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REAL ESTATE

# U.S. Affordable Housing Retirement Board Education

**Marketing communication | Sept 2024**

**Mendocino County Employees Retirement Association**

# Important information on risk

**The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. YOUR CAPITAL IS AT RISK.**

As an asset class, real assets are less developed, more illiquid, and less transparent compared to traditional asset classes. Investments will be subject to risks generally associated with the ownership of real estate-related assets and foreign investing, including changes in economic conditions, currency values, environmental risks, the cost of and ability to obtain insurance, and risks related to leasing of properties. Please note socially responsible investments are subject to Social Criteria Risk, namely the risk that because social criteria excludes securities of certain issuers for non-financial reasons, investors may forgo some market opportunities available to those that don't use these criteria.

The investments will be subject to the risks incident to ownership and development of real estate, including risks associated with changes in the general economic climate, political climate, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of or demand for competing properties in an area, accelerated construction activity, technological innovations that dramatically alter space requirements, the availability of financing, changes in interest rates, competition based on rental rates, energy and supply shortages, operating cost increases, various uninsured and uninsurable risks and government regulations. In addition, liquidation of the investments within the time frame contemplated is uncertain and will depend on many factors, including, the progress of the state, local and federal housing agencies, the condition of the financial markets generally, the nature of the real estate comprising the investments and the buy/sell or other liquidation rights negotiated up front.

The historical returns achieved by private equity vehicles is not a prediction of future performance or a guarantee of future results, and there can be no assurance that comparable returns will be achieved by the strategy. Investors should be aware that alternative investments are speculative, subject to substantial risks including the risks associated with limited liquidity, the use of leverage, short sales and concentrated investments and may involve complex tax structures and investment strategies. Alternative investments may be illiquid, there may be no liquid secondary market or ready purchasers for such securities, they may not be required to provide periodic pricing or valuation information to investors, there may be delays in distributing tax information to investors, they are not subject to the same regulatory requirements as other types of pooled investment vehicles, and they may be subject to high fees and expenses, which will reduce profits. Alternative investments are not suitable for all investors and should not constitute an entire investment program. Investors may lose all or substantially all of the capital invested.

ESG integration incorporates financially relevant ESG factors into investment research in support of portfolio management for actively managed strategies. Financial relevancy of ESG factors varies by asset class and investment strategy. Applicability of ESG factors may differ across investment strategies. ESG factors are among many factors considered in evaluating an investment decision, and unless otherwise stated in the relevant offering memorandum or prospectus, do not alter the investment guidelines, strategy or objectives.

Responsible investing incorporates Environmental Social Governance (ESG) factors that may affect exposure to issuers, sectors, industries, limiting the type and number of investment opportunities available, which could result in excluding investments that perform well.

# Table of contents


1. Affordable Housing overview 4
2. Affordable Housing Sub-types 8
3. Sector Return Characteristics 14
4. Case Studies 19
5. Biographies 24
6. Appendix 28

# Affordable Housing Overview

# We invest across the spectrum of affordable housing

## Achieving risk-adjusted returns through efficient management and responsible exits

### Rent-subsidized

#### Resiliency with strong cash flows

- **Federal subsidy** Residents pay 30% of income towards rent and the remainder of the difference is funded through federal subsidies
- **Highly regulated** Residents sourced through housing agency and owners comply with housing contracts
- **Durable income/resiliency** Federal subsidy, averaging 70% of rental income is paid monthly with rental increases and inflationary adjustments

### Income-restricted

#### Long-term preservation with low exit risk

- **Regulated** Residents must qualify at income levels below 60% AMI; compliance for deed restrictions and market rents
- **Limited capital needs** Typically rehabbed within the last 15 years and only in need of light upgrades and green retrofits
- **Durable income/resiliency** Rents are set by HUD against area median income for affordable housing and families with Fair Market Rent annual increases

### Naturally occurring affordable housing (NOAH)

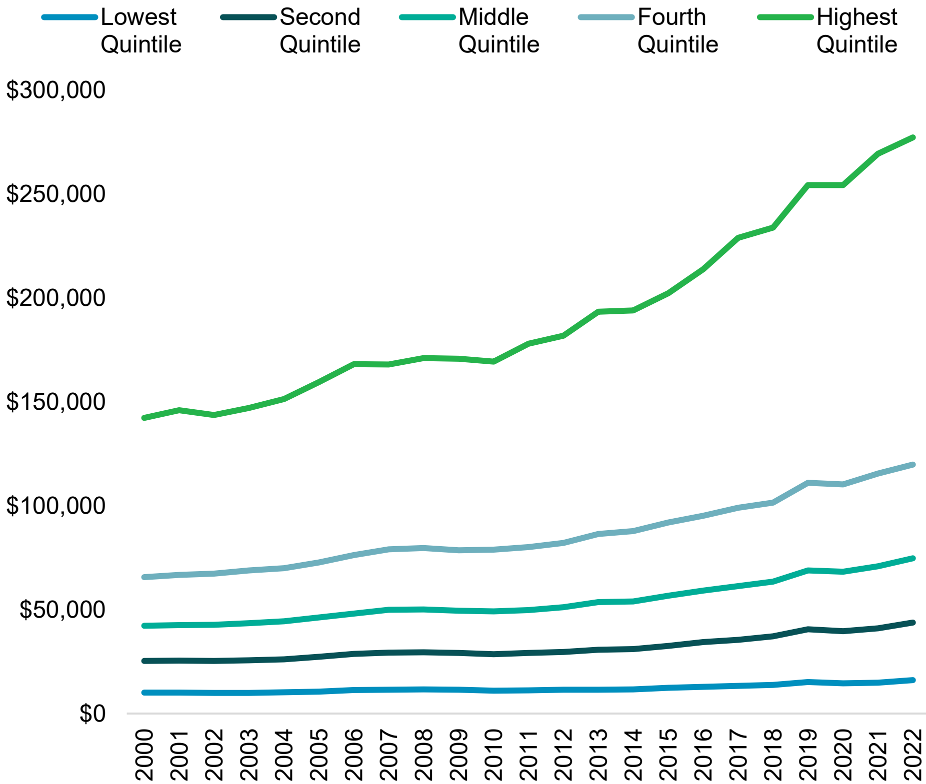
#### Preservation in high growth corridors

- **No subsidies – No regulations** Market rate class B & C assets in high-growth areas traditionally rented to residents earning less than 60% AMI
- **Light renovations** Units typically require some light renovations between $3k and $5k to improve the quality of units and implement green retrofits
- **Durable income/resiliency** Rents are maintained at affordable levels with little displacement and low turnover

