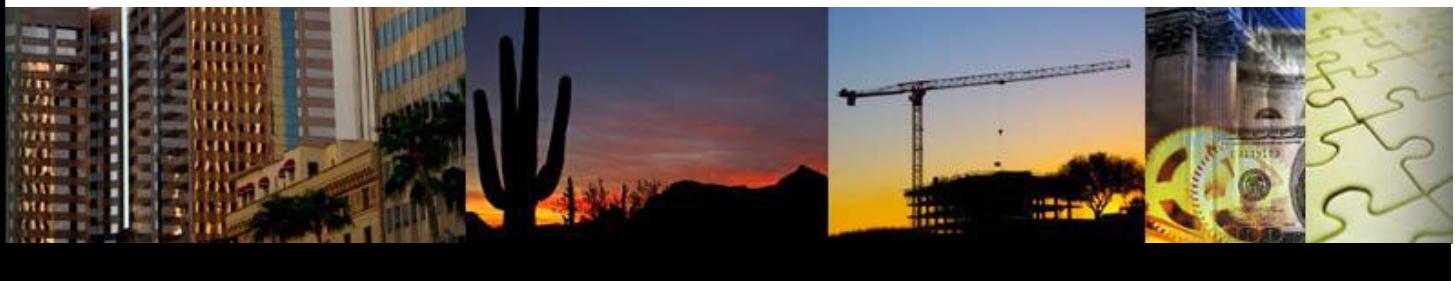


# Arizona's Affordable Housing Tax Credit Program

## Economic & Fiscal Impact Report

### Approved Projects as of 2024



**Prepared for:**  
Arizona Housing Coalition

January 2025

**Prepared by:**



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## Table of Contents

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<b>Executive Summary</b>	<b>i</b>
<b>1.0 Introduction</b>	<b>1</b>
<b>2.0 Assumptions &amp; Methodology</b>	<b>3</b>
<b>3.0 Construction Impacts</b>	<b>10</b>
<b>4.0 Ongoing Operations Impacts</b>	<b>13</b>



## Executive Summary

Arizona's affordable housing tax credit was established by Governor Doug Ducey in 2021 after a bi-partisan group of legislators passed SB1124 creating a \$160 million program that provides \$4 million annually in 10-year credits over a 4-year period sunsetting in December 2025. As of year-end December 31, 2024, there have been six projects approved at the 9% federal LIHTC programs (for a total of \$5.8 million state tax credits) and eight projects approved at 4% federal LIHTC programs (for a total of \$8.0 million state tax credits). Combined, these approved projects represent 1,538 total housing units throughout Arizona, with \$590.4 million in total project costs. The following report outlines the significant impacts generated by these approved projects.

## Economic Impacts

**Development of the communities approved by the State Affordable Housing Tax Credit will generate an economic impact of \$745.9 million from construction and an ongoing annual impact of \$66.4 million at stabilized levels.**

- Development of all 14 approved projects will provide an estimated \$745.9 million in economic impact from construction activity. These investments will create 4,558 construction jobs and \$318.3 million in wages.
- Upon completion of construction, the affordable multi-family housing communities will support 464 jobs, \$25.5 million in wages, and \$66.4 million in annual economic activity (includes combined direct operations of the communities and resident spending in the local economy).

Economic Impact Summary	
Arizona State Low Income Housing Tax Credit Impact	
Arizona	
(2025 Dollars)	
Construction	
Person Years of Employment	4,558
Wages (\$mil)	\$318.3
Economic Output (\$ mil)	\$745.9
Operations	
Jobs (direct, indirect, induced)	464
Wages (\$mil)	\$25.5
Economic Output (\$ mil)	\$66.4
Sources: Arizona Housing Coalition; Approved Project Developers; Elliott D. Pollack & Co.; IMPLAN	



## Fiscal Impacts

**Approved projects under the Arizona State Affordable Housing Tax Credit Program will generate millions in tax revenues.**  
**Construction (one-time) - \$44.7 million | Operations (annual) - \$5.8 million**

**Special Districts \$701,200 | School Districts \$1.6 million**

- The construction of the approved communities would generate \$22.1 million in revenues for the State of Arizona, \$5.3 million for counties and \$17.3 million for local governments. These revenues include primary impacts (construction sales tax, permit and impact fees), and the secondary impacts generated by spending of onsite construction workers.
- Once all projects are complete, primary operations of the developments, impacts from residents living in the communities and the secondary impacts from employee spending will create an estimated \$2.1 million each year for the State of Arizona, \$1.7 million for counties and \$2.1 million for the local governments. Additional property taxes would be collected by special districts (\$701,200) and local school districts (\$1.6 million),

