

NCSHA – THE HFA INSTITUTE

PORTFOLIO PERFORMANCE IN A PANDEMIC

Allen Feliz
Industry Principal - Affordable & Public Housing



February 3, 2021 | MRISoftware.com

MRI MARKET INSIGHTS – DATA & TREND ANALYSIS



The image displays the cover and content pages of the MRI Software Market Insights report. The cover features the MRI logo and the title "MRI Software Market Insights: The impact of COVID-19 on the Multifamily Industry". The content pages include a section on "Renewal Term and Price" with two line charts. The first chart, "Change in Renewal Term Year-over-Year", shows a significant increase in renewal terms starting in 2020. The second chart, "YoY Pricing Change by Renewal Term", shows a decrease in pricing for shorter-term renewals. The report also includes an illustration of a person working on a laptop and a person sitting on a chair, along with various icons representing different aspects of the multifamily industry.

Renewal Term and Price

Similar to new lease terms, we see increased frequency in shorter renewal terms, again a likely sign of good expiration management practices. It's also popular. Pricing for renewals again shows signs of shorter-term incentives albeit with less amplitude in August as compared to July.

Change in Renewal Term Year-over-Year

YoY Pricing Change by Renewal Term

MRI Software Market Insights:
The impact of COVID-19 on the Multifamily Industry

COMPARING JANUARY THROUGH AUGUST, 2019 TO 2020

market the school is back in this year. And fans in the are cautiously going to avoid a

down per sq, it technology to address experienced substantial challenges to operating budgets with and with rents falling counter to traditional summer trends.

Full display for both new and renewed leases, improving our we a long way to go between now and then. Much uncertainty employment and far-reaching eviction moratoriums.

time in more than a decade we cannot simply take prior year increases. Detailed analysis for both revenue and expense will and additional analysis to set fiscal and operating plans for this is the motivation behind the MRI Software Market Insights.

ing the month of August to the data-driven analysis of the ly in North America as experienced by the MRI Software client in the data through the different phases of the resident lifecycle. We look at year-over-year and recent trend comparisons. This of 2019 with the same months in 2020.

compared to July, with an added bit of seasonality-induced

from prior year, continuing the trend from July. Exhibiting good expiration management practices incentivizing act summer 2021 and avoid late-year expirations.

is high, increasing average concession value by 17%. One from a June high, remained 13% ahead of prior year. It volume for the second consecutive month.

it.

ent increase in online applications, +50% over prior year.

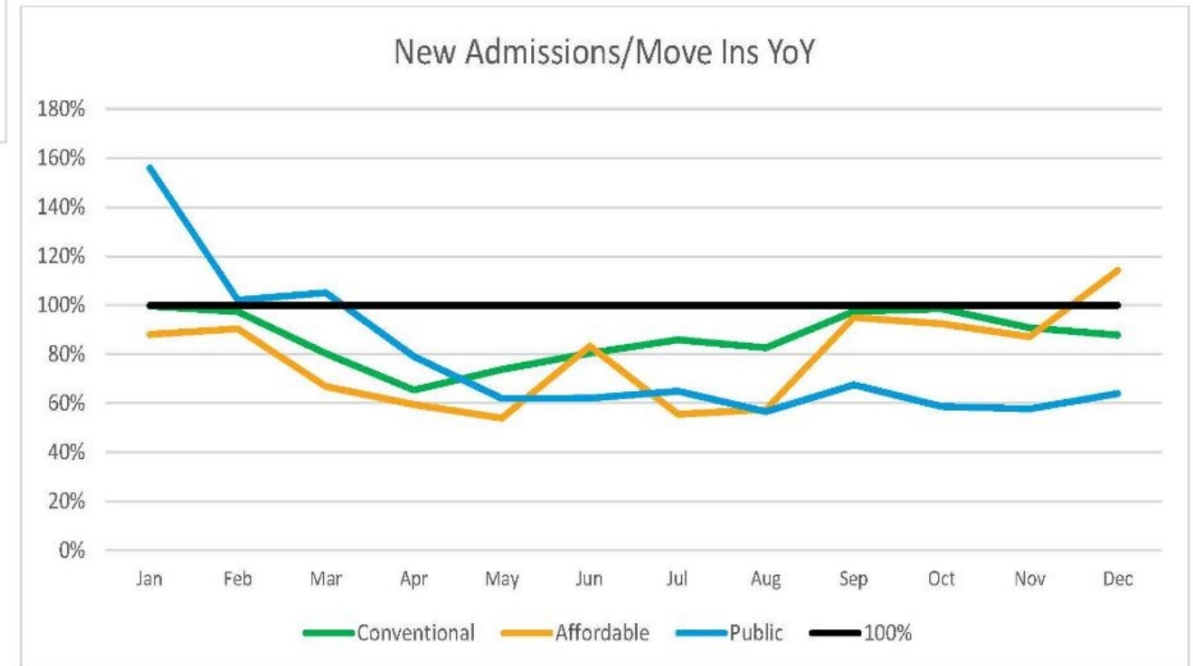
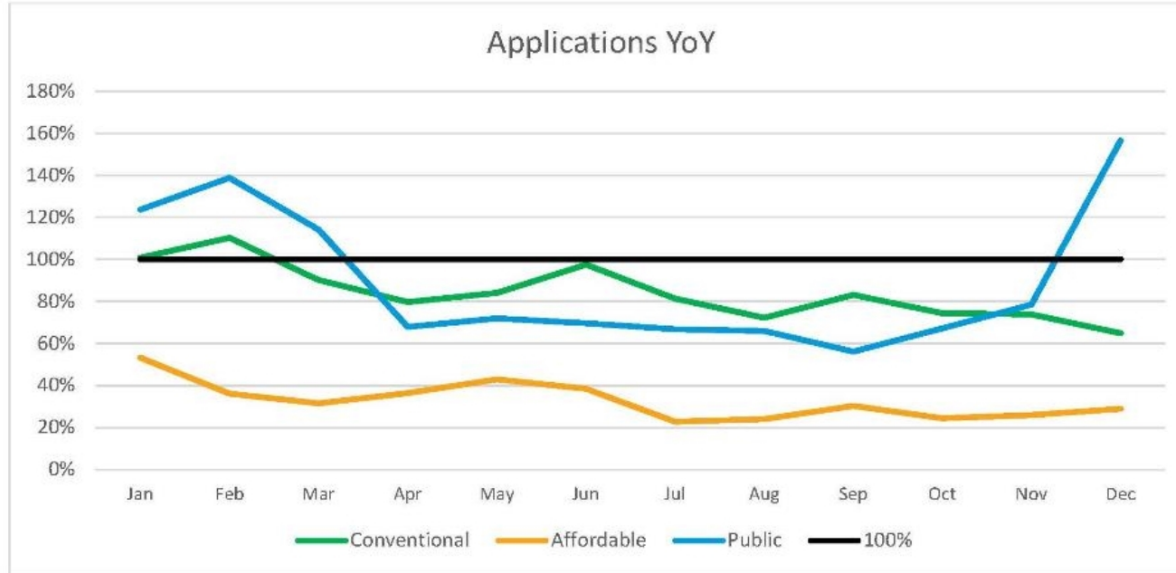
% greater rate.

reased electronic payment volumes, highlighted by card of electronic payments (21% in January) and representing a

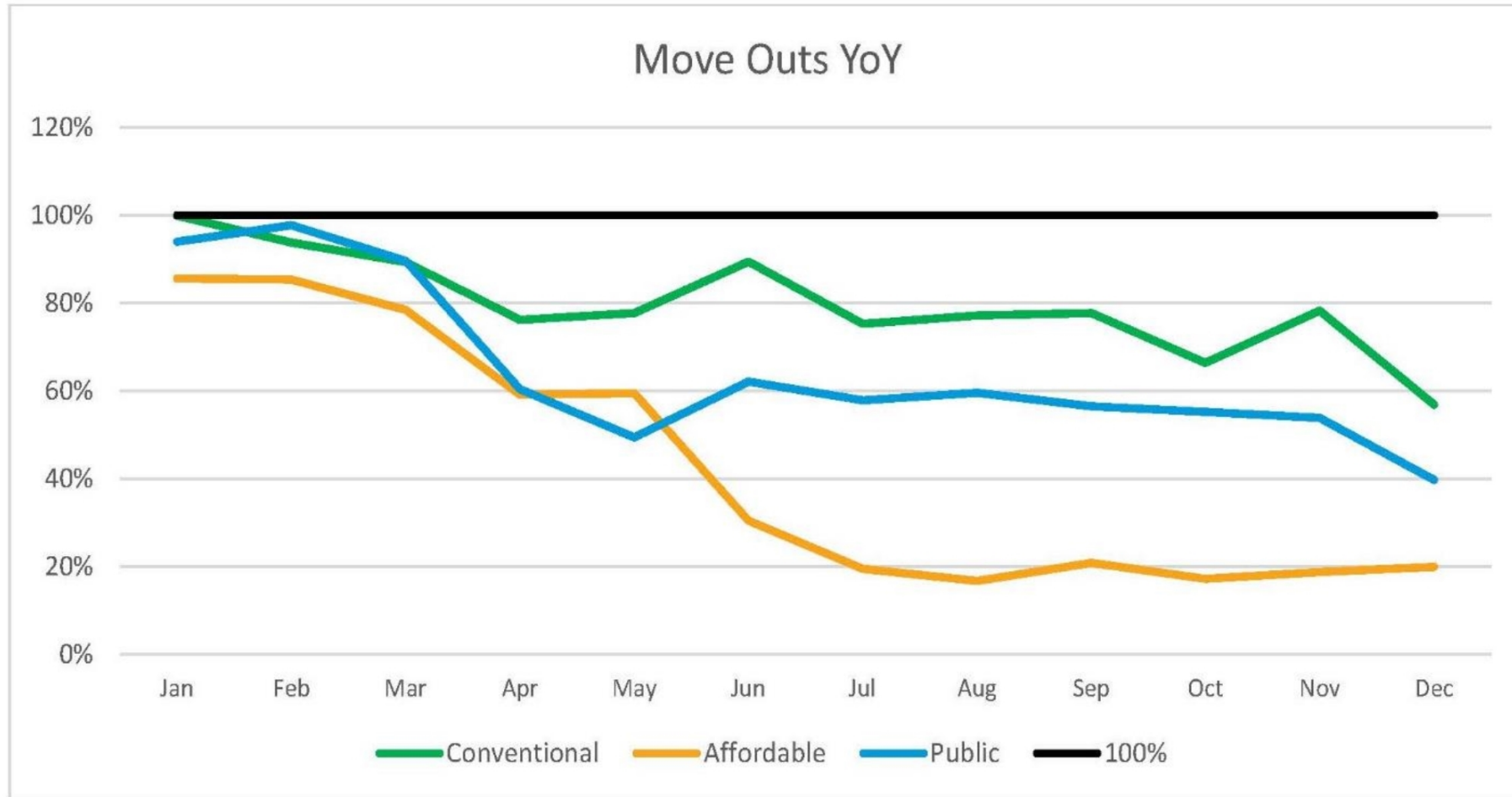
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<https://www.mrisoftware.com/resources/market-insights-impact-covid-19-multifamily-december-2020/>

