



NATIONAL MID-YEAR REPORT CURRENT STATE OF AFFORDABLE HOUSING



NATIONAL

SUMMARY OF TRENDS

- Inventory of affordable housing is projected to expand significantly over the next few years, particularly across the Sun Belt region in markets such as Los Angeles, San Diego, Phoenix, Miami, Dallas, Atlanta and others
- Government policy, particularly the recently passed One Big Beautiful Bill Act, could have a significant impact on spurring development for affordable product
- Loan maturities across the affordable housing market are expected to pick up over the next several years, with \$42.2 billion coming due in the next decade
- Occupancy levels and cap rates for affordable product remain competitive with other comparable asset types





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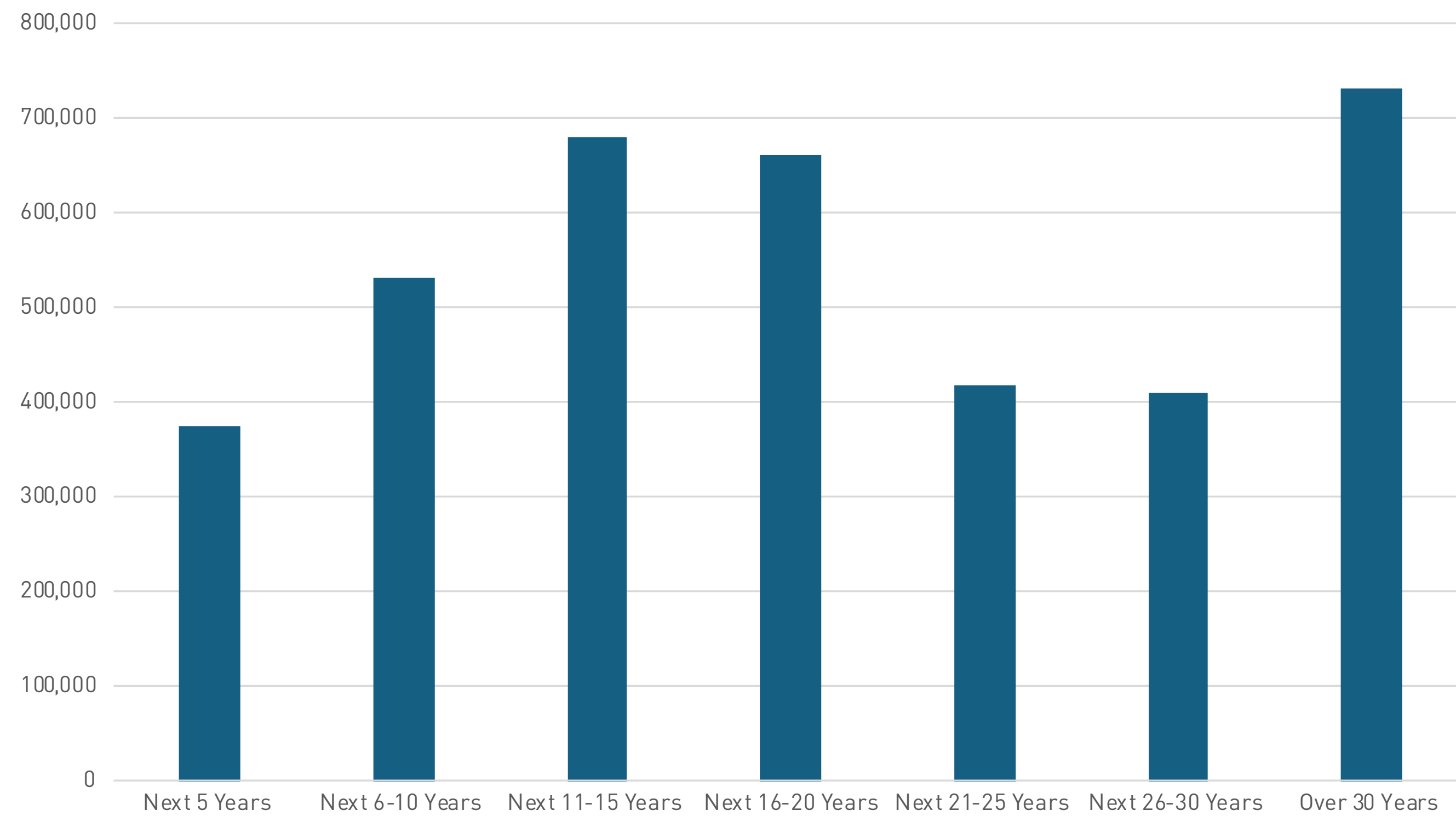
AFFORDABILITY RESTRICTIONS PROJECTED TO EXPIRE FOR THOUSANDS OF HOMES

