

NH&RA FALL DEVELOPERS FORUM

Tax Credit Equity Roundtable



OPERATING DATA

National Equity Fund Portfolio

Operational Trends

Q2 2025

Active portfolio of 1,579: 205 in development and 1,374 operational

- Elevated Expenses: 7.2% increase overall from 2023 to 2024
 - Insurance +18.9%, following an 18% increase the prior year
 - Administrative expenses, property taxes & security costs
- Vacancy
 - Physical vacancy remains low, but...
 - Economic vacancy is climbing (Evictions for nonpayment, higher turnover costs, staffing shortages in maintenance, and elevated repair expenses)
- The good news...
 - NOI increased by 1.1% from 2022-2023 following a 10.6% increase from 2023 to 2024, improvement over the declining NOI seen in 2020 through 2022
 - NEF's watchlist **decreased** from YE 2024 to Q2 2025

Variances to Underwriting Assumptions

- Insurance expenses coming in lower than originally underwritten
- Payroll expenses frequently exceed underwritten assumptions
- On the revenue side, for deals approaching stabilization, we are generally seeing rents exceed projections, driven by strong AMI growth.
- Of note, the NEF portfolio continues to experience increases in the overall number of closing change requests from sponsor partners:

Year	Reserve Requests	PM Change	GP Change	Benchmark Deferrals	Ins. Deductible Increase	Debt Restructure	Total Requests All types
2021	497	39	18	63	12	64	859
2022	542	47	9	94	11	62	983
2023	695	75	24	89	24	74	1171
2024	781	88	19	93	23	76	1414
2025	539*	49*	19*	51*	26*	74*	1033*

*Data as of September 2025

Consent Request Trends

Year	Operating Reserve		Replacement Reserve	
	Number	Amount	Number	Amount
2022	96	\$3.03MM	396	\$10.86MM
2023	145	\$9.91MM	509	\$17.05MM
2024	155	\$12.85MM	559	\$16.80MM
2025	118*	\$11.80MM*	381*	\$9.09MM*

*Data as of September 2025

- Deals in development - excess sources at conversion:
 - Conservative underwriting
 - Upsizing construction loan interest reserves, unnecessary as rising interest rates subsided
 - Projects completed on time/under contingency
 - Requests have been made to pay down deferred fee early, reduce sponsor loans and/or permanent loans, increase reserves, and add additional building and site amenities to repurpose the cost savings.
- Shift in nature of reserve requests
 - Decline in replacement reserve requests (deferred maintenance/unit turns from Covid)
 - 2025 replacement reserve activity ~two-thirds of 2024 levels
 - Increase in Operating Reserve size and frequency (insurance, administrative and security costs, and payroll)
 - Thoughtful use of available resources to stabilize