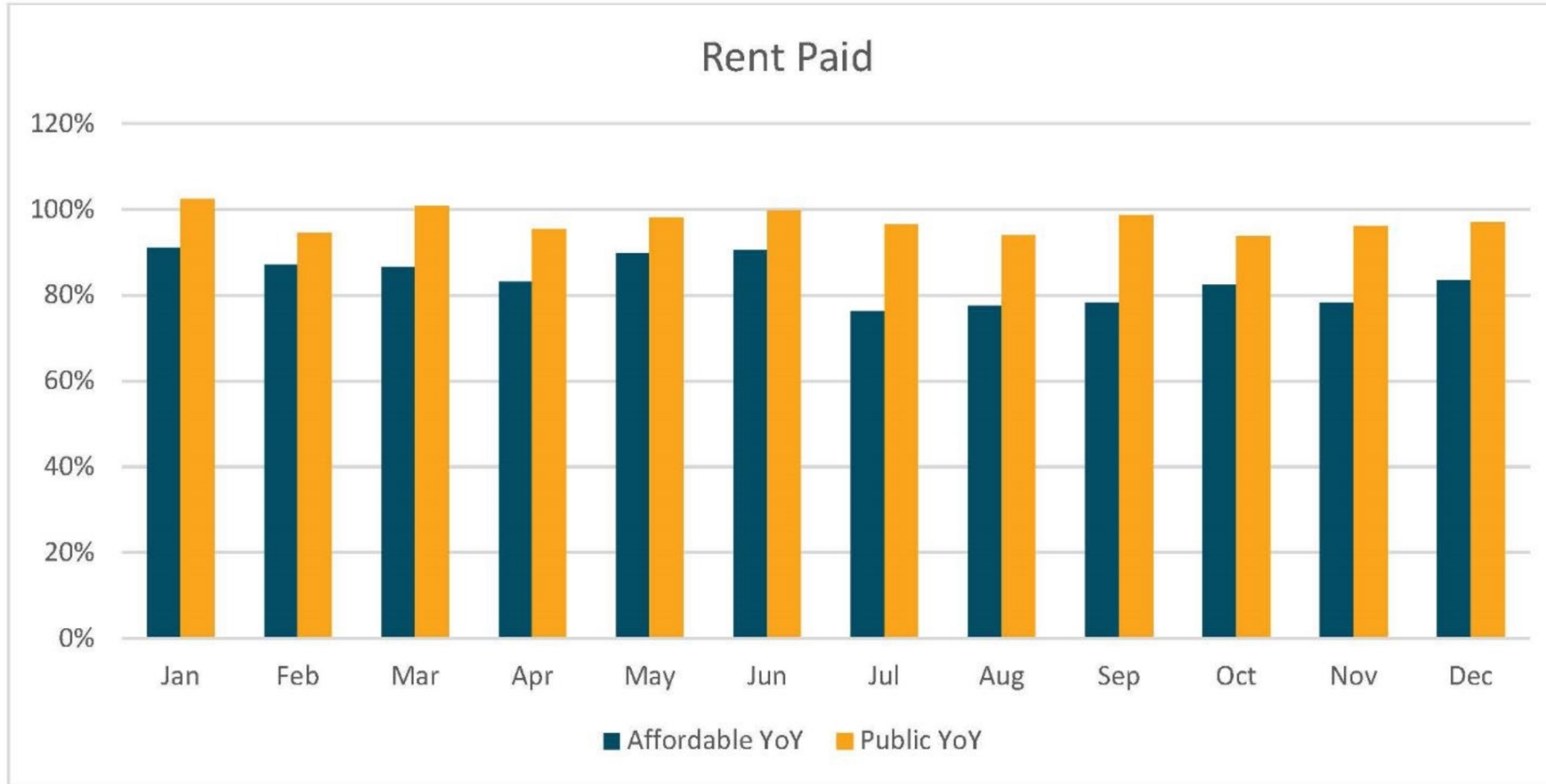
APPLICATIONS & NEW ADMISSIONS



MOVE-OUTS

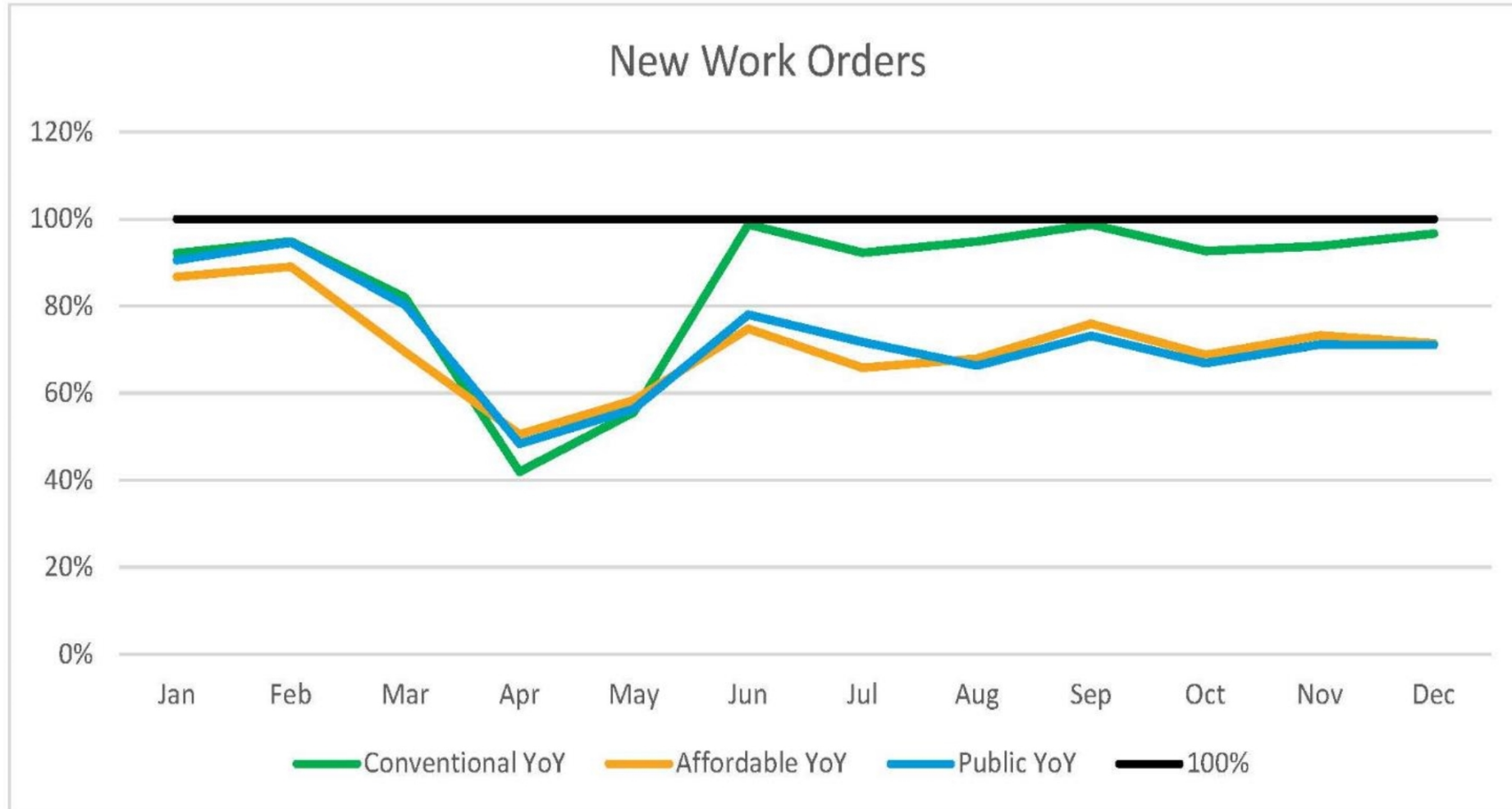


RENT COLLECTION



Affordable housing climbed back above 80%, coming in at 83%, the highest year-over-year achievement since June. Public housing also improved to 97%, sustaining strong year-over-year performance.

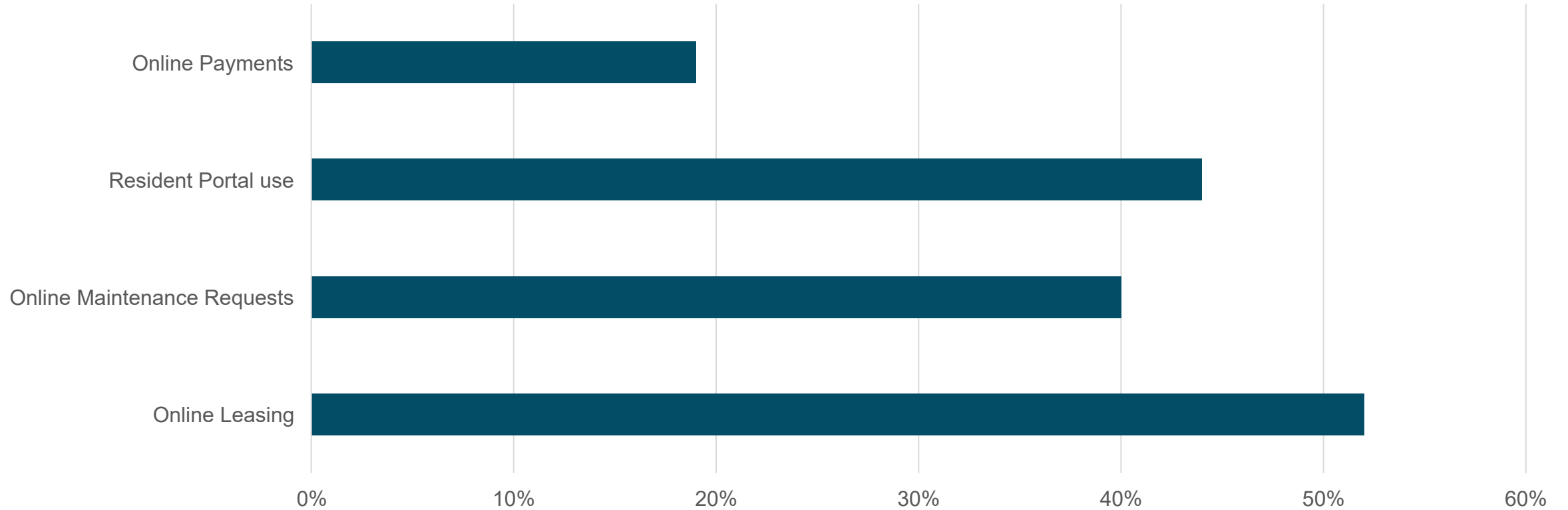
WORK ORDERS



INCREASED USE OF TECHNOLOGY



Increase in Use 2020 over 2019



MRI MARKET INSIGHTS: KEY TAKEAWAYS



Tenants are
staying in place



Drop in New
Admission
Certifications



Less Move Out
Certifications



Decrease in
Rent Collection



Increase Use of
Technology

WHAT TO WATCH IN 2021



- Rental assistance is on the way - \$25 billion from latest \$2.3 trillion COVID-19 stimulus bill
- Current federal eviction moratorium expires on January 31, however, an executive order was signed on inauguration day asking the CDC to extend the federal eviction moratorium through at least March 31
- Receivables are continuing to grow - through September 2020, renter households had accumulated approx. \$12 billion - \$17 billion of unpaid rent. Through January 2021 this amount could grow to \$25 billion - \$34 billion
- End of COVID-19 and timing of economic recovery will be the major drivers of returning to “normalcy”