374,497

Multifamily Units

Affordability restrictions expiring over the next 5 years

Expected Number of Units Losing Affordability Restrictions

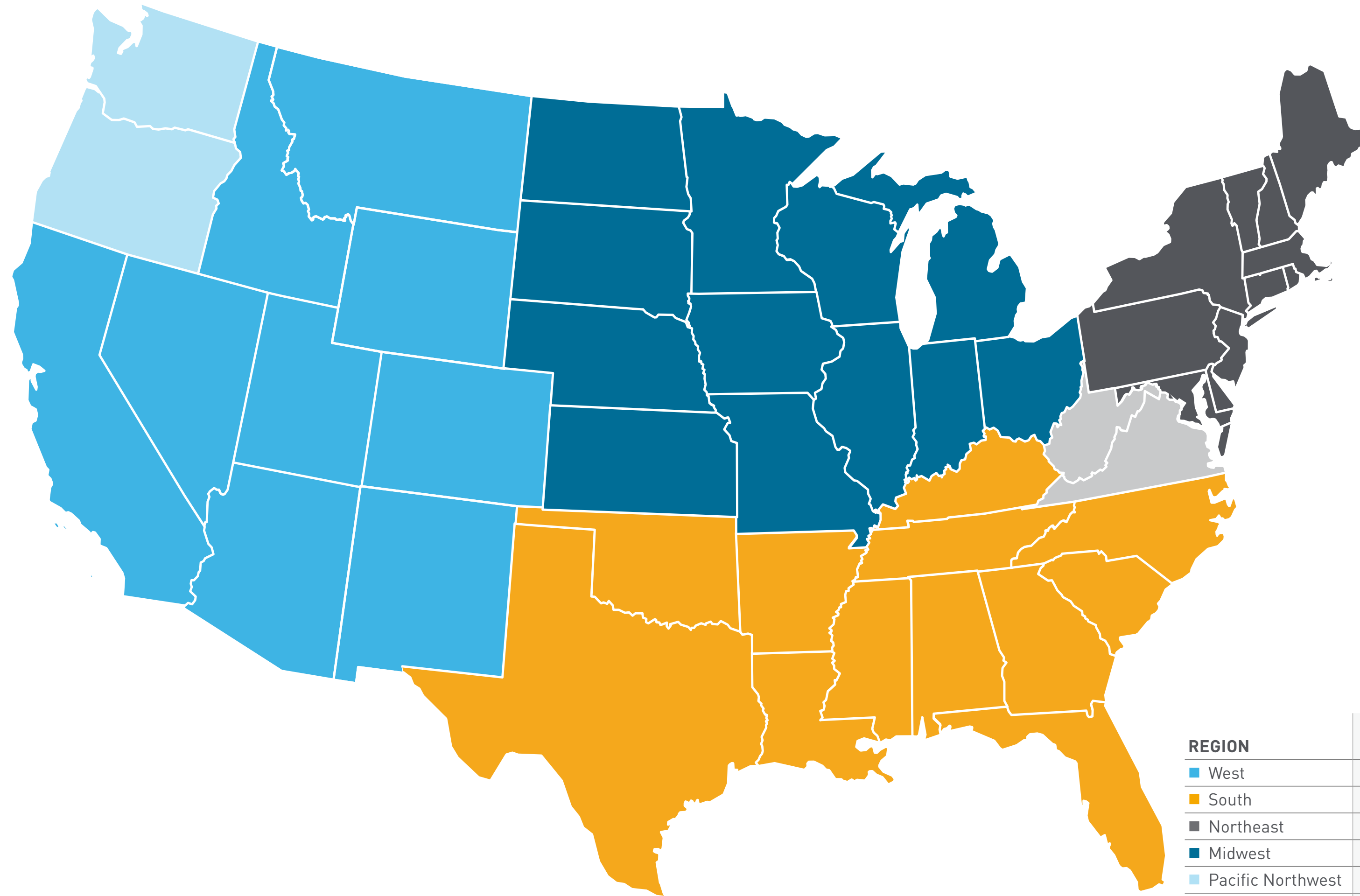


Source: NHPD



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DEVELOPMENT PIPELINE BY REGION



REGION	UNITS UNDER CONSTRUCTION	UNITS PLANNED	UNITS PROSPECTIVE	INVENTORY
West	36,777	40,405	80,733	253,703
South	43,830	37,963	94,287	445,115
Northeast	14,828	13,960	28,183	95,123
Midwest	10,779	14,929	25,244	136,227
Pacific Northwest	6,787	3,100	14,099	67,185
Mid-Atlantic	7,276	6,486	15,382	84,490

Source: Yardi Matrix (As of July 2025)



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AFFORDABLE HOUSING CONSTRUCTION

Demand for affordable housing remains strong, as low single-family housing inventory, high construction costs, and a stubborn financing environment steer renters to lower cost alternatives.

However, with a shortage of roughly 7.1 million affordable rental homes according to the National Low Income Housing Coalition, deliveries have struggled to keep pace. Furthermore, Yardi Matrix data forecasts that construction of affordable units is expected to peak in 2025, before declining over the next few years.

Measures have been taken to help spur more low-income housing development. The Federal Housing Finance Agency recently announced it is doubling the amount that Fannie Mae and Freddie Mac can invest in Low-Income Housing Tax Credit (LIHTC) properties to \$2 billion each, possibly injecting \$4 billion in tax credit equity into the nation's affordable housing market.

