CAPSTAN
our strength. your tax savings.

AFFORDABLE HOUSING PROPERTIES

See What's Possible with Cost Segregation

WHAT IS COST SEGREGATION

- Engineering-based analysis that identifies and quantifies building components
- Components are then reclassified into shorter-lived tax categories, resulting in accelerated depreciation, tax deferral, and increased cash flow
- Front-loading of depreciation leverages the time value of money

WHY PERFORM COST SEGREGATION

- Accelerated depreciation of a affordable hosuing facility can create $75,000-$300,000 in federal tax benefits for every $1M spent. Engineers generally accelerate 10-30% of assets in an affordable housing property.
- IRS-preferred strategy leverages your fixed assets while serving as an excellent asset management tool
- Vehicle for tax savings – study methodology provides data supporting a myriad of additional tax strategies on your property
  - The Tangible Property Regulations may be applied in renovation scenarios
  - In the case of energy-efficient construction or retrofits, projects may be eligible for 179D Deductions

WHICH AFFORDABLE HOUSING FACILITY ASSETS ARE COMMONLY SEGREGATED?

- Shorter-lived 5-year assets may include:
  - Carpet
  - Wallpaper
  - Window Treatments
  - Crown Molding
  - Counters and Cabinets
  - Decorative Lighting
  - Paddle Fans
  - Fire Extinguishers
- Shorter-lived land improvements may include:
  - Landscaping
  - Paved Parking Lots
  - Sidewalks
  - Pools
  - Sports Courts

EXAMPLE NEWLY CONSTRUCTED VETERANS HOUSING

- 35 furnished units in 1 building
- Depreciable basis: $24,325,362
- Placed-in-Service 12/2023
- Engineers moved 12.1% to 5-year personal property, 7.9% to 15-year land improvements
- First Year Net Tax Savings: **$1,031,123**

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EXAMPLE NEWLY CONSTRUCTED GARDEN-STYLE FACILITY

- 187 units
- Covered parking, splash pad, tetherball court, BBQ area
- Depreciable basis: $47,734,254
- Placed-in-Service 12/2024
- Engineers moved 15.0% to 5-year personal property, 9.4% to 15-year land improvements
- First Year Net Tax Savings: **$2,469,135**

EXAMPLE SENIOR CENTER ACQUISITION/ REHAB

- New windows, siding, doors, dishwashers, multiple units upgraded for ADA compliance
- Depreciable basis: $25,053,719
- Placed-in-Service 06/2023
- Engineers moved 17.0% to 5-year personal property, 17.6% to 15-year land improvements
- First Year Net Tax Savings: **$2,418,177**

WHERE CAN I LEARN MORE

info@capstantax.com

SCAN ME

VISIT - https://capstantax.com/cost-segregation-study-explained/

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Capstan Tax Strategies delivers engineering-driven specialty tax solutions that maximize the valuable tax benefits of real estate holdings. By complementing and collaborating with accounting firms, we arm commercial real estate owners, executives, and tenants with the data and analysis required to accelerate depreciation, maximize deductions, and capture tax credits.

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