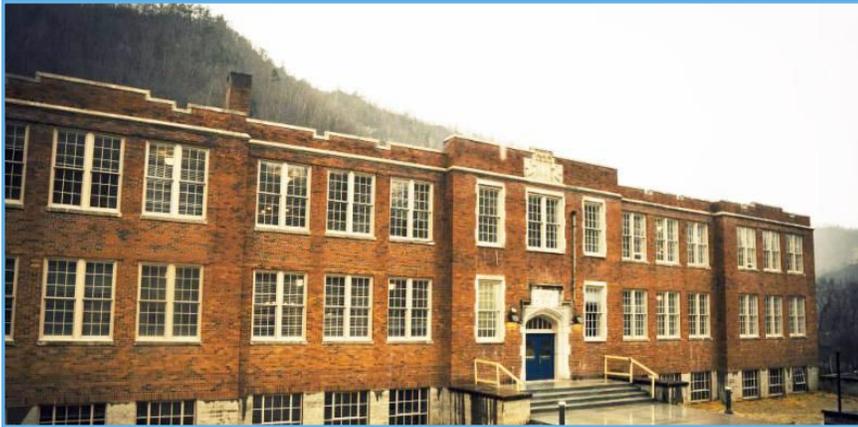




Investing in Your Community, in Your Neighborhood, in Your Future

Vacant School in Elkhorn City Transformed into Affordable Housing for Families



BY THE NUMBERS

Acquisition/Rehab: 27 units
Private Equity Investment: \$4,889,450

During Construction

Local Jobs Supported: 33
Local Government Revenue: \$223,236

Projected Ongoing Annual Effect

Local Jobs Supported: 8
Local Government Revenue: \$119,070

Elkhorn City, Kentucky, sits in the foothills of the Appalachian Mountains of Eastern Kentucky - an area that touts many geographic wonders and outdoor activities that make it a major tourist destination in the state. The city itself spans about two miles and is home to just over 900 people. The local economy has struggled since the 2008 recession with the employment base showing no signs of growth in recent years. Furthermore, the unemployment rate is considerably high compared to the rest of the state. With limited rental product in Elkhorn City and the closest comparable Low Income Housing Tax Credit (LIHTC) property 52 miles away, the rehabilitation of Elkhorn City School into affordable housing is a welcome addition to this small town.

Elkhorn City School Apartments is an adaptive reuse of a vacant high school into 27 affordable units for families. The rehabilitation features one- to three-bedroom units for families earning 50 to 60 percent of the Area Median Household Income (AMHI). Originally built in 1938, the hardwood floors, tall ceilings, and wide hallways in this historic building were all maintained during construction. The building is equipped with an intercom and secure entryways. Elkhorn City School is located within one mile of most services including a grocery store, convenience store, pharmacy, bank, discount shopping, and health center. The local elementary school is also located one mile from the property. In addition, families enjoy an on-site playground thanks to a \$10,000 grant by the [CAHEC Foundation](#).

Elkhorn City School Apartments is co-owned by [AU Associates](#) and an affiliate of the Pike County Housing Authority (PCHA). AU Associates was formed in 1990 to focus on adaptive reuse developments and opportunities for urban infill and revitalization. This is CAHEC's eleventh investment with AU Associates, including two additional developments close by in West Virginia and Kentucky. The partnership between AU Associates and PHCA was a significant one as this deal marks PCHA's very first LIHTC deal.

Elkhorn City School Apartments will be the first LIHTC development in the market and the newest multi-family product for families in Elkhorn City in 45 years. The property provides a quality housing option in an economy where lower-wage employees are most vulnerable. Elkhorn City School Apartments provides residents a safe, affordable housing option in an underserved area that will be appreciated for years to come.



The Elkhorn City School building stood vacant before the renovations began in 2016.



Residents of all ages enjoy the on-site playground.

The Need for Affordable Housing Is Critical

Housing Landscape 2017 from The Center for Housing Policy reveals that in 2015, 46 percent of households spent more than half of their income on housing, almost one-third higher than in 2000. Even though the median income of working renters increased by 11 percent from 2012 to 2015, rents increased by 5.7 percent during that time period, leading to only slight improvements in housing affordability. As we continue to remember the LIHTC program's excellent track record and its essential roll in developing and preserving affordable housing.

What Is the LIHTC?

Created by Congress as part of the Tax Reform Act of 1986, the Low Income Housing Tax Credit (LIHTC) generates private capital investment used to finance the construction and rehabilitation of affordable rental housing for households earning 60% or less of the area median income. According to the Joint Center for Housing Studies at Harvard University, the housing tax credit 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 nearly 2.3 million units of affordable housing.

In addition to providing safe, decent, and affordable housing for working-class families and seniors on limited incomes, the economic impact of the LIHTC program is visible in communities throughout the country. The development of affordable housing increases spending and employment in the local economy. The National Association of Home Builders estimates that 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. Moreover, affordable housing can affect an employer's ability to attract and retain employees. LIHTC investment plays a significant role in community revitalization, which in turn can improve economic opportunities for local residents.

Who Is CAHEC?

One of the nation's leading nonprofit equity syndicators, CAHEC helps finance the development of attractive and affordable rental housing. Headquartered in Raleigh, N.C., CAHEC works with investors and developers in eleven states and the District of Columbia to raise and invest capital in affordable housing, historic preservation, and mixed-use community revitalization projects. Since its founding in 1992, CAHEC has raised and committed more than \$2.3 billion toward the development of nearly 32,000 units of affordable housing.

How Tax Credits Flow



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