

Harmony Housing Affordable Development Inc.
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North Carolina Housing Finance Agency
Attn: Scott Farmer, Sandy Harris, Tara Hall
3508 Bush Street
Raleigh, NC 27609

September 23, 2025

RE: 2026 Draft QAP Comments

Dear Scott, Sandy, and Tara:

Below, please find our suggestions and comments to NCHFA's upcoming QAP. Thank you in advance for your time and consideration.

IV.F.5(b) Olmstead Settlement Initiative

HHAD echoes the comments provided by Mills Construction on August 25, 2025, regarding the disproportionate percentage of awards DHHS priority counties are given. We encourage NCHFA to discuss with DHHS if the goals of the settlement have been achieved and if this scoring system is "an equitable tool to produce housing in the many communities with high volumes of cost burdened rental households." Appendix L as the first tiebreaker will distribute awards more equitably to North Carolinians in the highest burdened areas of our state, instead of effectively providing a bonus point to 19 counties in 2026 and only 13 counties after the 2026 award cycle.

VI.B.7(a) Developer Fees

NCHFA has incrementally increased developer fees for new construction developments annually for several years, enabling developers the opportunity to defer more fee to help fund financing gaps. However, NCHFA has not increased the 28.5% of PDC line 4 developer fee calculation for rehabilitation developments since 2020. While construction prices have risen and helped increase this fee over the past 5 years, rehab developer fees are typically ~\$10,000/unit lower than new construction developer fees. While it is important to continue to increase the supply of affordable housing across the state by incentivizing new construction, it is equally as important to incentivize the preservation of affordable housing units at or beyond year 15. NCHFA could look at increasing the fee above 28.5% of PDC line 4 or including other line items from the PDC chart (such as GC fees and contingency) in the calculation of developer fee.

II(C) USDA Rural Development

Section II(C) reserves up to \$750,000 for one rehabilitation project with existing RD 515 financing and PBRA on at least 50% of the units. While this is an important acknowledgment of the value of preserving USDA housing, limiting the set-aside to a single project does not reflect the scale of need across North Carolina. Hundreds of RD 515 properties are aging and require major rehabilitation financing to remain viable. These projects often face additional costs and delays due to USDA approval processes, and the depth of rehabilitation required. NCHFA could consider expanding the set-aside to allow more than one RD rehabilitation project annually to ensure these critical rural properties can continue to provide affordable housing for decades to come.

Sincerely,

A handwritten signature in cursive script that reads "Paul Marfione".

Paul Marfione
Harmony Housing Affordable Development Inc
Vice President of Business Development