Fiscal Impact Summary						
Arizona State Low Income Housing Tax Credit Impact						
(2025 Dollars)						
	State of Arizona	County Governments	Local Governments	Total		
<b><i>Impact from Construction</i></b>						
Prime contracting tax	\$12,035,800	\$1,764,800	\$6,677,400	<b>\$20,478,000</b>		
Impact fees	N/A	N/A	\$9,330,000	<b>\$9,330,000</b>		
Use Tax	\$142,300	N/A	\$52,400	<b>\$194,700</b>		
Employee generated taxes	\$9,930,100	\$3,575,000	\$1,213,700	<b>\$14,718,800</b>		
<b>Total - Construction</b>	<b>\$22,108,200</b>	<b>\$5,339,800</b>	<b>\$17,273,500</b>	<b>\$44,721,500</b>		
<b><i>Ongoing Annual Operations (at buildout)</i></b>						
Property tax	N/A	\$428,400	\$270,300	<b>\$698,700</b>		
Retail sales tax (supply purchases)	\$1,800	\$310	\$1,060	<b>\$3,170</b>		
Resident spending sales tax	\$1,198,200	\$200,800	\$731,900	<b>\$2,130,900</b>		
State Shared Revenues	N/A	\$686,400	\$1,016,400	<b>\$1,702,800</b>		
Employee generated taxes	\$854,000	\$349,900	\$104,310	<b>\$1,308,210</b>		
<b>Total - Operations</b>	<b>\$2,054,000</b>	<b>\$1,665,810</b>	<b>\$2,123,970</b>	<b>\$5,843,780</b>		
<b><i>Other Districts</i></b>						
	Special Districts	Local School Districts	Total			
Property tax	\$701,200	\$1,575,800	<b>\$2,277,000</b>			
NOTE: The above figures are based on the current economic structure and tax rates.						
Sources: Arizona Housing Coalition; Approved Project Developers; Elliott D. Pollack & Co.; IMPLAN						



## 1.0 Introduction

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Elliott D. Pollack & Company has been retained to perform an analysis of the impacts generated by the affordable housing communities approved under the Arizona State Low Income Housing Tax Credit Program. The analysis considered both the one-time construction and ongoing operations of the projects and the report quantifies both the jobs created and tax revenues generated.

This study focuses on the economic and fiscal impacts of the following:

1. Construction of the projects.
2. Impact of operations once construction is completed.
3. Impacts from resident spending created in the local economies.

Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings and job creation. Fiscal impact analysis, on the other hand, evaluates the public revenues and costs created by a particular activity. In fiscal impact analysis, the primary revenue sources of a municipality, county or state government are analyzed to determine how the activity may financially affect them.

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding that this study is for the client's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration statement, prospectus, public filing, private offering memorandum, or loan agreement without our prior written approval.
- The reported recommendation(s) represent the considered judgment of Elliott D. Pollack & Company based on the facts, analyses and methodologies described in the report.
- Except as specifically stated to the contrary, this study will not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, state and local laws and ordinances; and (ii) environmental and engineering issues, and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.
- This study is intended to be read and used as a whole and not in parts.
- This study has not evaluated the feasibility or marketability of any site for planned uses.



- All estimates regarding construction and operating data were provided by the client, their partners, and estimates from building professionals. Data has been reviewed and verified to determine its reasonableness and applicability to the projects.
- This economic and fiscal impact study evaluates the potential “gross impacts” of construction and operations activities. The term “gross impacts” as used in this study refers to the total revenue, jobs and economic output that would be generated by the construction and operations. The study does not consider the potential impact on other businesses in the trade area that may occur as a result of the proposed project.
- This analysis does not consider the costs to local governments associated with providing services to the projects. Such analysis is beyond the scope of this study. In addition, the analysis is based on the current tax structure and rates imposed by the State, counties, and local governments. Changes in those rates would alter the findings of this study.
- Many dollar amounts are stated in current dollars and, unless indicated, do not take into account the effects of inflation.
- Our analysis is based on currently available information and estimates and assumptions about immediate as well as long-term future development trends. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this study are those that are believed to be significant to the projections of future results.

