

Investing in Your Community, in Your Neighborhood, in Your Future

LIHTC Development Shines New Light in Pleasant Grove



Mayor Jerry W. Brasseale cuts the ribbon at the grand opening of the Arbors at Ellington, an affordable housing development for seniors in Pleasant Grove, Alabama.

BY THE NUMBERS

New Construction: 40 units

Private Equity Investment: \$2,932,153

During Construction

Local Jobs Supported: 45

Local Government Revenue: \$307,000

Projected Ongoing Annual Effect

Local Jobs Supported: 13

Local Government Revenue: \$158,000

In April 2011, the largest US tornado outbreak of all time ripped through the southern United States, leaving nothing but a trail of destruction in its path. With a death toll above 225, Alabama was one of the hardest hit areas. The tornado weaved its way from Tuscaloosa to Birmingham, taking a direct shot at the city of Pleasant Grove, Alabama.

Pleasant Grove was struck hard by the storms and many residents struggled with coming to grips with the magnitude of damage and loss their small Alabama community sustained. As rescue workers and the people of Pleasant Grove surveyed the damage, they began a process no city ever wants to have to go through: rebuilding. With many residents now without homes, the Arbors at Ellington, an affordable housing development, became a part of that process.

This Low Income Housing Tax Credit property provides safe and affordable apartments to seniors earning 60% or less of the area median income. Developed by National Affordable Housing Trust and managed by Mercy Housing Southeast, the Arbors at Ellington is comprised of 20 one-bedroom units, 20 two-bedroom units and a community building. Not long after the one-year anniversary of the tornadoes, members of the Pleasant Grove community came together to celebrate the grand opening.

Although Pleasant Grove has forever been changed by this catastrophe, the residents of the Arbors at Ellington are thankful to have a safe and comfortable place to call home.



Ruby Tucker, a resident of the Arbors at Ellington, shares the impact that affordable housing has had on her life.



The Arbors at Ellington is an affordable housing community for seniors in Pleasant Grove, Alabama.

The Need for Affordable Housing Is Critical

In 2010, the National Low Income Housing Coalition reported that "the demand for low-cost rental housing has grown" during the past few years while the supply of affordable housing has declined. At a time when unemployment is high and more households are entering the rental market, the challenge of finding safe, quality affordable housing increases. With affordable rental housing in such short supply, the Low Income Housing Tax Credit serves a greater need than ever.

What Is the LIHTC?

Created by Congress as part of the Tax Reform Act of 1986, the Low Income Housing Tax Credit generates private capital investment used to finance the construction and rehabilitation of affordable rental housing for lower-income families. According to the Joint Center for Housing Studies at Harvard University, the LIHTC program is "widely regarded as the most successful housing production and preservation program in the nation's history." Since it was enacted, the LIHTC program has led to the development of more than 2.4 million units of affordable housing for American families according to the National Council of State Housing Agencies.

How Does the LIHTC Work?

While the federal government provides the tax credits, the LIHTC program is administered by the states, based on housing policy determinations made at the state and local levels of government. The impact of the LIHTC program is visible in communities throughout the country—the LIHTC program is responsible for the creation of thousands of construction jobs, the overwhelming majority of which are small business construction subcontractors. According to the National Association of Homebuilders, for every 100 units constructed with low-income housing tax credits, 116 jobs are created and more than \$3.3 million in federal, state, and local revenue is generated. Unlike almost every other tax expenditure program which largely subsidize activity that would occur at some level without tax support, there would be no affordable housing development without the LIHTC program. Construction of affordable multifamily housing, rented to lower-income residents at controlled rents, is not financially feasible without a subsidy.

How Tax Credits Flow



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