



NOVOGRADAC

Journal of Tax Credits™

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

December 2021 ♦ Volume XII ♦ Issue XII

Published by Novogradac

THE WASHINGTON LEGISLATIVE AND REGULATORY UPDATE ISSUE

STORIES INSIDE

- OZ Working Group Broadens Its Priorities
- LIHTC Working Group Continues Efforts to Capitalize on Renewed Interest in Housing
- Legislative Activity in the Closing Days of 2021 Will Direct NMTC Working Group Priorities in 2022
- Is 100% Carbon Free Power by 2035 Achievable?



A Historic Tax Credit Conversation with Rep. Earl Blumenauer



CINDY HAMILTON, HERITAGE CONSULTING GROUP

Rep. Earl Blumenauer, D-Oregon, is a lifelong resident of Portland, Oregon, and was elected to the U.S. House of Representatives in 1996. He is a senior member of the Ways and Means Committee and has been a supporter of legislation that promotes livable and sustainable communities.

Earlier this year, Blumenauer, alongside Rep. Darin LaHood, R-Illinois, introduced the Historic Tax Credit Growth and Opportunity (HTC-GO) Act intended to provide relief to historic rehabilitation projects impacted by the COVID-19 pandemic while also improving the historic tax credit (HTC) for small



Image: Courtesy of Kristie Baxte
Rep. Earl Blumenauer, D-Oregon

projects and expanding the number of projects eligible to receive the HTC. Blumenauer has assumed the mantle of the historic preservation community's champion in Congress.

The following interview with Blumenauer highlights his support of HTC legislation and gives perspective on the need for continued advocacy.

Q: You have been a longtime supporter of historic preservation, dating back to your days on the Portland City Council. What prompted your initial interest in historic buildings?

A: From my earliest days as a young state legislator, I have been impressed with the power and the logic of

historic preservation. In that capacity I was honored to help establish Oregon's program, which has meant so much to the state and my community.

Q: As a champion of historic tax credits, why do you think this economic incentive tool is critical to incentivize the preservation of historic buildings?

A: Without the historic tax credit, many historic buildings simply would not survive. The economics of historic preservation projects do not work without some type of tax incentive. Historic preservation projects are, by their nature, more costly to complete, so developers will not naturally gravitate toward rehabilitation projects, preferring instead to tear a building down and start anew. What the historic tax credit does is equalize the cost, or in some cases even make a rehabilitation project more desirable, by lowering the cost of rehabilitation so that projects pencil out.

Q: Earlier this year, you and Rep. LaHood of Illinois introduced the Historic Tax Credit Growth and Opportunity Act of 2021, which proposed the most significant improvements in the HTC program since its inception in

1976. How do we continue to emphasize to members of Congress the importance of the HTC as an economic incentive tool?

A: You have the statistics, you have the stories and you have the proof in the projects themselves. It is important that the community highlight the benefits in terms of jobs created, particularly local and skilled labor, tax revenue generated and broader community redevelopment. Given that the historic tax credit is something that congressional scorekeepers count as losing revenue, the broader economic picture is especially important for members of Congress who may be hesitant to support measures that aren't deficit neutral by traditional scoring measures. But in the end, it is about much more than dollars and cents, it is about who we are, our heritage and our future.

Q: Preserving historic buildings intersects with some of your other priorities, such as environmental sustainability. How do you see sustainability and rehabilitation working in tandem?

A: The former president of the American Institute of Architects, Carl Elefante said, "The greenest building is the one that already exists." And it's true. Studies examining the carbon benefits of preservation have found that it takes decades for the negative climate impacts of the construction process in a new, efficient building to overcome the benefits of rehabilitating a building that already exists. As Congress looks to prioritize solutions to the climate crisis, it is critical that the powerful climate benefits of historic preservation are spotlighted whenever possible.

Q: Another bill that you introduced this year was the REHAB Act (H.R. 1483) to establish a federal tax credit to support the redevelopment of old, but not historically designated, buildings near public transportation. How do we ensure that this tax credit works most effectively with the HTC to allow for the maximum retention of historic architecture?

A: It is an important question and one that I have worked hard to strike a careful balance when authoring both pieces of legislation. By looking at the bills holistically and understanding their combined impact, I've tried to maximize incentives for historic preservation development and the preservation of older buildings near transit. Provisions providing a temporary increase in the value of the historic tax credit and eliminating the basis adjustment will help ensure that historic architecture is retained to the greatest possible extent.

Q: As co-chair of the Historic Preservation Caucus, you bring together a bipartisan group of members of Congress who value historic buildings and encourage their preservation. For those less familiar with the caucus, can you tell us more about it and its importance in keeping historic preservation as a Congressional priority?

A: Absolutely. The Historic Preservation Caucus is a forum for members of Congress and especially their staffs to collaborate on issues of interest to the preservation community and learn more about recent developments in historic preservation. The caucus has worked hard to secure several consecutive years of funding increases for the Historic Preservation Fund, which is slated to be at or above its statutory maximum in Fiscal Year 2022. The caucus has also successfully defended the historic tax credit during the 2017 Republican Tax Cuts and Jobs Act and most recently organized a coalition behind the Historic Tax Credit Growth and Opportunity Act. The caucus is an invaluable resource for Congress and the preservation community.

Q: What is the single most important thing stakeholders can do to advocate for the HTC?

A: The single most important contribution stakeholders can make is to spotlight the more than 45,000 historic tax credit projects already completed. This clearly demonstrates the value of the credit. With so many critical issues competing for

members of Congress's attention, historic preservation advocates have the unique opportunity showing their representatives and senators something tangible and real in projects financed with the historic tax credit. A tour or ribbon cutting is a great opportunity to highlight the importance of the historic tax credit and the need for expanding the credit in Congress. From tourism to neighborhood revitalization to economic development, the historic tax credit is a spectacular example of projects that don't just work—they are a source of pride in communities large and small.

Q: Do you have a favorite historic building and why?

A: One should never single out a favorite child or a favorite Portland restaurant, but I will. The Library of Congress is one of the world's great treasures. The design and architecture of the building coupled

with the incredible resources available to members of Congress and researchers alike have made it a necessary visit for anyone visiting the nation's capital since 1897. It has been a source of pride and joy for me, especially as I work across the street. I visit it as often as possible and use it as an example of what a public building can and should be.

Congressman Earl Blumenauer

Rep. Earl Blumenauer has served Oregon's 3rd Congressional District since 1995. Before his election to Congress, Blumenauer served as a Multnomah County Commissioner and as a member of the Portland City Council. He sits on the Ways and Means Committee, chairs the subcommittee on Trade, and is a member of the subcommittee on Health. Blumenauer also serves as co-chair of the Historic Preservation Caucus. ❖

.....
Cindy Hamilton is president of Heritage Consulting Group.

© Novogradac 2021 - All Rights Reserved.

This article first appeared in the December 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

John DeJovine
Karen Destorel
Chad Durden
Brad Elphick
Cindy Hamilton

Joyce Hsia
Thomas Stagg
Nicola Viana
Sun-Ae Woo

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
Glenn A. Graff	APPLGATE & 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
Kristin 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.