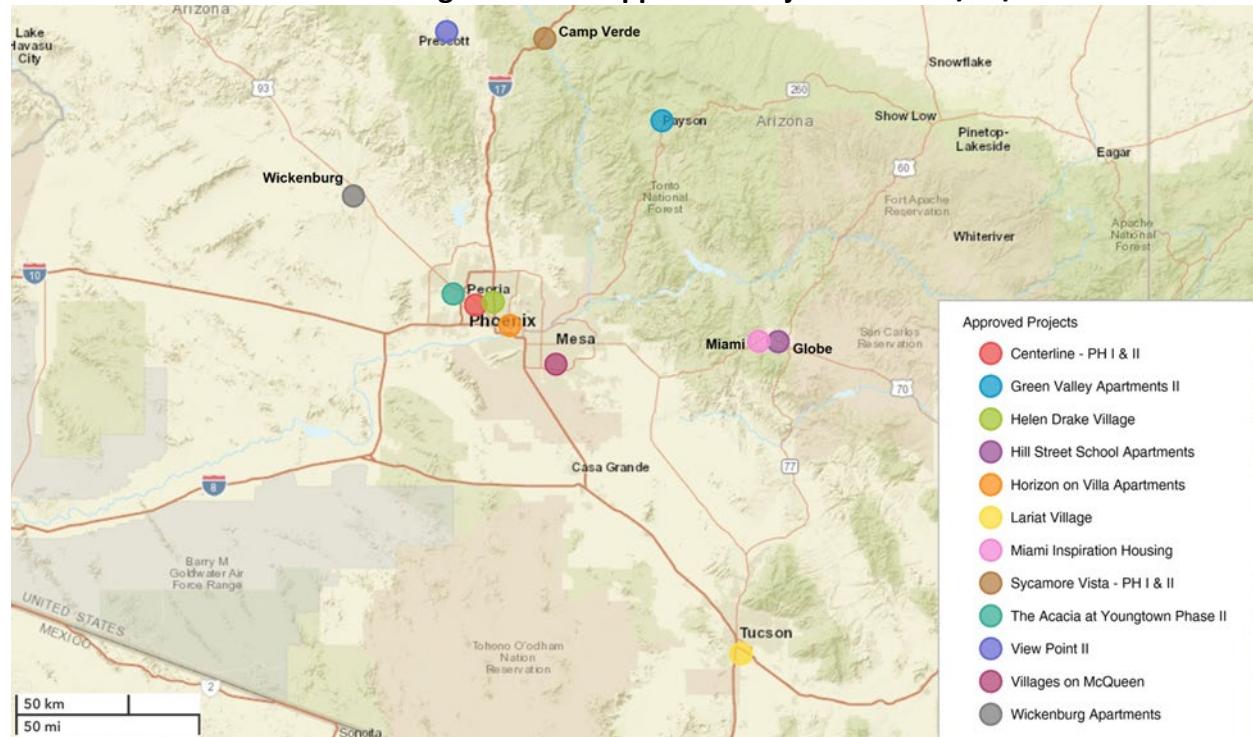


## 2.0 Assumptions & Methodology

### 2.1 Project Description & Assumptions

Arizona's affordable housing tax credit was established by Governor Doug Ducey in 2021 after a bi-partisan group of legislators passed SB1124 creating a \$160M program that provides \$4M annually in 10-year credits over a 4-year period sunsetting in December 2025. Modeled on the federal Low Income Housing Tax Credits (LIHTC), the Arizona affordable housing tax credit is administered by the Arizona Department of Housing and can be used with both the 9% and 4% federal LIHTC programs. Through Arizona's investment in long-term deed restricted affordable housing that averages to 60% Area Median Income (AMI), 1,538 new long term affordable homes for Arizonans as of this report. Notably, the \$4M in annual credits have been split equally between urban (Maricopa and Pima counties) and rural Arizona so the credit has resulted in statewide impact in Gila, Maricopa, Pima and Yavapai counties.

#### Arizona State Affordable Housing Tax Credit Approved Projects as of 12/31/24



The assumptions used to estimate the economic and fiscal impacts of the construction and operations of the affordable multi-family communities have been developed from a variety of sources. The development plan for each property was provided by the developers of each project, which outlined the initial number of units, average size per unit, expected rents and occupancy.



In total, the approved projects will provide a total of 1,446 affordable housing units and 1,538 total units ranging in size from 618 to 1,214 square feet. Development costs range from \$168 per square foot to \$310 per square foot with furniture, fixtures & equipment (FF&E) to range from \$500 to \$3,750 per unit. FF&E is subject to a state and local use tax.

