



Fiscal Report

TAX ABATEMENT PROGRAMS (TAPS)

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CITY OF PITTSBURGH
OFFICE OF THE CITY CONTROLLER
Controller Rachael Heisler

March 2026

To the Honorable Mayor Corey O'Connor and
Honorable Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this fiscal report of Tax Abatement Programs (TAPs), conducted pursuant to the power of the Controller under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

City Ordinances §265.12, §267.10, and §268.08 direct our Office to perform yearly procedures on TAPs, and those procedures are to entail projections of the catalogued value of all exemptions accepted under the program categories outlined in Chapters 265, 267, and now 268 of ordinances. The projections should include incoming revenue upon the expiration of any exemptions accepted under those chapters.

In prior years, comprehensive procedures were administered on the Department of Finance's management of TAPs, and our reports can be found on our website under Fiscal Audits accordingly. For the 2025 listing of TAPs, we limited our procedures to the projections of catalogued exemptions requested by ordinances with plans to continue reviewing TAP data in each year. Substantive procedures were not implemented for this report as they have been in prior years. In each year going forward, we will assess whether or not comprehensive and substantive procedures are necessary as data is received and reviewed.

In regard to the programs themselves, our prior reports, particularly those published in 2023 and 2024, provide detailed overviews, including a breakdown of programs available prior to July 2020 and the consolidated programs that replaced those as of July 1, 2020. It is important to note that a new chapter was introduced into legislation in May 2024, which was Chapter 268. This chapter was designed to further incentivize investment in our Golden Triangle. Under this chapter, the standard exemption for construction, conversion, and/or improvement of a property in Downtown is six years, limited to 50% of the assessed value attributable to the construction, conversion, or improvement. An enhanced exemption is available for 10 years for Commercial Residential and Residential with additional documentation of the total number of residential units affordable to and

occupied by households at or below relevant Area Median Income (AMI) thresholds and/or full-time equivalent positions created by the project.

The TAP data we received from the Department of Finance as of December 2025 did not include any Chapter 268 abatements and only a small number of post-consolidation abatements (i.e., Chapters 265 and 267, Base and Enhanced). The majority, approximately 86%, of all exemptions were still pre-consolidation programs, such as Act 42, Local Economic Stimulus, and LERTA.

We appreciate the cooperation and support of the staff we coordinated with during the course of our procedures.

Sincerely,

A handwritten signature in black ink, appearing to read "Rachael Heisler". The signature is written in a cursive, flowing style.

Rachael Heisler
City Controller

INTRODUCTION

This fiscal report on Tax Abatement Programs (TAPs) was conducted pursuant to the Controller's powers under Article IV, Section 404(b) of the Pittsburgh Home Rule Charter and administered under decree of City Ordinances §265.12, §267.10, and §268.08.

OBJECTIVES

- To review existing and also any new abatement programs and/or legislation.
- To check the status of the implementation of the new real estate system by the City's Department of Finance (Finance) and determine if any changes in its policy and procedure have been made since the prior audit.
- To obtain TAP data as of 2025 from Finance.
- To use TAP data to document the number of accepted TAPs.
- To use TAP data to calculate projections of funds due to the City upon expiration of accepted TAPs.

SCOPE

January 1, 2025, through December 31, 2036.

METHODOLOGY

- Auditors reviewed City ordinances specific to tax exemptions under Chapters 265, 267, and 268.
- Auditors engaged with Finance, asked for the implementation status of the department's new real estate system, asked if any updates in policy have been administered since the prior audit, and requested TAP data.
- Auditors prepped TAP data to express program counts and amounts due to the City per year and in total.
- Auditors created a table to present the ratio of accepted TAPs based on the data provided by Finance.

- Auditors created a table to present projections of funds due to the City upon expiration of accepted TAPs.

OVERVIEW

The Controller’s Office performs annual reviews of TAPs. For comprehensive details of the programs and prior audit procedures, please refer to the reports published in 2023 and 2024, which can be both located on the Controller portion of the City’s website under Fiscal Audits.

PROGRAMS

In brief summary, TAPs have three notable eras: programs enacted prior to July 1, 2020; program consolidation as of July 1, 2020; and the addition of another program in May 2024.