# Wages/inflation imbalance in lower income populations

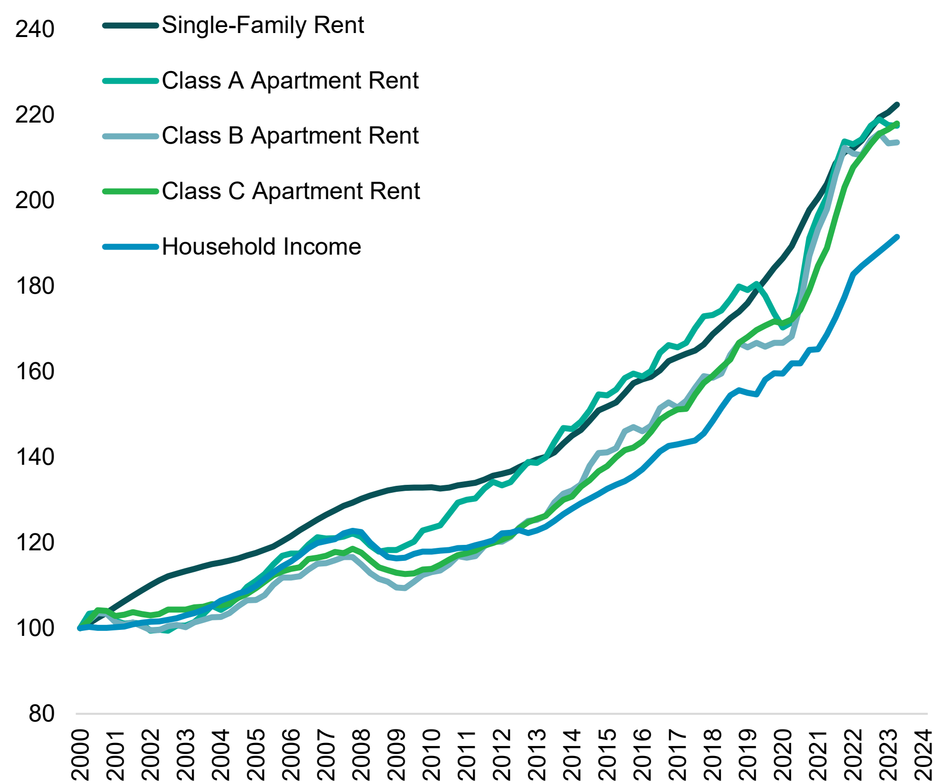
### Inequality among households has increased sharply over the past two decades[1]

Average household income (Thousands of current dollars)




### Rental costs are significantly outpacing household income levels[2]

Indexed growth of income vs. renter costs (2000 = 100)




1 Source: U.S. Census Bureau, Current Population Survey, 1968 to 2023 Annual Social and Economic Supplement

2 Source: RealPage; John Burns; U.S. Census Bureau, May 2024

# Supply/demand imbalances in rental housing

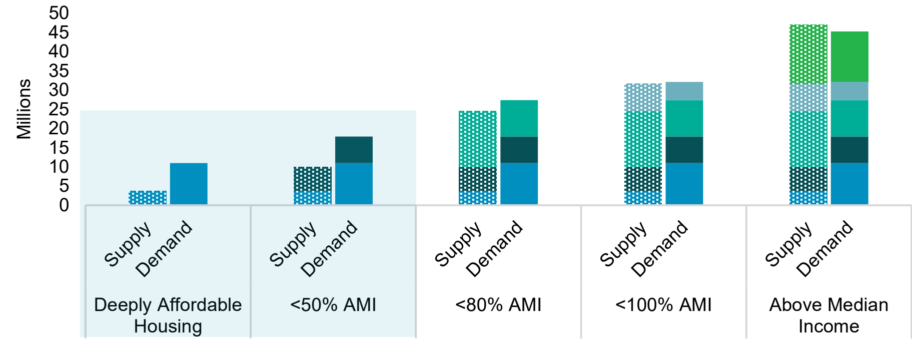
## Housing affordability is worsening in the U.S.

Cost-burdened U.S. renters ***spending >30% of income on housing*** *totaled 22.3M in 2022*, up 14.7M from 2001

Severely cost-burdened U.S. renters ***spending > 50% of their income on housing*** *totaled 12M in 2022, up from 7.5M* in 2021.

***Less income spent on healthcare*** by cost-burdened households

## Renter households in lower incomes are outpacing supply of affordable rental homes

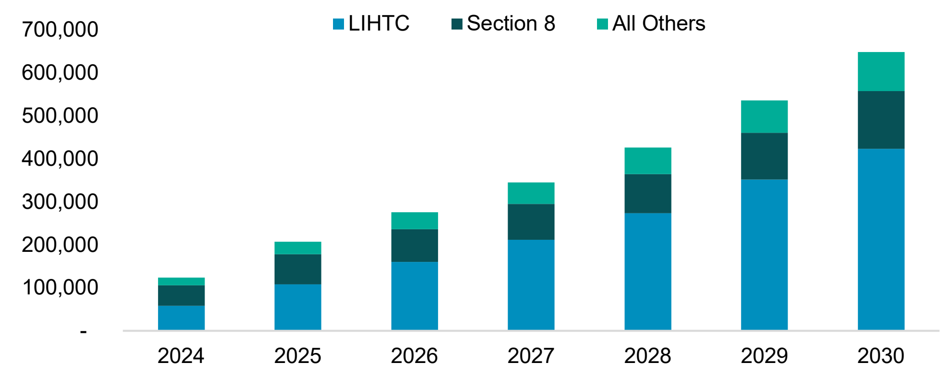



## Rental subsidies fall short of demand, leading to high occupancy and waitlists

| | |
|---|---|
| **4.6M** | Eligible U.S. households receiving assistance in 2020 |
| **1 in 4** | Families qualifying for housing assistance receives it |
| **2.2%** | YoY increase in federal budget FY2022, yet appropriations for most key HUD programs remained lower in FY2022 than in FY2010 |

## Nearly 650,000 units need preservation

*Cumulative units with expiring affordability periods*



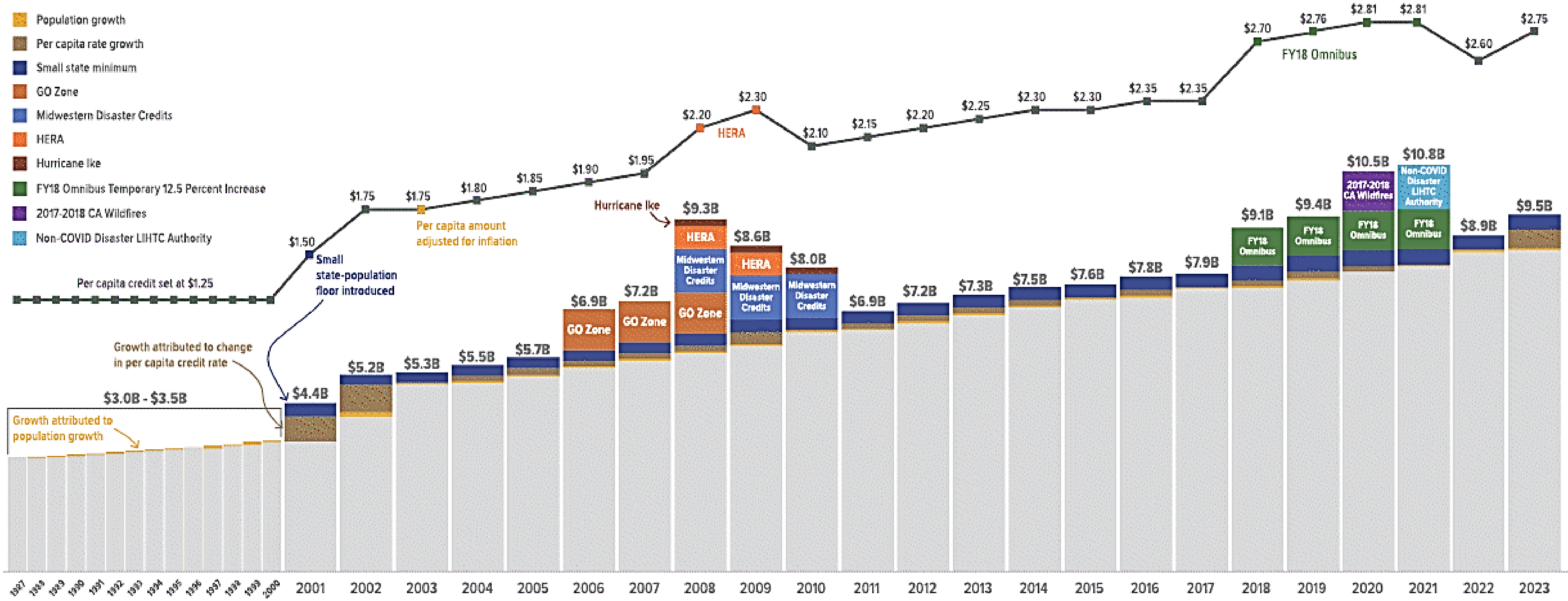

Source: U.S. Census, American Community Survey, 2022; NLIHC tabulations of 2021 ACS PUMS; PAHRC and NLIHC tabulation of NHPD; NLIHC The Gap, April 2024

# Affordable Housing Sub-types

# LIHTC state allocations steadily increase

## New per capita LIHTCs available each year

**Growth of the per capita rate for calculating low-income housing tax credit (LIHTC) caps and the total amount of 9% LIHTCs available to states and territories**




This chart is not a running balance. The amounts above are the total credits available (annual LIHTCs multiplied by the 10-year credit period), not including unused balances from previous years nor exchanges under the Section 1602 cash grant program.

