

Case Study: Shelbyville High Tax Credit Equity Fund

Project Background

The Shelbyville High Apartments is an apartment building in Shelbyville, Indiana that consists of 49 apartments, made up of 25 one-bedroom units, 22 two-bedroom units and 2 three-bedroom units in one three-story building. The Project is situated in a historic schoolhouse originally built in 1911 that sprung into life as a result of a low-income housing adaptive reuse rehabilitation in 1994.

The current rehabilitation of this building has been facilitated by tax credits and bonds. The project obtained low income housing tax credits from the Indiana Housing and Community Development Authority in the amount of \$1,614,278 through the inducement of tax-exempt private activity bonds issued by IHEDA out of its 2016 volume cap. Additionally, the project received \$863,089 in Federal Historic Tax Credits. The total amount of the tax credits claimed by the Operating Company is \$2,477,367 (that being the \$1,614,278 in LIHTC's and the \$863,089 in HTC's).



The Tax Credit Equity Fund

Cherrytree acted as the General Partner and created a Tax Credit Equity Fund to invest in this project. Two investors, a family office and a financial institution, agreed to be the Fund's limited partners. Once the Fund was created and funded, the investor's funds were able to flow through to a newly created entity in which the Developer is a 1% member and the Fund is a 99.99% member. Construction of the projects is underway, and due to the Fund's investment, the project is projected to be placed in service in 2020, generating the tax credits with a 2020 vintage. The tax credits will flow from the property to the Fund, and thereafter to the two investors.

Total Tax Credits	\$2,477,367
Depreciation	\$2,100,000
Total Benefits	\$4,577,367

