

Housing Tax Credit Monitor

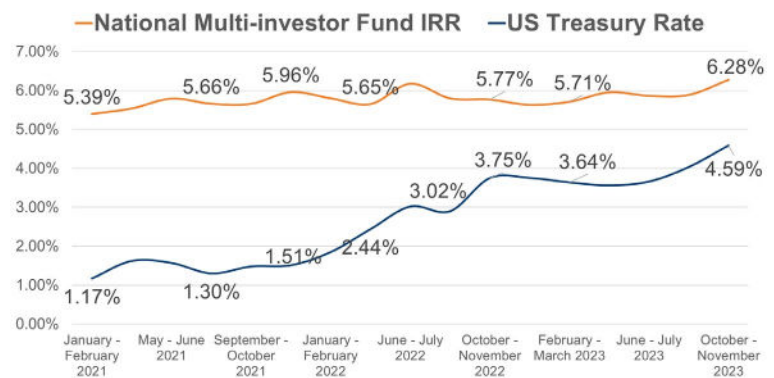


Current NATIONAL Multi-Investor Funds

Syndicator / Fund Name	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Boston Financial Boston Financial ITC 60	\$175	TBD	\$0.805 - \$0.945	February 2024
CREA Fund 105 (Fall 23 NF)	\$231.3	4.0% - 7.6%	TBD	December 2023
Enterprise EHP 43	\$350	TBD	TBD	December 2023
Enterprise EHP 44	\$300	TBD	TBD	June 2024
Marble Cliff Capital MCC Community Equity Fund 3	\$50	TBD	TBD	January 2024
Marble Cliff Capital MCC Community Equity Fund 4	\$75	TBD	TBD	April 2024
Merchants Capital Tax Credit Equity Fund 16	\$180	5% - 7.35%	TBD	December 2023
Grow America (NDC) NDC Corporate Equity Fund XIX	\$110	5.25%	TBD	TBD
PNC Real Estate PNC LIHTC Fund 92	\$130	4.75% - 7.40%	\$0.8679	December 2023
R4 Capital R4 Housing Partners XXI	\$235	TBD	TBD	December 2023
Raymond James RJTCF 52	\$200	TBD	TBD	December 2023
Raymond James RJTCF 53	\$250	TBD	TBD	March 2024
RBC Community Investments RBC National Fund-36	\$150 - \$175	TBD	TBD	April 2024
Red Stone Equity Partners Fund 103 Limited Partnership	\$200	5.5% - 7.5%	TBD	December 2023
Regions Affordable Housing Corporate Partners Fund 59	\$140	4.0% - 7.3%	\$0.835 - \$0.97	December 2023
Richman USA 144	\$155.5	TBD	TBD	TBD
US Bank USB LIHTC Fund 87	\$150	5.75% - 7.6%	TBD	March 2024
WNC Institutional Tax Credit Fund 56	\$295	6.75% - 7.5%	\$0.8781	April 2024

Current LIHTC Pricing

- On an equity-weighted basis and taking into consideration tiered pricing, participants in our latest survey, as of October/November 2023, reported a **6.28%** blended IRR among the national multi-investor funds currently offered.
- The median reported housing credit net equity price was **\$0.90** across 89 properties in the last 60 days, which is slightly higher than the August/September survey result.
- Multi-investor fund IRR levels offered have remained steady or slightly risen since 2021, while the spread between the multi-investor Fund IRR and the US Treasury Rate has decreased, from 422 basis points in January 2021 to 169 basis points in October 2023.



Current REGIONAL Multi-Investor Funds

Syndicator / Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Merritt Fund 24	CA	\$175	TBD	TBD	December 2023
Midwest Housing Equity Group MHEG 58	Midwest	\$150	TBD	TBD	December 2023
R4 Capital California Housing Partners VIII	CA	\$120	TBD	TBD	December 2023
Richman Richman Western Regional 3	Western States	\$90	TBD	TBD	TBD
US Bank USB LIHTC Fund 2022-5	CA	\$125	5% - 6%	TBD	March 2024
WNC Fund X California Series 21	CA	\$100	6.25%	\$0.87	May 2024

Equity-weighted Average	Net Equity Price	Projected After Tax IRR
National Funds	\$0.880	6.28%
California Funds	N/A	6.25%

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.

