2027 NCHFA QAP Comments – 6/30/26

Submitted by Fred Mills Jr & Bobby Funk
Thank you for the opportunity to offer suggestions for the 2027 QAP.

Points Recommendations

We remain concerned that the QAP relies heavily on tiebreakers for funding decisions; effectively creating a single variable which determines the viability of the majority of 9% applications. Therefore, we are suggesting the following additions to the QAP to help differentiate applications based on project funding efficiency, housing need, and households served. We believe these changes will incentivize applications that make efficient use of scarce resources to maximize unit production while distributing funding equitably based on housing need.

New Sub-Section Under Section C.

Project Funding, Unit Delivery and Housing Need (Maximum 6 points)

Lowest Agency Funding Request Per Unit by County

- 2 points to the application in each county with the lowest per unit request for Agency issued funding, including WHLP, RPP, and Low-Income Housing Tax Credits.
- 1 point to the application in each county with the second lowest unit request for Agency issued funding.
- Example [(WHLP Request + RPP Request + LIHTC Request) / Total Units = Total Agency Funding Request Per Unit]. Tax Credits will be computed using a standard credit value of $0.83 per credit regardless of the credit price underwritten in the full application. For example, an application requesting $1,000,000 in LIHTCs will assume a total equity value of $8,299,170 [0.83 * 1,000,000 * 0.9999 *10] to reflect the Credit's value to the project.

Lowest Average Income Targeting

- 1 point to the application with the lowest average income targeting at full application in each county.

Highest Housing Need

- 2 points to applications in counties ranked 1 to 25 on Appendix L for most LI Renters with Cost Burden per unit Funded over 5 Years.
- 1 point to counties ranked 26 to 75 on Appendix L for most LI Renters with Cost Burden per unit Funded over 5 Years.

Efficiency in Unit Production

- 1 point to all applications from Applicants for which at least half of the Applicant's awarded 9% LIHTC projects from the 2018-2023 were placed in service in fewer days than the average days to place in service in a given region for the year of original allocation. As measured by the Effective Date of the project's original Carry Over Agreement to the latest placed-in-service date on a project's 8609s.

Tiebreakers

We would recommend the second breaker be lowest Agency Funding Request per unit as described above.

State Tax Credit Bonus Point

1 bonus point is available to any Applicant for every project for which a State Tax Credit Loan has been repaid to the Agency. Each State Tax Credit Bonus Point may only be applied to one application.

Construction Cost Mitigation

Considering North Carolina's ongoing challenges to address rising construction cost and maximize unit production with limited resources we would advocate changes to the Appendix B to help mitigate construction costs. We would advocate removing the requirement for Energy Star Multifamily Certification and rather require buildings achieve a HERS energy efficiency rating of 85 or lower which would be 3rd party certified. This was the rating that was the standard several years ago until a recent new iteration of Energy Star. As energy code changes the costs associated with achieving an Energy Star certification have significantly risen year over year which exasperate the already persistently high cost of construction for multifamily housing. Additionally, any energy cost implications related the efficiency of a building's design is factored into a unit's utility analysis which in turn is factored into the total housing cost of all tenants. Meaning that exceptionally efficient buildings don't necessarily translate to lower housing costs but do increase the cost of unit production lowering the total units the State can produce.

DHHS Points

We continue to reiterate that the DHHS bonus point has had an outsized impact on the range of communities seeking and receiving funding for affordable housing in the LIHTC program. We continue to advocate for the removal of this point to encourage geographic distribution of housing relative to housing needs.