FY 27 AHSP Application Staff Summary: Taft Mills Group, LLC – Alta Valley Trace - New Construction

120	$6,250	$1.00 : $45.62	≤60%	30 yr
Units to Be Constructed	AHSP Request Per Unit	Leverage Ratio AHSP $: Other $	AMI Target	Period of Affordability

$291,404	$265	1, 2, 3
Average Cost Per Unit	Average Cost per Unit Square Foot	Bedroom Units

Project Description: Taft Mills Group submitted a **New Construction Units for Rent Multifamily Loan** application requesting **$750,000** to construct Alta Valley Trace**.**

AHSP Goal: Increase the supply of affordable housing for rent.

AHSP Objective: Impact, by 2030, a total of 1,500 to 1,850 rental units for households at ≤80% AMI: with an average at ≤60% AMI across all households; where 1,200 to 1,480 of those units leverage the LIHTC program; and where 200 of those units are for households at ≤30% AMI.

Summary: The request ($750,000) is intended to support the $34,968,516 plan for the Alta Valley Trace 120-unit construction project. The proposed unit mix includes 49 units for households at ≤30% AMI (11 one bedrooms, 24 two bedrooms, 14 three bedrooms), 21 units for households at ≤50% AMI (three (3) one bedrooms, 11 two bedrooms, seven (7) three bedrooms), and 50 units for households at ≤60% AMI (seven (7) one bedrooms, 37 two bedrooms, and six (6) three bedrooms). The proposed units will serve the general income eligible population. The application indicates the project will accept all voucher types, but did not estimate the percentage of units that will leverage vouchers. The property is located within the City of Asheville at 99999 Hi Alta Road and will require conditional zoning permits for the development at the proposed site.

The project made preapplication for 9% Low Income Housing Tax Credits (LIHTC) from the North Carolina Housing Finance Agency (NCHFA). The project received the maximum 68 site score points which reflects neighborhood characteristics, access to amenities and suitability of the location for housing. The final application, if all commitments to the capital stack are identified, can be submitted by the applicant in May 2026

Capital Stack: The capital stack includes:

Committed:

- $100 General Partner Equity

Requested:

- $12,448,775 in 9% LIHTC (Preliminary application submitted; estimate of $0.83 per tax credit)
- $7,000,000 mezzanine loan from WNC Affordable Housing Loan Fund (15 years at 2.45%, interest only)
- $6,000,000 CDBG-DR loan from the City of Asheville (40 years at 0%, payments of 50% cashflow)
- $3,450,000 permanent loan (40 years at 7%, principal and interest)

- $3,000,00 CDBG-DR loan from North Carolina Housing Finance Agency (30 years at 0%, balloon payment at maturity)
- $1,600,000 Rental Production Program Loan from North Carolina Housing Finance Agency (30 years at 0%, cashflow loan)
- $750,000 Affordable Housing Service Program loan from Buncombe County (20 years at 2%, cashflow loan)

Deferred Developer Fee:

- The project budget includes $2,880,000 in developer fees and indicates $744,661 (25%) will be deferred.

Requested Terms: 20-year term, at an interest rate of 2.00%, annual payment from cashflow with principal balloon. The project appears to demonstrate a need for the cashflow and principal balloon loan structure.

Exceptions to Program Guidelines: Request for advanced payments at closing to begin construction.

Consideration for Open Space Bond Activities: The project is not located in an area prioritized for greenways, passive recreation, or conservation.

Finance Department Assessment of Audits and Financial Position: In lieu of an audit, Taft-Mills Group, LLC provided Federal and State tax returns for the year ended December 31, 2024. No determination can be made regarding audits and/or findings, but based on the information provided Taft-Mills Group, LLC shows a reasonably healthy financial position.

Borrower Entity: The applicant will be a member in the formation of a limited liability corporation, Alta Valley Trace, LLC, as the borrower and development entity. Alta Valley Trace, LLC will also include a nonprofit member entity.

Review and Recommendations:

Community Development Division staff reviewed the project based on AHSP guidelines.

Program Requirements: The project appears to meet program requirements.

Review of Assumptions: The pro forma includes a 40-year permanent loan of $3,450,000 with an interest rate of 7.0%, in line with the bulk of its peers.

The applicant is seeking a $7,000,000, 15-year mezzanine loan from the WNC Affordable Housing Loan Fund with 2.45% interest only annual payments. The $171,500 annual interest payment is included as debt service within the 1.15 debt service coverage ratio. The project will need to refinance by year 15 in order to address the principal balance due at maturity.

The applicant has requested a $3,000,000 CDBG-DR loan from NCHFA as a component of the LIHTC application which would not impact available debt service or cashflow with 0% interest and deferred payments of 30 years.

