

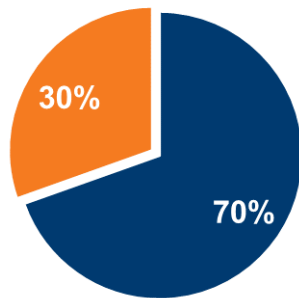
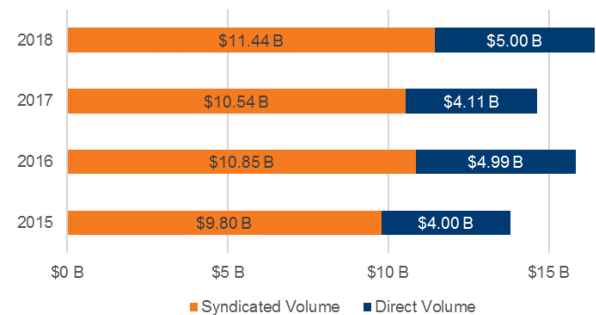
# HOUSING TAX CREDIT MONITOR

March 2019

## 2018 HOUSING CREDIT EQUITY VOLUME SURVEY

- Our survey of housing tax credit market participants, including 40 syndicators and direct investors, estimates the 2018 gross housing credit equity volume to approximate \$16.4 billion. The 2018 volume reflects a \$1.8 billion (12%) increase from the 2017 volume amount of \$14.5 billion.
- Following the disruption caused by tax reform, the resulting reduced corporate tax rate and changes to depreciation that ultimately reduced the value of tax credit investments, 2018 saw investors gain comfort with post-reform realities. The impact of the first year of 12.5% annual increases to the supply of 9% housing credits and the return of the GSEs to the equity investment market provided likely attributed to the year-over-year growth observed. The survey results seem to indicate that investor confidence in the asset class returned in 2018.
- Pricing was stable throughout 2018. From December 2017 to December 2018, housing tax credit net equity pricing remained very steady at a national median of \$0.92, after having fallen nearly 10 cents throughout 2017.

Annual Equity Volume



■ Syndicated Volume ■ Direct Volume

- Of the \$16.4 billion total equity closed in 2018, 70% (\$11.4 billion) was syndicated and 30% (\$5.0 billion) was directly invested.
- The presence of banking institutions continued to dominate the investor base of syndicated funds, albeit at the lowest rate since CohnReznick began tracking this information. In 2018, approximately 68% of the total surveyed equity was sourced from investors motivated by the Community Reinvestment Act ('CRA'), with the balance sourced from so-called economic investors. The return of the GSEs served to buoy overall economic investor equity, increasing from 20.6% of the total market in 2016, to 27.7% in 2017, to 32.0% in 2018.
- While 2018's volume represented a new high-water mark for investor equity, the industry is still in the process of fully digesting the impacts of tax reform, including deciding whether or not to make the so-called real property trade or business election. Depending on the nature of any existing portfolio, such an election could result in materially lower losses than originally projected, which in turn could impact future investment appetite.

## CURRENT NATIONAL MULTI-INVESTOR FUNDS

Syndicator / Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Alliant Alliant Fund 94	National	\$140	4% - 6%	\$0.92	March 2019
BFIM BFIM Fund 50	National	\$184	4% - 5.75%	0.84 - 0.98	March 2019
Boston Capital BCCTC Fund 47	National	\$125	TBD	0.86 - 0.99	June 2019
NDC NDC Fund XIV	National	\$80	4.50%	TBD	March 2019
PNC PNC Fund 71	National	\$175	4.25% - 5.75%	\$0.92	TBD
R4 R4 Fund XI	National	\$200	TBD	TBD	July 2019
Raymond James RJTCF 45	National	\$200	TBD	TBD	June 2019
Redstone 2019 National Fund	National	\$175	4.75% - 6%	TBD	April 2019
Regions Regions Fund 55	National	\$100	4.65% - 6%	0.86 - 0.92	TBD
WNC WNC Fund 46	National	\$110	5% - 5.75%	0.7983 - 1.05	March 2019

## CURRENT REGIONAL MULTI-INVESTOR FUNDS

Syndicator / Fund Name	Region	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Alliant Alliant Fund 96	AZ, CA, CO, WA	\$105	4.5% - 5%	\$0.92	March 2019
CAHEC CEF XXIV	Southeast / Mid-Atlantic	\$150	4.60%	\$0.90	June 2019
Cinnaire Cinnaire Fund 34	MI, IN, WI, IL, MN	\$150	TBD	TBD	July 2019
Cinnaire Mid-Atlantic Fund 5	DE, MD, PA, NJ	\$20	TBD	TBD	July 2019
CREA CREA CA Fund 70	CA	\$94	4% - 5.2%	TBD	April 2019
Enterprise CalGreen VI Fund	CA	\$70	TBD	TBD	September 2019
MHEG MHEG Fund 51	Midwest	\$200	TBD	TBD	September 2019
MHIC MHEF XXV	MA	\$65	4.50%	TBD	June 2019
Raymond James CAHOF VIII	CA	\$100	TBD	TBD	June 2019
WNC CA Fund X Series 17	National	\$100	TBD	\$0.94	TBD

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.