- Prior to July 1, 2020, there were seven abatement programs: (1) Act 42 Residential; (2) Act 42 Enhanced; (3, 4, and 5) Local Economic Revitalization Tax Assistance (LERTA) programs: Residential, Enhanced Residential, and Commercial; (6) Local Economic Stimulus; and (7) Visitability Residential.
- After July 1, 2020, all TAPs were consolidated into three program types: (1) Owner-Occupied Residential / For-Sale Development with the option to receive tax credit for “visitable design” under City Ordinance Chapter 265; (2) Commercial Residential (rental or otherwise not owner-occupied) under Chapter 267; (3) and Industrial, Commercial, or Other Business Structures also under Chapter 267.
- In May 2024, Chapter 268 was enacted to incentivize investment specifically in Downtown Pittsburgh. The ordinance allows tax exemption for construction, conversion, and/or improvement of deteriorated property or construction, conversion, and/or improvement of commercial, industrial, residential, or other business structures. The base program is six years and allows up to 50% of the increase in valuation attributable new construction or improvement to be exempt from taxation. The enhanced Program allows between 80% and 100% of the valuation attributable new construction or improvement to be exempt from taxation, given that at least 10% of units are affordable to and occupied by households at or under 50% to 80% Area Median Income (AMI) or between at least 30 to 50 or more full-time equivalent (FTE) jobs.

Application forms for each program and also abatement guidelines can be located on the Real Estate portion of Finance & Budget on the City’s website. That section also provides a table of all current programs under “City of Pittsburgh Summary of Amended Tax Abatement Programs.” Please refer to **Appendix A** of this report for a full rendering of the program table.

ANALYSIS

STATUS OF REAL ESTATE SYSTEM AND POLICIES AND PROCEDURES

City Finance contracted with Collection Solutions Software, Inc. (CSS) to procure an integrated tax and real estate tax management system with support services. The department advised auditors that the implementation of this system is still in progress.

At the conclusion of the 2024 audit, Finance provided written policies and procedures to auditors. Auditors asked if the document provided at that time has undergone any further updates. The department advised that no further updates have been made, that the document provided is sufficient for current processes, and that the policies will go through updates once the new real estate system is in place.

TAP DATA

The data provided parcel and block numbers, unit addresses, districts, application approval dates, start- and end-dates of each abatement, and the amounts paid or due to the City, School, Library, and Parks accordingly. Please note that auditors focused on amounts paid or due to the City of Pittsburgh for this report.

PREPARATION OF DATA

Using the TAP data provided by Finance, auditors performed the following procedures:

- The number of accepted abatements per program and year was identified.
- The number of years documented was identified.
- The amounts paid or due to the City for each end-year were identified.
- The running total of amounts due to the City on a year-by-year basis up through 2035 were calculated.

DATE RANGE OF TAP DATA

The TAP data provided by Finance included information of abatement programs with start-dates from 2016 through 2026, as entered in Finance's real estate system as of December 2025. Based on the start-dates of the accepted programs, the newest abatements will expire in 2035.

