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Date: March 20, 2009

LEGEND

Taxpayer	=
Operating Company	=
Affiliate A	=
Affiliate B	=
Historic Building	=
Government Entity 1	=
Government Entity 2	=
Government Entity 3	=
Building 1	=
Building 2	=
Site	=
State 1	=
State 2	=
City	=
Station	=
Date 1	=
Date 2	=
Date 3	=
X	=
Governmental Lease	=
Government Parking Area	=
Construction Company	=
Zone A	=
Zone B	=
University	=
A square feet	=
B square feet	=

C square feet =
D square feet =
Year A =
Year B =
Year C =
Year D =
Year E =
Year F =
Z percent =

Dear :

This is in response to your ruling request dated on September 25, 2008, and subsequent correspondence requesting rulings under sections 47(c)(2)(B)(v)(I) and 168(h)(1)(B) of the Internal Revenue Code on behalf of Taxpayer regarding a transaction that includes rehabilitation of Historic Building.

FACTS

Taxpayer is a State 2 limited partnership treated as a partnership for federal income tax purposes. All of its partners are wholly owned, indirectly, by Operating Company, through two taxable REIT subsidiaries. Taxpayer acquired Historic Building, listed on the National Register of Historic Places, on Date 1 and is in the process of rehabilitating it. Before Historic Building is placed in service, at least one more limited partner may be admitted to Taxpayer. Taxpayer may enter into a master lease structure and elect to pass through federal rehabilitation credits available with respect to the rehabilitation of Historic Building to the new limited partner or its affiliate as master tenant of Historic Building ("Master Tenant").

Affiliate A, a State 2 limited partnership, and Affiliate B, also a State 2 limited partnership, are wholly owned, directly or indirectly, by Operating Company and are treated as disregarded entities for federal income tax purposes. Taxpayer, Affiliate A, and Affiliate B are involved in the rehabilitation of Historic Building and the construction of Building 1 and Building 2 located on Site, which is in Zone A. Building 1 is an office building owned by Affiliate B located across the street from Station, which is owned by X. Historic Building is located across the street from Station, and Building 2 will be built on the annex site located across the street from Historic Building and currently leased to Affiliate A. Affiliates of Construction Company have significant involvement in the planning and construction of Historic Building, as construction and development manager, and of the garage, as construction manager.

Until the fifth anniversary of the date that rehabilitated Historic Building is placed in service, Operating Company (or its successors or assigns) will, directly or indirectly, (i) own at least twenty percent of all "profits interests" and "capital interests" in each of the entities owning the buildings or condominiums comprising its Site project (excluding

any condominiums that are sold to parties unrelated to Operating Company, and excluding any tower planned for Building 2, construction of which is not commenced within nine months following commencement of construction of the garage in Building 2), and (ii) serve as a general partner (or in a similar capacity, such as manager of a limited liability company) in each of such ownership entities, engaging in active and substantial management functions with respect to the entities' respective businesses (which may include property management and leasing services).

In Year A, Government Entity 2 chose Construction Company as its developer to find appropriate uses for Historic Building, the annex site, a surface lot, and a vehicle maintenance facility, all of which are located in Zone A. A preliminary report prepared by Construction Company showed plans for towers at the sites where towers are currently planned for the annex site, and suggested initiating discussions with X regarding land acquisition and infrastructure development. In Year B, a working group that included representatives of Operating Company and Construction Company, depicted towers at the sites currently planned for the annex, as well as another tower at the site currently occupied by Building 1.

In Year B, University signed a letter of intent to acquire Historic Building, the annex site, a surface lot, and a vehicle maintenance facility from Government Entity 2. University then approached Construction Company about assuming University's obligation to purchase Historic Building, the annex site or the vehicle maintenance facility. In late Year B, Construction Company began discussions with Government Entity 3 regarding a potential relocation of Government Entity 1's offices in City to Historic Building. Subsequently, Construction Company presented preliminary concept plans for the rehabilitation of Historic Building, the demolition of the annex, and the construction of a new building on the annex site, for use and occupancy by Government Entity 1. The Governmental Lease and current plans for the rehabilitation of Historic Building and construction of Building 2 are the products of those discussions.

In order to promote redevelopment of economically distressed communities, State 1 enacted legislation permitting designation of certain zones (i.e., Zone B in City) throughout State 1. Qualified businesses that operate in such zones are allowed certain tax exemptions, deductions, abatements and credits. Historic Building, Building 1, and Building 2 are all located in Zone B in City.

