

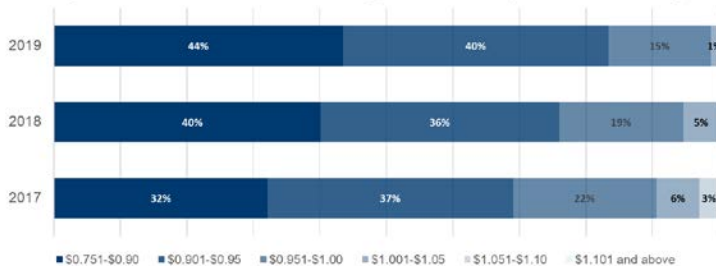
HOUSING TAX CREDIT MONITOR

November 2019

Housing Credit Pricing Update

- On an equity-weighted average basis, participants in our latest survey (September-October 2019) reported a **4.88%** blended IRR among the national multi-investor funds currently offered.
- The pricing update graph below represents the net equity price distribution of investments approved by the participating syndicators in the last 60 days. The median reported housing credit price in the last 60 days was **\$0.912 cents** across 163 properties, which is generally consistent with the previous survey.
- Notably, the percentage of projects with credits priced between \$0.751 and \$0.950 continues to rise and now accounts for 84% of properties, while the percentage of projects with greater than \$1 per credit pricing is at its lowest in more than three years.

September-October LIHTC Pricing Distribution (Years 2017-2019)



CURRENT NATIONAL MULTI-INVESTOR FUNDS

Syndicator / Fund Name	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Alliant Alliant Tax Credit Fund 96	\$157	4.25% - 6%	\$0.92	December 2019
BFIM BFIM Fund 51	\$107	4.5% - 6%	\$0.86 - \$0.965	TBD
BFIM BFIM Fund 52	\$175	4.5% - 6%	\$0.86 - \$0.955	February 2020
Boston Capital BCCTC Fund 48	\$150	TBD	\$0.85 - \$0.99	January 2020
CREA CREA Corporate Tax Credit Fund 74, LLC	\$350	3.75% - 6.125%	TBD	December 2019
Enterprise Fund XXXII	\$200	TBD	TBD	December 2019
NDC NDC Corporate Equity Fund XVI	\$100	4% - 4.5%	TBD	June 2020
PNC PNC LIHTC Fund 73	\$200	3.5% - 4.75%	\$0.85 - \$1.02	TBD
R4 R4 Housing Partners XII LP	\$175	TBD	TBD	December 2019
Raymond James RJTCF 46	\$100	TBD	TBD	March 2020
RBC RBC National Fund-30	\$100-\$125	TBD	TBD	Q1 2020
Red Stone Red Stone Equity - Fund 75 LP	\$130	4.5% - 6%	TBD	December 2019
Regions Regions Corporate Partners Fund 56	\$100	4.65% - 5.75%	\$0.88 - \$0.94	March 2020
WNC WNC Institutional Tax Credit Fund 48	\$150	4% - 6%	\$0.8321 - \$1.02	January 2020

Twinning 9% and 4% credits

As State Housing Finance Agencies (HFAs) seek to stretch their limited 9% credits to create the most affordable housing possible, some states are allowing, and even rewarding, projects to twin 9% credits with 4% credits, essentially splitting one project into two distinct projects/credit streams. As noted, twinning allows state HFAs to stretch their valuable 9% credits and helps to close funding gaps, which reduces developer reliance on soft debt sources. The net result of these positive impacts is an incentive for developers of large projects to keep the entire project affordable.

While twinning has many advantages, the ownership structure of the real estate and cost allocation present challenges that must be overcome to twin 9% and 4% credits successfully. Since the use of tax-exempt financing can corrupt 9% credits, the projects must be kept separate. Some successful methods of separating real estate ownership include condominium or air rights structure, bifurcated land leases, and subdividing land into separate tax parcels. Additionally, the allocation of project costs must be reasonable. Methods to ensure reasonable cost allocation include having a soft cost sharing agreement in place, separate construction contracts, and allocating costs based on a rentable square footage basis.

Given the increase in states which allow twinning and the benefits conferred by adopting the practice, we expect to see it grow in the coming years. We presented two of the main issues associated with twinning; with proper foresight and planning, these and similar issues can be avoided.

CURRENT REGIONAL MULTI-INVESTOR FUNDS

Syndicator / Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Boston Capital California Fund IX	CA	\$100	TBD	\$0.905 - \$1	January 2020
CAHEC CEF Fund XXIV	Southeast and mid-Atlantic US	\$120	4.60%	\$0.90	November 2019
Cinnaire Mid-Atlantic Fund 5	DE, MD, PA, NJ	\$34	3.50%	\$0.96	March 2020
Enterprise CA Fund 5	CA	TBD	TBD	TBD	November 2019
MHEG MHEG Fund 51	Midwest	\$190	5.25%	TBD	November 2019
MHIC MHEF XXV	MA	\$71.5	4.50%	\$0.88	TBD
OCCH Ohio Equity Fund for Housing XXX	TBD	TBD	TBD	TBD	Q1 2020
R4 CA Fund V	CA	\$75	TBD	TBD	November 2019
Raymond James CAHOF IX	CA	\$125	TBD	TBD	December 2019
RBC California Fund - 5	CA	\$65.6	4% - 4.75%	\$1.005	October 2019
RBC California Fund - 6	CA	\$50-\$75	TBD	TBD	Q1 2020
RedStone 2019 CA Fund	CA	\$80	4% - 5.75%	TBD	December 2019
WNC Fund X CA Series 17	CA	\$76	4% - 5%	\$0.9 - \$0.95	February 2020

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.