



NOVOGRADAC

Journal of Tax Credits™

March 2026 ♦ Volume XVII ♦ Issue III

Published by Novogradac

The Opportunity Zones Issue



Expanding Opportunity: Ways to Drive More OZ Investments in Affordable Housing and Operating Businesses
Page 4

Navigating the Overlap and Transition of OZ 1.0 to OZ 2.0
Page 9

Stacking Incentives to Maximize Returns Under the Permanent Opportunity Zones Framework
Page 12



HISTORIC TAX CREDIT TOOL BOX

Unlocking Historic Tax Credits for Distinctive Commercial Landmarks



CINDY HAMILTON, HERITAGE CONSULTING GROUP

When a burst sprinkler pipe and a relentless rainstorm prompted a major roof collapse Oct. 25, 2020, the Mai-Kai restaurant in Oakland Park, Florida, did something it had rarely done in its 64 years: it closed.

“It was this perfect storm of bad luck and too much flooding,” restaurant manager Kern Mattei told the *South Florida Sun Sentinel* at the time. The famed Polynesian-themed landmark would remain closed for four years, left in limbo after more than a half-century of popularity for its themed A-frame architecture, twice-nightly Polynesian shows and stalwart cocktail list. When the restaurant finally reopened and its legions of fans breathed a sigh of relief, the building had historic tax credits (HTCs) to thank.

Most often associated with more traditional building types—courthouses, commercial buildings and industrial factories—HTCs can also transform quirkier, rarer landmarks that fall outside the boundaries of typical rehabilitation projects. As the Mai-Kai’s reclamation demonstrates, HTCs can be a critical tool to revive,

repurpose and rediscover the most overlooked historic buildings within and beyond America’s downtowns.

A Living Landmark on the Highway

A characteristic example of the so-called “Polynesian Pop” movement of the mid-20th century, the Mai-Kai restaurant helped to popularize the movement’s A-frame architecture, exoticism and over-the-top commercialism in south Florida. Although they were born in Chicago, the Thornton brothers (Bob and Jack) had long been enamored by Polynesia and their travels to Hawaii in the mid-1950s reinforced their desire to open a restaurant with a South Pacific theme.

The brothers were in good company: The “Tiki era” of the Polynesian pop movement took hold after World War II and reached its height in the 1950s and 1960s, as many former soldiers returned home from far-flung countries

Image: Courtesy of Heritage Consulting Group

The Mai-Kai restaurant in Oakland Park, Florida, was reopened four years after its roof collapsed, thanks to historic tax credit equity.

and Pacific islands. Although they never served in the South Pacific, Bob and Jack Thornton nevertheless fit this larger popular pattern, returning from service in the U.S. Army in 1955 and settling in Fort Lauderdale to realize their Polynesian dreams.

Bob and Jack Thornton purchased an undeveloped tract of land on U.S. Route 1 and hired local architect Charles F. McKirahan Sr. to design their Polynesian-themed restaurant. McKirahan's design—completed in 1956—adopted many of the architectural characteristics popularized by the “Tiki era” of the Polynesian pop movement, beginning with the building's prominent A-frame structure. Polynesian pop architecture existed at the intersection of traditional Polynesian building forms—many of which used an A-frame—and the same roof profile that dominated many mid-century Modern buildings and roadside attractions of the time. McKirahan's design (with interior design by Wayne Davidson) blended these influences, creating a destination along U.S. Highway 1, just as southern Florida's tourist appeal was booming.

The Thornton brothers almost immediately earned back their investment: although the restaurant cost nearly \$1 million to complete, it proved so popular that it grossed that amount in just its first year. The Thorntons quickly commissioned an expansion, and the addition of a structure (known as the Bora Bora Room) was completed around 1960. *Esquire* magazine profiled the restaurant within three years of opening and *Holiday* magazine (which counted John Steinbeck and Ernest Hemingway among its contributing writers) bestowed travel awards on the Mai-Kai for three consecutive years in the 1960s. In 1962, just six years after opening, the restaurant hosted Johnny Carson and Ed McMahon on a particularly memorable trip, and Carson returned the favor, inviting a “Mystery Girl” from the Mai-Kai to deliver a drink on two different episodes of his nightly show. The appearances burnished the lore around the Mai-Kai's famed cocktail list, developed by Mariano Licudine to reflect the artistry and showmanship of the era.

As the Mai-Kai received mentions in major national magazines and nightly television shows, it quickly outgrew its original confines. Renowned designers George Nakashima and Florian Gabriel designed a major addition, completed in 1971, which doubled the restaurant's dining capacity to 489 seats across seven rooms that represented different Polynesian islands. Once complete, the building featured the distinctive A-frame gable roof flanked by two smaller thatched roofs, with a thatched porte-cochere articulating the primary entrance. Inside, the building unfolded as a series of themed dining rooms, a bar and a gift shop—all ornately decorated with nautical and South Seas motifs and authentic, imported Polynesian artifacts. An outdoor lanai overlooked the lush garden, where highly designed landscaping featured simulated rock formations, waterfalls, ponds, tropical vegetation and tiki sculptures.

