



New Mexico Low Income Housing Tax Credit
2024 Qualified Allocation Plan Training
Effective December 1, 2023

4% LIHTC Bond Projects

New in 2024

- FAQs extended to January 15, 2024
- Application Deadline – Rolling
- Schedule H – now Schedule of Experience
- Property Management agent review deferred
- Processing Fee increased to 8.5%
- Supplemental Credits and Credit Swap policies
- 4% Tax Exempt Bonds:
 - request up to 60% TDC in PAB
 - Average Income set aside permitted
- Short training videos on MFA's website

Disclaimer

- This is not a complete outline of the 2024 Qualified Allocation Plan (QAP). All applicants should read the full QAP in order to comply with requirements prior to application submittal.
- Applications that do not meet all requirements and/or feasibility may be subject to additional fees including change fees and/or new application fees.

Private Activity Bonds - 4% Projects

- 4% Tax Credits are “as of right” if Private Activity Bonds are awarded. Must meet all QAP requirements.
- Bonds are separate from LIHTC, and costs associated with bond issuance are not included in the QAP.
- MFA can issue bonds statewide
- Some other counties and municipalities can issue bonds
- MFA as Bond Issuer: Application processing and Costs of Issuance can be found on MFA’s Website:
<https://housingnm.org/developers/rental/bond-financing>
- Costs of Issuance *cannot* be included in Eligible Basis

Condensed Tax Credit Timeline

(Bond Timeline is separate and excluded below)

1. Submission of “Intent to Submit” 30 Days before applying
2. Apply for 4% Tax Credits
3. Feasibility Review
4. Receive a Draft 42(m)
(Determination Letter for tax credit reservation)
5. Application to NM State Board of Finance – Award for Private Activity Bonds
6. Bonds and financing close/Final 42(m).
7. Receive permission from MFA for construction start
8. Complete project and place in service
9. Record LURA
10. Project Lease-up: Qualify Tenants
11. Apply for 8609’s
12. Begin claiming credits: PIS year or following year
13. Keep tax credit units in compliance

2024 Qualified Allocation Plan

- The QAP is the State of NM's plan for allocating its tax credits.
- It is prepared annually, consistent with IRC §42(m).
- Approval Process – Approved by the Governor.

2024 QAP is effective December 1, 2024, and must be utilized for all applications submitted after the effective date.

Don't forget about the FAQs as these are incorporated into the 2024 QAP by reference.