The LIHTC program acts as the federal government's primary tool to facilitate the development of affordable housing. Tax credits are issued to developers in order to help mitigate construction costs in return for building units reserved for low-income households.

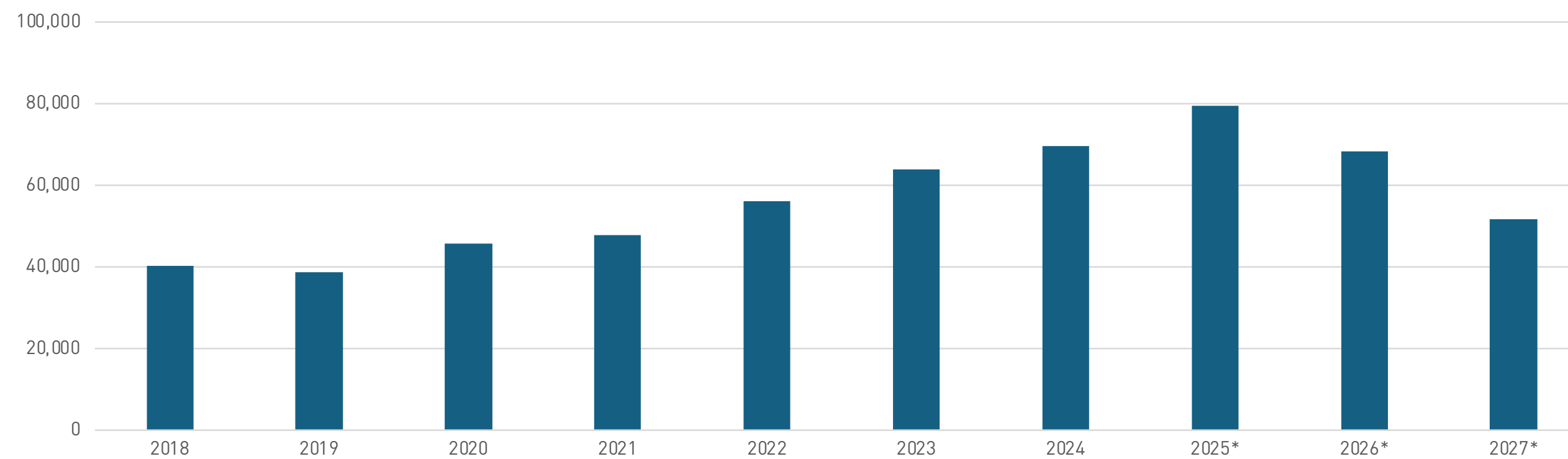
Other legislative provisions that were recently passed included a permanent 12% increase in 9% low-income housing tax credit allocations. These measures, included in the One Big Beautiful Bill Act, will help states to finance more affordable rental housing projects each year.

Developers must compete to receive an allocation of limited 9% LIHTC from a state housing finance agency to be able to claim housing credits. Tax-exempt bonds, which are technically non-competitive, have become scarce in many parts of the country due to constrained volume cap. However, developers can claim 4% LIHTCs for projects where 50% or more of the aggregate basis of the building and land is financed by tax-exempt bonds from the state.

As a part of H.R. 1, that threshold, known formally as the "50% Test", has been reduced to 25%, allowing states the ability to award tax-exempt bonds to a greater number of affordable projects. An analysis completed by Novogradac estimates that the changes in these provisions could finance nearly 1.2 million affordable homes over the next decade.

High construction costs as well as a difficult financing environment could continue to hinder the development of affordable product. While inflationary pressures have eased somewhat, prices still remain stubbornly elevated. As a result, per the Federal Reserve's most recent meeting, interest rates appear unlikely to see a significant drop in the near term. Given the potential headwinds facing the development pipeline, recent legislative actions should help bridge the gap in affordable housing supply.

Fully Affordable Completions (Units)



*Projected, Source: Yardi Matrix (As of July 2025)





