

HOUSING TAX CREDIT MONITOR

June 2022

Treasury rates moving faster than LIHTC IRRs

- U.S. 10-year Treasury rates are a benchmark against which housing tax credit fund yields (and many other financial assets) are measured. The housing credit program's track record of strong performance and low foreclosure and default rates tend to make Treasuries a proxy by which investors measure housing credit returns.
- There are, however, notable differences between Treasury and housing credit fund returns, not least of all the fact that Treasury yields tend to be more elastic relative to broader economic fluctuations. Indeed, as investors globally fled to cash during COVID-19, Treasuries plummeted, reaching all-time lows. Housing credit funds, on the other hand, maintained relatively steady yields. Housing credit funds enjoyed generous spreads over Treasuries during this period, and demand remained strong.
- As Treasury yields have quickly snapped back, approaching 3%, the current 244-basis point spread over Treasuries is the slimmest margin we have observed for housing credit funds since late 2018.
- It begs the question - will housing credit fund returns increase in response to spiking Treasury yields? Past experience would suggest that housing credit funds, while popularly benchmarked against Treasuries, will likely instead move independently.

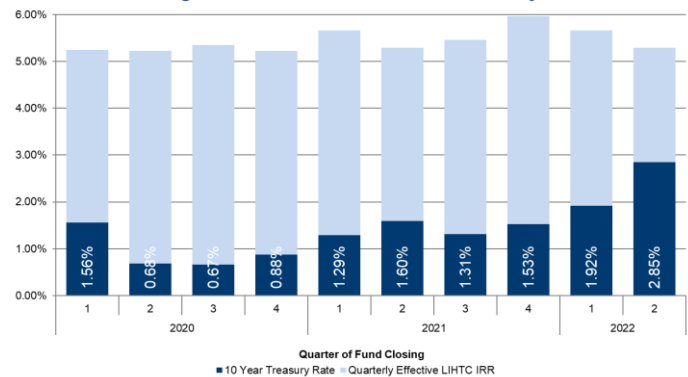
Housing credit investment yield & pricing update

- On an equity-weighted basis and taking into consideration tiered pricing, participants in our latest survey, as of April/May 2022, reported a **5.65%** blended IRR among the national multi-investor funds currently offered.
- The top tier of the IRRs offered among the surveyed multi-investor funds climbed higher to range between 6.25% and 7.50%.
- In our latest survey, the median reported housing credit price in the last 60 days was **\$0.888** across 148 properties, which represents a slight increase compared to the most recent survey result. Out of the 148 properties, 48% 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
Alliant Capital Alliant Tax Credit Fund 111	\$217	4% - 6.75%	\$0.81 - \$0.93	May 2022
Alliant Capital Alliant Tax Credit Fund 114	\$150	TBD	TBD	September 2022
Boston Financial (BFIM) Boston Financial ITC 57	\$140	5.00%	\$0.83 - \$0.915	August 2022
CREA CREA Corporate Tax Credit Fund 91, LP	\$342.5	3.5% - 7.1%	TBD	June 2022
Enterprise Equitable Upward Mobility Fund	\$100	TBD	TBD	September 2022
Merchants Capital Merchants Fund X	\$244	6.25% - 7.5%	\$0.8 - \$0.95	July 2022
PNC Real Estate PNC LIHTC Fund 86	\$200	3.25% - 6.5%	TBD	December 2022
R4 Capital R4 Housing Partners XVIII LP	\$295	TBD	TBD	July 2022
Raymond James RJTCF 49	\$350	TBD	TBD	July 2022
Raymond James RJTCF 51	\$150	TBD	TBD	June 2022
RBC Community Investments RBC National Fund 33	\$218	3.7% - 6.75%	\$0.815 - \$0.955	June 2022
Red Stone Equity Partners Fund 95 Limited Partnership	\$233	5.25% - 6.65%	TBD	June 2022
Regions Affordable Housing Regions Corporate Partners Fund 58 LLC	\$130	5% - 6.75%	\$0.815 - \$0.89	July 2022
Richman USA 140	\$249	4.4% - 6.75%	TBD	May 2022
WNC WNC Institutional Tax Credit Fund 53, L.P.	\$150	6.25% - 6.9%	\$0.81 - \$0.92	Q3 2022

Housing Tax Credit Yield vs. 10-Year Treasury Rates



CURRENT REGIONAL MULTI-INVESTOR FUNDS

Syndicator / Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
CAHEC Community Equity Fund XXVII LP	Southeast and mid-Atlantic US	\$150	5.75%	\$0.86	July 2022
Cinnaire Cinnaire Fund 38	Regional	\$175	3.75% - 6.75%	\$0.82 - \$0.90	October 2022
CREA California Tax Credit Fund 90, LP	California	\$143.2	5% - 6.65%	TBD	June 2022
Enterprise Housing Partners CalGreen VIII Fund	CA	\$100	TBD	TBD	July 2022
Merritt Fund 23	CA	\$175	TBD	TBD	December 2022
MHIC MHEF XVII	CT, MA, RI	\$50	3.5% - 4%	\$0.91 - \$0.93	July 2022
Midwest Housing Equity Group MHEG Fund 55	Regional	\$125	TBD	TBD	June 2022
OCCH Ohio Equity Fund For Housing 32A	Regional	\$250	4.75% - 6.5%	\$0.85 - \$0.93	July 2022
OCCH Ohio Equity Fund For Housing 32B	Regional	\$175	TBD	TBD	November 2022
R4 Capital R4 California Housing Partners VII LP	CA	\$127	TBD	TBD	July 2022
RBC Community Investments RBC CA Fund 8	CA	\$100	TBD	TBD	September 2022
Red Stone Equity Partners 2022 CA Regional Fund, L.P.	CA	\$125	TBD	TBD	September 2022
Richman Western Regional Fund II	Western States	\$125	TBD	TBD	August 2022
WNC Tax Credit Fund X, California Series 20	CA	\$100	6% - 6.5%	\$0.84 - \$0.88	Q3 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 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