

March 2025 Housing Tax Credit Monitor

Current LIHTC Pricing

- Participants in our latest survey, as of December 2024 – January 2025, reported IRRs ranging from 5.25% to 8.00% among the national multi-investor funds currently offered.
- Notably, 21 of the 29 multi-investor funds currently being offered by respondents did not specify an IRR range or target. Most funds listed are slated to close in the first half of 2025, and pricing is still in flux.
- The median reported housing credit net equity price was \$0.853 across 134 properties in the last 60 days, which is slightly lower than the October – November 2024 survey result.
- The current survey's results continue the general downward trend in price per credit we have observed since 2022 when pricing averaged (average of each CR survey result) \$0.89. Average pricing has dipped each subsequent year: \$0.88 in 2023, and \$0.87 in 2024.

Current NATIONAL Multi-Investor Funds

Syndicator / Fund Name	Estimated Fund Size (millions)	After-Tax Cash Needs IRR	Net Equity Price	Target Closing
Berkadia – Housing Partnership XV 2025	\$125	TBD	TBD	June 2025
Boston Financial - ITC 61	\$175	TBD	\$0.835 - \$0.93	March 2025
CREA - Fund 110 Economic Investor	\$91.5	8.00%	TBD	February 2025
Enterprise – EEUMF 2	\$100	TBD	TBD	April 2025
Enterprise – EHP 47	\$250	TBD	TBD	June 2025
Greystone – RE Capital National Fund I	\$100	5.25% - 7.50%	\$0.82 - \$0.92	April 2025
Hunt – Hunt Capital Partners 52	\$200	TBD	TBD	July 2025
Marble Cliff Capital - MCC Community Equity Fund 4	\$75	TBD	TBD	April 2025
Marble Cliff Capital - MCC Community Equity Fund 5	\$75	TBD	TBD	October 2025
Merchants Capital - Tax Credit Equity Fund 25	\$175	6.00% - 8.00%	\$0.83 - \$0.93	June 2025
PNC – LIHTC Fund 98	\$250	7.75%	\$0.92 - \$0.97	June 2025
R4 Capital - R4 Housing Partners XXIII	\$255	TBD	TBD	January 2025
Raymond James - RJTCF 54	\$300	TBD	TBD	February 2025
Raymond James – RTJCF 55	\$200	TBD	TBD	February 2025
RBC Community Investments - RBC National Fund-38	\$200 - \$225	TBD	TBD	April/May 2025
Red Stone Equity Partners - Fund 116	\$200	TBD	TBD	May 2025
Regions Affordable Housing - Corporate Partners Fund 81	\$140	TBD	TBD	August 2025
Richman - USA 160	\$200	TBD	TBD	July 2025
US Bank - USB LIHTC Fund 87	\$133	TBD	TBD	February 2025
Walker & Dunlop Affordable Equity – Fund 124	\$260	6.75% - 8.00%	\$0.91 - \$0.94	April 2025
WNC - Institutional Tax Credit Fund 57	\$250	6.75% - 7.5%	\$0.76 - \$0.90	April 2025

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 30	SE & Mid-Atlantic	\$105	TBD	TBD	May 2025
Cinnaire - Fund for Housing 43	Midwest & Mid-Atlantic	\$250	4.00% - 8.00%	\$0.78 - \$0.96	May 2025
Evernorth – Housing New England, Fund VI	ME, NH, VT	\$65	5.75%	\$0.82 - \$0.86	February 2025
Merritt Community Capital Corp. – Fund 26	California	\$150	TBD	TBD	December 2025
Midwest Housing Equity Group - MHEG 61	Midwest	\$200	TBD	TBD	May 2025
R4 Capital - California Housing Partners IX	California	\$130	TBD	TBD	May 2025
Richman - Richman Western Regional 5	Western States	\$120	TBD	TBD	July 2025
US Bank – USB LIHTC Fund 88	Western	\$146	TBD	TBD	June 2025
WNC - Fund X California Series 22	California	\$100	6.50%	\$0.81 - \$0.87	April 2025

2024 LIHTC Equity Market Volume Survey

CohnReznick's annual survey of federal housing tax credit market participants has revealed that approximately \$28.9 billion in investor equity was closed into housing tax credit funds and direct investments in 2024. This represents a 7.6% increase from the 2023 level. Somewhat complicating this calculation is the impact of direct investors syndicating deals from their direct portfolios. While similar to a secondary transaction, we consider these syndications to be new volume for the year. Notably, the volume cited reflects closed investor equity rather than lower tier property closing volume, consistent with prior surveys.