Sources: Calculated by Novogradac & Company LLP from U.S. Census population figures (1987-1990) and IRS Notices and Revenue Procedures (1991-2021).

# Expiring LIHTC and resyndication

## One segment of our affordable housing strategy focuses on the LIHTC market:


**Understanding LIHTC:**

- The Low-Income Housing Tax Credit (LIHTC) was created in 1986 to give private investors a federal income tax credit as an incentive to make equity investments in affordable rental housing while increasing the new supply of housing for low-income tenants. Syndication is designed to last 15 years. Properties maintain an additional affordability restriction through LURA's (land use restriction agreements) in exchange for the initial tax credits and other soft monies.

**The investment opportunity:**

- At the end of each 15 year period, Nuveen can acquire and preserve affordability by resyndicating(1) which starts the cycle over again for another 15 years and beyond.

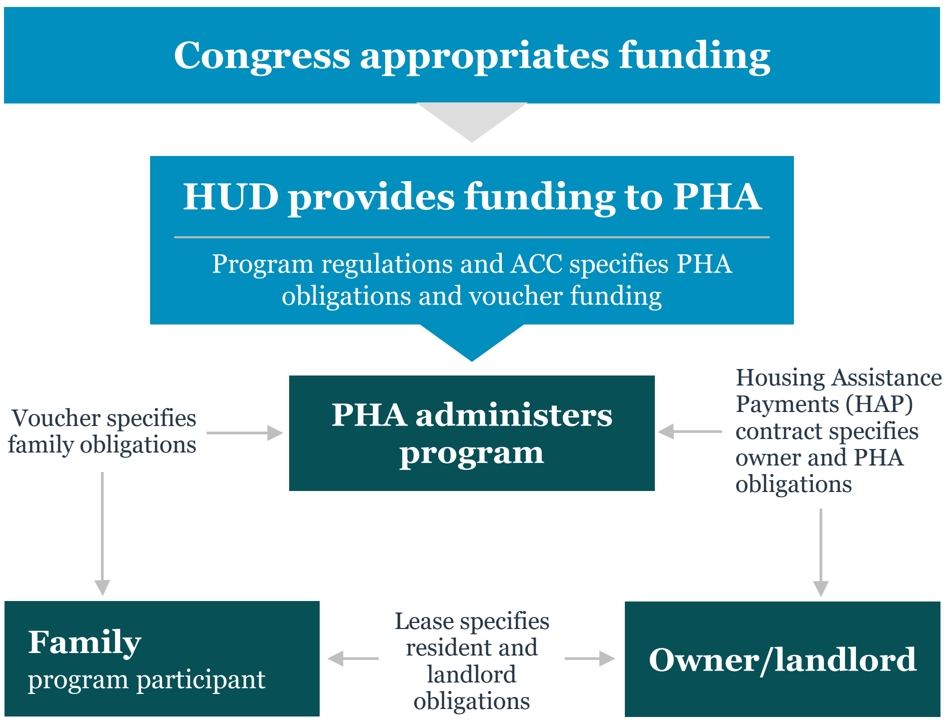
**The impact:**

- By preventing affordable restrictions from expiring and reducing the risk of conversion to market-rate units, tenants can retain housing and local markets retain quality, affordable stock.

Source: National Housing Law Project. "Overview of the LIHTC Program"

# Rent-subsidized housing assistance payment contracts

The Housing Assistance Payment Contracts (HAP) contract and Voucher Choice programs provide for a rent subsidy to assist eligible low-income residents to obtain decent, safe and affordable housing. Federal government supports and budgets for annual funding.




- Currently, three million families benefit from the Section 8, HAP contract program
- Eligible families/individuals must have incomes no higher than 80% of the area median income ("AMI")
- A large majority of family or individuals have incomes lower than 50% of AMI
- Residents are responsible for paying 30% of their income towards rent; some paying their own utilities can also apply for other federal programs to cover this expense

**Nuveen's Strategy:** Acquire assets that are project-based Section 8 to renew/extend contracts in place and increase Section 8 voucher choice tenancy within our properties

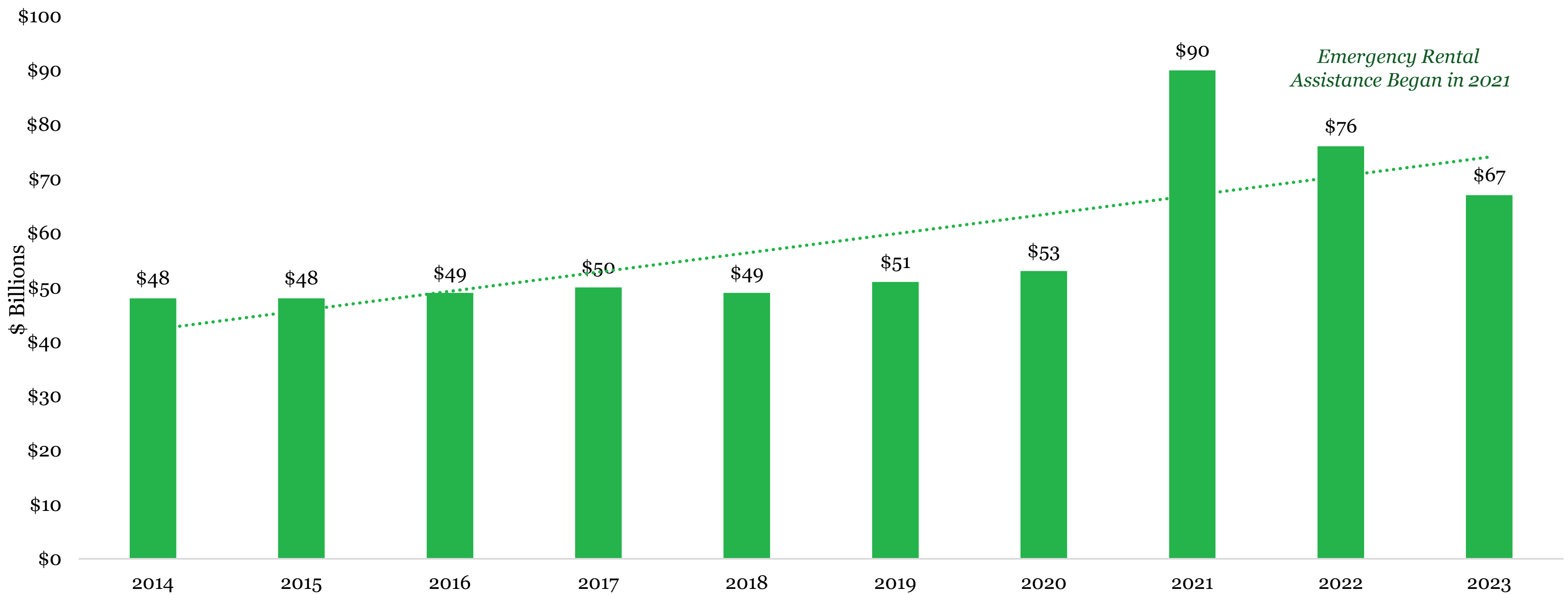
Source: National Housing Law Project. "Overview of the LIHTC Program" . ACC is annual contributions contract and PHA is Public Housing Agency.