THE HFA INSTITUTE 2021

Portfolio Performance in a Pandemic

Blair Kincer

Partner

Novogradac Consulting LLP



National Council of
State Housing Agencies



**MRBs and
Other Federal
Homeownership
Programs**
FEBRUARY 1 – 3



Housing Credit
FEBRUARY 3 – 5



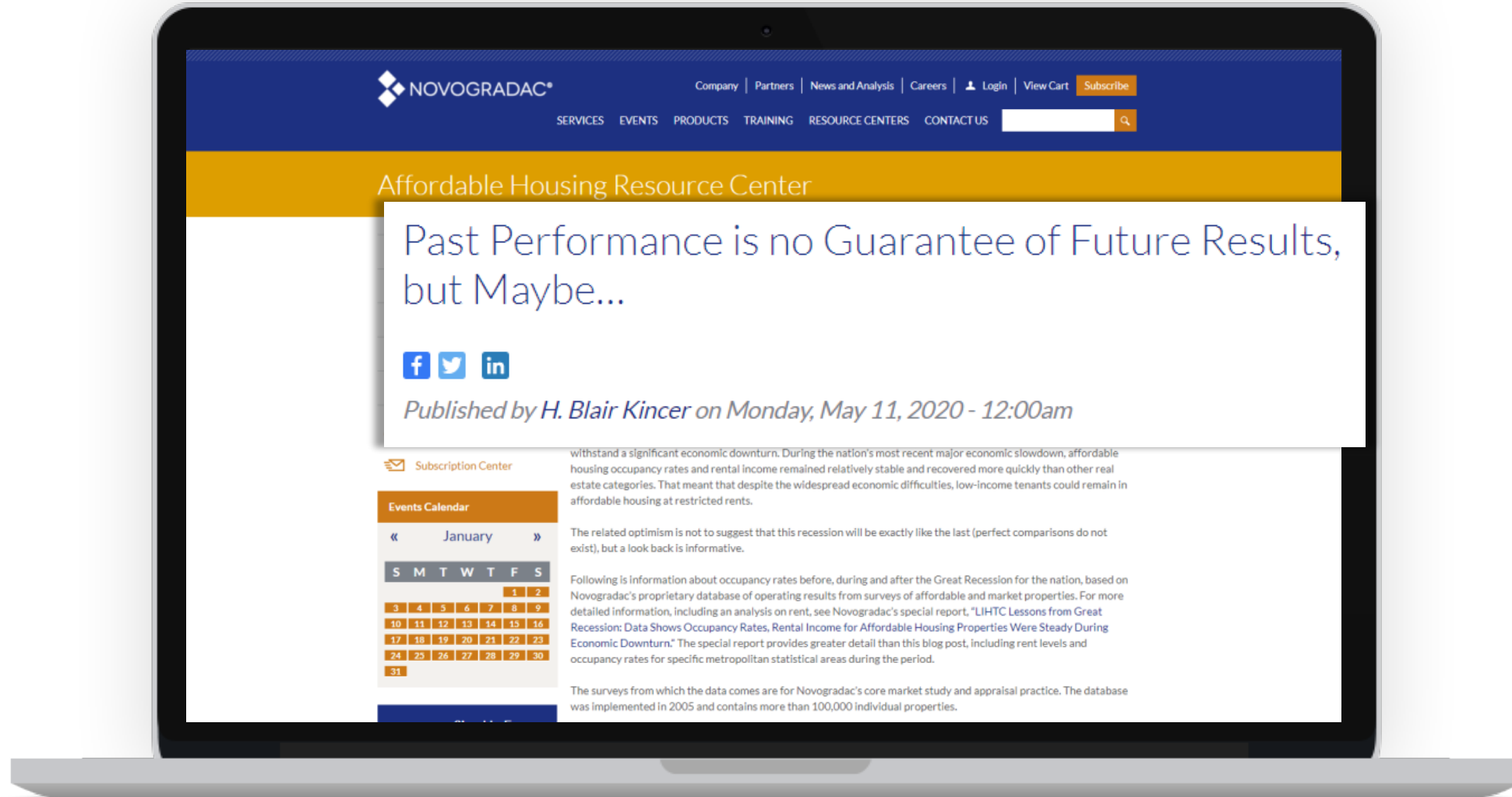
**Section 8 and
Other Federally
Assisted
Multifamily
Housing**
FEBRUARY 8 – 10



**HOME and
Housing Trust
Fund**
FEBRUARY 10 – 12



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Affordable Housing Resource Center

Past Performance is no Guarantee of Future Results, but Maybe...



Published by H. Blair Kincer on Monday, May 11, 2020 - 12:00am

 [Subscription Center](#)

Events Calendar

« January »

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

withstand a significant economic downturn. During the nation's most recent major economic slowdown, affordable housing occupancy rates and rental income remained relatively stable and recovered more quickly than other real estate categories. That meant that despite the widespread economic difficulties, low-income tenants could remain in affordable housing at restricted rents.

The related optimism is not to suggest that this recession will be exactly like the last (perfect comparisons do not exist), but a look back is informative.

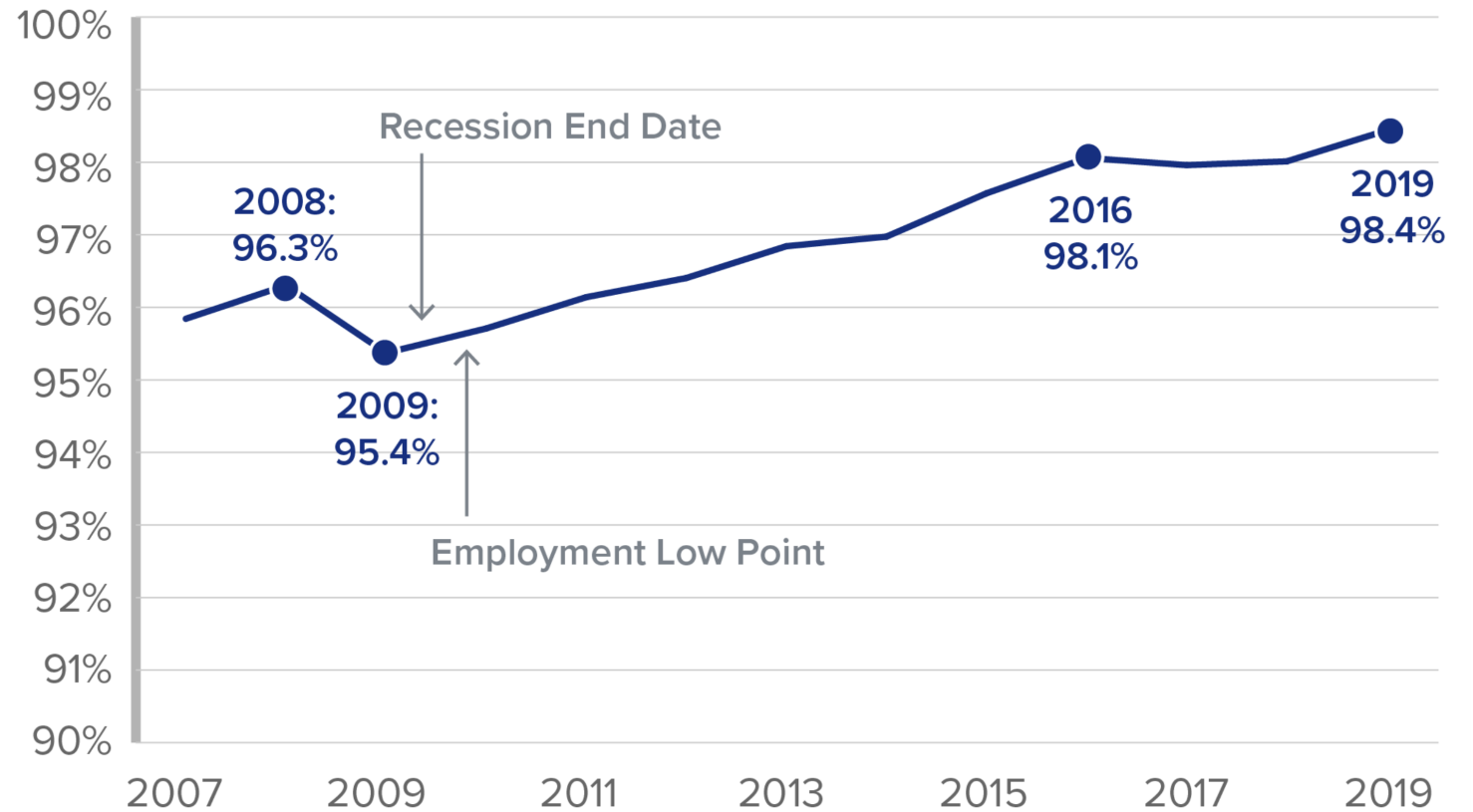
Following is information about occupancy rates before, during and after the Great Recession for the nation, based on Novogradac's proprietary database of operating results from surveys of affordable and market properties. For more detailed information, including an analysis on rent, see Novogradac's special report, "LIHTC Lessons from Great Recession: Data Shows Occupancy Rates, Rental Income for Affordable Housing Properties Were Steady During Economic Downturn." The special report provides greater detail than this blog post, including rent levels and occupancy rates for specific metropolitan statistical areas during the period.

The surveys from which the data comes are for Novogradac's core market study and appraisal practice. The database was implemented in 2005 and contains more than 100,000 individual properties.

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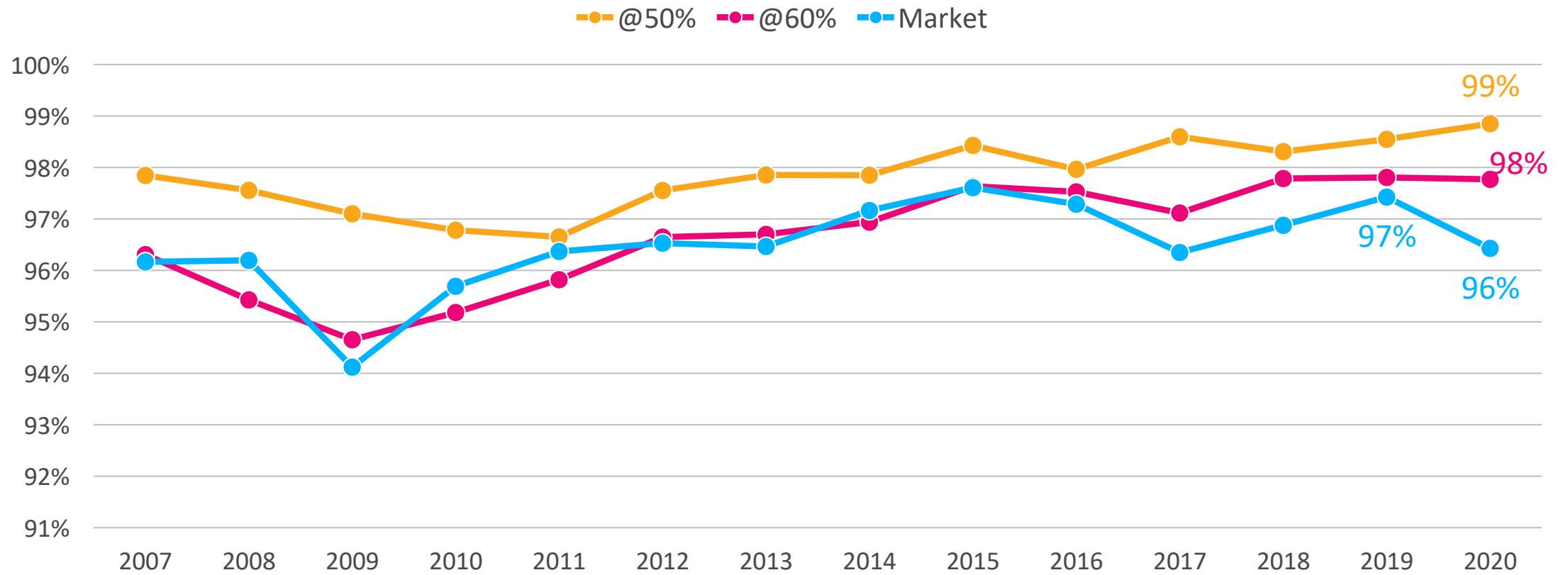
National Average Occupancy Rates for Two-Bedroom, 60 Percent LIHTC Properties (Weighted)



Source: Novogradac

The Beginning of a Small Dive in Market Occupancy?

