

ASSET MANAGEMENT

Low-Income Housing Tax Credit Portfolio Trends Analysis



Enterprise's Low-Income Housing Tax Credit (LIHTC) Portfolio Trends Analysis provides important information to our management and underwriting teams based on our asset management of more than 114,000 affordable homes. Largely drawn from year-end 2021 financials, this report reviews and analyzes key trends across the portfolio, reflecting continued strong performance.

PORTFOLIO



REVENUE



EXPENSES



PERFORMANCE



WATCHLIST



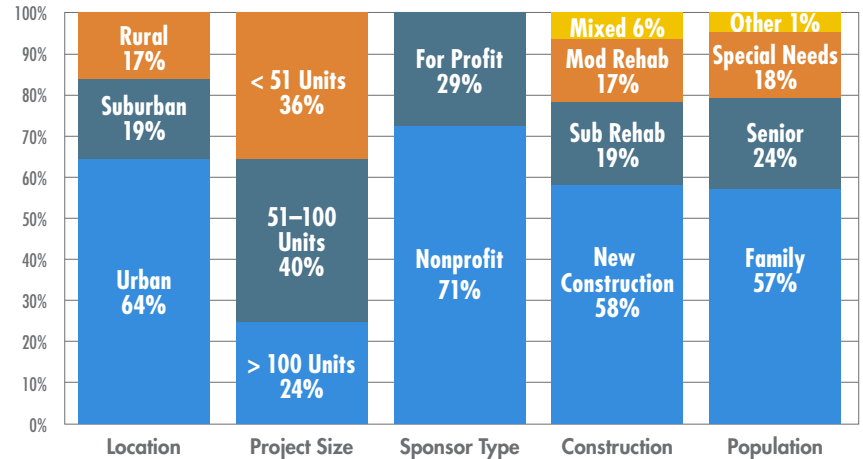


PORTFOLIO

- In 2021, Enterprise closed 99 projects. These projects represent more than 9,700 residential units and more than \$1.6 billion of gross equity.
- The cumulative investment since Enterprise began syndication in 1988 is \$18.4 billion in gross equity, invested in more than 2,600 projects with a total of 186,000 units.
- As of June 2022, Enterprise has transferred more than 1,250 projects, mostly post-Year 15, representing over 72,000 residential units.
- The average property size is currently 84 units and \$10.2 million in gross equity.

Enterprise provides asset management to 1,366 LIHTC projects across 48 states, the District of Columbia and Puerto Rico. These projects represent over 114,000 total units and more than \$13.9 billion in gross equity.

PORTFOLIO CHARACTERISTICS



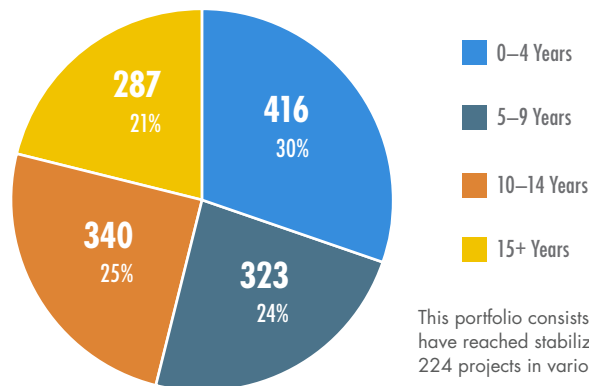
The Enterprise investment portfolio has 257 supportive housing projects that have at least one-third of the units in the property designated for households with special needs, for which resident services are also provided. This represents 18% of the portfolio and more than 11,000 units across the country, with 79% of the projects assisting homeless individuals and families. During 2021, the average occupancy of the supportive housing portfolio was 94.3%, and the median DCR was 1.32.

