Greystone Housing Impact Investors LP
Fourth Quarter 2025
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Presenters
Jesse Coury, CFO
Ken Rogozinski, CEO

Q&A Participants
Stephen Laws - Raymond James
Matthew Erdner - JonesTrading
Chris Muller - JMP Securities
John Baum [sp] - Private Investor
Graves Stone [sp] - Private Investor

Operator
Welcome to the Greystone Housing Impact Investors Fourth Quarter 2024 Earnings Call. I will now hand the call over to Jesse Coury, Chief Financial Officer. Please go ahead.

Jesse Coury
Thank you. We would like to welcome everyone to the Greystone Housing Impact Investors LP, NYSE ticker symbol GHI, fourth quarter of 2024 earnings conference call. During the presentation, all participants will be in a listen-only mode. After we present our overview of Q4 2024, you will be invited to participate in a question-and-answer session. As a reminder, this conference call is being recorded.

During this conference call, comments made regarding GHI, which are not historical facts, are forward-looking statements and are subject to risks and uncertainties that could cause the actual future events or results to differ materially from these statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of words like may, should, expect, plan, intend, focus, and other similar terms. You are cautioned that these forward-looking statements speak only as of today's date. Changes in economic, business, competitive, regulatory, and other factors could cause our actual results to differ materially from those expressed or implied by the projections or forward-looking statements made today. For more detailed information about these factors and other risks that may impact our business, please review the periodic reports and other documents filed from time to time by us with the Securities and Exchange Commission.

Internal projections and beliefs upon which we base our expectations may change but if they do, you will not necessarily be informed. Today's discussion will include non-GAAP measures and will be explained during this call. We want to make you aware that GHI is operating under the SEC Regulation FD and encourage you to take full advantage of the question-and-answer session. Thank you for your participation and interest in Greystone Housing Impact Investors LP. I would now like to turn the call over to our Chief Executive Officer, Ken Rogozinski.

Ken Rogozinski
Good afternoon, everyone. Welcome to Greystone Housing Impact Investors LP's fourth quarter 2024 investor call. Thank you for joining. I will start with an overview of our portfolio. Jesse Coury, our Chief Financial Officer, will then present the partnership's financial results. I will wrap up with an overview of the market and our investment pipeline. Following that, we look forward to taking your questions.

As far as performance of the investment portfolio is concerned, we have had no forbearance requests for multifamily mortgage revenue bonds, and all of our borrowers are current on their principal and interest payments as of December 31, 2024. Physical occupancy on the underlying properties was at 91.2% for the stabilized mortgage revenue bond portfolio as of December 31, 2024. We continued to advance funds to borrowers under our mortgage revenue bond, governmental issuer loan, and related investments during the fourth quarter, consistent with our funding commitments.

Our Vantage joint venture equity investments consist of interests in six properties as of today, five where construction is complete and one site being evaluated for development or sale. For the properties where construction is complete, we continue to see good leasing activity. We continue to see no material supply chain or labor disruptions on the Vantage projects under construction. As we have experienced in the past, the Vantage Group, as the managing member of each project-owning entity, will position a property for sale upon stabilization. As previously announced, Vantage at Tomball was sold in January 2025. The managing members of Vantage at McKinney Falls and Vantage at Hutto completed refinancings of the construction loans to lower their interest rates by over 100 basis points each. We have four joint venture equity investments with the Freestone Development Group, one for a project in Colorado and three projects in Texas. One project has completed construction and has begun leasing units, two projects have commenced construction, and one project has commenced site work.

Our joint venture equity investment in Valage Senior Living Carson Valley, a 102-bed seniors housing property located in Minden, Nevada, is nearing completion, and the project currently has lease deposits for 72 of the property's 102 units. Our joint venture equity investment in The Jessam at Hays Farm, a new-construction, 318-unit, market-rate multifamily property located in Huntsville, Alabama, is approaching construction completion and began leasing this month. With that, I will turn things over to Jesse Coury, our CFO, to discuss the financial data for the fourth quarter of 2024.

