

**STATE OF NEW MEXICO
HOUSING TAX CREDIT PROGRAM**

**QUALIFIED ALLOCATION
PLAN
AMENDMENT**

**Effective as of October 1, 2008
Pending Board Approval**



**NEW MEXICO
MORTGAGE FINANCE AUTHORITY**

Pursuant to Section VII. of the 2008 Qualified Allocation Plan and due to passage of the Housing and Economic Recovery Act of 2008, H.R. 3221 the 2008 Qualified Allocation Plan is hereby amended effective as of October 1, 2008.

The following provisions are now applicable due to the legislative changes:

The State of New Mexico for the calendar year 2008 will receive a population based Tax Credit allocation equal to \$2.20 per resident. (Section II.B)

The MFA can now award a 30 percent "basis boost" to buildings that the MFA determines need the boost to be economically feasible. (Section IV. E.6)

The 70% present value credit rate is now set at the greater of 9% or 70% present value for projects placed in service on July 31, 2008 until December 31, 2013. (Section II. N.)

Projects funded with below-market federal loans are now eligible for the 70% present value (9%) credit and DDA/QCT basis boost (if applicable). (Section II. N.)

The Federal deadline for submittal of the 10% test documentation has now been lengthened from 6 months to one year. (Section IV.G.4.)

MFA Implementation of Legislative Changes:

Effective as of October 1, for projects that have not yet met Carryover, MFA has extended the deadline for the 10% test documentation from April 30th to August 31st in the year following Carryover. (Section IV.G.4. page 35)

Section IV.A.1. MFA intends to conduct an additional round for Projects with credit allocations that may be eligible for additional credits due to legislative changes. Staff may re-underwrite based on new Federal parameters and capped by project need.

Projects with Allocations from 2006, 2007 and 2008 that did not Place-In-Service by July 31, 2008 and have not been issued an IRS form 8609 may apply for the 70% present value (9%) credit if now applicable and if needed for project feasibility. Projects may also apply for additional credits due to moving the applicable rate to 9%. Projects that were not in a Difficult to Develop Area or Qualified Census Tract may also apply for the 30% basis boost, if needed for project feasibility. 2008 Projects capped by the 25% per-Project maximum can also apply to be increased 10% per the increase in cap, if needed for project feasibility.

For projects that have a binding commitment to lock the applicable rate, the MFA will accept applications for additional credits but will make any awards tentative, pending further guidance from the IRS, to assure that this is allowable.

Staff reserves the right to make adjustments in the amount of "gap" financing provided by MFA if no longer needed due to the higher credit allocation amounts. Increases in costs will be accepted as a rationale for additional credits, but MFA's costs standards will remain in effect. For purposes of calculating the tax credit amount, Projects will be held to the cost limit established in the round they originally received an allocation. Developer fees and Builder overhead, profit and general requirements will be held to same dollar amount as approved by

MFA during the original underwriting of the project. Projects may still be required to show a reasonable (15%) deferred developer fee, although allowances will be made for projects with a significant amount of very low income units with a limited ability to make such payments.

When determining priorities for additional allocations of credits, projects that are able to reduce the need for MFA gap financing due to additional credits, projects with financing gaps and projects that are not receiving a discounted equity rate for the additional credits will receive the highest priorities.

Re-application will be accepted when requested in writing by the Applicant, accompanied by a \$500 re-application fee. (Section IV.B.)

Section IV.A.4.: Applicants will need to provide:

- Updated Development Project Application Form, with current original signature and date.
- Schedules A-F, as submitted with most recent prior version with any subsequent changes marked in red.
- Schedule D will need to be signed by the General Contractor – a signed construction contract should also be submitted if available.
- A letter from the equity investor confirming that they can use the credits and confirming the equity rate for the additional credits will be required.

All applications for additional credits will be reviewed and recommendations made to the Board, prioritized based on need. All additional allocations of credits will need to be approved by the Board.

Re-applications will be accepted until 4pm MST November 17, 2008. Award recommendations are anticipated to be made at the December 2008 Board of Directors meeting.