Tax Credit Financing Tools for Real Estate Development and Redevelopment

Alexander J. Szilvas and Nathan F. Ware

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Speaker Biographies

• **Alexander J. Szilvas** – Alex has practiced law at Baker Hostetler for more than 25 years and is the co-leader of the firm’s Tax Credit Finance and Economic Development Incentives Practice as well as the leader of the Real Estate Tax Transactions Team. He has done significant work in the structuring and financing of projects utilizing federal and state tax credits and other governmental subsidies. He also has substantial experience in advising on the tax considerations and structuring of other real estate transactions and ventures, and has worked extensively in areas such as like-kind exchanges under Section 1031 of the Internal Revenue Code including all types of deferred exchanges, reverse exchanges, and tenant in common (TIC) transactions in order to assist clients in realizing significant tax benefits and achieving tax-advantaged outcomes.

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Speaker Biographies

• Nathan F. Ware – Nathan has practiced law at Baker Hostetler for more than 15 years and is the co-leader of the firm’s Tax Credit Finance and Economic Development Incentives Practice. He regularly advises participants with the planning and structuring challenges of New Markets Tax Credit transactions and has built strong relationships with industry participants, which is key to attracting allocations for projects. Nathan also has significant experience in all matters related to partnerships and limited liability companies, including use, formation, operation, and tax.

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Federal Historic Tax Credits
Qualifying Buildings

“Certified Historic Structure” (20% Credit) – Either

- Listed on the National Register of Historic Places, OR
- Located in a “registered historic district” AND certified as being of historical significance to the district.

Pre-1936 Buildings (10% Credit)

- Buildings that were first “placed-in-service” before 1936, AND
- Not predominantly used as lodging.
Certified Rehabilitation Requirements

Requirements

- **Type** – Rehabilitation work must be done in accordance with the Secretary of the Interior’s Standards for Rehabilitation to ensure the historic character of the building is preserved.
  - **Part 2 Application** – Up-front approval required from National Park Service.

- **Cost** – Greater than (i) $5,000, or (ii) taxpayer’s adjusted tax basis in building.

- **Time Period** – Generally completed within either a 24-month or 60-month (if election for phased project made) period.
Tax Credit

Tax Credit = 20% of “qualified rehabilitation expenditures”
Qualified Rehabilitation Expenditures

Qualified rehabilitation expenditures ("QREs")

- Most are costs related to direct construction (plumbing, electrical, HVAC, tenant finishes paid by landlord, etc.)
- Cost of enlarging, FF&E, parking and site improvements excluded, with some limited exception
- Many soft costs included
  - Construction period interest and real estate taxes
  - Related to construction (architect, engineering, legal, accounting, etc.)
Utilizing Tax Credit

• **Timing** – Credits generated when QREs are “placed-in-service.”

• **Who Can Use the Tax Credits?**
  – Sponsor OR Investor

**Credits are most advantageous to widely-held C Corps.**
Initial Steps

Assume a sponsor looking to monetize the credits and raise equity for its project.

• **Typical Steps:**
  – Form new entity such as an LLC
  – Sponsor contributes or otherwise transfers property to LLC
    • Takes back a managing member interest
  – Admit tax credit investor into LLC in exchange for its cash equity contributions
    • Receives a non-managing member interest
Typical Direct Investment Structure

Managing Member (Sponsor) → Tax Credit LLC → Tax Credit Investor

1% interest

Property

Allocation of 99% of HTCs generated from project.

99% interest

$____ for rehabilitation

$____ Capital Contribution

Loan/Equity

Lender/Other Financing Source
Example Structure

Example Deal:
- Total Rehab Costs – $20 mill.
- QREs – $20 mill.
- Pricing – $0.92/credit

Managing Member (Sponsor)

Tax Credit LLC

Property

Tax Credit Investor

Lender/Other Financing Source

Investor Equity:
$20,000,000
20%
99%
$0.92
$3,643,200

~$16.36 mill. Loan

~$3.64 mill. Capital Contribution

1% interest

99% interest

Allocation of ~$4 mill. of HTCs.

