INSTITUTE OF REAL ESTATE MANAGEMENT
IREM® Headquarters
430 North Michigan Avenue, Chicago, IL 60611
(800) 837-0706 irem.org getinfo@irem.org

October 28, 2026

Tara Meredith
North Carolina Housing Finance Agency
3508 Bush Street, Raleigh, NC 27609
Via email: rentalhelp@nchfa.com

Re: Comments on the First Draft 2027 Qualified Allocation Plan

Dear Ms. Meredith:

The Institute of Real Estate Management (IREM®) is a professional association for real estate managers founded in 1933. IREM awards the IREM Certified Sustainable Property for Affordable Housing (CSP for Affordable Housing) certification.

The certification is the affordable housing edition of the IREM CSP program for existing properties, which has been in operation since 2015 and has certified more than 900 market-rate multifamily communities. IREM has three chapters in North Carolina: IREM Western North Carolina, IREM North Carolina Piedmont, and IREM Greater Raleigh-Durham, representing almost 450 members across the state.

Thank you for the opportunity to comment on the First Draft 2027 Qualified Allocation Plan. We offer two comments and also write in support of recommendations submitted by others.

Appendix B: verifying performance after occupancy

North Carolina already requires substantial third-party verification during design and construction. Certification must be "verified by an independent, third-party expert who assists with project design, verifies construction quality, and tests completed units." Third-party raters must conduct blower-door testing on the greater of 10% of units or eight units, representing different unit types and building locations. Units that fail must be reported to the Agency at the time of failure.

These requirements verify how a property was designed and built. The draft plan and Appendix B, however, do not require benchmarking, submission of utility data, or recertification after occupancy. As a result, the Agency receives extensive verification at construction but no subsequent verification of actual operating performance.

The CSP for Affordable Housing builds on construction-stage verification. Its prerequisites include blower-door testing of envelope air leakage, measured ventilation airflow, and a whole-building energy model stamped by the engineer of record. These requirements are verified when the property is placed in service, with units for testing selected by IREM rather than the applicant.

The key difference comes after occupancy. In year three, the property submits three years of measured operating data. For new construction, performance is evaluated against the stamped design model. For rehabilitation, it is measured against the property's pre-retrofit baseline. Certification is valid for three years and can be renewed only after performance is verified again.

Recertification does not repeat the construction-stage tests. It evaluates how the property actually performed in operation.

We encourage the Agency to consider requiring or recognizing a means for applicants to demonstrate energy performance after occupancy using measured operating data, rather than relying only on verification at construction completion.

Scoring: third-party green certifications

Self-Help has asked the Agency to consider awarding points for a "binding commitment to third-party green certifications beyond Energy Star." We support that recommendation. If the Agency adds such points, we ask that the CSP for Affordable Housing be included among the qualifying certifications.

There is a clear basis for its inclusion. The CSP for Affordable Housing is based on verified performance after occupancy and can be renewed only after performance is verified again at each three-year recertification. Points for the certification would therefore recognize demonstrated operating performance, not only a commitment made before occupancy.

Chatham County has also asked the Agency to consider recommendations from professional organizations on energy efficiency. We offer these comments in that spirit and would be glad to provide the full CSP for Affordable Housing criteria for staff review.

Energy and water are among the largest controllable costs in a multifamily operating budget. Continued verification after occupancy helps owners identify and correct operating problems that can affect net operating income and debt service capacity. It also helps ensure that expected energy and water savings continue after residents move in.

Under either approach described above, IREM and the property owner would remain responsible for the CSP for Affordable Housing. The Agency would not be responsible for administering the CSP for Affordable Housing or verifying compliance with the certification's requirements.

Thank you for considering these comments.

Sincerely,

Todd Feist

Todd Feist
Director, Sustainability Programs
Institute of Real Estate Management
tfeist@irem.org | sustainability@irem.org

Enclosure: IREM Certified Sustainable Property for Affordable Housing, North Carolina edition (3 pages).

CSP CERTIFIED SUSTAINABLE PROPERTY

The points you award, verified at year three

CSP for Affordable Housing, a green building certification scored at placed in service and again on measured performance · **irem.org/csp**

Most certifications close the file at placed in service

They award on modeled performance and inspected construction, then collect operating data without attaching a result to it. The IREM® Certified Sustainable Property (CSP) for Affordable Housing scores a second time at year three, on three years of measured data, and a shortfall costs the certification.