<https://housingnm.org/developers/lihtc/lihtc-applications-faq-2024>

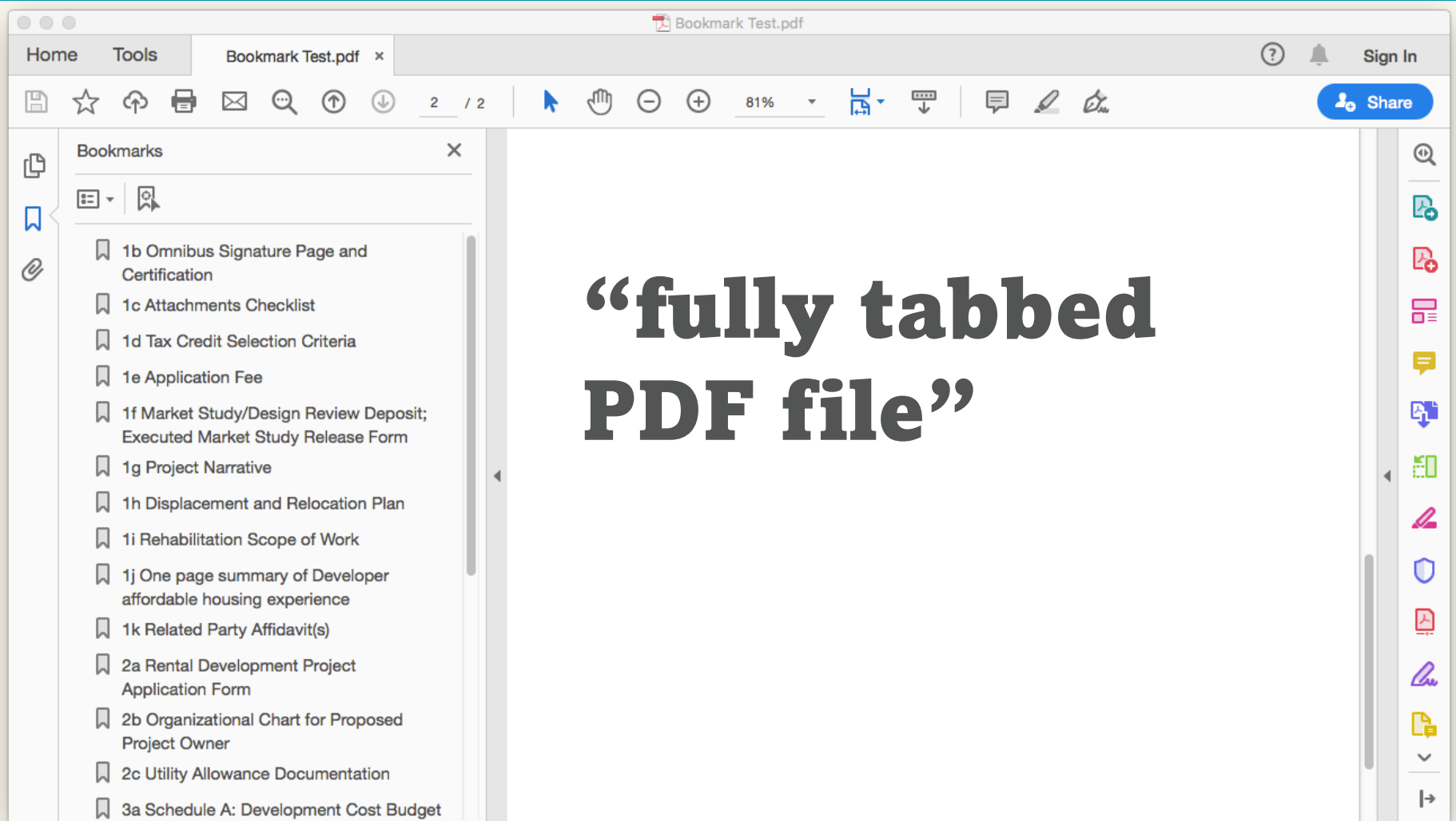
Read the QAP to ensure that all requirements are met.

Application Submission

Complete Application

- Applications that do not require any deficiency corrections. See Section IV.A.4 in the QAP:
- One omnibus signature page - signed by all General Partners in blue ink and legible scan or electronically signed using a 3rd party verified digital signature and converted to pdf
- Uploaded entire application to MFA's file sharing site: https://mfa.internal.housingnm.org/SFT_HD/
- Current electronic application in excel and fully tabbed pdf that is redacted for PPI; each bookmark must include all documents required for the respective tab
- Do not rely solely on Application Checklist (READ THE QAP)

Application Submission (cont.)



Complete Application*

A “complete application” means no more than de minimis clarification of the application is required for the agency to make a decision about the allocation of tax credits or issuance of bonds requested in the application.

- **De minimis:** Initial Applications that meet all the standards described in Section IV.A.4 in the 2024 QAP under “Content and Format” when initially submitted and that do not require any deficiency corrections.
- **Complete Application** – an Initial Application meeting all of the requirements in Section IV.A.4, Content and Format.
- **QAP Section VI** describes the processing of tax-exempt bond financed Project Applications.

***See 2024 Bond Checklist**

Application Submission (cont.)

The following documents are to be uploaded as *separate* files in addition to the PDF Application:

- Excel Files
- Market Study
- Appraisal
- Capital Needs Assessment
- Architectural Plans and Specifications

Threshold Requirements*

All Applications must meet each of the following and include all required materials:

- Site Control
- Zoning
- Applicant Eligibility
- Financial Feasibility
- Fees Paid
- Market Study
- Pre-Application Requirements

*See additional Threshold Requirements for 4% applications at Section III.E on page 24 of the QAP

Threshold: Site Control

- Fully executed purchase contract or option
- Written governmental commitment to transfer property by deed or lease
- Recorded deed or long-term lease

Transfer Commitment must:

- Be binding on seller through initial term; and
- Have names, legal description, and acquisition cost that match application.

Threshold: Fees

All fees owed to MFA for all tax credit projects in which principal(s) participate must be current.