Jesse Coury
Thank you, Ken. Earlier today, we reported earnings for our fourth quarter ended December 31st. We reported GAAP net income of $10.1 million and $0.39 per unit, basic and diluted, and

we reported cash available for distribution, or CAD, a non-GAAP measure, of $4.2 million and $0.18 per unit. Our fourth quarter GAAP net income was significantly impacted by $7 million of noncash unrealized gains on our interest rate derivatives during the quarter, or $0.30 per unit. We adjust the value of our interest rate derivatives to fair value quarterly in accordance with accounting guidance, and the change in fair value is reported within net income. Despite an increase in the fair value of our interest rate derivatives, we expect this to have a minimal impact on our net cash flows as increases in projected future swap settlements are expected to be offset by additional interest costs on our variable-rate debt financings. Unrealized gains and losses are added back to net income to calculate CAD.

Also impacting our fourth quarter results were transactional expenses related to the termination of our M31 TEBS financing in October 2024 and the closing of the new 2024 PFA securitization transaction. Such transactional expenses totaled approximately $613,000, or approximately $0.03 per unit, in the fourth quarter. For the year ended December 31, 2024, we reported net income of $21.3 million and $0.76 per unit, basic and diluted, and CAD of $21.9 million and $0.95 per unit.

I want to highlight that our reported CAD and net income has greatly benefited from our hedging strategy. We began aggressively hedging our variable-rate debt financing associated with our fixed-rate assets in early 2022 as market interest rates began to rise, which resulted in us being a net receiver on our interest rate swap positions. For the 2023 and 2024 fiscal years, we received net swap payments totaling $12.3 million, or approximately $0.53 per unit. We expect to continue employing our hedging strategy to provide stable net cash flows from our investments.

Our book value per unit as of December 31st was, on a diluted basis, $13.15, which is a decrease of $1 from September 30th. The decrease is primarily a result of a decrease in the fair value of our mortgage revenue bond portfolio. Our third-party service providers estimate the fair value of our mortgage revenue bond investments quarterly, with models that predominantly use MMD's tax-exempt multifamily yield curves. Tax-exempt rates increased approximately 43 basis points on average across the curve from September 30th to December 31st, which resulted in a corresponding decrease in the fair value estimates for our mortgage revenue bond portfolio.

As a reminder, we are and expect we will continue to be long-term holders of our predominantly fixed-rate mortgage revenue bond investments. So, we expect changes in fair value to have no direct impact on our operating cash flows, net income, or CAD. I will also note that our reported book value includes our joint venture equity investments at carrying value, not fair value. They are not mark to market. As a result, our reported book value excludes any potential gains or additional income that may be realized upon transactional events such as debt refinancings or sales of the underlying properties above our carrying value.

As of market close yesterday, February 19th, our closing unit price on the New York Stock Exchange was $12.60, which is a 4% discount to our book value per unit as of December 31st. We regularly monitor our liquidity to fund our investment commitments and to protect against potential debt deleveraging events if there are significant declines in asset values. As of December 31st, we reported unrestricted cash and cash equivalents of $14.7 million. We also had approximately $31 million of availability on our secured lines of credit.

Not reflected on our December 31st balance sheet are multiple liquidity events in January 2025 that have added to our available liquidity. Our governmental issuer loan investments for Osprey Village and Willow Place were redeemed in full, and the Sandy Creek property loan was partially repaid. In addition, our JV equity investment in Vantage at Tomball was redeemed upon sale of the underlying property. These events generated net liquidity of approximately $31 million after repayment of the related debt financing.

At our current liquidity levels, we believe that we are well positioned to fund our current financing commitments. We regularly monitor our overall exposure to potential increases in interest rates through an interest rate sensitivity analysis, which we report quarterly and is included on page 86 of our Form 10-K. The interest rate sensitivity table shows the impact on our net interest income given various changes in market interest rates and other various management assumptions.

Our base case uses the forward SOFR yield curve as of December 31st, which includes market anticipated SOFR rate declines over the next 12 months. The scenarios we present assume that there is an immediate shift in the yield curve and that we do nothing in response for 12 months. The analysis shows that an immediate 200-basis point increase in rates will result in a decrease in our net interest income and CAD of approximately $2.5 million, or $0.106 per unit. Alternatively, assuming a 100-basis point decrease in rates across the curve will result in an increase in our net interest income and CAD of approximately $1.2 million, or $0.053 per unit.

