



NOVOGRADAC Journal of Tax Credits™

Insights On Affordable Housing, Community Development, Historic Preservation, Renewable Energy and Opportunity Zones

July 2021 • Volume XII • Issue VII

Published by Novogradac



THE DEALMAKERS & INFLUENCERS ISSUE

STORIES INSIDE

Community Development Influencers: People Who Make A Difference

LIHTC DOD Awardees Span Nation, Spark Affordable Housing

QLICI of the Year Awards Honor a Variety of Developments

Former Hospitals, School, Foundry Earn Novogradac HTC Awards





Preservation and Innovation Go Hand in Hand at High-Tech, Historic Fort Worth Hotel

TERESA GARCIA, SENIOR MARKETING MANAGER, NOVOGRADAC

When the Sinclair building opened its doors for business in 1930, the 16-story Art Deco office building was a pioneer in bringing modern 20th-century amenities to Fort Worth, Texas.

The Sinclair building featured telegraph and telephone wiring, and was the first building in downtown Fort Worth to have high-speed elevators or air conditioning. Nearly a century later, the building is once again at the forefront of innovation—this time touting 21st-century wireless technology and energy-efficiency as The Sinclair, a newly rehabilitated and repurposed boutique hotel under the Marriott Autograph Collection.

The Sinclair boutique hotel originally opened in downtown Fort Worth in November 2019, but had

to shut down at the onset of the pandemic in March 2020, as with many businesses across the country. However, with easing restrictions, The Sinclair reopened in November 2020 and is now sold out most weekends.

A Fort Worth Landmark

“The Sinclair is such an unusual project because it shows you can incorporate the latest technology into a historic tax credit project,” said Cindy Hamilton, president of Heritage Consulting Group, who acted as the historic tax credit (HTC) consultant on the development.

Image: Courtesy of Brandon Barre Photography
The Sinclair hotel in downtown Fort Worth, Texas, first opened as an office building in 1930.

The Sinclair building was commissioned in 1929 during the Texas oil boom by Fort Worth oilman Richard Otto Dulaey and designed by local prominent architect Wiley Gulick Clarkson. Completed in 1930, the Sinclair building served as office space for many oil and petroleum businesses, including the anchor tenant for which it was named, the Sinclair Oil Company. Over the decades, the Sinclair building has been a landmark of downtown Fort Worth and is often one of the first stops on historic architecture tours.

“The building is beautiful—I can’t think of newer buildings coming close to the grandeur and grace of this architecture,” said Farukh Aslam, CEO of Sinclair Holdings Group, the investor group that purchased the Sinclair building in 2013. Over the following years, the Sinclair Holdings Group transformed The Sinclair into a 164-room, high-tech boutique hotel.

Technological Innovation

Although the historic Sinclair building may have had its roots in an oil boom, the future of The Sinclair hotel is clean and stored energy. “The traditional emergency backup power was a 350-kw diesel generator, which has been replaced by much smaller, compact lithium power batteries,” said Aslam.

In a transition that took 25 months to complete, The Sinclair replaced most of its traditional electrical wires with ethernet cables. “It’s the first hotel in the world that runs on low-voltage DC power,” said Aslam. “One hundred percent of the lighting in The Sinclair building, including the elevator cab lights, runs on low-voltage DC power using technology called power over ethernet, which is the exact same technology in [office buildings].” Aslam said low-voltage DC power saves The Sinclair about 35% in energy costs compared to buildings of the same size and use.

“We are at a Tesla moment for commercial building,” said Aslam. “It’s that big of a radical change going from high-voltage AC power to low-voltage DC power.”

Using low-voltage DC eliminated the need for half of the electrical infrastructure in The Sinclair. As a result, alternating floors do not need electrical panels

or wiring closets. The whole building will become a class 2 power or lower voltage, which Aslam said will give The Sinclair “plug-and-play” capability to run everything from air conditioning and lights to TVs and coffee makers.

Even individual guest rooms have noticeable updates. “Because the [historic] tax credit program generally permits more latitude for change in private areas, in the guest rooms we incorporated lots of technologies,” said Hamilton.



Image: Courtesy of Brandon Barre Photography
The Sinclair hotel lobby features original marble flooring and updated OLED lighting.

Touch screens control light switches and the shower in guest rooms. The shower also has color-changing lights and the bathroom mirrors have touch-screen monitors through which guests can find news and property information, as well as order food, towels and their cars from the valet.

Another innovation that Aslam has planned for The Sinclair addresses an issue that made national headlines during the Texas power crisis February, which was caused by severe winter storms. “We had a freeze this winter where temperatures dipped below zero,” said Aslam. “The power failed in our state. ... It was one of the most costly insurance claims in the

history of Texas. Half the buildings had sprinkler pipes bursting two days later.”



Image: Courtesy of Brandon Barre Photography
The Sinclair features historic marble hallways.

Aslam said having stored energy in the future will prevent subzero temperatures from freezing sprinkler pipes. Aslam plans to install a smart detection and heating system that involves monitoring the temperature in water lines and warming up pipes with heat tape as needed to prevent freezing.

Historic Preservation

As much as the Sinclair Holdings Group is trying to position The Sinclair as a technological leader, it also was mindful about preserving the building’s historic character. As is often the case with historic rehabilitation developments, preserving the history of The Sinclair required equal parts creativity and flexibility. For example, The Sinclair had about 700 single-pane windows, all of which were original to the building. The windows on two main sides of the building were wooden, while the others were made of wire, mesh and steel. In the pursuit of energy efficiency, it took two years and three attempts to find the correct match of double-pane window replacements.

