

Analysis of Developer Return - Current Law and Blueprint - Historic Tax Credit Investments

	Current Law - 35% Tax Rate			Blueprint - 20% Tax Rate
	(Commercial)	(Residential)	(Qualified Leasehold Improvement)	(Full Expensing)
	39 Year Property	27.5 Year Property	15 Year Property	
Return Calculation:				
Monetization of Federal Historic Tax Credits \$10,000,000 QREs x 20%	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Present Value of Depreciation Deductions for Incremental Costs, 10% discount rate	95,967	129,317	199,177	-
Present Value of Building Expensing	-	-	-	200,000
Present Value of Eliminated Interest Deductions \$8,000,000, 30 Years Amort., 5% interest	-	-	-	(148,905)
Total Return	\$ 2,095,967	\$ 2,129,317	\$ 2,199,177	\$ 2,051,095
Estimated Additional Project Cost of Historic Rehabilitation Projects @ 30%	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Net Cost to Developer	\$ (904,033)	\$ (870,683)	\$ (800,823)	\$ (948,905)

Capital Stack Assumptions

	Historic	New Constr.
Total Budget / QREs	\$ 10,000,000	\$ 7,000,000
Historic Tax Credit Proceeds	(2,000,000)	-
Debt Assumed	\$ 8,000,000	\$ 7,000,000

Note: A project with 100% Qualified Leasehold Improvement status would not be found in practice, and is presented here only to provide a "not greater than" scenario for Total Return.