

PROGRAM: Low-Income Housing Tax Credit Program (LIHTC) **Industry Specific Incentive**

AGENCY: New Mexico Mortgage Finance Authority (MFA)

DESCRIPTION: The Low-Income Housing Tax Credit Program was created by the Tax Reform Act of 1986. The purpose of the program is to stimulate the development of low-income rental housing (new construction and rehabilitation) by providing tax credits to investors in limited partnerships. Generally, these partnerships provide the additional capital needed in leveraging other public and private sources to finance development projects. Low-income housing tax credits have encouraged these investments by providing investors credit for up to 10 years.

ELIGIBLE USES:

- This program can be used for new construction and/or rehabilitation of rental units.
- Project sponsors are required to rent a minimum of 40% of the units to low-income tenants with incomes no greater than 60% of area median income, or a minimum of 20% of the units to tenants with incomes no greater than 50% of the area median.
- Rents to tenants may not exceed 30% of qualifying incomes.
- Income-targeting and maximum rent guidelines must be met for a minimum of 15 years.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefits: The annual credit equals a fixed percentage of the project's total cost. New construction or substantially rehabilitated projects generate credit up to 9% of the development expense, **but is usually below**; projects acquired and requiring less rehabilitation provide credit up to 4% of development expenses, **but is usually below**.
- Fees: Administering agencies may assess fees to cover administrative expenses.

QUALIFICATION CRITERIA/COMMENTS:

- Developers/sponsors may be profit-oriented or nonprofit organizations.
- The MFA determines which individual projects are eligible to receive credits.
- The federal government budgets an annual allocation of tax credits to be apportioned among the states based on population.
- For more information visit the website at <http://housingnm.org/> or call 505) 843-6880
- (800) 444-6880 (Toll free in New Mexico).