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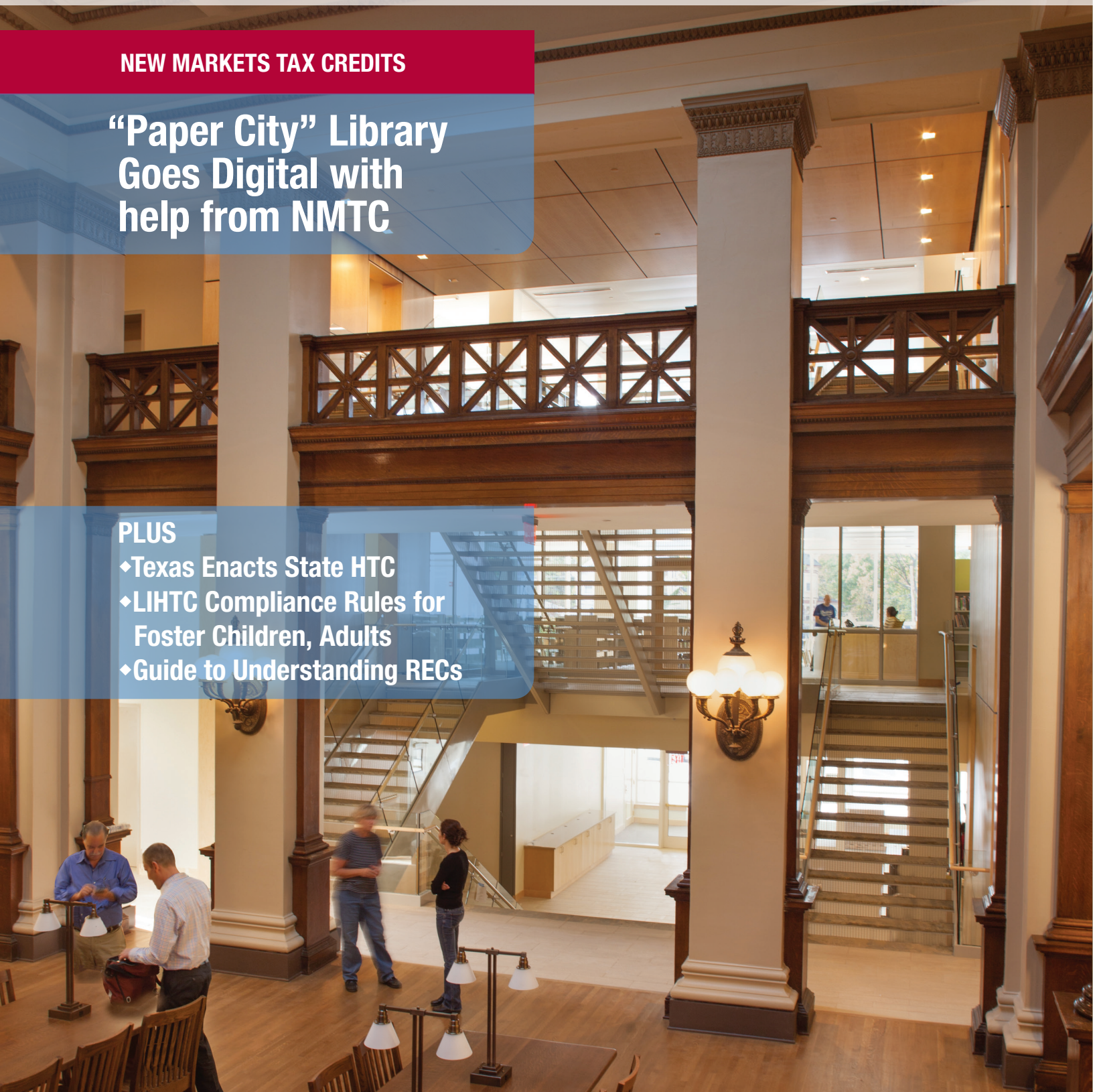
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NEW MARKETS TAX CREDITS