Average 2-Bedroom Occupancy (Unweighted State Averages)



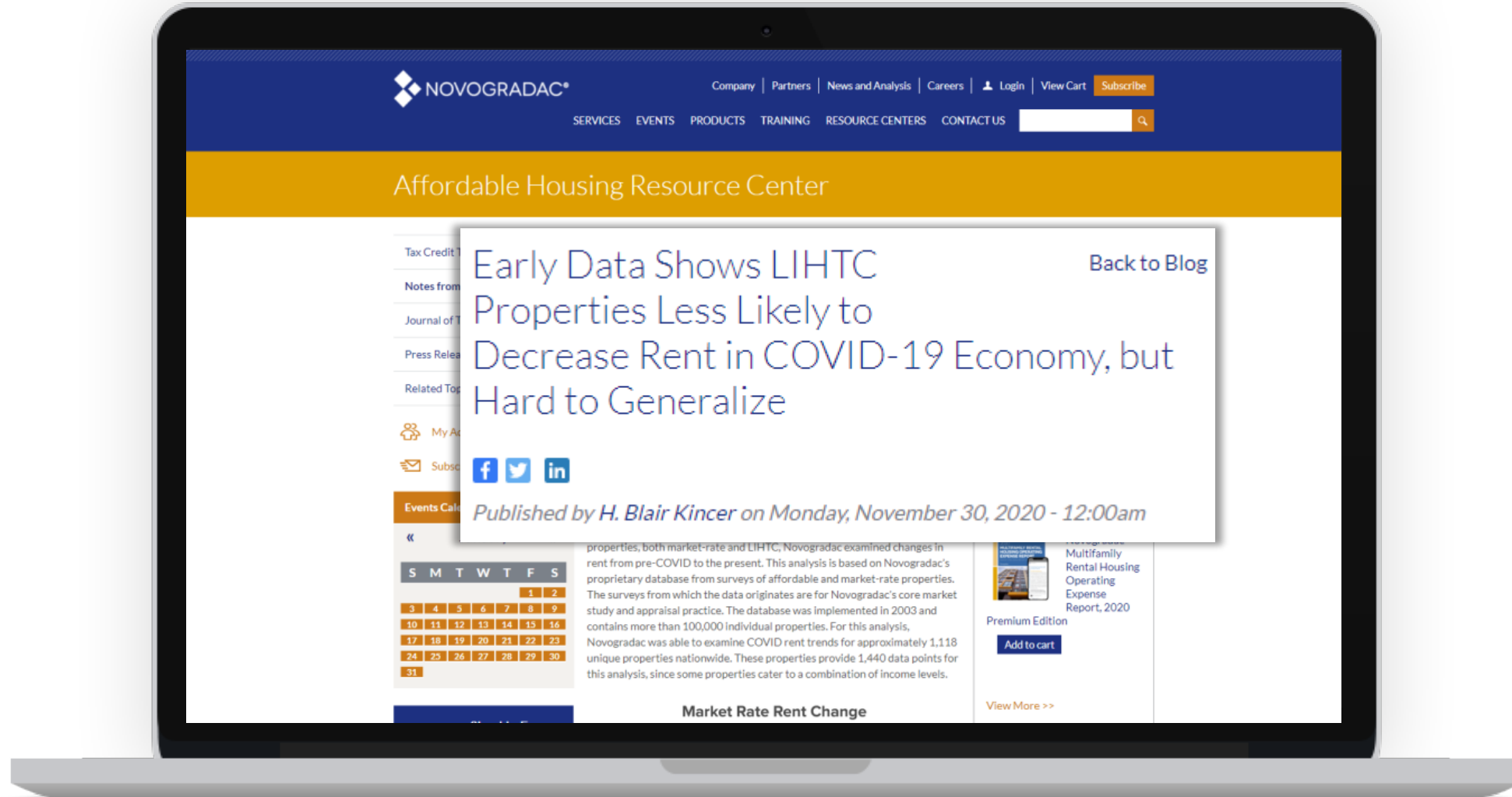
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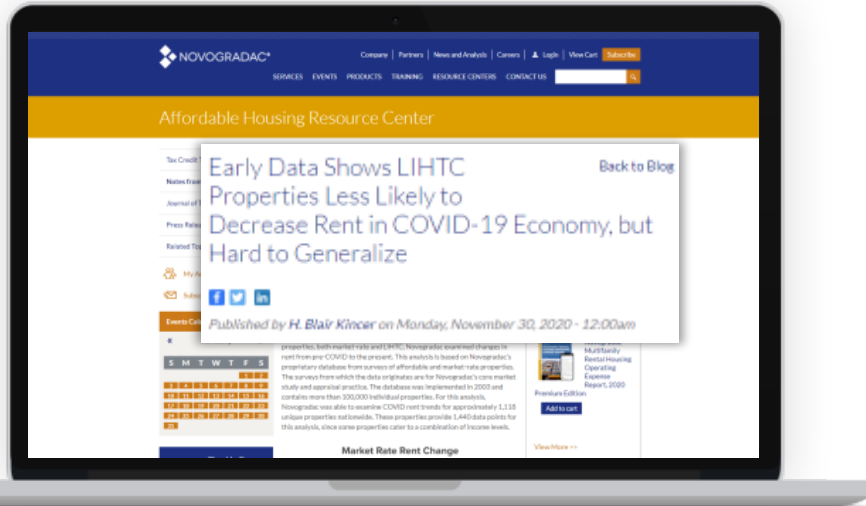
NovocoKnows



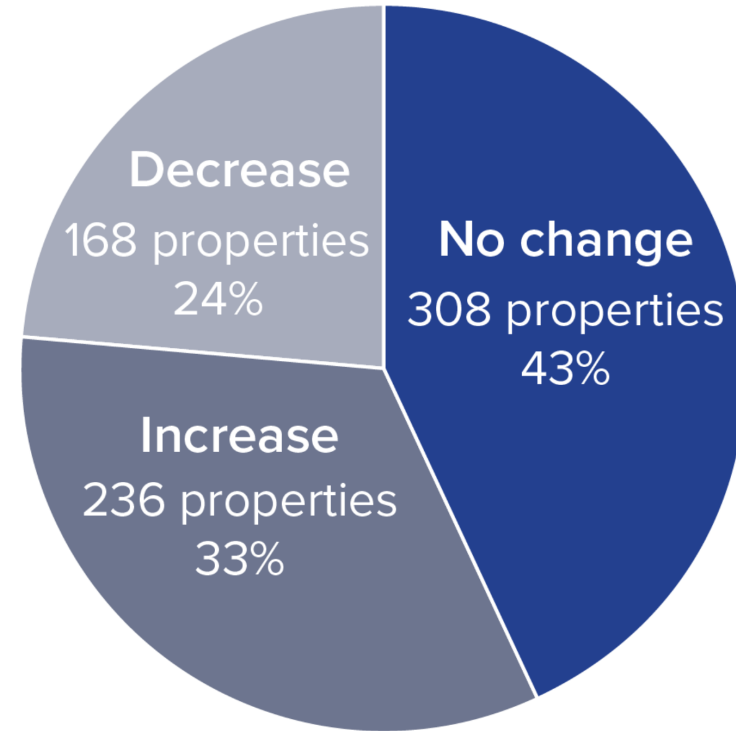
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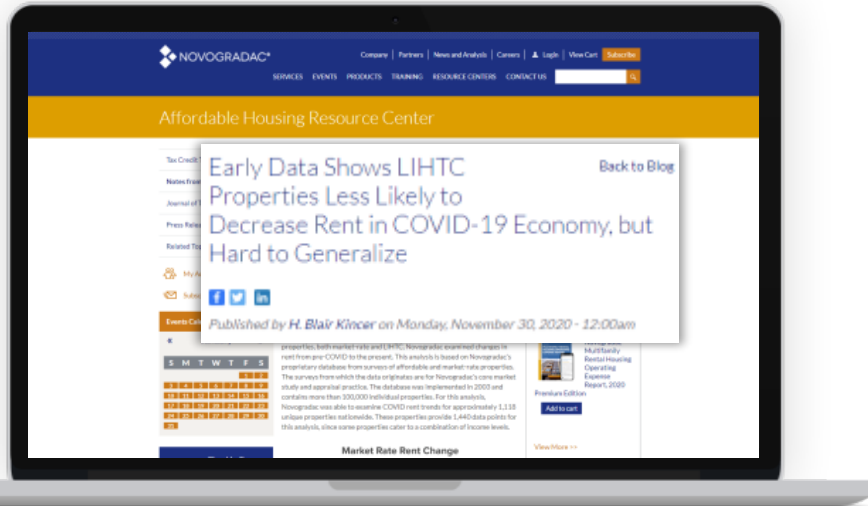


Market Rate Rent Change

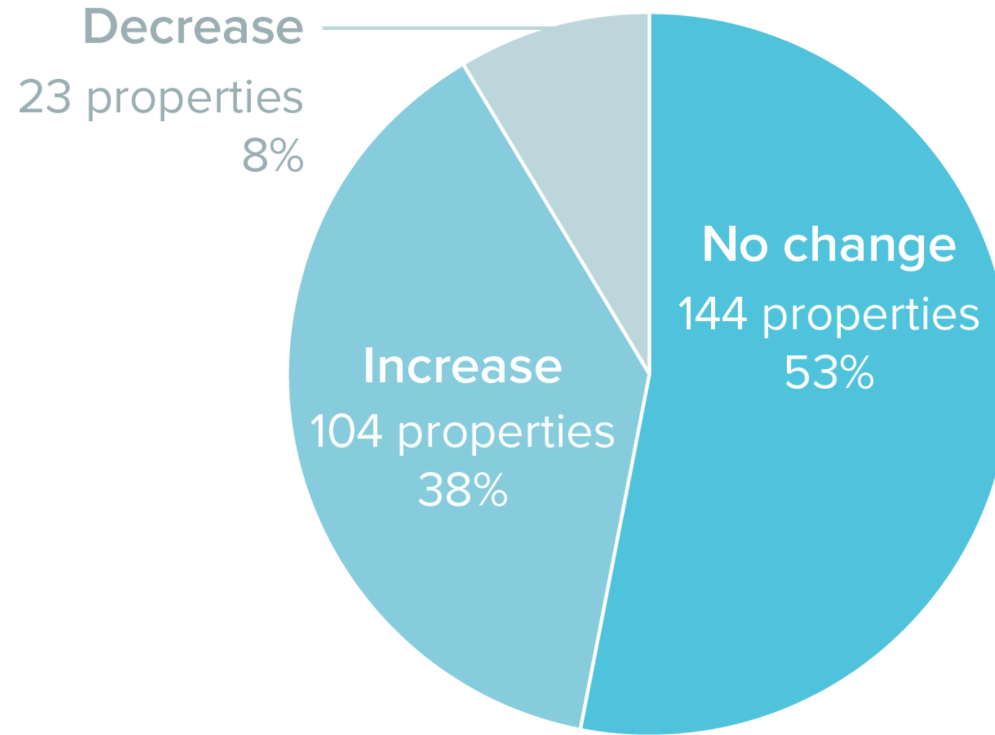


Source: Novogradac

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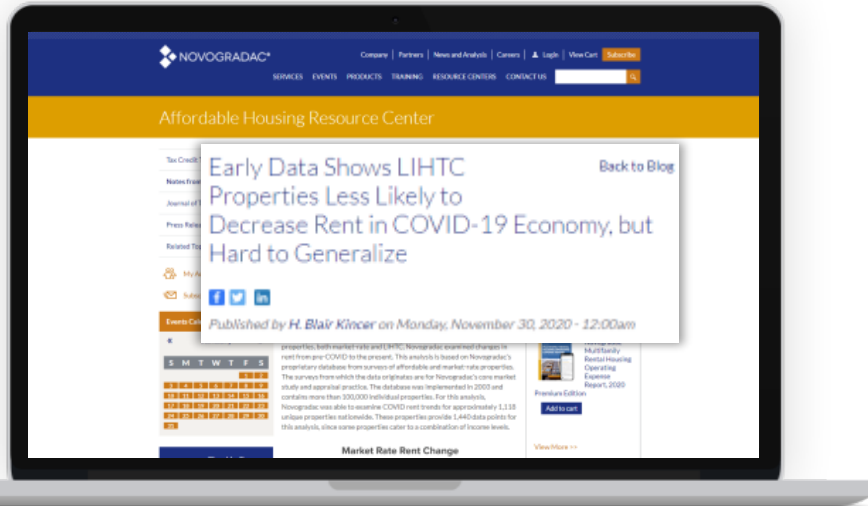


