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September 16, 2026

Ms. Tara Meredith
North Carolina Housing Finance Agency
3508 Bush Street
Raleigh, NC 27609

RE: Draft 2027 Qualified Allocation Plan Comments

Dear Ms. Meredith,

Thank you for your continued efforts to preserve and expand affordable housing across North Carolina. We respectfully submit the following comments for consideration as you develop the 2027 Qualified Allocation Plan (QAP) and related compliance policies.

Our recommendations are intended to improve clarity, consistency, and operational flexibility while maintaining strong program oversight.

Main QAP Document

- **9% tax credits recycling**

Reference: *2026 QAP, Section II.G.2, Other Awards and Returned Allocations*

We believe the ability to return 9% allocations and receive a new allocation to extend the placed in service deadline is vital, especially in Metro counties where the time to design, permit and build multi-family is much longer than in the past. We would request that either this provision continue to remain in the QAP or alternatively, NCHFA begin making forward allocation awards for 9% tax-credits. For instance, for projects selected for tax-credits in 2027, NCHFA would award a forward allocation of 2028 tax-credits giving the project until December 31, 2030, to place in service. This would also alleviate the concern of some tax-credit investors that have been resistant to closing until the recycling letter is sent in January, which further delays closings.

- **Timing of Tax-credit allocation fee payment**

Reference: *2026 QAP, Section III, B.4 Application, Allocation, Monitoring, and Penalty Fees*

Currently the tax-credit allocation fee is due upon signing of the Carryover Agreement typically about 30 days after award. With increased development costs and project sizes over the past few years especially for 4% awards, tax-credit allocation fees have become very large in some cases and paying them out of a developer's predevelopment budget is straining the pre-development resources of developers. We would request that the payment of the allocation fee be due upon closing with the tax-credit equity investor when tax-credit equity and construction loan proceeds are available. This is the practice used in Georgia.

- **Management Company Performance Standards**

Reference: *2026 QAP, Section IV.D.2, Management Experience, page 22*

We request additional guidance on how NCHFA evaluates management company performance through the Rental Compliance Reporting System (RCRS).

While the QAP requires timely and accurate reporting, it does not define the standards used to evaluate compliance. Because RCRS performance affects a management company's eligibility to manage future NCHFA-financed developments, we ask that NCHFA publish objective criteria, including:

- Submission deadlines;
- What qualifies as a timely submission;
- What qualifies as an accurate submission;
- How corrections and revisions are evaluated;
- How isolated errors are distinguished from recurring deficiencies; and
- The standards used to determine good standing.

Clear standards would improve consistency, transparency, and accountability.

- **Rent Increase Policy**

Reference: *2026 QAP, Section VII.A.1(e), Section VII.B.3, and Appendix F, Rent Increase Requirements*

We request that NCHFA update its rent increase policy to better reflect rising operating costs while continuing to protect residents. We are requesting changes to the policy both prior to issuance of 8609s and after.

Currently, after 8609s are issued, rent increases of $25 or less require no additional justification, while larger increases require additional review based on a property's financial condition. This low fixed-dollar threshold does not keep pace with inflation or increasing costs such as insurance, taxes, utilities, maintenance, and payroll.

We recommend increasing the threshold to the greater of:

1. $50; or
2. The most recently published HUD Operating Cost Adjustment Factor (OCAF) applied to the current approved rent.

This approach would provide an objective annual adjustment and reduce unnecessary administrative review. Finally, we recommend allowing vacant LIHTC units to be leased at the maximum allowable tax credit rent.

Currently, before 8609's are issued, all rent increases require approval. We would recommend that no approval be required for rent increases that meet maximum allowable tax credit rent limits

and are supported by a rent analysis letter from the original NCHFA market study provider. This would only apply for the initial lease-up of the property. Any rent increase that would affect current tenants at the property would follow the rent increase policy for after 8609s are issued.

- **Attendance at tax credit compliance seminar**

Reference: *2026 QAP, Section VII.A.3(c)*

We are not requesting any change to the requirements for the management agent to attend a tax-credit compliance seminar. For the owner, we are recommending a clarification of the requirement. We would recommend that the requirement be that at least one member of the Owner's development team attend the seminar each year. We believe it is more useful that different members of the development team attend the seminar each year and share their experience with other members of the team rather than requiring someone with an actual ownership interest in the development company attend every year. If the requirement is clarified to be someone with an actual ownership interest in the development company, we would recommend the requirement be changed to once every 5 years.

Appendix B and Construction Field Guide

- **Corded Blinds**

Reference: *2026 QAP, Appendix B, Section II.B.5*

ADA Blinds – Corded blinds have been effectively federally banned in the US since 2024. We are requesting clarification that cordless blinds can be used in all units including ADA units.

- **Tubs/Showers**

Reference: *2026 QAP, Appendix B, Section III.A.3*

We agree that one-piece tubs and showers should be required in ADA units, but we would recommend that standard three-piece tub/shower units be allowed in non-ADA units as they are more standard therefore more cost effective.

- **ADA Ranges**

Reference: *2026 QAP, Appendix B, Section II.F and Construction Field Guide*

In Type A units, we would like to be able to use standard freestanding ADA-compliant ranges rather than requiring drop-in ranges. Freestanding units are easier to source, install, service, and replace. Appendix B does not require drop-in ranges, but the 2026 Construction Field guide does. We would recommend revising the Construction Field guide to clarify that freestanding ADA-compliant ranges are allowed.

- **HVAC Refrigerant**

Reference: *2026 QAP, Appendix B, Section V.B Heating and Air 6.*

410a refrigerant is being phased out. We suggest changing 410a to A2L.

Appendix D

- **Targeting Program - 90-Day Period Following Certificate of Occupancy (CO)**

Reference: *2026 QAP, Appendix D, Targeting Program Participation Requirements #13*

The 90-day time period to hold units to meet the Targeting Program Unit obligations currently is tied to the Certificate of Occupancy (CO) for each building. In many jurisdictions, the final CO is not issued until many months after buildings are approved for occupancy. The key date for the Targeting Program is really when the building is available for move-ins. In most jurisdictions, this approval comes in the form of a temporary certificate of occupancy (TCO). We recommend the 90-day period begin when the first building on the property has been approved by the local jurisdiction for occupancy, whether that be through a TCO or a CO. Additionally, we recommend there be one 90-day period for the entire property tied to the first building, not individual 90-day periods for each building.

Appendix F

- **IRS Form 8823 Issuance & Correction Process**

Reference: *2026 QAP, Appendix F, Correction Period Procedures*

The IRS provides state housing agencies flexibility to allow owners time to correct compliance issues before reporting noncompliance. NCHFA's Appendix F also recognizes the Agency's authority to extend correction periods when appropriate.

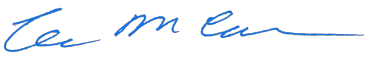
In our experience, stabilized properties generally receive a 30-day correction period and one opportunity to submit documentation. If NCHFA determines additional clarification is needed, Form 8823 is issued without allowing the owner or management agent to supplement the response.

We respectfully request that NCHFA allow owners a reasonable opportunity to clarify or supplement a timely response before issuing Form 8823. This would improve reporting accuracy, encourage prompt resolution, reduce unnecessary Form 8823 filings, and lessen administrative burden for both property management and Agency staff.

We appreciate NCHFA's commitment to maintaining strong compliance standards and preserving affordable housing throughout North Carolina. We respectfully request consideration of these recommendations to provide greater clarity, consistency, and operational flexibility while continuing to support the goals of the Low-Income Housing Tax Credit program.

Thank you for your consideration.

Sincerely,



Lee M. Cochran
Executive Vice President