

Tara Hall

From: Mark Morgan <mark@mcmainc.com>
Sent: Thursday, October 9, 2025 2:27 PM
To: Tara Hall; Sandy Harris; Scott Farmer
Subject: EXTERNAL: 2026 QAP Comments and Recommendations

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Thank you, North Carolina Housing Finance Agency team, for the opportunity to provide comments and recommendations for the 2026 QAP.

Suggested changes for 2026 QAP:

1. Please encourage the efficient use of the LIHTC by incentivizing low credit usage instead of using caps. Bring back the lowest Credit Per Unit or the lowest total credit/state resources per unit.
2. An alternative to credit per unit is to reinstate the credit range 2021 QAP, but with negative points -2, -1,0,+1,+2.
3. Eliminate the total replacement cost cap only if you are incentivizing the use of minimum credits.
4. Keep Project Limits at 1.3 million per project and deferred developer fee to 25%.
5. The developer fee needs to be a percentage of the total development cost, not a fixed maximum per unit.
6. Allow two bonus points per project—Max of 2 per principal.
7. The return credit allocation language needs to mirror the 2025 QAP language and be permanent and consistent moving forward. The review, permitting, and project approval process now extends beyond the PIS LIHTC cycle.
8. Bus/Transit section rewrite. The section should be written with consideration of bus/transit routes within non-metro counties in operation for 5 days per week and within 0.5 miles. Sidewalks should not be required in non-metros.
9. Put a per-unit cap on Golden Leaf if available for the 2026 cycle.
10. Rewrite RPP terms. The RPP loan should be underwritten at a minimum of 1.25 DCR, and the deferred fee should be factored into all underwriting, including rent increases.
11. Site scoring should last for 2 years minimum without changes (2 QAP cycles). This allows for finding and holding better sites.
12. NCHFA should review its internal plan review process, looking for ways to reduce the scope of its reviews.

Appendix B (Design Quality)

- Fire sprinkler, site lighting, and landscaping plans should not be required at the plan review.
- Remove parking requirements; this needs to be left to city municipalities.
- Reduce telephone and coax cabling in units. The Wi-Fi is here to stay.
- Allow interior storage closets to meet the 16-sf Appendix B design requirement. (see below rewrite).

Rewrite of Appendix B (Design Quality)

Appendix B

3. Newly constructed residential units must have an **interior** or exterior storage closet (~~interior common area only for congregate~~) with a minimum of 16 unobstructed square feet. Storage closets may not have any dimension smaller than 36 inches in width or depth.

Mark C. Morgan

President

MC Morgan & Associates, Inc.