Although the building remained under renovation for a full year, the restaurant remained open for the duration. Once the building addition opened, the restaurant's famous floor show (introduced in 1962) could expand, as traditional Polynesian dancers and musicians were recruited to south Florida to perform for the Mai-Kai's diners. This carefully curated blend of architecture, landscape, entertainment, cuisine and tradition (both imported and invented) was designed to transport diners into an immersive experience and a tropical fantasy.

Designated and Damaged

For nearly 50 more years, the restaurant maintained consistent operations. It had not closed during its massive renovations and it would not close now. Even after Bob and Jack Thornton's deaths (in 1989 and 2008, respectively), the restaurant remained family-run and vibrant. In 2014, the site was listed on the National Register of Historic Places. The nomination acknowledged the restaurant as a landmark of roadside architecture in south Florida and as a relative rarity for Polynesian pop architecture nationwide. Where many such themed attractions had already been demolished or fallen out of favor, the Mai-Kai remained both Polynesian and popular. Still operating according to

its original theme, the Mai-Kai was not only a preserved artifact but a living cultural institution.

The events in October 2020 threatened everything. After decades of continuous use, the restaurant became inoperable in a single weekend. Two years later, the building's issues worsened, as inspectors and engineers deemed the Bora Bora Room (damaged by Hurricane Wilma in 2005) to be structurally unsound. Fort Lauderdale locals clamored for updates on their community landmark and tourists lamented the loss of this travel destination.

Roadside Rehabilitation

Rather than let the complex fall into irreversible decline, the Mai-Kai's owners committed to a full-scale rehabilitation project to restore the restaurant and return it to full operation. By the time the Mai-Kai reopened, it had received nearly \$20 million in repairs and improvements. It was an investment made possible by the use of federal HTC's to complete the capital stack.

At first glance, the Mai-Kai is not a traditional HTC project. Most HTC developments focus on buildings with more traditional—and adaptable—designs; the Mai-Kai's sprawling footprint of rooms could claim to be neither traditional nor easily adaptable. Yet, the Mai-Kai was unmistakably consistent with both its original design and use; HTC reviewers highly value such continuity. For this reason, the property was an exceptional—albeit unconventional—candidate for rehabilitation through HTC's; its integrity was rooted not only in physical fabric, but also in its sustained use as an entertainment venue.

The development team was able to move quickly to launch the HTC process. Because the Mai-Kai had already been designated on the National Register of Historic Places, the team could advance through the Part 1 and prepare the Part 2 application for submission, describing the planned scope of work for HTC reviewers.

On the exterior, the rehabilitation focused on repair and in-kind replacement of character-defining features,

including repairs to the A-frame roof, porte-cochere (which was repurposed as a bar) and raised gable roofs. Cedar logs were repaired or replaced in-kind and the designers selected synthetic palm-leaf thatching to match the historic appearance while improving durability. On the interior, crews repaired the water damage, reconfigured the back-of-house spaces to support contemporary operations and carefully restored the iconic decorative elements, motifs and themed spaces. The structurally unstable Bora Bora Room was one of the few unfortunate casualties, demolished to safeguard the rest of the site. Despite this loss, the overall goal of the rehabilitation was not to alter the building's visual identity or change its immersive experience, but to preserve and rehabilitate the Mai-Kai so that the restaurant could return to full operation according to its historic use. When the building reopened in 2024, it was a revived and refreshed version of the Thornton brothers' original vision; even the cocktail menu remained largely unchanged.

A Preservation Win and a Tax Credit Success

In many ways, south Florida's Mai-Kai is in a class of one. Simultaneously singular and widely popular, its unusual Polynesian pop design would seem at first glance to be unhelpful as a case study for more conventional redevelopments. Yet, the mid-century restaurant demonstrates that purpose-built commercial properties—particularly those associated with entertainment, tourism and popular culture—can actually be strong candidates for HTC rehabilitation. The project illustrates how HTC's provide critical equity for reinvestment, even in highly specialized historic environments. In dense downtowns, rural areas and even roadside attractions on the side of a highway, HTC's can support continued economic viability while preserving cultural significance. As communities pursue creative preservation and reinvestment strategies, projects like the Mai-Kai reveal the untapped potential of HTC's to sustain distinctive places that shape local identity and collective memory. ❖

Cindy Hamilton is president of Heritage Consulting Group.

© Novogradac 2026 - All Rights Reserved.

This article first appeared in the March 2026 issue of the Novogradac Journal of Tax Credits. Reproduction of this publication in whole or in part in any form without written permission from the publisher is prohibited by law.

