

OUTLOOK ON **ASSET MANAGEMENT**

TIMELY UPDATES AND RESOURCES FROM THE RJAHI ASSET MANAGEMENT TEAM

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Property Spotlight: Ruth Street Civic House (Philadelphia, PA)

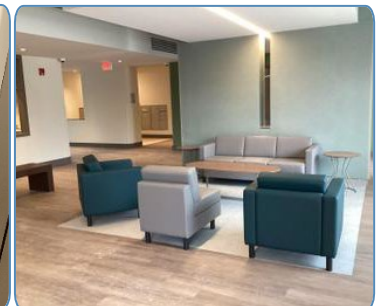
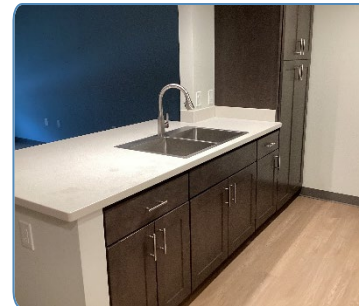
By Lori Dobson, RJAHI Asset Manager

Grit, pride, and determination are but a few of the characteristics of Pennsylvania’s most iconic cities, Philadelphia, PA. While unfortunately many areas of this historic city are blighted and run down, RJAHI has partnered with numerous developers and Investors to create safe, beautiful affordable housing communities in several areas of the city – and the latest is in the troubled but ripe for revitalization Kensington/Port Richmond area off Lehigh Ave; a new neighborhood gem, Ruth Street Civic House.



Continuing the revitalization efforts of the nearby sister property Orinoka Civic House, Ruth Street will offer 32 One bedroom and 12 two-bedroom units of family housing in a beautiful, modern building tucked away on a side street just off Lehigh Ave, one of the area’s most troubled locations, which it is hoped will facilitate change and improvement rippling out to the local area. This single, four-story elevator serviced community will offer 8 One-bedroom units for families with physical disabilities and 2 two-bedroom units fitted specifically for families with a member with hearing or vision impairment. Tenant income and rent restrictions will range from 20% to 50% of AMI. The location is convenient to the SEPTA Somerset station and bus routes 3 and 54.

The building will comply with National green building standards; mechanical areas will use the latest efficiencies available meeting the US Department of Energy’s Zero Energy Ready Home Program Standards. Esthetically, the smoke-free building uses modern, subtle finishes in the public lobby, with comfortable couches and chairs, conference rooms and a bike storage room. Green spaces in the outside areas and roof will offer opportunities for residents to nurture gardens. Inside the units, residents will enjoy kitchen island in some units, a serene cream, blue and brown color palette, energy efficient stainless-steel appliances, elegant dark wood cabinetry and special touches like sliding drawers in pantry cabinets. Even property-wide wi-fi is available for the residents, providing free access to a resource some residents struggle to afford. Supportive services will be offered on-site, focusing on key areas such as housing stability, eviction prevention, financial wellness and community building.



The community is a beautiful and welcome addition to the continued revitalization of one of Philadelphia’s historic neighborhoods. Developed by the New Kensington Community Development, Managed by Arco Management and Financed by \$12,886,346 in lower tier equity, the building is a beautiful addition to the expanding portfolio of quality LIHTC housing in Pennsylvania. Ruth Street Civic House – another beautiful LIHTC Community syndicated by RJAHI.

4% Bond Test Reduction: What It Means from an Asset Management Perspective

By Daniel Quintana, RJAHI Asset Manager

If you work in LIHTC long enough, you learn that small percentage changes can have big ripple effects.

The move from a 50% to 25% bond financing requirement for 4% deals may sound minor, but now that the change is officially in effect as of January 1, 2026, we are starting to see what it actually means in practice.

For the past year, most of the conversation focused on how this shift would improve feasibility and help more deals move forward. Now that it is the baseline for new transactions, the more interesting question is what happens after those deals close.

Lowering the bond requirement makes it easier for projects to qualify for 4% credits without carrying as much tax-exempt debt. In practical terms, that likely means more 4% transactions entering the pipeline over the next several years. That is a positive for affordable housing overall.

At the same time, more deals often mean more variation in how those deals are structured.

With less bond financing required, capital stacks may look a little different than what we have historically seen. There may be more layering of soft funds, subordinate loans, or local sources. That does not necessarily increase risk, but it does change what we need to pay attention to over the life of the asset.

For example, we have all seen transactions where a soft loan carries long-term compliance or cash flow provisions that do not feel material at closing, but become much more relevant five or ten years later when reserves tighten or a rehab is being evaluated. Those details matter. They shape flexibility in ways that may not show up in the first few operating years.

