



The Low-Income Housing Tax Credits *Issue*

The Many Meanings of ‘Mixed-Income’ and How they Affect Policymakers

The term “mixed-income” can describe six different circumstances in the LIHTC context, each with important implications.

Page 10

Reauthorizing, Increasing Funding for NAHASDA Could Help Provide Crucial Funding for Native Housing

Reauthorizing and properly funding Native American Housing Assistance and Self Determination Act could help tribally designated housing entities better access LIHTC.

Page 16

Stop Locking the LIHTC Rate

Filling out an election to lock the LIHTC rate is currently not necessary and has the theoretical potential to hurt a LIHTC development.

Page 12

Underwriting for Impact: A New Tool from Urban Institute

The Capital for Communities Scorecard assesses various impacts of a proposed real estate development or operating business investment.

Page 18



High in the Sky: Great Bend's High Rise Apartments Ready to Serve Another 50 Years



CINDY HAMILTON, HERITAGE CONSULTING GROUP

The 12-story apartment tower would stand out in Great Bend, Kansas, even if it were not near the central intersection of town. In an overwhelmingly flat setting, the tower competes only with three grain elevators for height. It is so distinctly tall, amid a landscape that is so consistently low to the ground, that the original developer didn't have to do much brainstorming for a name: these were *the* High Rise Apartments, no further detail needed.

Completed in 1972 by the Great Bend Housing Authority as public housing for seniors, the tower recently found new life thanks to a \$17 million rehabilitation effort led by Housing Solutions Alliance LLC, based in Shreveport, Louisiana.

Building a Landmark

When the tower opened, it was both the first and only public housing building and senior public housing building in Great Bend—a vital new addition for the aging population in the town of 16,000 residents.

The tower was part of the final wave of federally funded public housing projects in the mid-20th century. President Dwight Eisenhower's administration initiated the wave. Presidents John F. Kennedy and Lyndon Johnson's administrations boosted the initiative before President Richard Nixon redirected public housing funds toward vouchers in 1973, the year after the High Rise Apartments welcomed its first residents.

Designed by architects Butler and Associates, the apartments were distinctive in Great Bend not just for their unparalleled height, but also for their New Formalist design, an outgrowth of the Modernist movement, with shared emphasis on stripped-down ornament and rectilinear exteriors.

Arranged at a 45-degree angle on the site, just a block from Main Street, the cruciform tower offered a combination of privacy, accessibility via the central elevator core, and on-site social services, not to mention the striking views from the shared amenity spaces on the top floor, which cantilevered out from each elevation of the building. The High Rise Apartments represented the best of the U.S. Department of Housing and Urban Development's (HUD's) guidelines for senior public housing, generating so much excitement in Great Bend that more than 3,000 visitors attended an open house in August 1972.



Image: Courtesy of Housing Solutions Alliance LLC.

The High Rise Apartments in Great Bend, Kansas, was built as public housing for seniors in 1972 and was rehabilitated using low-income housing tax credits, USDA loans, housing trust funds and federal and state historic tax credits.

Finding the Funding

After nearly a half-century of use, however, the tower was beginning to show its age. Moreover, the original mix of apartment types was increasingly infeasible: over half of the tower's 95 homes were small efficiencies (around 300 square feet) that had fallen out of favor among potential residents. Thus, the Great Bend Housing Authority, under the leadership of executive director Lynn Fleming, partnered with Housing Solutions Alliance LLC to generate—as its name would suggest—creative solutions to the development's challenges.

Led by Art Schuldt and Micah Strange, Housing Solutions Alliance (HSA) was founded in 1999 to provide accounting, consulting and development assistance to public housing authorities. In the past 20 years, the company has developed more than 2,400 apartments of public housing, totaling over \$400 million in development costs. The High Rise Apartments redevelopment was the company's fourth undertaking in Kansas.

HSA is adept at securing financing and equity investors for its clients. For the High Rise Apartments endeavor, HSA utilized a mix of low-income housing tax credits (LIHTC), United States Department of Agriculture loans, housing trust funds and federal and state historic rehabilitation tax (HTCs) credits. This last source presented one of the bigger hurdles for the development, as it required nominating the building to the National Register of Historic Places despite the fact that it had not yet reached the typical threshold of 50 years of age. Ultimately, the building was listed, clearing the way for HSA to take full advantage of HTCs.

The redevelopment kicked off in 2017, as the Great Bend Housing Authority assembled an experienced team of partners. HSA served as the primary development partner, in accordance with HUD guidelines for procurement. The company was joined by: RPG Architects (and its sister company, SGB Architects, LLC), a firm in Bossier City, Louisiana with over 35 years' experience in designing affordable public housing for seniors; Reno Cavanaugh Law Firm, a national firm specializing in real estate, finance, economic development, and affordable housing; Hutton Corporation, a regional general contractor based in Wichita, Kansas, with a strong background in high-rise multifamily developments; and other team members.

The core task in the endeavor's scope was the reconfiguration of many of the obsolete efficiencies. This required creativity and flexibility, as the team reworked 48 of the original studios into 32 one-bedroom apartments. The development received Rental Assistance Demonstration (RAD) funding, which would typically bar any reduction in the number of apartments; however, RAD does make an exception for the enlargement of efficiency apartments.