+ $20 mill. for rehabilitation
Lease Pass-Through Model

- Original Property Owner
- Master Landlord LLC
- Property (Fee Simple)
- Bank or Other Loan Source
- Managing Member
- Historic Tax Credit Investor
- Master Tenant LLC
- Property (Leasehold Interest)
- Lease of Property
- Rental Pymts (+ additional cash transfer)
- HTC Equity
- 99% Interest
- 1% Interest
- Managing Member
Lease Pass-Through Model (Pros and Cons)

• **Pros**
  – Potential additional tax benefits to Investor
  – Could result in increased pricing for credits

• **Cons**
  – More complex transaction
  – Additional structuring challenges
Tax Credit Recapture

Recapture Events – Within 5 years of credits generated:

- Building is disposed of.
- Building ceases to qualify as “investment credit property.”
- Partner’s interest in Tax Credit Entity is reduced to less than 2/3 of what it was when HTCs were claimed.
Typical Exit Structure

* Investor must remain in deal for at least 5 years, so Put arrangement typically takes effect after 5 years from "placed-in-service."
State Historic Tax Credits
State Historic Tax Credits

• Approximately 35 States currently have Historic Tax Credit Programs, including:
  – New York,
  – Pennsylvania,
  – Ohio,
  – Michigan, and
  – Texas
New York Historic Tax Credit

• Basics
  – **Tax Credit** – 20% credit on QREs
  – **Taxpayer Annual Limitation** – $5 million (applied at entity level) *(legislation has been introduced to increase cap to $12 million in steps over 3-year period)*
  – **Property** – “Certified historic structure” that has also generated federal HTCs.
  – **Property Location** – New York census tract with median family income at or below state median level (calculated as of Jan. 1 of each year).
  – **Investor** – Same investor for both federal and state credits.

• Applicable NY Taxes
  – Personal Income Tax
  – Business Franchise Tax
  – Bank Franchise Tax
  – Insurance Company Franchise Tax
  – **Refunds** – Available for projects placed in service on or after Jan. 1, 2015 (i.e., investor can now be out-of-state entity)

• **Federal Tax Implications**
  • Refund typically taxable to recipient at the federal level.

• **Status of Program**
  – Extended through December 31, 2019.
# Federal/ New York Program Comparison

## Comparison Chart: Federal and State Historic Preservation Tax Credits

Disclaimer: The New York State Office of Parks, Recreation and Historic Preservation (OPRHID) does not provide legal, tax or accounting advice. The information provided is intended to be general in nature, and tax credit applicants are strongly encouraged to consult their own professional tax, accounting and legal advisors on individual tax matters, or consult the NYS Department of Taxation and Finance or the Internal Revenue Service (IRS). OPRHP is not responsible for the information or advice provided here as it may affect the specific tax consequences to any individual (including sole proprietor, corporate, partnership, estate or trust taxpayer), which will depend on many other facts and circumstances. The information is for the general benefit of persons interested in obtaining certifications from OPRHP that may allow them to qualify for federal or state historic preservation tax credits. Given the frequency of changes in federal and state tax laws, regulations and guidance, of necessity, the information cannot be expected to be completely current and it represents a good faith effort to reference controlling laws and regulations as accurately as possible.

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Federal Commercial Credit - 20%</th>
<th>State Commercial Credit - 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial (includes rental residential)</td>
<td>Same as federal program.</td>
<td>Same as federal program.</td>
</tr>
<tr>
<td>Nat. Register Timing</td>
<td>By 30 months bldg. placed in service.</td>
<td>By 30 months bldg. placed in service.</td>
</tr>
<tr>
<td>Census Tract Limitations</td>
<td>None</td>
<td>Needs to be located in eligible census tract.</td>
</tr>
<tr>
<td>Minimum Expenditure</td>
<td>Qualified rehab expenditures must exceed adjusted basis (AB).</td>
<td>Same as Federal program.</td>
</tr>
<tr>
<td>Exterior Spending Requirements</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Credit Cap</td>
<td>None</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Credit Carry Over</td>
<td>1 year or 20 years after.</td>
<td>Unlimited.</td>
</tr>
<tr>
<td>Approvals</td>
<td>Must be approved by the State Historic Preservation Office and the National Park Service. Part 1 must be approved before building is placed in service. However, approval before work begins is very strongly encouraged.</td>
<td>Same as federal program.</td>
</tr>
<tr>
<td>Refund</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Fee</td>
<td>Between $500 and $2,500 depending on total expenditures.</td>
<td>Between $100 and $5,000 depending on total expenditures.</td>
</tr>
<tr>
<td>Length of time owner must hold the building</td>
<td>5 years</td>
<td>5 years</td>
</tr>
<tr>
<td>Is there an Application?</td>
<td>Yes</td>
<td>No, if federal credit is approved, the building is located in eligible census tract, and the state fee is received, a certification will be sent to owner.</td>
</tr>
<tr>
<td>When does the program sunset?</td>
<td>No date anticipated.</td>
<td>12/31/2019. The law will revert back to 2006 version if it is not extended.</td>
</tr>
</tbody>
</table>

