



**Section 48 Energy Tax Credit**



Going Solar in Your LIHTC Property

  
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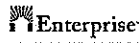
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**Introduction**



- **Section 48 Review**
- **Let's Do the Numbers**
- **Things to Remember**
- **Investor Perspective**
- **Other Energy Incentives**

  
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**Section 48 Review**



- **What is it?**
  - A tax credit available for expenditures for solar technologies, fuel cells, solar hybrid lighting, geothermal energy property and microturbines
- **Regarding solar technologies...**
  - Solar energy property includes equipment that uses solar energy to generate electricity, to heat or cool (or provide hot water for use in) a structure, or to provide solar process heat

  
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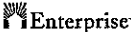
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**Section 48 Review**



- **The credit...**
  - 30 percent of expenditures for solar technologies, fuel cells and solar hybrid lighting
  - 10 percent for geothermal property and microturbines in 2007 and 2008
  - For equipment installed on or after January 1, 2009, the tax credit for solar energy property, solar hybrid lighting and geothermal property is 10 percent and expires for fuel cells and microturbines

  
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**Section 48 Review**



- **A few other details on the credit...**
  - Credits flow all at once like Historic Credit
    - Investor must be in partnership before completion
  - 5 year recapture period, same as Historic Credit
    - Recapture if there if it is no longer put to use or is disposed of during the 5 year period
  - Allocation made same way as Historic Credit
    - In proportion to each partner's share of general profits
  - No credit maximum
  - Depreciated over 5 years

  
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**Section 48 Review**



- **To qualify...**
  - Original use must begin and/or equipment must be constructed by taxpayer
  - Equipment must also meet any performance and quality standards in effect at the time the equipment is acquired
  - Must be operational in the year in which the credit is first taken

  
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**Other Energy Incentives**

- **Other Energy Incentives**
  - **Energy Efficient Commercial Buildings Deduction**
    - \$1.80 per square foot is available to owners of new or existing buildings who install: (1) interior lighting, (2) building envelope, or (3) heating, cooling, ventilation or hot water systems that reduce the building's total energy and power cost by 50 percent or more in comparison to a building meeting minimum requirements set by ASHRAE Standard 90.1-2001
  - **Energy Efficient New Homes Credit**
    - A tax credit of up to \$2,000 is available to contractors for new energy-efficient homes, including manufactured homes constructed in accordance with the Federal Manufactured Homes Construction and Safety Standards.
    - Homes of up to three stories are eligible for the credit, regardless the number of residential units



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**Other Energy Incentives**

- **Credit for Residential Energy Efficient Property**
  - A personal tax credit of up to \$2,000 is available for the purchase of qualified photovoltaic property and qualified solar water heating property that is used exclusively for purposes other than heating swimming pools and hot tubs.
  - The credit is equal to 30 percent of qualifying expenditures, with a maximum credit for each of these systems of property of \$2,000



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**Resources**

- **Green Communities**
  - [www.greencommunitiesonline.org](http://www.greencommunitiesonline.org)
- **Getting to Energy Star or Equivalent Ratings in Affordable Housing**
  - Andy Padian at Steven Winter Assoc., Inc. at [www.swinter.com](http://www.swinter.com)
- **Energy Tax Credit Fact Sheet**
  - [www.southface.org/web/resources&services/publications/factsheets/tax-incentives-for-solar.pdf](http://www.southface.org/web/resources&services/publications/factsheets/tax-incentives-for-solar.pdf)
- **Green Building Services**
  - [www.southface.org/web/resources&services/SFGBS/sf\\_green-building-services.htm](http://www.southface.org/web/resources&services/SFGBS/sf_green-building-services.htm)



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Contact Information



Erik Apinis  
Development Officer  
Enterprise Community Investment, Inc.  
10227 Wincopin Circle, Suite 800  
Columbia, Maryland 21044  
[eapinis@enterprisecommunity.com](mailto:eapinis@enterprisecommunity.com)  
410-715-7426



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