



Organization Contact Information

Legal Name: Taft-Mills Group, LLC

Tax ID Number: 81-3018669

Date of Incorporation: June 14, 2016

Physical Address: 631 Dickinson Avenue
Greenville, NC 27834

Mailing Address: 631 Dickinson Avenue
Greenville, NC 27834

Organization's Website: www.taftmillsgroup.com

Developer's Name: Taft-Mills Group, LLC

Telephone Number: 252-916-2691

E-Mail: dustin@taftmillsgroup.com

Project Name: Tanyard Branch Trace, LLC
110 Jay Street
Chapel Hill, NC 27516

Funding RequestProject Name: Tanyard Branch Trace, LLC

Total Number of Units Included in Funding Request: 48

Total Project Cost: \$15,818,583Total Amount of Funds Requested: \$1,950,000Please specify the **type** and **amount** of funding requested:☐ Affordable Housing Bond: \$_____☐ Grant☐ Loan☐ Affordable Housing Fund: \$_____☐ Grant☐ Loan☐ Affordable Housing Development Reserve: \$_____☐

Grant

☐

Loan

☒ American Rescue Plan Act \$1,950,000

Grant

☒ Loan****New this year.** If you are NOT requesting a loan, please describe your reasoning: N/A

Note: the Town will analyze project financials to determine the project's ability to support a loan, regardless of the type of funding requested. Staff will use the project's Debt Coverage Ratio as the key tool in determining the project's recommended funding structure.


Loan Terms Requested, if applicable, (provide a concise description, including interest rate, term length, amortization schedule): 0% Interest, no payments until maturity, 30-year term, balloon payment at maturity.

Proposed Use of Funds Requested (*provide a concise description, not to exceed 100 words*): The requested funding will be utilized as a supplemental source of "gap" financing to be coupled with Low-Income Housing Tax Credit Equity, NCHFA-awarded Rental Production Program ("RPP") funds and conventional debt to serve as the permanent financing for the proposed development. A conventional construction loan, coupled with the aforementioned sources, will be used to fund associated costs during the construction phase. The proposed development will provide much-needed affordable housing in Chapel Hill and represents a +\$15.8mm investment in the community.

1. Type of Activity. Please check the category under which your project falls.

- ☐ Acquisition
- ☐ Predevelopment activities
- ☐ Infrastructure/site improvements
- ☐ New construction for homeownership
- ☒ New construction for rental housing
- ☐ New construction of emergency shelter
- ☐ New construction of transitional/supportive housing
- ☐ Rental housing subsidy
- ☐ Homeownership assistance
- ☐ Owner-occupied rehabilitation
- ☐ Rental rehabilitation
- ☐ Other (*specify*): _____

To the best of my knowledge and belief all information and data in this application is true and current. The document has been duly authorized by the governing board of the applicant.

Signature: 

President / Owner / Developer

March 24, 2023

Date

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST AND NON DISCRIMINATION CLAUSE

Are any of the Board Members or employees of the organization which will be carrying out this project, or members of their immediate families, or their business associates:

YES **NO**

- ☐ ☒ a) Employees of or closely related to employees of the Town of Chapel Hill?
- ☐ ☒ b) Members of or closely related to members of the governing bodies of the Town of Chapel Hill?
- ☐ ☒ c) Current beneficiaries of the program for which funds are being requested?
- ☐ ☒ d) Paid providers of goods or services to the program or having other financial interest in the program?

If you have answered YES to any question, **please provide a full explanation below.**

NON-DISCRIMINATION

Provider agrees as part of consideration of the granting of funds by funding agencies to the parties hereto for themselves, their agents, officials, employees and servants agree not to discriminate in any manner of these basis of race, color, gender, national origin, age, handicap, religion, sexual orientation, gender identity/expression, familial status or veterans status with reference to any activities carried out by the grantee, no matter how remote.

To the best of my knowledge and belief all of the above information is true and current. I acknowledge and understand that the existence of a potential conflict of interest does not necessarily make the program ineligible for funding, but the existence of an undisclosed conflict may result in the termination of any grant awarded.

