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October 8, 2025

Tara Hall,
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

Re: Comments on the First Draft of the 2026 Qualified Allocation Plan

Dear Ms. Hall,

On behalf of [NBHA/City of New Bern], I would like to take the opportunity to thank you and your team for your continued leadership in the creation and preservation of affordable housing across North Carolina. The North Carolina Housing Finance Agency ("NCHFA", "the Agency") plays a critical role in helping communities meet the growing demand for quality, affordable housing, and we appreciate the transparency and engagement the Agency fosters through the Qualified Allocation Plan ("QAP") process.

Like many municipalities across our state, New Bern is facing a significant shortage of affordable housing – a challenge that became especially acute after Hurricane Florence damaged scores of units in 2018. Our city's long-term housing recovery is ongoing with major initiatives such as the planned redevelopment of Trent Court, a public housing complex where approximately half of the residential buildings sustained major damage from Hurricane Florence. We aim to rebuild the housing supply in a sustainable and disaster-resilient way. NCHFA remains a vital partner in this effort, and I appreciate its continued commitment to delivering high-quality housing for New Bern residents at all income levels.

I am writing to offer comments on the first draft of the 2026 QAP. While we are encouraged by several of the proposed updates, we respectfully suggest the following changes to better support the development and preservation of attainable housing in this challenging financing environment:

1. Incentives for Public Housing Redevelopment and Layered Financing

We encourage NCHFA to award points or provide other incentives for developments that involve the redevelopment of public housing or combine multiple financing sources that minimize the requested amount of Low-Income Housing Tax Credits ("LIHTCs"). Public housing redevelopments and stand-alone projects such as historic adaptive reuse developments (that combine LIHTCs with historic tax credits) are often more complex but provide substantial long-term community benefit. Supporting these initiatives through the QAP scoring process would elevate innovative projects that provide deep affordability and address the state's most pressing housing needs.

2. Parking Ratio Requirement – Request to Eliminate the 1.75 Spaces per Unit Standard for Family Projects and the 1.00 Spaces per Unit Standard for Senior Projects

We respectfully request that NCHFA remove the minimum parking requirements from the QAP. While we appreciate the availability of a waiver, the baseline parking requirements is difficult to universally apply so can hinder projects in downtown areas where a high parking ratio is unnecessary and cost prohibitive. Eliminating the standard would better align with local planning objectives and reduce development costs.

3. Proposed \$280,000 Total Replacement Cost ("TRC") Cap – Request for Cap Increase and Waiver

While we appreciate and support NCHFA's efforts to contain costs, we find the proposed TRC cap of \$280,000 per unit, which we understand to be synonymous with total development cost, does not adequately reflect the realities of current construction, labor, and financing markets, especially in smaller municipalities such as New Bern. Moreover, if left unchanged in the final QAP, we are concerned that such a low TRC cap would push developers to artificially lower the costs they present in their LIHTC applications, resulting in a need for more time and resources to close actual financing gaps. Rather than implementing a blanket cap, we suggest adopting a higher threshold that reflects actual market data and that varies depending on the project type (i.e., new construction or rehabilitation/renovation). Furthermore, we recommend implementing a waiver or exclusion process, which would allow certain costs – such as off-site infrastructure, environmental remediation, or extraordinary site work – to be excluded from the TRC calculation upon NCHFA's approval. This approach would provide greater flexibility without compromising cost containment goals.

4. Developer Fee Increase – Support and Recommendation for Further Adjustment

We applaud NCHFA for increasing the allowable developer fee to \$24,000 per unit in the first 2026 QAP draft. This change is an important recognition of the rising costs, greater complexity, and elevated risks developers and their local public partners face in bringing affordable housing projects to fruition today. Importantly, it also supports local governments' efforts to deliver high-quality, attainable apartments in their jurisdictions by partnering with the most experienced of affordable housing developers. We respectfully urge the Agency to consider raising the fee further to \$30,000 per unit. This would more adequately reflect the market conditions and the increasing difficulty in closing deals. Moreover, because the developer fee is eligible for inclusion in the LIHTC basis, a higher developer fee cap would incrementally increase the LIHTC equity a project can source, which would partially offset high construction costs and reduce financing gaps.

We thank NCHFA again for its dedication to advancing affordable housing throughout North Carolina and for the opportunity to comment on the first draft of the 2026 QAP. We hope these recommendations are helpful in refining the QAP to ensure it continues to support impactful and feasible developments.

Please do not hesitate to contact me if I can provide any additional input or clarification.

Sincerely,



Reginal Barner
Executive Director