Occupancy

Q2 2025

95.1%

↓ 60 BPS YOY

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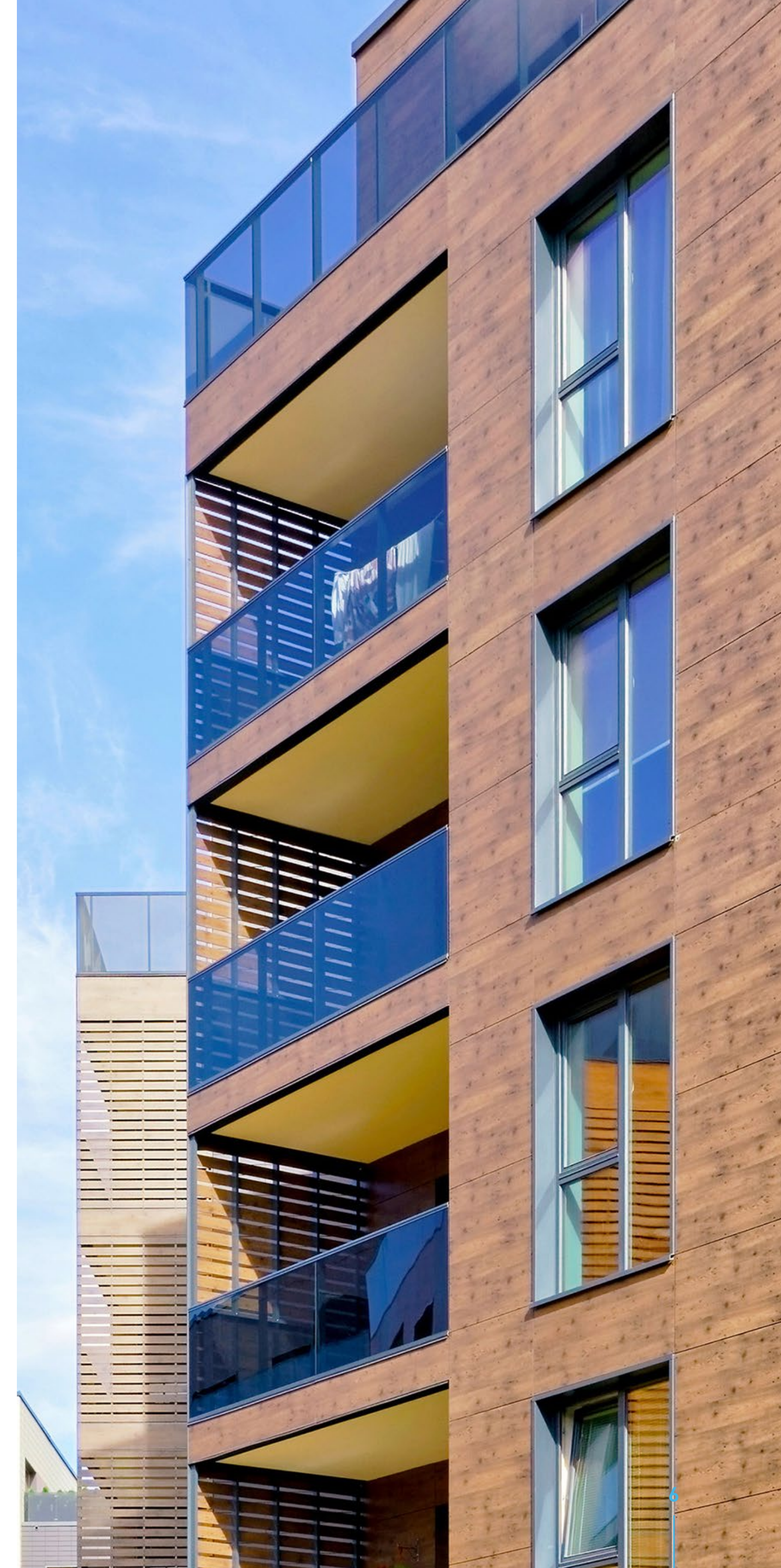
RENT & OCCUPANCY

Notable Market Performance

MARKET	OCCUPANCY (Q2 25)	YOY (BPS)	FAIR MARKET RENT (FY 25)	YOY
Inland Empire	97.6%	-10	\$2,306	14.7%
Washington, D.C.	94.1%	-20	\$2,314	13.2%
Houston	90.8%	-70	\$1,529	12.7%
Dallas	90.0%	-130	\$1,884	7.2%
Tampa	96.8%	-40	\$1,978	6.9%
Detroit	94.3%	-70	\$1,378	6.7%
Phoenix	93.2%	-150	\$1,950	3.9%
Minneapolis	95.7%	-20	\$1,685	3.9%
Philadelphia	97.0%	-10	\$1,802	3.7%
Los Angeles	97.0%	-50	\$2,625	3.2%
Chicago	97.1%	0	\$1,761	2.7%
San Diego	97.8%	-20	\$2,881	1.7%
Seattle	92.0%	-90	\$2,671	1.0%
Miami	97.5%	-30	\$2,329	0.2%
Atlanta	90.2%	-10	\$1,830	-0.8%
San Francisco	97.7%	-30	\$3,318	-1.2%
Denver	91.6%	-310	\$2,140	-2.8%
Boston	97.8%	-90	\$2,711	-4.1%
New York	98.4%	-40	\$2,580	-6.3%

