	$6,345,000	$4,209,800	$7,390,000	$16,735,556	$19,699,750
Total Impact on Property Tax Revenue	($13,593)	($252,714)	($68,106)	($72,544)[38]	($38,110)	($29,840)	($791,404)	($491,074)
Regional Income Data								
Average Income Based on Rent	$49,480	$58,600	$23,600	$39,600	$80,400	$67,920	$197,000	$30,880
Household AMI[39]	$93,200	$88,500	$77,450	$72,750	$112,950	$104,000	$116,500	$66,400

Source: Local Municipalities; RCLCO

[36] CoStar.

[37] Based on local assessor's office.

[38] Utilized the full market value to estimate the project's income, which was used to determine the PILOT.

[39] Department of Housing and Urban Development, for 1.5-person household.

This analysis assumes the property would not have been constructed without the program and does not include the impact on a state level (i.e., if new residents in these buildings had moved from out of state).

Local Income Tax								
Avg. Household Income	$49,480	$58,600	$23,600	$39,600	$80,400	$67,920	$197,000	$30,880
Total Household Income	$1,781,280	$6,563,200	$3,445,600	$3,300,080	$9,487,200	$4,890,240	$29,353,000	$7,781,760
Local Effective Tax Rate	0.0%	0.0%	1.0%	0.0%	0.0%	0.0%	3.7%	0.0%
Total Local Impact	$0	$0	$34,456	$0	$0	$0	$1,074,320	$0
Metro Area Tax Revenue Impact								
Annual Impact on Taxes from Operating Expenditures[40]	$96,897	$248,526	$117,831	$310,152[41]	$283,967	$145,867	$1,074,625	$849,041
Annual Impact on Taxes from Resident Spending[42]	$449,238	$2,103,446	$1,453,577	$2,046,395	$2,417,011	$1,330,439	$3,565,823	$3,399,901
Total Annual Impact on Metro Tax Revenue	$546,135	$2,351,972	$1,571,408	$2,356,547	$2,700,978	$1,476,306	$4,640,448	$4,248,942
City/County Capture[43]	34%	24%	10%	81%	56%	76%	8%	26%
Total Annual Impact on Relevant Geography	$186,315	$569,170	$160,842	$1,919,146	$1,517,643	$1,114,902	$377,585	$1,101,608
Total Impact of Abatement on Annual Tax Revenue	**$172,722**	**$316,456**	**$127,192**	**$1,846,602**	**$1,479,533**	**$1,085,062**	**$660,501**	**$610,533**
Total Impact/Unit	**$4,798**	**$2,825**	**$871**	**$22,248**	**$12,538**	**$15,070**	**$4,433**	**$2,423**
Annual $ Gained/ $1 Spent	**$13.71**	**$2.25**	**$2.87**	**$26.45**	**$39.82**	**$37.36**	**$1.83**	**$2.24**

Source: Local Municipalities; RCLCO

40 NMHC. weareapartments.org.

41 For the purposes of this analysis, Buffalo is not included in the list of metropolitan areas in NMHC's calculator, so RCLCO used the national average.

42 NMHC. weareapartments.org.

43 Based on county's population as share of MSA population, U.S. Census.