



Iowa Hotel Becomes Affordable Housing, Thanks to LIHTCs

MARSHALLTOWN, IOWA

LEAD DEVELOPER
COMMONBOND COMMUNITIES

CONGRESSIONAL DISTRICT
IOWA 1ST

RENTAL HOMES
49

CATEGORY
**FAMILIES, HISTORIC PRESERVATION,
HOMELESS, RESIDENTS WITH SPECIAL
NEEDS**



Photos: Courtesy of South Bend Heritage Foundation

Iowa Hotel Becomes Affordable Housing, Thanks to LIHTCs

The former Hotel Tallcorn is once again home for residents in Marshalltown, Iowa, as it approaches its 100th anniversary. Low-income housing tax credits (LIHTCs) played a key role in its rebirth.

The Tallcorn, a \$11.3 million development, opened as an affordable rental housing property in 2014, which was 86 years after its 1928 debut as the Hotel Tallcorn. It was a welcome rebirth after some tough years: After decades as a landmark hotel in Marshalltown, it was converted to market-rate housing and renamed the Tallcorn Tower in the 1970s. Then it fell into disrepair before a combination of the LIHTC, the historic tax credit (HTC) and other financing helped make it back into a key building in Marshalltown, a city of 27,000 residents in central Iowa.

“This project could not be done without the combination of those two [tax credit] financing elements, just given the extent of the renovation that was required to address the needs of the property,” said Cynthia Lee, the associate vice president of housing developer for nonprofit developer CommonBond Communities. “Ultimately, the housing that we’re developing is critical affordable housing that is very

much needed in this community.”

CommonBond faced some difficulties. It had to deal with problems that included failing mechanical systems, old roofing, lead paint, asbestos and pest infestation, according to Lee.

The construction converted the existing 65 one-bedroom apartments into 49 larger, more functional affordable rental homes—42 one-bedroom and seven two-bedroom apartments. The ground floor includes a fitness

room, community room, craft room, computer lab and property management office. Forty-five of the 49 rental homes are rent-restricted at 40 percent and 60 percent of the area median income (AMI), with four apartments at market rate. Ten apartments are set aside for formerly homeless households and 13 are set aside for residents with physical, mental or developmental disabilities.

CommonBond offers onsite services such as counseling, case management and advocacy. A coordinator works with local service providers to provide other opportunities for residents.

“For a community our size, people don’t always think it can be done,” said Michelle Spohnheimer, the director of housing and community development in Marshalltown. “But this shows we can really do this and our community can do and have great things.” ❖

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FINANCING

- ◆ Iowa Brownfield/Grayfield Redevelopment Tax Credit Program
- ◆ \$7.6 million in LIHTC and HTC equity from Wells Fargo Affordable Housing Community Development Corporation
- ◆ \$7.2 million bridge loan from Wells Fargo Bank
- ◆ \$6.3 million in 9 percent low-income housing tax credits allocated by the Iowa Finance Authority
- ◆ \$2 million in Iowa State Historic Preservation and Cultural and Entertainment District Tax Credits
- ◆ \$1.8 million in federal historic rehabilitation tax credits (HTCs)
- ◆ \$1 million in funds from CommonBond Communities
- ◆ \$570,000 loan to bridge state historic credit proceeds from NeighborWorks Capital Corporation
- ◆ \$399,950 in state and local grants
- ◆ \$250,000 in funds from the Federal Home Loan Bank of Pittsburgh Affordable Housing Program