11,000

SUPPORTIVE HOMES

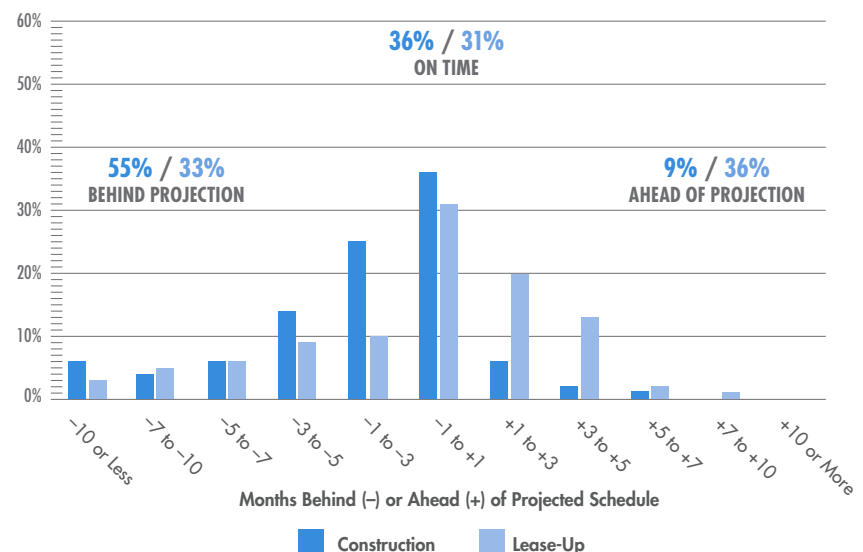
- Over the last 5 years, the median construction period has been 16.1 months, and 45% of projects are considered on time or ahead of projection. Due to pandemic and supply chain delays, this percentage drops to 39% when evaluating only the past two years.
- The 5-year median lease-up rate has been 4.6 months, and 67% are considered on time or ahead. The on-time lease-up percentage drops to 55% when evaluating only the past 2 years.

AGE OF PORTFOLIO



This portfolio consists of 1,142 projects that have reached stabilization, as well as another 224 projects in various stages of development.

CONSTRUCTION & LEASE-UP DURATION



% REVENUE

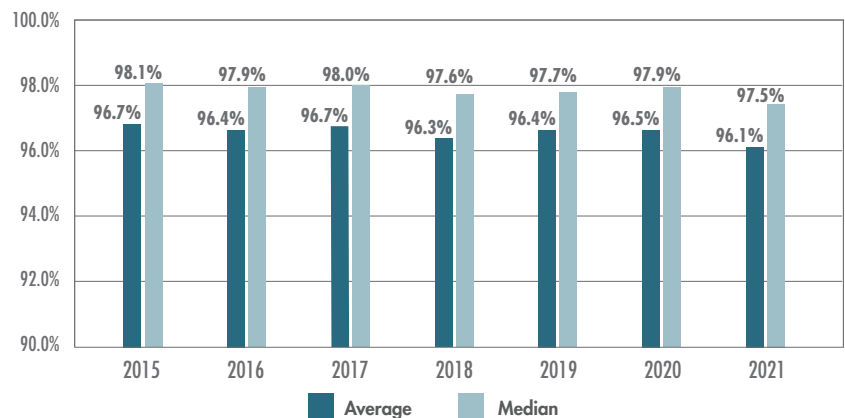
- The average physical occupancy for 2021 was 96.1%, and the median was 97.5%.
- When measuring by equity, more than 43% of the portfolio has an occupancy that is between 98% and 100%. Meanwhile only 7% of the portfolio has an occupancy that is considered underperforming, or less than 90%.
- The average economic occupancy for 2021 was 94.2%, and the median was 96.1%.
- The average physical occupancy for projects on the year-end 2021 Project Performance List (PPL) was 93.8%.

CITY / MSA	STABILIZED COUNT	AVERAGE OCCUPANCY
New York	197	96.8%
Los Angeles	55	95.5%
Washington, D.C.	47	97.6%
Seattle	45	96.2%
Baltimore	42	95.9%
San Francisco	42	95.4%
Philadelphia	38	94.7%
Cleveland	31	96.8%
Denver	29	96.3%
Portland	27	97.1%