Source: HUD, CoStar Group

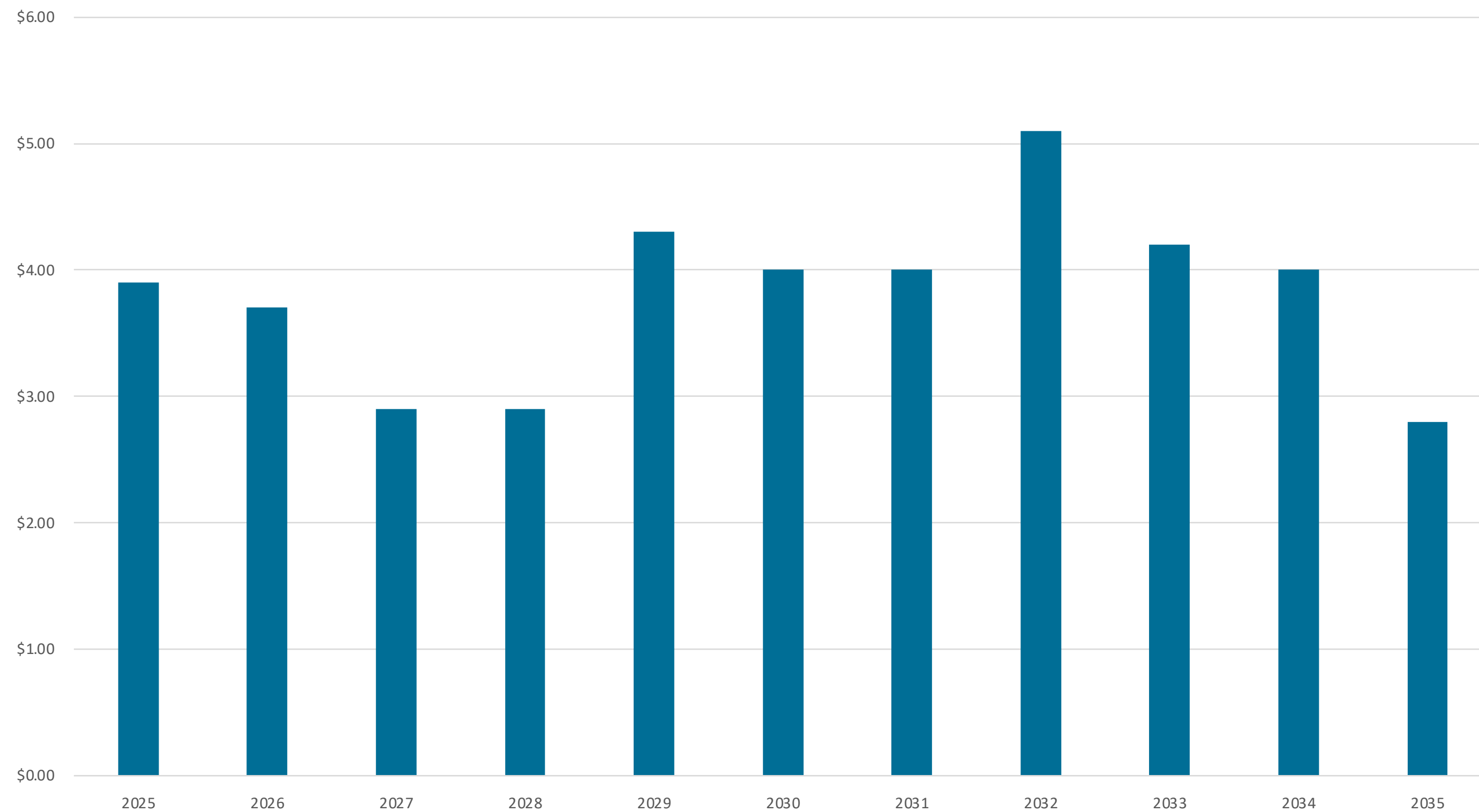
*Excludes Corporate, Military, Senior and Vacation, *Rent Type:Affordable, *Rent Restricted and Rent Subsidized, *25+ Units





NATIONAL

EXPECTED AFFORDABLE LOAN MATURITIES



Source: Yardi Matrix

A recent study by Yardi Matrix assessed the current state of affordable housing loans

\$10.5B

Of Commercial Mortgages

backed by fully affordable properties in the U.S. are set to mature over the next three years

