the
NRP
group

October 7, 2026

North Carolina Housing Finance Agency
Attn: Tara Meredith; Sandy Harris
3508 Bush Street
Raleigh, NC 27609

RE: Comments on the First Draft of the 2027 QAP

Dear Ms. Meredith and Ms. Harris,

On behalf of the NRP Group, we thank the North Carolina Housing Finance Agency for the opportunity to provide comments on the 2027 Qualified Allocation Plan (QAP). We have the following recommendations in order of priority:

1. **Increase Maximum Award Per Deal**

The existing $1.5M maximum tax credit award per project is a significant impediment to overall project feasibility, particularly for larger projects. The macroeconomic challenges currently impeding the construction and preservation of affordable housing are legion. The cost of capital and construction loan rates remain significantly above pre-2022 levels, which reduces permanent debt sizing because higher rates reduce debt service coverage. Compounding this issue, construction costs remain elevated well above historical norms due to price increases in everything from concrete to switchgears, not to mention ongoing labor shortages in critical trades. At the same time, declining equity pricing due to higher interest rates and lower corporate tax benefits relative to earlier periods have increased budget difficulties. Unlike market rate projects, LIHTC developments cannot simply increase rents to offset surging costs.

Limiting the award per project to $1.5M typically results in projects that are not able to fully utilize available basis, leading to larger "gaps" in sources. NRP currently operates in 19 markets throughout the United States. In markets such as North Carolina where credit caps are lower than comparable peer states, NRP has observed that such a limitation often results in the construction of lower quality housing that deteriorates more quickly during the compliance period. This in turn negatively impacts both the perception and livability of deals financed with Low Income Housing Tax Credits in this state.

NRP respectfully requests increasing the credit cap per project to $1.9M. This would result in fewer projects receiving tax credit awards but the deals that are awarded would be more feasible and of higher construction quality.

2. **Application and Award Schedule**

The application and award schedule for the first round of LIHTC projects in the state of North Carolina is the lengthiest of any state that NRP currently works in. For a typical 9% or 4% project, the developer

submits a pre-application in January, a full application in May, with notification of award in August. This schedule obligates developers to negotiate Purchase and Sales Agreements that are typically much longer in duration than is considered "market", especially in "Metro" regions where developers are frequently competing with non-LIHTC developers for the same sites. The end result is that Developers typically have to increase the purchase price above the Seller's asking guidance or take on significant amounts of added risk with large, non-refundable deposits.

NRP respectfully requests that the Agency consider reducing the overall application duration. States such as Ohio and Tennessee have reduced their application through award cycles to February to May and mid-April to July, respectively, by ceasing Agency in person site visits. We believe that Google Maps and other tools could provide the Agency with a similar level of comfort that a neighborhood amenity exists without the added drive time. By reducing the overall application timeline, the Agency would open up a larger pool of quality sites to the development community at large.

3. **Consider Allowing 2027 Rent and Income Limits for 2027 Applications**

HUD historically releases the new year's rent and income limits on April 1st, sometimes later but rarely earlier. This dynamic requires applicants to use 2026 rents to pay for escalated 2027 costs. As detailed in comment #1, the cost inputs of building housing have escalated to historically high levels. Allowing the current year's rents to be used will allow greater project feasibility by supporting additional debt and requiring less external sources of gap financing.

4. **Consider Removing Agency Approval for Rent Adjustments**

One of the Agency's core missions is to ensure resident stability for both families and senior citizens, which NRP understands and appreciates. That stability as well as a property's ability to maintain high-quality management, however, is based upon an applicant's/owner's ability to keep pace with escalating operating costs. Without the ability to adjust rents to keep pace with inflation, capital partners will be significantly more reluctant to finance future LIHTC housing in NC. We request that the Agency consider removing the approval requirement of rents already set and allowed by HUD.

We appreciate NCHFA's continued dedication to supporting the building of high-quality affordable housing across the state of North Carolina. Thank you for considering our recommendations.

Respectfully,

Jason Mochizuki

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