The tax credit website: [www.nygot.com/tax/taxcredit_programs](http://www.nygot.com/tax/taxcredit_programs) has information about the tax credit and the 30% federal credit as well as additional information on the credits here.
Combining Federal and State Historic Tax Credits

For projects in states like New York and many others that have state historic tax credits available:

State Historic Tax Credits + Federal Historic Tax Credits = Very Powerful Combination
Combining Federal and State Historic Tax Credits (cont’d)

Example: 20% State Historic Tax Credit x $20 million QREs = $4 Million State Tax Credits
- Assume $0.80/$1.00 credit pricing
- $4 million state credits x $0.80 = $3.2 million state tax credit equity

$3.20 million state historic tax credit equity
+3.64 million federal historic tax credit equity
$6.84 million total historic tax credit equity raised (~ 34% of total project costs)
Examples of Baker & Hostetler Historic Tax Credit Deals
Westin Book Cadillac Hotel
Detroit, Michigan

- $180 million historic rehabilitation
- 22 sources of financing
- BakerHostetler, Developer’s Counsel

Images courtesy of The Ferchill Group
Baker Hostetler has played a major role in structuring tax credit deals for clients nationwide helping to ensure that significant development, redevelopment and rehabilitation projects can obtain and efficiently utilize the financing needed to enable them to succeed.

Hanna Theater
Cleveland, OH
*Image courtesy of Playhouse Square*
Revenue Procedure 2014-12

(Federal Historic Tax Credit Safe Harbor Guidance)
Background (*HBH*)

*Historic Boardwalk Hall, LLC v. Comm’r*

**Lack of Downside Risk**
- Timing of Capital Contribution/ Completion Guaranty
- Tax Benefit Guaranty
- Put Right (*Price fully funded at closing*)
- Fully-Funded Project

**Lack of Upside Potential**
- Receipt of Distributions (after 3% preferred return) was highly unlikely
- Call Right
REVENUE PROCEDURE 2014-12
SAFE HARBOR
PARTNERSHIP INTEREST

• **Minimum Partnership Interests**
  – **Principal:** Minimum 1% interest in each material item of Partnership income, gain, loss, deduction and credit.

  – **Investor:** Interest in each material item of Partnership income, gain, loss, deduction and credit must be equal to at least 5% of the Investor’s largest interest in such item.

• **Example Application:** “Flip” Structures

- **Bona Fide Equity Investment**
  - **Upside Potential** – Share in profits not limited to preferred return.
  - **Downside Risk** – Cannot be “substantially” protected from losses.
  - **Interest Value** – Commensurate with Investor’s overall percentage interest in Partnership, separate from tax benefits; cannot be “substantially” fixed.

• **Value Reduction Agreements**
  – Value of Investor’s interest cannot be reduced by arrangements that would be “unreasonable” in a non-HTC real estate development deal.
  – **Examples**
    • Unreasonable developer/management fees
    • “Sandwich” lease structures
CONTRIBUTIONS

- **Minimum Unconditional Contribution** – At least 20% of the Investor’s total expected capital contribution must be contributed before the building is placed in service.

- **Contingent Consideration** – At least 75% of the Investor’s total expected capital contribution must be fixed in amount before the building is placed in service.
  - **Example Application** – “Adjusters”

- **Loans** – Neither the Partnership nor the Principal can: (i) loan the Investor funds to purchase its interest; or (ii) guarantee any debt incurred by Investor to purchase interest.
PURCHASE AND SALE RIGHTS

- **Call Rights** – None allowed.