\$21.7B

Projected

to mature by 2030

\$42.2B

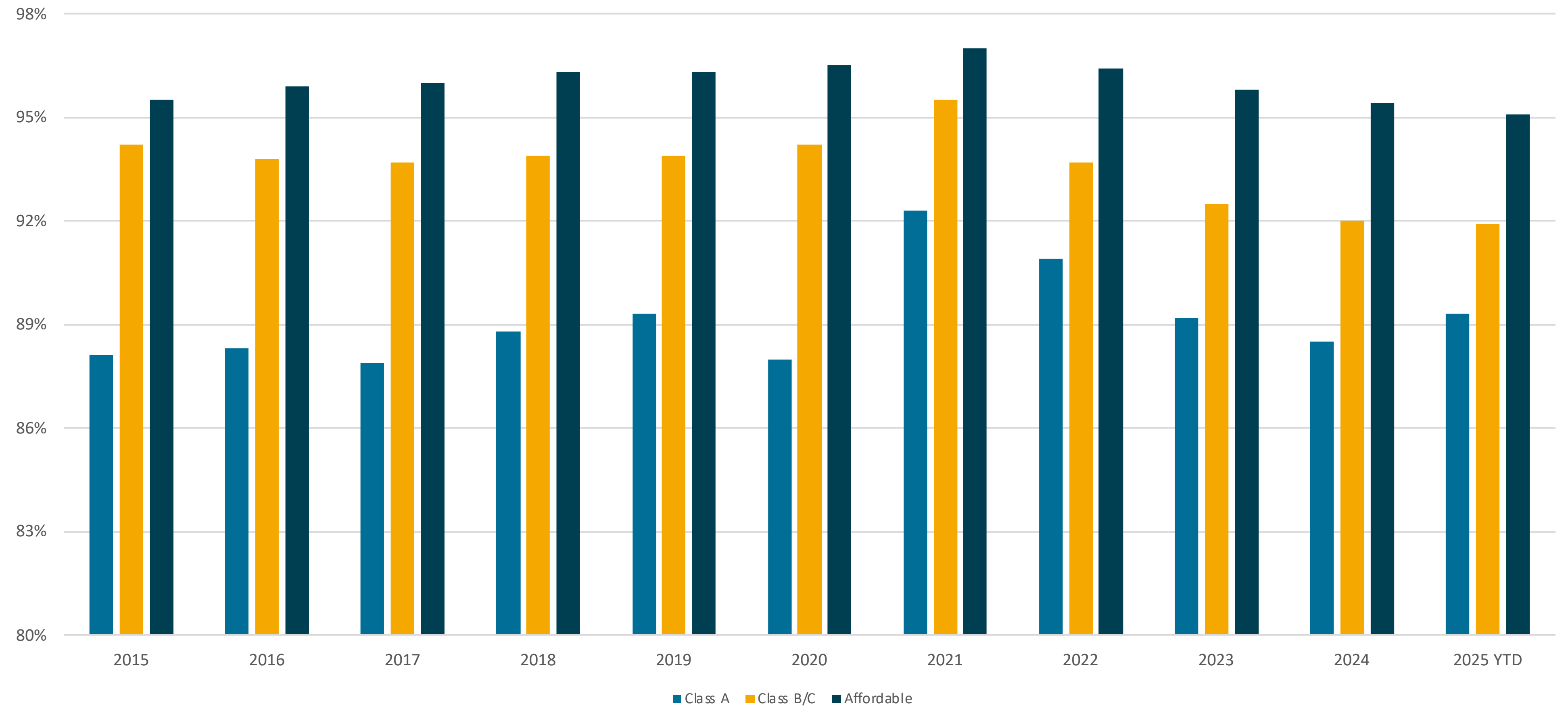
Affordable Loans

are expected to mature over the next decade



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OCCUPANCY LEVELS BY ASSET TYPE

