Case Studies in

AFFORDABLE HOUSING
Through Historic Preservation

Number 2: Carnegie Place Apartments, Sioux City, Iowa

Case Study Highlights

- ***Combined Use of the Historic Rehabilitation Tax Credit and Low-Income Housing Tax Credit***
- ***Insertion of new apartments into historic spaces***

The Carnegie Place Apartments, located in Sioux City, Iowa, was originally constructed in 1912 as the Sioux City Free Public Library. Sited on a hill in downtown Sioux City, the building is a two-story Italianate structure set on a raised foundation. This former library was rehabilitated into 20 units of low-income housing, including eight one-bedroom and twelve two-bedroom apartments, catering to a diverse, multi-cultural community.

The Sioux City Free Public Library was originally constructed with a generous donation from Andrew Carnegie, whose philanthropy is responsible for the construction of hundreds of public libraries across our nation. Although this factor alone gives the structure an importance to the nation's cultural heritage, it is the building's contribution to library planning and design that earned it an individual listing in the National Register of Historic Places. In 1911, Carnegie formed a corporation that played a more important role in library design. Cities requesting funds were required to adhere to Carnegie's architectural standards and utilize architects qualified in library design. One of these architects was Edward Tilton, the designer of the Sioux City Free Public Library and a key architect responsible for the "modern" public library form. Tilton wrote extensively on the control of books and readers, stressing the appropriate design of reading rooms, and the need for natural light. Tilton once wrote, "A library building should combine aesthetic and practical; the former to allure, the latter to satisfy." He provided both an aesthetic and practical library in Sioux City through the use of an open plan, including a grand two-story atrium, with archways that led to large, open reading rooms. Maintaining the sense of the historic plan and spaces while rehabilitating the building for its new residential use was a significant challenge; however, the result is a creative, quality living space that has proved successful by all measures.

Project Overview

Owned by the city, the Sioux City Free Public Library was opened in 1912 and closed in 1985. Vacant since then, this distinctive landmark was the subject of a good deal of discussion by a number of potential developers and City officials. Unfortunately each proposal was unsuccessful and

PROJECT DATA

Current Name:	Carnegie Place Apartments
Historic Name:	Sioux City Free Public Library
Address:	705 Sixth Street Sioux City, IA
Building type:	Library
Date of Construction:	1912-1913
Date of Rehabilitation:	1996/97
Old Use:	Public Library/Vacant
New Use:	Affordable Housing
Type of construction:	Brick and stone masonry
Gross building area:	22,306 sq.ft.
Net rentable area:	14,449 sq.ft.

U.S. Department of the Interior, National Park Service
National Center for Cultural Resource Stewardship and Partnerships
Heritage Preservation Services, Technical Preservation Services Branch

July 1999

The Sioux City Free Public Library prior to rehabilitation. The building had major structural problems after sitting vacant for over ten years.

the likelihood of its demolition seemed certain. During the ten years the library sat vacant, no maintenance work was undertaken on the building to prevent deterioration. Major structural problems, such as severe water damage to the roof, served to accelerate decay both on the exterior and interior of the building.

In 1995 Community Housing Initiatives, Inc., an Iowa statewide nonprofit housing developer, and Woodbury County Community Action Agency, a Sioux City based nonprofit agency, formed a partnership and approached the city with a proposal to convert the former library into affordable housing. In the fall of 1995, prior to designing the project, the group contacted the organizations that needed to be involved to ensure the project's success. These included the State Historic Preservation Office (SHPO) regarding the Federal Historic Rehabilitation Tax Credit and the Iowa Finance Authority regarding the Low-Income Housing Tax Credit. The Sioux City Community Development Department, eager to see this first project of its kind succeed, was extremely supportive and helpful from the outset in both housing and historic preservation issues. Finally, an architect was hired who was sensitive to preservation issues and willing to work with all parties to create a successful design that took the historically significant features of the building into consideration.