60 Percent AMI Rent Change

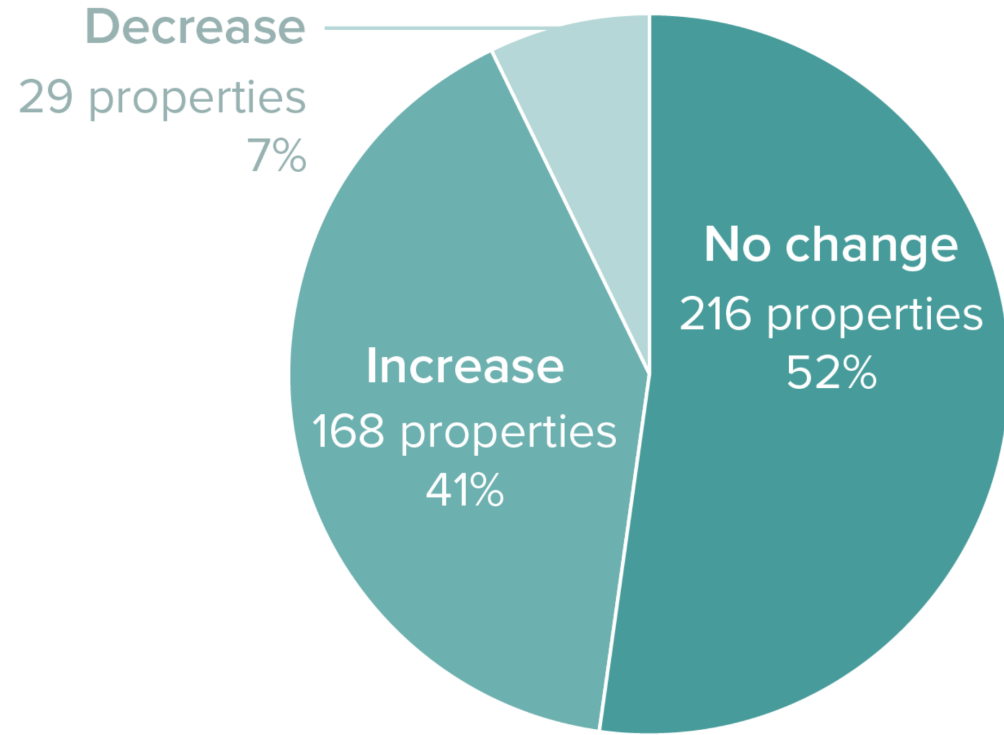


Source: Novogradac

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50 Percent AMI Rent Change

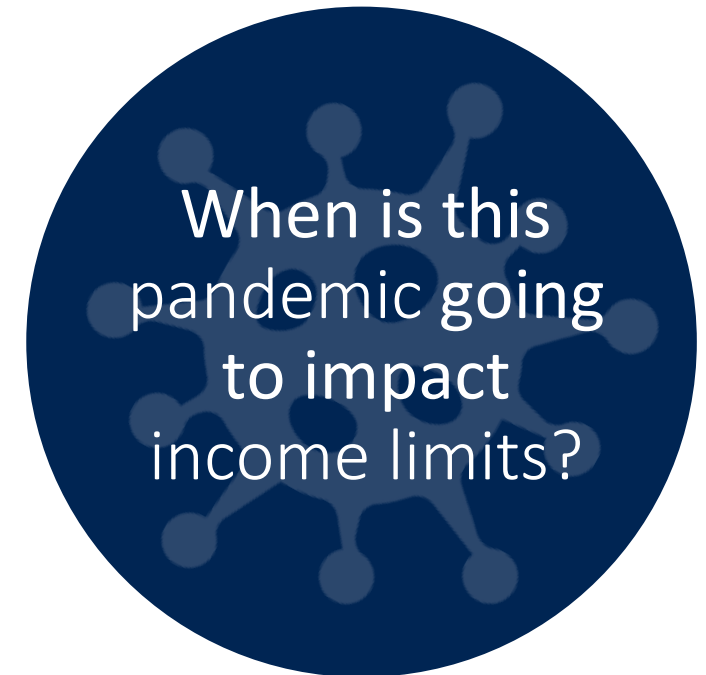


Source: Novogradac

What will recovery look like in terms of ami

Historical ACS Data is Used

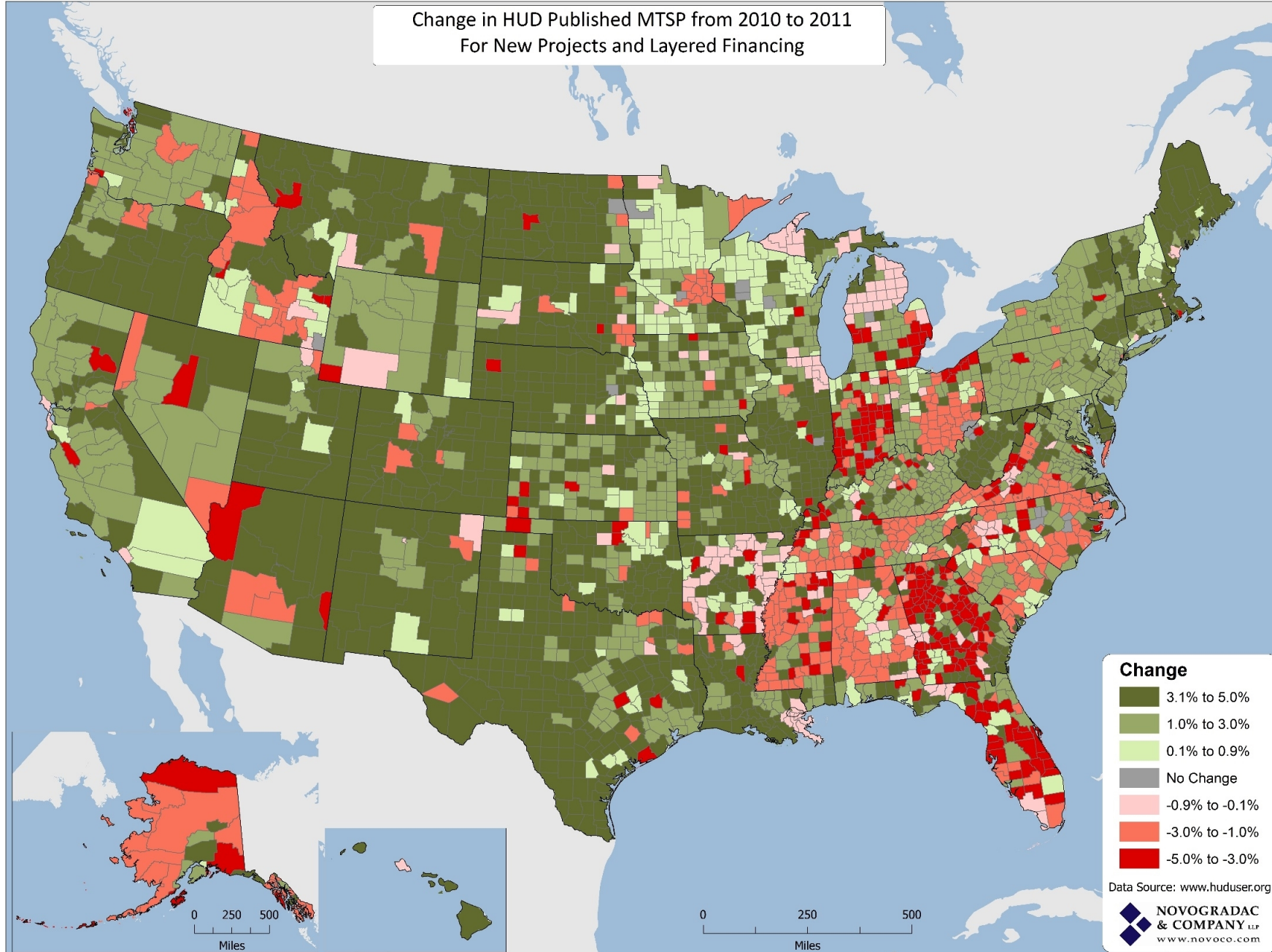
Local ↓ ACS Data	X	National ↓ CPI Factor	=	HUD AMI
2017	X	CPI Factor	=	2020 AMI
2018	X	CPI Factor	=	2021 AMI
2019	X	CPI Factor	=	2022 AMI
2020	X	CPI Factor	=	2023 AMI



For areas without reliable one-year American Community Survey (ACS) Data an average of previous years may be used.

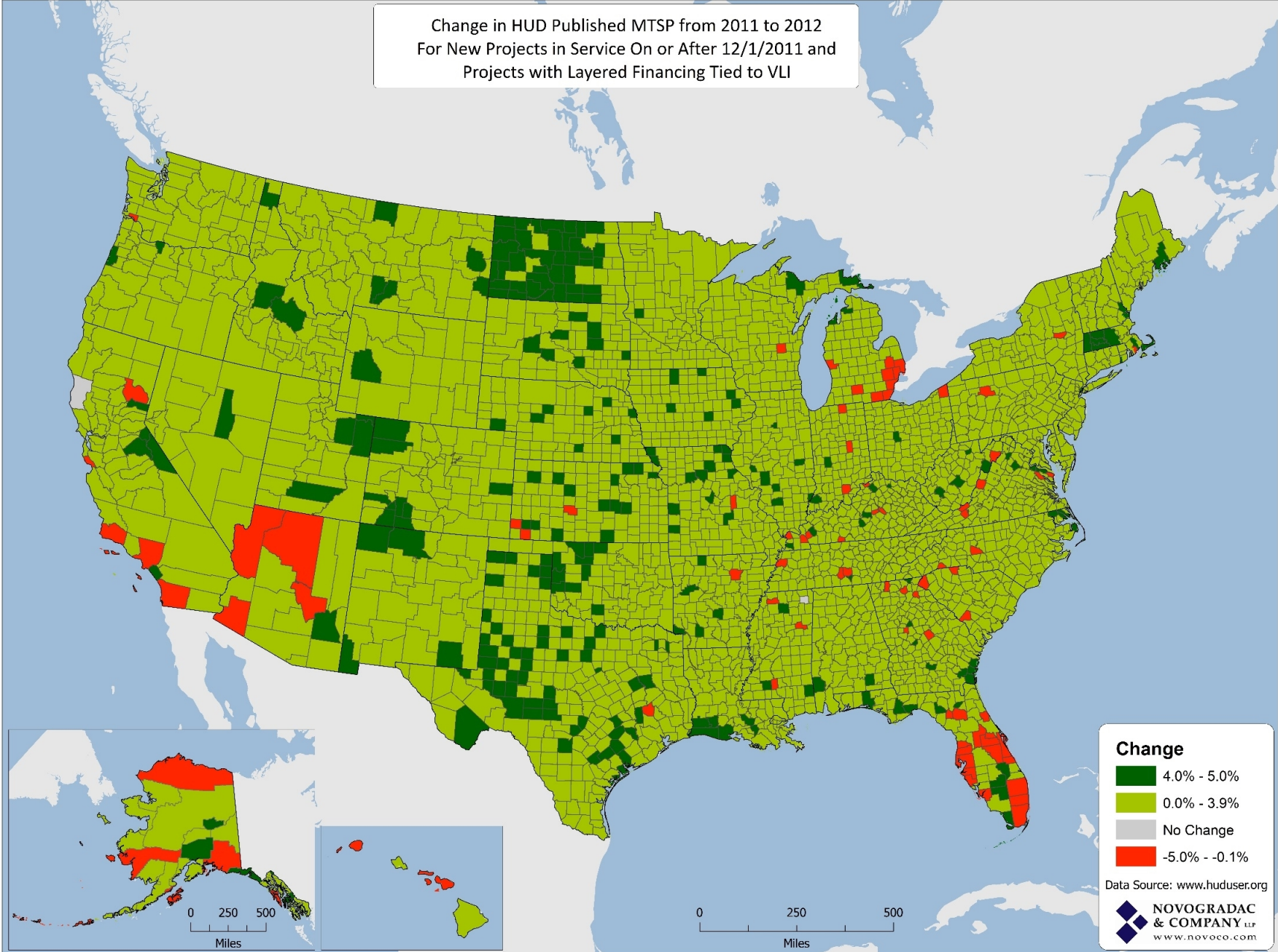


Change in HUD Published MTSP from 2010 to 2011
For New Projects and Layered Financing