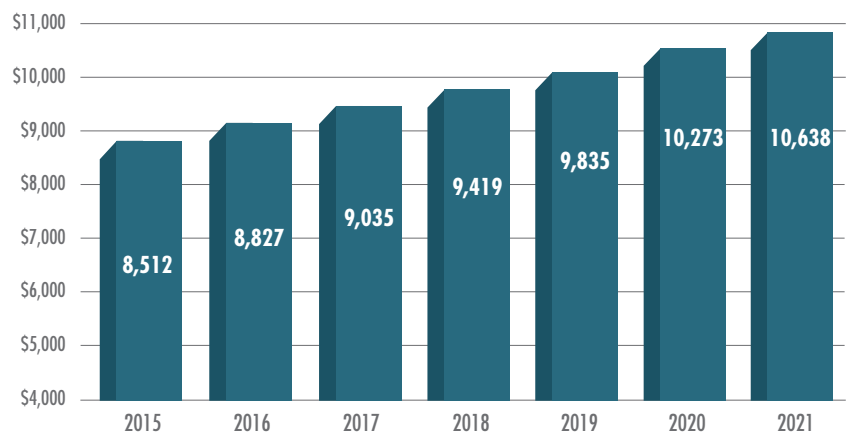
MSA = Metropolitan Statistical Area

The median total revenue for 2021 was \$10,638 per unit, which represents a 3.6% increase over 2020. The average annual growth rate of the median total revenue has been 3.8% a year since 2015.

PHYSICAL OCCUPANCY %



MEDIAN TOTAL REVENUE (\$ PER UNIT)

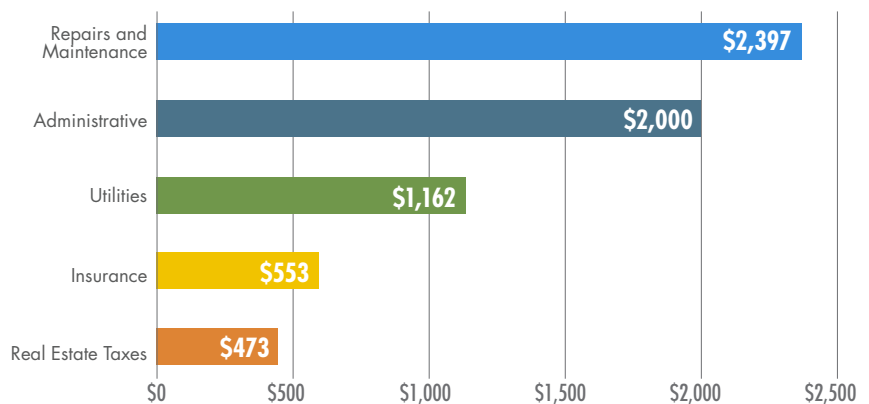


\$ EXPENSES

- Insurance had the largest increase in 2021, at 17.2%. This follows an increase of 11.8% for Insurance in 2020.
- Representing 31% of all operating expenses, Repairs and Maintenance (R&M) increased by 6.5% in 2021 (second highest increase).
- This increase in R&M may be in response to deferred maintenance during the Covid-19 pandemic, when costs decreased 2.3% in 2020.
- Over the past 6 years, Insurance has increased the most, at an annual rate of 6.8%, followed by Real Estate Taxes at 4.6%.
- The median total operating expenses for projects on the December 2021 PPL was \$9,707 per unit.

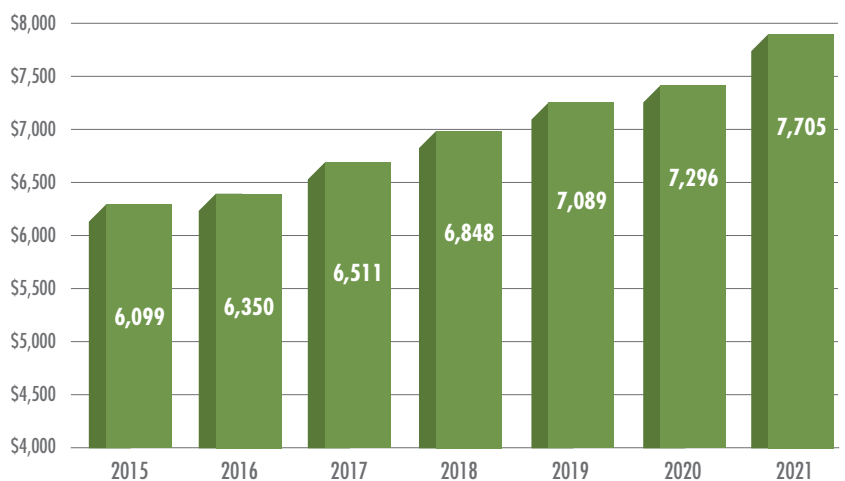
The 2021 median total operating expenses was \$7,705 per unit, which represents a 5.6% increase over 2020. The total average growth rate of the median total operating expenses has been 4.0% a year since 2015.

