Tara Meredith

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Sent: Friday, October 30, 2026 4:37 PM
To: Sandy Harris; Tara Meredith; Erica Hopkins
Cc: Craig Stone
Subject: EXTERNAL: 2027 QAP

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Below we have listed a few comments to consider respectfully for our program in 2027 and our QAP.

1. We respectfully recommend; as replacement for the Olmstead designated counties, a new set of NCHFA Designated Priority Counties: We propose the NCHFA to select up to 3 to 4 counties per region (East, Central, West) to serve as priority counties. The first year could continue the use of the previous Olmstead counties to allow time to choose additional counties to preserve the NCHFA policy of slow and steady change to the QAP. These counties could be on an annual basis part of a larger grouping in each region that could rotate in and out and could include a rural county annually as well. The Olmstead settlement benefited both our state and the program for its production of units in areas of need. These counties would receive a bonus point in the scoring to replace the Olmstead designation. What is presently in the latest QAP draft, would take the program to the use of only one tie break to decide a county to best serve the state and put the market analyst in the position of deciding the viability of an application. Certain areas of our state cannot support the second tie break maximum number of units which is what the program would create. Our comments are meant to address this concern. This would be a drastic change to only relying on one tie break to decide how the program serves the state. The Olmstead counties served as a buffer and did help distribute units in areas of need for our state which, is why those counties were chosen in the settlement. Allowing for a shared use of a replacement set of designated counties allows the NCHFA to balance the use of the Appendix L, and its benefits. The replacement of the Olmstead Counties would allow balance to the program and its serving of our state's needs and give a steady transition to a new tie break criteria.
2. Construction Materials Bonus: Additional points allocated to a project utilizing no less than 75% Brick and/or Cementitious siding on all residential and accessory buildings, among others. Previous version of our QAP allowed for material bonus points. This would allow for a better product and an applicant to make a choice that would be a benefit.
3. Market Study: Designate a tiered system by assigning points to benefit projects with an overall lower cap rate at final market study. For example, a project with an overall cap rate of at or below 5% would receive an extra 3 points, between 5.1%-7.5% would receive 2 points and 7.51%-10% would receive 1 point. All projects above 10% overall cap rate would not receive any additional points. This would give some more differential to each application.
4. Efficiency of Credit: A lowest credit per unit system might help to differentiate applications. This mechanism has proven to provide and produce the highest number of units. Increasing efficiency in credits will also encourage developers and owners to hold their construction pricing true, over time.
5. Incentivize the use of minimum credits in final scoring.
6. Keep Project Limits at 1.6 million per project. If a small add is needed, please keep this in as a support criteria to spreading the credits out within the program.
7. Change the deferred developer fee to 45% from 25% to allow more gap support when needed. The developer fee needs to be a percentage of the total development cost, not a fixed maximum per unit.

8. Rewrite the Bus/Transit section and award additional points. This would allow more flexibility for a benefit to those we serve if access is available.
9. Move Targeting and its use for the third tie break to the full application.
10. Allow deferred fee payments to be a part of the RPP underwriting consideration. This has become a very difficult item for the development community as a whole and needs to be considered overall for the program and its long-standing members.
11. Amenities could be ranked on proximity to a park, public school, full-service grocery store, and library. These distances are factored into the site scoring. This would help prevent the use of the tie break in a category.

Appendix B (Design Quality)

1. Project parking needs to be defined further if it is to be a threshold item.
2. Fire sprinklers, site lighting, and landscaping plans are regulated by state code or local ordinances and should not be required for NCHFA plan review. At the very least should move to a deferred submittal to allow plans to move forward.

3) Remove the use of exterior closets and add additional storage requirements to the inside of the unit as an offset to benefit our residents we serve. The exterior closest is costing the production of units in our state and creates a fire concern. We have expressed this as an issue for years and are concerned the basis for this is becoming even more so as cost continue to spiral. The benefit can be offset to the residents we serve with additional required interior storage.

Thank you in advance for your review and consideration

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