

TAX ABATEMENTS FOR MULTIFAMILY REAL ESTATE

Tax abatement programs can be used by state or local governments to provide a financial incentive for developers of multifamily rental housing. Often these only apply to rents affordable to certain income levels, or that are developed or rehabilitated in certain areas.

This is a compilation of some of the abatement programs across the United States. If you know of additional programs we can include, please email Mbooth@mba.org to add these resources to the chart. MBA will continue to update this document, as new programs are identified.

States

State	Summary	Law
Arizona	Available for non-profits, AZ's law applies to rental housing that qualifies as affordable rental housing under I.R.C. 42 or another recorded restrictive covenant.	https://azdor.gov/sites/default/files/media/PROPERTY_PropertyTaxExemptions.pdf https://www.azleg.gov/ars/42/13603.htm
California	Provides a welfare exemption to property owned and operated by qualifying organizations and used exclusively for low-income rental housing. Qualified organizations include non-profits, certain LLCs, and certain limited partnerships.	https://www.boe.ca.gov/proptaxes/welfarelowinc.htm
Colorado	A sales and use tax exemption for affordable housing projects owned by, leased to, or under construction by an entity that is wholly or partially owned directly by either a housing authority or an entity in which a housing authority has a direct ownership interest.	https://tax.colorado.gov/sites/tax/files/Sales95.pdf
Connecticut	Property tax exemption for nonprofit residential care, nursing, and rest homes.	https://www.cga.ct.gov/current/pub/chap_203.htm#sec_12-81
Florida	Florida provides a 50% tax reduction for qualified affordable rental housing with more than 70 units.	https://floridarevenue.com/TaxLaw/Documents/PTO%20BUL%2021-10%20Affordable%20Housing%20Property%20Exemption%20PDF.pdf
Georgia	Provides a tax abatement for 8 ½ years for rehabilitation of historical properties for residential, mixed use and commercial use that increase the fair market value of the building.	https://www.dca.ga.gov/sites/default/files/statepreferential.pdf
Hawaii	Provides a property tax exemption for Low-income rental housing – defined as housing for those with an annual income that does not exceed 80% of area median income. (Section 8-10.20)	https://www.honolulu.gov/rep/site/ocs/roh/Chapter_8_Art_1-11.pdf

Illinois	Encourages private investment in affordable housing by providing donors of qualified donations with a one-time tax credit on their Illinois state income tax equal to 50 percent of the value of the donation.	https://www.ihda.org/developers/tax-credits/illinois-affordable-housing-tax-credit/
Michigan	The Attainable Housing Exemption provides a tax incentive to owners of rental housing property of not more than four units to enable renovation and expansion of aging facilities and assist in the building of new facilities. An Attainable Housing Exemption Certificate (AHEC) entitles the facility to exemption from ad valorem real property taxes for a term of 1-12 years as determined by the local governmental unit.	https://www.michigan.gov/taxes/property/exemptions/attainable-housing-exemption
South Carolina	South Carolina Code of Laws, Title 12, Section 12-37-220 exempts from taxes, "...all property of nonprofit housing corporations devoted exclusively to providing rental or cooperative housing and related facilities for elderly or handicapped person or families of low or moderate income as authorized by Section 515 Title V of the Housing Act of 1949."	https://www.scstatehouse.gov/code/t12c037.php#12-37-220_11(a-e)
Texas	The Texas Local Government Tax Code (the Code) allows for the creation of a public facility corporation (PFC) to acquire, construct, rehabilitate and otherwise operate a public facility, including affordable housing. PFCs are nonprofit corporations that can be created by a municipality, county, school district, housing authority, or special district. If the housing has at least 50% of the units reserved for households having an income less than 80% of the area median income ("AMI"), the property is exempt from all ad valorem tax. <i>NOTE: There is a legislative debate going on to change the provision – to require that a PFC may only finance, own, or operate a property within its own jurisdiction.</i>	https://statutes.capitol.texas.gov/Docs/LG/pdf/LG.303.pdf
Washington	Provides a tax exemption to incentivize residential development in urban centers, designated as "residential targeted areas," for Washington's largest cities. The program authorizes 8, 12 and 20-year property tax exemptions to encourage the development of multifamily housing.	https://app.leg.wa.gov/RCW/default.aspx?cite=84.14 https://www.commerce.wa.gov/serving-communities/growth-management/growth-management-topics/planning-for-housing/multi-family-housing-property-tax-exemption-program/

Jurisdictions

Jurisdiction	State	Summary	Law
Washington	DC	DC provides a property tax abatement for properties in qualified areas that is equivalent to 75 percent of the difference between the property tax owed before and after development. To be eligible, at least five percent of the units in the development must be reserved for low-income households, and an additional 10 percent of units must be reserved for households earning up to 60 percent of the area median income. The tax abatement is good for ten years, while the affordability requirements apply for at least 20 years.	https://code.dccouncil.gov/us/dc/council/code/sections/47-857.07.html
Wilmington	DE	The City of Wilmington offers a Property Tax Abatement Program that encourages investment in construction, redevelopment, renovation in multi-family, mixed-use, and commercial properties. It includes a 10-year abatement of City Real Estate Taxes attributable to qualified improvements for any market-rate multi-family residential or market-rate mixed-use property located in designated areas	https://www.choosewilmingtonde.org/business/local-incentives/p/item/1537/property-tax-abatement-program
Bloomington	IN	Allows up to ten year abatement for qualified affordable housing, on the increased assessed valuation due to construction or rehabilitation improvements in the areas of the city where development needs to be encouraged.	https://bloomington.in.gov/sites/default/files/2021-03/tax_abatement_program_Guidelines%20%282.23.21%20-%20Clean%20Copy%29%20%282%29.pdf
Providence	MA	Allows multifamily property owners to claim a tax exemption for any portion of the property used for affordable housing purposes. The exemption is calculated by multiplying the amount of tax ordinarily due by the percentage of floor area set aside for affordable housing purposes. The exemption is granted on a year-to-year basis for units serving households up to 80 percent of the area median income,	https://www.provincetown-ma.gov/597/Affordable-Housing-Rental-Exemption