DEVELOPMENT SCHEDULE

Event	Date
Project Initiated:	Fall, 1995
Architect Hired:	Fall, 1995
Initial contact with SHPO:	Fall, 1995
Ownership structure organized:	1995
Part 1 approval (HRTC):	May 31, 1996
Low-income tax credit approved:	Mar., 1996
Part 2 approval (HRTC):	Jun. 26, 1996
Financing approved:	Jun., 1996
Construction initiated:	Aug., 1996
Construction completed:	Aug., 1997
Leasing begun:	Aug. 1, 1997
Date building placed in service:	Aug. 15, 1997
Final Certification for HRTC:	Dec. 8, 1997

Notes:
SHPO: State Historic Preservation Officer
HRTC: Historic Rehabilitation Tax Credit

Early Review Saves Time and Money

In 1995, when the developer approached the SHPO, the Sioux City Free Public Library was not listed individually in the National Register of Historic Places and was not located in a historic district. Therefore, the building did not qualify as a certified historic structure for the purposes of the Historic Rehabilitation Tax Credit. Accordingly, one of the first steps the development team undertook was to nominate the library for individual listing in the National Register. At this same time, the developer reviewed a rough plan of the project with the SHPO to determine the number of housing units that could feasibly work in the historic building while preserving its historic integrity. It was found that the original rough scheme proposed would not meet the *Secretary of the Interior's Standards for Rehabilitation*, a requirement to qualify for the Historic Rehabilitation Tax Credit. However, some creative reworking of the proposal brought the project into compliance from the perspective of the historic tax credit. By addressing this issue at the beginning of the design process, it not only saved significant money and time, it also enabled the developer to accurately establish the number of housing units prior to finalizing the Low-Income Tax Credit application.

The two-story atrium prior to rehabilitation. Maintaining the sense of this historic space was integral to the success of this project.

Rehabilitation Work

The major issues of adapting this unique library to housing focused on maximizing utilization of existing space in order to make the project financially feasible, while at the same time respecting the unique design of Edward Tilton. The original library design consisted of an open plan with a primary entry

point that led into a two-story atrium. Archways on both sides of the atrium guided library patrons to large, open reading rooms. The original stack area was located to the rear of the atrium. The second floor included a small corridor that encircled the central atrium with a number of small offices and work areas to the side. The basement was primarily small meeting rooms or workrooms, somewhat mimicking the second floor corridor system circulating off the central atrium space. Maintaining the sense of this historic plan was integral to the success of this project.

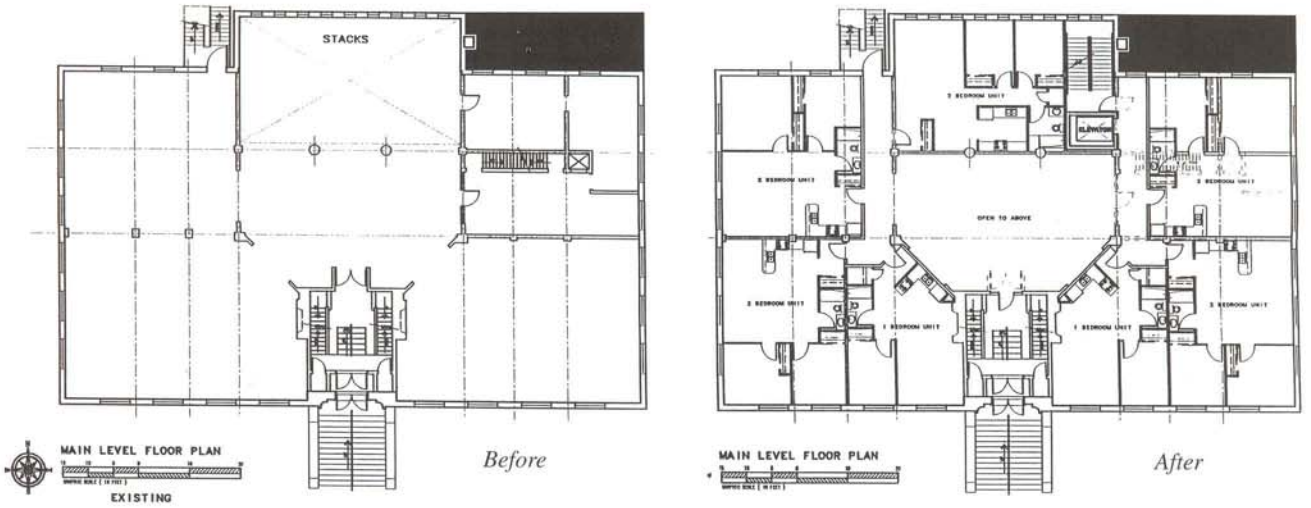
In order to preserve historically significant features, including a sense of the important historical floor plan, the number of apartments originally proposed for construction was reduced. The original proposal for the project included 28 apartments and included filling in the historic atrium with an elevator and apartments. After discussions with the SHPO, this plan was revised to 24 units, and finally to the current configuration of 20 units that maintains the historic integrity of the building. This scheme allowed the developer to maintain the original side and front entrances, as well as the two-story atrium and the arched entryways into the reading rooms.

