

### A Time Tested Method to Fill Funding Gaps

- Avid readers of the Housing Tax Credit Monitor, and industry participants alike, know that the pricing of housing tax credits dropped sharply (by roughly \$0.10 cents) following the November 2016 presidential election. The immediate decline in lower tier pricing resulted in financing gaps for projects slated for closing in the first three quarters of 2017.
- In the first quarter of the year, state agencies began to think creatively about how they could help developers fund the newfound gaps. California proposed a solution that many developers had not yet considered: splitting a single project into two separate projects. Under this scenario, a conventionally-financed 9% project is paired with a 4% tax exempt financed project. Many other states have since employed similar approaches to solving this problem.
- While the 9%/4% structure employed by California has been utilized in the past, primarily by developers working in states with high development cost areas, the complex structure presents challenges that must be met and pitfalls to avoid. For more information please contact a member of TCIS at [TCIS@CohnReznick.com](mailto:TCIS@CohnReznick.com)

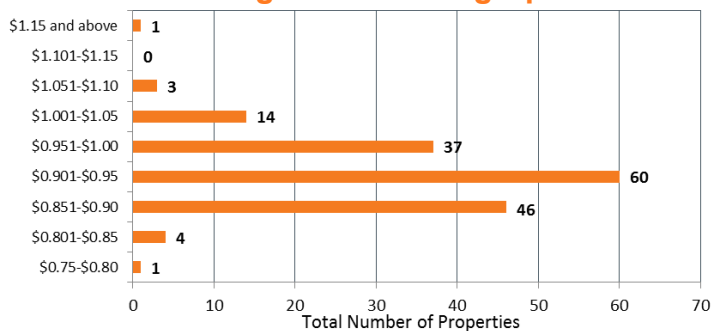
### Current Multi-Investor Funds

| Syndicator/<br>Fund Name                                  | Region                | Estimated<br>Fund Size<br>(millions) | After-Tax Cash<br>Needs IRR | Net<br>Equity<br>Price | Target<br>Closing |
|---|-----------------------|--------------------------------------|-----------------------------|------------------------|-------------------|
| <b>Alliant</b><br>Alliant Tax Credit<br>Fund 89           | National              | \$125                                | 4.25% - 6.00%               | \$0.93                 | October<br>2017   |
| <b>BFIM</b><br>ITC 47                                     | National              | \$105                                | 5.30% - 6.00%               | \$0.91                 | August<br>2017    |
| <b>BFIM</b><br>ITC 48                                     | National              | \$150                                | 5.00% - 6.00%               | TBD                    | December<br>2017  |
| <b>Boston Capital</b><br>BCCTC Fund 44                    | National              | \$150                                | TBD                         | TBD                    | December<br>2017  |
| <b>Boston Capital</b><br>California Fund VII              | CA                    | \$90                                 | 5.00%                       | \$0.98                 | October<br>2017   |
| <b>Cinnaire</b><br>Cinnaire Fund 33                       | MI, IN, IL,<br>WI, MN | \$50                                 | TBD                         | TBD                    | 4Q 2017           |
| <b>Cinnaire</b><br>Cinnaire Mid-<br>Atlantic Fund 4       | CA                    | \$30                                 | TBD                         | TBD                    | 1Q 2018           |
| <b>CREA</b><br>CREA Corporate<br>Tax Credit Fund 57       | National              | \$175                                | 5.00% - 6.00%               | TBD                    | December<br>2017  |
| <b>CREA</b><br>CREA California<br>Tax Credit Fund 58      | CA                    | \$80                                 | 5.00%                       | TBD                    | January<br>2018   |
| <b>Enterprise</b><br>Enterprise Housing<br>Partners XXIX* | National              | \$164                                | 2.75% - 5.00%               | \$0.93                 | September<br>2017 |
| <b>MHEG</b><br>MHEG Fund 48                               | Midwest               | \$135                                | 5.65%                       | TBD                    | October<br>2017   |
| <b>MHIC</b><br>MHEF XXIII                                 | MA, CT, RI            | \$68                                 | 4.25%                       | \$0.98                 | August<br>2017    |