Signature: _____



President / Owner / Developer

March 24, 2023 _____

Date

ORGANIZATION INFORMATION

- 1. Organization Mission** (*no more than a few sentences*): Taft-Mills Group, LLC is a Greenville, NC-based developer of affordable housing communities throughout a multi-state footprint. Our firm's primary objective is to develop high-quality communities that provide well located, safe and affordable housing through the use of the Low-Income Housing Tax Credit Program ("LIHTC"). We strive to be the preeminent developer of affordable housing in the Southeast.
- 2. Organization Staff:** Please provide names of staff, contractors, and/or volunteers that will be involved with the project. Describe their responsibilities with the project and track record in successful completion of similar projects in the past.

Dustin Mills, President of Taft-Mills Group, will serve as the primary point of contact for the proposed Tanyard Branch Trace development. Mr. Mills is a 27+ veteran of the affordable housing industry and has completed more than 4,500 affordable units exceeding \$850mm in total development costs.

Tristan Williams, Assistant Vice President of Taft-Mills Group, will oversee the process leading up to the proposed development's initial closing. In addition, Ms. Williams plays an integral role in overseeing project management during construction and as the development transitions into normal operations.

Jonathan LaCorte, Owner and Lead Architect with Consolidated Design Group, will serve as the architect of record for the proposed development. Mr. LaCorte has more than 25 years of experience in designing affordable housing communities and will serve as the Owner's Representative on all architectural and construction related matters.

Various other members of the TMG team will be involved in the development as needed.

of FTE – Full-Time TMG Paid Positions: 9

of FTE Part-Time (less than 40 hours/wk) Paid Positions: -0-

- 3. Agency Track Record:** Briefly describe three relevant and substantially similar affordable housing development or preservation projects completed by the organization in the last 10 years (preferably 5 years). The project description should include:
- Location
 - Scope and scale of project
 - Total development budget and financing sources
 - Indication of whether the projects were completed on budget and on time. If not completed on budget and on time, please describe why.
 - Photos/illustrations of completed project.

[For our response to this section, please see Exhibit A]

For all projects for which you have received Town funding within the last 5 years, please provide the information below.

Project Name	Project Type	Amount of Funding Approved	Is the Project Completed? (Yes/No)	Was the project completed on schedule and within budget? If not, why?
N/A	N/A	N/A	N/A	N/A

***Add rows as needed to reflect additional projects that have received Town funding within the last 5 years.**

PROJECT INFORMATION

- 4. Project Description:** Please provide a general overview of your project, including what you are planning to produce and how you are planning to carry out the project. *(in 100 words or less).*

Nestled within an established residential area, the Tanyard Branch Trace site is ideally located adjacent to a public greenway and is less than a ten-minute walk to Chapel Hill's Franklin Street. Residents will benefit from the development's close proximity to a grocery store, restaurants, other retail services and easy access to public transportation. The development represents a +\$15.8mm investment in the community that will provide 48 units geared toward residents making 60% or less of Orange County's Area Median Income ("AMI").

- 5. Affordability Term.** Is the proposed project permanently affordable *(99 year affordability term)*?

☒ Yes

☐ No

If no, what is the affordability term of the proposed project?

The Low-Income Housing Tax Credit Program requires 30 years of affordability (the "Compliance Period"), but the land lease we have entered into with the Town of Chapel Hills requires that this development remain affordable for the entire 99-year term.

Briefly describe any methods to ensure long-term affordability of housing units, including subsidy recapture, equity sharing, and deed restrictions.

The LIHTC program requires that deed restrictions be recorded specific to the thirty-year Compliance Period. All related legal documents will reference the aforementioned compliance period as well and can trigger recapture, a significant penalty to the developer owner, if these conditions are not maintained. In addition, and as referenced above, the Land Lease with the Town of Chapel Hill specifically stipulates that the proposed development must remain affordable for the life of the Land Lease.

6. **Leverage:** How much funding is committed at the time of submission of this application? \$ 0. What percentage of funding for the proposed project would be leveraged from sources other than the Town? 88% *(Please provide documentation of how you calculated leverage as well as funding commitment letters if applicable).*

In January of this year, the proposed development submitted a Preliminary Application seeking an allocation of Low-Income Housing Tax Credits ("LIHTC"). In May, we anticipate submitting our Final Application to NCHFA and we hope to hear back regarding funding in August. As part of our Final Application, we anticipate having Letters of Interest from firms interested in providing the equity for the proposed development through the purchase of the LIHTC allocation. In addition, we anticipate having a Conditional Commitment for Permanent Financing. Both debt and equity documents can be provided to the Town of Chapel Hill once the Final Application has been submitted.