# Consistent federal budget support for rent-subsidized housing across administrations

The federal government spent $67 billion on housing assistance in 2023 comprised of: Tenant-based ($30B), project-based ($15B), public housing ($8B) and $14B on programs targeting the elderly, people with disabilities, rural renters, and the Emergency Rental Assistance Program (ERA), which is a short-term program established in 2021 as a response to the COVID-19 pandemic.

## The federal government's support for low-income housing continues to grow

**Spending (Billions of Dollars)**

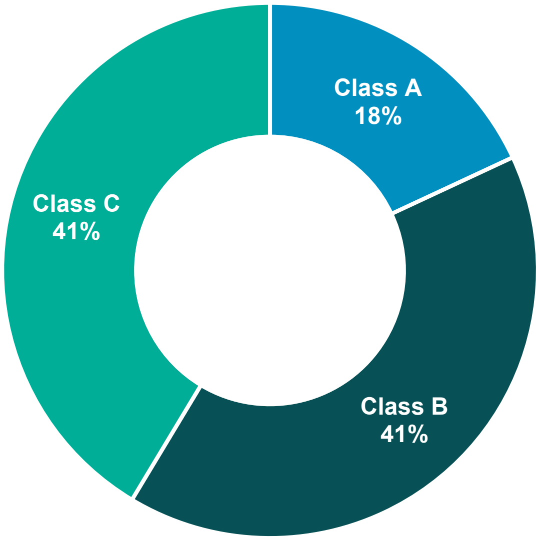



Source: Office of Management and Budget, Budget of the United States Government, Fiscal Year 2025, March 2024

# Naturally occurring affordable housing (NOAH)

NOAH assets are at particularly high risk of leaving the affordable housing stock through market-rate conversions or redevelopment opportunities.

## Multifamily market-rate properties




## NOAH assets rent at affordable levels, but do not have legally binding affordability requirements

- Class B & C assets make up 82% of properties across the U.S., down from 91% in 2014.
- A large majority of family or individuals have incomes lower than 60% of AMI
- NOAH assets typically lack the maintenance, energy efficiency, and services that residents desire

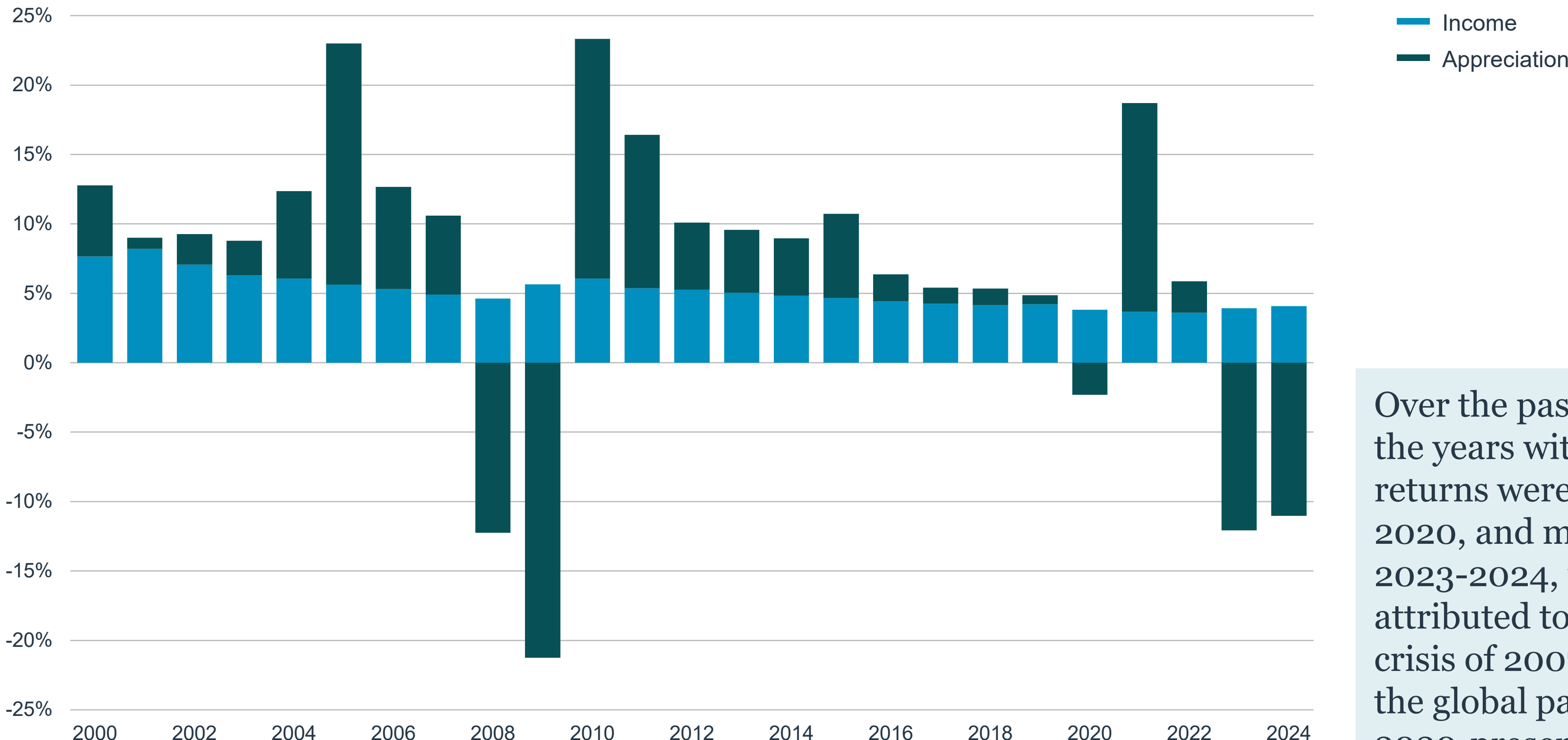
**Nuveen's strategy: Acquire assets and implement energy efficiency standards or "green retrofits," upgrade units with light rehab programs and provide targeted services to benefit residents while continuing to preserve the affordability**

Source: CoStar, May 2024

# Sector Return Characteristics

# Resilient assets: NCREIF-NPI ODCE Property Index in the U.S. from 2000 to 2024

## ODCE Index-apartments-gross returns




Over the past two decades, the years with negative returns were 2008-2009, 2020, and most recently 2023-2024, which can be attributed to the financial crisis of 2007-2008 and the global pandemic of 2020-present