The atrium space after rehabilitation

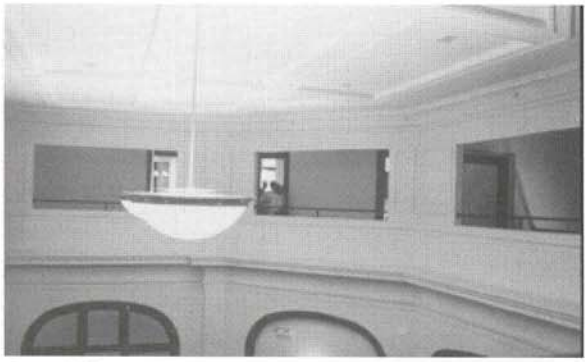
The developers and architects removed some modern alterations that detracted from the historic building and restored many historic features. The developer was not required to reinstate these features to be eligible for the historic tax credit; however, after working with the building they realized that restoring these features and respecting the building's historic character would ultimately make the building more marketable. For example, the corridor that encircled the atrium on the second floor historically had large openings looking down into the space. Over the years these openings had been reduced in size and width and had wired-glass windows added to meet fire code requirements. Through the use of Uniform Building Codes for Conservation, the developers sought and were allowed to restore these openings to their original size. Because the sill height was too low to meet code requirements, a minor safety modification was required, which was addressed with the installation of a single round pipe railing.

A number of additional historically significant features were retained and/or restored both on the interior and exterior of this structure. For example, the existing entry stair on the south side of the building, a double back stair with oak hand railing and trim, was maintained and is still in use. The arched entries leading from that stair into the atrium as well as the arched entries into each of the reading rooms were retained. Two of these arched openings were closed; however, the infill was recessed so that the full effect of the opening and the wood casing and trim could be maintained. In addition, wood columns, cornice trim, and plaster moldings on all floors were maintained wherever possible. Coffered ceilings and oak trim in the public spaces were also maintained and repaired to preserve the original character of these spaces.

Although much of the historic fabric was preserved, some elements could not be saved. For example, the building



The Carnegie Place Apartments rehabilitation maintained a sense of the historic floor plan by retaining key spaces and entries.



Second floor openings in the atrium were restored to their original size, and a simple railing added to the sill to meet code requirements.

contained approximately 80 original, but deteriorated, double-hung windows. After much discussion with the SHPO, the decision was made to replace all windows with custom-made replacements, replicating the original profiles and details while installing an interior glass liner panel for insulation. The replacement windows are wood, painted on the exterior to retain the historic character of the building.

