December 2023

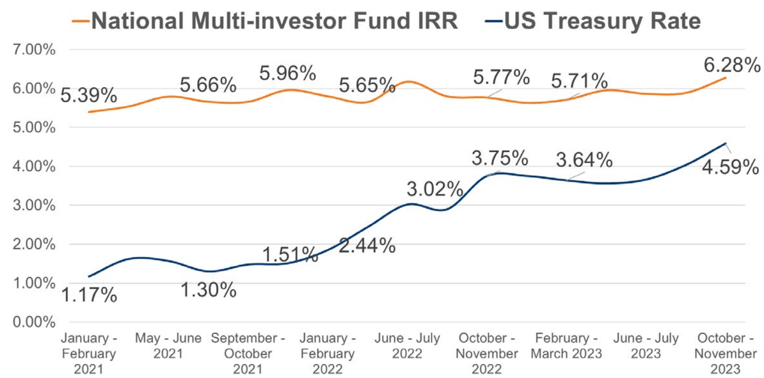
# Housing Tax Credit Monitor

## Current NATIONAL Multi-Investor Funds

| Syndicator / Fund Name | Estimated Fund Size (millions) | After-Tax Cash Needs IRR | Net Equity Price | Target Closing |
|---|---|---|---|---|
| **Boston Financial**<br>Boston Financial ITC 60 | $175 | TBD | $0.805 - $0.945 | February 2024 |
| **CREA**<br>Fund 105 (Fall 23 NF) | $231.3 | 4.0% - 7.6% | TBD | December 2023 |
| **Enterprise**<br>EHP 43 | $350 | TBD | TBD | December 2023 |
| **Enterprise**<br>EHP 44 | $300 | TBD | TBD | June 2024 |
| **Marble Cliff Capital**<br>MCC Community Equity Fund 3 | $50 | TBD | TBD | January 2024 |
| **Marble Cliff Capital**<br>MCC Community Equity Fund 4 | $75 | TBD | TBD | April 2024 |
| **Merchants Capital**<br>Tax Credit Equity Fund 16 | $180 | 5% - 7.35% | TBD | December 2023 |
| **Grow America (NDC)**<br>NDC Corporate Equity Fund XIX | $110 | 5.25% | TBD | TBD |
| **PNC Real Estate**<br>PNC LIHTC Fund 92 | $130 | 4.75% - 7.40% | $0.8679 | December 2023 |
| **R4 Capital**<br>R4 Housing Partners XXI | $235 | TBD | TBD | December 2023 |
| **Raymond James**<br>RJTCF 52 | $200 | TBD | TBD | December 2023 |
| **Raymond James**<br>RJTCF 53 | $250 | TBD | TBD | March 2024 |
| **RBC Community Investments**<br>RBC National Fund-36 | $150 - $175 | TBD | TBD | April 2024 |
| **Red Stone Equity Partners**<br>Fund 103 Limited Partnership | $200 | 5.5% - 7.5% | TBD | December 2023 |
| **Regions Affordable Housing**<br>Corporate Partners Fund 59 | $140 | 4.0% - 7.3% | $0.835 - $0.97 | December 2023 |
| **Richman**<br>USA 144 | $155.5 | TBD | TBD | TBD |
| **US Bank**<br>USB LIHTC Fund 87 | $150 | 5.75% - 7.6% | TBD | March 2024 |
| **WNC**<br>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**<br>Fund 24 | CA | $175 | TBD | TBD | December 2023 |
| **Midwest Housing Equity Group**<br>MHEG 58 | Midwest | $150 | TBD | TBD | December 2023 |
| **R4 Capital**<br>California Housing Partners VIII | CA | $120 | TBD | TBD | December 2023 |
| **Richman**<br>Richman Western Regional 3 | Western States | $90 | TBD | TBD | TBD |
| **US Bank**<br>USB LIHTC Fund 2022-5 | CA | $125 | 5% - 6% | TBD | March 2024 |
| **WNC**<br>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% |



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## 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](cohnreznick.com/2023creditstudy)**

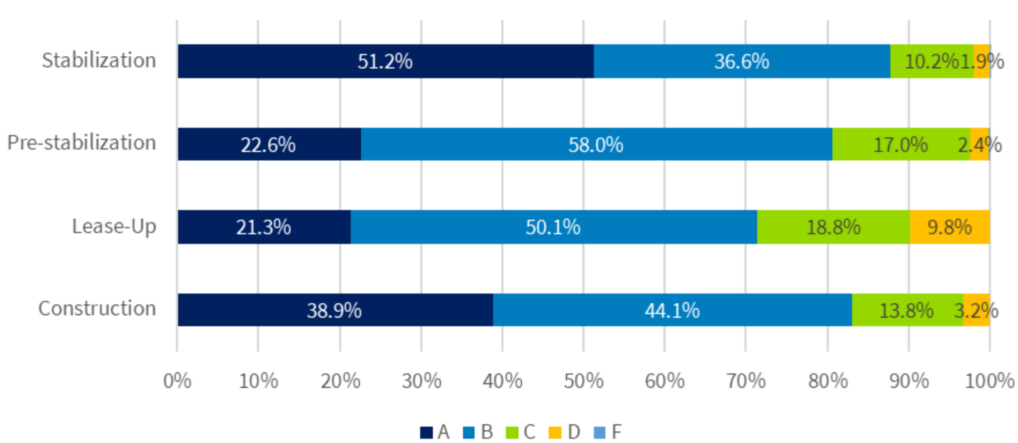
Through its 37-year history, the housing tax credit program has established an impressive record for building affordable housing and delivering promised returns to investors. This year's data show that most properties financed with housing tax credits are fully occupied, with healthy financial performance 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](cohnreznick.com/2023creditstudy)**

### Risk Rating by Development Status




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.

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