We consider ourselves largely hedged against large fluctuations in our net interest income from market interest rate movements in all scenarios, assuming no significant credit issues. Our debt investment portfolio consists of mortgage revenue bonds, governmental issuer loans, and property loans totaling $1.35 billion as of December 31, or 85% of our total assets. We own 86 mortgage revenue bonds as of December 31st that provide permanent financing for affordable multifamily, seniors, and skilled nursing properties across 13 states. Of these mortgage revenue bonds, 30% of our portfolio value relates to properties in California, 25% in Texas, and 18% in South Carolina. During the fourth quarter, we advanced funds totaling $36.8 million for our mortgage revenue bond and related taxable mortgage revenue bond investments.

We own nine governmental issuer loans as of December 31st that finance the construction or rehabilitation of affordable multifamily properties across six states. Such loans often have companion property loans or taxable governmental issuer loans that share the first mortgage lien. During the fourth quarter, we advanced funds totaling $32 million for our governmental issuer loan, taxable governmental issuer loan, and property loan commitments. Of this amount, $8.5 million relates to investments that will be transferred to our construction lending joint venture with BlackRock during 2025.

Our outstanding future funding commitments for mortgage revenue bonds, governmental issuer loans, and related investments was $100 million as of December 31st, excluding those investments that will be transferred to our construction lending joint venture with BlackRock. These commitments will be funded over approximately 12 months and will add to our income-producing asset base. We also expect to receive redemption proceeds from our existing construction financing investments that are nearing maturity which will be redeployed into our remaining funding commitments.

We apply the CECL standard, or current expected credit loss standard, to establish credit loss reserves for our debt investments and related investment funding commitments. We reduced our allowance for credit losses by $24,000 for the fourth quarter. For the year ended December 31, 2024, we reported a net reduction in our allowance for credit losses of approximately $1 million due to the declining size of the portfolio of governmental issuer loan and related investments that are subject to CECL. We have added back the impact of the provision for credit losses in calculating CAD, consistent with our historical treatment for loss allowances.

Our joint venture equity investments portfolio consisted of 12 properties as of December 31st, with a reported carrying value of approximately $179.4 million, exclusive of one investment, Vantage at San Marcos, that is reported on a consolidated basis. We advanced $11.2 million of capital during the fourth quarter in this investment segment. Our remaining funding commitments for JV equity investments totaled $27.2 million as of December 31st.

As I previously noted, the Vantage at Tomball property was sold in January of 2025, and we received net proceeds of $14.2 million, which is inclusive of our contributed capital and accrued preferred return. We do not expect to report any related gain or loss in the first quarter of 2025 related to this sale. Our debt financing facilities used to leverage our investments had an outstanding principal balance totaling approximately $1.09 billion as of December 31st. This is up approximately $31 million from September 30th.

We manage and report our debt financing in four main categories on page 78 of our Form 10-K. Three of the four categories, fixed-rate assets with fixed-rate debt, variable-rate assets with variable-rate debt, and fixed-rate assets with variable-rate debt that is hedged with interest rate swaps are designed such that our net return is generally insulated from changes in short-term interest rates. These categories account for $1.08 billion, or 98% of our total debt financing. The fourth category of fixed-rate assets with variable-rate debt with no designated hedging is where we are most exposed to interest rate risk in the near term. This category only represents $18 million, or 2% of our total debt financing.

During the fourth quarter, we terminated our variable-rate M31 TEBS financing facility and entered into a new fixed-rate 2024 PFA securitization transaction. The new 2024 PFA securitization transaction provides $75.4 million of fixed-rate, matched-term, nonrecourse, and non-mark-to-market debt financing. On the preferred capital front, we continue to pursue additional issuances of Series B preferred units under an active offering. I'll now turn the call over to Ken for his update on market conditions and our investment pipeline.

Ken Rogozinski
Thanks, Jesse. The fourth quarter 2024 rally that many analysts expected for the muni bond market did not materialize, with tax-exempts ending up being higher in yield than many thought they would be. At the time of last quarter's call in November, ten-year MMD was at 2.97%, and 30-year MMD was at 3.83%. At the end of December, those levels were at 3.06% and 3.90%, respectively. As of yesterday's close, ten-year MMD was at 3%, and 30-year MMD was at 4.01%. The ten-year muni-to-Treasury ratio is currently 66%, and the 30-year muni-to-Treasury ratio is currently 84%.