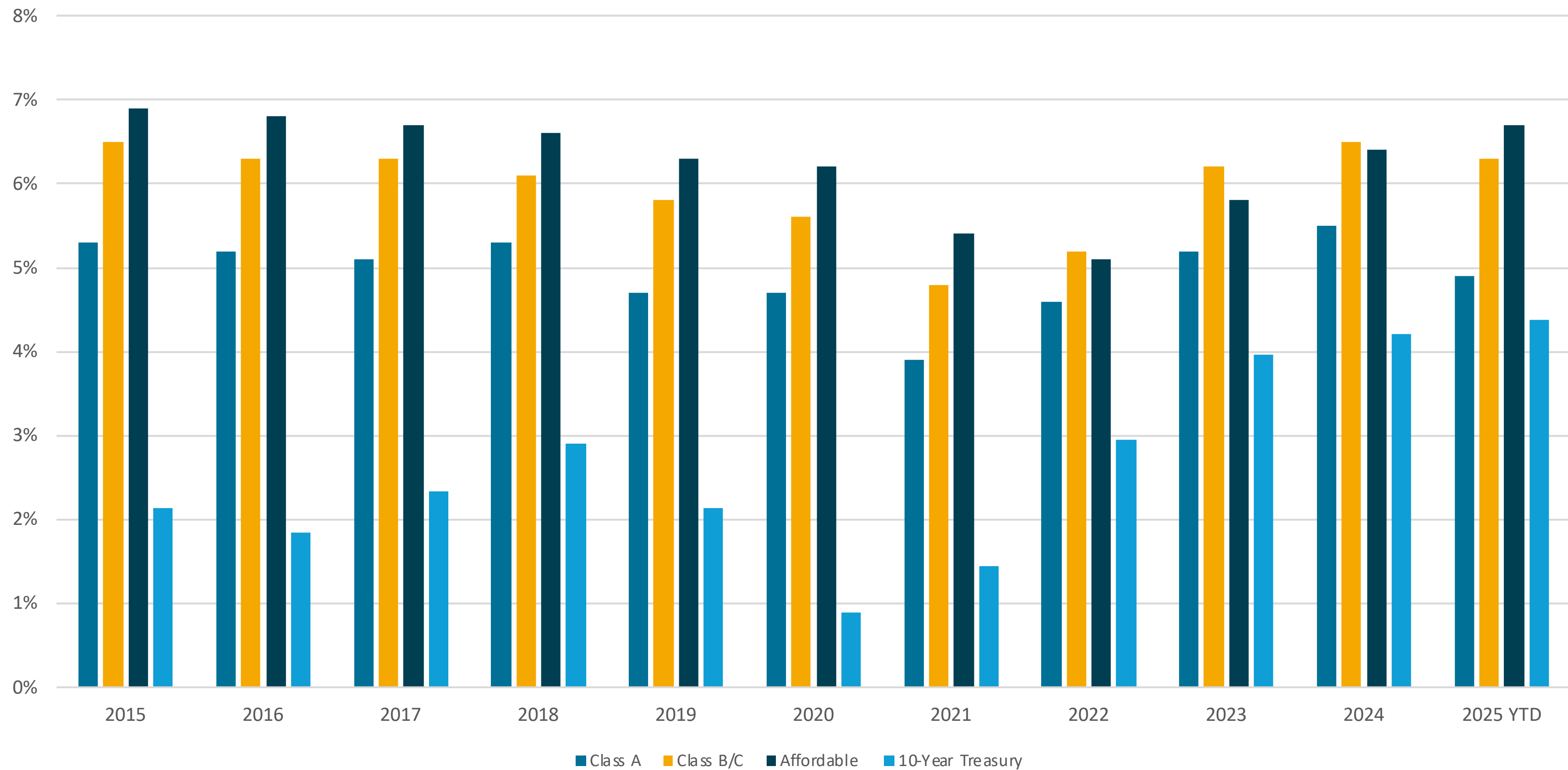


Source: CoStar Group (As of Q2 2025)



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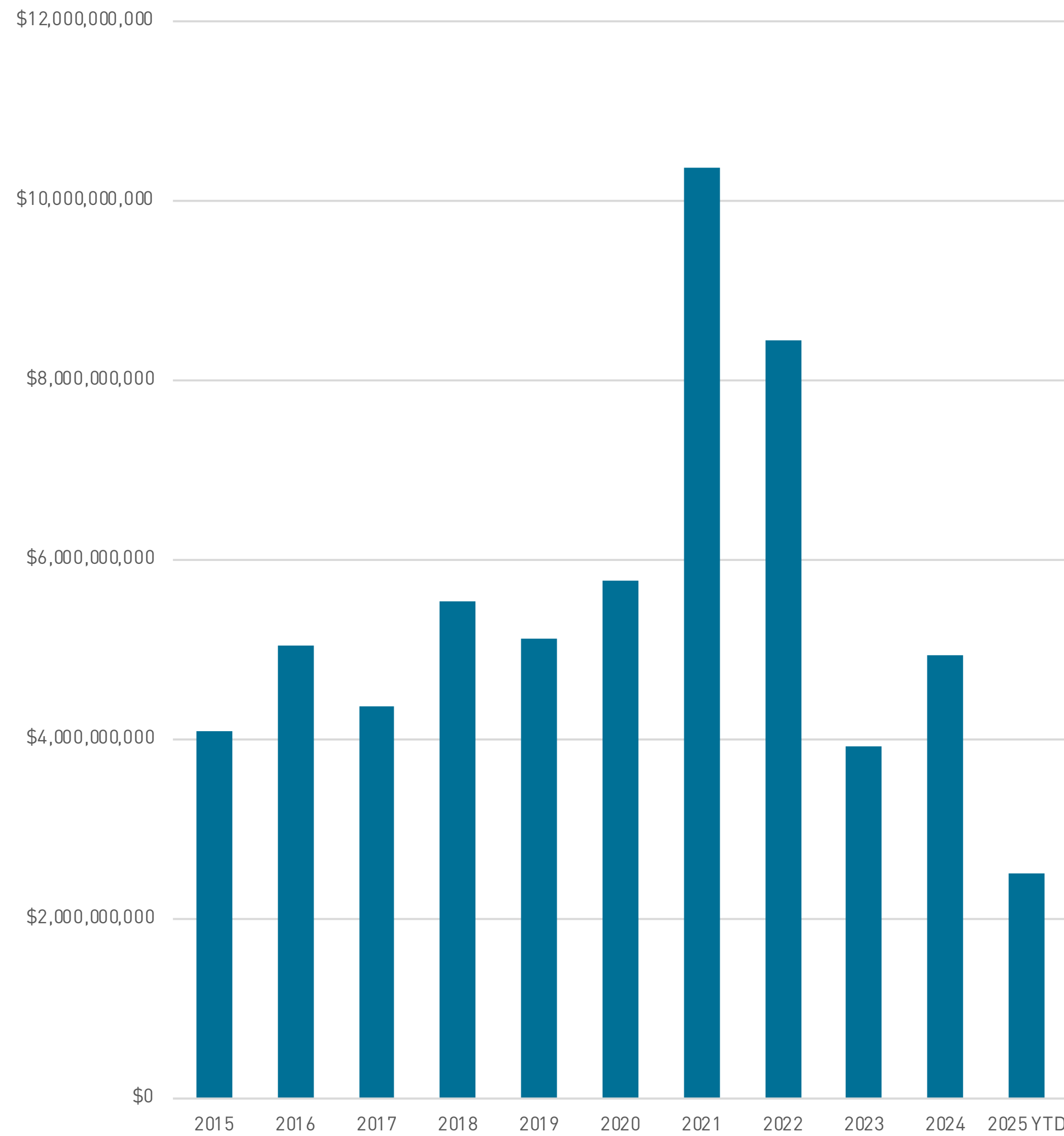
CAP RATE PERFORMANCE BY ASSET TYPE