The reading room spaces also had to be changed somewhat in the rehabilitation. To maintain a sense of the historical space, the apartments were designed so that the interior dividing walls within each unit do not extend all the way to the ceiling. This allows the original beamed ceilings to be visible. The walls in the units are approximately 8 feet high, while the decorative ceilings are 14 feet high. In addition to preserving a sense of the historical space, this treatment creates apartments that are more open and airy than if these spaces had full height walls. Moreover, the original oak columns in the reading rooms were incorporated into the kitchen and dining areas. One of the hallmarks of Tilton's library designs was the provision of light and space. The developers of the Carnegie Place Apartments have capitalized on this historic design, utilizing features such as wide double-hung windows and open spaces to create light and cheerful living environments for 20 families.

The historic beamed ceilings and trim remain visible by constructing low dividing walls approximately six feet below original ceiling heights, and by not lowering the ceilings in primary spaces.

PROJECT FINANCING:

Total Cost of Project

Acquisition	$0
Rehabilitation*	$1,840,875
Total	$1,840,875
Total Rehab. Cost per Unit	$92,000

** Represents total costs - not just qualifying costs*

SOURCES OF FUNDS

Grants/Subsidies:

Total amount: $470,000

Sources: 1) Iowa Department of Economic Development and City of Sioux City HOME Funds.
2) Iowa Finance Authority
3) Federal Home Loan Bank

Debt Financing:

Total amount: $387,673

Sources: AmerUs Life Insurance Co.

Equity:

Total amount: $983,202

Source: Housing Outreach Fund V, LP (Fannie Mae)

Total: $1,840,875

Project Financing

Project financing for the Carnegie Place Apartments benefited from several grants and subsidies provided by local, state and federal sources. These grants accounted for one-quarter of the funds needed to develop the project. The involvement of a local nonprofit organization, Woodbury County Community Action Agency, as well as the local community in general helped significantly in securing the type of financing needed for the project. This community support is also reflected by the lack of acquisition cost – the city gave the building to the developers upon reviewing the planned scheme for affordable housing.

Equity was raised through the syndication of both the Historic Rehabilitation and Low-Income Housing Tax Credits. Both credits were syndicated through the En-

TAX CREDIT ANALYSIS:

Historic Rehabilitation Tax Credit	*Project*
Total development costs	$1,840,875
Total qualifying expenditures	$1,609,065
Rehabilitation Tax credit %	x20%
Total Rehabilitation Tax Credit	$321,813
Equity Yield for Rehabilitation Credit	82¢
Equity raised from Rehabilitation Credit	$263,107
Low-Income Housing Tax Credit Analysis	
Total developing costs	$1,840,875
Total Qualifying expenditures	$1,736,062
Less Rehabilitation Tax Credit	[$321,813]
Eligible Basis	$1,414,249
Low-Income Proportion	100%
Qualifying Basis	$1,414,249
Annual Credit %	9%
Annual Credit Amount	$122,050
Total Low-Income Housing Tax Credit	$1,220,500
Equity yield for Low-Income Credit	59¢
Total Equity raised from Low-Income Credit	$720,095
Total Combined Equity:	**$983,202**

terprise Social Investment Corporation to the Fannie Mae Housing Outreach Fund V, Limited Partnership. The Historic Rehabilitation Tax Credit, offering a five-year recapture with the entire credit earned up front, yielded $0.82 for every dollar of credit. The Low-Income Housing Tax Credit, with a 15-year recapture and the credit earned in equal installments over 10 years, yielded a lower value of $0.59 for every credit dollar. The syndicated credits provided a total combined equity of $983,202, representing over half of the total development costs.

With these funds in place, only approximately 20 percent of the project development costs needed to be provided through debt financing.

Summary/Project Benefits

The rehabilitation of the Sioux City Free Public Library into the Carnegie Place Apartments has successfully brought quality affordable housing to a diverse mix of elderly, singles, families and persons with disabilities. All 20 apartment units benefit persons at 60 percent or below the area Family Median Income (FMI), and at least eight units serve tenants at or below 50 percent of the FMI as established by HUD. There are several important benefits to the area as a result of the Carnegie Place project. The project resulted in a significant improvement to the streetscape of this area. In addition, this project represents one component in the overall revitalization of downtown Sioux City. Another important benefit is that the property has provided quality affordable housing in an area of very high need. In fact, previously this area had very little housing of any type, let alone affordable housing.