“Paper City” Library
Goes Digital with
help from NMTC

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“Paper City” Library Goes Digital with NMTC-Fueled Makeover

JENNIFER DOCKERY, ASSOCIATE EDITOR

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As the New Markets Tax Credit (NMTC) program awaited congressional reauthorization in December 2012, Rep. Richard E. Neal, D-Mass., went before the House of Representatives to urge an extension of the program. In his Dec. 19 plea, he cited a public library in Holyoke, Mass. as a great use of the credit. At the time, the 112-year-old library was undergoing a \$14.5 million renovation. Less than a year later, on Nov. 22, Rep. Neal spoke at the grand opening of the Holyoke Public Library. That day, he praised the role of libraries in the community, and Holyoke’s residents officially gained access to a state-of-the-art information and technology center.

“It’s a community that really could benefit from a 21st century library. There’s a whole host of access to technology and books that a library can provide for people who don’t have access in their own homes,” said Deborah Favreau, senior investment officer at the Massachusetts Housing Investment Corporation (MHIC), the community development entity that provided NMTCs to the library.

Holyoke, near Springfield, Mass., has a population of about 40,000 with more than 48 percent of residents identifying as Hispanic. From the late 19th century through the mid-20th century, the city was known for its paper production and once held the title “paper city of the world.” As paper manufacturing decreased, mills closed

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Photo: Courtesy of Massachusetts Housing Investment Corporation
The Holyoke Public Library building dates to 1902.



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and jobs were lost. By this past December, Holyoke had an unemployment rate of nearly 12 percent and a poverty rate of more than 31 percent. In the last few years, the city has been working to bring technology companies to the city and improve access to services. Recent NMTC projects have included a computing center and a health center.

“The New Markets Tax Credit program is intended to support needy communities and we certainly qualify as a needy community,” said Bellamy Schmidt, a member of the library’s board who oversaw the project.

A 112-Year-Old Institution

The Holyoke Public Library Corporation was established in 1870, three years before the city of Holyoke was incorporated. In 1897, the Holyoke Water Power Company offered the library a city block for a new building provided that the library collect enough money to erect a building within three years. The present building was completed in 1902. The Holyoke Public Library received nonprofit status in 1967 and became a 501(c)(3) charitable organization. The nonprofit now operates the library in partnership with the city of Holyoke. The library

operations are funded by municipal appropriations, an endowment, state aid, private donations and grants.

A lack of funds, the passage of time and faulty drainage made 40 percent of the interior unusable by the time the library began renovations. Additionally, the turn of the 20th century building lacked the wiring and space for more than a few computers. It also lacked storage space and its historical collections were difficult to access. Children from toddlers to teenagers shared a single children’s area with little space for quiet studying or community programs. The library averaged about 200 to 250 patrons a day.

Stacking Funds

The Holyoke Public Library, under the leadership of the library’s board and Library Director Maria Pagan, began seeking funds for the renovation in 2005. That year, it applied to the Massachusetts Board of Library Commissioners (MBLC) for a grant, but was waitlisted. In 2010, the MBLC committed to \$4.4 million in grants from its Massachusetts Public Library Construction program and the construction program’s Green Library Incentive on the condition that the library obtain additional

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Photo: Courtesy of Finegold Alexander + Associates Inc.

Architects Finegold Alexander + Associates replaced an unusable portion of the Holyoke Public Library with a larger modern addition.



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funding commitments within a year. The library brought in Financial Development Agency (FDA), which assists nonprofits with fundraising and public relations, to perform a fundraising feasibility study. The study showed that a capital campaign would bring in an estimated \$2.5 million in private donations. The library estimated renovation costs of more than \$14 million, and asked the city of Holyoke for a \$7.1 million bond measure. The city was able to provide \$5.5 million in bond funding, on the condition that the library change the composition of the board to give the city greater input and control into the governance of the library.

