

ATTACHMENT 1

**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 (If 1.3 Boost)	\$7,200,000	\$8,840,000
x Applicable Fraction	100.0%	100.0%
= Qualified Basis	\$7,200,000	\$8,840,000
x Applicable Percentage	3.50%	9.00%
=Tax Credit Amount	\$252,000	\$795,600
<b>=Tax Credit Amount</b>	<b>\$1,047,600</b>	

**Equity Gap Method**

Total Project Cost	\$16,000,000
- Debt Financing	-\$6,800,000
- Equity Financing (Including Grants)	-\$1,750,000
- Deferred Developer Fee	-\$350,000
= Tax Credit Equity Needed	\$7,100,000
/ Net Cent Raise	\$0.79
= Tax Credits Needed	\$8,987,342
/10 Years	\$898,734
<b>=Tax Credit Amount</b>	<b>\$898,734</b>

<b>Recommended Annual Tax Credit Amount:</b>	<b>\$898,734</b>
(Lesser of Qualified Basis or Equity Gap Method)	