Through Affiliate B, Operating Company began planning to construct and lease Building 1 while investigating other development opportunities in Zone B. Building 1 is located across the street from Station and was constructed on land owned by X but leased to Affiliate B under a 99-year lease. Building 1 is connected to Station by an above street-level public bridge. Construction of most of the tenant finish for Building 1 was completed in Year C and a certificate of occupancy for the core and shell was issued on Date 2. Building 1 contains A square feet of net rentable floor space.

Historic Building and the annex site on which Building 2 will be constructed were owned by Government Entity 2 until Date 1. On that date, Taxpayer acquired Historic

Building and University acquired the annex site. Affiliate A then executed three 90-year ground leases with University for the annex site, on which Operating Company plans to cause Affiliate A or one or more other affiliates to construct Building 2, which will include a garage and two towers. Taxpayer agreed to lease the rehabilitated Historic Building to Government Entity 2 and Affiliate A agreed to lease the Government Parking Area to Government Entity 2. On or about Date 3, Government Entity 2 (as sublessor) and Government Entity 3 (as sublessee) executed Governmental Lease, under which Government Entity 3 agreed to sublease the rehabilitated Historic Building and the Government Parking Area. Government Entity 2 will assign Governmental Lease to Taxpayer (or to the Master Tenant), and the Taxpayer (or the Master Tenant) will become the lessor under the Governmental Lease.

Historic Building is listed on the National Register of Historic Places. Beginning in Year D, Taxpayer began to "substantially rehabilitate" Historic Building and demolish the annex (except for the annex tunnel). After the annex site is cleared, utilities and infrastructure will be installed, and piles will be driven to provide the foundation for Building 2. Operating Company anticipates that by the end of Year E, construction of the garage in Building 2 will commence. Taxpayer may commence construction of one or possibly two towers planned for Building 2, within 9 months following commencement of construction of the garage. Whichever of such towers, if any, is under construction within such nine-month period are referred to as the "Included Towers." If construction does not commence on either of these towers within nine months following commencement of construction of the garage, such towers will not be treated as part of the Site "project" for purposes of this private letter ruling and each reference below to the "Included Towers" should be ignored because there will be no "Included Towers."

Due to construction complexity and other delays, the Included Towers will likely be placed in service after the tax year in which Historic Building and the garage are placed in service. The Included Towers may include space for office, hotel, retail, and residential use. The hotel space may be sold to an unrelated third party as a separate condominium and the residential space may be sold to unrelated third parties as separate residential condominiums. Any spaces in the Included Towers which are sold to unrelated third parties are not included in the computation of net rentable floor space in the Site project.

Under the Governmental Lease, Government Entity 3 will lease the renovated Historic Building and the Government Parking Area in the garage. The Government Parking Area will be available exclusively for possession, use, and occupancy by the tenant under the Governmental Lease. Government Parking Area will not be available for vehicular access by the general public or by anyone other than Government Entity 1 and/or Government Entity 3 and their employees and guests. Government Parking Area will be separated from other parking areas by a security gate restricting vehicular access. Elevator access to Government Parking Area will be limited to such employees and other personnel. Government Parking Area will include at least 1200 parking spaces but may increase up to 400 additional parking spaces if certain options under the Governmental Lease are exercised.

The rehabilitated Historic Building will comprise approximately B square feet of net rentable floor space. The initial occupancy date of Historic Building and Government Parking Area under Governmental Lease is anticipated for the summer of Year F. There may be changes in the precise mix and configuration of space, but not less than C square feet of net rentable floor space will be constructed on the annex site as part of Building 2 in the form of some combination of (i) office, residential, hotel, and/or retail space in the Included Towers (excluding any condominiums sold to parties unrelated to Operating Company), and (ii) retail space, Government Parking Area, and other parking areas in the garage dedicated to single-tenant use.

Operating Company will create a fully supported business center rather than a single building. Benefits to Operating Company from the development of Site, including the renovation of Historic Building and the construction of Building 1 and Building 2 include (i) the ability to solidify and strengthen the overall design integrity and economic viability of the entire Site; (ii) economies of scale in marketing and managing the overall Site; (iii) the ability to offer existing and prospective tenants a broad range of leasing options within the Site; and (iv) the ability to utilize a single maintenance operation to work on the entire Site, allowing for economic sharing of equipment and personnel. To effectively manage the Site, Operating Company will have a single maintenance operation and a centralized managerial structure, which will be responsible for delivering property management and maintenance services to the entire Site. Tenants located in any building of the Site will access the same property management organization to address operational requirements. A series of walkways, tunnels and pedestrian bridges will connect the buildings in the Site. A bus service will transport tenants and visitors among the various Site buildings. Moreover, a single architect has been retained as the master plan executive architect for the Operating Company's overall Site. This architect served as building architect for Building 1 and will serve as building design architect for the garage in Building 2. The architect may serve as the building design architect for the Included Towers.