Part of the widening in 30-year MMD since year-end is reflective of the uncertainty regarding the potential impact on the muni bond market of changes that might be included in a tax bill by the new administration and Congress. The muni bond industry was caught flat-footed by the Tax Cuts and Jobs Act of 2017, which resulted in the elimination of tax-exempt advance refundings, a common municipal financing tool that was not applicable to private activity bonds like our mortgage revenue bonds. The industry has been more proactive with their education and lobbying efforts as proposals start for what might be included in a potential 2025 tax bill.

In terms of recent executive orders by the Trump administration, particularly those related to funding for HUD programs, we have not observed a significant impact on our investments. The federal rental assistance program most associated with our investment properties, the Section 8 rent subsidy program, is specifically exempt from the broad federal funding freeze executive order issued in January. From a market technicals perspective, the market experienced normal issuance months in November and December of roughly $32 billion each, which brought the year's total gross issuance to $496 billion. Total fund flows for 2024 were positive at about $37.4 billion between mutual funds and ETFs. The average weekly secondary market trading volume for 2024 was $35 billion.

The market ended 2024 with the Muni High Grade Index generating a total return of 1.1% and the Muni High Yield Index generating a total return of 6.3%. The belly of the curve underperformed the most, with 5-years versus 10-years steepening by 22 basis points and 10-years versus 30-years flattening by 48 basis points. The year did not end on a high note, with high-grade tax exempt yields increasing by more than 30 basis points in December, which is consistent with the move that we saw in the muni curves used to mark our mortgage revenue bond positions.

We continue to be excited about the new construction lending joint venture with BlackRock Impact Opportunities. We closed our first two deals targeted for that strategy in the fourth quarter. As we have mentioned on our past quarterly calls, we have seen a pullback in affordable construction lending by commercial banks as a result of the broader pressures on their commercial real estate loan portfolios. That has created a window of opportunity for us to deepen our relationships with existing sponsors and to establish new sponsor relationships as we step in to help fill that void. Having a dedicated pool of capital available to us for that purpose allows us to effectively manage that potential pipeline and to offer our clients timely transaction execution to meet their needs. With that, Jesse and I are happy to take your questions.

Operator
Thank you. We'll now be conducting a question-and-answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we pull for questions. Thank you. Our first question is from Stephen Laws with Raymond James. Please proceed with [technical difficulty].

Stephen Laws
Hi. Good afternoon. Ken, I want to follow up with where you left off in your prepared remarks on the pipeline and the new JV. Can you talk about the returns on those investments and how they compare to MRBs and the government issuer loans, and maybe what type of allocation of capital do you anticipate going into the new construction lending JV?

Ken Rogozinski
Stephen, at its core, what we'll be doing through the BlackRock JV is the exact same strategy that we've been following on our own for the past four years with our governmental issuer loan investments, making 36- to 42-month construction loans on new LIHTC properties with a Freddie tax-exempt loan forward commitment for the permanent financing and then funding those positions with tender option bond structures in order to provide leverage and the appropriate leveraged returns for us. In terms of comparing our kind of expected return on those going forward, the strategy is the same. The pricing parameters that we're using in terms of pricing that loan product to our sponsor clients is consistent with the pricing strategy we've implemented in the past. But I think the real benefit to the partnership itself is the additional return that will be earned on the partnership capital through the promotes structure that we have under that joint venture. So, doing the same business that we've historically been doing but earning a greater return on it because we get sort of the base economic return but then we also get that additional compensation to the partnership of the promotes that we earn on the BlackRock capital. So, I think we feel pretty good about continuing that strategy and enhancing its profitability to the partnership via the new joint venture.

Stephen Laws
Great. Appreciate those comments. And to touch on the JV--.

Ken Rogozinski
My only follow-up comment there, Stephen, was just to your question about capital allocation decisions. We as a management team don't have sort of a set allocation between the governmental issuer loan and the mortgage revenue bond opportunities that we see. Our originators have the ability to bring any of those products to us. We continue with independent pricing decisions on them, and we continue with the discipline of making sure that any new loan that we originate is accretive versus our current dividend yield. So, I think that split you're going to see going forward in terms of what's in that governmental issuer loan bucket versus what's in the more traditional mortgage revenue bond bucket for either multifamily or seniors housing is really going to be a function of the investments that are sourced by our direct GHI origination team or what we see from the Greystone originators.

