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Fitch Ratings Updates U.S. Military Housing Rating Criteria.

Fitch Ratings-New York-01 September 2021: Fitch Ratings has published an updated criteria report titled 'U.S. Military Housing Rating Criteria.' The report replaces the existing criteria dated July 2, 2020.

Primary revisions to the criteria include the publication of category-specific assessments for each key rating driver (revenue defensibility, operating risk and financial profile). The key rating drivers were updated in line with the master revenue criteria, 'Public Sector, Revenue-Supported Entities Rating Criteria.'

The revised criteria report also describes the explicit forward-looking approach for military housing surveillance reviews, which, similar to the initial rating assignment, considers revenue and expenses stresses, and the potential impact on a project's debt service coverage ratio (DSCR). The magnitude of the revenue and expense stresses are evaluated in the context of the revenue defensibility and operating risk assessments. The financial profile DSCR ranges in the criteria were also updated, as supported by fourteen-years of financial performance of this ratio for all Fitch-rated military housing projects.

Additionally, the updated criteria references Fitch's 'Completion Risk Rating Criteria' for the analysis of construction risk (if present).

No changes to the ratings of existing transactions are anticipated as a result of the application of the criteria.

The criteria report is available at 'www.fitchratings.com/criteria/us-public-finance.'

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