The Historic Rehabilitation Tax Credit provided the financial incentive needed to undertake this complex project. However, despite the project's overall success, there were some downsides to the project. By using the Historic Rehabilitation Tax Credit the project lost space originally planned for apartment conversion, having reduced from the original 28 units to the final 20 units to preserve important features such as the historic atrium. Because of this, only 65 percent of the gross square footage is rentable space. In addition, the atrium is a large public space that requires winter heating. However, the developers believe that the benefits outweighed the costs. First, had the project not utilized Historic Tax Credits above and beyond Low-Income Housing Tax Credits, it may never have been attempted. In addition, the quality that resulted by preserving the historic character of the building while providing this new residential use created very unique and desirable living units. The project's success is demonstrated by the fact that it was

rented in a very short period of time, and maintains a waiting list of interested applicants. Furthermore, in a market that typically has a 29 percent turnover rate in comparable housing developments, the Carnegie Place Apartments has had very little turnover. In fact, there was no turnover for the first year and one-half of operation.

Finally, significant benefits of this project focus on issues of historic rehabilitation and adaptive use for affordable housing. The success of Carnegie Place reversed the negative stereotypes that community members had about historic rehabilitation and low-income housing. As the first Sioux City project which mixed Historic Tax Credits and Low Income Housing Tax Credits, Carnegie Place has become a tangible example of how a community can maintain historic buildings and resolve housing needs within the same project. To paraphrase Edward Tilton, the building's original architect: Affordable housing should combine aesthetic and practical; the former to allure, the latter to satisfy. This development has succeeded on all accounts.

Carnegie Place Apartments has won many awards, including "Iowa's Best Adaptive Re-Use Award" and "Outstanding Achievement in Historic Preservation" in the large, commercial category presented by the Governor of Iowa on behalf of the Iowa Historic Preservation Alliance. This project was the first historic rehabilitation undertaken by Community Housing Initiatives, Inc. Encouraged by the success of this project, the organization is now in the process of developing two more historic buildings into affordable housing.

Community and business leaders celebrate this housing solution.

Ownership structure:
Carnegie Place Limited Partnership
General Partner(s):
Community Housing Initiatives, Inc.
Woodbury County Community Action Agency
Limited Partner(s):
Housing Outreach Fund V, LP (Fannie Mae)

Developer:

Community Housing Initiatives, Inc.
Doug LaBounty, President
14 West 21st Street, P.O. Box 473
Spencer, IA 51301

Architect:

InVision Architecture
Dale McKinney, AIA
117 Pierce Street
Sioux City, IA 51101

General Contractor:

Holtze Construction Co., Inc.
412 Pavonia
Sioux City, IA 51101

Preservation Consultant:

The architect together with a member of the Sioux City Community Development staff with expertise in historic preservation were consultants on preservation issues.

State Historic Preservation Office:

Judy McClure, AIA
Tax Act Coordinator
State Historical Society of Iowa
600 East Locust
Des Moines, IA 50309

State Housing Authority:

Iowa Finance Authority
100 East Grand, Suite 250
Des Moines, IA 50309

CASE STUDIES IN AFFORDABLE HOUSING are designed to provide practical information on innovative techniques for successfully preserving historic structures while creating affordable housing. This Case Study was prepared pursuant to the National Historic Preservation Act, as amended, which directs the Secretary of the Interior to develop and make available to government agencies and individuals information concerning professional methods and techniques for the preservation of historic properties.

Comments on the usefulness of this information are welcomed and should be addressed to Affordable Housing Case Studies, Heritage Preservation Services, National Park Service, 1849 C Street NW (NC 200), Washington, D.C. 20240.

This CASE STUDY IN AFFORDABLE HOUSING was prepared by Aleca Sullivan, Technical Preservation Services Branch, Heritage Preservation Services, National Park Service, with the assistance of Mary Jean Montgomery of Community Housing Initiatives, Inc.