Stephen Laws
Great. Appreciate the additional color on that, Ken. Switching to the JV equity investments for a second. The Tomball assets sold, got back your committed capital plus the preferred return but don't anticipate an impact as far as gains or losses or CAD. As you think about kind of where the multifamily market is now, as we see additional sales this year, what type of gain expectations --- or I guess has the expectation sort of reset in a new cap rate world for multifamily? Or was that sale something specific to the Tomball asset? Just maybe additional color on how you think about return expectations across your JV equity investment portfolio.

Ken Rogozinski
I mean, as you sort of expect, Stephen, everything is really local when it comes down to these particular assets, the submarkets they're located in, what the competitive product set is, what their rent pricing structure might be versus other comps in the marketplace. We certainly, at a high level, have seen a negative impact to multifamily values from, I think, this new stable level of interest rates that we seem to have found with the ten-year in this trading range around the 4.5% level and with an increase in cap rates from where they are -- were sort of in that 2021 to 2022, 2023 neighborhood.

In the case of the Tomball asset, I think the one point of color that I can give you there in terms of that particular sale is that, with that project's location in Harris County, we saw a significant increase in the level of insurance premium there over the length of the ownership of that asset as a result of just sort of that broader landscape of revised multifamily insurance premium pricing in areas that the insurance providers view as higher risk, particularly to hurricane damage there in the Gulf area. So, our ultimate insurance cost there at the time of exit was 3.5x the original pro forma underwriting for that transaction. And that, let's call it, $250,000 difference in that expense line item at a 5% cap rate, that's $5 million in value. So I think, at least from our perspective, that's a big explainer in terms of why, when you look at the lack of gain that we expect to recognize in the first quarter of this year as a result of that sale versus some of what we've seen on other assets -- that, I think, is a level of expense increase that has been unique to that asset and to that location.

Stephen Laws
That’s interesting, and that adds a lot of color on that. Thanks for the comments, Ken. Appreciate the time this afternoon.

Operator
Thank you. Our next question is from Matthew Erdner with JonesTrading. Please proceed with your question.

Matthew Erdner
Hey. Good afternoon. Thanks for taking the question. And, Ken, thanks for all the color on that previous question. That gave -- that answered a lot of the questions that I did have. But, Jesse, I kind of want to throw this one to you. In terms of interest income and the redemptions, what was the timing like of those redemptions in the fourth quarter? And then, do you guys have any insight as to when those redemptions are going to come through throughout the year, whether it be first quarter, second quarter, just kind of timing perspective?

Jesse Coury
Certainly, Matt. We had a few redemptions in the fourth quarter of governmental issuer loans that had just ran their normal course. Focusing on 2025, though, I had mentioned in my prepared remarks that we had the Osprey Village and Willow Place governmental issuer loans that redeemed in January. Gross investments there were roughly $82 million. And that's really the near-term redemption that we're expecting, but we do have significant other redemptions later in the year, but I think that's going to be more backloaded in 2025. I expect that we'll probably have another $120 million of GIL balances, governmental issuer loan balances, that redeem and $40-ish million of property loans. But I would say a lot of that is going to be recycled into either our existing funding commitments or into our investment pipeline. So, we will see probably a temporary decline in the balance sheet as those assets roll off, but we expect to redeploy that capital in short order.

Ken Rogozinski
Matt, it's Ken. I think the other thing that I would add there is that there's a little bit of optionality on the project sponsor's part with those conversions to perm that we don't have any control over. One of the unique, and I think from my perspective, one of the positive features of the Freddie Mac tax-exempt loan forward product is that Freddie will give you the ability to upsize your perm loan by up to 10% of the original committed principal balance if your NOI has grown and the conversion underwriting permits that. So, in a lot of circumstances, given the growth in area median income that we've seen over the past three-ish years from when these projects were originally started, their LIHTC rents have increased in connection with that. And as a result, their final perm underwriting NOI, in most cases, is exceeding their original pro forma. And so, since Freddie gives that option to upsize not at current market rates but at

actually the original three years ago rate-locked forward rate, that's a very attractive sort of onetime opportunity for these project sponsors to take advantage of.

So, what we've seen is that, to the extent that there are extension options available to them, that sponsors are taking advantage of that in order to maximize their underwriting NOI and to then maximize the size of their perm loan. So again, that's not anything that we have any control over whether a sponsor exercises that option or not. But I think from our perspective, it makes economic sense to us that our borrower clients who are looking at a conversion during 2025 are going to keep a very close eye on that and whether or not it's in their interest to take advantage of that product feature.

