



Via email

October 10, 2025

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

Attn: Ms. Tara Hall

Re: 2026 Qualified Allocation Plan

The City of Raleigh would like to thank the North Carolina Housing Finance Agency for their dedication to providing safe and affordable housing to residents across the state. We share your mission and strive to ensure all members of the Raleigh community have an affordable place to call home.

After reviewing the 2026 draft of the Qualified Allocation Plan, we ask you to consider our comments and suggestions below.

IV.C.1.(b) Total Replacement Costs must not exceed \$280,000 per unit.

The City of Raleigh understands the desire to ensure limited public resources are allocated responsibly and effectively. While we do not oppose implementing a cap on total replacement costs, which we are interpreting to mean total development costs, we would recommend an increase in the proposed cap and clarification of the language. We encourage the Agency to consider both rural and urban communities when determining the maximum development cost. In Raleigh, the availability of larger parcels suitable for traditional suburban style projects with lower development costs is rapidly declining. Additionally, the City of Raleigh encourages affordable housing development in the downtown core to ensure equitable access to opportunities and amenities. However, the higher land costs and more expensive construction typologies necessitated by those higher land costs increase the total development costs for urban developments.

The City of Raleigh reviewed tax credit projects that have received City Council approval for gap financing since January 1, 2021. The average per-unit development cost for new construction suburban developments is \$287,980 and the figure for urban developments is

\$385,315, both of which exceed the proposed cap of \$280,000. We anticipate these costs will continue to grow due to labor shortages and increased material costs and recommend such factors be considered when determining the maximum development cost.

The proposed \$280,000 development cost cap would make it extremely difficult for projects in Raleigh and North Carolina's larger municipalities to secure LIHTC allocations. Our colleagues in Charlotte expressed similar concerns about impact of the proposed cost cap. We ask that you increase the maximum development cost cap to ensure otherwise qualified projects in the state's larger municipalities are not automatically prohibited from securing a tax credit award.

Additionally, we ask that the Agency provides clarity as to how the cap listed in section IV.C.1(b) is calculated, specifically as it relates to total replacement cost versus total development costs.

Thank you for considering our feedback and your continued work to support affordable housing development in North Carolina.

Sincerely,

Emila Sutton

Emila Sutton
Director
City of Raleigh
Housing and Community Development Department

City of Raleigh 2026 QAP Comment

Final Audit Report

2025-10-09

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