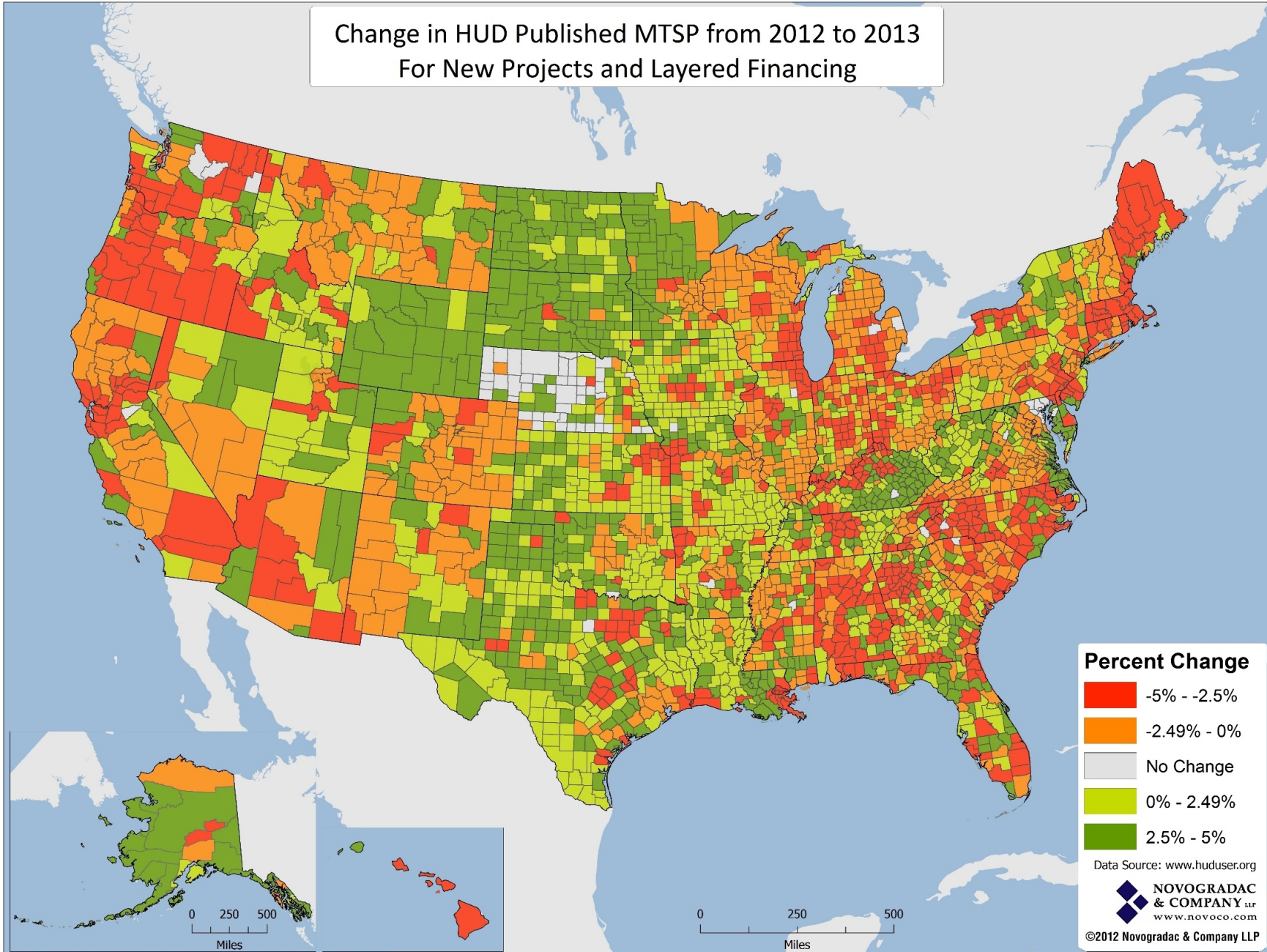


Change in HUD Published MTSP from 2011 to 2012
For New Projects in Service On or After 12/1/2011 and
Projects with Layered Financing Tied to VLI





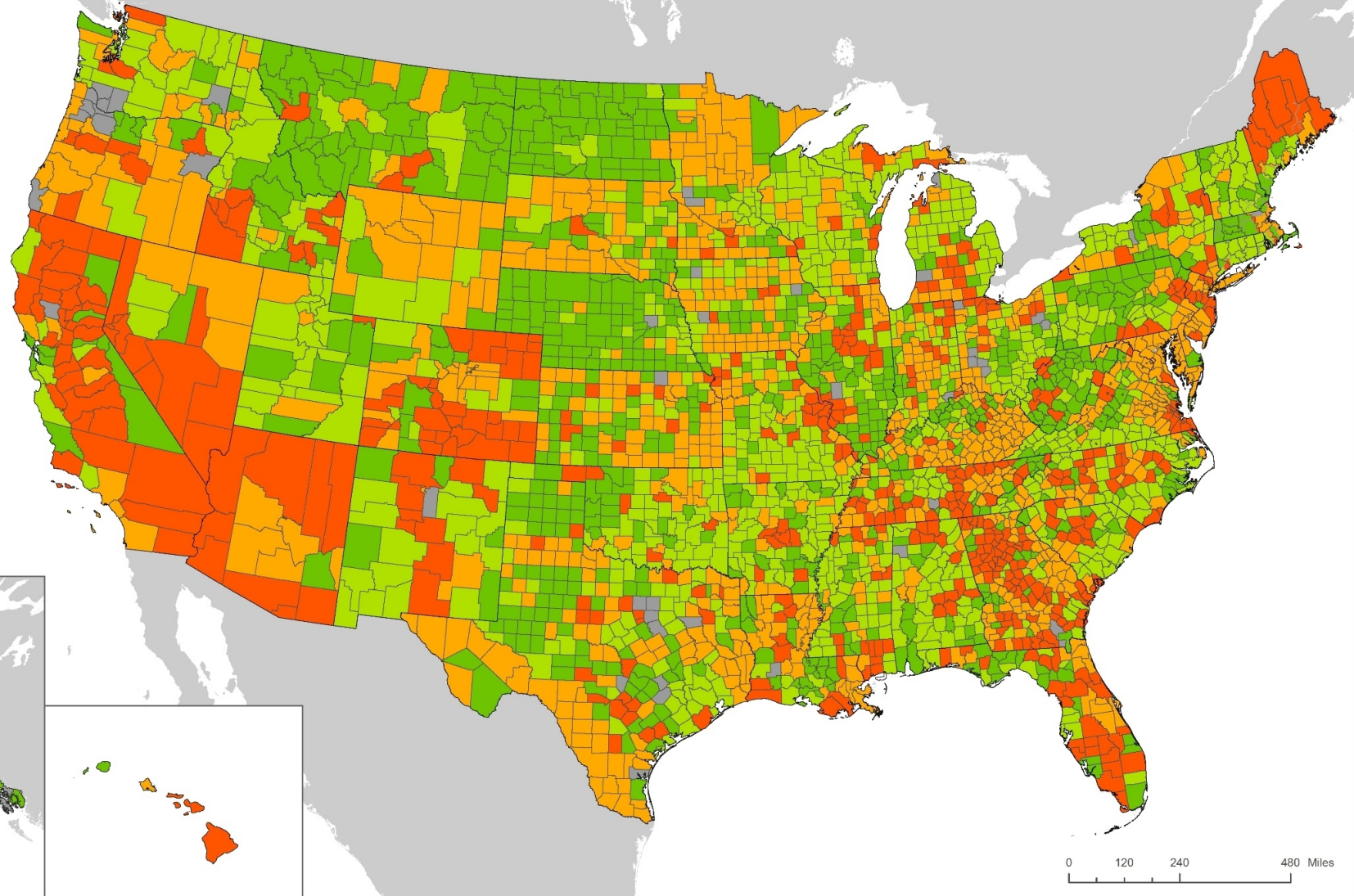
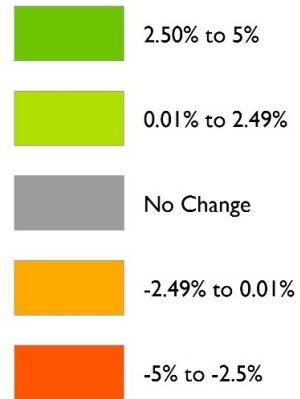
Change in HUD Published MTSP from 2012 to 2013
For New Projects and Layered Financing





Change in HUD Published MTSP

2013 to 2014 for New Projects and Layered Financing

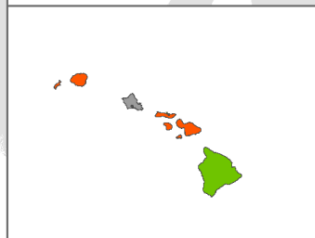
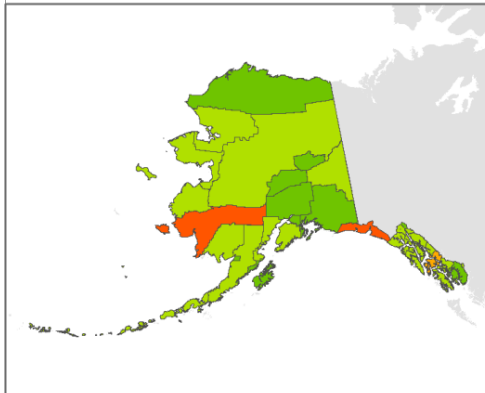
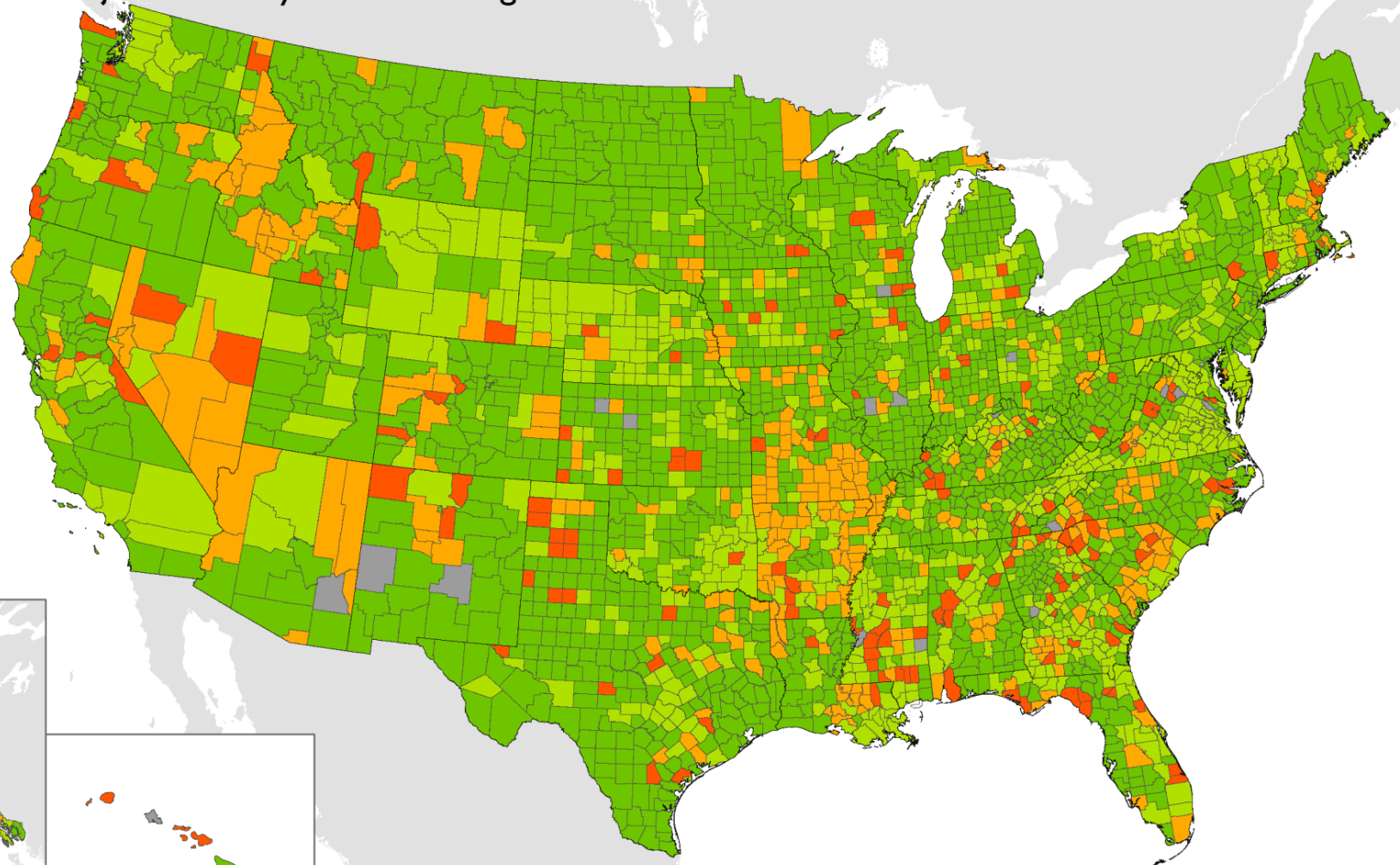
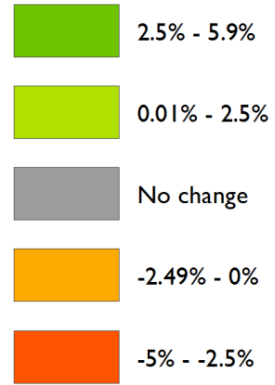