Matthew Erdner
Right. That's very helpful color there. I really appreciate all the detail. And then second and last one from me. Based on your comments about the current administration and kind of the tax changes there, do you think that affects the supply that's going to come to market at all? Or do you kind of see it as business as usual in terms of supply out there, just the intricacies of the tax things might change?

Ken Rogozinski
It's going to be interesting to see what happens with that, Matt. I mean, for better or for worse, I'm old enough to remember the Tax Reform Act of 1986 and kind of the changes to the muni bond industry that happened in connection with that. If we see something dramatic like there is no issuance of tax-exempt bonds for any purpose going forward, I would expect there to be the same sort of rush to the finish line that there was in 1985 by muni issuers to take advantage of what they can while they can. The question then really becomes is the market demand there to absorb that supply, particularly if the traditional muni investor community knows that they're not going to be making these anymore, at least for the foreseeable future. So, we'll have to see how that in particular plays out.

As I said in my comments, I think the industry has done a better job this time around in terms of their lobbying and their education efforts with Congress in particular around the benefits to local communities that are provided by the existence of the muni bond market. It was a rather lengthy laundry list that came out of the Ways and Means Committee in terms of the potential pay-fors that would be identified to pay for the extension of some of the tax cuts that were there as part of the 2017 Act. So, I think we're in early phases, and we'll just have to see how things play out. But I think it's certainly going to be an interesting year to see what ideas come to the fore, either from the administration or from Congress and how they choose best to try to implement those.

Matthew Erdner
Got it. Thank you, guys. Appreciate it.

Operator

Thank you. Our next question is from Chris Muller with JMP Securities. Please proceed with your [technical difficulty].

Chris Muller
Hey, guys. Thanks for taking the question. So, I wanted to follow up a little bit on the line you guys are on here, and, Ken, you did touch on this a little bit in your comments. But given the broad changes we're seeing from the administration, are there any changes that you would like to see implemented? You guys are boots-on-the-ground there, so you're close to a lot of this stuff. So, curious your thoughts on things that could improve the industry. And then I guess just a little more specifically, if the GSEs actually do get privatized, and big "if" there, what impact would that have on your guys' business, or is it too early to tell at this point?

Ken Rogozinski
So, a couple of things there, Chris. I think in terms of -- my wish list, if I was the Chair of the Ways and Means Committee in terms of what I would put forward to help the affordable housing industry, a couple of things there. There has been a bill in the past couple of Congresses for low-income housing tax credit -- I don't know what you want to call it, reform or modernization or improvement. I think there are a lot of good ideas in there in terms of changing some of the technical features of that program to make it more efficient. I would love to see a separate stand-alone category of private activity bond allocation just for affordable multifamily so that our sponsors are not competing against the other private activity bond users across the country. So, I think on my wish list, those would probably be the two biggest things there that could be positive out of some of this process either with the broader tax bill or some tax-extenders bill that addresses some of the other things like the investment tax credit and things of that nature.

In terms of GSE privatization, that's an interesting concept. I don't, at least myself, have a clear picture of what that looks like currently. I think in terms of our funding vehicles, our TEBS transactions that we have currently with credit enhancement from both Fannie and Freddie are fixed-rate transactions with sort of no liquidity events or triggers associated with that. So, from our perspective, I think -- I guess some result that the market would view as a net credit negative to the overall resulting credit situation of the guarantor on those certificates, that risk is really borne by those current investors and not us as the residual holder of those certificates.

So, I don't think we have any real risk to our investment portfolio. I think, looking forward, though, in terms of our new originations, if there is some change -- again, sort of sticking with that theme that the end result is a Fannie Mae or a Freddie Mac that is viewed by the market as an inferior credit to what they currently are, I think that that could potentially have negative implications for the interest rates that they're able to achieve through their securitization vehicles going forward and what that might translate into in terms of how they price products like the Freddie Mac tax-exempt loan forward commitment that we use for our construction lending strategy.