The applicant has requested a 40-year $6,000,000 CDBG-DR loan from the City of Asheville with 0% interest and annual principal payments. The City's CDBG-DR guidelines indicate the annual loan payment would be calculated at 50% of cashflow, or 50% of remaining cashflow post deferred developer fee payment to ensure project feasibility.

The applicant has requested a $1,600,000 Rental Production Program (RPP) loan from NCHFA as a component of the LIHTC application. Projects awarded RPP loans must include HOME rent limits for a percentage of units and a 1.5% income escalation on those rents, which, all else equal, reduces the total annual rental income for the project. Although the RPP loan represents a cashflow loan, NCHFA guidelines limit the annual loan payment and that of local government lenders to a shared percentage of debt service after conventional annual loan payments (based on a 1.15 debt service coverage ratio).

The estimated LIHTC equity of $12,448,755 is based on credit pricing of $0.83, which is in line with the current market range of $0.83 - $0.85. In this project, each $.01 in tax credit represents roughly $149,985 in capital stack impact.

The applicant has identified a non-profit partner within their project structure, which indicates the opportunity to apply for property tax exemption as allowable in the AHSP Guidelines.

Deferred Developer Fee: The proforma includes a deferred developer fee of $744,661 (26%). A maximum of $1,440,000 (50%) is permitted under NCHFA LIHTC guidelines.

Proforma Analysis: Based on a 7% vacancy rate, 1.15 debt service coverage ratio, with RPP and local government loans paid under debt service, the project could increase the deferred development fee to $942,104 (32%) and reduce the AHSP request to $512,557. Representing 6% of the cashflow loans, the AHPS loan would receive $11,204 of the $205,023 in accrued interest over the 20-year loan term.

By leveraging the non-profit property tax exemption, the project could apply an estimated $108,720 of annual property tax payments to support an additional $1,283,043 in financing on the same terms indicated for the permanent loan. The increased debt would eliminate the need for AHSP funds and reduce the deferred developer fee to $211,618 (7%).

Community Development Block Grant - Disaster Recovery (CDBG-DR): The project budget assumes a $3,000,000 CDBG-DR award as a component of the 2026 LIHTC application. According to the 2026 QAP, projects that request but do not receive CDBG-DR funds may result in an ineligible LIHTC application due to an incomplete capital stack.

Affordable Housing Committee Consideration: Community Development Division staff, with the materials provided in the application, are not positioned to advise the Affordable Housing Subcommittee to recommend a loan award. Alternative assumptions at this stage in the project may result in a successful LIHTC application and a complete project without an AHSP funding commitment. The applicant could apply in a future round if the proforma were to change and a gap in funding is identified as the project moves forward.

PROJECT SUMMARY SHEET	Y/N
Project Description/Narrative	
Clearly affordable housing focused	Y
Aligns with all components of the application	Y
Aligns with all guidelines of the AHSP program	Y
Aligns with the selected strategic goal	Y
Aims to impact at least one Social Determinant of Health	Y
Designed to Serve Households with AMI	
<60%	Y
<50%	Y

<30%	Y
Designed to Serve	
General populous eligible for the program	Y
Individuals who are age 55 or older	N
Individuals with a disability	Y
Individuals who are BIPOC	Y
Individuals who are justice involved	N
Individuals who have vouchers	N
Individuals who are homeless	Y
Individuals who are referred by the Continuum of Care	Y
Individuals who have been affected by Helene	Y
Project Expenses	
Complete	Y
Reasonable	Y
Project Sources	
Complete	Y
Reasonable	Y
Includes leveraging additional investment (non-AHSP funds)	Y
Project Schedule	
Complete	Y
Reasonable	Y
Project Team	
Relevant experience and qualifications to complete the project	Y
Project History	
Indicates success in completing projects in the program category	Y
Applicant	
Has timely audits free of qualifications and findings which would adversely indicate ability to manage an AHSP allocation	Y
Shows a healthy financial position	Y
Includes a non-profit entity in the development organization	Y

CONSTRUCTION PROJECT ADDITIONAL SUMMARY INFO	Y/N
Project	
Preserves long-term affordability beyond the loan term	Y
Emphasizes quality design and construction	Y
Participates in an energy efficiency program	Y
Contains mixed unit types (affordable, workforce, market)	N
Contains mixed unit types (multifamily and single family)	N
Contains mixed unit types (units with varied number of bedroom (1,2,3+))	Y
Is geographically separated from other affordable housing projects	Y
Is coordinated with employment, services, and existing infrastructure	Y
Is located within 3/4 miles of a public transportation route	Y