\* Modeled at a 20% corporate tax rate.

| Equity-Weighted Average             | Net Equity Price | Projected After-Tax IRR |
|-------------------------------------|------------------|-------------------------|
| National Funds                      | <b>\$0.92</b>    | <b>5.28%</b>            |
| State / Regional Funds Excluding CA | <b>\$0.98</b>    | <b>5.18%</b>            |
| California Funds                    | <b>\$0.98</b>    | <b>5.00%</b>            |

### Housing Credit Pricing Update



- The pricing update graph above represents the distribution of lower tier pricing for participating syndicators in the last 60 days based on 166 properties. The median reported housing credit price in the last 60 days was **\$0.93** cents across 166 deals, which is \$0.01 cent less than the median reported credit price in the July 2017 issue of CohnReznick's Housing Tax Credit Monitor. Pricing reported in the last 60 days is a full \$0.10 cents less than same survey period in 2016, across 114 deals.
- On an equity-weighted average basis, participants in our latest survey (July-August 2017) reported a **\$0.92** cent net equity price and a **5.28%** upper tier IRR among surveyed national multi-investor funds. Unless otherwise noted, all of the upper tier IRRs were calculated utilizing a hypothetical 25% corporate tax rate.

### Current Multi-Investor Funds

| Syndicator/<br>Fund Name   | Region   | Estimated<br>Fund Size<br>(millions) | After-Tax Cash<br>Needs IRR | Net Equity<br>Price | Target<br>Closing |
|--|----------|--------------------------------------|-----------------------------|---------------------|-------------------|
| <b>NDC</b><br>NDC Corporate<br>Equity Fund XIV                       | National | \$75                                 | 5.00%                       | \$0.90              | January<br>2018   |
| <b>PNC</b><br>PNC Tax Credit<br>Institutional Real<br>Estate Fund 65 | National | \$115                                | TBD                         | TBD                 | August<br>2017    |
| <b>PNC</b><br>PNC Tax Credit<br>Institutional Real<br>Estate Fund 66 | National | \$125                                | TBD                         | TBD                 | December<br>2017  |
| <b>R4</b><br>R4 Housing Part-<br>ners IX                             | National | \$150                                | TBD                         | TBD                 | January<br>2018   |
| <b>Raymond James</b><br>RJTCF 43                                     | National | \$200                                | TBD                         | TBD                 | October<br>2017   |
| <b>Raymond James</b><br>CAHOF VI                                     | CA       | \$125                                | TBD                         | TBD                 | December<br>2017  |
| <b>RBC</b><br>RBC Tax Credit<br>Equity-HAI Fund 1                    | National | \$52 - \$70                          | 6.25%                       | \$0.94              | September<br>2017 |
| <b>RBC</b><br>RBC Tax Credit<br>Equity National<br>Fund-26           | National | \$125                                | 4.00% - 6.00%               | \$0.91              | October<br>2017   |
| <b>Red Stone</b><br>Red Stone Equity<br>- 2017 National<br>Fund      | National | \$188                                | 5.00% - 6.00%               | \$0.91              | September<br>2017 |
| <b>Strafford</b><br>Strafford Fund 27                                | National | \$100                                | 5.25% - 5.75%               | TBD                 | October<br>2017   |
| <b>WNC</b><br>Institutional TC<br>Fund 44                            | National | \$100                                | 6.00%                       | \$0.89              | 4Q 2017           |

Note: In calculating the equity-weighted average net equity price and projected after-tax IRR, tiered pricing and IRR data were averaged for those funds who reported a range. 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 in CohnReznick's Tax Credit Investment Services practice. Please visit CohnReznick's website at [www.cohnreznick.com](http://www.cohnreznick.com).