From an asset management perspective, understanding the financing structure early matters. What are the long-term repayment terms? Are there cash flow restrictions? Are there timing considerations that could affect flexibility down the road? These are not just closing-day questions. They are fifteen-year questions.

As more 4% deals come online, portfolio oversight may require a more tailored approach. Two properties could look very similar from an operating standpoint yet respond very differently to pressure depending on how they were financed. That puts more emphasis on knowing what is under the hood from day one.

If overall deal volume increases as expected, scale becomes another factor. A larger and more diverse portfolio requires consistent monitoring, but also judgment. Reviewing financials alone is not enough. The ability to connect operating performance with financing structure is becoming more important.

In my view, the bond test reduction is a good and necessary shift. It should help move projects forward that may have otherwise struggled to qualify. But it also reinforces something we are already seeing in asset management. The role continues to move beyond oversight and into deeper structural understanding.

Financing decisions made at origination shape how a property performs and how flexible it will be years later. As more 4% transactions enter the pipeline under this new framework, staying focused on those long-term implications will matter just as much as getting the deal closed.

Important Deadlines and Document Submission Reminder for 2025 Tax and Audit Compliance

By Pamela Griffin, RJAHI Team Lead

ATTENTION: GENERAL PARTNERS AND MANAGING MEMBERS

For those partners who have submitted your 2025 draft tax returns and final audited financial statements, **THANK YOU!**

For all others, RJAHI Asset Management and our RJAHI Accounting partners would like to remind you of the important deadlines for many of our partnership tax and audit obligations. At the time of this publication, if not received, these documents are considered late.

Draft Tax Returns Due Date: February 15, 2026

Please be advised that the deadline for submitting the partnership's draft tax return for the 12/31/2025 year-end was February 15, 2026. It is crucial that all necessary documentation and information be provided to our accounting team to ensure timely and accurate filing.

Final Audited Financial Statements Due Date: March 1, 2026

Additionally, the deadline for submitting final partnership annual audits was March 1, 2026. Our accounting team requires full cooperation and the timely submission of these final audits to prepare reports for our Fund investors. Late reporting affects our ability to raise capital for affordable housing investments. Please ensure that all requested documents are made available to the partnership CPA.

Document Submission Reminder

To facilitate a smooth and timely process, we kindly request that all relevant documents be submitted to RJTaxCreditDocs@RaymondJames.com immediately. We must allow our team sufficient time to review and prepare the necessary filings and reports to the upper-tier tax credit investors.

Late Fee Penalties

As stipulated in most partnership and operating agreements, any delays in meeting these deadlines may result in late fee penalties. These penalties are designed to encourage timely compliance and to avoid any potential legal or financial repercussions for our partnerships. Therefore, it is imperative that we adhere to the specified due dates to avoid incurring these additional costs.

We appreciate your attention to these important matters and your continued cooperation.

Should you have any questions or require further clarification, please do not hesitate to contact your assigned asset manager. If specific questions arise for the draft tax returns or audits, please contact our accounting team at

RJAHI Tax@RaymondJames.com or RJAHI Equity Confirms@RaymondJames.com, respectively.

Thank you for your prompt attention to these past deadlines.

IMPACT: Resident Engagement Trends Reshaping Affordable Housing Asset Management

By Shaila Rojas, RJAHI Senior Preservation Asset Manager

Resident engagement is no longer a “nice-to-have” in affordable housing asset management, it has become one of the most critical drivers of housing stability, operational performance, and long-term preservation. As the affordable housing sector navigates rising costs, limited supply, and increasing resident needs, the most effective organizations are doubling down on intentional, data-driven, and resident-centered engagement strategies.

Below is a detailed look at the most influential resident engagement trends shaping affordable housing asset management today.

1. A Shift Toward Resident-Centered Housing Stability Models

Evidence shows that proactive, trauma-informed engagement is becoming a hallmark of high-performing affordable housing portfolios. The SAHF Housing Stability Cohort highlights a sector-wide movement toward deeper collaboration between asset management, property management, and resident services teams.

Their research identifies:

- Trauma-informed communication practices
- Early-intervention strategies for lease or behavioral challenges
- Data-sharing models to predict housing instability risks
- These approaches improve outcomes and help organizations better support residents while protecting long-term asset performance.

The Expanding Role of Service Coordinators in Improving Property Outcomes

Service coordinators are increasingly recognized as foundational to property performance and resident well-being. Recent policy priorities call for government investment to deploy service coordinators at all HUD-assisted properties, citing significant impacts such as helping older adults age in place and improving household economic outcomes.

