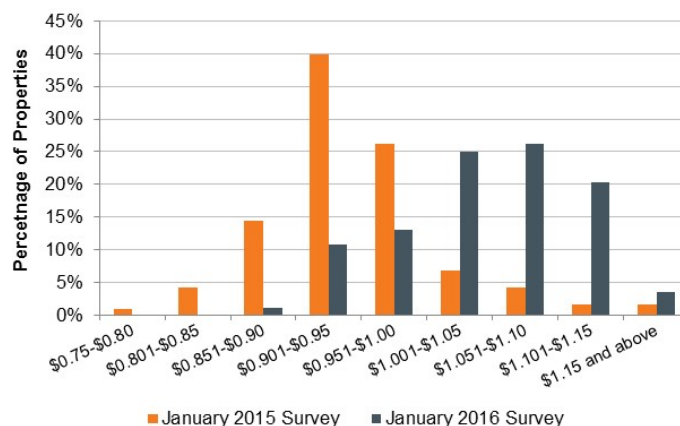


Housing Credit Pricing Update

- On an equity-weighted average basis, participants in our latest survey (December 2016) reported a **\$1.05** net equity price and a **4.56%** IRR among surveyed national multi-investor funds. While the average credit price remained unchanged, average IRR decreased from the 4.61% level reported in the November 2016 issue of this publication.
- The following graph represents the distribution of lower tier pricing for participating syndicators in the last 60 days based on 84 properties, presented in comparison to survey data from a year ago. The average reported housing credit price in the last 60 days was \$1.05 across the 84 deals, generally consistent with the average reported price two months ago.



Tax Reform: A highly Anticipated Priority but Take a Deep Breath

- Tax reform is a highly anticipated priority for the new administration. The administration version of tax reform would clearly have an impact on the financing of affordable housing developments and possibly even challenge the Housing Credit itself. However, there are a number of factors at play.
- While tax reform is described as a high priority by many, there are a number of other pressing matters including the Federal debt ceiling which expires April 28, the confirmation of cabinet appointments, immigration reform, a new Supreme Court nomination and potential repeal of Obamacare.
- Tax legislation starts in the House Ways & Means Committee and is then referred to the Senate Finance Committee. At the present time the House "blueprint" for reform is very much at variance with the Senate Finance Committee's vision for reform. In the jostling for position between the House and Senate, the fact that Sen. Orrin Hatch is Chairman of Senate Finance should prove very much to the industry's benefit. Senator Hatch is, of course, a long time supporter of the housing credit as evidenced by his co-sponsorship of the Affordable Housing Credit Improvement Act which he plans to reintroduce with Sen. Maria Cantwell.
- The impact of a corporate rate reduction on investment yield could be significant. Once the price per dollar of tax credits exceeds \$1.00, the relative importance of tax losses as a component of yield increases significantly.
- Many investors and syndicators are running stress tests assuming a reduction in corporate tax rates from 35% to 20-25%. That amounts to an educated guess. Also, we expect that any reduction will come with transition and phase-in periods.
- In the midst of tax reform we must not lose sight of the potential upside. This includes the new administration's proposed infrastructure program which could easily serve as a platform for the Cantwell proposal to increase the volume cap by 50%.

Current Multi-Investor Funds

| Syndicator/ Fund Name | Region | Estimated Fund Size (millions) | After-Tax Cash Needs IRR | Net Equity Price | Target Closing |
|--------------------------------------------------------|-------------------|--------------------------------------|--------------------------------|------------------------|-------------------|
| BFIM Institutional Tax Credits 47 | National | TBD | Tiered | TBD | TBD |
| Boston Capital BCCTC Fund 43 | National | \$214 | Tiered | \$1.08 | 12/16 |
| Cinnaire Mid-Atlantic Fund 3 | DE, MD, PA, NJ | \$27.5 | 3.85% | \$1.11 | 12/16 |
| CREA Corporate TC Fund 51 | National | \$195.5 | 3.75% - 5.25% | TBD | 12/16 - 1/17 |
| MHIC MHEF XXIII | MA, CT, RI | TBD | 4.50% | TBD | 3/17 |
| NDC Corporate Equity Fund XXIII | National | \$100 | 4.50% | TBD | 3/17 |
| PNC TCC Institutional Fund 64 | National | \$85 | 3.25% - 5.00% | TBD | 12/17 |
| R4 Housing Partners VII | National | \$132 | TBD | TBD | 1/17 |
| R4 CA Housing Partners 3 | CA | \$62 | TBD | TBD | 4/17 |
| Raymond James CAHOF VI | CA | \$125 | Tiered | TBD | 1/17 |
| RBC TC Equity National Fund 25 | National | TBD | TBD | TBD | TBD |
| WNC Institutional TC Fund 43 | National | \$100 | 5.00% - 5.25% | \$0.99 | Q1/17 |
| WNC Institutional TC Fund X, CA Series 15 | CA | \$100 | 4.25% - 4.50% | \$1.09 | Q1/17 |

| Equity-Weighted Average | Net Equity Price | Projected After-Tax IRR |
|-------------------------------------|------------------|-------------------------|
| National Funds | \$1.05 | 4.56% |
| State / Regional Funds Excluding CA | \$1.11 | 4.50% |
| California Funds | \$1.09 | 4.38% |

Note: In calculating the equity-weighted average net equity price and projected after-tax IRR, tiered pricing and IRR data were averaged for those funds who reported a range. All fund data was provided by fund sponsors and compiled by CohnReznick. Neither CohnReznick nor the Tax Credit Advisor takes responsibility for the accuracy of the data represented by the sponsors. If you would like a fund included in the next *Housing Tax Credit Monitor*, please contact TCIS@cohnreznick.com or (617) 648-1414 to speak with a professional in CohnReznick's Tax Credit Investment Services practice. Please visit CohnReznick's website at www.cohnreznick.com.