What the agency gets

Performance data, at your election

Benchmarking energy, greenhouse gas and water in ENERGY STAR® Portfolio Manager® is a prerequisite, and the owner commits to share it annually for at least five years. **Whether the agency takes it up, in what form and how often, is the agency's choice.**

A second score, on delivered results

Design and build criteria are scored at placed in service. Operations and measured performance are scored again at year three, against the design model for new construction or **the pre-retrofit baseline for a rehabilitation.**

A certification that must be renewed

A property short of the year three minimum enters corrective action, then a second verified period, then it does not renew. **Certified properties are listed publicly, so standing is verifiable at any time.**

Certification criteria, and where each is scored

One consolidated set of criteria covering both pathways, scored at two steps.

NC new construction · **RH** rehabilitation

		Placed in service		Year 3	
Category	What it covers	NC	RH	NC	RH
Prerequisites	Required for every property, carrying no points	19	12	n/a	n/a
Site	Ecosystems, soils, stormwater, heat island, hazards	9	9	1	1
Energy	Above-code floor, envelope test, lighting controls, targets	33	31	7	7
Water	Efficient fixtures, leak detection, reuse, landscaping, targets	13	16	4	4
Health	Verified ventilation, low-emitting materials, IAQ testing	16	16	26	26
Recycling	Construction diversion, signage, services, goals	7	7	10	10
Purchasing	Local sourcing, green products, green power, vendors	3	3	12	12
Performance	Measured energy, water, waste and air quality results	n/a	n/a	21	21
Points available	Across the categories above	81	82	81	81
Required to certify	70 percent of the points available at that step	**57**	**58**	**57**	**57**

Prerequisites establish the performance floor: a whole-building model at least 15 percent better than the adopted energy code and stamped by the engineer of record, envelope air leakage at or below 0.30 CFM50 per square foot by blower-door test, and ventilation airflow verified by measurement. Energy is the largest category at placed in service, 41 percent of new construction points and 38 percent of rehabilitation points. At year three the weight moves to operations, where measured performance, energy and health together carry two thirds of the points. Certification runs in three-year terms.

Point values and minimums from the CSP for Affordable Housing certification criteria, version 2026. Each minimum is rounded up.

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How the timing works

Step 1

Registration and design review

IREM issues a Letter of Intent to Certify at registration, **available ahead of an allocation deadline**, then a design approval at least 30 days before construction begins.

Not scored.

Step 2

Placed in service

At certificate of occupancy. Design and build criteria verified as built, with the blower-door result and verified ventilation airflow, and the operational prerequisites confirmed.

Minimum 57 of 81 new construction, 58 of 82 rehabilitation.

Step 3

Year three, then every three years

Three years of operating data and sustained management practices, measured against the design model or the pre-retrofit baseline.

Minimum 57 of 81, both pathways.

Why this fits rehabilitation

A rehabilitation is the hardest thing an agency funds to verify: the promise is a reduction, and a reduction is invisible in a drawing. **The CSP measures it against the property's own pre-retrofit baseline,** documented with twelve or more months of pre-work data, so what the agency sees at year three is the reduction the rehabilitation actually delivered.

The floors are numbers rather than plans. **Energy:** a modeled 10 percent reduction or an ERI of 80 or lower, air leakage at or below 0.40 CFM50 per square foot, 90 percent LED, and ENERGY STAR appliances in scope. **Water:** fixtures replaced to high-efficiency thresholds within the rehabilitation scope, or a modeled 5 percent reduction. **Then 81 of the 163 points available to a rehabilitation sit at year three,** and 21 ride on measured results.

How it differs from the criteria most plans name

	The most frequently named criteria	CSP for Affordable Housing
When it is awarded	Once, at completion.	Scored twice: at placed in service, and again at year three.
What the score rests on	Modeled performance and inspected construction.	The same at placed in service, then three years of measured operating data.
Post-occupancy data	Collected and shared for five years, with no performance threshold attached to it.	Scored. 21 points ride on delivered energy, water, waste and air quality results.
If performance falls short	Retention of the label does not turn on the result.	Two 12-month cure periods, the second verified by independent retro-commissioning, then the certification does not renew and the property is removed from the public CSP directory.
Rehabilitation basis	An efficiency threshold met at completion.	Numeric energy and water floors at completion, then a measured reduction against the property's own pre-retrofit baseline.