Taxpayer makes the following representations:

(1) The economic substance of the Governmental Lease is that of a "true lease" such that Taxpayer will be treated as the owner of Historic Building and Affiliate A (or another affiliate of Operating Company) will be treated as the owner of Government Parking Area in Building 2 for federal income tax purposes;

(2) The rehabilitation of Historic Building and the construction of Building 1 and Building 2 are all part of one plan or scheme to redevelop part of a Zone B as described above;

(3) Governmental Lease does not include any renewal option;

(4) The initial term of the Governmental Lease plus any service contract or similar arrangement involving the property leased under the Governmental Lease will

not exceed twenty (20) years as measured from the first day any part of the leased premises is delivered by the landlord and accepted as substantially complete by the tenant under the Governmental Lease (excluding pre-substantial completion access allowed to the tenant and its contractors to complete tenant improvements or to prepare for occupancy);

(5) No lease of space in Building 1 by Affiliate B or any other affiliate of Operating Company to a "tax-exempt entity" (as defined in section 168(h)(2)) that is executed before the fifth anniversary of the first day the rehabilitated Historic Building is placed in service (the "Fifth Anniversary"), will have a lease term, including any fixed rate renewal option and any service contract or similar arrangement involving the leased space, which exceeds twenty years. For purposes of this private letter ruling, an option to renew a lease at a rental rate equal to a fair market value determined at the time of renewal is not treated as a "fixed rate renewal option";

(6) No lease of space in the Included Towers or in the garage in Building 2 by Affiliate A or any other affiliate of Operating Company to a tax-exempt entity that is executed before the Fifth Anniversary will have a lease term, including any fixed rate renewal option and any service contract or similar arrangement involving the leased space, which exceeds twenty years;

(7) There is not now, and will not be, any up-front understanding, informal arrangement or similar agreement between Affiliate A or any other affiliate of Operating Company and any tax-exempt entity lessee that any fair market value renewal option which may be granted under a lease of space in the Included Towers or in the garage in Building 2 executed before the Fifth Anniversary will be applied by the parties without regard to the actual fair market value rental of the premises at the time of renewal;

(8) There is not now, and will not be, any up-front understanding, informal arrangement or similar agreement between Affiliate B and any other affiliate of Operating Company and any tax-exempt entity lessee that any fair market value renewal option which may be granted under a lease of space in Building 1 executed before the Fifth Anniversary will be applied by the parties without regard to the actual fair market value rental of the premises at the time of renewal;

(9) No portion of Building 1, Historic Building, the Included Towers or the garage in Building 2 will be financed, directly or indirectly, by an obligation the interest on which is exempt from tax under section 103(a);

(10) The Governmental Lease does not include, and neither Government Entity 3 nor a "related entity" under section 168(h)(4) holds, a fixed or determinable price purchase or sale option or its equivalent with respect to all or any part of the premises leased under the Governmental Lease;

(11) No lease executed between Affiliate A or any other affiliate of Operating Company and any tax-exempt entity lessee before the Fifth Anniversary will include,

and no such tax-exempt lessee or a related entity will hold, a fixed or determinable price purchase or sale option or its equivalent with respect to the Included Towers or the garage in Building 2 or any part thereof;

(12) No lease executed between Affiliate B or any other affiliate of Operating Company and any tax-exempt entity lessee before the Fifth Anniversary will include, and no such tax-exempt lessee or a related entity will hold, a fixed or determinable price purchase or sale option or its equivalent with respect to Building 1 or any part thereof; and

(13) Upon completion, the buildings on the Site will contain approximately the number of square feet of "Net Rentable Floor Space" set forth below.

Building	Net Rentable Floor Space
Building 1	A square feet
Historic Building	B square feet
Building 2	C square feet
Total Net Rentable Floor Space	D square feet

The following rulings are requested:

(1) The "50-percent exception" to the definition of "tax-exempt use property," which was added to section 47(c)(2)(B)(v)(I) by section 3025(a) of the Housing Assistance Tax Act of 2008, P.L. 110-289 (the Act), will apply to the qualified rehabilitation expenditures with respect to the rehabilitated Historic Building.