Notice pursuant to IRS regulations: Any discussion of U.S. federal or state tax issues contained in this article is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties under the Internal Revenue Code; nor is any such advice intended to be used to support the promotion or marketing of a transaction. Any discussion on tax issues reflected in the article are not intended to be construed as tax advice or to create an accountant-client relationship between the reader and Novogradac & Company LLP and/or the author(s) of the article, and should not be relied upon by readers since tax results depend on the particular circumstances of each taxpayer. Readers should consult a competent tax advisor before pursuing any tax savings strategies. Any opinions or conclusions expressed by the author(s) should not be construed as opinions or conclusions of Novogradac & Company LLP.

This editorial material is for informational purposes only and should not be construed otherwise. Advice and interpretation regarding property compliance or any other material covered in this article can only be obtained from your tax advisor. For further information visit www.novoco.com.

Editorial Board

PUBLISHER

Michael J. Novogradac, CPA

EDITORIAL DIRECTOR

Alex Ruiz

TECHNICAL EDITORS

Chris Key, CPA**Michael Kressig, CPA****Brad Elphick, CPA****Rob Bryant, CPA****Stacey Stewart, CPA****Jason Watkins, CPA**

Copy

EDITORIAL AND DIGITAL MARKETING DIRECTOR

Teresa Garcia

SENIOR EDITOR

Brad Stanhope

SENIOR COPY EDITOR

Mark O'Meara

SENIOR EDITOR AND PRODUCER

Nick DeCicco

STAFF WRITER

Channing Hamilton

CONTRIBUTING WRITERS

Graham Allison**Joseph Darby****Cindy Hamilton****Jill Homan****Francesca Marsiglio, CPA****Stephanie Naquin****Coni S. Rathbone****Marcos Velazquez, CPA**

Art

CREATIVE DIRECTOR

Alexandra Louie

GRAPHIC DESIGNER

Brandon Yoder

Contact

CORRESPONDENCE AND EDITORIAL SUBMISSIONS

Teresa Garcia**teresa.garcia@novoco.com****925.949.4232**

ADVERTISING INQUIRIES

Christianna Cohen**christianna.cohen@novoco.com****925.949.4216**

ALL MATERIAL IN THIS PUBLICATION IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED AS PROFESSIONAL ADVICE OFFERED BY NOVOGRADAC OR BY ANY CONTRIBUTORS TO THIS PUBLICATION.

ADVICE AND INTERPRETATION REGARDING THE LOW-INCOME HOUSING TAX CREDIT OR ANY OTHER MATERIAL COVERED IN THIS PUBLICATION CAN ONLY BE OBTAINED FROM YOUR TAX AND/OR LEGAL ADVISOR.

Advisory Board

OPPORTUNITY ZONES

Dan Altman

SIDLEY AUSTIN LLP

Jill Homan

JAVELIN 19 INVESTMENTS

Marc Schultz

SNELL & WILMER

Ja'Ron Smith

CGCN

LOW-INCOME HOUSING TAX CREDITS

Jim Campbell

SOMERSET DEVELOPMENT COMPANY LLC

Tom Dixon

ADVANTAGE CAPITAL

Richard Gerwitz

CITI COMMUNITY CAPITAL

Elizabeth Bland Glynn

TRAVOIS INC.

Jack Kukura

MARBLE CLIFF CAPITAL

Rochelle Lento

DYKEMA GOSSETT PLLC

John Lisella III

AFFORDABLE HOUSING TAX CREDITS INVESTMENTS, USBCDC

Rob Wasserman

HUNTINGTON NATIONAL BANK

PROPERTY COMPLIANCE

Missy Covington

RAYMOND JAMES

Kristin Han

WNC

Patricia Hensley

KITTLE

Michael Kotin

KAY-KAY REALTY CORP.

Christine Martin

LDG

HOUSING AND URBAN DEVELOPMENT

Nathaniel Cushman

NIXON PEABODY LLP

Flynann Janisse

RAINBOW HOUSING

Ray Landry

DAVIS-PENN MORTGAGE CO.

Denise Muha

NATIONAL LEASED HOUSING ASSOCIATION

NEW MARKETS TAX CREDITS

Aisha Benson

NONPROFIT FINANCE FUND

Maria Bustria

US BANK

Elaine DiPietro

BLOOMING VENTURES LLC

Chimeka Gladney

ADVANTAGE CAPITAL

Art Momjian

DUANE MORRIS

Ruth Sparrow

FUTURES UNLIMITED LAW PC

William Turner

WELLS FARGO

Ashley Wicks

BUTLER SNOW LLP

HISTORIC TAX CREDITS

Heather Buethe

NATIONAL TRUST COMMUNITY INVESTMENT CORPORATION

Scott DeMartino

KUTAK ROCK

Cindy Hamilton

HERITAGE CONSULTING GROUP

Irvin Henderson

HENDERSON & COMPANY

Jessica Glynn Worthington

KLEIN HORNING LLP

RENEWABLE ENERGY TAX CREDITS

Jim Howard

DUDLEY VENTURES

Jeremy Kalin

AVISEN LEGAL

Forrest Milder

NIXON PEABODY LLP