

# **Bond Case Briefs**

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## **Fitch Ratings Updates U.S. Affordable Housing Rating Criteria.**

Fitch Ratings-New York-09 March 2022: Fitch Ratings has published an updated criteria report titled 'U.S. Affordable Housing Rating Criteria.' The report replaces the existing criteria dated March 5, 2020.

Primary revisions to the criteria include additional sub-factor assessments for the revenue defensibility and operating risk key rating factors, providing greater transparency in Fitch's assessment of credit risk. The revised criteria report also describes the explicit forward-looking scenario approach for affordable housing surveillance reviews, which, similar to the initial rating assignment, consider revenue and expenses stresses, and the potential impact on a project's debt service coverage (DSC). The magnitude of the revenue and expense stresses are evaluated in the context of the revenue defensibility and operating risk assessments.

The updated criteria report also references Fitch's 'Completion Risk Rating Criteria' for the analysis of construction risk (if present) and incorporates Fitch's approach to Third Party models, which are informed by issuer projections with Fitch providing stresses for the third-party cash flow proformas. Additionally, the report was revised to clarify that workforce housing is within scope of the criteria.

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](http://www.fitchratings.com/criteria/us-public-finance).'

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