(2) For purposes of the rehabilitation credit, neither Historic Building nor any part thereof nor any of the improvements to be made in rehabilitating Historic Building will be treated as "tax-exempt use property" under section 47(c)(2)(B)(v)(I) and, by reference, section 168(h)(1)(B)(i) (as modified by section 47(c)(2)(B)(v)(I)).

(3) For purposes of the rehabilitation credit and applying sections 47(c)(2)(B)(v)(I) and 168(h)(1)(B) to Taxpayer's rehabilitation and leasing of Historic Building, the "property" will include all of the net rentable floor space in Historic Building, Building 1, the garage in Building 2 (including the retail space, the Government Parking Area, and any single-tenant designated parking area), and the Included Towers (including any office, hotel, residential, and retail space, but excluding any condominiums sold to parties unrelated to Operating Company).

LAW AND ANALYSIS

Section 47(a)(2) provides that, for purposes of section 46, the rehabilitation credit for any taxable year is 20 percent of the qualified rehabilitation expenditures with respect to any certified historic structure. Section 47(c)(3)(A)(i) defines the term

“certified historic structure” as any building (and its structural components) which is listed in the National Register.

Section 47(b)(1) provides that qualified rehabilitation expenditures with respect to any qualified rehabilitated building shall be taken into account for the taxable year in which such qualified rehabilitated building is placed in service.

Section 47(c)(2)(B)(v)(I), as amended by section 3025(a) of the Act, provides that the term “qualified rehabilitation expenditure” does not include any expenditure in connection with the rehabilitation of a building which is allocable to the portion of the property which is (or may reasonably be expected to be) tax-exempt use property (within the meaning of section 168(h)), except that “50 percent” shall be substituted for “35 percent” in section 168(h)(1)(B)(iii).

Section 3025(b) of the Act provides that the amendment made by section 3025 shall apply to expenditures properly taken into account for periods after December 31, 2007.

Section 47(d) allows certain progress expenditures to be “taken into account” for a tax year earlier than the tax year in which the qualified rehabilitated building is placed in service, but only if the taxpayer qualifies for and makes the election pursuant to section 47(d)(5).

Under section 47(b)(1), qualified rehabilitation expenditures for any qualified rehabilitated building are taken into account for the taxable year in which the qualified rehabilitated building is placed in service. Taxpayer represents that the rehabilitated Historic Building was not placed in service prior to January 1, 2008. Taxpayer further represents that no election was made, or will be made, under section 47(d)(5) to take into account, for a period prior to January 1, 2008, any qualified rehabilitation expenditures with respect to the rehabilitated Historic Building. The amendment to section 47(c)(2)(B)(v)(I) by section 3025(a) of the Act applies to expenditures properly taken into account for periods after December 31, 2007. Therefore, for purposes of the rehabilitation credit, the 50-percent exception enacted by section 3025(a) applies to the Taxpayer’s rehabilitation expenditures with respect to the rehabilitated Historic Building, rather than the 35-percent exception in section 168(h)(1)(B)(iii).

Section 168(h)(1)(B)(i) states that, in the case of non-residential real property, the term "tax-exempt use property" means that portion of the property leased to a "tax-exempt entity" in a "disqualified lease." Under section 168(h)(1)(B)(ii), the term "disqualified lease" means any lease of the property to a tax-exempt entity, but only if: (I) part or all of the property was financed (directly or indirectly) by an obligation the interest on which is exempt from tax under section 103(a) and such entity (or a related entity) participated in such financing, (II) under such lease there is a fixed or determinable price purchase or sale option which involves such entity (or a related

entity) or there is the equivalent of such an option, (III) such lease has a lease term in excess of 20 years, or (IV) such lease occurs after a sale (or other transfer) of the property by, or lease of the property from, such entity (or a related entity) and such property has been used by such entity (or a related entity) before such sale (or other transfer) or lease.

Under section 168(h)(1)(B)(iii), property will be considered "tax-exempt use property" only if the portion of the property leased to tax-exempt entities in disqualified leases is more than 35 percent of the property (the "35-percent exception"). Section 168(h)(1)(B)(iv) provides that improvements to a property (other than land) will not be treated as a separate property.

Section 1.168(j)-1T, Q&A-6, of the temporary Income Tax Regulations provides that the phrase "more than 35 percent of the property" means more than 35 percent of the net rentable floor space of the property. The net rentable floor space in a building does not include the common areas of the building, regardless of the terms of the lease. For purposes of the "more than 35 percent of the property" rule, two or more buildings will be treated as separate properties unless they are part of the same project, in which case they will be treated as one property. Two or more buildings will be treated as part of the same project if the buildings are constructed under a common plan, within a reasonable time of each other, on the same site and will be used in an integrated manner.