For asset managers, this trend underscores the operational value of service coordination in:

- Reducing costly turnover
- Improving rent collection stability
- Connecting residents with benefits that increase income reliability

3. Data-Driven Engagement: Metrics Becoming Standard in Asset Oversight

Resident engagement is increasingly measured and monitored as a core performance indicator. Tracking resident feedback, meeting participation, event attendance, lease renewal rates, and turnover costs enables asset managers to identify risks earlier and improve service delivery. This shift toward measurable engagement aligns engagement outcomes with financial and operational performance, creating more precise and effective asset management practices.

4. Technology as a Catalyst for Stronger Resident Engagement

Technology is reshaping how affordable housing organizations communicate with and support residents. Expert panels have highlighted the growing adoption of digital applications, AI-based tools, and smart device integrations that streamline processes such as recertification, maintenance communications, and service access. These tools not only improve efficiency for staff but also enhance the resident experience by making essential processes more accessible and responsive.

IMPACT (con't)

5. Affordability Pressures Intensify the Need for Deep Engagement

Recent national housing research shows the severity of cost burdens facing renters, with nearly half of U.S. renters spending over 30% of income on housing and affordable units continuing to disappear at alarming rates. In this environment, engagement becomes not only a supportive service but a risk-mitigation strategy. Properties with strong engagement practices are more resilient during periods of financial strain, as engaged residents are more likely to stay housed, communicate proactively, and maintain payment stability.

6. Policy Priorities Supporting Stability and Engagement

Recent HUD funding legislation highlights continued federal focus on housing stability, homelessness reduction, and enhanced access to rental assistance programs. These policy shifts reinforce the need for resident-centered communication, resource navigation, and consistent engagement practices across properties. Such alignment between policy and practice supports asset managers in building long-term operational strength.

Conclusion: Engagement as a Strategic Asset

The evidence is clear: resident engagement is no longer peripheral; it is foundational to high-performing affordable housing asset management. From trauma-informed communication to service coordination, from technology adoption to data-driven insights, the trends emerging in 2025–2026 signal a future where resident-centered practices and operational excellence are deeply interconnected.

Affordable housing organizations that prioritize engagement today are not only improving lives, they are also strengthening the stability, performance, and longevity of their assets for years to come.

Thank You for Making the 2026 Virtual Asset Management Summit a Success!

By Mindy Waggener, RJAHI Senior Asset Management Coordinator

We would like to extend our sincere appreciation to all of our partners who joined us for the 2026 Virtual Asset Management Summit last month.

Over the course of three engaging days, your participation, insights, and collaboration helped make this event a tremendous success. The summit brought together industry leaders, asset management professionals, and valued partners to explore the evolving landscape of LIHTC asset management,

From in-depth sessions on compliance trends and regulatory updates to forward-looking discussions on operational efficiencies, financial performance, and partnership alignment, the level of engagement throughout the summit was outstanding.

Your partnership plays a critical role in advancing our collective mission to preserve and strengthen affordable housing assets. Events like this are impactful because of your willingness to collaborate, innovate, and contribute your expertise.

We are grateful for the time you invested in joining us and for the continued trust you place in our team. We look forward to building on the conversations started during the summit and continuing to work together to drive performance, compliance, and long-term success across our LIHTC portfolios.

Thank you again for being part of the 2026 Virtual Asset Management Summit. We look forward to connecting with you at future events.

**Summit presentations and video recordings are available in the Info Center at <https://rjahisummit.com/>

COMPLIANCE: When Income Isn't Predictable: Verifying Self-Employment for LIHTC

By Daniela Rodriguez, RJAHI Compliance Auditor

Self-employment income is one of the more complex income types to verify in the LIHTC world. Unlike traditional wages, it often fluctuates, varies seasonally, or depends on contracts that change from year to year. For property management and compliance teams, this can make income certification feel less straightforward. With the right approach, however, it becomes much more manageable.

The challenge is especially significant in the first year of self-employment, when there is no full tax return history to rely on. Even established businesses can show wide income swings from month to month. Under LIHTC requirements, income must be calculated using HUD's annual income rules (IRC §42(g)(2)(C); 24 CFR §5.609; HUD Handbook 4350.3, Chapter 5), which focus on projecting anticipated income for the next 12 months based on the best available documentation. Annual income includes the net income from the operation of a business or profession, meaning gross receipts are reduced by allowable business expenses before determining eligibility.

Self-employment can take many forms, including sole proprietorships, independent contractors, gig workers such as Uber, DoorDash, or Lyft drivers, individuals receiving 1099 income, and partners receiving K-1 income. What these situations share is inconsistency. Because income is rarely stable, careful documentation and thoughtful projections are essential.