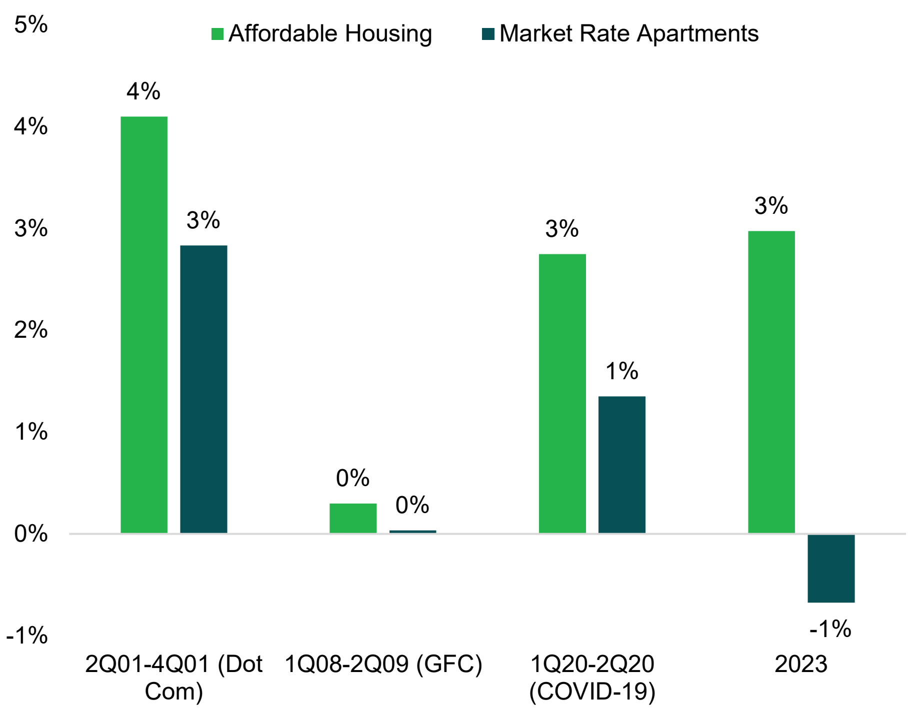
**Performance data shown represents past performance and does not predict or guarantee future results.**
As of 31 Mar 2024. NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors – the great majority being pension funds. As such, all properties are held in a fiduciary environment.

The NCREIF Property Index (NPI) is unleveraged composite total return for private commercial real estate properties held for investment purposes only. It is not possible to invest in an index.

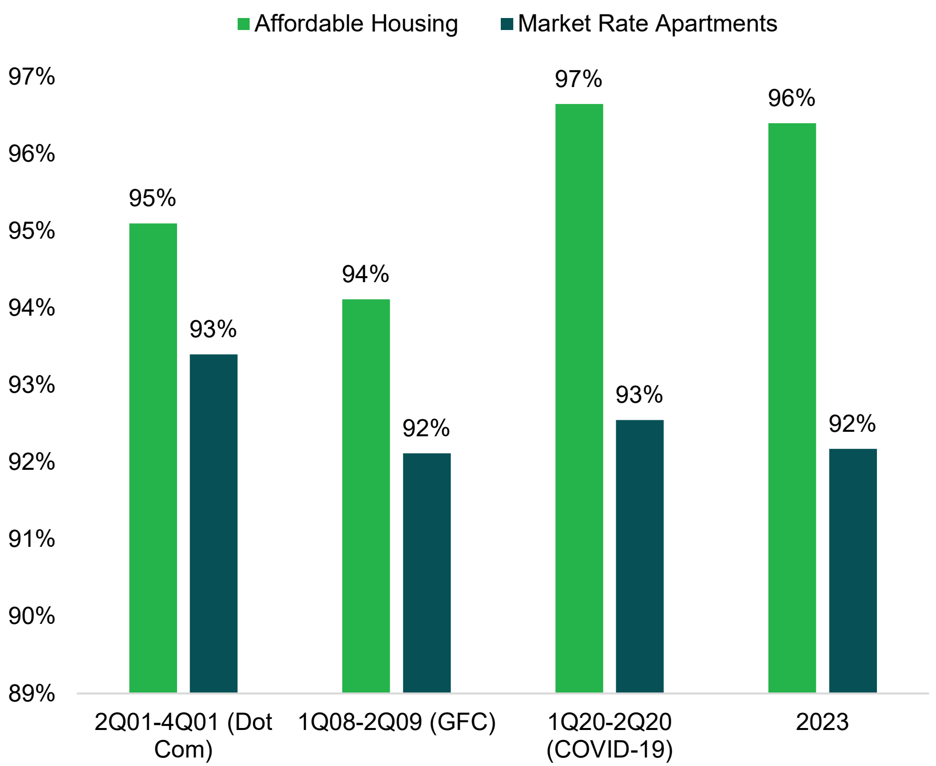
# Affordable housing provides more stable performance throughout downturns

## Throughout the last three downturns, affordable housing rent growth and occupancy growth outperformed conventional market rate apartments.

### Downturn performance: revenue per available foot growth




### Downturn performance: occupancy

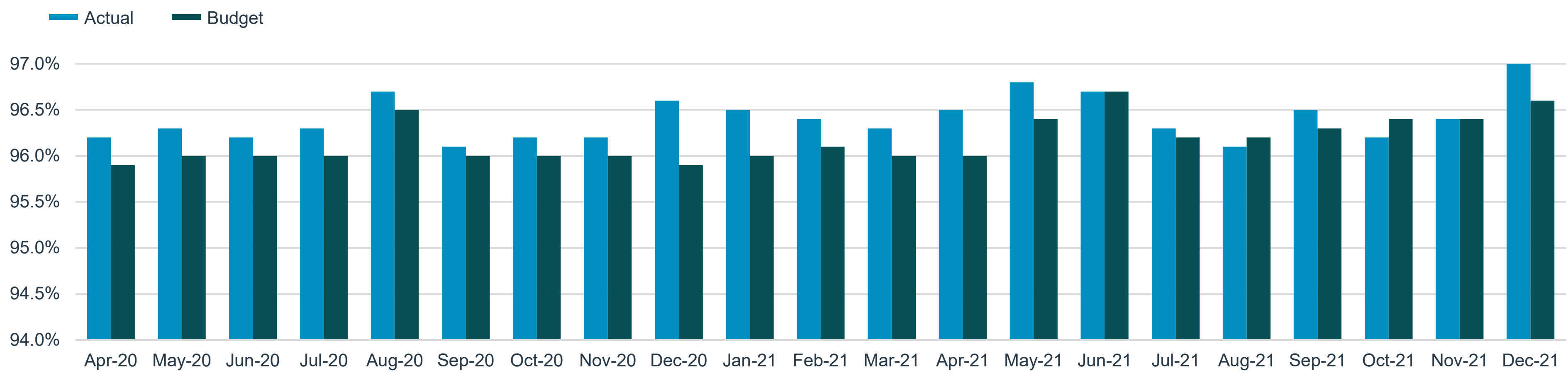



**Performance data shown represents past performance and does not predict or guarantee future results.**

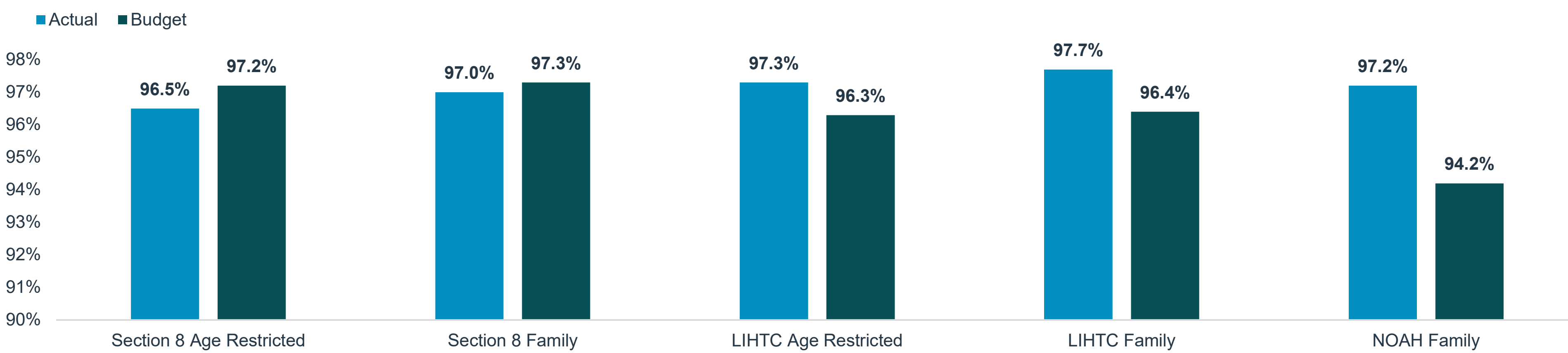
Source: CoStar, May 2024. Affordable Housing represented: Rent Restricted and Rent Stabilized; Market Rate represented: 3-5 Star Apartments