The requested Town of Chapel Hill funding represents approximately 12% of the Total Development Cost (\$1,950,000 divided by the anticipated \$15.8mm TDC). The proposed development will identify and secure 88% of the needed funding from sources other than that which may be provided by the Town of Chapel Hill (TDC less the amount we have requested from the Town of Chapel Hill).

7. Project Profile

Insert project information below

Location <i>(insert address if available)</i>	110 Jay Street, Chapel Hill, NC 27516				
Size <i>(insert acreage of development site)</i>	7.61 acres				
Total Number of Units					
	# of Total Housing Units	# of Bathrooms	Square Footage	Proposed Rent or Sale Price Per Unit	Projected Cost Per Unit Including Utilities
30% - One-bedroom	4	1	801	450	530
50% - One-bedroom	1	1	801	795	875
60% - One-bedroom	4	1	801	975	1055
30% - Two-bedroom	4	2	1036	540	635
50% - Two-bedroom	3	2	1036	965	1060
60% - Two-bedroom	20	2	1036	1180	1275
30% - Three-bedroom	4	2	1169	630	732
50% - Three-bedroom	4	2	1169	1095	1197
60% - Three-bedroom	4	2	1169	1295	1397
Area Median Income Served <i>(insert # of units by AMI)</i>					
<30%	12				
31-60%	36				
61-80%					
81-100%					
>100%					
Target Population <i>(check all that apply)</i>					
Families	<input checked="" type="checkbox"/> All 48 units will be targeted to families who make 60% or less of CH's Area Median Income				
Older Adults (Age 55+)					
Disabled					
Homeless					
Veterans					
Other <i>(specify)</i>					
ADA Accessibility <i>(insert # of total units)</i>	6				
Total Development Cost Per Unit	\$329,553				
Per Unit Subsidy	\$40,625/ unit				
Debt Coverage Ratio (DCR)	Lowest DCR <u>1.15</u> Highest DCR <u>1.35</u>				
Town Planning Approvals Received <i>(as of the date of application)</i>	<input checked="" type="checkbox"/> Yes – Zoning Approval has been approved. <input type="checkbox"/> No NA				

8. **Energy Efficiency:** Will the proposed project meet the standards and requirements of [Energy Star 3.0](#) or standards outlined in the latest [NCHFA QAP](#) as verified by an independent, third party expert?

☒ Yes
☐ No

If not, please briefly describe all the energy efficiency features included in the proposed project:

The project will be built to the current Energy Star multifamily standards helping to reduce immediate climate change impacts by minimizing resource usage as well as providing sustainable resiliency for the future. Exterior envelope insulation is increased beyond what is required by the building code, thus reducing the effects of heatwaves and minimizing heat loss during cooler temperatures. High efficiency windows with double panes assist in energy savings as well.

9. **Universal Design:** Please briefly describe the universal design features included in the proposed project:

Our architect, Consolidated Design Group, is charged with ensuring that universal design features are implemented into the overall design of the proposed development. Moving forward, assuming the development is able to secure a LIHTC allocation, CDC will be better positioned to respond with a detailed list of universal design features. We will provide that detail with staff as it becomes available.

10. Social Equity

- a. The Town encourages projects not to discriminate based on a tenant's income source. Is your project subject to any policies that restrict any external funding sources for rent, security deposits, and/or other tenant costs (e.g., Emergency Housing Assistance, Housing Choice Vouchers, Rapid Re-Housing, family contributions, etc.)? If yes, please explain what will not be accepted and why.

The proposed development will adhere to all Federal and State Fair Housing laws. In addition, the community will be bound by LIHTC program guidelines and will rely on our property manager to ensure all residents are treated equally as it pertains to evaluating each applicant for residency. For your reference, a Sample Resident Selection Plan is included with this response.

- i. Will the project accept all types of housing vouchers (i.e., HCV, EHV, RRH, PSH, etc.)? If not, which type(s) of housing voucher do you not accept and why?