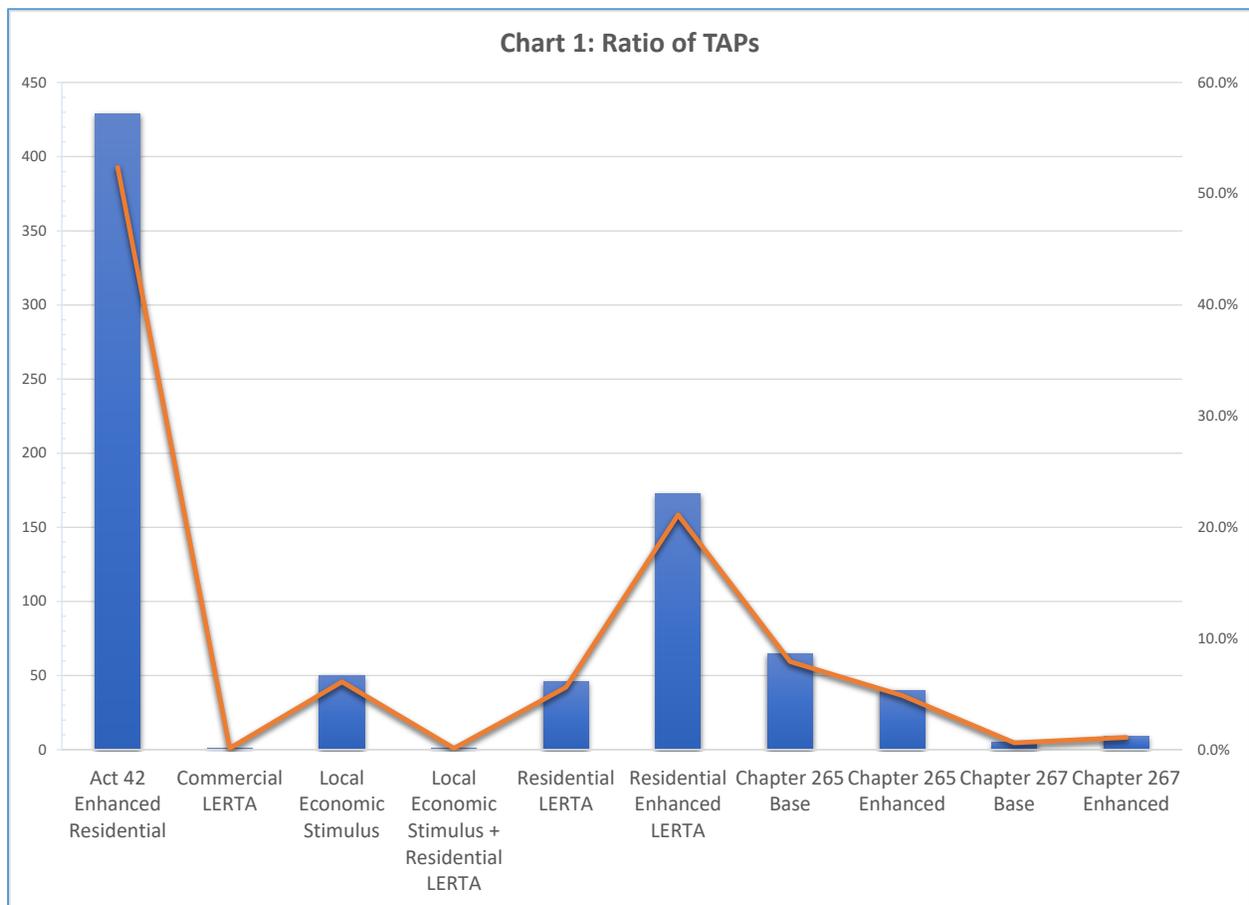
RATIO OF TAPS

Based on the data provided by Finance, there are 819 total abatements with 10 programs represented among them. Those 10 programs are as follows: Act 42 Enhanced Residential, Commercial LERTA, Local Economic Stimulus, Local Economic Stimulus and (+) Residential

LERTA, Residential LERTA, Residential Enhanced LERTA, Chapter 265 Base and Enhanced, and Chapter 267 Base and Enhanced.

As of December 2025, five years following the program consolidation, the significant majority of all programs are still pre-consolidation TAPs. Since July 2020, the City approved only 119 post-consolidation programs: 65 approvals for Chapter 265 Base, 40 for Chapter 265 Enhanced, five for Chapter 267 Base, and nine for Chapter 267 Enhanced. Of the programs listed above, approximately 86% are pre-consolidation programs and over half of all programs are specifically Act 42 Enhanced Residential.

Please refer to Chart 1. The chart displays all 10 program categories on the horizontal axis and how many applications were accepted for each program on the left-side vertical axis. The percentage of the whole is expressed on the right-side vertical axis.



Source: TAP data provided by Finance.

PROJECTION OF TAP REVENUE AT PROGRAM EXPIRATION

The calculation of TAP projects is based on the department’s entry of the following components: the start- and end-dates of all exemptions and the amount due to the City upon expiration of the exemption. Please note that calculation of each abatement—which includes a subtraction of the pre-abatement assessment from the post-construction valuation and multiplication of the eligible

amount by the City’s millage rate—is already factored into this equation. Please refer to our 2024 report for a detailed breakdown of the calculation process.