# Resilient assets: Maintaining pre-COVID performance expectations

## Actual vs. budgeted occupancy




## Occupancy by strategy & resident profile

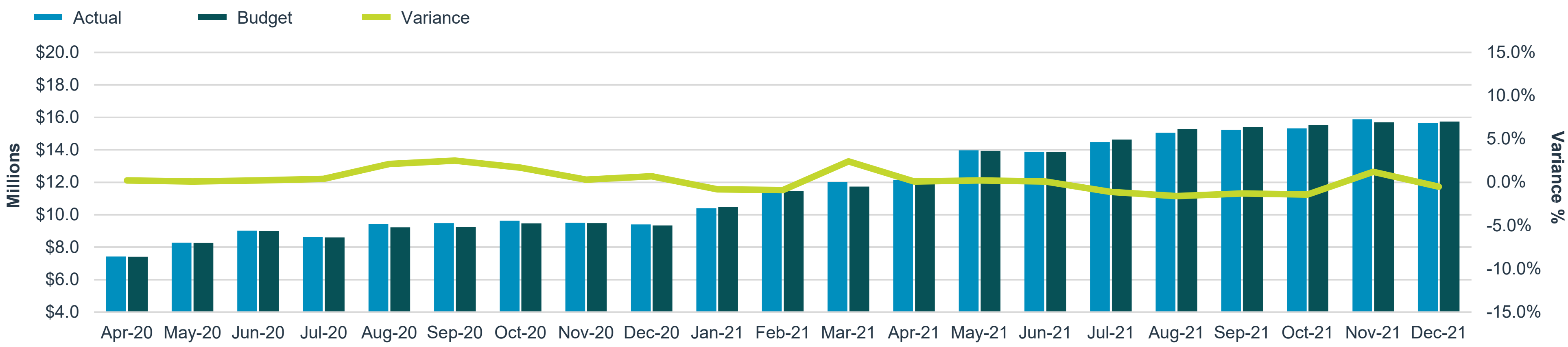



**Performance data shown represents past performance and does not predict or guarantee future results.**

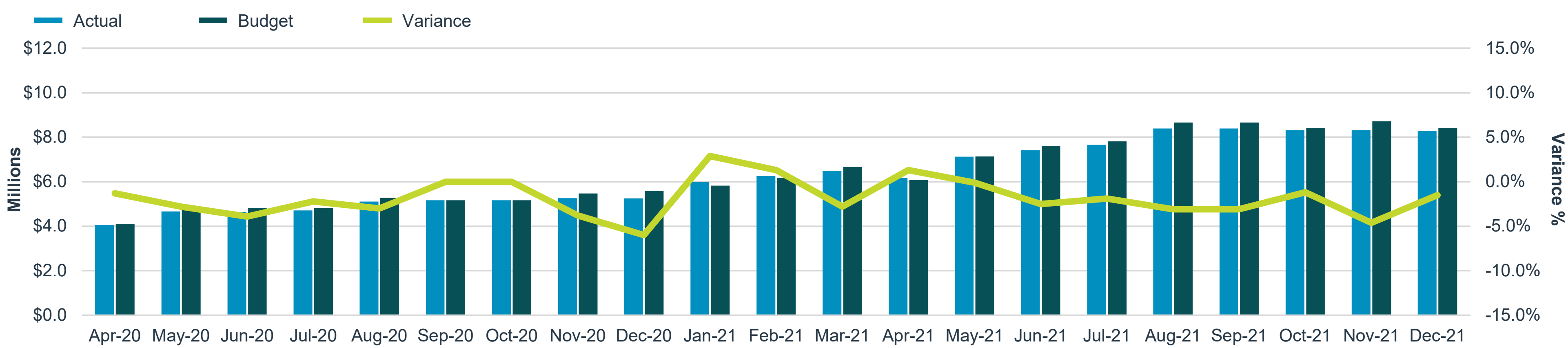
Source: Nuveen, 31 Dec 2021.

# Resilient assets: Maintaining pre-COVID performance expectations

## Rental income




## Net operating income




**Performance data shown represents past performance and does not predict or guarantee future results.**

Source: Nuveen, 31 Dec 2021.

# Case studies

# Woodbridge Manor Community

## Preservation of an affordable housing property through extension of regulatory agreements and recapitalization strategies

### Overview

- Built in 1984 and 2006 situated on 4.38-acre site (LIHTC Rehab in 2006)
- Class-B urban 2 & 3-story garden-style buildings, ample parking and amenities, green space, & PV solar
- Located in proximity to the I-405 and I-5, providing access to Los Angeles and San Diego
- At the time of acquisition, Woodbridge Manor was 99% occupied with a waitlist of 200+ applications

### Business plan

Preservation of existing affordability and improving resident experience through sustainable green retrofits, common area upgrades, and enhanced resident services

### Impact

- 100% of the units are affordable at 50% & 60% of area median income
- All units will receive green improvements, as well as improvements specific to an aging demographic (grab bars, enhanced lighting/plumbing fixtures, etc.)
- All residents have access to targeted social services (food services, exercise, physical therapy, language translation services, etc.)
- Contracts and other financial mechanisms will be extended to preserve long-term affordability (LIHTC & Project-Based Section 8 Rent Subsidy (MUTM) agreements currently in place)

### SDG alignment


| Key metrics | |
|---|---|
| **Investment date** | 2022 |
| **Resident Type** | Age-Restricted |
| **Affordability Strategy** | Section 8 / LIHTC |
| **Location** | Irvine, CA |
| **Sector** | Impact |
| **Size** | 165 units |

Preliminary and subject to change.

# Tresa Apartments

## Preservation of an affordable housing property through recapitalization strategies

### Overview

- Built in 2009 and situated on 2.71-acre site
- Class-B urban core, 6-story mid-rise buildings, ample amenities including 3 barbecue and picnic areas, playground, clubhouse, business center, fitness center, parking garage and bike storage area
- Located in North Seattle's Bitter Lake submarket with proximity to I-5, providing access to Downtown Seattle, within walking distance from all zoned K-12 public schools, Amazon Fresh, Safeway, and Starbucks

### Business plan

Preservation of existing affordability, improved resident experience through enhanced operations, capital improvements and resident services

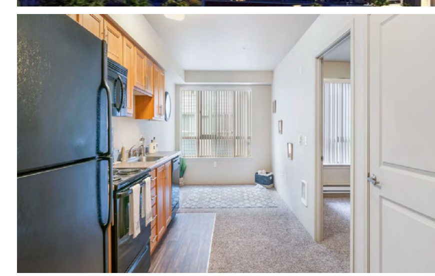
### Impact

- 100% of the units are affordable at 60% of area media income
- 94 (~20%) of the units are reserved for residents with diverse abilities
- The subject Property qualifies for a 100% real estate tax exemption
- Enhancements of ESG initiatives at the subject property
- Nonprofit partner (Co-GP) will lead resident services and ensure compliance with Washington State regulations for property tax exemption
- Contracts and other financial mechanisms will be extended to preserve long-term affordability (through a LIHTC resyndication in December 2024, extension of contract in 2061)
- Property contains 2 commercial spaces (4,740 sq ft; ~1,500 sq ft) for potential impact-focused best uses; including non-profit partner office space, amenity-based retail, etc.

