Development Costs in the Housing Credit Program: GAO and Abt Associates Studies, Side by Side

	GAO	Abt Associates
Data Source	Cost certification data from 12 Housing Credit agencies in 10 states.[1] GAO also reviewed all allocating agencies' most recent Qualified Allocation Plans as of 2017.	Cost certification data from 14 of the largest Housing Credit syndicators with projects located nationwide.
Study Period	2011 – 2015	2011 – 2016
Geographic Coverage	All projects allocated Credits in the 10 selected states.	Nationwide, with at least 2 projects from every state and at least 25 projects from each of 35 states.
Sample Size	1,849 projects; includes only projects financed with 9 percent Credits during the study period.	2,547 projects; includes 47 percent of projects financed with 9 percent Credits and 20 percent financed with 4 percent Credits during the study period.
Median Total Development Cost Per Unit	$204,000	$164,757
Mean Total Development Cost Per Unit	$222,809	$182,498
Adjusted Cost Increase or Decrease During Study Period	New Construction: 7 percent increase; 4 percent decrease net of CA projects Rehabilitation: 26 percent decrease; 13 percent increase net of NY projects	8 percent increase overall
Land Costs	Roughly 5 percent of total development cost; 12 percent of total development cost in CA.	17 percent for the sub-sample representing 44 percent of projects in the data set that specified land costs.
Soft Costs	Not specified	25 – 30 percent, broadly consistent across states and between new construction and rehabilitation.[2]
Drivers of Development Costs	Urban projects are more expensive than non-urban; smaller projects (fewer than 37 units) are more expensive than larger (more than 100 units); projects developed by nonprofit sponsors cost more than those developed by others; projects serving seniors cost less than those that do not.	Locations in higher-cost regions, states with higher construction costs, urban areas, difficult development areas, and qualified census tracts are each "highly significant" drivers of higher cost. The degree to which new projects cost more than rehabilitations and smaller projects cost more than larger projects is also "highly significant."

[1] State agencies in AZ, CA, FL, GA, IL, NY, OH, PA, TX, and WA and local agencies in New York City and Chicago.
[2] NCSHA analysis. Source: Fannie Mae, "Fannie Mae Multifamily Market Commentary," March 2017.