



NOVOGRADAC

Journal of Tax Credits™

Insights On Affordable Housing, Community Development, Historic Preservation, Renewable Energy and Opportunity Zones
August 2020 ♦ Volume XI ♦ Issue VIII

Published by Novogradac

HISTORIC TAX CREDIT TOOL BOX

Historic Tax Credit Reviews in the Era of COVID-19



JOHN M. TESS, PRESIDENT, HERITAGE CONSULTING GROUP

The May issue of the Journal of Tax Credits included a look at the impact of COVID-19 on the marketplace for historic rehabilitation and historic tax credit (HTC) syndication.

With the shifting landscape of success and regression in battling the virus, it is useful to examine how the virus is affecting HTC project reviews. Many if not most state historic preservation offices (SHPOs) are working remotely. To best address the question, I interviewed Brian Goeken, chief of the Technical Preservation Services (TPS) at the National Park Service (NPS).

As most people know, it is the NPS through the TPS division that has the ultimate responsibility for project review. Goeken has led the division for nearly a decade, previously having been a deputy commissioner in the Chicago Department of Planning and Development.

Goeken is cognizant of the important role timing plays in the success of a rehabilitation project and has worked hard to streamline the process, which

has become more complicated by the reality of each community establishing its own rules in battling COVID-19. Thus, while TPS is in Washington, D.C., his staff is directly impacted physically by rules and regulations in D.C., Maryland and Virginia. Further, since every application must first be reviewed by the SHPO, the processes are also impacted by the rules and regulations in 50-plus SHPO offices around the country.

The TPS office remains open, with staff primarily teleworking from home. The review of tax incentive applications continues (including Part 1 applications and appeals), mail continues to be received and sent out, and staff remains reachable by email and phone. Because staff is working remotely, a “notice of decision” is issued immediately to the applicant electronically upon completion of the review of a project, with the official signed copy of the

continued on page 2

continued from page 1

application mailed as soon as possible (there may be up to a one- to two-week delay from the time the electronic notice is received).

Many SHPO offices are also operating remotely, including eight as of this writing. With limited or no access to their offices and mail, the offices are instead temporarily reviewing tax incentive applications 100 percent electronically. Contact your SHPO office if you have questions concerning their specific operations before submitting any tax incentive applications. The most up-to-date information on NPS and SHPO operations during this period is available on the TPS tax incentives website at www.nps.gov/tps/.

Here is my discussion with Goeken:

Q: How long has your office been working remotely?

A: Like the rest of the country, we had to quickly institute changes to our operations in mid-March of this year. While we have always had a few people teleworking occasionally before this, March was the month when full remote teleworking was instituted across the office.

Q: What were your immediate responses to the shutdown?

A: As stated, we have had some experience with working remotely, but not anywhere near the extent we are now. Working on a few projects remotely is much easier than managing a week or two's worth of projects from home, especially without the ideal technical equipment and space to handle a larger workload, as well as having to transport files back and forth to the office. That said, COVID has forced us to come up with solutions. It simply was not viable to put the world of historic rehabilitation on hold.

Like most private-sector businesses, the NPS implemented temporary modifications to our operations in response to guidance from the White House, Centers for Disease Control and Prevention, and local and state authorities. We immediately started working out a process whereby individual reviewers would work from home, coming into the office on a staged basis once a week or as necessary to pick up and drop off applications and files. The reviewers would also forward their NPS telephone lines or use work cell phones if they already had them. An administrative support staff person would go into the office daily for a few hours to handle incoming and outgoing mail. Like so many businesses, we also began to incorporate video conferencing for staff meetings—we've been meeting twice a week instead of the usual once a week to try to keep the review process moving—and for collaborative project reviews. This has been our mode of operation since mid-March.

Q: How is it working out from your prospective?

A: Certainly, getting started, we had some rough patches. We were initially meeting every morning, as we figured out what was working and what was not. Access to the office was difficult, since the Washington, D.C., area was in shutdown except for essential travel. And we had to quickly decide how to conduct office project reviews remotely and master new technologies (luckily, we had just switched to a new platform in February that has helped facilitate all this).

All that said, the NPS review staff as a group (as well as SHPO staff) has risen to the occasion, shown incredible dedication as well as readiness to roll with the punches and just figure out how to make things work. At this point, we have really gotten this into a routine, with a predictable process and few surprises.

continued on page 3

continued from page 2

Q: How has it evolved?

A: One of the biggest challenges initially was coordinating project review to ensure consistency across the office and to talk through more complicated projects or issues. Previously, we did this through face-to-face meetings. Now we rely on telephone calls and video conferencing. We have become experts at screen-sharing, scanning documents with apps on our phones and other workarounds necessary to operate remotely effectively. This has forced everyone to be much more methodical. Time is more and more precious and coordination can be tougher if we don't take these extra steps.

Yet, our "in-house" challenges were nothing compared to figuring out standard operating procedures with the 50-plus SHPO offices. For a while, some SHPO offices were entirely closed and could not even access file or mails. Each state, it seemed, faced a slightly different rulebook for working remotely. As with the NPS staff, however, we were able to figure out a path forward fairly soon working with the SHPOs that addressed each of their circumstances but still fulfills the goals and requirements of the program. It did take some creative problem-solving.

Initially, everything seemed somewhat cumbersome and challenging as we put in place the new systems and processes. However, as we've gotten accustomed to them, it has gotten easier. It is taking an additional day or two to invoice the review fee for new projects under the new process, but review times for most of the office are generally at or close to our normal 30-day goal.

Q: What is the biggest challenge?

A: It was far more complicated to make these changes than you might think—implementing new procedures on the fly, consistent with internal policies and directives,

and managing and coordinating the flow of information for a multilevel, multifaceted national program, while still maintaining the day-to-day review process—and also recognizing that the staff was experiencing the same uncertainties, child care issues, technological challenges, etc., that everyone was.

It would have been easy for the whole thing to stop for a period to reset, but this is an important program. The Historic Tax Credit program annually generates \$5 billion to \$6 billion in private investment in historic rehabilitation and creates some 110,000 jobs. Many if not most states deemed construction an essential business, and, as we know, historic preservation is very labor intensive, with a higher percentage of the dollars spent locally than new construction. The upshot is that rehabilitation work was able to keep thousands of people employed and helping to keep the economic engine moving forward. It was critical to find a way forward.

Q: Are there any long-term benefits in this?

A: One thing it's forced us to do is to start figuring out sooner how to move the federal tax incentives review process to an all-electronic one. This was always the long-term plan, but after 2021, the National Archives is to no longer accept hard-copy records and some of the changes we've had to investigate or implement now on a temporary basis have given us a jump-start on working through all the different procedural, policy, practical and technological challenges.

Some things that would seem easy to change have proven much more complicated or problematic than you would think. There are literally many thousands of applications processed by our office each year—and not just the applications themselves, but architectural plans, photos, specifications, material samples, etc.—and changing from a hard-copy submission process to an electronic one affects the applications themselves, signature means, the review process, hardware and

continued on page 4

continued from page 3

software, etc. Going electronic is not as simple as one might imagine.

Q: What does your crystal ball say about the future?

A: I wish I had an answer, but know that we'll continue to adjust as necessary to maintain regular office operations, in partnership with the SHPOs and keep

the program running as close to normal as possible. You can expect that probably sometime early next year we may start a phased implementation to a permanent all-electronic application submission system.

Note: As longtime consultants of the HTC program, we at Heritage commend Goeken and his staff on their response to COVID-19. ❖

This article first appeared in the August 2020 issue of the Novogradac Journal of Tax Credits.

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