MEDIAN OPERATING EXPENSES BY CATEGORY



CITY / MSA	STABILIZED COUNT	MEDIAN OPEX
New York	197	10,222
Los Angeles	55	9,284
Washington, D.C.	47	8,759
Seattle	45	8,811
Baltimore	42	7,273
San Francisco	42	13,373
Philadelphia	38	8,130
Cleveland	31	7,640
Denver	29	8,353
Portland	27	7,507

MEDIAN TOTAL OPERATING EXPENSES (\$ PER UNIT)

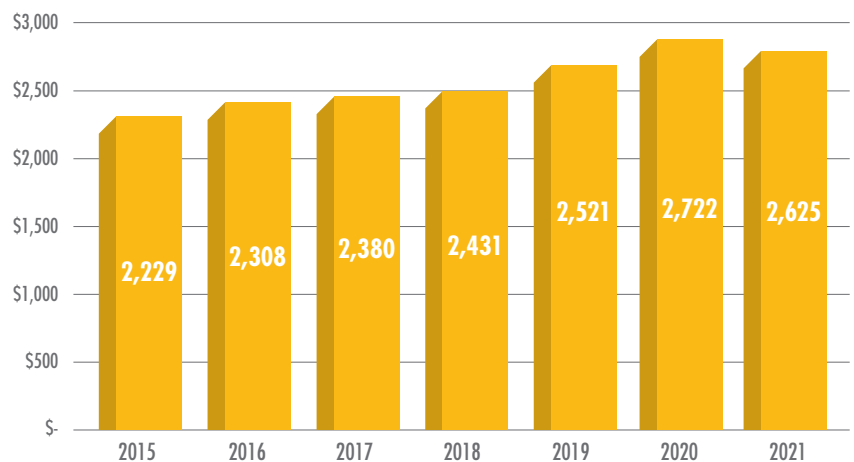


PERFORMANCE

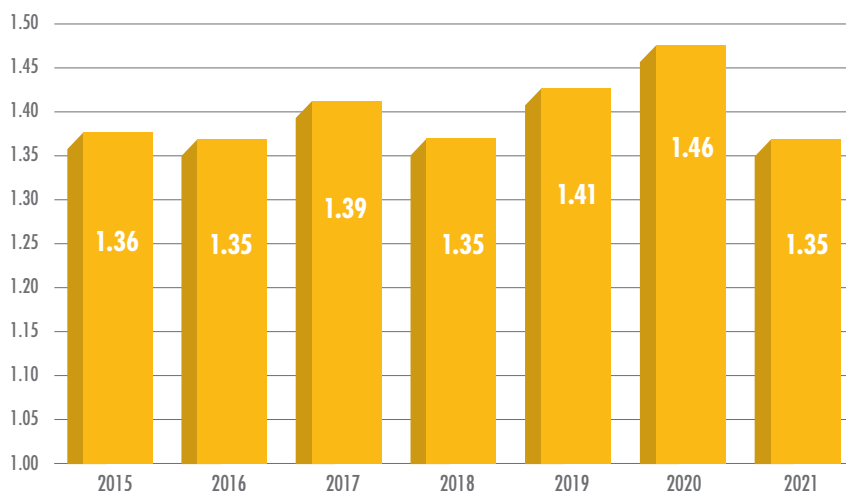
- The median Net Operating Income (NOI) for larger projects with more than 100 units is \$3,880 per unit. This is nearly double that of smaller projects with 50 units or less.
- When measuring by equity, nearly 80% of the portfolio had a debt coverage ratio (DCR) > 1 in 2021. The percentage of projects with a DCR > 1 is slightly lower (79%) when measuring by project count.
- The median DCR for projects on the December 2021 PPL was 0.72.
- Currently 78% of the projects in the portfolio have some hard, or must-pay, debt. This includes both conventional debt with private institutions and public debt with state and local government agencies.

The 2021 median NOI was \$2,625 per unit, which is a decrease of 3.6% from the prior year. The slight decline in occupancy, combined with an increase in operating expenses of 5.6%, not only lowered the portfolio NOI for the first time since 2014, but also lowered the median DCR from 1.46 to 1.35.