2023 Credit Study Released

CohnReznick is thrilled to announce its 10th Affordable Housing Credit Study, a biennial report that addresses the performance of properties financed with federal low-income housing tax credits (LIHTCs). The 2023 Credit Study, based on data collected from more than 30,600 properties, brings the housing tax credit industry’s operating and investment performance data current through 2022. **Get your copy at cohnreznick.com/2023creditstudy**

Through its 37-year history, the housing tax credit program has established an impressive record for building affordable housing and delivering promised returns to investors. This year’s data show that most properties financed with housing tax credits are fully occupied, with healthy financial performance and extremely low foreclosure rates. The respondents to CohnReznick’s survey report a 0.50% cumulative foreclosure rate, with no new foreclosures reported in 2021 or 2022.

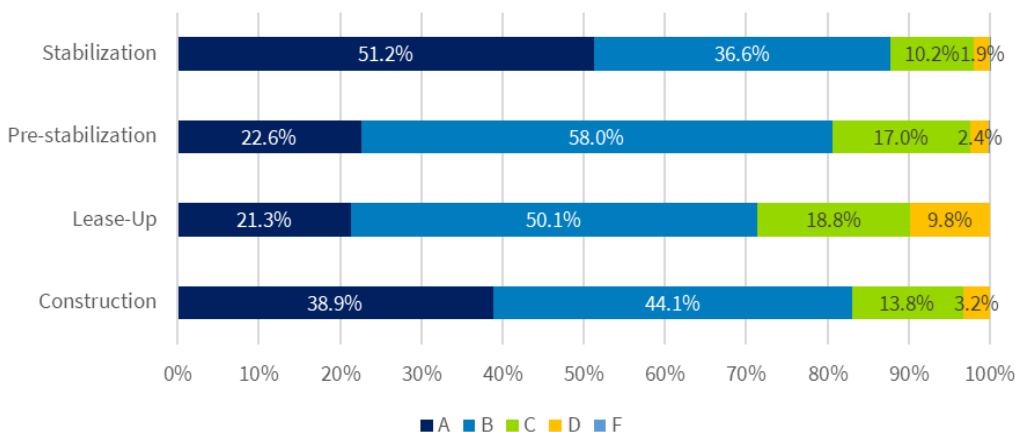
While performance remains robust overall, starting in 2022, however, some indicators signal that the portfolio is not completely immune from the broader economic headwinds that the national economy is facing in the post-pandemic era.

- Watch list percentages rose across properties in all stages of development in 2021-2022. As of Dec. 31, 2022, properties in lease-up reported the highest watch list representation of 28.6%, followed by pre-stabilized properties and properties under construction. This confirms our suspicion that the affordable housing industry did not completely escape the challenges of the broader real estate industry in the past few years.

- Stabilized occupancy remained very strong, given the pent-up demand for affordable housing nationwide. The national median physical occupancy rate has been consistently high and within a 96.4% to 97.9% range. However, rent collection losses have led to larger economic vacancy losses, as evidenced by a historically high 17% of the national portfolio reporting below 90% economic occupancy.
- Housing credit properties are in a good position, on a median basis, to make their debt payments. The median debt coverage ratio (DCR) was 1.38 for surveyed housing tax credit properties in 2022. More than 23% of the portfolio, however, operated at below breakeven in 2022.
- In addition to rent collection losses, we found operating expense spikes to be one of the main contributing factors for the rising watch list among the stabilized properties. From 2021 to 2022, operating expenses grew by 12.1% among the watch list properties, an even faster pace than the 8.2% growth rate (vs. the 3% underwriting assumption) reported among all stabilized properties.
- While performance metrics worsened, the subset suffering from severe underperformance remained very low, as evidenced by the fact that only 2.5% of the national portfolio were considered severe underperformers, i.e., risk-rated D or F according to the standards published by the Affordable Housing Investors Council (AHIC).

For market-specific information, access CohnReznick’s interactive Credit Tool, which provides county-level operating detail and metrics. Go to cohnreznick.com/2023creditstudy

Risk Rating by Development Status



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