

Real Estate Alert

Q+A: The profits in preserving affordable housing

There's investment opportunity in the pressing need to recapitalize LIHTC properties, says Croatan's Nina-Lee Jewell Alhambra

The U.S. housing shortage is especially severe at the lowest income levels. There are only 35 affordable rental units available for every 100 households of renters with extremely low incomes, according to the National Low Income Housing Coalition. The group estimates there's a shortfall of 7.2 million affordable homes.

For the past 40 years, the primary federal effort to expand the affordable-housing supply has been the low-income housing tax credit (LIHTC) program, which grants developers tax credits over 10 years to offset construction costs. In exchange, they set aside a portion of rent-capped units for low-income households.

The program generated 3.7 million units between 1987 and 2023, according to the Department of Housing and Urban Development. But in addition to building more affordable housing, an important part of the equation is to keep older units affordable after they age out of the LIHTC program.

Virginia Beach-based Croatan Investments is entering the field and has hired affordable-housing veteran Nina-Lee Jewell Alhambra as a managing partner to lead the effort.

For Alhambra, the work is personal. An Afro-Indigenous Canadian who grew up on a reserve in Nova Scotia, she saw firsthand how housing shortages can shape communities. After two-plus decades in the sector, most recently as chief operating officer at Blackstone-backed April Housing, she is helping Croatan, a rental housing-focused firm, to build a strategy to preserve LIHTC properties as thousands of them



Nina-Lee Jewell Alhambra

approach the end of their initial compliance periods.

She spoke with Green Street News about the investment opportunity in affordable-housing preservation, how the LIHTC system functions and what drew her to the field.

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Croatan historically has focused on traditional multifamily investments. What is driving the firm's move into affordable-housing preservation?

Affordable-housing demand is enormous nationally. Research from Novogradac estimates roughly 80,000 to 100,000 affordable-housing units reach the end of their compliance periods each year. That's why preservation has become so important. Many of these properties require reinvestment, and there's also a wave of ownership transition as the original investors exit the program. Our strategy is to identify properties approaching that point and recapitalize them so they can remain part of the affordable-housing supply.

What typically happens when a tax-credit property reaches the end of its compliance period?

The low-income housing tax credit program was created to encourage private capital to fund affordable housing. The IRS allocates tax credits to state housing agencies, which award them to developers to build new projects or convert existing multifamily properties into income-restricted housing. Once a property enters the program, rents are restricted based on residents' income. Those restrictions typically last about 15 years. When that compliance period ends, the original investors often exit because the tax credits have already delivered their value. The property can then be sold and potentially converted to market-rate housing.

Why does that transition point create an opportunity for new investors?

More than 520,000 LIHTC units are on track to reach the end of their compliance period between 2025 and 2038, so we're in the middle of the preservation cycle now.

When those investors leave, properties often need recapitalization to maintain affordability and address capital needs. Resyndication is the primary tool — bringing in new tax-credit equity to rehabilitate properties and extend affordability for another cycle. That creates an opportunity for new investors to acquire those assets, recapitalize them and preserve the long-term viability of the housing stock.

What role does Croatan hope to play in preserving those properties?

Our goal is to build a portfolio of assets that can be recapitalized through the tax-credit program and remain part of the affordable-housing supply. We're being very strategic in where we're looking. While a lot of firms are focused on the Sun Belt broadly, we're focused on markets where there are preservation dollars available and where there is significant exposure to expiring units — places like Colorado, Florida, Georgia, Ohio, select submarkets in Texas and Virginia.

We're also evaluating some properties we already own that could be converted from market rate to affordable through

the tax-credit program. We're still in the early stages, meeting with potential anchor investors and exploring co-GP opportunities.

You've spent much of your career working in affordable housing. What first drew you to the field?

I was born and raised in Nova Scotia, and I'm Afro-Indigenous. I grew up in a community where housing shortages were common, so from a very young age I understood how important housing is for stability and opportunity. As a teenager, I spent summers helping people fill out housing applications, which was really my first exposure to the housing system.

I later moved to the United States to attend law school at the University of Missouri-Kansas City. Moving to Kansas City was a major culture shock — I had no family there, and it was a completely new environment and system to navigate.

While I was in law school, I started working in property management, which is where I learned the operational side of housing and how these communities function day-to-day. That experience led me deeper into the space, including working with the local housing authority on a small, scatter-site community, where I was first exposed to voucher programs and eventually to LIHTC.

How did your own experiences shape the way you approach this work?

When I first moved to the U.S., we were a young married couple balancing school and full-time work while living in an income-restricted community, and I remember what a significant difference that stability made.

We felt like people cared. We felt like our rent wasn't suddenly going to jump by \$100 or \$150. That stability gave us room to work, grow and build our family. It really made me fall in love with the LIHTC programs.

That experience has stayed with me. I always say this work is one step away from ensuring someone has access to a basic need, which is housing.

What do you think people misunderstand most about affordable housing today?

There are a lot of misconceptions about the low-income housing tax credit program and affordable housing more broadly. Many people think of voucher programs like Section 8, where the government subsidizes rent. And/or the profile of our residents.

The LIHTC program is different — it's based on income-restricted rents rather than direct subsidies.

The residents we serve are everyday people — teachers, firefighters, police officers, local business workers and young families — working households who still struggle to afford housing in many markets. Housing is one of the fundamental building blocks for stability and opportunity, and ensuring those families have stable places to live is incredibly important.