In addition to historic windows, the Sinclair building had original marble hallways. This left little latitude to resize or reshape office spaces into guest rooms. As a result, The Sinclair hotel has 164 guest rooms, but 50 different room types. “Very few rooms are identical,” said Aslam. “That creates challenges with furniture. There are 13 sizes of headboard and night stands. People won’t be able to tell, but we have 27 different types of credenzas.” All of the furniture was imported from Italy and much of it needed to be carried upstairs and assembled on-site in guest rooms to prevent any damage to the furniture in the freight elevator.

In certain instances, technology provided a solution to a historic preservation challenge. For example, The Sinclair features OLED lighting in the lobby areas, which consist of thin lighting panels that use the same technology found in smartphones. The Sinclair’s OLED lighting helped brighten otherwise dim lobby areas in the hotel.

“The main lobby, elevator lobby and upper lobbies were fully intact,” said Hamilton. “The main lobby in particular had all this beautiful marble. It was a dark green color and I think the incorporation of modern lighting and incorporating it so seamlessly transformed the spaces into very lively, very engaging places.”

Lessons for Future Developments

Aslam intends to incorporate the lessons he’s learned from The Sinclair into future historic preservation developments with power over ethernet technologies and other modern updates.

“Working with [Heritage], I feel enlightened on what you can and what you cannot do,” said Aslam. “As challenging as this project was, I feel I learned a lot. Get the right consultant from day one because that will save you a lot of time and aggravation later on.” ❖

© Novogradac 2021 - All Rights Reserved.

This article first appeared in the July 2021 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

Thomas Boccia, CPA
James R. Kroger, CPA
Diana Letsinger, CPA

Matt Meeker, CPA
John Sciarretti, CPA
Stacey Stewart, CPA

COPY

SENIOR EDITOR

Brad Stanhope

SENIOR MARKETING MANAGER

Teresa Garcia

COPY EDITOR

Mark O'Meara

SENIOR WRITER

Nick DeCicco

CONTRIBUTING WRITERS

Roy Chou
Rebecca Darling
Cindy Hamilton

Joyce Hsia
Lindsey Tran

ART

CREATIVE DIRECTOR

Alexandra Louie

CARTOGRAPHER

David R. Grubman

GRAPHIC DESIGNER

Brandon Yoder

CONTACT

CORRESPONDENCE AND EDITORIAL SUBMISSIONS

Alex Ruiz
alex.ruiz@novoco.com
925.949.4243

ADVERTISING INQUIRIES

Christianna Cohen
christiana.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
Glenn A. Graff	APPLEGATE & THORNE-THOMSEN
Shay Hawkins	OPPORTUNITY FUNDS ASSOCIATION
Martin Muoto	SOLA IMPACT

LOW-INCOME HOUSING TAX CREDITS

Jim Campbell	SOMERSET DEVELOPMENT COMPANY LLC
Tom Dixon	BOSTON CAPITAL
Richard Gerwitz	CITI COMMUNITY CAPITAL
Elizabeth Bland Glynn	TRAVOIS INC.
Rochelle Lento	DYKEMA GOSSETT PLLC
John Lisella III	U.S. BANCORP COMMUNITY DEV. CORP.
Derrick Lovett	MBD COMMUNITY HOUSING CORP.
Thomas Morton	PILLSBURY WINTHROP SHAW PITTMAN LLP
Rob Wasserman	U.S. BANCORP COMMUNITY DEV. CORP.

PROPERTY COMPLIANCE

Jen Brewerton	DOMINIUM
Kristen Han	WNC
Michael Kotin	KAY KAY REALTY CORP.

HOUSING AND URBAN DEVELOPMENT

Victor Cirilo	NEWARK HOUSING AUTHORITY
Flynann Janisse	RAINBOW HOUSING
Ray Landry	DAVIS-PENN MORTGAGE CO.
Denise Muha	NATIONAL LEASED HOUSING ASSOCIATION
Monica Sussman	NIXON PEABODY LLP

NEW MARKETS TAX CREDITS

Frank Altman	COMMUNITY REINVESTMENT FUND
Maria Bustria-Glickman	US BANK
Elaine DiPietro	BLOOMING VENTURES LLC
Chimeka Gladney	ENTERPRISE COMMUNITY INVESTMENT INC.
Merrill Hoopengardner	NATIONAL TRUST COMMUNITY INVESTMENT CORP.
Scott Lindquist	DENTONS
Tracey Gunn Lowell	U.S. BANCORP COMMUNITY DEV. CORP.
Ruth Sparrow	FUTURES UNLIMITED LAW PC
William Turner	WELLS FARGO

HISTORIC TAX CREDITS

Irvin Henderson	HENDERSON & COMPANY
Bill MacRostie	MACROSTIE HISTORIC ADVISORS LLC
Claudia Robinson	BANK OF AMERICA
Donna Rodney	MILES & STOCKBRIDGE
John Tess	HERITAGE CONSULTING GROUP

RENEWABLE ENERGY TAX CREDITS

Jim Howard	DUDLEY VENTURES
Elizabeth Kaiga	DNV GL
Forrest Milder	NIXON PEABODY LLP

© Novogradac
2021 All rights reserved.
ISSN 2152-646X

Reproduction of this publication in whole or in part in any form without written permission from the publisher is prohibited by law.