The shortfall “made it imperative for us to go after the new markets tax credits,” Matthew Blumenfeld, principal at FDA, said of the \$5.5 million in bond funding. Without the NMTCs, the library would need to take more than \$2 million from its endowment fund to complete the renovations, money that the library needs for operations.

The library and FDA worked with a Boston-based consultant to find a CDE to fund the renovation. The consultant brought MHIC into the project. Originally, MHIC planned to provide a portion of the tax credits, but when another project was delayed, MHIC authorized the full amount of tax credits that the project needed. The library was able to piggyback the NMTC transaction on the state and municipal funding, with the bond funding serving as the leveraged loan in the NMTC transaction. U.S. Bancorp Community Development Corporation (USBCDC) made a \$5 million equity investment.

“Libraries play an important role in communities, especially during a time of economic recovery,” said Laura Vowell, USBCDC’s vice president of new markets and historic tax credit investments. “They serve as community centers, providing free access to resources and information, computers for job-hunters, and affordable entertainment for those with restricted budgets.”

The partners did not use historic tax credit (HTC) funding because the library could not meet its technology and service goals without demolishing some of the existing space, Favreau said. Instead, the library worked with architects Finegold Alexander + Associates Inc. to create a design that preserved the functioning sections of the historic building and added a larger new addition.



Photo: Courtesy of Massachusetts Housing Investment Corporation
The historic section of the Holyoke Public Library includes murals depicting the city's history.

A 21st Century Library

The library now has 37,787 square feet of space in which to provide services to patrons. Many of the historic features were preserved, including interior murals. The rear wing was demolished and replaced with a 30,700-square-foot, three-story addition that wraps around several sides of the historic structure. The \$218,380 Green Library Incentive enabled the library to offset some of the costs of installing energy-efficient features to meet LEED certification standards. Additionally, the library meets Americans with Disabilities Act mandates. The library has larger fiction and nonfiction rooms, improved storage space for historical materials and automated self-checkout and return kiosks. It has a 100-person capacity meeting room with audio/visual equipment, a computer room and classroom. The children’s area is about four times its previous size and has an activity/craft room. The library also has a teen area designed to attract middle school students. The nonfiction/reference area has four small quiet study rooms for studying/tutoring sessions and a

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larger room for group projects.

“The biggest expenses were energy, building maintenance/repairs and staff. Now with a newly renovated/expanded library building, we hope to save money on building and use it in more programs,” said Pagan.

The library has expanded its programs for all residents. The library plans to provide several programs for younger patrons, including after school programs for disadvantaged youth, programs with local schools and youth-oriented nonprofits, and an expanded summer reading program. The library will also offer computer skills training and adult education classes.

“One of the reasons we’re building the building is to size the library properly for the community. Everything we had is now a better size and more usable than we had in

the past,” Schmidt said. He said that a children’s program in early November attracted 70 participants, more than triple the number that typically attended such programs prior to the renovations.

Another Hundred Years

The soft opening of the library on Oct. 22 attracted about 1,000 people, Schmidt said, and the Nov. 22 grand opening was well-attended. At press time, the library has 19 staff, 13 full-time and six part-time positions. Holyoke Public Library plans to hire additional workers as it determines future patrons’ needs and program interests.

“These library projects last for 50 to 100 years. These are long-term projects,” Blumenfeld said, which makes libraries a good fit for the NMTC program. ◆

Holyoke Public Library

FINANCING

- \$5.5 million in bond funding from the city of Holyoke, Mass.
- \$5 million in new markets tax credit (NMTC) equity from U.S. Bancorp Community Development Corporation
- \$4.4 million Massachusetts Public Library Construction program (MPLCP) grant from the Massachusetts Board of Library Commissioners
- \$218,380 MPLCP Green Library Incentive the Massachusetts Board of Library Commissioners

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