Construction Assumptions Arizona State Low Income Housing Tax Credit Impact (2025 Dollars)							
	Sycamore Vista- Phase 1	Sycamore Vista- Phase 2	Villages on McQueen	Centerline on Glendale Phase I	Centerline on Glendale Phase II	Hill Street School Apartments	Miami Inspiration Housing
Units	80	80	157	186	182	64	40
Low income units	53	60	157	186	182	56	40
Average sf per unit	1,214	1,214	957	773	803	618	800
Construction cost per sf	\$187	\$182	\$198	\$201	\$191	\$238	\$295
FF&E per unit	\$500	\$500	\$3,089	\$995	\$1,016	\$2,070	\$1,600
	Green Valley Apartments II	Horizon on Villa	Helen Drake Village	View Point II	Lariat Village	Wickenburg Apartments	The Acacia at Youngtown Phase II
Units	40	109	80	72	120	208	120
Low income units	39	76	79	72	120	208	120
Average sf per unit	800	1,030	667	700	1,036	806	985
Construction cost per sf	\$327	\$310	\$298	\$264	\$206	\$222	\$168
FF&E per unit	\$1,600	\$2,064	\$3,750	\$1,600	\$1,292	\$1,202	\$2,483
							Total/Average
							1,538
							1,448
							887
							\$219
							\$1,651

Sources: Arizona Housing Coalition; Respective Project Developers

The following table describes the projected employees and initial rents by square foot as well as the average vacancy rates, estimated average income and persons per household and projected net assessed value (for property tax). On average, the projects will hire employees for each 38 units, affordable rents will average \$1.51 per square foot. The estimated household incomes will average \$47,067 and the estimated limited cash value of each unit will be \$155,066.



Operating Assumptions Arizona State Low Income Housing Tax Credit Impact (2025 Dollars)								
	Sycamore Vista- Phase 1	Sycamore Vista- Phase 2	Villages on McQueen	Centerline on Glendale Phase I	Centerline on Glendale Phase II	Hill Street School Apartments	Miami Inspiration Housing	
Average units per employee	40	40	31	47	46	64	40	
Average rent per square foot	\$0.99	\$0.92	\$1.64	\$1.60	\$1.64	\$1.14	\$1.50	
Vacancy rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Average income	\$47,725	\$43,160	\$43,670	\$51,244	\$51,167	\$24,762	\$48,000	
Persons per household	2.21	2.21	2.03	2.05	2.05	1.00	4.64	
Average limited cash value per unit	\$161,240	\$155,300	\$129,879	\$181,828	\$187,747	\$209,702	\$182,960	
	Green Valley Apartments II	Horizon on Villa	Helen Drake Village	View Point II	Lariat Village	Wickenburg Apartments	The Acacia at Youngtown Phase II	Total/ Average
Average units per employee	40	55	20	36	30	35	40	38
Average rent per square foot	\$1.50	\$2.05	\$1.26	\$1.20	\$1.47	\$1.72	\$1.50	\$1.51
Vacancy rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Average income	\$48,000	\$57,506	\$37,820	\$33,600	\$33,675	\$53,603	\$59,088	\$47,067
Persons per household	1.44	1.94	1.94	1.00	1.69	1.12	1.22	
Average limited cash value per unit	\$202,472	\$211,202	\$155,000	\$143,294	\$100,031	\$106,788	\$133,300	\$155,066

Source: Arizona Housing Coalition; Project Developers; RealData; County Assessor Records

## 2.2 Economic Impact Methodology

Economic impact analysis examines the implications of an activity in terms of output, earnings, and employment. For this study, the analysis focused on the construction impacts as well as the ongoing operations including direct expenditures by the residents.

The different types of economic impacts are known as direct, indirect, and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by project employees. Indirect employment includes those jobs created by businesses that provide goods and services essential to the operation or construction of the project. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the wages and salaries of direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the region. These secondary effects are captured in the analysis conducted in this study.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. IMPLAN developed the multipliers used in this study and were selected based on the land use type. Office space, for example, uses an average multiplier that represents various business services while the manufacturing uses used an average multiplier that represents light industrial. The multipliers used for this project represent the construction of multi-family dwellings, service to buildings, and those related to the spending of residents on retail sales, entertainment, services and restaurant and bars.



The multipliers specific to Arizona are used in this study. This means that the indirect and induced figures represent jobs created throughout the State. The direct impacts would be on the respective cities and counties specifically.