- 2024 Fees
- Application fee \$750 (nonprofit) or \$1,500
- Deposit of \$12,000
- Processing fee* of 8.5%
- \$50/unit monitoring fee, due annually
- Income Averaging projects may be subject to increased monitoring fee

*Payable upon receipt of invoice prior to final determination

Threshold: Applicant Eligibility

- All members of the development team of the proposed project must be in good standing with MFA and all other state and federal affordable housing agencies; and
- The following development team members must sign an affidavit affirming no related party relationships or relationships are properly disclosed:
 - Developer, Project Owner, General Partner, contractor, management company*, consultant(s), and architect

*Management company review deferred until construction

Threshold: Financial Feasibility

Applications must demonstrate, in MFA's reasonable judgment, the project's financial feasibility.

QAP Section IV.C.2, Section IV.D, and Section IV.E. summarize MFA's financial feasibility considerations.

Adhere to Underwriting Details in the 2024 MFA Universal Initial Underwriting Supplement.

https://housingnm.org/uploads/documents/2024_Universal_Multifamily_Initial_Underwriting_Supplement_11.29.2023.pdf

Threshold: Market Study

Applications must contain a market study that meets the following criteria:

- Was completed by a vendor meeting the requirements agreed upon in the Market Study Professional Certification document
- Follows the methodologies identified in the Market Study Parameters
- Has been issued no earlier than 180 days prior to the Application submission
- The rent burden (rent plus utility allowance, if any) may not exceed 30% of gross income at each income strata proposed
- The **Vacancy Rate** for Projects must not exceed 10%

Threshold: Pre-Application

- MFA encourages all applicants for LIHTC to meet with staff prior to submission.
- Both 4% and 9% credit applicants must submit an “Intent to Submit a Tax Credit Application and Development Synopsis”

4% Additional Threshold Items

1. Serve a Targeted Population

• Special Housing Needs Housing Priority – QAP Section III.E.8:

- Everything described in QAP Section III.E.8 on pages 30-35 is required except for the supportive services that may be elected for points on pages 33 – 35.

• Seniors Housing Priority – QAP Section III.E.9:

- The project must meet the requirements on page 35 and provide a description of the Project's specific design elements that service the needs of Seniors (Tab 20a)
- The Project must qualify for an exemption from familial status discrimination under the Fair Housing Act, submit a Fair Housing Act Certification for Senior Housing Facilities (Tab 20b) and meet MFA's Mandatory Design Standards as described on page 35.
- The project must comply with Fair Housing Requirements as described at the top of page 37.
- Supportive services are not required. If the applicant elects to provide non-required services, the project must conform to the requirements stipulated on pages 36 - 38 regarding any fees and other documentation regarding the elective services.

• Households with Children Priority – QAP Section III.E.10:

- The project must meet the requirements on pages 38-39 and provide the description of the Project's specific design elements that serve the needs of Households with Children stipulated on the top of page 40 (See Tabs 21a and 21b).
- Supportive services are not required. If the applicant elects to provide non-required services, the project must conform to the requirements stipulated on pages 39 - 41 regarding any fees and other documentation regarding the elective services.

Achieve a Smoke-Free at Home Certification

2. 4% LIHTC Projects are required to participate in the New Mexico Smoke-Free at Home program:

- **New Construction Projects:** must agree to participate and obtain the Smoke-Free at Home NM Platinum Certification (no smoking or use of electronic cigarettes at any time on any part of the property);
- **Rehabilitation and/or Adaptive Reuse Projects:** must agree to participate and obtain the Smoke-Free at Home NM Gold Certification (no smoking or use of electronic cigarettes is permitted at any time on any part of the property);

The Project must have appropriate space for the provision of smoking cessation classes.

Mandatory Design Requirement

3. Meet all of 2024 Mandatory Design Requirements Standards for Multifamily Housing (including HERS ratings), unless granted a waiver:

- https://housingnm.org/uploads/documents/2024_Mandatory_Design_Standards_for_Multifamily_Housing.pdf
- The architect's certification at Tab 10e must be submitted. If the Applicant is requesting a waiver, complete Tab 11a and submit the applicable fee.

Fresh Produce Facility

4. Must be located within 15 minutes driving distance of a facility in which fresh produce is available;

- Complete Tab 16a Locational Efficiency Score Worksheet with address of facility.
- At Tab 16b, insert Google map showing driving distance to facility described at Tab 16a.