So, if they end up in a worse position and it increases their cost of funding and that translates into higher pricing for our project sponsors for that perm execution, that's not a good thing from our perspective. It makes us less competitive versus the other alternatives that are out there. So, certainly something that we're keeping a close eye on. And to the extent that things do end up in a situation like that, it's something that we're going to have to revisit with the Greystone servicing team in terms of how those products are priced and what we can do to minimize the impact to our sponsor borrower clients.

Chris Muller
Got it. That's all very helpful. And then I guess changing gears to the JVs. I guess, how much visibility do you guys have into the pipeline for new JVs? And I see the two in the planning phase in the 10-K. Should we consider that to be the pipeline, or is there more behind the scenes that hasn't really gotten to that planning phase yet?

Ken Rogozinski
We always have discussions with our core stable of partners between Freestone and Camden and the seniors housing team. So, those are transactions where we've made investment committee decisions and firm commitments of capital. But we do continue to have dialogues with those sponsors about other opportunities that they're seeing, the markets that they like, what current conditions are and what sort of returns that they believe that they can achieve in the current market environment. So, there are other discussions that we continue to have on a regular basis, but there's been no sort of firm commitment or investment approval from our perspective on anything else at this point other than what we've reported.

Chris Muller
Got it. That makes a lot of sense. Appreciate all the detail today.

Operator
Thank you. Our next question is from John Baum [sp], private investor. Please proceed with your [technical difficulty].

John Baum
Yeah. Hi, guys. Shifting gears a little bit here, I've been a unitholder since 2010, as you probably know, adding recently a fair amount on the weakness. And I thought I'd write down a couple of comments first before I get to my question. Warren Buffett quotes Wayne Gretsky in saying, "Don't go to where the puck is, go to where it's going to be." It always seems like when I read the 10-Ks, it's where the puck is. I want to know where it's going to be, especially going into 2005 [sp]. As a private investor, you guys are doing a brilliant job. I mean, I leave it to management buying and selling the bonds, collecting real estate operations, et cetera. But as a private investor and forecasting price versus value, all we have is our computation of private CAD, et cetera.

Let's get more direct here. Looking at page 57 of the 10-K, it shows a CAD shortfall in 2024 of roughly $0.53 and surpluses in '23 and '22 of $0.54 and $0.65 respectively. I kind of think that the CAD would be split between recurring and nonrecurring items such as the real estate sales, and we already saw the sale of REO in 2025 with higher operating costs, insurance costs, that may be negatively impacting CAD right there. So, you called it a difficult year. I'm going to get to my question here, trying to peer into the board's decision-making on the computation of the BUC distributions, especially looking at 2025. And I mean, what's going to change in 2025 over 2024? I mean, we're currently yielding here 12% on a federal tax-exempt basis. That would be 15%, 16% on a taxable basis. Market price is less than the net book value, and that could be implying a distribution cut. I understand this is the unique province of the board of directors. But I mean, trying to help out a private investor here and what you're going to see in 2025 over '24, what can you tell us?

Ken Rogozinski
Well, John, thanks for the question. As you mentioned, distributions to our unitholders are made at the determination of the general partner based on a disciplined evaluation of the partners' cash available for distribution and other factors. As it always has done over the years, the general partner consulting with the management team, continually evaluates the factors that go into those distribution decisions, consistent with the long-term interests of the holders and the partnership. And so, I think if you look at some of those statistics that you cited in terms of the overall annual CAD numbers for 2022, 2023, and 2024, it's sort of the nature of the beast with the capital that we have allocated to our JV equity investments that there is going to be some lumpiness. There was a six-quarter time period, Q3 and Q4 of '23 and then all of 2024, where we did not have a joint venture equity investment sale. And so, that had a big impact on the CAD, particularly for 2024.

I think as we've talked about in the past, we tend not to, as a management team, and the board shares that philosophy, in making decisions sort of on a quarterly basis. We're not just looking at the net income and the CAD for a particular quarter and then making distribution decisions based solely upon that quarter's results. The focus tends to be longer term, looking at it historically over a calendar-year period, or in the circumstance of 2024 into 2025 when there may have been some timing changes on that, I think the board making the right decision in terms of the fourth quarter distribution for 2024 in terms of keeping that consistent and not having any sort of adjustment there. So, I don't see any high-level changes in philosophy that the board has adopted there from a distribution perspective. It's just up to us as a management team to continue to stay focused on our portfolio, executing the best we can, and then depending on the results that we're able to achieve, give the board the best information possible to be able to make those decisions.

