

# 2011 LIHTC FAQ Responses

Applicants are solely responsible for compliance with Section 42 of the Internal Revenue Code. MFA does not make any representation to any party concerning compliance with Section 42 of the Code, Treasury Regulations or other laws or regulations governing Low Income Housing Tax Credits. Neither MFA, nor its agents or employees will be liable for any matters arising out of, or in relation to, the allocation of Low Income Housing Tax Credits. All organizations and individuals intending to utilize the LIHTC Program should consult their own tax advisors concerning the application of Tax Credits to their Projects, and the effect of Tax Credits on their federal income taxes.

1. **Q:** I am having trouble opening the compressed zip file that contains the initial application package. Is there something wrong with the file, or am I doing something wrong?

**A:** It seems to be an issue with Microsoft Internet Explorer. Winzip has posted a fix/work around for the issue. The following link should resolve the issue: <http://kb.winzip.com/kb/entry/150/>. Alternatively, Firefox or Google Chrome internet browsers can be used to download the zip file without the issue.

2. **Q:** “Special Needs” does not appear on the dropdown selection menu on the application form. How do I select “Special Needs” as a target population?

**A:** There are three rows on the application form containing target population options. The middle row contains the “Special Needs” option.

3. **Q:** Where can I find a list of HUD approved Homebuyer Counseling Agencies?

**A:** MFA maintains a list of HUD approved Homebuyer Counseling Agencies on our website at: <http://www.housingnm.org/housing-counseling>.

4. **Q:** How do I demonstrate the value of donated land and/or building(s) as part of a state, local or tribal governmental contribution under scoring criterion 16?

**A:** The value of the donation must be documented by an appraisal. The appraisal should be dated within 6 months of the application date, be a Summary Appraisal or a Self-Contained Appraisal, and be addressed to MFA.

5. **Q:** If an existing Project that is to be rehabilitated has a project-based rental assistance contract from HUD or USDA Rural Development and we commit to restricting rents at

50% of area median income, are we still allowed to collect the rents allowed by the rental assistance contract or must be use the 50% AMI LIHTC rent limits?

**A:** The Project can collect the rents allowed by the rental assistance contract. If the rental assistance contract is terminated, the Project will only be able to collect the maximum 50% AMI LIHTC rents allowed.

6. **Q:** How is commercial space treated when calculating per square foot development costs for scoring criterion #14?

**A:** The cost of the commercial space should be excluded from Total Development Cost and from the number of square feet.

7. **Q:** Will areas that were identified as Areas of Statistically Demonstrated Need for the 2011 QAP remain on the list in 2012?

**A:** Areas that were identified as Areas of Statistically Demonstrated Need for the 2011 QAP which were not on the list in 2010 will remain on the list in 2012.

8. **Q:** For Projects which will involve both Rehabilitation and New Construction, how many units must be New Construction to qualify as New Construction points under the Areas of Statistically Demonstrated Need scoring?

**A:** The proposed Project must include the greater of at least 15 units of New Construction or 20% of the total units.

9. **Q:** If a project sponsor decides to provide the permanent financing from their own funds, is the project still eligible for the points under scoring criterion # 25 or does the letter of intent have to come from a financial institution?

**A:** The letters must be from 3rd party lender or grantor.

10. **Q:** Does a government entity, such as a local housing authority, need to fill out page 6 of the application (Section VIII-non profit determination)?

**A:** Yes, all Projects seeking points under scoring criterion #1, must complete Section VIII of the application form.

11. **Q:** Is the acquisition basis for an acquisition/rehabilitation project eligible for the 30% basis boost if the proposed project is located in a QCT.

**A:** No. Acquisition basis is not eligible for the basis boost even when the project is located in a QCT.

12. **Q:** Are Master Growth Plans, Consolidated Plans, or Tax Increment Development Districts considered Concerted Community Revitalization Plans?

**A:** No. Master Growth Plans, Consolidated Plans, and Tax Increment Development Districts are not considered Concerted Community Revitalization Plans.

13. **Q:** What must a project score to receive an allocation of tax credits?

**A:** The 2011 QAP has minimum threshold scoring requirement of 130 points for 9% tax credit projects and 80 points for 4% tax credit projects. The 9% tax credits, however, are awarded on a competitive basis and only the highest ranking applications receive credit reservations. The highest ranking project in 2009 scored 188 points and the lowest funded project scored 172 points. The highest ranking project in 2010 scored 182 points and the lowest funded project scored 179 points.

14. **Q:** Our proposed project is eligible to opt out of the LIHTC restrictions imposed by a previous allocation via the Qualified Contract option. Is this project eligible for points under criterion #6?

**A:** A project that is eligible for a Qualified Contract on or before December 31, 2015 is eligible for 15 points under criterion #6.