### SDG alignment


*Preliminary and subject to change.

| Key metrics | |
|---|---|
| Investment date | 2023 |
| Resident Type | Family |
| Affordability Strategy | LIHTC |
| Location | Seattle, WA |
| Sector | Impact |
| Size | 474 units |



# The Villas at Langley

## Preservation of affordable rents targeting renters between 60% & 80% AMI

### Overview

- 590 units located in a growing suburb of Maryland within the new Purple Line light rail system
- Built in 1964 and currently undergoing renovation; consists of 48, 3-and 4-story garden-style buildings, pool, outdoor seating, playground, and laundry facilities
- Property was 99% occupied and 100% leased at time of underwriting

### Business plan

Preservation of existing affordability, modest upgrades, replacement of central plant and upgrade common amenities

### Impact

- 50% of the family affordable units will be maintained at rents targeting residents at 60% of area median income; the remaining units will not exceed 80% area median income
- All residents have access to targeted social services on the property through a non-profit organization situated in the center of the asset and surrounding non-profit services
- Seeking contracts and other financial mechanisms to extend and preserve long-term affordability

### SDG alignment


| Key metrics | |
|---|---|
| Investment date | 2020 |
| Resident Type | Family |
| Affordability Strategy | NOAH Enhanced |
| Location | Hyattsville, MD |
| Sector | Impact |
| Size | 590 units |


Preliminary and subject to change.

# Archer Green

## To preserve and increase the supply of affordable housing across the U.S.

### Overview

- New construction asset in Queens, NYC consisting of 387 residential units
- A formerly city-owned NYPD parking garage, the site was redeveloped resulting in 395k GSF of residential space, 72k GSF retail space, 15k GSF community facility space, and two underground levels of NYPD, residential & commercial parking
- Class A style amenities include fitness room, outdoor deck with grill stations, community lounge, media/coworking space, on-site laundry, and bike storage; family offerings include children's playroom, outside kids' play area, high speed internet, and common area Wi-Fi
- Leased and marketed via NYC Housing Connect in accordance with HDC guidelines to achieve economic, racial, and ethnic diversity of affordable housing tenants

### Business plan

Preservation of existing affordability and improving resident experience through sustainable green retrofits, common area upgrades, and enhanced resident services

### Impact

- 10% of units allocated to formerly homeless, 10% units at 40% AMI, 40% units at 60% AMI, 10% units at 100% AMI, and 30% units at 130%+ AMI
- Tenants have access to targeted social services via partnerships with local non-profits
- Retail anchored by Aldi, offering high quality fresh food and produce to tenants and neighborhood
- Contracts and other financial mechanisms extended to preserve long-term affordability

### SDG alignment


| Key metrics | |
|---|---|
| Investment date | 2018 |
| Resident Type | Family |
| Affordability Strategy | LIHTC |
| Location | Jamaica, NY (Queens) |
| Sector | Impact |
| Size | 387 units |


Preliminary and subject to change.

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# Biographies

# Biographies

## Nadir Settles

*Global Head of Real Estate Impact*

Nadir is the global head of Impact Investing at Nuveen Real Estate. He oversees all transactional and asset management activity for the affordable housing portfolio as well as sector staffing-levels, focused investment initiatives, performance, annual operating plan/budgets, and affordable housing services/outreach. He is responsible for sector growth through innovation, new products, community services, and expanded business lines/services. Nadir also serves as a principal spokesperson for Nuveen's real estate Impact sector to the greater community, including, but not limited to, federal, state, and city local officials, state housing finance agencies, policymakers, advocates, affordable housing and social justice organizations, lenders, etc. He also serves as Head of Investments for the New York MSA for opportunistic-value add investments.

Nadir's professional experience includes various positions from asset management, portfolio management, acquisitions, and strategy/product development. Prior to joining Nuveen Real Estate in 2011, Nadir was involved in both asset management and acquisitions roles at Silverstein Properties and RLJ Development Urban Lodging Trust.

Nadir graduated with a B.A in Business Administration from St. John's University, an M.B.A. from Villanova School of Business and an M.S. in Real Estate Finance from New York University.

## Pamela West

*Portfolio Manager, Impact Investing, Nuveen Real Estate*

Pamela leads the real estate impact investment strategy within Nuveen Real Estate. She is a seasoned real estate professional with 25+ years of experience and has executed over $15B of transactions in acquisitions, dispositions financing and asset management within the U.S. She currently oversees the sourcing, execution and portfolio management of Nuveen's impact investing housing platform.

Prior to joining the Impact team, Pamela was the Regional Head of Acquisitions and Asset Management for the Northeast and Mid-Atlantic region for TH Real Estate, a subsidiary of Nuveen. She managed over $2.8B of class A/B multifamily assets. She began her career in real estate at CBRE where she focused on multifamily investment sales in the southeast region of the US. Pamela is a Board Member of the Real Estate Executive Council, Bold Charter Schools in the Bronx, NY and the City Parks Foundation in New York. She also serves on Real Estate Advisory Boards for the Leonard W. Wood Center for Real Estate Studies. She is a member of the ULI Affordable Workforce Housing Investors Council, WX - New York Women Executives in Real Estate, 100 Women in Finance and the Real Estate Roundtable's President Council.

Pamela received a bachelor's degree in English Education from the University of North Carolina at Greensboro and an MBA in Real Estate and Finance from the University of North Carolina at Chapel Hill.

# Biographies

## Ken McRay

*Institutional Business Development*

Ken works on Nuveen's institutional advisory services team, responsible for developing institutional investor relationships in the U.S.

Before joining the firm in 2019, Ken was a senior vice president at Crescent Capital, where he primarily worked with pensions, endowments, and foundations. Prior to Crescent, Ken worked at PineBridge Investments and its predecessor, AIG Investments, where he developed new business with large institutional investors. He also previously worked with public and corporate pension clients at Deutsche Asset Management and was director of client services at investment consulting firm, RogersCasey. Ken began his career as an auditor at Ernst & Young, LLP.

Ken graduated with a B.B.A. in Accounting from Cleveland State University and an M.B.A from Northwestern University, Kellogg School of Management.

## Camille Jacobson

*Institutional Business Development*

Camille Jacobson is an Assistant Vice President for Nuveen's Institutional Business Development team focused on delivering Nuveen's investment capabilities to public pension and Taft-Hartley pension investors.

Previously, Camille was a senior client service associate at Nuveen affiliate Symphony Asset Management, where she supported the firm's institutional client relationships and global distribution efforts. Before joining Symphony in 2017, Camille worked at Fisher Investments where she was an investment counselor and service specialist within their private client group, as well a portfolio analytics and reporting associate within their research group.

Camille graduated with a B.S. in Finance from the Leeds School of Business at the University of Colorado, Boulder. She holds a FINRA Series 7 and 65 securities registration.

# Biographies

**Iva Klisanin**

*Real Estate Specialist*

Iva is a Managing Director and Real Estate Specialist at Nuveen. She is responsible for working with clients and prospects, driving the distribution of Nuveen's private real estate investment capabilities. She covers core, value-add and opportunistic equity and debt strategies across a range of sectors and investment vehicle structures.

Prior to joining Nuveen, Iva spent six years at Macquarie (USA) as a Vice President in both real estate sales and as a product specialist. She gained extensive experience across all areas of private real estate including capital formation & structuring, product development and distribution. Prior to joining Macquarie, she was a Director of Acquisitions at a boutique firm, sourcing multifamily and mixed-use deals in New York City. Prior to her move to the United States, Iva worked in Australia across publicly listed equities and private debt securities in a capital raising role.

Iva holds an MS in Real Estate Development from New York University, a Graduate Diploma in Applied Finance & Investment from Securities Institute of Australia and a BS in Banking & Finance from Monash University in Melbourne. She is an active member to the real estate community including IREI, PREA, AFIRE, RELPI and WX.  She holds FINRA registration for Series 7 and 63.