Additional Threshold Items

5. Market Study must indicate a vacancy rate in the Primary Market Area of less than 10%;

- Submit the Tab 13a Certification of Qualified Professional with the Market Study.

6. Must market to local Public Housing Authorities;

- Insert letter to PHA Director of Jurisdiction for the Project from the Applicant verifying this commitment at Tab 22.

7. Include a preference for Veterans in the Tenant Selection Criteria.

- Insert Veteran's Preference form certifying that the Tenant Selection Criteria will include a preference for active duty, Honorably Discharged or retired US military Veterans at Tab 24.

Rehabilitation Threshold

8. Must be at least Moderate Rehabilitation

- The level of rehabilitation (as applicable) must be at least a Moderate Rehabilitation as defined in the Glossary (Section XI of this QAP.)

Items Not Applicable to 4% Projects

- 4% Projects *cannot* receive the State Designated Basis Boost as per IRC Section 42(d)(5)(v)
- 4% Projects do not require a Carryover.
- 4% Projects do not require a 10% Test

QCT or DDA Requirement for Boost

- **Basis Boost for Qualified Census Tract (QCT) or HUD-designated Difficult Development Area (DDA)** - Projects located in a HUD-designated Qualified Census Tract (QCT) or a HUD-designated Difficult Development Area (DDA) may be eligible for a 30% basis increase (basis boost). Documentation of this status ***must be included*** in the Application. In no case will a Project's Eligible Basis attributable to the acquisition of an existing building be increased. (See Sections IV.E.5. and IV.E.6 for further information.)

Restrictions

- **Federal Grant financed Projects with reduction in Eligible Basis.** In the case of a Project financed with Federal Grants, whether a newly constructed or rehabilitated building, the Project Owner shall exclude the amount of the Federal Grants from Eligible Basis.
- **Bond Cap request may not exceed 60% of the Total Development Cost.**
- **Cost Limits** – The Construction Cost Limits provided in Section IV.C.2 apply to all Projects, including 4% Projects. However, applicants should note that the definition of Total Development Cost in the Glossary *excludes* the costs of issuance on line 65 of the Schedule A development budget for purposes of calculating cost limits.

Additional LIHTC Information

4% Floor:

- The Consolidated Appropriations Act of 2021, passed by Congress on December 21, 2020, permanently fixed the floor of the 4% credit at 4%. The amount of the annual tax credit is calculated to yield a present value of 30% (in the case of 4% credits) of Qualified Basis, as adjusted by MFA.

Developer Fee:

- Shall not exceed 14% of Total Development Cost (*See QAP Glossary and QAP Section IV.D.2 for further information.*) The maximum developer fee is locked in at 8609 issuance for 4% Projects.

Processing Fees.

- Prior to the release of the Letter of Determination by MFA Staff, a processing fee of 8.5% of the approved annual credit will be due.

General Contractor's Cost Certification

- Not required for Stipulated Sum Contracts
- Not required for Maximum Guaranteed Price Contracts
- Actual costs incurred by the GC
- Fully completed
 - Vendor names
 - Relationship between parties
 - Invoices
 - Payroll Details
 - Cancelled Checks
 - Lien Release Waivers