John Baum
Okay. Yeah, you did touch upon the lumpiness, and I get that. So, for your JVs that you've got coming up right now -- I thought I heard somebody say two out of like four or five this year. I mean, what's going to change over -- was it Tomball or something like that? I mean, was

Tomball mispricing because the incredible increase in insurance rates, especially if we're going to see that in California, maybe the sand [sp] states right now. I don't see insurance rates going down that much. So, with increase in interest rates that's impacting cap rates, I mean, can you project with any clarity that the JV sales are going to be contributing to the CAD? Or are we still going to be looking kind of at a breakeven rate there with no surplus being allocated to CAD? Because those JV sales do give the boost and the positive lumpiness to the distribution perspective.

Ken Rogozinski
As Jesse mentioned, we do not mark our JV equity investments to market. So, there's no attempt by us to forecast, at least for our reporting purposes, what those potential sale prices are. At the end of the day, they're all arm's-length transactions where projects are marketed, and we sort of get the result of what the market tells us the appropriate price is for those assets at that point in time. So, we have models, we have expectations about -- based on comps and different areas, what we're sort of hoping and expecting to see, but it's not a level that we disclose on a regular basis. And it's not something that we're really in a position to share at this point in time, sort of our individual asset-by-asset projections in terms of when we think they're going to sell and what we think they're going to sell for.

John Baum
Fair enough. Final one for me, and that's going to be, how do you feel about the unit price being less than net book value right now? I think you've got something around 10.50. I mean, is there any provision for unit buybacks, or do you let the market take care of itself? Or -- just a little bit of commentary there from a management standpoint.

Ken Rogozinski
Well, it's certainly at the low end of the historic range. I think at least for the five-plus years now that I've been involved with the partnership, it's historically traded at a premium to book value. So, being at that 96% level that Jesse referenced in his remarks as of yesterday's close versus the Q4 book value, we're certainly at the low end of the range there. I think from our perspective, as a management team, if that's going to be sort of a prolonged phenomenon, it's something that we will evaluate if there are other things that we could potentially be doing with the capital that's returned to us through the crystallization of our underlying investments. What exactly that might be, I can't tell you. But I think from our perspective, it's fair to say that we've received no direction from the board to eliminate any possibilities from discussion or evaluation, let me put it that way.

John Baum
Okay. Fair enough. In closing, I think I've gotten more back in cumulative distribution since 2010 than my investment, but you guys are really -- you're excellent at what you do. I guess it's kind of hard to fight the market right now, because you've been thrown a lot of stuff as well as maybe some of the new tax bills, but we'll see how those play out. Just keep it up, and we will go from there. Thank you again.

Operator
Thank you. Our next question is from Graves Stone [sp], private investor. Please procced with you [technical difficulty].

Graves Stone
Hi. Thanks for taking my call. Sort of following up with the previous question, just wondering about the distribution policy with what goes into it, especially when the price of Greystone might be trading below what you believe to be the asset value. Just wondering if we could consider something different instead of cash distribution. Could we occasionally -- when the market is deviating from the actual assets, could we do like a unit distribution or something unique like that?

Jesse Coury
Thanks for the question. I think the board is continually evaluating the best approach to distributions. We have historically in the past tried to keep that -- the board has kept that base cash distribution at a sustainable level and then done any incremental distributions occasionally in either cash or the form of additional units. I would say the thing that the board is very cognizant of when declaring distribution and the forms of that distribution cash versus units is the realization that there is a tax impact to the unitholders that get allocated income through the Schedule K-1 that goes to every one of our individual unitholders. So, the board I think has tended to default towards cash payments for that purpose because there's a real cash outlay from the unitholders. But again, that's not set in stone, and the board will continue to evaluate it. But it's an interesting concept.

Graves Stone
I appreciate you following up on that. That would be great to know if the board and the management do decide to follow through with something, at least when it's on a quarter-to-quarter basis. It doesn't have to be a permanent thing, but it could be occasionally when the unit price goes way down compared to actual asset values. That would be a great thing. Once again, thanks again for everything you guys do and keep up the good work.

Operator
Thank you. There are no further questions at this time. I'd like to hand the floor back over to Ken Rogozinski for closing comments.

Ken Rogozinski
Thank you very much, everyone, for joining us today. We look forward to chatting with you again next quarter.

Operator
This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.