FY27 AHSP Application Staff Summary: Taft Mills Group, LLC - Sweeten Grass Trace - New Construction Loan

153	$4,901	$1.00 : $57.18	≤60%	30 yr
Units to Be Constructed	AHSP Request Per Unit	Leverage Ratio AHSP $: Other $	AMI Target	Period of Affordability

$285,236	$308	1, 2, 3
Average Cost Per Unit	Average Cost per Unit Square Foot	Bedrooms per Unit

Project Description: Taft Mills Group, LLC submitted a **New Construction Units for Rent Multifamily Loan** application requesting **$750,000** to construct **Sweeten Grass 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 $43,641,112 Sweeten Grass Trace 153-unit construction project. The project will include 24 one-bedroom, 99 two-bedroom, and 30 three-bedroom units. All 153 units will be designated for households ≤60% AMI. 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 project is located at 105 99999 Airport Rd, Arden, NC 28704. The property is located within the City of Asheville zoning district that permits multifamily developments, would not require conditional permits, but the site has not been submitted for planning reviews.

The project made preliminary application for 4% Low Income Housing Tax Credits (LIHTC) from the North Carolina Housing Finance Agency (NCHFA). The project received the 67 of the available 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. Projects that do not receive the maximum site score are much less competitive and unlikely to be awarded tax credits.

Capital Stack: The capital stack includes:

Committed:

- $100 General Partner Equity

Requested:

- $12,718,080 in 4% LIHTC (Preliminary application submitted; estimate of $0.83 per tax credit)
- $11,350,000 CDBG-DR loan from North Carolina Housing Finance Agency (30 years at 0%, balloon payment at maturity)
- $11,100,000 permanent loan (30 years amortized over 40 years at 7%, annual principal and interest)

- $7,000,000 mezzanine loan from WNC Affordable Housing Loan Fund (15 years at 2.45%, interest only)
- $750,000 from Buncombe County FY 27 AHSP (20 years at 2%, cashflow loan with balloon payment at maturity)

Deferred Developer Fee:

- The project budget includes $3,672,000 in developer fees and indicates $722,932 (19%) will be deferred.

Requested Terms: 20-year term, at an interest rate of 2.00%, annual payment from cashflow with principal balloon.

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, Sweeten Grass Trace, LLC, as the borrower and development entity. Sweeten Grass Trace, LLC will also include a non-profit 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 proforma includes a 30-year permanent loan of $11,100,000 amortized over 40 years at interest rate of 7%, 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 which will be included in the project's debt service. The project will need to refinance by year 15 in order to address the principal balance due at maturity.

The applicant has requested an $11,350,000 CDBG-DR loan from NCHFA as a component of the LIHTC application which would not impact available cashflow with 0% interest and deferred payments for 30 years.

The estimated LIHTC equity of $12,718,080 is based on credit pricing of $0.83, which is within the current market range of $0.83 - $0.85. In this project, each $.01 in tax credit represents roughly $153,230 in capital stack impact.

The applicant has identified a non-profit entity within their partnership structure which allows for property tax exemption under the AHSP Guidelines.

Deferred Developer Fee: A maximum deferred developer fee of $1,836,000 (50%) is permitted under NCHFA LIHTC guidelines provided repayment can be accomplished within 15 years.

Proforma Analysis: At a 7% vacancy rate, the applicant could increase the deferred developer fee from $722,932 (19%) to $1,472,932 (40%) which could be repaid by year 15 and eliminate the need for the AHSP request.

By leveraging the non-profit property tax exemption, the project could apply an estimated $137,853 of annual property tax payments to support an additional $1,472,932 in financing on the same terms indicated for the permanent loan. The increased debt would eliminate the need for AHSP funds and the deferred developer fee.

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	
<80%	N
<60%	Y
<30%	N

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	N

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