

A Time Tested Method to Fill Funding Gaps

- Avid readers of the Housing Tax Credit Monitor, and industry participants alike, know that the pricing of housing tax credits dropped sharply (by roughly \$0.10 cents) following the November 2016 presidential election. The immediate decline in lower tier pricing resulted in financing gaps for projects slated for closing in the first three quarters of 2017.
- In the first quarter of the year, state agencies began to think creatively about how they could help developers fund the newfound gaps. California proposed a solution that many developers had not yet considered: splitting a single project into two separate projects. Under this scenario, a conventionally-financed 9% project is paired with a 4% tax exempt financed project. Many other states have since employed similar approaches to solving this problem.
- While the 9%/4% structure employed by California has been utilized in the past, primarily by developers working in states with high development cost areas, the complex structure presents challenges that must be met and pitfalls to avoid. For more information please contact a member of TCIS at TCIS@CohnReznick.com

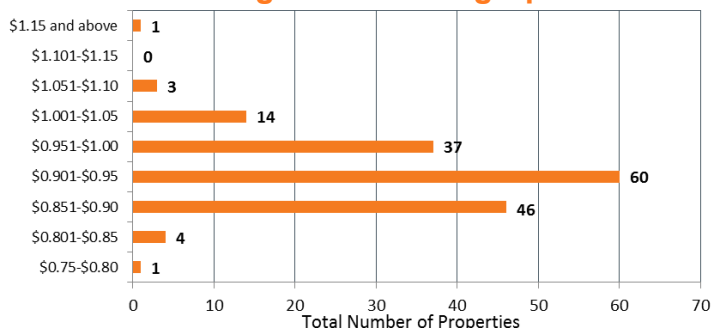
Current Multi-Investor Funds

Syndicator/ Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Alliant Alliant Tax Credit Fund 89	National	\$125	4.25% - 6.00%	\$0.93	October 2017
BFIM ITC 47	National	\$105	5.30% - 6.00%	\$0.91	August 2017
BFIM ITC 48	National	\$150	5.00% - 6.00%	TBD	December 2017
Boston Capital BCCTC Fund 44	National	\$150	TBD	TBD	December 2017
Boston Capital California Fund VII	CA	\$90	5.00%	\$0.98	October 2017
Cinnaire Cinnaire Fund 33	MI, IN, IL, WI, MN	\$50	TBD	TBD	4Q 2017
Cinnaire Cinnaire Mid- Atlantic Fund 4	CA	\$30	TBD	TBD	1Q 2018
CREA CREA Corporate Tax Credit Fund 57	National	\$175	5.00% - 6.00%	TBD	December 2017
CREA CREA California Tax Credit Fund 58	CA	\$80	5.00%	TBD	January 2018
Enterprise Enterprise Housing Partners XXIX*	National	\$164	2.75% - 5.00%	\$0.93	September 2017
MHEG MHEG Fund 48	Midwest	\$135	5.65%	TBD	October 2017
MHIC MHEF XXIII	MA, CT, RI	\$68	4.25%	\$0.98	August 2017

* Modeled at a 20% corporate tax rate.

Equity-Weighted Average	Net Equity Price	Projected After-Tax IRR
National Funds	\$0.92	5.28%
State / Regional Funds Excluding CA	\$0.98	5.18%
California Funds	\$0.98	5.00%

Housing Credit Pricing Update



- The pricing update graph above represents the distribution of lower tier pricing for participating syndicators in the last 60 days based on 166 properties. The median reported housing credit price in the last 60 days was **\$0.93** cents across 166 deals, which is \$0.01 cent less than the median reported credit price in the July 2017 issue of CohnReznick's Housing Tax Credit Monitor. Pricing reported in the last 60 days is a full \$0.10 cents less than same survey period in 2016, across 114 deals.
- On an equity-weighted average basis, participants in our latest survey (July-August 2017) reported a **\$0.92** cent net equity price and a **5.28%** upper tier IRR among surveyed national multi-investor funds. Unless otherwise noted, all of the upper tier IRRs were calculated utilizing a hypothetical 25% corporate tax rate.

Current Multi-Investor Funds

Syndicator/ Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
NDC NDC Corporate Equity Fund XIV	National	\$75	5.00%	\$0.90	January 2018
PNC PNC Tax Credit Institutional Real Estate Fund 65	National	\$115	TBD	TBD	August 2017
PNC PNC Tax Credit Institutional Real Estate Fund 66	National	\$125	TBD	TBD	December 2017
R4 R4 Housing Part- ners IX	National	\$150	TBD	TBD	January 2018
Raymond James RJTCF 43	National	\$200	TBD	TBD	October 2017
Raymond James CAHOF VI	CA	\$125	TBD	TBD	December 2017
RBC RBC Tax Credit Equity-HAI Fund 1	National	\$52 - \$70	6.25%	\$0.94	September 2017
RBC RBC Tax Credit Equity National Fund-26	National	\$125	4.00% - 6.00%	\$0.91	October 2017
Red Stone Red Stone Equity - 2017 National Fund	National	\$188	5.00% - 6.00%	\$0.91	September 2017
Strafford Strafford Fund 27	National	\$100	5.25% - 5.75%	TBD	October 2017
WNC Institutional TC Fund 44	National	\$100	6.00%	\$0.89	4Q 2017

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.