



## Sample Tax Credit Calculation Methods

### Qualified Basis Method

	<u>4% Credit Eligible</u>	<u>9% Credit Eligible</u>
Eligible Basis	\$7,200,000	\$6,800,000
- Historic Tax Credits	\$0	\$0
Eligible Basis (including 30% boost if allowed)	\$7,200,000	\$6,800,000
x Applicable Fraction	100%	100%
= Qualified Basis	\$7,200,000	\$6,800,000
x Applicable Percentage	3.22%*	7.51%*
= Tax Credit Amount	231,840	510,680
<b>= Total Tax Credit Amount (4% + 9%)</b>	<b>742,520</b>	

*\*Applicable Federal Rate as set by the IRS (rates shown are for January 2015)*

### Equity Gap Method

Total Project Cost	\$16,000,000
- Debt Financing	-\$6,800,000
- Equity Financing (including grants)	-\$1,750,000
- Deferred Developer Fee	<u>-\$350,000</u>
= Tax Credit Equity Needed	\$7,100,000
/ Net Cent Raise	\$0.95
= Tax Credits Needed	7,473,684
/ 10 Years	747,368
<b>= Tax Credit Amount</b>	<b>747,368</b>

**Recommended Annual Tax Credit Amount: 742,520**

(Lesser of Qualified Basis or Equity Gap Method)