- **Put Rights** – Allowed, but cannot be at a price greater than fair market value.
  - **Note** – Can be less than FMV

- **Abandonment** – Investor cannot have acquired its interest with the “intent” to abandon.
  - **Presumption** – If abandoned, presumed to have acquired with “intent” to abandon.
  - **Rationale** – Ordinary losses are not permitted.
GUARANTEES
Impermissible Guarantees – Following guarantees are specifically prohibited:
- Ability of Investor to claim the federal HTC
- Cash equivalent of the federal HTC
- Repayment of Investor’s capital contribution in the event of an IRS challenge to “transaction structure” (or Investor’s costs associated therewith)
- Cash distributions
- Purchase price for partnership interest
  • Exception – FMV put right

- **Permissible Guarantees**
  - **General Rule** – Guarantees that are not specifically prohibited as long as they are “unfunded.”
  - **Examples**
    - Performance/avoidance of acts in order to claim the federal HTC
    - Completion guarantee
    - Operating Deficit Guarantee
    - Environmental indemnity
  - **“Unfunded”** – No money set aside; no minimum net worth requirements
    - **Exception** – Operating expenses for 12-month period

• Credit Allocation
  – The allocation of the federal HTC under the Partnership agreement must be made in accordance with the Section 704(b) regulations.
  – Revised version of Rev. Proc. (issued Jan. 8, 2014) contains a special exception to this rule for the allocation of Section 50(d)(5) income under a “lease pass-through” structure.

× **Limited Scope**
  - The safe harbor does not apply to any other federal tax credits or any state tax credits.
  - The safe harbor is not to be used as a guide for achieving “partner” status in any other context.
  - Meeting the requirements of the safe harbor does not ensure that a rehabilitation project otherwise qualifies for HTCs or that any given expenditure will be a “qualified rehabilitation expenditure.”

• **Effective Date** – Allocations made on or after Dec. 30, 2013.

• **Applicability to Non-Safe Harbor Transactions**
  – Not a pronouncement of substantive law.
  – No inference for transactions that do not meet all safe harbor requirements.

• **Applicability to Past Deals** – Safe harbor applies if all requirements happen to be met.
NEW MARKETS TAX CREDITS
New Markets Tax Credit Overview

- The New Markets Tax Credit ("NMTC") permits taxpayers to receive a credit against federal income tax ("FIT") for making "qualified equity investments" ("QEIs") in "community development entities" ("CDEs") that, in turn, invest in "qualified active low-income community businesses" ("QALICBs") located in "low-income communities" ("LICs").
  - **CDEs** – Entities certified by the CDFI Fund with a mission to provide capital to LICs.
  - These investments are expected to result in the creation of jobs and the improvement of lives for residents in the LICs.
  - NMTCs are meant to incentivize investments in projects located in LICs that otherwise would not be economically viable.
New Markets Tax Credit Overview (cont’d.)

- The CDFI Fund of U.S. Department of the Treasury administers the NMTC program.
  - Congress provides annual NMTC allocation limitations (e.g., typically $3-5 billion).
  - CDEs apply to the CDFI Fund for allocations.
  - CDFI Fund allocates total annual NMTC allocation to CDEs chosen.
  - CDEs sub-allocate their NMTC allocation to projects (i.e., “QALICBs”) located in LICs.
  - Investors invest in projects to be allocated NMTCs.
New Markets Tax Credit Overview (cont’d.)

• The New Markets Tax Credit Program was established by Congress in 2000.

• Through 2012, over 3,800 projects have generated over $12 billion of New Markets Tax Credits.

• New Markets Tax Credits availability
  – $3.5 billion of NMTC allocations to be awarded to CDEs in Spring of 2015
  – Also some unused prior allocations
Current Round of NMTC Allocations

**CDEs apply annually for NMTC Allocations**

Application period for 2014 round (12th round) of NMTC allocations ($3.5 billion) closed October 2014.

- CDFI Fund evaluated 263 applications requesting over $19.9 billion in allocations that were submitted for the 12th round.
- Announcement of 12th round awards expected to be made in the Spring of 2015.
- Program requires legislative extension for 2015 and on.
New Markets Tax Credit – Basics

- **Tax Credit** = 39% of the QEI made to the CDE
- **Timing** – Claimed over a period of 7 years
  - 5% for first 3 years; 6% for last 4 years
- **Characterization** – Part of the General Business Credit under Section 38(a)(13) of the Internal Revenue Code
- **Recapture Period** – Investors cannot redeem or cash out for a period of 7 years (i.e., the NMTC recapture period)
NMTC Recapture Events

Recapture Events

• CDE ceases to qualify as a CDE;
• “Substantially all” of the CDE’s QEI is not used to make qualifying loans/ equity investments to QALICBs; or
• QEI investment is redeemed.