The economic impact is categorized into three types of impacts:

- (1) **Employment Impact** – the total wage and salary and self-employed jobs in a region. Jobs include both part-time and full-time workers.
- (2) **Earnings Impact** – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.
- (3) **Economic Output** – also referred to economic activity, relates to the gross receipts for goods or services generated by the company's operations.

Economic impacts are by their nature regional in character. Such impacts are best illustrated when not assigned to a specific municipality or locality, although clearly the primary impact of job creation would be on the municipality and county where the project is located. However, many other communities in the surrounding region would also benefit from the operations of the project.

### **2.3 Fiscal Impact Methodology**

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e., taxes) are analyzed to determine how an activity may affect the various jurisdictions. This section will evaluate the impact of the projects on state, county and local government revenues.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census; the U.S. Department of Labor; the Internal Revenue Service; the State of Arizona; the Arizona Tax Research Association; and the U.S. Consumer Expenditure Survey. Elliott D. Pollack & Company has relied upon the estimates of operating revenues outlined in this study.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The major sources of revenue generation for governmental entities are calculated based on ongoing operations. **Primary** revenues are considered the direct taxes paid by the development such as



property taxes as well as taxes paid on taxable purchases in the local economy. Secondary revenues are generated by the employees. That is, employees will spend part of their salaries on local goods and services and pay taxes on the homes they occupy. This spending will contribute to revenues collected by the State that are ultimately shared with local governments.

The following is a description of the applicable revenue sources that will be considered for this analysis.

- Construction Sales Tax

The State, counties, and local governments levy a sales tax on the construction of buildings or development of land improvements. The tax base for the prime contracting classification is 65% of the gross proceeds of sales or gross income derived from the business.

The sales tax on construction materials is a one-time collection by the governmental entity. The State currently levies a temporary 5.6% sales tax on construction activity (a portion of which is shared with local governments). County and local government rates vary and are provided in the table below.

- Use Tax

The State of Arizona and local governments levy a use tax on equipment that is purchased outside the jurisdiction and brought in for use within the jurisdiction. The furniture, fixtures and equipment of the development are presumed to be levied a use tax in this analysis.

- Transaction Privilege Tax

The State, counties, and local cities in Arizona charge sales tax on retail goods and utility usage. Cities also levy a tax on commercial leases but the residential rental tax is being phased out in 2025 and, thus, not included in this analysis. The sales tax rate for the State is 5.6%. Portions of this tax are redistributed through revenue sharing to counties and cities throughout Arizona based on population. County and local government rates vary and are provided in the table below.

These tax rates are applied to taxable resident spending, as well as to the spending of direct, indirect and induced employees. Most of the employees supported by the project reside within a municipality or, at the very least, purchase goods from retailers located within a municipality. Based on data from the U.S. Consumer Expenditure Survey, the projected extent of retail spending and resulting sales tax receipts was calculated.



- Property Tax

The developments will be subject to real property taxes based on the assessed value of the properties at that time. In addition, employees supported by operations will pay property taxes on the homes they occupy. In order to estimate property taxes, the assessed full cash value of the occupied space along with the projected value of a typical housing unit has been calculated. County, local government, school and special district rates vary and are provided in the table below.

- State Shared Revenues

Each municipality in Arizona receives a portion of State revenues from four different sources - State sales tax (see description above), State income tax, vehicle license tax and highway user tax. The formulas for allocating these revenues are primarily based on population. Counties also share in the revenue sources of the State, with the exception of income tax.

#### State Income Tax

The State of Arizona collects taxes on personal income. The tax rate used in the analysis averages about 1.6% for earnings. These percentages are based on the most recently available income tax data from the State and the projected wage levels of jobs created by the construction and operations impact. This tax is applied to the wages and earnings of direct and indirect employment. Portions of this tax are redistributed to cities throughout Arizona based on population.

#### HURF Taxes

The State of Arizona collects specific taxes for the Highway User Revenue Fund (HURF). Both the registration fees and the motor vehicle fuel tax (gas tax) are considered in this analysis. The motor vehicle fuel tax is \$0.18 per gallon and is calculated based on a vehicle traveling the Arizona statewide average of 12,735 miles per year at 16.6 miles per gallon. Registration fees average \$65 per employee in the State of Arizona. These factors are applied to the projected direct and indirect employee count. Portions of these taxes are distributed to cities and counties throughout Arizona based on population and the origin of gasoline sales.

