



NOVOGRADAC

Journal of Tax Credits™

August 2025 • Volume XVI • Issue VIII

Published by Novogradac

The LIHTC and Bonds Issue

**It's Time We Renovate
Regulations to Solve the
Housing Crisis**
Page 16

**Creative Ways to
Stretch LIHTC Equity**
Page 21

**A Comparison Between IRC
Section 142(d) Bond Rules, IRC
Section 42 Tax Credit Rules**
Page 19

**Building Trust, Structuring
Returns: The New Standard in
LIHTC Investment**
Page 23





Brewery Turned Apartments in New Haven, Connecticut, Set for Mixed-Income HTC, LIHTC Acq-Rehab

NICK DECICCO, SENIOR WRITER, NOVOGRADAC

A former brewery building that became apartments in New Haven, Connecticut, in the 1980s will be turned into a mixed-income property including affordable housing after Community Preservation Partners (CPP) and Beacon Communities closed in June on an acquisition-rehabilitation transaction for the site.

The \$43 million redevelopment of Brewery Square will result in 84 of the 104 apartments being income restricted while preserving a locale with elements dating back to 1882. The 20 remaining units will continue to rent at market rate.

“It’s not every day you put apartments in a brewery,” said Tim Karp, head of the HTC program at J.P. Morgan

(JPM), whose organization provided state historic rehabilitation tax credit (HTC) equity for the endeavor. “We work a lot with buildings built in the (1920s), ’30s, ’40s, but we don’t often have the opportunity to work with a building built in the 1800s.”

Image: Courtesy of Beacon Communities

Brewery Square Apartments in New Haven, Connecticut, will rehabilitate apartments using low-income housing tax credits at a site that once hosted a brewery.

The development team plans to modernize systems in the building, improving windows, refreshing common areas and providing a new playground, dog run and bike storage as well as restore the historic luster of the property. The developers plan to implement green building and energy savings measures when possible.

The development combines equity from state and federal HTCs, low-income housing tax credits (LIHTCs) and other sources in its capital stack. The team plans to celebrate the completion of the redevelopment in 2027. Beacon will manage the property.

“Beacon has a long history and passion in doing historic adaptive reuses,” said Diana DiPreta, executive vice president, finance and capital markets for Beacon. “Utilizing LIHTC as well as HTC allows us to add/maintain the affordability of the project while keeping the historic integrity of the building.”

From Brewery to Bedrooms

The most prominent portion of Brewery Square is the six-story, street-facing brick façade of Romanesque architecture. Travelers moving northwest across the Ferry Street Bridge can see the structure towering over the tree line as they cross the Quinnipiac River into New Haven’s Fair Haven neighborhood.

A pair of German Americans, Peter Schleippman and William Spittler, founded the Quinnipiac Brewery Company in the late 1800s, producing lager, ale and porter at the site. For its era, the New Haven facility’s refrigeration and bottling operations were large. In the early 20th century, the business became the Yale Brewing Company and continued production.

However, beer production dried up in the 1920s with Prohibition. After Prohibition’s repeal, the site returned in the 1930s with a new brewer, New Haven Brewing Company. This enterprise lasted for more than a decade

before the property was converted into a warehouse and then rehabilitated into apartments in 1984.

Pouring Another

The development marks the first collaboration between CPP and Beacon. For both firms, it expands their efforts in the New Haven market—Brewery Square is CPP’s second apartment preservation effort in New Haven while it joins a slate for Beacon that includes Ninth Square, Edith Johnson, Monterey Place and the forthcoming Atwater.

That familiarity and experience with New Haven was helpful in landing the Brewery Square transaction. CPP acquired the property thanks to contacts it made through its other dealings in New Haven.

“We reached out and got to know the owner,” said John Fraser, vice president of development at CPP. “It wasn’t a publicly marketed deal.”

Fraser said after building a rapport with the owner, CPP and Beacon set upon a plan to bring the apartments it could under the LIHTC umbrella, while retaining the rest as market-rate housing. Fraser estimated the non-LIHTC homes were naturally occurring affordable with residents earning as much as 120% of the area median income (AMI), calling them “effectively workforce housing.” The development team was able to absorb approximately 80% of the apartments as LIHTC homes.

“We’re always trying to balance the existing residents and their income limits with the LIHTC program requirements,” said Fraser. “We have no interest in displacing anybody.”

The 84 affordable apartments will use the average-income set-aside. The property’s existing HAP contract, which was set to expire in 2034, will now extend an additional 20 years.

The community is a transit-oriented location with bus stops adjacent to the property. Public amenities within

a half mile of the community include public parks, the New Haven Public Library, a handful of local/regional grocery stores, restaurants and hair salons.

Fraser and Karp said structuring the transaction was complicated, particularly with the mixed-income element of the property.

“It’s great when we can create new housing out of an underutilized or vacant building,” said Karp. “It’s more impactful when you’re preserving housing that has tenants in it already.”

Financing

The developers received 4% LIHTC equity and a \$10.8 million construction equity bridge loan from KeyBank Community Development Lending and Investment (CDLI), \$3.2 million in federal HTC equity from JPM and \$2.9 million in state HTC equity from Eversource. Brewery Square received \$21 million in tax-exempt bonds along with construction and permanent debt from NewPoint. The developers took a developer fee deferred over 14 years, Fraser said, with the rest re-invested to make the effort feasible.

“Adaptive reuse projects are often complex,” said Nathan Dickinson, relationship manager, KeyBank CDLI. “However, preserving this historic brewery to provide much needed quality affordable housing is a worthwhile mission. This project leveraged many sources of capital including the master lease pass-through structure to maximize the HTC equity.”