Please refer to Table 1 on Pages 10 and 11 for a full breakdown of estimated revenues due upon expiration of the approved programs. The table counts the number of programs and calculates an estimation of the revenues due upon program expiration for each year from 2026 through 2035 based on data received as of December 2025.

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Table I- Estimated Projections of Available TAP Funds Due to Expiration (Per Year)

For the period January 1, 2025 to December 31, 2035

Program	2026		2027		2028		2029		2030	
	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count
Act 42:										
Enhanced Residential	\$ 91,064.61	63		91	\$ 226,438.00	151	\$ 344,831.34	234	\$ 432,946.48	290
Residential	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0
<i>Subtotal</i>	<i>\$ 91,064.61</i>	<i>63</i>	<i>\$ -</i>	<i>91</i>	<i>\$ 226,438.00</i>	<i>151</i>	<i>\$ 344,831.34</i>	<i>234</i>	<i>\$ 432,946.48</i>	<i>290</i>
LERTA:										
Commercial	\$ -	0	\$ -	0	\$ 967.20	1	\$ 967.20	1	\$ 967.20	1
Residential	\$ 6,227.16	5	\$ 58,958.91	16	\$ 377,307.48	26	\$ 688,782.72	32	\$ 842,170.96	35
Residential Enhanced	\$ 14,295.21	6	\$ 89,960.69	37	\$ 113,791.70	46	\$ 132,691.70	53	\$ 138,091.70	55
<i>Subtotal</i>	<i>\$ 20,522.37</i>	<i>11</i>	<i>\$ 148,919.60</i>	<i>53</i>	<i>\$ 492,066.38</i>	<i>73</i>	<i>\$ 822,441.62</i>	<i>86</i>	<i>\$ 981,229.86</i>	<i>91</i>
Visitability Residential	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0
Local Economic Stimulus	\$ 180,818.04	6	\$ 1,030,386.07	19	\$ 1,872,432.40	31	\$ 2,187,411.55	35	\$ 2,347,762.35	37
Post-Consolidation										
Chapter 265 Base	\$ 13,591.33	7	\$ 16,587.23	9	\$ 117,776.92	65	\$ 117,776.92	65	\$ 117,776.92	65
Chapter 265 Enhanced	\$ -	0	\$ -	0	\$ 2,015.00	1	\$ 2,015.00	1	\$ 2,015.00	1
Chapter 267 Base	\$ 125,000.00	1	\$ 125,000.00	1	\$ 128,746.67	5	\$ 128,746.67	5	\$ 128,746.67	5
Chapter 267 Enhanced	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0
<i>Subtotal</i>	<i>\$ 138,591.33</i>	<i>8</i>	<i>\$ 141,587.23</i>	<i>10</i>	<i>\$ 248,538.59</i>	<i>71</i>	<i>\$ 248,538.59</i>	<i>71</i>	<i>\$ 248,538.59</i>	<i>71</i>
Grand Total	\$ 430,996.35	88	\$ 1,320,892.90	173	\$ 2,839,475.37	326	\$ 3,603,223.10	426	\$ 4,010,477.28	489
<i>Newly Available</i> ¹	<i>\$ 430,996.35</i>	<i>88</i>	<i>\$ 889,896.55</i>	<i>85</i>	<i>\$ 1,518,582.47</i>	<i>153</i>	<i>\$ 763,747.73</i>	<i>100</i>	<i>\$ 407,254.18</i>	<i>63</i>