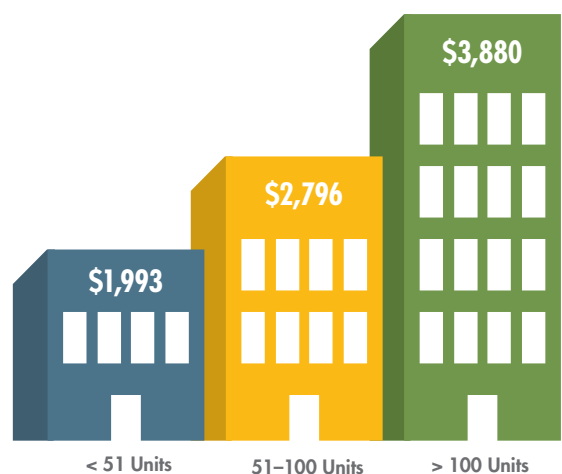
MEDIAN NOI (\$ PER UNIT)



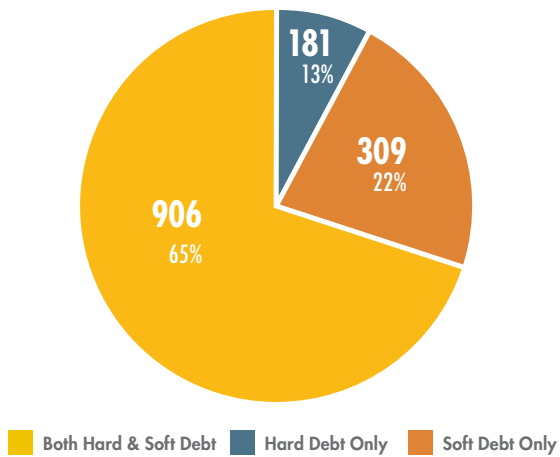
MEDIAN DCR



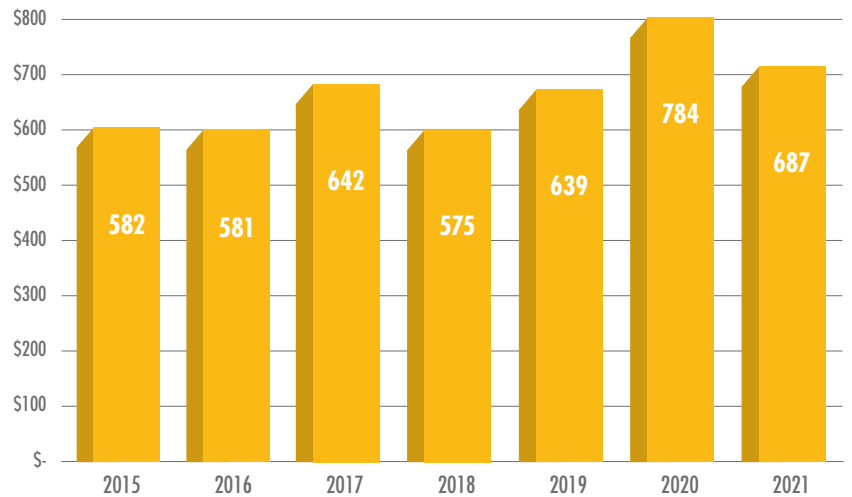
MEDIAN NOI BY PROJECT SIZE



PORTFOLIO DEBT COMPOSITION



MEDIAN CASH FLOW (\$ PER UNIT)