Change in HUD Published MTSP

2014 to 2015 for New Projects and Layered Financing

NOVOGRADAC & COMPANY up 2015



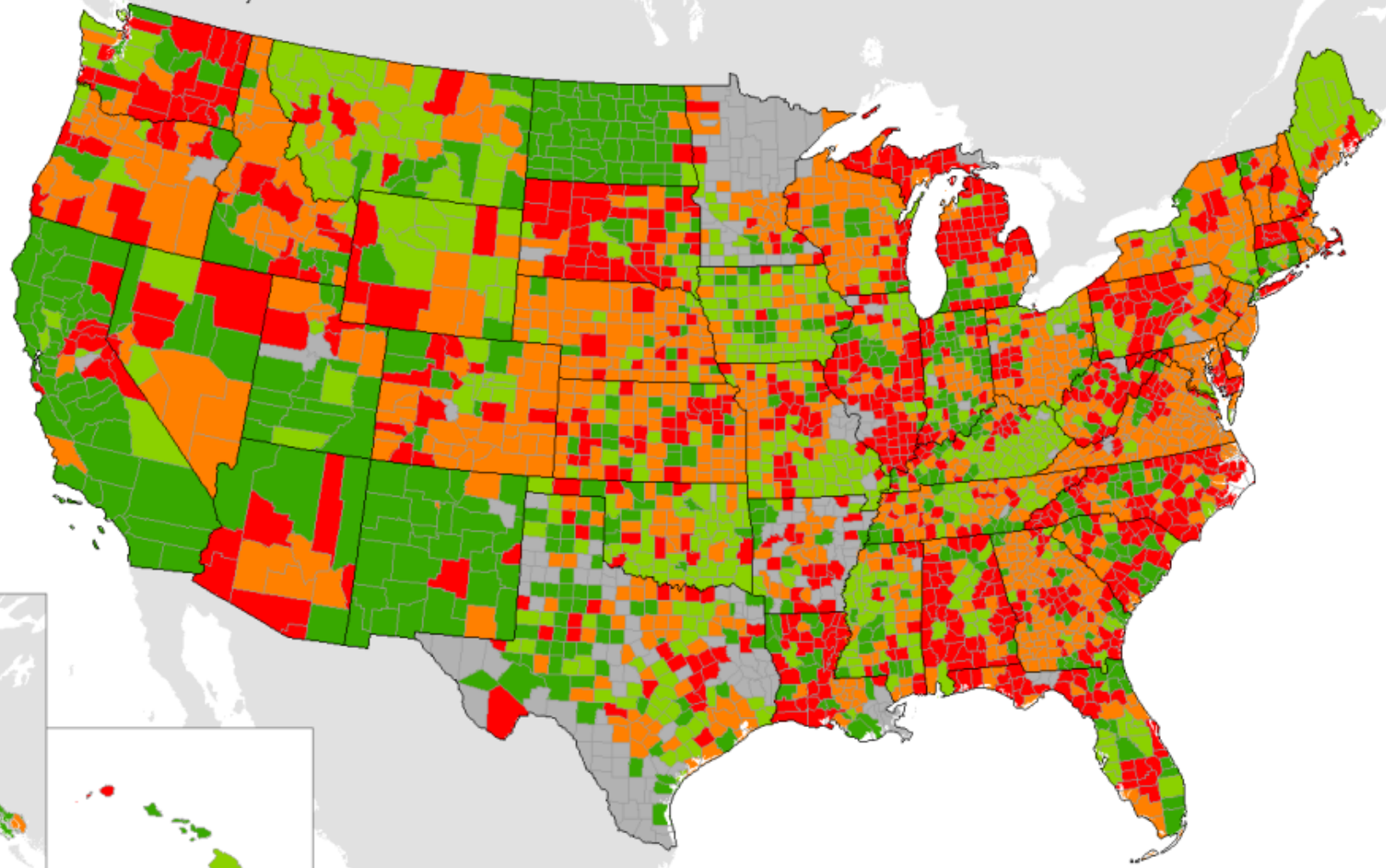
0 120 240 480 Miles



Change in HUD-Published MTSP Income Limits from 2015-2016

(Without HERA Special and Hold Harmless)

- 2.5% to 5%
- 0.01% to 2.49%
- No change
- 0.01% to -2.49%
- 2.5% to -5%



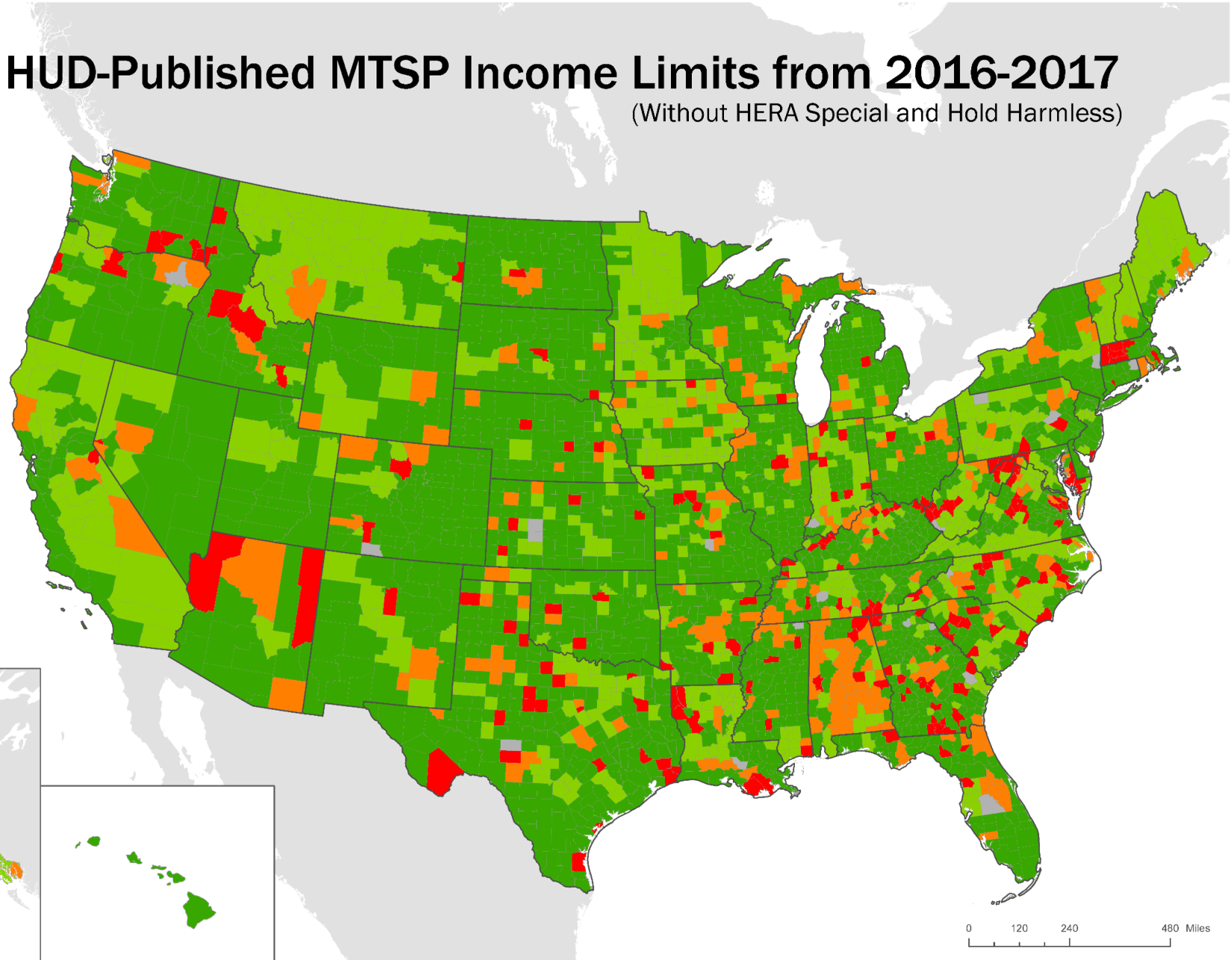
0 120 240 480 Miles



Change in HUD-Published MTSP Income Limits from 2016-2017

(Without HERA Special and Hold Harmless)