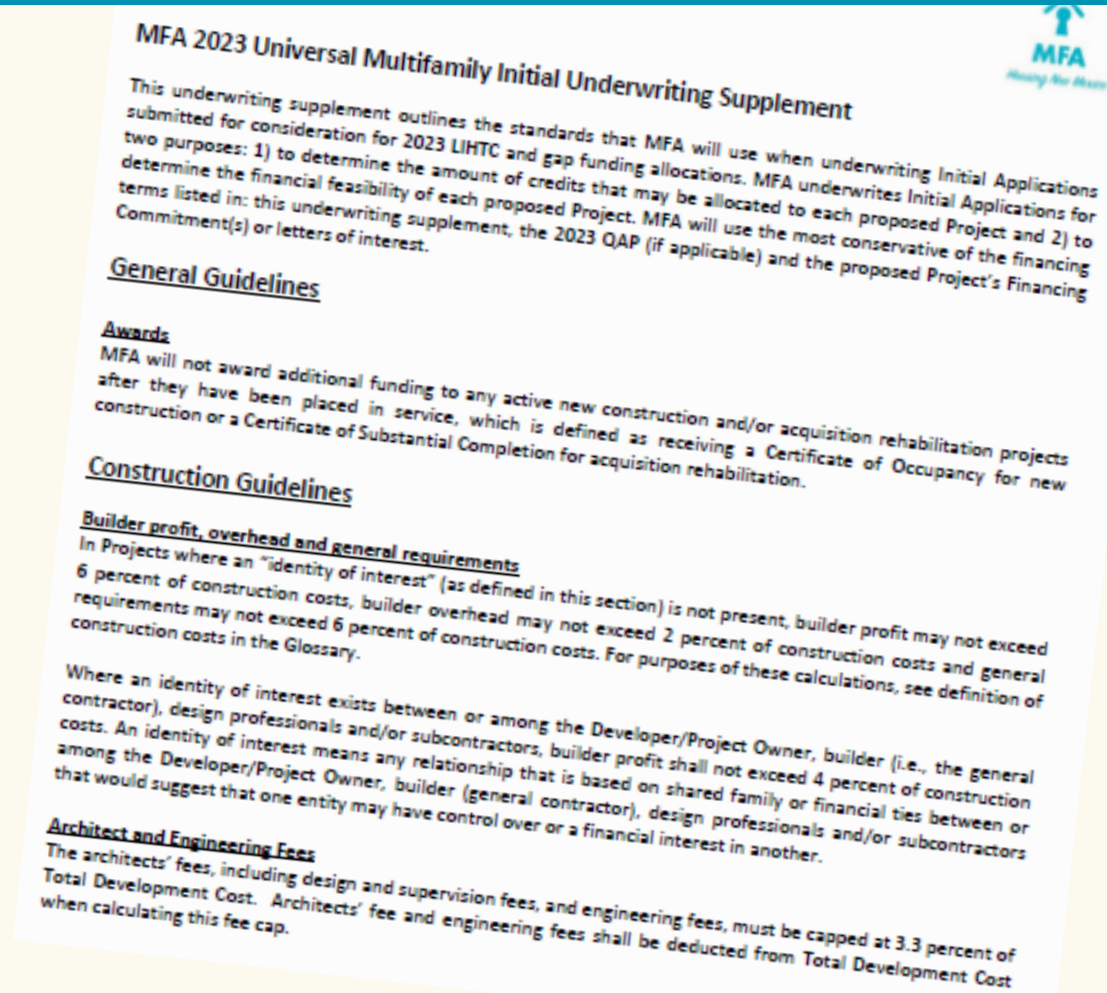
Mandatory Design Standards Must Be Met

MFA 2024 Mandatory Design Standards for Multifamily Housing Part A

The following Design Standards, including the MFA 2024 Submission Instructions for Preliminary Architectural Documentation for Multifamily Housing Applications, contained herein as **Part B**, represent the minimum requirements for New Mexico Mortgage Finance Authority (MFA) financed rental housing and are herewith incorporated by reference into MFA's 2024 Qualified Allocation Plan (QAP). Capitalized terms are defined either herein or in the QAP.

MFA values excellence in design because well designed housing meets the needs of tenants, attracts market tenants and promotes community acceptance of housing financed by MFA. All Projects shall meet or exceed each of these standards, as well as the minimum requirements of all applicable building codes (hereinafter referred to as "Code"), regulations, and local zoning ordinances. In addition, Projects shall meet Americans with Disabilities Act (ADA) and Fair Housing Act (FHA) requirements as applicable. Depending on the funding sources and other partners' requirements, the Project may also be subject to Uniform Federal Accessibility Standards (UFAS) requirements. Projects receiving HOME and/or HOME-ARP funding must meet the property standards of 24 CFR 92.251. Projects receiving National Housing Trust Funds must meet the property standards of 24 CFR 93.301 (f) (1) and (2). Projects receiving Coronavirus State and Local Fiscal Recovery Funds pursuant to the Final Rule published May 17, 2021, as amended, must meet the property standards of HOME and/or National Housing Trust Fund, as applicable. The Project Owner shall not commence construction on a Project or request disbursements of MFA gap financing prior to receipt of MFA's written approval of complete construction documents. The development team is responsible to know and meet all accessibility requirements for their Project. MFA will not be reviewing submissions with the intent to identify compliance with these various laws, codes, and ordinances governing the design of the projects. Should we find a discrepancy in a design that does not meet a law, code, or ordinance, we will, as a courtesy, inform the designer of our findings. Our review does not constitute nor represent the project's compliance with all applicable laws, codes, or ordinances; and development team members may not rely on MFA or its agents for final determination. In light of the complexity of adherence to all various code requirements, some developers may find it beneficial to hire third-party consultants to provide additional review. Each Project Owner and architect will be required to certify at Application that the Project design meets these Design Standards, and at completion will be required to certify that the Project was built in compliance with these Design Standards. The Design Standards have been arranged into three sections: "New Construction," "Rehabilitation," and "Special Projects" and shall be used as applicable for each type of Project or each portion of a Project.