How a shortfall is handled

A property short of the minimum enters a 12-month corrective action period, then a second 12-month period verified by independent retro-commissioning, then the certification does not renew. **Before either period runs, the owner may document verifiable causes outside its control and have the target adjusted;** any adjustment and its basis are recorded in the recertification file. Every step is IREM's determination on its own label. **A property that does not renew is removed from the public CSP directory, and IREM notifies the certificate holder.**

Three ways an agency can reference it

1. Add it to the accepted certifications in an existing green building scoring item, at a point value equal to or greater than the highest-value certification on the list.
2. Accept it as an alternative or equivalent standard, using the year three verification as the basis for equivalence.
3. Require the certification to be current in the annual owner certification, and verify it in the public CSP directory. No monitoring duty, and nothing to administer.

The 2027 fee schedule is still in development and will be comparable to the major certifications used on affordable housing projects. IREM welcomes agency comment and dialogue on the criteria: **sustainability@irem.org**.

What the first draft of the 2027 QAP requires

Certification is required, rather than awarded points. New construction residential buildings must achieve ENERGY STAR Multifamily New Construction Program certification and comply with the energy-efficiency standards in Appendix B. Adaptive reuse and rehabilitation projects must comply with those standards "to the extent doing so is economically feasible."

Independent verification is already built into the requirements. Appendix B requires certification to be "verified by an independent, third-party expert who assists with project design, verifies construction quality, and tests completed units."

The Agency also requires test results to be reported. Third-party raters must conduct blower door testing on the greater of 10% of units or eight units, representing different unit types and locations within the building. The draft further provides that "units that fail the blower door tests must be reported to the Agency at the time of failure."

These are meaningful safeguards, but they occur before occupancy. The draft plan and Appendix B do not establish ongoing requirements for benchmarking, utility data reporting, or recertification after the property is operating.

What the CSP for Affordable Housing adds

North Carolina has already established much of the foundation for a strong measurement and verification framework. It requires independent third-party verification, instrumented testing across a sample of unit types and buildings, and reporting of failures to the Agency. **What the current framework does not yet include is measurement after the property is occupied and operating.**

The CSP builds on a similar approach at the construction stage. Its prerequisites include a blower-door envelope test, measured ventilation airflow, and a whole-building energy model stamped by the engineer of record, all verified at placed in service. **IREM, rather than the applicant, selects the units to be tested.**

Recertification extends that verification into operations. At year three, the property submits three years of measured operating data, evaluated against the stamped design model for new construction or the property's pre-retrofit baseline for rehabilitation. The CSP operates on three-year certification terms, with renewal based on those measured results.

Recertification does not repeat the construction-stage tests. It measures how the property actually performs once occupied. Every three years, the CSP checks measured performance against the established baseline. **This helps identify operational drift before lost efficiency becomes an ongoing expense, protecting both building performance and NOI.**

What the CSP is worth to the applicant

Energy and water are among the largest controllable costs in a multifamily operating budget. Continued verification after occupancy helps owners identify and correct operating problems that can affect net operating income and debt service capacity. **Because the CSP for Affordable Housing addresses design and operations through one certification,** the owner doesn't need to pursue a separate operating certification, and the Agency doesn't need to administer a separate post-occupancy program.

What we are asking

We support adding points for a binding commitment to a third-party green building certification beyond ENERGY STAR, as Self-Help has proposed, and respectfully ask that the IREM CSP for Affordable Housing be included among the qualifying certifications. A certification based on verified operating performance recognizes demonstrated results after occupancy, not only a commitment made during development.

Separately, we ask the Agency to consider recognizing the CSP for Affordable Housing as a means of confirming ongoing operating performance. This would complement the QAP's existing ENERGY STAR requirement by extending independent verification into building operations. **IREM and the property owner would remain responsible for certification and recertification, with no additional administrative responsibilities for the Agency.**

Sources: First Draft 2027 Qualified Allocation Plan, posted September 21, 2026, Section IV(F)(1); and the draft Appendix B, Design Quality Standards and Requirements. Quoted language is from those documents. The comment cited is Self-Help's of October 16, 2026, posted by the Agency. **The CSP isn't currently named in the North Carolina plan.** IREM welcomes agency comment and dialogue on the criteria: **sustainability@irem.org**.