**Any of these recapture events will result in a recapture of 100% of the NMTCs generated during the NMTC recapture period.**
Projects Qualifying for NMTCs
QALICB Definition

• Any corporation or partnership (including nonprofits) engaged in the active conduct of a “qualified business” that meets all 5 requirements:

  • Gross Income – % located within a LIC
  • Tangible Property – % located within a LIC
  • Services Performed – % performed with a LIC
  • Nonqualified Financial Property limitation
  • Collectibles limitation
QALICB Requirements

• Qualified Business
• Low-Income Community
• Annual Tests
Qualified Business

• **General Rule** – The term “qualified business” generally includes **any trade or business** . . . with a few exclusions.
Excluded Businesses

“Sin” Businesses:

• Country Club
• Golf Course
• Massage Parlor
• Hot Tub Facility
• Suntan Facility
• Racetrack or Other Gambling Facility
• Liquor Store
Excluded Businesses

Other Excluded Businesses:

• Certain farming activities
• Businesses that consist predominantly of developing or holding intangibles for sale or license
• Residential Rental

Residential Rental – 80% or more of rental income is generated from rental of dwelling units (i.e. so mixed-use project would qualify if more than 20% is commercial rental).
Low-Income Community

Rule – Project must be “located” in a “low-income community.”
   – Property, Employees, Income

LIC Definition – Census tract where either:

• Poverty level is at least 20%, OR
• Median family income does not exceed 80% of greater of: (i) statewide median family income; or (ii) metropolitan median family income (if applicable)

** Special rules for certain areas including areas not within census tracts and census tracts with low populations (< 2,000)
“Low-Income Communities”

Qualifying areas are in color (yellow = eligible; red = eligible and severely distressed)
New York (NMTC-Qualifying Areas)
New York City (NMTC-Qualifying Areas)
Manhattan (NMTC-Qualifying Areas)
Queens (NMTC-Qualifying Areas)
Bronx (NMTC-Qualifying Areas)
Staten Island (NMTC-Qualifying Areas)
Brooklyn (NMTC-Qualifying Areas)
Annual Tests

• **Gross Income Test** – At least 50% of total gross income is derived from conduct of qualified business within a LIC.

• **Tangible Property Test** – At least 40% of use of tangible property is within a LIC.

• **Services Test** – At least 40% of the services performed for the QALICB by its employees are performed within a LIC.
  – Special rule for QALICBs with **no** employees.
Annual Tests (cont’d)

Nonqualified Financial Property Test

- **Rule** – Less than 5% of the average unadjusted bases of the property of the entity is attributable to “nonqualified financial property.”
  - **Some Exceptions** – Construction projects, reasonable working capital

- **Examples** – Cash, investments, options, etc.

Collectibles Test

- **Rule** – Less than 5% of the average unadjusted bases of the property of the entity is attributable to “collectibles.”

- **Examples** – Works of art, antiques, coins, stamps, etc.
Entity Requirement

• Project can be set up as:
  – Sole proprietor
  – Separate corporation or partnership (for-profit or non-profit);
    OR
  – “Portion of business” (i.e., segregated within existing entity that
    may include other non-qualifying businesses)
QALICB Examples

- Examples of QALICBs might include, but are not limited to:
  - Mixed-Use Real Estate Development Projects
  - Commercial and Office Real Estate
  - Hotels
  - Manufacturing Facilities
  - Theaters
  - Community Centers
  - Museums
  - Other For-Profit and Non-Profit Projects
Obtaining a NMTC Allocation

• **Step 1** – Summarize your Business Plan
• **Step 2** – Identify the key community impacts the Project will generate
  – Job Creation (especially for low-income residents)
  – Access to new goods & services not previously available to low-income residents of the LIC
• **Step 3** – Identify potential CDEs
  – Mission-based CDEs
  – Geographically-based CDEs
• **Step 4** – Identify your Team of Professionals
  – Experience with complexities of NMTC transactions
  – Capitalize on relationships within the NMTC industry
State New Markets Tax Credits

• Approximately 15 States currently have New Markets Tax Credit Programs
  – **Examples** – Ohio, Florida, Illinois
  – New York does **not** currently have a program.