# Appendix

# Definitions

| | |
|---|---|
| **AMI** | Area Median Income (AMI) is calculated by HUD to determine the income eligibility requirements of federal housing programs. A low-income household has a combined income that does not exceed 80% of AMI. |
| **CRA Credits** | Passed in 1977, the Community Reinvestment Act (CRA) is a US law designed to encourage depository institutions to meet borrowers in all segments of their communities, including low- and moderate-income neighborhoods. CRA was passed to reduce discriminatory credit practices against low-income neighborhoods, a practice known as redlining. |
| **ESG** | Environmental, Social, and Corporate Governance (ESG) is a set of standards in measuring the sustainability and societal impact of a property investment and new partnership. |
| **ESG: UN SDG 1** | End poverty in all its forms everywhere |
| **ESG: UN SDG 10** | Reduce inequality within and among countries |
| **ESG: UN SDG 11** | Make cities and human settlements inclusive, safe, resilient, and sustainable |
| **ESG: UN SDGs** | The United Nations Sustainable Development Goals, also known as the Global Goals, were adopted by the UN Member States in 2015 as universal call to action to end poverty, protect the planet, and ensure that all people enjoy and prosperity by 2030. |
| **FMR** | Commonly abbreviated as FMR, the Fair Market Rent is the average rent and utility costs for newly leased, non-luxury rental units with basic amenities. FMRs are used to set rental assistance payment standards for federal housing programs. |
| **Green Retrofits or "Greening"** | Any type of upgrade at an existing building to improve energy and environmental performance, reduce water use, improve natural lighting, and air quality and noise, ensuring the maintenance and preservation of buildings. "Greening" occurs at a unit and property-level. |
| **HAP Contract** | Federally funded rental assistance program that guarantees rental payments to private landlords who rent to low-income households. The monthly dollar amount a Public Housing Authority (PHA) would pay, directly to the landlord, on behalf of the Section 8 resident. The amount of HAP is the difference between the unit rent and the resident contribution. The resident contribution in the Section 8 program is 30% of monthly income with HUD paying the owner the remainder up to the area's FMR. |
| **HAP: MUTM** | There are several HAP Option contracts. However, Option 1 contracts are a good way to increase rents up to market, if you are eligible. Option 1 is divided into Option 1-A and Option 1-B. The renewal contract will be the Mark-Up-To-Market (MUTM) renewal contract with a minimum of a five-year term. For Option 1-A, rents may be renewed at the lesser of comparable market rents or 150% of the Fair Market Rents (FMRs). HUD has the discretionary authority to mark rents up to market for projects that meet certain criteria but do not qualify under Option 1-A under 1-B. |
| **HAP: Project Based Section 8** | Unlike the Section 8 Housing Choice Voucher program, the assistance is tied to the unit. Households only benefit from the assistance during their tenancy. |
| **HCVP** | The housing choice voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. |

# Definitions

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| **HFA** | State or local agencies responsible for financing and preserving low- and moderate-income housing within a state. State HFAs are often the agency administering federal Low-Income Housing Tax Credits (LIHTC). HFAs also typically administer bond financing programs and affordable homeownership financing programs. |
| **HUD** | The Department of Housing and Urban Development (HUD) is a Cabinet department in the executive branch of the United States federal government. |
| **Income-Restricted** | Apartments that are eligible for reduced or subsidized low-income rentals. These are apartments with income caps that determine eligibility, helping low-income families find affordable housing. |
| **Lending: Fannie Mae (GSE)** | The Federal National Mortgage Association, commonly known as Fannie Mae, is a United States government-sponsored enterprise (GSE), and since 1968, a publicly traded company. Founded in 1938 during the Great Depression as part of the New Deal, the corporation's purpose is to expand the secondary mortgage market by securitizing mortgage loans. By allowing lenders to reinvest their assets into more lending, Fannie Mae, in effect, increased the number of lenders in the mortgage market by reducing the reliance on locally based savings and loan associations. |
| **Lending: Freddie Mac (GSE)** | Freddie Mac is a government-sponsored corporation that buys mortgages and packages them into mortgage-backed securities . Its official title is the Federal Home Loan Mortgage Corporation or FHLMC. Banks use the funds received from Freddie to make new loans to homebuyers. |
| **LIHTC** | The Low-Income Housing Tax Credit is a dollar-for-dollar tax credit in the US for affordable housing investments. Created under the Tax Reform Act of 1986, it gives incentives for the utilization of private equity in the development and rehabilitation of affordable housing |
| **LIHTC: Compliance Period** | (Federal) LIHTC compliance period: 15-year period during which a LIHTC property must comply with federal LIHTC requirements in order to avoid tax credit recapture |
| **LIHTC: LURA** | A Land Use Restrictive Agreement (LURA) subjects the multifamily real estate to a LURA, in which the owner gives up some of their rights of the land use in exchange for the promise of future tax credits, resident income restrictions, unit set asides to be rented to lower income residents and other affordability restrictions. |
| **LIHTC: Resyndication** | Many owners of LIHTC properties explore “resyndication” or seek a new allocation of credits to preserve an existing LIHTC property. The new allocation of credits can help with rehabilitation and upgrades to make an older property more marketable and sustainable. |
| **LIHTC: Tax Recapture Waiver** | The Housing Act of 2008 indicated that buildings disposed of after July 30, 2008 can avoid recapture if it is reasonably expected that the building will continue to be operated as a low-income building for the remaining compliance period. |
| **NOAH** | NOAH stands for Naturally Occurring Affordable Housing. NOAH refers to residential rental properties that are affordable, but are unsubsidized by any federal program. Their rents are relatively low compared to the regional housing market. |
| **Non-Profit Partnerships** | Any private organization that is organized under state or local laws, meeting the following conditions: no part of net earnings inuring to the benefit of any member, founder, contributor or individual. It must also have a long-term record of service in providing or financing quality affordable housing for low-income households, often through relationships with public entities. |

# Definitions

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| **Preservation** | To rehabilitate existing affordable housing and prevent displacement |
| **Regulatory Agreement/LURA** | “Tax Credit Regulatory Agreement” means the extended low-income housing commitment, regulatory agreement or restrictive covenants executed by Borrower and Tax Credit Agency. It sets forth certain terms and conditions for property operations. |
| **Resident: Disabled Affordable** | A physical or mental impairment that substantially limits one or more of the major life activities of an individual. Disabled persons qualify for Section 8, Section 811, and public housing waiting list preferences. |
| **Resident: Family Affordable** | HUD defines a family as a 'single person or a group of persons,' including a household with or without children. A family may include unrelated individuals. HUD would also consider a single person without children as a family. |
| **Resident: Senior Affordable** | A household composed of one or more persons at least one of whom is at least 62 years of age at the time of initial occupancy. |
| **Responsible Exit** | Sell assets to mission-aligned investors who possess the intent of maintaining long-term affordability |
| **Social Services** | Programming and services designed to improve the physical, financial, and mental well-being of resident through engagement with service coordinators, non-profits, and local partnerships such as libraries and schools |
| **Sponsor/GP** | Sponsor/General Partner (GP) has a vested interest in the partnership and provides a portion of the capital. As the co-owner of an asset, the Sponsor can be responsible for aspects of the transaction (i.e. sourcing and acquiring the asset, setting up the partnership) and has a direct role in the management of the asset by overseeing on-going operations on the acquired asset |
| **Tax-Exempt Bond Financing** | Tax-exempt bond financing provides long-term, below-market financing for the construction and rehabilitation of affordable rental housing. In order to utilize tax-exempt bond financing, you need to partner with a local entity, such as local government or a public housing authority, to issue the bonds. |
| **Tenant Retention** | Retain quality tenants in properties with minimal turnover |

# Disclosures

**Performance data shown represents past performance and does not predict or guarantee future results.**

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