



# Dealmakers and Rising Stars



**Expired, Expiring Tax Provisions**

*Opportunities for extending community development incentives*  
Page 4

**Novogradac Spotlights Rising Stars**

*Young leaders make their mark on community development*  
Page 8

**2022 Novogradac Journal of Tax Credits Award Winners**

*Novogradac recognizes excellence in developments financed with the LIHTC, NMTC and HTC*  
Pages 26, 59, and 66

**State Agencies Scheduled to Resume Physical Inspections**

*With LIHTC compliance relief expiring, here's what agencies and owners need to know about resuming physical inspections*  
Page 50



## HISTORIC TAX CREDIT TOOL BOX

# Advice for Emerging HTC Developers



CINDY HAMILTON, HERITAGE CONSULTING GROUP

Over the course of a nearly 40-year career in the industry, Gordon Pulsifer, president and CEO of First Resource Companies, has completed more than 100 historic tax credit (HTC) developments. For their work, Pulsifer and the First Resources team have won numerous awards in both the preservation and low-income housing communities. These projects, all of which twinned HTCs with low-income housing tax credits (LIHTCs), have had a significant impact on their local communities and effectively convey the goals of both incentives.

Pulsifer's resume is rarely matched within the industry, particularly within his home state of Massachusetts. As one of the most prolific HTC developers, Pulsifer offers a unique lens into the history and use of the program.

### A Career in HTCs

Pulsifer's career closely aligns with the history of the HTC program. The federal government established a tax incentive aimed toward adaptively reusing

historically significant buildings in the late 1970s. Under President Ronald Reagan's tax reform, however, the HTC program as it is known today was established.

Pulsifer began his career as an HTC developer, working with multiple real estate development companies in Massachusetts. He completed his first HTC developments in cities such as Springfield and New Bedford, Massachusetts, but also gained experience with projects along the East Coast, including Washington, D.C. It was during this early stage of his career, in which he served as both a certified public accountant and, later, an

*Image: courtesy of First Resource Companies*

The Indian Motorcycle Company complex in Springfield, Massachusetts, is shown here before (left) and after (right) rehabilitation into Mason Square Apartments.

executive, that he realized the importance of the HTC program as a tool to assist in providing high-quality affordable housing.

“I quickly learned how critical it could be to twin HTCs and LIHTCs,” he said. “Utilizing the federal HTC, and the state HTC in more recent years, proved invaluable in filling the gap in the capital stack in affordable housing developments. The HTC made the numbers work.”

When Pulsifer established First Resource Companies in the mid-1980s, he quickly put to practice the early lessons he had learned. Pulsifer explained, “100% of our developments have been rehabilitations of historic buildings that twinned HTCs and LIHTCs.” Since that time, his developments have painted a colorful picture of the variety of building types that lend themselves to HTCs. Working almost exclusively in the western Massachusetts city of Springfield, First Resources’ portfolio includes a diverse stock of buildings ranging from historically designated single- and multifamily housing to late-19<sup>th</sup> and early-20<sup>th</sup> century industrial complexes. Recently, the company initiated rehabilitations of an early-20<sup>th</sup> century office building and an early-20<sup>th</sup> century bank building.

With each new project, Pulsifer remains excited to witness the transformation of these historic properties. “As an accountant, in my early years it was all about the numbers,” he said. “When I founded First Resources, however, there was a shift in attitude and it has been important to me ever since to learn the history of these buildings. The default of the HTC is the need for resources, but I find that in these more recent years, I have truly become more interested in the story of these buildings and wait in anticipation to see the end result.”

### **Navigating an Evolving HTC Process**

As of early June 2022, Pulsifer and First Resources was in the midst of five active HTC rehabilitations. All of these projects are in Springfield and continue the developer’s record of twinned HTC and LIHTC developments. Not only do these projects show

Pulsifer’s ability to navigate the HTC process, but they also display a wide variety of building types that can be repurposed and reused.

These five active projects include three turn-of-the-20<sup>th</sup>-century factory buildings, a 1924 bank building and a 1905 former insurance company office building. Each project includes its own unique design elements, typical of the differing building typologies, that present their own individual challenges throughout the review process at the state historic preservation office and the National Park Service.

One of these developments is the transformation of the historic Indian Motorcycle Company Complex into Mason Square, an immense 200-unit multifamily apartment building. Pulsifer defines this project as his “personal favorite.” The sheer size of the industrial complex plays a big role in his defining the rehab as his most memorable. More importantly, the historic motorcycle manufacturing facility was saved from the wrecking ball. As Pulsifer noted, “Half of the complex was demolished decades ago. Prior to our undertaking of the project, the remaining half was placed on Preservation Massachusetts’ Most Endangered Resources List. Not only was this project significant because it added much needed affordable housing in Springfield, but it also saved one of the city’s most important manufacturing facilities. Indian motorcycles are known worldwide, repurposing this building enables that story to continue to be told.”

The Mason Square rehabilitation is nearing completion and recently won an award from Preservation Massachusetts. It also led to First Resources’ next rehab project at the former Knox Automobile Company factory complex, which sits directly across the street from Mason Square. As Pulsifer recalled, during a ribbon-cutting ceremony at Mason, Massachusetts Gov. Charlie Baker pointed across the street and asked when the Knox building would be rehabilitated. Following the governor’s remarks, First Resources went to work and is currently in the process of rehabilitating the historic

car and truck manufacturing complex, which is noteworthy as the home of the original fire truck.

As Pulsifer closes in on his fourth decade in the industry, he is able to look back and comment on the changes over time, both in his approach and from the larger HTC program.

“One of the big differences for me personally is that when I started I was only an employee,” he said. “When you’re an employee, you don’t think the way you do when you own a building. As a property owner, you need to think every aspect of the development through as opposed to be told what to do. You take the time to read through everything, to work through every problem, to identify obstacles. In short, you begin to think twice about everything you are doing, which forces you to know the project inside and out.”

The HTC incentive itself has changed over time, as the review process has evolved over Pulsifer’s career. First Resources has developed an expert approach, with an emphasis on flexibility, to ensure that projects meet the Secretary of the Interior’s Standards for Rehabilitation. “We consider ourselves partners with the reviewers in Boston and D.C.,” he said. “Our goals are the same. We both want to see new life breathed into these buildings, while honoring their history. We have to work side-by-side with the reviewers to ensure

that there are no major issues as the process moves along from design to construction to completion.”

## Conclusion

At this point in Pulsifer’s career, very little surprises him or his team. His successful record has resulted in his becoming one of the most prolific developers in the industry, not only in Massachusetts, but across the country. Perhaps the best advice Pulsifer can offer an up-and-coming developer is to consider using HTCs as a means to fill gaps in the capital stack whenever possible. “Any developer should consider the HTC, whether federal, state or both,” said Pulsifer. “Without the credits, there is a likelihood that you will need to borrow money and these transactions do not always mathematically work out when you are adding debt.”

As Pulsifer has proven with his numerous projects in Springfield, including the Mason Square rehab, the HTC program can serve as an effective economic revitalization tool. While using the HTCs may cause some aspects of a project design to require change in order to meet the Standards, Pulsifer has found it well worth it to save and repurpose these historic buildings. Through his developments, dozens of historic buildings continue to provide a sense of history and local pride. ❖

*Cindy Hamilton is president of Heritage Consulting Group.*

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