#### Vehicle License Tax

The vehicle license tax is a personal property tax placed on vehicles at the time of annual registration. This factor is applied to the projected direct, indirect and induced employee count. The average tax used in this analysis is \$343 and portions of the total collections are distributed to the Highway User Revenue Fund. The remaining funds are shared between cities and counties in accordance with population-based formulas.



The following table provides the various taxes by jurisdiction used in this analysis.

Tax Rates by Jurisdiction							
Arizona State Low Income Housing Tax Credit Impact							
	Sycamore Vista- PH 1	Sycamore Vista- PH 2	Villages on McQueen	Centerline on Glendale PH I	Centerline on Glendale PH II	Hill Street School Apartments	Miami Inspiration Housing
<b><u>City Tax Rates</u></b>							
Sales tax rate	3.7%	3.7%	1.5%	2.9%	2.9%	2.3%	2.5%
State shared revenue per capita	\$388	\$388	\$353	\$347	\$347	\$414	\$414
Property tax rate	--	--	1.0826	1.4925	1.4925	1.2211	4.4542
<b><u>County Tax Rates</u></b>							
Sales tax rate	0.8%	0.8%	0.7%	0.7%	0.7%	1.0%	1.0%
State shared revenue per capita	\$288	\$288	\$240	\$240	\$240	\$257	\$257
Property tax rate (county)	1.6443	1.6443	1.1591	1.1591	1.1591	4.1900	4.1900
Property tax rate (special districts)	7.2732	7.2732	1.7632	1.8957	2.8957	1.2973	1.2973
Property tax rate (schcool districts)	3.5586	3.5586	5.6564	9.4682	9.4682	3.7964	7.2062
	Green Valley Apts II	Horizon on Villa	Helen Drake Village	View Point II	Lariat Village	Wickenburg Apartments	The Acacia at Youngtown PH II
<b><u>City Tax Rates</u></b>							
Sales tax rate	2.9%	2.3%	2.3%	2.8%	2.6%	2.2%	3.0%
State shared revenue per capita	\$422	\$367	\$367	\$412	\$382	\$364	\$344
Property tax rate	0.2992	2.0799	2.0799	--	1.0345	0.4132	--
<b><u>County Tax Rates</u></b>							
Sales tax rate	1.0%	0.7%	0.7%	0.8%	0.5%	0.7%	0.7%
State shared revenue per capita	\$257	\$240	\$240	\$288	\$229	\$240	\$240
Property tax rate (county)	4.1900	1.1591	1.1591	1.6443	5.1048	1.1591	1.1591
Property tax rate (special districts)	3.0973	1.7132	1.8957	4.8736	1.4795	1.8957	5.8068
Property tax rate (schcool districts)	4.7888	8.6990	7.7077	4.3727	6.6228	3.4042	5.5105

Note: Wickenburg's construction sales tax rate is 3.5%. Wickenburg and Miami do not levy a use tax.

Source: Arizona Tax Research Association; Arizona Department of Revenue; Assessor Records

The above tax categories represent the largest sources of revenues that would be generated to the various jurisdictions. The revenue impacts do not include certain revenue sources such as corporate income taxes. All tax collections represented in this analysis are gross collections and do not take into consideration any incentives or development agreements that may occur.



## 3.0 Construction Impacts

This section of the report outlines the economic and fiscal impact of the construction of the approved projects. Construction phase impacts are generally short-term effects related to onsite and offsite construction employment and other supporting industries. The long-term consequences of a project are the operational impacts that are described in Section 4.0.

The total project costs for all projects combined are projected to be \$590.4 million and the direct hard construction cost of the project is estimated at \$374.5 million. The economic impacts are expressed over the entire duration of the construction.

### 3.1 Economic Impact of Construction

The projects will generate an estimated 2,861 direct person years of employment during the construction phases. Person years of employment are the aggregate of each construction job that is recreated year after year throughout the construction time period. To derive the respective annual averages, employment, wages, and economic output can be divided by the expected number of years it may take to complete the developments. An estimated \$205.8 million in direct wages would be generated based on the total construction activity.

In total, including the indirect and induced ripple effects, the projects would create approximately 4,558 jobs during the construction timeframe, \$318.3 million in wages and \$745.9 million in economic activity.