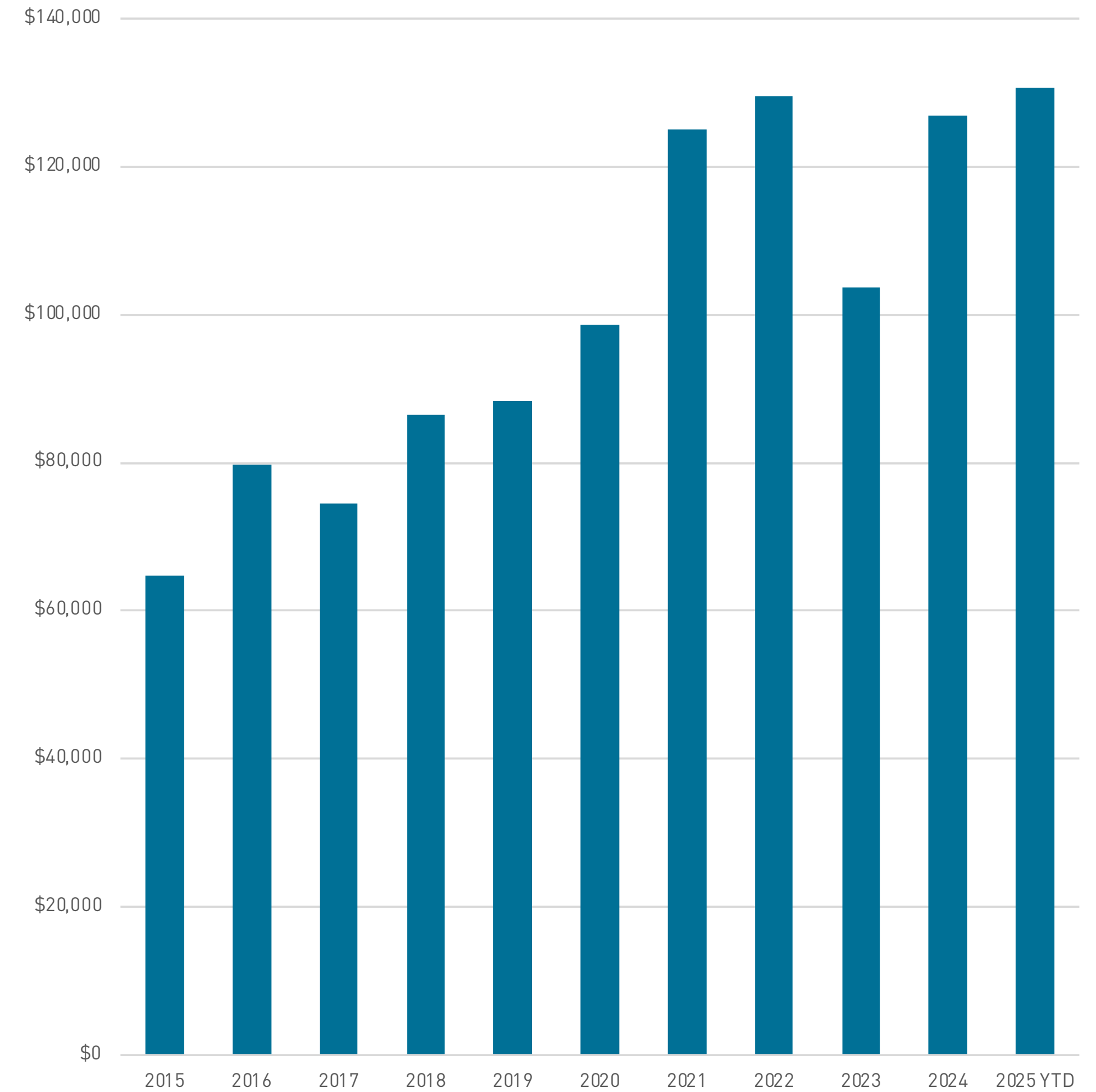
NATIONAL SALES

AFFORDABLE HOUSING BY SALES VOLUME



Source: CoStar Group

AFFORDABLE HOUSING AVERAGE PRICE PER UNIT





NATIONAL SALES

2025*



VOLUME
\$2.4B



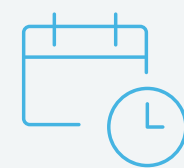
PRICE PER UNIT (AVG)
\$133,819



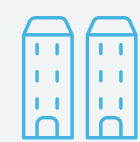
TRANSACTIONS
286



UNITS (AVG)
111



YEAR BUILT (AVG)
1980s



SQUARE FEET (AVG)
113,826

*Through Q2 25.
Source: CoStar Group
Rent Subsidized and Rent Restricted





Sources: CoStar Group; U.S. Census Bureau; National Housing Preservation Database; Yardl Matrix; National Low Income Housing Coalition; U.S. Department of Housing and Urban Development; Novoco; Housing Finance

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