

PROGRAM: The MFA HOME/Rental Gap Financing

AGENCY: The Mortgage Finance Authority

DESCRIPTION: The HOME/Rental gap financing programs provide gap financing for a variety of affordable and special needs housing projects throughout the state of New Mexico. As gap financing, HOME funds are typically the last dollars committed to a project and are used in combination with other housing resources such as MFA's Tax Credit and 542(c) loan programs. The HOME/Rental programs described herein provide assistance in the form of junior mortgages with below-market interest rates, extended maturity dates, and other advantageous loan terms tailored to the particular needs of individual projects. Loan amounts and specific terms are determined on the basis of the projects' cash flow and affordability, among other considerations.

ELIGIBILITY:

- MFA's HOME funds can be awarded as gap financing for projects that qualify for the Housing Tax Credit program.
- The maximum amount is \$20,000 per unit for projects with 25 or fewer units, \$10,000 per unit for larger projects, with a maximum of \$500,000 per project.
- The allocations are available to nonprofit, for-profit, tribal and public agency developers who apply during the Tax Credit application period (typically on or about February 1st of each year).
- HOME/Rental Incentive funds may be awarded to projects using 4% Tax Credits that have received an allocation of private activity bond volume cap from the State Board of Finance, or to projects with first mortgage financing derived from either 501(c)(3) bonds or other sources approved by MFA.
- Funding for these projects is available on a first-come, first-served basis throughout the year until allocations are exhausted, in amounts not to exceed the lesser of \$40,000 per unit, \$800,000 per project, or 80% of the total development cost.

STRUCTURE:

- HOME awards are made on the basis of highest level of affordability and tax credit scoring until all HOME dollars allocated for this purpose are awarded.
- Underwriting criteria used to determine principal and payment amounts are determined according to Tax Credit program standards.

QUALIFICATIONS/CRITERIA:

- These projects must meet all of the requirements set forth in the Tax Credit Qualified Allocation Plan, and score high enough relative to other projects to receive a Tax Credit allocation.
- Projects are subject to cost limitations and underwriting procedures similar to those applied to Tax Credit projects.
- MFA's HOME funds cannot be awarded to projects in Albuquerque or Las Cruces. Native American trust land projects are eligible.
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- Visit the MFA's homepage at <http://www.housingnm.org/> or call (505) 843-6880 (800) 444-6880 (Toll free in New Mexico)