Economic Impact of Construction	
Arizona State Low Income Housing Tax Credit Impact	
(2024 Dollars)	
<b><u>Person Years of Employment</u></b>	
Direct	2,861
Indirect	489
Induced	1,209
<b>Total</b>	<b>4,558</b>
<b><u>Wages (\$ mil)</u></b>	
Direct	\$205.8
Indirect	\$37.6
Induced	\$74.9
<b>Total</b>	<b>\$318.3</b>
<b><u>Economic Output (\$ mil)</u></b>	
Direct	\$374.5
Indirect	\$128.8
Induced	\$242.7
<b>Total</b>	<b>\$745.9</b>
NOTE: All dollar figures are in constant dollars. Inflation has not been included in these figures.	
Source: Project Developers; Elliott D. Pollack & Company; IMPLAN	



### **3.2      Fiscal Impact of Construction**

The construction of the approved affordable housing communities would create significant tax revenues for the State, Counties and the local governments where they are located as shown on the following table. Revenues have been defined in this analysis as either primary or secondary, depending on their source and how the dollars flow through the economy into tax accounts. For instance, some revenues, such as construction sales taxes, are straightforward calculations based on the cost of construction. These revenues are described in this study as primary revenues.

Secondary revenues, on the other hand, flow from the wages of those direct, indirect and induced employees who are supported by the projects. Revenue projections are based on typical wages of the employees working on the projects, their spending patterns, and projections of where they might live.

The State of Arizona will receive an estimated \$12.2 million from construction sales and use tax generated during construction. An additional \$9.9 million is projected to be generated by the spending of employees for a total fiscal impact on the State of \$22.1 million.

The counties are projected to receive a total of \$5.3 million in tax revenues during construction, including \$1.8 million from construction sales tax.

Primary revenues generated to the local governments from the construction sales tax, use tax and development impact fees total \$16.1 million. In addition, the local governments would benefit from the spending of construction workers within city or town limits. Other secondary revenues include property taxes and State shared revenues. In total, the local governments would expect to collect an estimated \$17.3 million in tax revenue from construction and construction-related activity.



Fiscal Impact of Construction	
Arizona State Low Income Housing Tax Credit Impact	
(2025 Dollars)	
<b><u>State of Arizona</u></b>	
Construction sales tax	\$12,035,800
Use Tax	\$142,300
Secondary impacts from employees	
Spending sales tax	\$3,022,800
Income tax	\$5,028,900
Unemployment tax	\$861,600
Vehicle license tax	\$666,600
Gas tax	\$350,200
<b>Total State</b>	<b>\$22,108,200</b>
<b><u>Counties</u></b>	
Construction sales tax	\$1,764,800
Secondary impacts from employees	
Spending sales tax	\$413,200
Property tax	\$2,143,200
State shared revenues	\$1,018,600
<b>Total Counties</b>	<b>\$5,339,800</b>
<b><u>Local Governments</u></b>	
Construction Sales Tax	\$6,677,400
Development Impact Fees	\$9,330,000
Use Tax	\$52,400
Secondary impacts from employees	
Spending sales tax	\$527,500
Property tax	\$478,700
State shared revenues	\$207,500
<b>Total local governments</b>	<b>\$17,273,500</b>
NOTE: Tax estimates are based on each project's respective local tax rates.	
Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association	



## 4.0 Ongoing Operations Impacts

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Once construction is completed at each project, the impacts of the operations and residents living in the housing would begin to produce jobs and tax revenue. The project would generate taxes to the State, counties, local governments, local school districts and other special districts. The residents would also spend their disposable income within the local economy as well as increase the respective county and local governments' proportion of state shared revenue. Additionally, this spending will support a significant number of jobs locally.

### 4.1 Economic Impact of Operations & Resident Spending

#### Community Operations Impact

An estimated 41 direct employees would be employed at the 14 approved projects. Taking into account the ripple effect of the regional multipliers, approximately 71 permanent direct, indirect, and induced jobs would be supported throughout Arizona as a result of the projects. The majority of these jobs would be related to resident services, building services and maintenance. A total of \$3.8 million in annual wages would be created and \$10.1 million in annual economic output would be added to the State's economy.

#### Resident Spending Impact

Residents spending in the local economy would also create an impact. Based on the \$39.1 million in estimated direct spending, this would create approximately 393 permanent direct, indirect, and induced jobs earning \$21.7 million in wages, and \$56.3 million in annual economic output annually.

#### TOTAL Impact

In total, the multi-family communities and their new residents are projected to support 464 jobs, \$25.5 million in wages, and \$66.4 million in annual economic activity. The table below details the economic impact of operations as well as resident spending by category that is expected to occur on an annual basis.



