



October 9, 2025

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

Re: 2026 Draft QAP comments

Preservation of Affordable Housing, Inc. (POAH) appreciates this opportunity to provide comments to the North Carolina Housing Finance Agency (NCHFA) on the First Draft 2026 QAP.

POAH is a national nonprofit specializing in the acquisition, rehabilitation or redevelopment, and long-term preservation of at-risk affordable housing. Since its founding in 2001, POAH has preserved or built close to 14,000 units of affordable rental housing in 13 states and the District of Columbia at more than 130 properties, providing affordable homes for more than 20,000 Americans.

POAH would like to thank NCHFA for making changes to the 2026 draft that are responsive to past developer comments. We offer the following comments for your consideration:

Deferred Developer Fee

POAH encourages NCHFA to maximize the amount of developer fee that can be deferred for 4% LIHTC projects (as long as the total fee is within NCSHA's recommended 15% maximum, and the deferred fee can be repaid within the fifteen-year compliance period). Maximizing 4% LIHTC equity generated through deferred developer fee is an important strategy for structuring viable, efficient transactions, and it reduces projects' need for other scarce capital subsidies. Increasing deferred fee typically has no effect on the sponsor's overall compensation, since it is repaid from cash flow which normally flow to the sponsor anyway. At an active POAH 4% LIHTC rehab project in North Carolina, access to this tool would have generated an additional \$300,000 of LIHTC equity, at no cost to NCHFA – without which the project has been compelled to reduce rehab scope substantially.

Location Scoring Criteria

POAH appreciates the NCHFA's updated standards for driving distance to amenities. While we recognize that location scoring is an important tool to ensure that housing is built in appropriate locations, in some instances, a potential project located in an extremely desirable location faces a deficiency for a relatively minor site suitability issue. In a high-opportunity county, such an issue can mean a project would likely never get funded.

POAH would encourage NCHFA to consider a section in the location scoring that allows for **bonus location points if there is an official local initiative or RFP coordinated by a local governmental body**. These bonus points are intended to acknowledge that the local officials have identified a location as a priority for housing and would mitigate a minor deficiency in location scoring that would otherwise prevent the property from being



competitive. The bonus points would not be intended to increase a location score beyond what would otherwise be a maximum score.

Tiebreakers

POAH appreciates that the updated tie-breakers prioritize unit production, but would suggest that NCHFA consider including length of affordability as a primary tie-breaker. Properties agreeing to affordability beyond 30 years would increase the public benefit created by NCHFA's investment at no cost to NCHFA, would prioritize long-term stewardship of the properties, and would avoid future loss of affordability that is creating a challenge now for properties built in the 1990s.

Total Replacement Costs

POAH recognizes that there is strong pressure on NCHFA to ensure the LIHTC program is efficient in producing housing. However, POAH feels that costs are already effectively controlled by the other cost caps required by the QAP, as evidenced by Total Replacement Cost data in NC from recent years that is well below many other comparable markets. The overall replacement cost cap could also prevent preservation/rehab deals for properties in desirable locations and high land cost, which would be an unfortunate outcome especially since the 4% credits are not currently constrained. If NCHFA does decide a cap is required, POAH would encourage using more recent data that incorporates the impact of post-COVID inflation and current tariff impacts.

Parking Minimums

POAH appreciates that NCHFA is willing to consider waivers to allow for lower parking minimums where local requirements are lower than those provided in the QAP's Design Standards. If NCHFA were to strengthen the language that defers to local parking standards, it would increase developers' ability to move forward with projects without having the uncertainty of a waiver process.

POAH deeply appreciates NCHFA's openness to feedback as it develops its First Draft 2026 QAP. POAH respects NCHFA's expertise and commitment to fairly and effectively allocating scarce funding to projects most effectively advancing the state's housing priorities.

We value the opportunity to share our perspective and would be happy to discuss any of these comments with your staff if that would be of interest to you.

Sincerely,

Aaron Gornstein
President & CEO
Preservation of Affordable Housing (POAH)