Bringing all of the funding sources together was the most complicated part of the transaction for Fraser. The developer team received its payment in lieu of taxes approval, U.S. Department of Housing and Urban Development approval and volume cap bonds all in the same week. Fraser said having HTCs helped as a gap filler, but also complicated the transaction.

“It was a complicated deal already as structured and with the HTCs coming in via a master lease structure, it became much more complex,” said Fraser. “We’re seeing this across the country—it’s not getting easier to get tax credit deals to closing. Over the last couple of years, several deals have had to layer in state and federal historic tax credits which helped to solve the funding gap to get LIHTC deals to work. This was a great opportunity to leverage our expertise.”

Karp agreed the transaction was complex, but said that wasn’t a reason not to execute.

“We don’t shy away from complex transactions,” said Karp. “We saw the story and the impact on the community. We saw the positive impact this would have in New Haven.”

Lexus Ampadu, vice president of J.P. Morgan Community Development Banking, who worked on the transaction, said Brewery Square is a remarkable example of the power of HTCs.

“We’re honored to collaborate with Beacon Communities and Community Preservation Partners to help preserve New Haven’s architectural heritage and provide critical affordable housing for families in desirable locations, strengthening the fabric of this dynamic city,” said Ampadu.

JPM and Eversource provided HTC equity. JPM worked previously with Beacon and CPP, including tenant-in-place rehabilitations such as Brewery Square.

“We’re all talking, as a broader industry, about ways to preserve and create affordable housing and doing that in a mixed-income development is always interested to us,” said Karp. “It’s always interesting to bring together different tax equity products. It shows the melding of the market-rate and affordable worlds.”

Eversource was thrilled to provide state HTC equity, said Jamie Ratliff, a spokesperson for the company.

“We’re grateful for the partnership we have with the state and being the leading purchaser of the historic rehabilitation tax credit program is one of the many ways we’re advancing our commitment to driving positive change,” said Ratliff. “Purchasing tax credits supports essential projects like this that help bring new life and value to historic buildings while stimulating growth in the local economy and increasing housing for those who need it most, and we’re proud to make these valuable, ongoing contributions to communities across the state.”

Novogradac provided financial forecasts for the development.

A Labor of Love

Fraser acknowledged that the age of the site, the tenant-in-place rehabilitation and the complicated capital stack make Brewery Square a challenge, but certainly one worth doing.

“Some deals you do because they’re financially intriguing. This was more of a labor of love,” said Fraser. “Sure, there’s preservation, but it’s also creating affordable units. It’s much more of a mission-driven project.” ♦

© Novogradac 2025 - All Rights Reserved.

This article first appeared in the August 2025 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
Chris Key, CPA
Michael Kressig, CPA
Diana Letsinger, CPA
Matt Meeker, CPA
Stacey Stewart, CPA
Jason Watkins, CPA

Copy

EDITORIAL AND DIGITAL MARKETING DIRECTOR
Teresa Garcia
SENIOR EDITOR
Brad Stanhope

SENIOR COPY EDITOR
Mark O'Meara
SENIOR WRITER
Nick DeCicco

STAFF WRITER
Channing Hamilton

CONTRIBUTING WRITERS
Thom Amdur
Jim Campbell
John DeJovine
Josh Ghena
Cindy Hamilton
Julie Lawrence
Peter Lawrence
Ryan Petter
Doug Sellers
Robert Stark
Karina Vargas

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
Glenn Graff
Shay Hawkins
Jill Homan
SIDLEY AUSTIN LLP
APPLEGATE & THORNE-THOMSEN
OPPORTUNITY FUNDS ASSOCIATION
JAVELIN 19 INVESTMENTS

LOW-INCOME HOUSING TAX CREDITS
Jim Campbell
Tom Dixon
Richard Gerwitz
Elizabeth Bland Glynn
Rochelle Lento
John Lisella III
Derrick Lovett
Rob Wasserman
SOMERSET DEVELOPMENT COMPANY LLC
LUMENT
CITI COMMUNITY CAPITAL
TRAVOIS INC.
DYKEMA GOSSETT PLLC
AFFORDABLE HOUSING TAX CREDITS INVESTMENTS, USB CDC
MBD COMMUNITY HOUSING CORP.
HUNTINGTON NATIONAL BANK

PROPERTY COMPLIANCE
Jen Brewerton
Kristin Han
Michael Kotin
DOMINIUM
WNC
KAY KAY REALTY CORP.

HOUSING AND URBAN DEVELOPMENT
Victor Cirilo
Flynnann Janisse
Ray Landry
Denise Muha
Nathaniel Cushman
PASSAIC AFFORDABLE HOUSING COALITION
RAINBOW HOUSING
DAVIS-PENN MORTGAGE CO.
NATIONAL LEASED HOUSING ASSOCIATION
NIXON PEABODY LLP

NEW MARKETS TAX CREDITS
Aisha Benson
Maria Bustria
Elaine DiPietro
Chimeka Gladney
Ruth Sparrow
William Turner
Ashley Wicks
NONPROFIT FINANCE FUND
US BANK
BLOOMING VENTURES LLC
TRUIST
FUTURES UNLIMITED LAW PC
WELLS FARGO
BUTLER SNOW LLP

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

RENEWABLE ENERGY TAX CREDITS
Jim Howard
Forrest Milder
DUDLEY VENTURES
NIXON PEABODY LLP