Economic Impact of Operations Summary			
Arizona State Low Income Housing Tax Credit Impact			
(2025 Dollars)			
	Community Operations	Resident Spending	Total
<b><u>Jobs</u></b>			
Direct	41	259	<b>300</b>
Indirect	15	52	<b>67</b>
Induced	14	82	<b>97</b>
Total	<b>71</b>	<b>393</b>	<b>464</b>
<b><u>Wages (\$ mil)</u></b>			
Direct	\$1.9	\$12.8	<b>\$14.7</b>
Indirect	\$1.0	\$3.8	<b>\$4.8</b>
Induced	\$0.9	\$5.1	<b>\$6.0</b>
Total	<b>\$3.8</b>	<b>\$21.7</b>	<b>\$25.5</b>
<b><u>Economic Output (\$ mil)</u></b>			
Direct	\$4.3	\$27.0	<b>\$31.3</b>
Indirect	\$2.9	\$12.8	<b>\$15.7</b>
Induced	\$2.9	\$16.6	<b>\$19.4</b>
Total	<b>\$10.1</b>	<b>\$56.3</b>	<b>\$66.4</b>
NOTE: All dollar figures are in constant dollars. Inflation has not been included in these figures.			
Source: Elliott D. Pollack & Company; IMPLAN			

## 4.2 Fiscal Impact of Operations & Resident Spending

Once the projects are completed and occupied to stabilized levels, the operations of the communities and residents living onsite would produce tax revenue for the State of Arizona, counties, local governments and other school and special taxing districts.

The following table shows the ongoing tax revenue that each of the jurisdictions would expect to collect from the communities as well as from the spending of residents. Sales tax collections on resident incomes are based on the estimated average household income and spending patterns outlined in the U.S. Consumer Expenditure Survey. While residents will likely spend the majority of their disposable incomes in their local city or town, they will also shop in neighboring cities. For this analysis, a 25% leakage rate was used for the capture of city sales tax revenue.

The State of Arizona is projected to receive \$2.0 million in primary and secondary revenues generated by the affordable housing communities. This includes \$1.2 in primary revenues from operations as well as impacts from residents. Secondary revenues are projected to be \$854,000 from employees.



The counties are projected to receive a total of \$1.7 million each year at stabilizations. This includes both primary direct taxes and secondary impacts from employees.

In total, an estimated \$2.1 million would be collected each year (in 2025 dollars) by the local governments. Sales tax, property tax and increased state shared revenues make up a major part of the primary tax collections. Secondary impacts from employee spending and other taxes would be an estimated \$104,310 each year. This figure takes into account that only a certain percentage of employees will live and spend their disposable income within the respective local governments.

In addition to the State, county and local government taxes, the special districts (\$701,200) and local school districts (\$1.6 million) will benefit from the new development. Special districts include jurisdictions such as fire, library, and flood control districts as well as community college and other technical institutes.

**In total, the approved affordable housing communities will generate \$8.1 million in tax revenues annually throughout Arizona.**



Fiscal Impact of Operations and Resident Spending	
Arizona State Low Income Housing Tax Credit Impact	
(2025 Dollars)	
<b><i>State of Arizona</i></b>	
Resident spending / local purchases sales tax	\$1,200,000
Secondary impacts from employees	
Spending sales tax	\$260,100
Income tax	\$402,600
Unemployment tax	\$87,800
Vehicle license tax	\$67,900
Gas tax	\$35,600
<b>Total State</b>	<b>\$2,054,000</b>
<b><i>Counties</i></b>	
Property Tax	\$428,400
Resident spending / local purchases sales tax	\$201,110
State Shared Revenues	\$686,400
Secondary impacts from employees	
Spending sales tax	\$43,310
Property tax	\$170,640
State shared revenues	\$135,950
<b>Total Counties</b>	<b>\$1,665,810</b>
<b><i>Local Governments</i></b>	
Property Tax	\$270,300
Resident spending / local purchases sales tax	\$732,960
State Shared Revenues	\$1,016,400
Secondary impacts from employees	
Spending sales tax	\$55,000
Property tax	\$35,260
State shared revenues	\$14,050
<b>Total local governments</b>	<b>\$2,123,970</b>
Local school districts	\$701,200
Special districts	\$1,575,800
<b>Total school and special districts</b>	<b>\$2,277,000</b>
<b>GRAND TOTAL</b>	<b>\$8,120,780</b>
NOTE: Tax estimates are based on each project's respective local tax rates.	
Source: Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association	