• Other States have legislation introduced
  – Indiana included

• Most state programs are structured similarly to federal NMTC program.
Example NMTC Structure

Assumptions
1. ~$21,200,000 Total Project Costs (see next slide)
2. $20 Million NMTC Allocation
3. $0.82/credit for NMTCs

Notes
1. Leverage Loan is typically interest-only for 7 years and secured by pledge of interest in Sub-CDE
2. QLICI Loan A must be interest-only for 7 years; secured by mortgage
3. QLICI Loan B must be interest-only for 7 years and often has long maturity and low interest rate; secured by mortgage
4. CDE will receive annual fee.
5. NMTC Investor typically has a put right after 7 years to collapse the structure. (Sponsor typically has call right.)
6. Guaranty may be required.

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1. ~$21,200,000 Total Project Costs (see next slide)
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6. Guaranty may be required.
## Example Sources & Uses/
### Net Benefit Analysis

### Sources:
- QLICI Loan A: $13,604,000
- QLICI Loan B: $5,796,000
- Developer Equity / Other Direct Sources: $1,806,000

### Uses:
- Total Development Costs *(per Budget)*: $20,000,000
- Transaction Costs *(Tax Credit specific)*: $350,000
- NMTC Reserves:
  - CDE Asset Management Fee (50 bps of QEI/ yr for 7 yrs): $700,000
  - Investment Fund Asset Management Fee ($7,500/yr for 8 yrs): $60,000
  - Audit & Tax ($12,000/yr for 8 yrs): $96,000
  - Total NMTC Reserves: $856,000

### Total Adjusted Uses: $21,206,000

### Borrower Net Benefits Analysis:
- Total New Markets Tax Credit Equity: $6,396,000
- Less: CDE Fees withheld at closing: ($600,000)
- Net Tax Credit Equity: $5,796,000
- Less: Transaction Costs: ($350,000)
- Less: Fee Reserves – annual/ongoing: ($856,000)
- Less: Exit Fee Reserves: ($1,000)
- **Total Estimated Net Benefit**: $4,589,000

### Total Estimated Benefit as a % of NMTC Allocation: 22.95%
Recent
Baker & Hostetler
NMTC Deal
Snavely Marriott Hotel
University Circle, Cleveland

**Key Facts**

- ~$27 million Total Project Costs
- $25 million Federal NMTC Allocations
- $1 million OH NMTC Allocation

*Image courtesy of The Snavely Group*
Example “Twinned” Structure

Example New Markets and Historic Tax Credit Combined Structure

**Assumptions**
1. $25,000,000 Total Project Costs
2. $20 Million NMTC Allocation
3. $20 Million QREs
4. $0.82/credit for NMTCs
5. $0.92/credit for HTCs

**Notes**
1. Leverage Loan is typically interest-only for 7 years and secured by pledge of interest in Sub-CDE
2. QLICI Loan A must be interest-only for 7 years; secured by mortgage
3. QLICI Loan B must be interest-only for 7 years and often has long maturity and low interest rate; secured by mortgage
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5. NMTC Investor typically has a put right after 7 years to collapse the structure. (Sponsor typically has call right.)
6. Guaranty may be required.

**Project**

- **Leverage Lender**
  - $13,604,000 Leverage Loan
  - ~$1,957,000 equity

- **Managing Member**
  - ~$1,957,000 equity

- **NMTC Investor**
  - $6,396,000 NMTC Equity
  - $7,800,000 New Markets Tax Credits

- **Investment Fund**
  - 99.99% Capital
  - 0.01% CDE Fee ($600,000)

- **Sub-CDE(s)**
  - $5,796,000 QLICI Loan A
  - ~$1,957,000 equity
  - $13,604,000 QLICI Loan B
  - ~$3,643,000 HTC equity

- **QALICB**
  - Historic Tax Credit Investor

- **CDE(s)**
  - 3% CDE Fee ($600,000)
Recent
Baker & Hostetler
Twin HTC and NMTC Deals
McCullough Center for the Arts (CIA)
Cleveland, Ohio

- $47 million arts and design center project
- $23 million Federal NMTC allocations
- Federal/Ohio historic tax credits
- Cleveland Institute of Art, Sponsor
- BakerHostetler, Tax Counsel

Image courtesy of Cleveland Institute of Art
Middough Building
Cleveland, Ohio

- $40 million office space redevelopment project (for-profit and nonprofit tenants)
- $30 million Federal NMTC allocations/ $1 million Ohio NMTC allocation (multiple CDEs and closings)
- Federal/ Ohio historic tax credits
- Collaboration between Playhouse Square Foundation, The Cleveland Playhouse and Cleveland State University
- BakerHostetler, Sponsor’s Counsel
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