



POPLAR

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

RE: Comments on 2026 NCHFA Draft QAP

On behalf of Poplar Development Group ("PDG"), thank you for your continued support for affordable housing development in North Carolina and the opportunity to comment on the draft QAP. We respectfully submit the comments below for consideration in the second draft.

Maximum Project Development Costs

The proposed QAP language has a not-to-exceed limit of \$280,000 per unit for Total Replacement Costs. We acknowledge the critical public policy intent of this change, which attempts to address cost-containment. However, this amount is not feasible for many projects in North Carolina, especially developments that deliver large unit counts or deals delivering in the state's population centers. PDG requests that NCHFA:

- use \$330,000 per unit, and
- permit waivers of this limit due to extraordinary circumstances.

Examples of such edge cases include high acquisition costs or land pricing due to location, structured parking requirements, mid- or high-rise construction, and other factors that require expensive materials and additional design expertise.

Scoring Criteria

We acknowledge that expanding amenity distances is another pathway to cost containment. The tighter amenity distances in past QAPs occasionally led to higher land costs due to the limited availability of sites meeting the scoring criteria. Constrained site availability means increased land costs and limited opportunities for innovation in design and operations.

However, recent QAP cycles have demonstrated that the combination of fixed amenity distances and narrow scoring bands frequently results in perfect site scores, with awards ultimately determined by tiebreakers. Expanding amenity distances without adding new point variability will exacerbate the clustering of perfect scores and further reduce differentiation among applications.

To align with NCHFA's priorities of cost efficiency, equitable geographic distribution, and long-term housing quality, PDG proposes expanding the scoring framework to reward additional performance dimensions beyond traditional location criteria. There are opportunities to increase the number of ways to score, including allocating points for making projects more fiscally efficient or environmentally sustainable.

Here is a brief but incomplete list of ideas to differentiate projects through scoring:

- Further evolve the previous tie-breaker concept, incentivizing a higher percentage of non-Agency sources by converting the idea into a tiered scoring system;
- Similarly, states including Colorado and Florida have fiscal efficiency banding for credit requests;
- Subsequent phases of existing developments that leverage established infrastructure and management capacity;
- Additional site scoring points for amenities within ¼ mile to promote walkability;
- Integration of on-site renewable energy systems or solar-ready design (we propose considering a heavily modified version of the efficiency and sustainability QAP incentives in place in Texas or Massachusetts);
- Installation of dehumidification or make-ready for dehumidification;
- Provision of electric vehicle charging; and
- Commitments to affordability periods exceeding 30 years, with a graduated scoring system (e.g., extra points for 35- or 40-year LURAs)

Parking Requirements

Minimum parking requirements can increase project costs by inducing the construction of parking stalls that often exceed what parking studies or local conditions suggest is necessary. Frequently, LIHTC projects have excess parking that promotes inefficient use of land. Further, in many areas, the excess impervious surface triggers expensive stormwater mitigation that drives up the Total Replacement Cost for projects. PDG proposed that NCHFA defer to the parking minimums imposed by local governments.

4% Bond Allocation

The recent federal change under the Omnibus Budget Bill for Bond and Bonus Allocation (OBBBA), which reduces the "50% Test" to a 25% threshold for private activity bond financing, represents a significant opportunity for North Carolina's affordable housing ecosystem. This adjustment will allow developers to access 4% LIHTCs more efficiently.

However, 4% projects come in a variety of sizes, and underwriting flexibility is critical. Given that most North Carolina bond-financed developments naturally exceed 25% leverage, we respectfully recommend that NCHFA adopt policies allowing tax-exempt bond allocations above the 25% minimum. Specifically, the QAP should affirm that projects may request and receive allocations of bonds beyond the threshold when such allocations improve project feasibility or minimize capital stack complexity.

This flexibility would enable NCHFA to:

- Optimize scarce state bond volume cap while still encouraging prudent leveraging;
- Reduce financing-related costs by avoiding unnecessary complexity; and
- Maintain consistency with the federal intent of OBBBA—to increase the production of affordable housing, not restrict it to the lowest possible bond allocation.

Incorporating this clarification into the 2026 QAP would position North Carolina as a leader among states responding proactively to this federal change, ensuring that strong, mission-driven developers can fully utilize bond and credit resources to deliver and preserve more housing.

Thank you again for all that you do to promote the development of safe and affordable housing for North Carolina and for your effort to solicit feedback from the development community to continue improving the QAP.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Rodgers and B. Hollander". The signature is fluid and cursive, with the last name "Hollander" being more legible than the first names.

Michael Rodgers and Bryan Hollander
Poplar Development Group