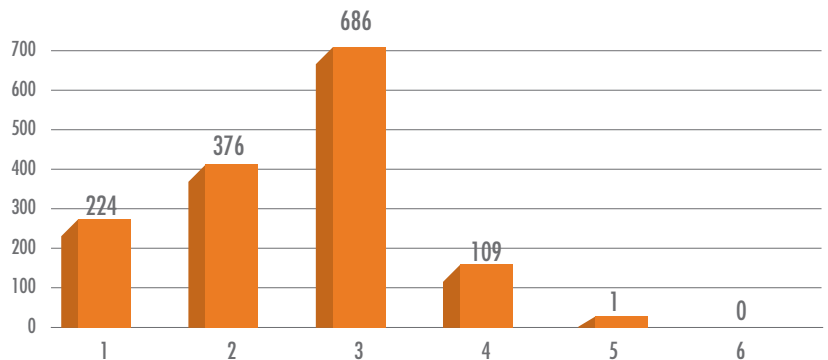


WATCHLIST

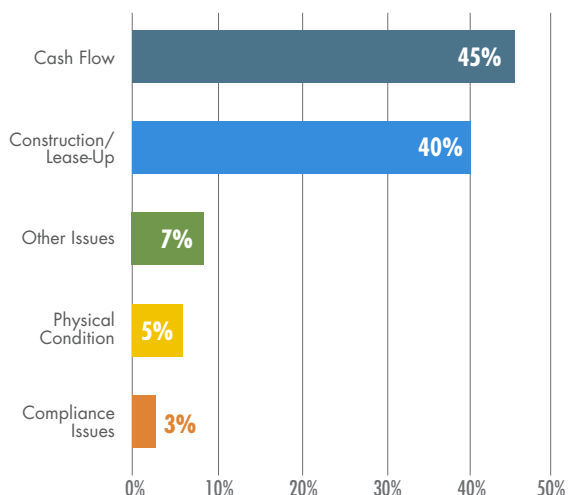
- At year-end, only one project was considered to be at significant risk (PPL rating of 5 or 6), representing only 0.1% of the portfolio.
- The majority of the projects on the watchlist for the "Other Issues" category are sponsor-related issues.
- The PPL percent for projects in construction was 11.3%.
- At this time last year, 8.4% of the portfolio was on the PPL.

The year-end 2021 Enterprise PPL, or "watchlist," was at 7.9%. Cash flow concerns surpassed construction and lease-up delays as the primary reason projects were on the PPL (45%) during 2021. Construction delays have since become the primary driver of the watchlist during the first half of 2022, when the PPL rose to 10.0%.

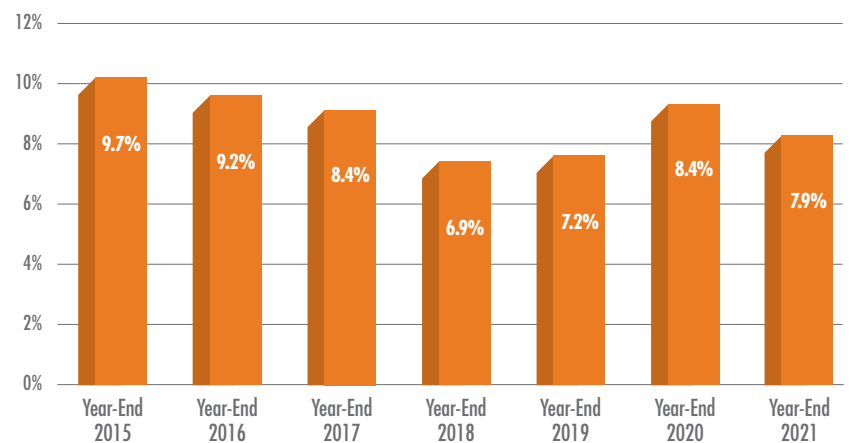
RISK RATING DISTRIBUTION



YEAR-END 2021 WATCHLIST CHARACTERISTICS



HISTORICAL WATCHLIST



ANALYSIS METHODOLOGY

The Portfolio section includes the 1,366 projects in the Enterprise investment portfolio as of June 2022.

The Revenue, Expense and Performance sections include only the 1,143 projects that reached their qualified occupancy date prior to December 31, 2020. The results factor in one-time revenue and expense adjustments for nonrecurring or capital-related expenditures.

The Watchlist section and the Project Performance List (PPL) refer to the quarterly review by the Asset Management team to identify projects that may be underperforming. The projects on the PPL are intensively monitored by the Asset Management team, and quarterly reports of progress are provided to Enterprise senior management and investors.



Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since 1982, we have invested \$54 billion and created 873,000 homes across all 50 states—all to make home and community places of pride, power and belonging. Join us at enterprisecommunity.org.

We welcome your comments or questions, in care of:

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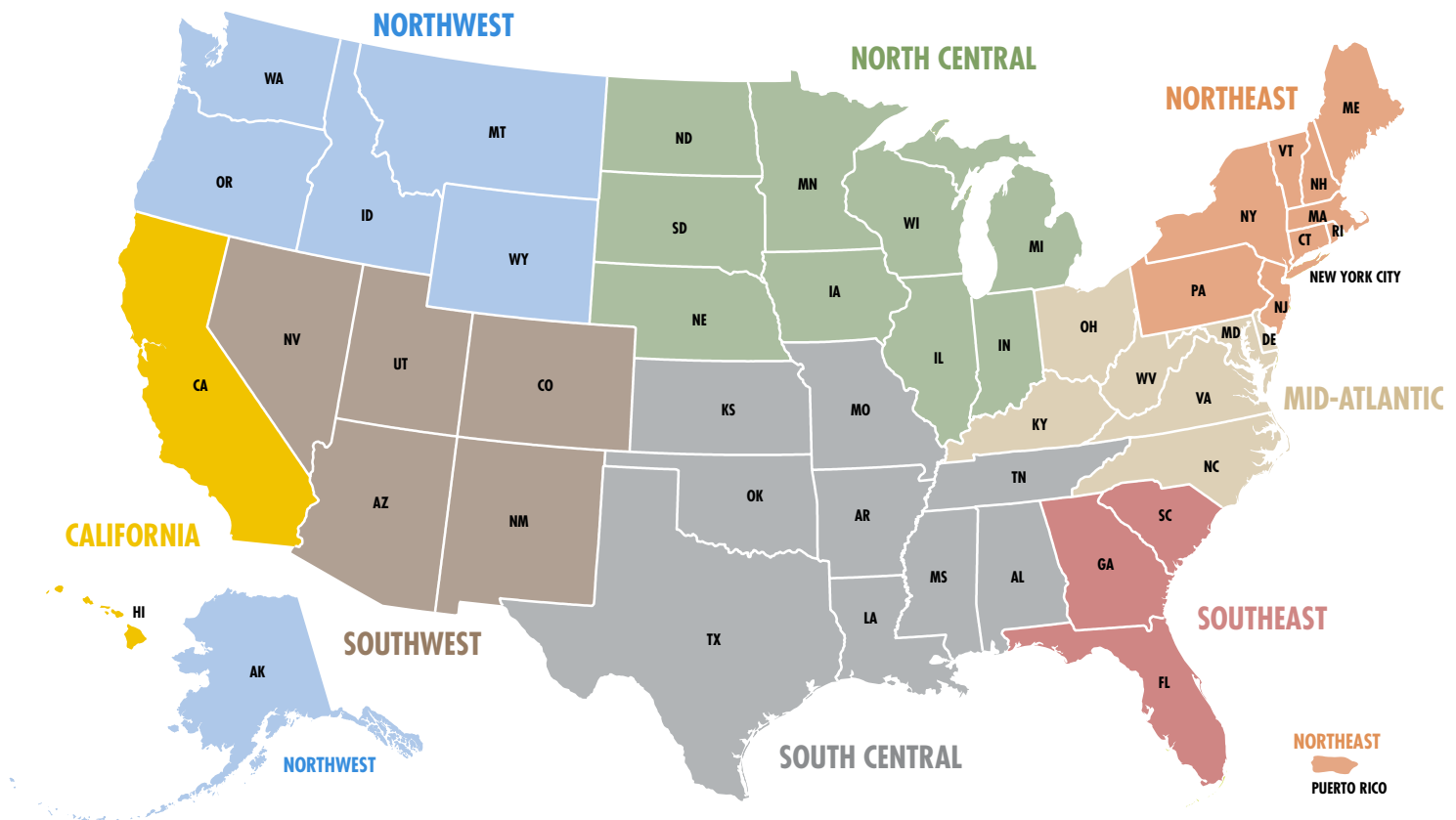


Asset Management operates as Enterprise Community Asset Management, an Enterprise Community Partners affiliate

Regional Highlights

Enterprise®
September 2022

The average occupancy for the portfolio was 96.1% in 2021, a slight drop from 96.5% in 2020. The largest changes occurred in the Northwest and California, where occupancy decreased 1.0% and 0.9% respectively. The occupancy in the South Central region remained under 95% for the third consecutive year. The Mid-Atlantic was the only region to improve during the year, as the occupancy increased 0.4% to 96.8%. Occupancy increases in metropolitan areas such as Baltimore, Washington, D.C., and Cleveland allowed the Mid-Atlantic to surpass New York City, California and the Northwest region for the top-ranking occupancy in 2021.