Universal Underwriting Supplement Requirement must be met.



https://housingnm.org/uploads/documents/2024_Universal_Multifamily_Initial_Underwriting_Supplement_1.29.2023.pdf

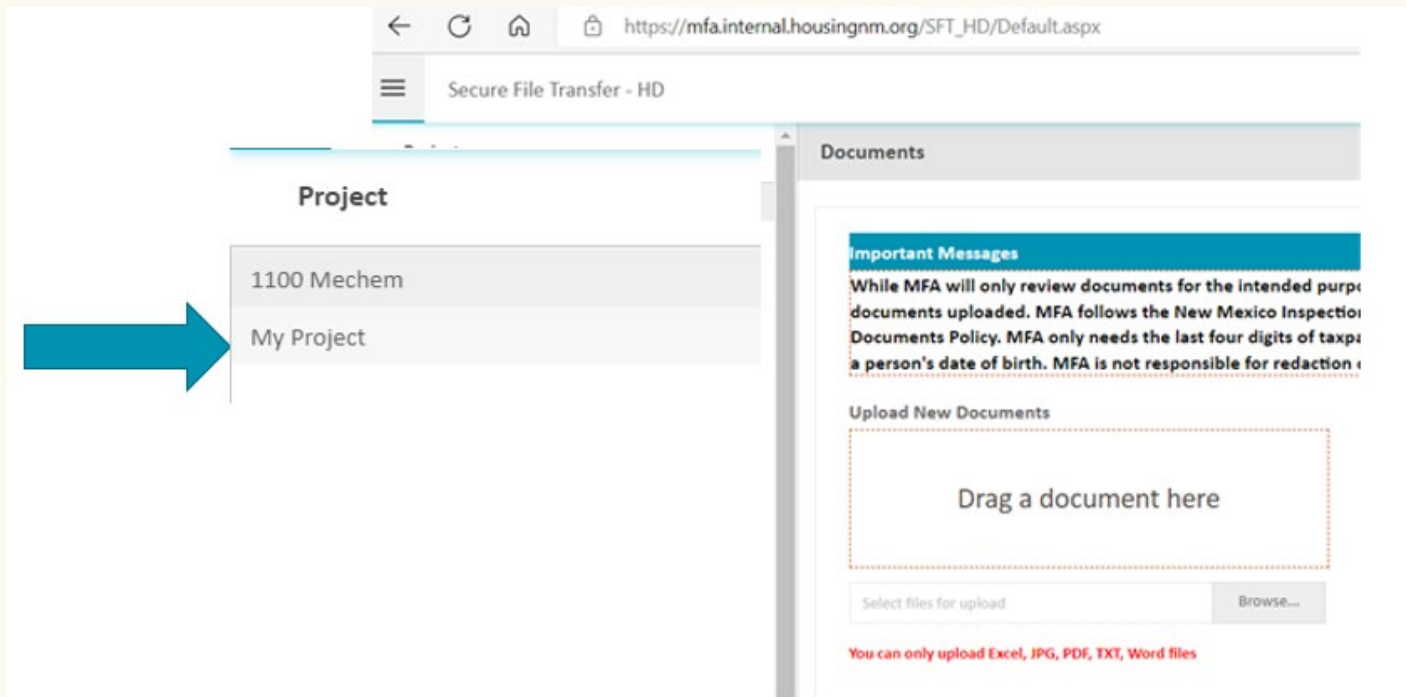
Universal Application

Universal Rental Development Application is used for all of the following:

- LIHTC
- HOME
- NHTF
- NMHTF
- Risk Share
- NM State Tax Credits
- Primero
- Ventana Fund

Upload to MFA File Share Site

- Register for account – your project assigned to your account
- https://mfa.internal.housingnm.org/SFT_HD/



Application Checklist

2024 MFA UNIVERSAL RENTAL DEVELOPMENT APPLICATION

Attachments Checklist

TBD Apartments

Note that this Attachments Checklist is not an exhaustive list of all items to be included in a submission. Please see the 2024 QAP for additional items that may be required for any LIHTC allocation request.