		and the Board of Assessor reviews tenants' income information to confirm eligibility. Because the exemption is granted on a year-to-year basis, there is no long-term affordability requirement.	
Montgomery County	MD	The Standard PILOT program provides a real property tax abatement in exchange for providing affordable units to low-income residents. The amount of the tax abatement and its terms are negotiated based on the number of affordable units and the duration of their affordability.	https://www.montgomerycountymd.gov/DHCA/landlords/PILOT.html
Lyon County	MN	The Lyon County Tax Abatement Policy for New Construction of Multi-Family Homes is to provide incentives in Lyon County to encourage the construction of residential rental housing units and increase the value of the future tax base for Lyon County taxpayers. It provides up to a 4-year tax abatement.	https://www.lyonco.org/departments/auditor-treasurer/tax-information/new-construction-abatement
Minneapolis	MN	The 4D affordable housing incentive program helps rental property owners get property tax reductions if they agree to keep 20% or more of their rental units affordable. It also helps owners make existing buildings greener through cost sharing for energy efficiency improvements and solar installations.	https://www2.minneapolismn.gov/government/programs-initiatives/housing-development-assistance/rental-property/4d/
Mower County	MN	The purpose of the Mower County Housing Tax Abatement program is to provide incentives to encourage the construction of residential single-family and multi-family housing units, and to encourage replacement of dilapidated housing structures within Mower County to address the housing shortage in Mower County and to grow the Mower County tax base	https://www.co.mower.mn.us/DocumentCenter/View/4103/Housing-Tax-Abatement-Policy
New York City	NY	Provides for an as-of-right tax exemption and abatement for residential rehabilitation or conversion to multi-family housing. Eligible projects for this program include major capital improvements to multiple dwellings. The J51 exemption is a 34-year (30 years full tax benefit and then an additional four-year phasing out of the program) or 14-	https://www.nyc.gov/site/finance/benefits/benefits-j51.page

		year (10 years tax benefit and then an additional four-year phasing out of the program) exemption from the increase in real estate taxes resulting from the work. Affordable housing projects generally get the 34-year exemption, while other projects receive the 14-year exemption.	
Cleveland	OH	15-year tax abatement on the increased assessed market value of the property	https://www.clevelandohio.gov/CityofCleveland/Home/Government/CityAgencies/CommunityDevelopment/TaxAbatement
Cincinnati	OH	The City of Cincinnati offers a Community Reinvestment Area (CRA) abatement program to companies and developers building or renovating a residential, commercial, industrial, or mixed-use facility in cases where the new or renovated facilities will result in job creation. Commercial projects are eligible for a maximum net tax exemption of up to 67% for up to 15 years.	https://choosecincy.com/wp-content/uploads/2022/01/Residential-CRA-Program-Overview-v01.2022.pdf https://choosecincy.com/wp-content/uploads/2022/08/CRA_one_page_2022.pdf
Portland	OR	A 10-year property tax exemption for multi-unit structural improvements	https://www.portland.gov/sites/default/files/policies/hou-3.02-multiple-unit-limited-tax-exemption-multe-program.pdf
Philadelphia	PA	Provides a 10-year tax abatement for new construction or rehabilitation of a residential property.	https://www.phila.gov/services/property-lots-housing/property-taxes/get-real-estate-tax-relief/get-a-property-tax-abatement/
Pittsburgh	PA	Tax exemption for developers who rehabilitate existing residential units or build new housing in the city's downtown or in one of 28 targeted neighborhoods. Qualifying developers receive a 10-year exemption from real estate taxes on the increased value of the property, up to a \$250,000 cap.	https://pittsburgh.legistar.com/LegislationDetail.aspx?ID=3553589&GUID=1C0D01EB-DBB7-4000-8D8C-7C3F3FD6C4C6&Options=ID Text
Greenville	SC	Greenville provides a special tax assessment that will allow a property owner who provides affordable housing and is planning to rehabilitate the property to apply to have their tax assessment frozen for up to 20 years at	https://www.greenvillesc.gov/1640/Developer-Incentives

		the pre-rehab value and avoid tax increases over the 20-year period.	
Memphis	TN	For eligible properties, Memphis will hold property taxes at a pre-development level for a set amount of time as determined by a grading system.	https://downtownmemphis.com/develop-invest/incentives-programs/downtown-property-pilot/
Norfolk	VA	Norfolk offers a 14-year tax abatement program for the rehabilitation of existing structures. Qualifying structures must be at least 40 years old for multifamily residential property. Improvements to the structure must increase the assessed value by at least 40%	https://www.norfolk.gov/DocumentCenter/View/29926/Tax-Abatement Brouchure 16 Front and Back https://www.norfolk.gov/4816/Tax-Abatement-Program#