

# HOUSING TAX CREDIT MONITOR

January 2022

## IRS guidance on LIHTC fixed 4% rate

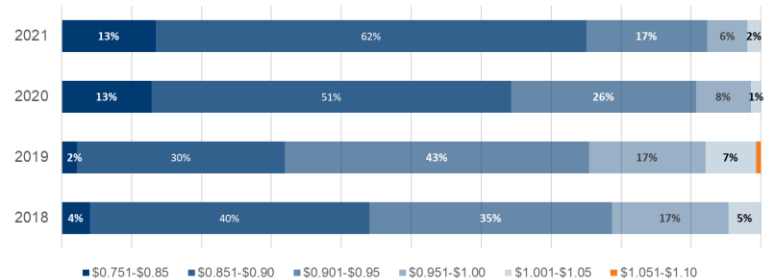
The *Consolidated Appropriations Act* established a minimum 4% credit rate for qualifying LIHTC projects. A 4% floor had been a longtime goal of affordable housing advocates, and the industry welcomed its arrival, but questions regarding its application to existing projects were immediate. In December 2021, the IRS released guidance ([Revenue Ruling 2021-20](#) and [Revenue Procedure 2021-43](#)) regarding the 4% minimum credit rate, clarifying the IRS's position regarding its applicability to three common potential scenarios:

- Any project that received a 2020 draw-down bond issuance and drew at least \$50,000 or 5% of the total issuance before 12/31/20 would not be eligible to use the 4% floor. Projects placed in service after 2020 that received a draw-down bond issued before 12/31/2020 but did not draw the minimum amount in 2020 would be eligible to use the 4% floor.
- If a project receives a subsequent bond issuance after 12/31/20 that is less than 10% of aggregate tax-exempt bond issuances, it would not qualify for the 4% minimum credit rate. If, however, the subsequent (post-2020) issuance is equal to or greater than 10% of the total tax-exempt bond issuances, the project is able to utilize the 4% floor.
- Regarding whether the 4% floor may be used for the acquisition portion of a 9% credit project that received its allocation in 2020, the IRS clarified that if the building is placed in service after 12/31/2020 and the additional tax credit allocation is 10% or more of the total allocation, the building qualifies for the 4% floor.

## Housing credit investment yield & pricing update

- On an equity-weighted basis and taking into consideration tiered pricing, participants in our latest survey, as of November/December 2021, reported a **5.96%** blended IRR among the national multi-investor funds currently offered. We note that this is based on a smaller sample size than usual.
- The top tier of the IRRs offered among the surveyed multi-investor funds climb higher to range between 6.25% and 7.20%.

November - December LIHTC Pricing Distribution (Years 2018-2021)



- The pricing update graph above represents the net equity price distribution of investments approved by the participating syndicators in November-December across 2018-2021. In our latest survey, the median reported housing credit price in the last 60 days was **\$0.885** across 104 properties, which represents a slight increase compared to the most recent survey result. Out of the 104 properties reported, 62% reported pricing between \$0.851-\$0.90.

## CURRENT NATIONAL MULTI-INVESTOR FUNDS

Syndicator / Fund Name	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
<b>Alliant</b> Alliant Tax Credit Fund 111	\$200	4%- 6.75%	\$0.82 - \$0.93	March 2022
<b>Boston Financial (BFIM)</b> Boston Financial Institutional Tax Credits 56	\$250	4.85%- 6.85%	\$0.8219 - \$0.938	February 2022
<b>CREA</b> CREA Corporate Tax Credit Fund 88, LP	\$354.9	3.75%- 7%	TBD	January 2022
<b>Enterprise</b> Enterprise Housing Partners XXXVIII	\$200	TBD	TBD	April 2022
<b>Hunt</b> Hunt Capital Partners 48	\$150	TBD	TBD	April 2022
<b>Merchants</b> Merchants Capital Tax Credit Equity Fund IX	\$250	6.25%- 7.2%	\$0.80 - \$0.96	May 2022
<b>R4</b> R4 Housing Partners XVIII LP	\$246.8	TBD	TBD	January 2022
<b>Raymond James</b> RJTCF 49	\$200	TBD	TBD	January 2022
<b>RBC Community Investments</b> RBC National Fund 33	\$175 - \$215	TBD	TBD	April 2022
<b>Regions</b> Regions Corporate Partners Fund 58 LLC	\$125	TBD	\$0.82 - \$0.89	March 2022
<b>WNC</b> WNC Institutional Tax Credit Fund 52, L.P.	\$150	6%- 6.5%	\$0.8672	January 2022

## CURRENT REGIONAL MULTI-INVESTOR FUNDS

Syndicator / Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
<b>Boston Financial (BFIM)</b> BF California Fund II	CA	\$88	4.88%- 6.25%	\$0.87 - \$0.945	January 2022
<b>Cinnaire</b> Cinnaire for Housing Fund 37	Midwest	\$158	5.1%- 6.65%	TBD	February 2022
<b>Enterprise</b> Enterprise Housing Partners CalGreen VIII	CA	\$100	TBD	TBD	March 2022
<b>Evernorth</b> Housing New England, Fund III LP	Northern New England (MENHVT)	\$83.5	5.34%- 5.38%	\$0.8401- \$0.8901	January 2022
<b>Merritt</b> Fund XXII	CA	\$137	TBD	TBD	TBD
<b>Merritt</b> Fund XXIII	CA	\$150	TBD	TBD	TBD
<b>M HEG</b> M HEG Fund 55, LP	Midwest	\$150	TBD	TBD	June 2022
<b>Raymond James</b> CAHOF 11	CA	\$120	TBD	TBD	March 2022
<b>RBC Community Investments</b> RBC CA Fund-8	CA	\$75 - \$100	TBD	TBD	June 2022
<b>WNC</b> Fund X California Series 20	CA	\$100	6%- 6.25%	TBD	March 2022

Note: 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](mailto:TCIS@cohnreznick.com) or 617.648.1414 to speak with a professional with CohnReznick's Tax Credit Investment Services practice. Visit CohnReznick's website at [cohnreznick.com/tcis](http://cohnreznick.com/tcis)