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Low-Income Housing Tax Credits *Issue*

Filling the Gap: Financing Strategies in the Era of the Lower 25% PAB Test
P. 4

The Early Effects of the 25% Financed-By Test: Policy Updates, Development Activity and Cautious Optimism
P. 17

NAHASDA Reauthorization Will Continue LIHTC Momentum on Native Lands
P. 20

Insights On Affordable Housing, Community Development, Historic Preservation, Renewable Energy and Opportunity Zones

HTCs Help Preserve Historic Cotton Mill in Elizabeth City, North Carolina

MARK O'MEARA, SENIOR COPY EDITOR, NOVOGRADAC

A cotton mill and warehouse in Elizabeth City, North Carolina, that operated for more than a century is receiving new life thanks to federal historic tax credits (HTCs) and North Carolina Mill Rehabilitation Tax Credits.

Miller & Associates purchased the property in November 2024 and is converting it into 112 market-rate apartments. The 76,000-square-foot cotton mill (built in 1896) and the adjacent 24,000-square-foot warehouse building (built in 1906) will house a mix of studio, one-bedroom and two-bedroom apartments. The development is named Overton Lofts.

"We focus on workforce housing. Our goal is to deliver high-quality, new apartments that provide housing options to the local workforce at reasonable rents. Our team is passionate about preserving historic buildings as well. We consider it a win-win to restore blighted landmark properties into new housing inventory for the local community," said Jesse White, partner at Miller & Associates. "This area is short on workforce housing. Our one-bedroom, market-rate apartments, offered at reasonable rates, are a missing piece of the rental market."

The Overton Lofts will feature ample amenities, including an outdoor patio with barbecues and picnic tables; a retention pond; Amazon parcel lockers; a fitness center; 4 acres of walkable grounds; and two large common areas with seating for residents. Apartment interiors and the common areas are being decorated by Darlene Tuttle of Sanctuary Design Co., an Elizabeth City-based company.

Image courtesy of: Miller & Associates
The Overton Lofts will provide 112 market-rate apartments in a rehabilitated historic cotton mill in Elizabeth City, North Carolina.

The first 69 apartments will come online this month and the remaining 43 apartments will be available to rent in June.

Kylie Kulinski, associate vice president, real estate investments at Foss & Company, was impressed with the experience and professionalism of the development team. "Miller & Associates has a very impressive portfolio, a great reputation and track record, and they deliver a great product," said Kulinski. Foss & Company was the syndicator for the federal HTCs and the North Carolina Mill Rehabilitation Tax Credits.

This isn't Foss & Company's first investment in Elizabeth City. The company also invested in Betsy Town Flats, which involved converting the former Elizabeth City High School into an apartment complex, just 2 miles from Overton Lofts.

"That project has performed extremely well since opening as it has averaged right around 100% occupancy for the last two and a half years," said Eric Brubaker, partner and managing director of Foss & Company. "Betsy Town Flats gave us a lot of confidence that Overton Lofts would be successful. So, when we paired that performance with the extremely impressive long-term track record [Miller & Associates] has had on historic rehabilitation projects the past 25-plus years, it was a no brainer for us to want to be involved on this transformative project."

"There is so much demand for multifamily housing units in this area," said Kulinski.

Honoring Elizabeth City Heritage

The Overton Lofts was named after its original builder: Elisha Overton, who was a prominent African American builder in Elizabeth City in the late 1800s.

"Overton & Sons general contracting company built a lot of the most prominent Elizabeth City buildings, like this cotton mill," said White. "We are builders ourselves, so we wanted to pay homage to the original builder."

The one-story mill building has a brick exterior and a 20-foot-tall ceiling.

"What appealed to me was that the mill is in a great location on 8 acres," said Robin Miller, principal at Miller & Associates. "The windows are huge. They were covered with brick [when we purchased the property], but when we removed the brick, most of the windows were still intact. Once we removed the brick, the building was flooded with light."

Preserving the windows was a major point of emphasis to receive HTCs. White said the cotton mill has huge windows, roughly 14 feet tall and 5 feet wide.

Image courtesy of: Miller & Associates
The Overton Lofts rehabilitation was financed with federal historic tax credit and North Carolina Mill Rehabilitation Tax Credit equity.

"The number one historic feature is the windows," said White. "The original windows date back to 1896. … We restored 90% of the historic windows and had to replace the rest."

The windows weren't the only historic element being preserved. "We preserved the volume of the structure which was a very common structure for cotton mills at the time," said Miller. He added that the brick exterior and the building's masonry work were also restored.

The cotton mill was a staple in the community for a century.

"This building operated as a cotton mill for nearly 100 years. It's an example of a classic American textile mill becoming obsolete over time," said White. "It has been vacant since the early 2000s."

White said that everyone in town has a story of the mill as they either worked there themselves or they know somebody who did. "This was a blighted building, a symbol of better times for the community," said White. "[Now,] the cotton mill's restoration is a symbol of the city's ongoing revitalization."

The Magnitude of Multiple Tax Credits

Foss & Company provided $4 million in federal HTC equity and $9 million in North Carolina Mill

Rehabilitation Tax Credit equity. "The state program is pretty popular. A lot of our North Carolina deals have used it," said Kulinski. "It's a 40% credit, which is much larger than the 20% federal credit."

Atlantic Union Bank provided a $21.5 million construction loan, which will be paid down to a $12 million bridge loan and Miller & Associates provided owner equity. The project has also been registered as a local historic landmark, which allows for a 50% annual real estate tax deferral.

"Overton Lofts was eligible for the North Carolina Historic Landmark Tax Deferral Program," said White. "This program moves the needle a lot for these types of developments."

Once Miller & Associates develops in a community, the company is in it for the long haul.

"This is a quote that Robin Miller always says, 'We like to build them and then hold them until we die,'" said White. "This long-term-hold strategy translates to high quality construction and thoughtful development that gives Miller & Associates the reputation of being good neighbors." ❖

OVERTON LOFTS

FINANCING

- $21.5 million construction loan that will be paid down to a $12 million bridge loan from Atlantic Union Bank
- $9 million in North Carolina Mill Rehabilitation Tax Credit equity from Foss & Company
- $4 million in federal historic tax credit equity from Foss & Company
- Owner equity from Miller & Associates

Continued from page 61

Conclusion: Complicated, but Worthwhile Twinning

Relying on the paired incentives of federal HTCs and LIHTCs is not without complications; indeed, it requires careful monitoring of development timelines, approvals and equity delivery schedules. HTCs are tied to qualified rehabilitation expenditures and adherence to preservation standards, while LIHTCs depend on allocation cycles and the income and rent restrictions. Aligning these frameworks depends on careful sequencing, deep familiarity with both incentives and—in the case of Gorman and the CMHA—a strong and trusted partnership.

Even with these complications, the Cincinnati case studies prove that twinning the credits can actually be a flexible endeavor. The San Marco, the Riverview and Winton Terrace span nearly a half-century of architectural history and represent three fundamentally different housing models: a dense mixed-use masonry landmark, a vertical urban tower and a sprawling garden apartment-style campus. The fact that all three could successfully take advantage of RAD conversions and twinned incentives demonstrates that the pairing of federal HTCs and LIHTCs is not confined to a single building type, era or scale. As Cincinnati proves, preservation incentives and affordable housing tools can work in tandem across diverse building types and neighborhoods to deliver meaningful and lasting reinvestment in public housing.

Cindy Hamilton is president of Heritage Consulting Group.