	2031		2032		2033		2034		2035	
Program	Amount	Count								
Act 42:										
Enhanced Residential	\$ 516,077.32	337	\$ 616,605.70	398	\$ 664,965.70	423	\$ 666,599.46	424	\$ 673,973.54	429
Residential	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0
<i>Subtotal</i>	<i>\$ 516,077.32</i>	<i>337</i>	<i>\$ 616,605.70</i>	<i>398</i>	<i>\$ 664,965.70</i>	<i>423</i>	<i>\$ 666,599.46</i>	<i>424</i>	<i>\$ 673,973.54</i>	<i>429</i>
LERTA:										
Commercial	\$ 967.20	1	\$ 967.20	1	\$ 967.20	1	\$ 967.20	1	\$ 967.20	1
Residential	\$ 844,894.43	37	\$ 861,884.10	39	\$ 867,260.12	42	\$ 912,756.40	46	\$ 912,756.40	46
Residential Enhanced	\$ 347,663.18	139	\$ 390,911.41	157	\$ 400,206.71	161	\$ 421,806.71	169	\$ 424,506.71	170
<i>Subtotal</i>	<i>\$ 1,193,524.81</i>	<i>177</i>	<i>\$ 1,253,762.71</i>	<i>197</i>	<i>\$ 1,268,434.03</i>	<i>204</i>	<i>\$ 1,335,530.31</i>	<i>216</i>	<i>\$ 1,338,230.31</i>	<i>217</i>
Visitability Residential	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0
Local Economic Stimulus	\$ 2,513,379.88	39	\$ 2,631,131.17	43	\$ 3,234,494.87	47	\$ 3,898,948.93	51	\$ 3,898,948.93	51
Post-Consolidation										
Chapter 265 Base	\$ 117,776.92	65	\$ 117,776.92	65	\$ 117,776.92	65	\$ 117,776.92	65	\$ 117,776.92	65
Chapter 265 Enhanced	\$ 2,015.00	1	\$ 3,224.81	2	\$ 13,899.47	14	\$ 18,178.53	17	\$ 54,407.18	40
Chapter 267 Base	\$ 128,746.67	5	\$ 128,746.67	5	\$ 128,746.67	5	\$ 128,746.67	5	\$ 128,746.67	5
Chapter 267 Enhanced	\$ -	0	\$ -	0	\$ 65,069.99	2	\$ 65,069.99	2	\$ 178,329.59	9
<i>Subtotal</i>	<i>\$ 248,538.59</i>	<i>71</i>	<i>\$ 249,748.40</i>	<i>72</i>	<i>\$ 325,493.05</i>	<i>86</i>	<i>\$ 329,772.11</i>	<i>89</i>	<i>\$ 479,260.36</i>	<i>119</i>
Grand Total	\$ 4,471,520.60	624	\$ 4,751,247.98	710	\$ 5,493,387.65	760	\$ 6,230,850.81	780	\$ 6,390,413.14	816
<i>Newly Available</i> ¹	<i>\$ 461,043.32</i>	<i>135</i>	<i>\$ 279,727.38</i>	<i>86</i>	<i>\$ 742,139.67</i>	<i>50</i>	<i>\$ 737,463.16</i>	<i>20</i>	<i>\$ 159,562.33</i>	<i>36</i>

¹ Funds indicated as newly available per year; is a component of corresponding total per year.

APPENDIX

APPENDIX A

Legislation	Project Type	Abatement Type	Based or Enhanced	Length	Annual Abatement Limit	Additional Qualifying Criteria
Chapter 265	Owner-occupied residential or for sale development	Assessment Reduction	B	3 years	\$175,000	None
Chapter 265	Owner-occupied residential or for sale development	Assessment Reduction	E	10 years	\$250,000	Located in CDGB-eligible area or A multi-unit for-sale or owner-occupied development includes at least 10% of units affordable to and occupied by households at or below 80% AMI
Chapter 267	Commercial residential (rental or otherwise not occupied by the owner) OR Industrial, commercial, or other business structures	Tax Credit	B	3 years	\$125,000	None
Chapter 267	Commercial residential (rental or otherwise not occupied by the owner) OR Industrial, commercial, or other business structures	Tax Credit	E	10 years	\$250,000	A residential property not to be occupied by the property owner includes at least 10% of its units affordable to and occupied by households at 50% AMI or A residential property not to be occupied by the property owner includes at least 60% of its units affordable to and occupied by households at 80% AMI or A residential property not to be occupied by the owner located in the Lower Hill District or The project creates at least 50 full-time equivalent jobs
Chapter 268	Commercial, industrial, residential, or other business structures located in Downtown Pittsburgh	Tax Exemption	B	6 years	50% of real estate taxes	None
Chapter 268	Commercial, industrial, residential, or other business structures located in Downtown Pittsburgh	Tax Exemption	E	10 years	None	Must submit documentation of: Total # of residential units affordable to and occupied by households earning at or below the relevant area median income (AMI) thresholds and/or # of full-time equivalent (FTE) positions created by the project

Source: Table from Finance website under “City of Pittsburgh Summary of Amended Tax Abatement Programs.”