Yes, all housing vouchers allowed under the LIHTC program guidelines will be accepted.

- b. Please describe how you have involved the intended beneficiaries of the proposed project in the planning and design process (*in 100 words or less*).

TMG has previously worked with residents to seek feedback in a focus group format to better understand the needs of future residents. The communities we develop today benefit from that feedback and it is our goal to continue this effort moving forward. Specific to Jay Street (Tanyard Branch Trace), we have worked closely with our development partner, Community Home Trust, to engage with residents of the community to both earn their support of the proposed development as well as to seek their feedback on what type of community will best serve future residents.

- c. How has your organization incorporated racial equity goals into your organizational goals?

organization by incorporating racial equity and inclusion at every stage of the work cycle. Corporately, we have implemented a seven-stage action plan that promotes diversity and inclusion through the provision of a clear framework for undertaking this important work. We use this process, coupled with resources already created by subject matter experts, to actively and consistently seek positive change in our company.

d. Please fill in the below questions and provide any additional context on the racial composition of the organization and board leadership:

- i. % of staff that are people of color: 17.5%
- ii. % of board that are people of color: Not Applicable
- iii. % of staff that have attended racial equity training: 72%

e. Please describe any additional activities your organization is doing to address racial equity.

The principal owner of TFV participates in a mentoring program for under-privileged children and our corporate office staff participates in an annual “Day of Service” where we volunteer our time to serve a selected community-focused non-profit organization.

ATTACHMENTS

Description of Required Attachments

1. Financial Audit

- a. Please include your organization's most recent financial audit. For organizations with prior year revenues totaling \$500,000 or more a financial audit, prepared by a certified public accountant is required. Agencies with prior year revenues of less than \$500,000 may submit a completed [Schedule of Receipts and Expenditures](#) form (see application materials), in lieu of an audit/report. Agencies with a certified audit/report do not need to complete the form.

2. Organization Budget

- a. Please submit an organizational budget. Among other relevant revenue and expenditure information, please include line items on any government grants or loans by jurisdiction. If your organization has run a deficit, please include that information here.

3. Project Financials

- a. Please submit the following information about the project in a Microsoft Excel document or similar format, as relevant:
 - Project Budget/Development Costs
 - Sources and Uses
 - Operating pro forma (rental projects):
 - must show 20+ year cash flow projections that includes documentation of key operating assumptions, estimated rental income, operating expenses, net operating income, and any anticipated debt service, including a separate line item for any debt service (principal and/or interest) associated with Town loans requested as part of this application. Pro forma should project expenses far enough out to show when debt service ends (i.e., more than 20 years if necessary). Applicants may use the attached template or a similar version of their own.
 - Rental Income Breakdown: must show rent and utilities by bedroom size and AMI level, using the attached template or something similar.
 - Housing Affordability and Sale Proceeds (homeownership projects): must show sales price by bedroom size and AMI level and mortgage sources and amounts, using the attached template or something similar. If the applicant is the lender, also include the mortgage amortization schedule.

4. Articles of Incorporation See Exhibit B for Taft-Mills Group, LLC and after the official award and formation of Tanyard Branch Trace, LLC, those Articles of Incorporation can be provided.

5. List of Board of Directors

- a. Provide the following information about each board of director's member: name, occupation or affiliation of each member, officer positions, gender, race/ethnicity.

See Exhibit C - The Organizational Chart for the proposed development, Tanyard Branch Trace, LLC, will also reflect the member/managers of Taft-Mills Group, LLC and Community Home Trust.

6. Project Information

- a. For all projects, please submit a detailed timeline showing when each work task will be completed over the duration of the project. Please include when you plan to expend the

Town’s funding for the project. For ARPA funding applications, project funding must be expended by 12/31/26.

Current Anticipated Timeline for the Tanyard Branch Trace development:

May 2023	Submit Final LIHTC Application
August 2023	NCHFA Awards LIHTC Allocation
November 2023-March 2024	Finalize Civil and Construction Drawings
March2024-August 2024	Permitting Process
September 2024	Finalize Construction Contract & Funding documents
November 2024	Financial Closing, Notice to Proceed, Construction Commencement
June-December 2026	Lease-up

In regards to timing of the requested funds, it is preferred that supplemental funding come into the capital structure as part of the initial closing process. As a result, we anticipate requesting the funds in November of 2024 (or sooner if the municipal approval and financial processes allow) and will have utilized the funds well in advance of 12/31/26.