With the new plan in place, the Great Bend Housing Authority significantly increased the marketability of these apartments. Beyond that overarching design

problem, the scope of work included general upgrades to finishes, new cabinets, appliances, doors and hardware, plumbing and electrical fixtures, and major systems upgrades to the water and sewer mains and all water lines. The existing elevators—a critical feature that allows the building’s tenants to age in place—needed new interior panels and controls.

Completing the blueprints was just half of the challenge. Because the High Rise Apartments are public housing, the Great Bend Housing Authority and HSA were required to maintain occupancy and not displace residents throughout the redevelopment. Residents could be relocated throughout the building as construction conditions required, but they could not be relocated out of the building altogether (or be confined to the upper floors while the elevator work was underway). This presented tremendous complications throughout the construction process, as the development team balanced efficiency with safety and accessibility. The Hutton Corporation proved essential to this redevelopment management puzzle, drawing on its deep experience with high-rise endeavors. Hutton formulated a plan to minimize the inconvenience and construction noise for residents, including leasing a building across the street for staging operations, and mounting a hoist on the exterior of the building to avoid putting the elevator out of service for extended periods of time.

Perhaps unsurprising for a redevelopment of this scale, the infrastructure escalated construction costs over the course of the effort, ballooning from \$5.8 million to over \$10 million. The rehabilitation tax credits were critical to closing that gap; the development team’s careful, thoughtful designs for the rehabilitation allowed them to maximize the HTC opportunity.

The credits confirmed that preserving this building, rather than demolishing and building new, was the right decision for the building’s residents *and* the balance sheets.

The Great Bend Housing Authority held a groundbreaking ceremony in May 2021, exactly 50 years after the tower’s original groundbreaking. As of spring 2024, it is substantially complete, awaiting the completion of its HTC Part 3 application. The building retains its original use as senior public housing (as part of the income-based Section 8 housing program today), and continues to offer tenant services on-site, including a financial literacy and budget planning program.

Despite the complexities of the property, the experience of working in Great Bend and with the Great Bend Housing Authority convinced Housing Solutions Alliance LLC to do more developments in Kansas. “It’s probably one of our favorite places to work,” said Schuldt. “We would welcome a new project in Kansas anytime soon.” HSA isn’t the only one; *U.S. News and World Report* included Great Bend on one of its “Best Places” lists in recent years.

A Success Story

Thanks to this rehabilitation, the High Rise Apartments can continue to be one of Great Bend’s own “best places” for older residents, allowing them to age comfortably in place in the heart of town. As it did when it was first constructed, the tower still soars over everything else in the vicinity; from its 12th floor, tenants continue to enjoy unparalleled views of their community and beyond. The building is a fitting landmark for Great Bend, visible for miles around as a model then, and a model now. ❖

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

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
Diana Letsinger, CPA

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

COPY

EDITORIAL AND DIGITAL MARKETING DIRECTOR

Teresa Garcia

SENIOR EDITOR

Brad Stanhope

SENIOR COPY EDITOR

Mark O'Meara

SENIOR WRITER

Nick DeCicco

CONTRIBUTING WRITERS

Elizabeth Bland Glynn
Lily Gao, Esq.
Glenn A. Graff, Esq.
Cindy Hamilton
Arthur Momjian, Esq.

Stephanie Naquin
Doug Sellers
Mark Shelburne
Brett Theodos
Jewell Walton

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
Jill Homan	JAVELIN 19 INVESTMENTS

LOW-INCOME HOUSING TAX CREDITS

Jim Campbell	SOMERSET DEVELOPMENT COMPANY LLC
Tom Dixon	LUMENT
Richard Gerwitz	CITI COMMUNITY CAPITAL
Elizabeth Bland Glynn	TRAVOIS INC.
Rochelle Lento	DYKEMA GOSSETT PLLC
John Lisella III	U.S. BANCORP IMPACT FINANCE
Derrick Lovett	MBD COMMUNITY HOUSING CORP.
Rob Wasserman	HUNTINGTON NATIONAL BANK.

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

Aisha Benson	NONPROFIT FINANCE FUND
Maria Bustria-Glickman	U.S. BANCORP IMPACT FINANCE
Elaine DiPietro	BLOOMING VENTURES LLC
Chimeka Gladney	ENTERPRISE COMMUNITY INVESTMENT INC.
Ruth Sparrow	FUTURES UNLIMITED LAW PC
William Turner	WELLS FARGO
Ashley Wicks	BUTLER SNOW LLP

HISTORIC TAX CREDITS

Heather Buethe	NATIONAL TRUST COMMUNITY INVESTMENT CORP.
Scott DeMartino	KUTAK ROCK
Cindy Hamilton	HERITAGE CONSULTING GROUP
Irvin Henderson	HENDERSON & COMPANY
Jessica Glynn Worthington	KLEIN HORNIG LLP

RENEWABLE ENERGY TAX CREDITS

Jim Howard	DUDLEY VENTURES
Forrest Milder	NIXON PEABODY LLP

© Novogradac 2024 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.