May 2026

What We Discussed

This State and Local Initiatives Community call focused on reviving MIC's property tax exemption working group in response to South Carolina's temporary freeze on its abatement program. The group debated how to frame the issue so it lands with state and local policymakers, positioning affordable housing investment or offsets explicitly as an economic development driver rather than a mission based ask. Discussion moved into what a MIC research and guidance document should contain. Where the group landed was a synthesis of property tax exemption policies from other states, identifying the common threads of the ones that actually work, alongside a bare minimum standard for what a good policy includes, covering certainty, affordability requirements, and responsible stewardship of taxpayer dollars. Members also debated the specific role and compliance obligations of the nonprofit partner in these structures, and several shared how their own multi-state portfolios currently operate under different state tax exemption or abatement rules.

Why It Matters

Affordable housing is a tight margin business with project feasibility, resident spending, and investor returns highly dependent on expense management. Property tax abatement programs, therefore, represent a hugely important mechanism to reduce costs and drive projects forward. One member pointed out that this is not the first time a state has run into implementation challenges. A similar fight in California ultimately came down to persuading three or four specific legislators, who were themselves responding to three or four county officials complaining about lost tax revenue. On the substance side, the group agreed the document needs real examples and clear criteria states can measure themselves against, rather than only describing what exists today. Bringing in outside academic partners like the Terner Center and NMHC was flagged as important for credibility and methodology, with a specific caution: branding matters. A document too closely associated with a single institution risks not landing with legislators in states like South Carolina, so MIC publishing the document, with academic partners supporting the research quietly, was the preferred approach.

Where We Go From Here

Homework is due back from members identifying which state's property tax exemption approach works best, which don't work, and why, along with any internal practice checklists organizations already use that could become an appendix to the guidance document. Bob will connect with the Terner Center and NMHC on prior economic benefit research to build from, so MIC can serve as the connective tissue rather than starting from scratch on the research. The group will be asked to provide commentary and feedback on the resulting guide, before reconvening ahead of the SC legislature's return to office.

KEY TAKEAWAY

A well written policy document is strongest when it can identify specifically what is working and why, and has the highest likelihood of success when it's aimed at the handful of people actually shaping the outcome.