- b. Please submit the rental income policy that will be used for the project

Please see included as a separate attachment the Resident Selection Plan.

- c. Please submit the background check policy that will be used to screen potential tenants

Please see included as a separate attachment the Resident Selection Plan.

- d. For development and renovation projects, please submit the following:
 - Site map showing lot boundaries, locations of structure(s), and other site features
 - General location map (at least ½ mile radius)
 - Floor plan(s)
 - Elevation(s)
 - Property Appraisal
 - Evidence of zoning compliance
 - Map showing proximity to bus stops, grocery store, schools and other amenities (including distance in miles from project site and amenities)

[All items listed above are included on the pages following the Exhibits]

Non-Profit Corporations:

1. IRS Federal Form 990 [Not Applicable]

A copy of the organization's most recent Form 990 is required for nonprofit applicants. The specific form depends upon the organization's financial activity. Review the IRS' table guide, for more details. For Form 990-N (e-postcard) filers, include a copy of the postcard, with the organization's application materials.

2. NC Solicitation License [Not Applicable]

A copy of the organization's current solicitation license is required. Organizations that solicit contributions in North Carolina, directly or through a third party, must renew their licenses annually. For more details, refer to the NC Secretary of State's licensing website and its Frequently Asked Questions Guide (PDF), about exemptions. If exempt per N.C.G.S. § 131F-3, include a copy of the exemption letter with the organization's application materials.

3. IRS Federal Tax-Exemption Letter [Not Applicable]

A copy of the organization's current IRS tax-exempt letter that confirms its nonprofit status is required. An organization can request a copy of its letter from the [IRS' Customer Account Services](#).

For-Profit Corporations:

1. Tax Returns

- a. Most recent two years of corporate tax returns.

Financials can be emailed directly (password protected) and the password provided via phone follow-up.

2. YTD Profit and Loss Statement and Balance Sheet

P&L can be emailed directly and not included as part of this submission.

3. Tax Returns

- a. Most recent two years personal tax returns and financial statements for all persons who have more than 19.9% ownership interest in the organization

Waiver granted from Emily Holt in an email dated 3/2/2023.

4. References

- a. Two business references with name, address, and telephone number

Greg Mayo, Vice President, Acquisitions & Risk Management

CAHEC

7700 Falls of Neuse Road, Suite 200

Raleigh, NC 27615

gmayo@CAHEC.com

919-788-1810

Scott Farmer, Executive Director

North Carolina Housing Finance Agency

3508 Bush Street

Raleigh, NC 27609

bsfarmer@nchfa.com

919-877-5700

5. **Signed “Authorization to Release Information”** for each person who has more than 19.9% ownership interest in the organization.

Not included per correspondence with Emily Holt on 3-21-23

6. Completed W-9 Form

See Exhibit D



EXHIBIT A- Agency Track Record

Crenshaw Trace, Wake-Forest, N.C.

- Crenshaw Trace is a 9% LIHTC, 68-Unit Senior Housing development located at 987 Durham Road, Wake-Forest, N.C.
- Total development budget of \$12.2MM and financing sources to consist of Permanent Debt, RPP Funding, WHLP Funding, Wake County Funds and Federal LIHTC Equity.
- Project was completed on time and within the allocated budget.





Quarry Trace, Raleigh, N.C.

- Quarry Trace is a 9% LIHTC, 96-Unit Family Housing development located at 3700 Quarry Trace Drive, Raleigh, N.C.
- Total development budget of \$13.5MM and financing sources to consist of Permanent Debt, ISHP Funding, and Federal LIHTC Equity.
- Project was completed on time and within the allocated budget.





Wakefield Commons, Raleigh, N.C

- Wakefield Commons is a 9% LIHTC, 80-Unit Family Housing development located at 10821 Alto Lane, Raleigh, N.C.
- Total development budget of \$10.8MM and financing sources to consist of Permanent Debt, City of Raleigh Funding, and Federal LIHTC Equity.
- Project was completed on time and within the allocated budget.