Throughout 2024, median lower tier pricing remained relatively stable, suggesting that pricing did not play a significant role in the increase in equity volume. Conversely, the expiration of the annual 12.5% increase in 9% credit supply in 2021 would lead some to think that volume might decrease. Instead, the continued proliferation of 4% credit properties in select market, as well as bank syndicators' activity more than absorbed the decrease in 9% volume and likely contributed to the modestly higher volume observed.

Of the \$28.9 billion total equity closed in 2024, 71% was syndicated and 29% was directly invested. Among the syndicated equity, 43% was multi-investor fund and 57% was proprietary fund investments.

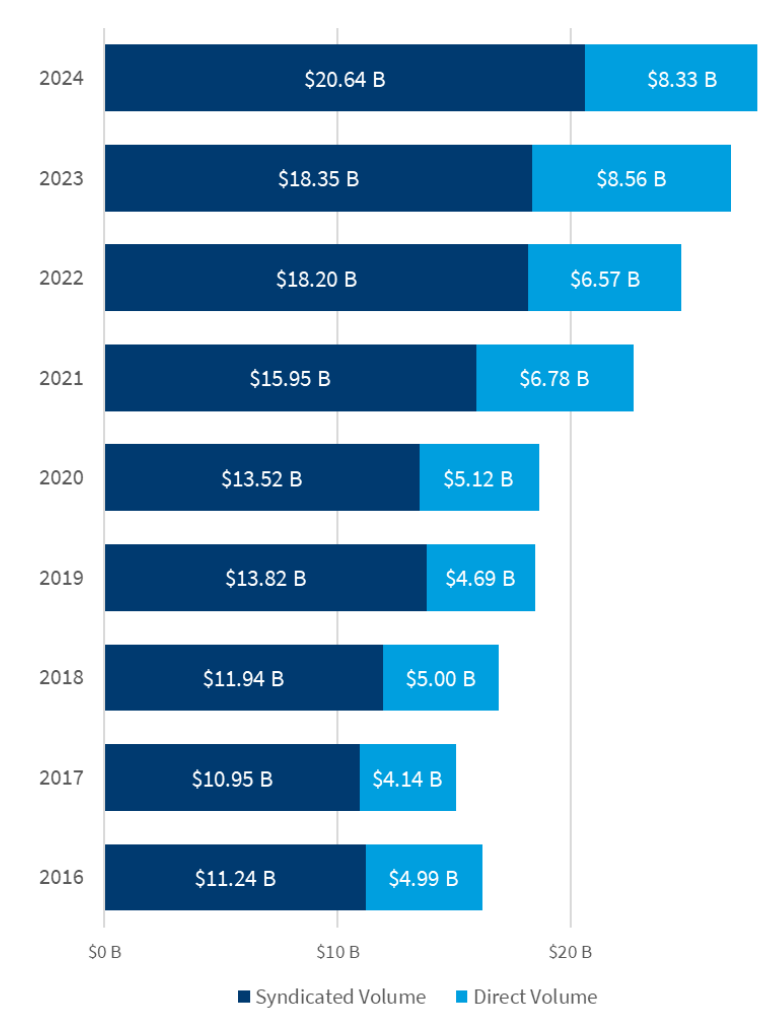
The Community Reinvestment Act (CRA) continues to be the primary driver of equity investment in affordable housing with bank investors accounting for approximately 80% of the total equity surveyed. The remaining 20% came from non-bank investors, including economic investors and the government-sponsored entities (GSEs). This result reinforces the critical role that CRA plays in sustaining the LIHTC equity investment market.

However, the future of CRA demand is uncertain. It is widely expected that the 2023 CRA final rule (*which was to be implemented beginning January 2026 but currently stayed by a Texas district court injunction as of January 2025*) will be scrapped and new rules yet to be formulated, the resulting impact to CRA motivated LIHTC demand remains unclear.

Investors are also increasingly considering other tax credits as tools to manage their corporate tax liability. Despite increasing LIHTC IRRs, renewable credit investments continue to be attractive relative to LIHTC from a return and investment timeline perspective. Further, tax legislation in 2025 is expected to be extensive with many factors like the reduction of the 50% bond test, an increase of the credit supply and the potential to restart bonus depreciation that could impact the demand for LIHTCs. How the equity market weighs these considerations will no doubt impact pricing and demand – the extent to which remains unknown at this time.

While the 2024 LIHTC volume results are encouraging, the affordable housing market must navigate the challenges posed by regulatory changes and evolving investor behavior. Stakeholders should remain vigilant and adaptable to support continued investment in affordable housing amidst these uncertainties.

Annual Equity Volume: Syndicated vs. Direct



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.

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