AVERAGE OCCUPANCY BY SUB-REGION (Less Than 95% Highlighted)

SUB-REGION	2015	2016	2017	2018	2019	2020	2021
Northwest	98.0%	97.4%	97.6%	97.1%	97.7%	97.6%	96.6%
California	96.9%	97.0%	97.1%	97.1%	97.3%	97.1%	96.2%
Southwest	95.4%	94.4%	95.5%	95.7%	96.7%	96.7%	96.3%
North Central	95.4%	94.8%	94.8%	94.8%	94.1%	95.6%	95.1%
South Central	95.6%	95.6%	95.4%	95.3%	93.9%	94.1%	93.8%
Northeast	96.0%	96.0%	96.3%	95.6%	96.1%	96.2%	95.7%
New York City	98.2%	98.1%	97.9%	97.4%	97.8%	96.9%	96.7%
Mid-Atlantic	97.0%	97.0%	97.6%	96.8%	96.5%	96.4%	96.8%
Southeast	96.5%	96.3%	95.8%	94.6%	95.2%	96.9%	96.2%
PORTFOLIO	96.7%	96.4%	96.7%	96.3%	96.4%	96.5%	96.1%

The 2021 median total operating expenses was \$7,705 per unit, which represents a 5.6% increase over 2020. The average annual growth rate of the median total operating expenses has been 4.0% a year since 2015. New York City reports the highest expense amount of \$10,600 per unit, and the Southwest region had the lowest at \$5,751. One primary driver of the higher expenses in New York City is owner-paid utilities. The North Central and South Central regions had the largest expense increases in 2021, at 10.7% and 10.4% respectively. The North Central region has had the largest growth rates since 2015, at 4.9%.

MEDIAN TOTAL OPERATING EXPENSES BY SUB-REGION							
SUB-REGION	2015	2016	2017	2018	2019	2020	2021
Northwest	\$5,326	\$5,421	\$5,761	\$6,004	\$6,245	\$6,474	\$6,737
California	\$7,234	\$7,272	\$7,685	\$7,930	\$8,279	\$8,681	\$9,441
Southwest	\$4,557	\$4,834	\$5,020	\$5,225	\$5,442	\$5,567	\$5,751
North Central	\$4,942	\$5,100	\$5,199	\$5,583	\$5,815	\$5,939	\$6,577
South Central	\$5,275	\$5,441	\$5,499	\$5,558	\$5,857	\$6,072	\$6,704
Northeast	\$7,101	\$7,381	\$7,377	\$7,747	\$7,866	\$7,862	\$8,252
New York City	\$8,711	\$8,601	\$8,752	\$9,371	\$9,562	\$9,700	\$10,600
Mid-Atlantic	\$6,034	\$6,333	\$6,450	\$6,660	\$6,764	\$7,079	\$7,419
Southeast	\$5,429	\$5,496	\$5,669	\$5,698	\$5,983	\$6,247	\$6,829
PORTFOLIO	\$6,099	\$6,350	\$6,511	\$6,848	\$7,089	\$7,296	\$7,705

The 2021 median NOI was \$2,625, per unit, which is a decrease of 3.6% from the prior year. The slight decline in occupancy, combined with a 5.6% increase in operating expenses, not only lowed the portfolio NOI for the first time since 2014, but also lowered the median DCR from 1.46 to 1.35. The average annual growth rate of the median NOI since 2015 has been 2.8% per year. The highest median NOI amounts are traditionally in California and the Southwest region, while the lowest median NOI in 2021 was in the Northeast region. The occupancy decline in the Northwest contributed to the NOI's decreasing by 13.3% in 2021, and the overall growth rate has been relatively flat dating all the way back to 2011.

MEDIAN NET OPERATING INCOME BY SUB-REGION							
SUB-REGION	2015	2016	2017	2018	2019	2020	2021
Northwest	\$2,455	\$2,609	\$2,577	\$2,649	\$2,570	\$2,716	\$2,354
California	\$2,803	\$2,824	\$2,963	\$3,349	\$3,348	\$3,562	\$3,246
Southwest	\$2,695	\$2,858	\$2,990	\$3,028	\$3,181	\$3,280	\$3,631
North Central	\$1,785	\$1,944	\$1,957	\$1,800	\$1,833	\$1,961	\$2,027
South Central	\$1,932	\$2,064	\$2,127	\$2,065	\$2,361	\$2,446	\$2,570
Northeast	\$1,553	\$1,638	\$1,868	\$1,784	\$1,776	\$2,173	\$1,858
New York City	\$1,953	\$2,190	\$2,586	\$2,373	\$2,409	\$2,712	\$2,356
Mid-Atlantic	\$2,303	\$2,400	\$2,303	\$2,553	\$2,537	\$3,011	\$2,944
Southeast	\$2,007	\$2,158	\$1,959	\$2,234	\$2,043	\$2,459	\$2,609
PORTFOLIO	\$2,229	\$2,308	\$2,380	\$2,431	\$2,521	\$2,722	\$2,625