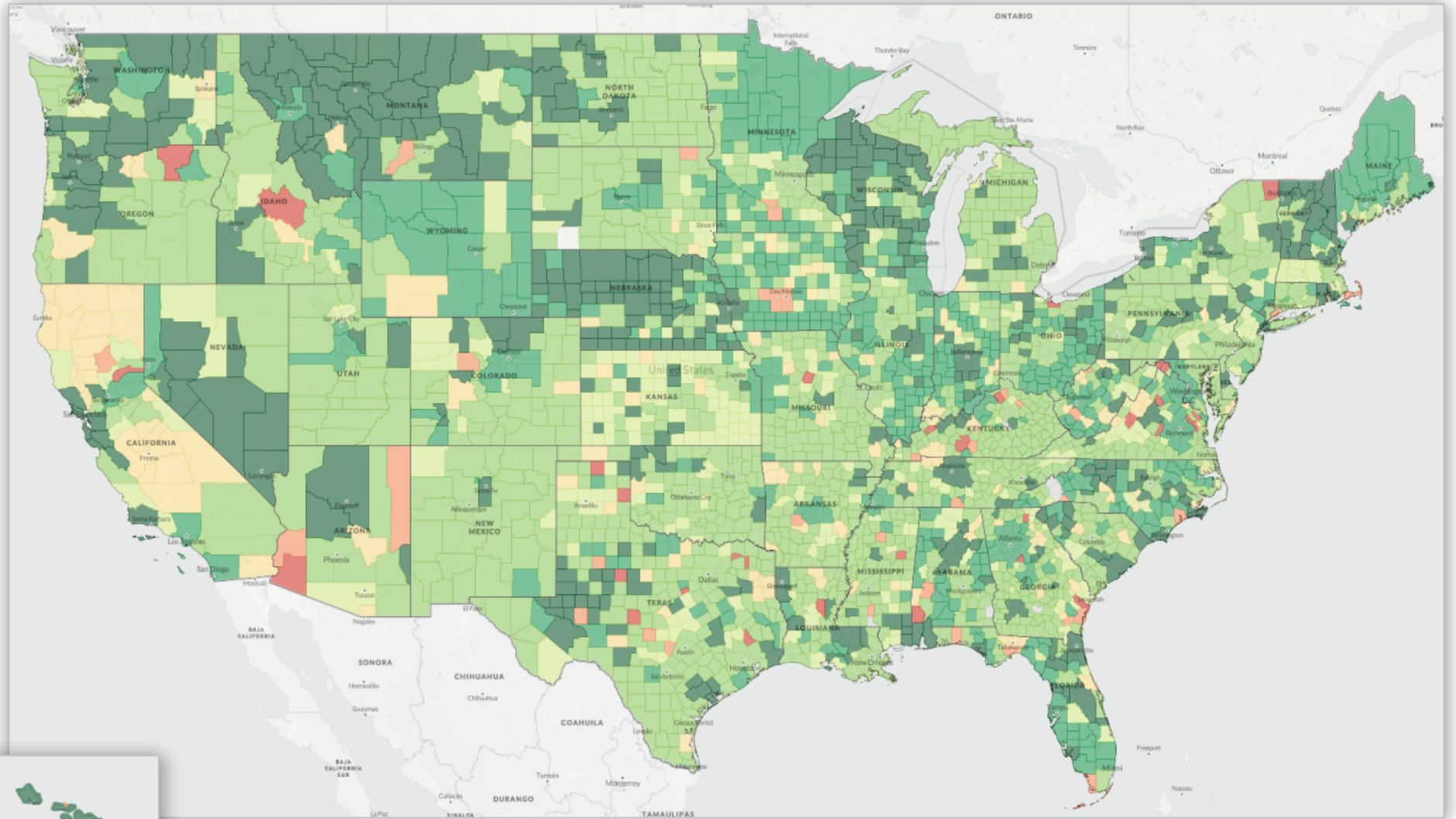
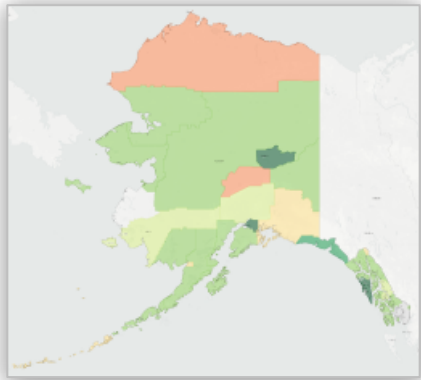
- 2.5% to 5%
- 0.01% to 2.49%
- No change
- 0.01% to -2.49%
- 2.5% to -5%





Change in HUD-Published MTSP Limits

2017 to 2018

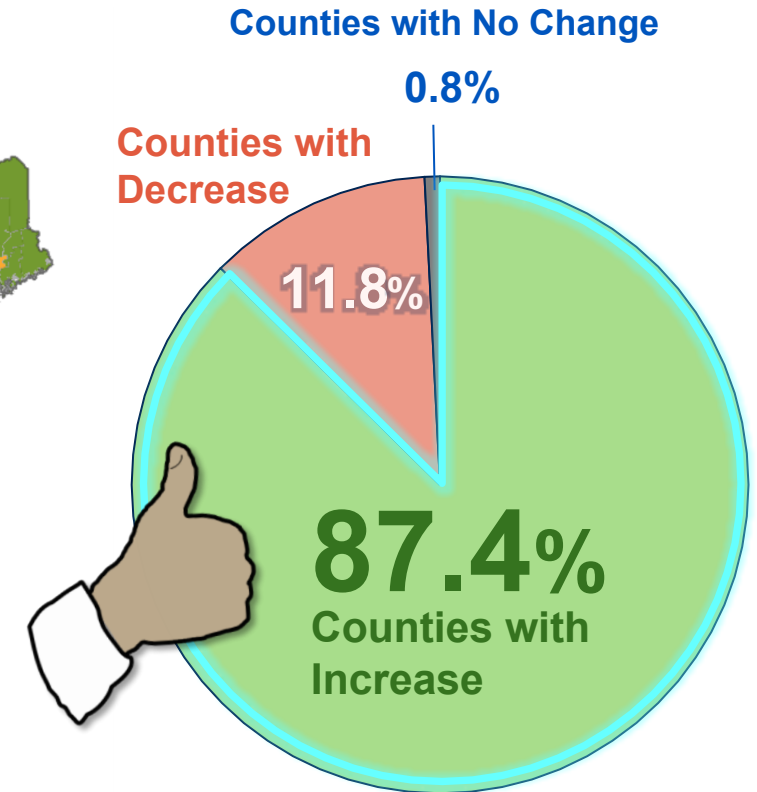
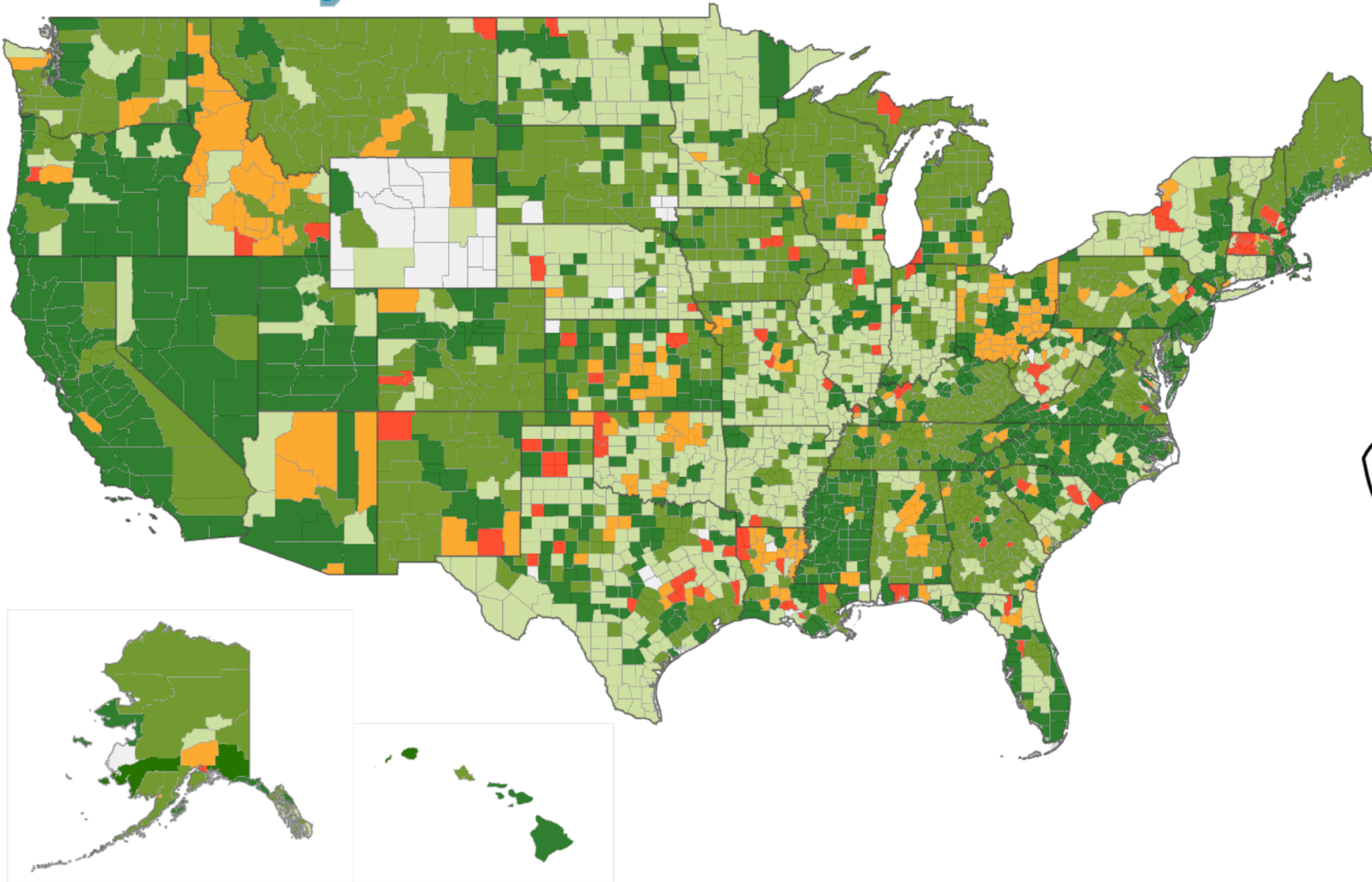


- Less Than 5%
- 5% to -2.5%
- 2.5% - 0
- No change
- 0-2.5%
- 2.5-5.75%
- 5.75 - 8%
- Greater than 8%







HUD MTSP Income Limits

2019-2020 Percent Change in VLI

For NEW Projects

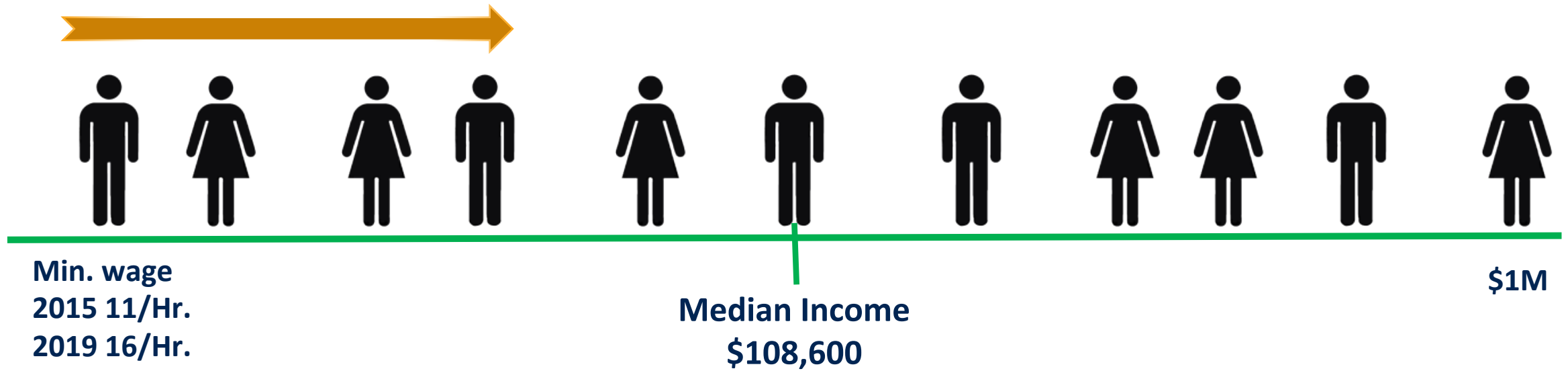


2019-2020 Percent Change in VLI

-  -2.5% to -5%
-  0% to -2.5%
-  No Change
-  0% to 2.5%
-  2.5% to 5%
-  5% to 8%

**Discuss Median Income and
K shaped recovery – insert a
couple of slides here**

**Will the increase in minimum wage impact median income and if so when?
Will the increase in minimum wage impact tenants ability to qualify for housing?**



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National Council of
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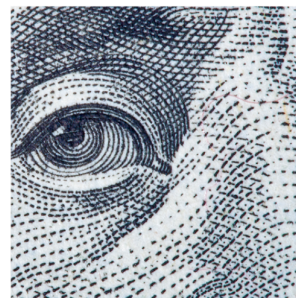
**MRBs and
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FEBRUARY 1 – 3



Housing Credit
FEBRUARY 3 – 5



**Section 8 and
Other Federally
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Multifamily
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FEBRUARY 8 – 10



**HOME and
Housing Trust
Fund**
FEBRUARY 10 – 12