For purposes of section 168(h)(1)(B)(ii)(I), Taxpayer represents that Historic Building, Building 1, the garage in Building 2, and Included Towers will not be financed with tax-exempt debt. For purposes of section 168(h)(1)(B)(ii)(II), Taxpayer represents that there is no fixed or determinable price purchase or sale option or the equivalent of such an option for the benefit of any government entity or any other tax-exempt lessee, or any related entity, with respect to any of the buildings. For purposes of section 168(h)(1)(B)(ii)(III), Taxpayer represents that the term of the Governmental Lease and any other leases with tax-exempt entity lessees at the Site, including any fixed price renewal option and any service contract or similar arrangement with respect to the leased space, will be no greater than 20 years. Any renewal option terms will be at a fair market value rental rate determined at the time of renewal and, therefore, should not be taken into account. Therefore, neither the Governmental Lease, nor any other lease of Historic Building, Building 1, the garage in Building 2, or the Included Towers would presently be a “disqualified lease” under these provisions.

The Governmental Lease and the lease by Taxpayer to Government Entity 3 as they relate to Historic Building would each be a "disqualified lease" under section 168(h)(1)(B)(ii)(IV) (the "Use After Transfer Rule") because Historic Building has been used by Government Entity 2, a governmental entity, and will, after the acquisition of such property by Operating Company be leased to X for use by Government Entity 1, both of which are related entities to Government Entity 2 under

sections 168(h)(2)(A)(i) and 168(h)(4)(A). However, section 168(h)(1)(B)(iii) provides that property will not be treated as "tax-exempt use property" if the portion of the property leased to tax-exempt entities in disqualified leases is no more than 35 percent of the property. Under section 47(c)(2)(B)(v)(I), “50 percent” is substituted for “35 percent“ in section 168(h)(1)(B)(iii), but only for purposes of the rehabilitation credit and only for expenditures properly taken into account for periods after December 31, 2007. Although Taxpayer acknowledges that Historic Building will be subject to a "disqualified lease" under the Use After Transfer Rule, Taxpayer states that the 50-percent threshold will not be crossed because Historic Building, Building 1, the garage in Building 2, and Included Towers are parts of a single "project" (i.e., one property for purposes of section 168(h)) under section 1.168(j)-1T, Q&A-6, and thus 50 percent or less of the total net rentable floor space of that project (i.e., the net rentable floor space of only the Historic Building) will be subject to a disqualified lease. Therefore, according to Taxpayer, no portion of the property will be "tax-exempt use property" within the meaning of section 168(h)(1)(B), as modified for purposes of the rehabilitation credit by section 47(c)(2)(B)(v)(I).

For purposes of determining if the buildings in this case should be considered part of a single "project" for purposes of section 1.168(j)-1T, Q&A-6, and section 168(h)(1)(B)(iii), Taxpayer argues that the buildings here are constructed under a common plan, within a reasonable time of each other, located on the same site, and will be used in an integrated manner.

Taxpayer represents that the rehabilitation of Historic Building and the construction of Building 1, the garage in Building 2, and Included Towers are all part of one plan or scheme to redevelop part of the same Zone B (see Representation 2). We have no facts or reason to doubt or challenge this representation. For instance, early plans done by architects envision this area as a single development. Further, a single architect will serve as the site plan architect for the Site. There will be a consistent architectural theme and design throughout the Site.

The submission also indicates that the construction of Building 1, the renovation of Historic Building, and the construction of the garage in Building 2 and the Included Towers will all be completed within a reasonable time of each other. According to the submission, construction work on Historic Building and the garage in Building 2 and Included Towers was to begin shortly after completion of construction of Building 1. However, commencement of this construction will be delayed due to the complexities of the negotiations between the parties. Nevertheless, planning for renovation of Historic Building and construction of the garage in Building 2 and Included Towers began before completion of construction of Building 1. Thus, construction of Building 1 was completed in Year C; demolition work on the annex site began in Year D; construction work on Historic Building and the garage in Building 2 was scheduled to commence by the end of Year E; and if there will be any Included Towers, construction on the Included Towers will commence within 9 months after commencement of construction of the

garage in Building 2. The submission provides that if construction does not commence on the Included Towers within nine months following commencement of construction of the garage in Building 2, there will be no “Included Towers,” and all references to the “Included Towers” should be ignored and thus neither tower will be treated as part of the Site project for purposes of this private letter ruling.