At initial certification, LIHTC requires verification of anticipated income for the upcoming 12 months, and Treasury Regulation §1.42-5 requires owners to maintain documentation supporting the income determination. Best practice is to begin with primary documents such as the most recent signed federal tax return (Form 1040), IRS Schedule C (Profit or Loss from Business), Schedule K-1 if applicable, and a year-to-date profit and loss (P&L) statement. Schedule C is particularly important because it outlines gross receipts, itemized business expenses, and net profit. Supporting documentation may also include 1099 forms, business bank statements (typically three to six months), a CPA or accountant verification letter, and client contracts for new businesses. The goal is to confirm both the legitimacy of the business and the reasonableness of the income reported.

When calculating self-employment income, the first step is to start with net income. HUD Handbook 4350.3 instructs that net income from a business is calculated by deducting business expenses from gross income. However, depreciation should be reviewed carefully. Accelerated depreciation should not be used to artificially reduce income for eligibility purposes if it significantly lowers taxable income.

Next, determine whether the prior year's income is representative. If the business has been stable and income patterns are consistent, the most recent tax return may provide a reasonable baseline for projection. If there have been significant changes, such as the loss of a major contract, business expansion, economic shifts, or a newly established business, you may need to rely more heavily on the current year's documentation.

Income must always be based on what the household anticipates receiving in the next 12 months, as required by HUD regulations. When income has changed, it may be appropriate to review the year-to-date P&L, average current monthly net income, or annualize based on current trends. For first-year businesses without a tax return, the projection will rely primarily on the year-to-date P&L and supporting documentation. Just as important as the calculation itself is documenting the methodology in the file. Auditors review not only the final number but also how that number was determined.

Business losses are another area that frequently causes confusion. HUD guidance clarifies that if a business shows negative net income, that loss does not offset other household income. In other words, business losses may reduce business income to zero, but they cannot reduce wage income from another household member below zero for qualification purposes.

COMPLIANCE: When Income Isn't Predictable: Verifying Self-Employment for LIHTC (con't)

Because self-employment files often receive closer scrutiny during state agency reviews, it is important to watch for red flags such as large year-over-year income swings, deposits that do not match reported income, cash-heavy businesses with limited documentation, sudden income declines before certification, and high expenses without supporting receipts. When inconsistencies arise, follow up with the household and document all explanations thoroughly.

Self-employment income does not have to be intimidating. A structured review process, strong supporting documentation, and careful projection of anticipated earnings allow compliance professionals to confidently certify even complex files. When the documentation clearly explains the business, confirms the net income, reasonably projects forward, and thoroughly supports the calculation, the file tells a complete and defensible story that protects the property, your company's compliance standing and most importantly, the tax credits.

ABOUT RAYMOND JAMES AFFORDABLE HOUSING INVESTMENTS




Raymond James Affordable Housing Investments (RJAHI) is a wholly owned subsidiary of Raymond James Financial, Inc. (NYSE-RJF). Since 1972, subsidiaries of RJF have been among the leading syndicators of affordable housing. Raymond James Affordable Housing Investments has raised over \$20 billion in equity for more than 2,800 properties in 48 states since the inception of the tax credit program in 1986. Our firm has closed over 200 funds with investors and each of our funds has been successful. Our corporate culture revolves around a philosophy known as “Service 1st,” which pervades everything we do, especially in how we cultivate and manage our relationships with partners and investors. We have a deeply experienced Asset Management Team whose portfolio continues to grow with 100 projects acquired and added to our portfolio over the past year.


Where Do I Send My Reporting?

RJAHILowerTierReports@raymondjames.com


 Quarterly reports (balance sheets and year-to-date P&L statements)

 Rent rolls


 GP certificates

 Monthly financials

RJAHInsurance@raymondjames.com AND RJAH.certificates@instracking.com


 Insurance renewal certificates

RJTaxCreditDocs@raymondjames.com

 Tax returns


 Audits – year-end financial statements from CPAs

RJAHAssetManagementReporting@raymondjames.com


 Annual business report

 Budgets

RJAHITenantFiles@raymondjames.com

 Initial tenant files and corrections

RJAHIACA@raymondjames.com

 Annual compliance audit (20% tenant file testing)



YOUR INPUT IS VALUED

If you have an idea for an article or would like your property to be spotlighted in an upcoming issue of “Outlook on Asset Management,” please feel free to contact Mindy Waggener at 727.567.6979 or mindy.waggener@raymondjames.com

Reporting Dates and Contacts

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[10/31 Year-end](#)

[12/31 Year-end](#)

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