



## Status of the LIHTC Industry

### Boston Capital

**Jack Manning**  
Boston Capital Corporation  
President and CEO



**Christoph K. Gabler**  
AEGON Asset Management  
Co-Head of Real Estate

### Citi Community Capital

**Mark Sherman**  
Citi Community Capital  
Director, Structured Lending and  
Investing

**Mark Dean**  
Citi Community Capital  
Managing Director, National  
Production Manager

## Your Webinar Host

Mark Dean

Citi Community Capital, Managing Director, National Production Manager

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Mark Dean is the National Production Manager for Citi Community Capital with over 28 years of experience providing investment banking and mortgage banking services to real estate developers and corporate sponsors.

Phone: 206-346-2838

Email: [mark.w.dean@citi.com](mailto:mark.w.dean@citi.com)

Citi Community Capital

## Agenda

- Introduction
  - “Operating under a cloud of uncertainty at the moment”
  - Coverage and Objective of today’s Webinar
  - Participants and Perspective
- Webinar Mechanics \ Participant Input
- LIHTC Update Topics
  - Perspective on 2016 – Pre and Post General Election
  - Operating in 2017
    - Looking for Certainty in an Uncertain Market
    - Current Depth and Breadth of Market
    - Pricing
    - Adjuster
    - CRA versus Economic Investors / What does CRA get you?
    - Structuring / Credit Trends
- Q&A – [AskCitiCommunityCapital@citi.com](mailto:AskCitiCommunityCapital@citi.com)

## Panelist

Jack Manning

Boston Capital Corporation, President and CEO

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**Boston Capital**

Mr. Manning is one of the two original founders of BOSTON CAPITAL CORPORATION, which was formed in 1974. From its beginning, BOSTON CAPITAL's goal was to focus on providing equity investment capital for the development of apartment properties throughout the country. Under Mr. Manning's leadership as CEO for the past 43 years, BOSTON CAPITAL has grown into one of the largest owners/investors in apartment properties in the United States. Through a number of affiliated partnerships, BOSTON CAPITAL's present portfolio is comprised of approximately 1,855 properties with an original development cost in excess of \$17.5 billion. These properties are located in 49 states, the Virgin Islands and Guam, both of which are U.S. territories.

Mr. Manning is a graduate of Boston College.

Phone: 617-624-8501

Email: [jmanning@bostoncapital.com](mailto:jmanning@bostoncapital.com)

## Panelist

Christoph Gabler

Aegon USA Realty Advisors, Co-Head of Real Estate

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Christoph Gabler joined Aegon USA Realty Advisors (AURA) in 2000. Christoph was named Co-Head of Real Estate in 2016 and jointly leads AURA's day-to-day business activities. Previously, Christoph was Head of Community Investments at AURA, responsible for the oversight of AURA's tax credit investing business line. Earlier in his tenure at Aegon, he served as head of the Tax Credit Asset Management, Production and Distribution groups. Prior to joining AURA, he worked for several banks and institutions, in various aspects of the tax credit industry. Christoph received his BA in economics from Tufts University and his MBA from Boston College.



Phone: 415-983-5441

Email: [cgabler@aegonusa.com](mailto:cgabler@aegonusa.com)

## Panelist

Mark Sherman

Citi Community Capital, Director, Structured Lending and Investing

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Mark Sherman works in the Structured Lending and Investing group of Citi Community Capital (CCC). He is responsible for the management of CCC's low income housing tax credit equity platform, CRA-qualifying structured lending origination initiatives, various municipal structured products, securitizations and agency executions.

Prior to serving in his current role, Mark worked in Citi's Municipal Capital Markets Financial Products and Accounting Policy Groups. Before joining Citi, he served a one-year fellowship at the Financial Accounting Standards Board and worked as an assurance and advisory associate at Deloitte. Mark received his BS in accounting from the Pennsylvania State University.

Citi Community Capital

Phone: 212-723-4205

Email: [mark.sherman@citi.com](mailto:mark.sherman@citi.com)

## Q&A

- During the webinar please email questions to [AskCitiCommunityCapital@citi.com](mailto:AskCitiCommunityCapital@citi.com) or
- At the end of the webinar we will have a Q&A session and follow instructions from the Operator - Press \*1 for the operator to open your line. This will enter you into the queue to ask a question



## Discussion Points

### 1. LIHTC Update Topics

#### I. Perspective on 2016 – Pre and Post General Election

#### II. Operating in 2017

- Looking for Certainty in an Uncertain Market
- Current Depth and Breadth of Market
- Pricing
- Adjusters
- CRA versus Economic Investors / What does CRA get you?
- Structuring / Credit Trends

### 2. What should our audience be considering relative to transactions in 2017?



## Q&A

- Send Questions to [AskCitiCommunityCapital@citi.com](mailto:AskCitiCommunityCapital@citi.com)
- Questions Asked after Session:
  - How do you feel about the comments from some market participants that this concept of an adjuster based upon some undetermined future tax rate is too complex and impractical to implement? The industry already operates within the confines of the most complex element of the tax code and this type of adjuster exemplifies this. If one considers a LIHTC investment a capital markets investment there are not many “conventional” capital market instruments that permit “repricing” several years after purchase. IRR adjusters historically have been the bane of asset management and disposition groups and this tax rate adjuster just seems like a good academic idea but extremely burdensome and complex to implement. **[Gabler, Christoph]** I hear you. We used the points you raise in crafting our adjuster. It is fairly simple and disallows some of the funny stuff that asset managers hate.
  - What is the panels reaction noting Christoph’s comment about one approach of no adjuster and just pricing with a higher yield requirement which is much easier to underwrite. **[Gabler, Christoph]** Super easy to underwrite but I would argue that the developer ends up at an equity raise equivalent to a 20% adjuster with no potential for upside. Another way of looking at this “easy” approach is to underwrite a deal at 20% with no upward adjuster. Six of one half a dozen of the other.
  - Have developers signed loi 's with these adjusters? **[Manning, Jack]** Yes, quite a few.
  - Considering that tax reform is on an unknown timeline, what milestone or milestones trigger these tax rate adjustments that everyone is talking about? **[Gabler, Christoph]** The language we use says that we make the upward adjustment on known changes. This would include a new rate that is legislated to adjust further downwards after the adjustment date.

## Your Webinar Speakers

- **Jack Manning**  
Boston Capital Corporation  
[jmanning@bostoncapital.com](mailto:jmanning@bostoncapital.com)  
617-624-8501
- **Brenda Champy**  
Boston Capital  
SVP, Director of Acquisitions  
617-624-8874  
[BChampy@BostonCapital.com](mailto:BChampy@BostonCapital.com)
- **Christoph Gabler**  
Aegon USA Realty Advisors  
[cgabler@aegonusa.com](mailto:cgabler@aegonusa.com)  
415.983.5441
- **Mark Dean**  
Citi Community Capital  
[mark.w.dean@citi.com](mailto:mark.w.dean@citi.com)  
206.346.2838
- **Mark Sherman**  
Citi Community Capital  
[mark.sherman@citi.com](mailto:mark.sherman@citi.com)  
212.723.4205

## Thank you for your participation!

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- Our next Webinar is coming soon. More information to come! We look forward to having you join us!
- [www.citicommunitycapital.com](http://www.citicommunitycapital.com)

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