The facts show that these buildings will be constructed on the same site (i.e., the Site) separated only by public streets and the Station, which will serve as the focal point of this development. All of the buildings will be interconnected through a sky bridge, walkways, bus service, transportation tunnel, etc. These buildings are all located within the same Zone B.

Lastly, the facts in the submission indicate that Operating Company will operate the various components of the Site in an integrated manner. For instance, the Operating Company will market and manage the Site as a single development, seeking economies of scale and the benefits of a significant amount of diverse space available for lease at one site.

Taxpayer's facts and representations support the treatment of the development as "one project" being constructed pursuant to a common plan that will be completed within a reasonable time, on the same site and used in an integrated manner. Based upon these facts and representations concerning whether the development is one "property" within the meaning of that term in section 1.168(j)-1T, Q&A-6, we conclude that the Historic Building, Building 1, the garage in Building 2, and Included Towers constitute one "property" for purposes of the 35-percent rule in section 168(h)(1)(B)(iii).

We also note that Building 1, the garage in Building 2, and Included Towers will be newly-constructed improvements to land and will be separate properties from the original, no longer existing structures. As a result of the application of the separate improvements rule in section 168(h)(1)(B)(iv), the Use After Transfer Rule of section 168(h)(1)(B)(ii)(IV) will not apply to Building 1, the garage in Building 2, and Included Towers, which will not be used or occupied by the Government Entity 2 (or a related party) prior to transfer to Operating Company. See Report of the Senate Finance Committee, S. Rpt. No. 98-169 (1984) to the Deficit Reduction Act of 1984, at pages 129-132.

We therefore conclude that, for purposes of applying section 168(h)(1)(B) to Taxpayer’s rehabilitation and leasing of Historic Building, the “property” will include all of the net rentable floor space in Historic Building, Building 1, the garage in Building 2, and Included Towers. Taxpayer has represented that the percentage of net rentable floor space of the “property” subject to a disqualified lease is approximately Z percent (B square feet/D square fee). This amount exceeds the 35 percent exception in section 168(h)(1)(B)(iii). Therefore, the property would be tax-exempt use property under section 168(h)(1)(B)(i). However, because section 47(c)(2)(B)(v)(I) applies to the

qualified rehabilitation expenditures with respect to the rehabilitated Historic Building, “50 percent” is substituted for “35 percent” in section 168(h)(1)(B)(iii). Therefore, the property is not tax-exempt use property under section 168(h)(1)(B)(i), but only for purposes of the rehabilitation credit.

Based on the facts and representations submitted and the relevant law and analysis as set forth above, we conclude:

1) The "50-percent exception" to the definition of "tax-exempt use property," which was added to section 47(c)(2)(B)(v)(I) by section 3025(a) of Act, applies to the qualified rehabilitation expenditures with respect to the rehabilitated Historic Building.

2) For purposes of the rehabilitation credit, neither Historic Building nor any part thereof nor any of the improvements to be made in rehabilitating Historic Building are treated as "tax-exempt use property" under section 47(c)(2)(B)(v)(I) and, by reference, section 168(h)(1)(B)(i) (as modified by section 47(c)(2)(B)(v)(I)).

3) For purposes of the rehabilitation credit and applying sections 47(c)(2)(B)(v)(I) and 168(h)(1)(B) to Taxpayer's rehabilitation and leasing of Historic Building, the "property" includes all of the net rentable floor space in Historic Building, Building 1, the garage in Building 2 (including the retail space, the Government Parking Area, and any single-tenant designated parking area), and the Included Towers (including any office, hotel, residential, and retail space, but excluding any condominiums sold to parties unrelated to Operating Company).

No opinion is expressed or implied regarding the application of any other provision in the Code or regulations. Specifically, no opinion is expressed or implied regarding whether the rehabilitation of Historic Building is a “substantial rehabilitation” or “certified rehabilitation,” or whether expenditures incurred to rehabilitate Historic Building are “qualified rehabilitation expenditures” under section 47(c).

This ruling is directed only to the taxpayer that requested it. Under section 6110(k)(3) it may not be used or cited as precedent. In accordance with a power of attorney filed with the request, a copy of this letter is being sent to your authorized representatives. We are sending a copy of this letter to the appropriate SBSE office.

Sincerely yours,

Paul F. Handleman
Chief, Branch 5
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)