BLUE RIDGE ATLANTIC
community – development

SRI SHELTER RESOURCES, INC.

October 9, 2025

Attn: Tara Hall
North Carolina Housing Finance Corporation
3508 Bush St
Raleigh, NC 27609

Ms. Hall,

We appreciate the opportunity to provide comments on the upcoming 2026 QAP. Please accept the comments below as our suggestions for modification which will result in the production of more housing.

1. We strongly urge the Agency to reevaluate the Total Replacement Cost limit of $280,000 per unit. The Agency already has funding parameters, and it should be the responsibility of the developer to solve the funding gaps as needed in high-cost markets. Moreover, developing in larger municipalities, this limit is simply not feasible. Factors below contribute to this:

- Increased cost of land of suitable sites within City limits throughout North Carolina, chosen because their locations lead to desirable housing and long-term stable projects.

- Increased cost of financing as the Federal Reserve increases rates. Borrowing rates have tripled for some institutions.

- Increase in construction costs in the wake of COVID-19. While costs have stabilized and may have come down slightly, this is the new norm.
    - This may be compounded with the potential of future tariff impacts on materials.

- Increase in construction costs as we collectively commit to expanding sustainability requirements.

- Increased permitting costs in larger municipalities. For example, a 200-unit project in the City of Raleigh includes permitting costs in excess of $500,000.

  We recommend high-cost markets be considered as the following: Raleigh, Charlotte, Wilmington, the Triad, and Asheville. In such markets the Total Replacement Cost limit should be set at $350,000. However, there should also be a waiver process for certain special situations.

2. We recommend the Agency raise the Total Developer Fee limit to 15% of Total Development Cost. Considering the reduction in the 50% test, this developer fee structure would encourage more housing to be constructed by providing the opportunity for developers to generate more equity by deferring additional fee.

3. We recommend the Agency remove the parking requirements from the 2026 QAP altogether. It is better suited to leave parking requirements under the supervision of the various jurisdictions. Each development has specific needs based on its precise location, and jurisdictions have set parking parameters in line with their comprehensive planning. For example, a project located along a major transit line should not be held to the same requirements as one in a rural market.

We thank you for the opportunity to share feedback on the newly drafted Qualified Allocation Plan. Should you have any further question related to our suggestions we can be reached at 910-940-8001 or chris.e@blueridgeatlantic.com.

Sincerely,

Chris Eisenzimmer
President