

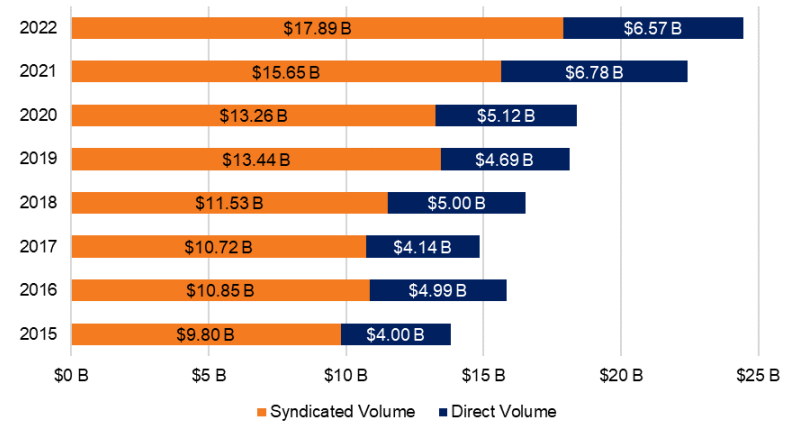
HOUSING TAX CREDIT MONITOR

February 2023

2022 HOUSING CREDIT EQUITY VOLUME SURVEY

- CohnReznick's annual survey of federal housing tax credit market participants, including 38 syndicators and direct investors, concluded that approximately **\$24.5 billion of investor equity** was closed into housing tax credit funds and direct investments in 2022.
- It is important to clarify that consistent with prior years, the volume cited is closed investor equity, not lower-tier property closing volume, the latter of which would be more heavily influenced by closing delays.
- The 2022 figure represents a **9% increase** from the 2021 level. Of the \$24.5 billion total equity closed in 2022, 73% was syndicated and 27% was directly invested. The direct investment share of the market decreased slightly between 2021 and 2022; we speculate that direct volume was impacted more than syndicated because of the lower-tier closing dynamic we discussed previously. The syndicated share of the equity market increased by 14%.
- Housing Tax Credit Monitor pricing data suggests that lower-tier pricing was relatively stable throughout 2022, and likely didn't play a role in the increase in equity volume.
- A fair question upon seeing the increase in 2022 equity volume is, "Why?" The increase seems counterintuitive given the expiration of the 12.5% annual increase in the 9% credit supply in 2021 and the waning disaster credit allocations, which both contributed to prior years' volume increases. Again, the reported figures speak to investor equity closed, where the credit supply consisted of a mix of 2021 allocations and forward allocations. Finally, the continued proliferation of 4% credit properties in select markets likely contributed to the higher volume in 2022.

Annual Equity Volume: Syndicated vs. Direct



- The Community Reinvestment Act (CRA) continues to be the prime driver of equity investment in affordable housing, accounting for 82% of the total equity surveyed. However, the share of non-CRA-motivated investors (either economic or GSE investors) increased in 2022, reaching 18%, the highest level since 2018. The impact of the GSE's re-entry and expanded mandate in the market is clearly being felt in the split between CRA and non-CRA investor equity volume.

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 XXVIII	Southeast and Mid-Atlantic	\$150	TBD	TBD	July 2023
Cinnaire Cinnaire Fund 39	Midwest	\$140	4.00% - 7.25%	TBD	May 2023
Cinnaire Ubuntu Equitable Access Fund	Midwest	\$60	4.75%	TBD	March 2023
Enterprise EHCF 9	CA	\$120	TBD	TBD	August 2023
Evernorth Housing New England, Fund IV LP	ME, VT, NH	\$75	5.33%	\$0.83 - \$0.92	March 2023
Merritt Fund 24	CA	\$175	TBD	TBD	September 2023
Midwest Housing Equity Group MHEG 57	Midwest	\$150	TBD	TBD	June 2023
Raymond James CAHOF 12	CA	\$175	TBD	TBD	April 2023
RBC Community Investments RBC CA Fund-8	CA	\$102	4.50% - 6.00%	\$0.885 - \$1.01	February 2023
WNC Fund X California Series 20, L.P.	CA	\$150	6.00% - 7.00%	\$0.9306	August 2023

Equity-weighted Average	Net Equity Price	Projected After-Tax IRR
National Funds	\$0.883	5.87%
State Regional Funds excluding CA	\$0.888	5.98%
California Funds	\$0.948	5.25%

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 58	\$160	3.71% - 7.00%	\$0.82 - \$0.96	March 2023
CREA CREA Emerging Developer Fund	\$45	5.00%	TBD	June 2023
Enterprise EHP 41	\$250	TBD	TBD	June 2023
Hunt Hunt Capital Partners 49	\$165	TBD	TBD	May 2023
Marble Cliff Capital MCC Community Equity Fund 3	\$100	5.00% - 6.50%	\$0.82 - \$0.91	September 2023
Merchants Capital Tax Credit Equity Fund 14	\$299	6.25% - 7.25%	\$0.885	May 2023
NDC NDC Corporate Equity Fund XIX	\$110	4.75%	TBD	June 2023
PNC Real Estate PNC LIHTC Fund 87, LLC	\$175	TBD	TBD	June 2023
R4 Capital R4 Housing Partners XIX LP	\$235	TBD	TBD	TBD
Raymond James RJTCF 51	\$450	TBD	TBD	February 2023
Red Stone Equity Partners Fund 99 Limited Partnership	\$175	4.35% - 7.10%	TBD	April 2023
Richman USA 150	\$250	TBD	TBD	June 2023
WNC Institutional Tax Credit Fund 54	\$165	5.33% - 7.40%	\$0.866	March 2023

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.