I. Required Items for all Applicants

Tab #	Document or Schedule Required (Tab #s in blue have provided application materials)	Check if Present	For MFA Use
	Application Fee (\$750 Non Profit; \$1,500 For Profit) Any MFA Loan Product (\$250 each, \$1,000 for Risk Share Program) MFA Loan Product fee is required at application unless the Applicant is also competing in the 9% LIHTC round, in which case MFA Loan fees are required following an award.		
	Design Review Deposit (\$12,000)		
1a	Universal Rental Development Application Attachments Checklist		
1b	LIHTC Project Selection Criteria Scoring Worksheet <i>(if requesting a LIHTC allocation)</i>		
1c	Omnibus Signature Page and Certification		
1d	Project Narrative		
1e	Displacement and Relocation Plan <i>(if applicable)</i>		
1f	Rehabilitation Scope of Work <i>(if applicable)</i>		
1g	One-page summary of Developer affordable housing experience		
1h	Related Party Affidavit(s) <i>(one each for the Developer, Project Owner, General Partner, contractor, consultant(s) and architect)</i>		
1i	Organizational Chart(s) for Proposed Project Owner and any other related party interests among the Development Team		
1j	Applicant's Certification (for review, signature covered in Omnibus)		
1k	Return of Tax Credit Reservation or Allocation (for review, signature covered in Omnibus) <i>(if requesting a 9% LIHTC allocation)</i>		
1l	Compliance Affidavit for each Principal WITH SCHEDULE OF EXPERIENCE (see footnote to QAP Section IV.C.8) - examples to attach to compliance affidavit: HUD Form 2530, MFA Schedule H from previous applications, real estate owned schedule provided to lender		
1l ex	Schedule of experience - Sample of an acceptable form to attach to compliance affidavit at Tab 1l		

Related Party Affidavit – Tab 1h

2023 MFA UNIVERSAL RENTAL DEVELOPMENT APPLICATION

Related Party Affidavit

TBD Apartments

The undersigned certifies there is no "Identity of Interest" (an "Identity of Interest" means any relationship that is based on shared family or financial ties) between or among the Developer, Project Owner, General Partner, consultant(s), builder (general contractor and identified subcontractors), property management agent, architect, attorney and/or accountant that would suggest that one entity may have control over or a financial interest in another. An "Identity of Interest" will be presumed if any of the following factors are present as between or among the above-listed entities: common or shared ownership of any of the above-listed entities; common family members as owners or investors in any of the above-listed entities; common control of the above-listed entities even if the control is not exercised by a common owner or common investor, unless disclosed in writing to MFA and attached to this Related Party Affidavit.

Initial One:

_____ No related party relationships exist between or among the Developer and the Project Owner, General Partner, consultant(s), builder, property management agent, architect, attorney and/or accountant;

OR:

_____ Attached hereto is a list of all related party relationships, including the nature of the relations, between and among the Developer and the Project Owner, General Partner, consultant(s), builder, property management agent, architect, attorney and/or accountant;

Name

Developer - Company Name

Title

Compliance Affidavit – Tab 11

2024 MFA UNIVERSAL RENTAL DEVELOPMENT APPLICATION

Select role from drop down box in cell below:

Compliance Affidavit - Member

TBD Apartments

The undersigned, a "Principal" ["Principal" is defined as an Applicant, any General Partner of an Applicant, and any officer, director, board member or any shareholder, managing member or affiliate of an Applicant. It also includes any entity receiving any part of a developer fee for a Project. For Project compliance purposes, "Principal" would include shareholders with interests of 25% percent or more, all officers of a corporation (including employees but excluding volunteer board members with no financial interest), all General Partners or members], hereby swears and affirms as follows:

The attached schedule of experience is a complete and accurate list of all federally subsidized or Low Income Housing Tax Credit or other federally financed multifamily housing projects in the United States ("Project" or "Projects") in which Principal and/or its related entities and affiliates has a direct or indirect financial interest. An indirect financial interest includes receiving any part of a developer fee for a Project. (See QAP Footnote 6 at Section IV.C.8 for more information.)

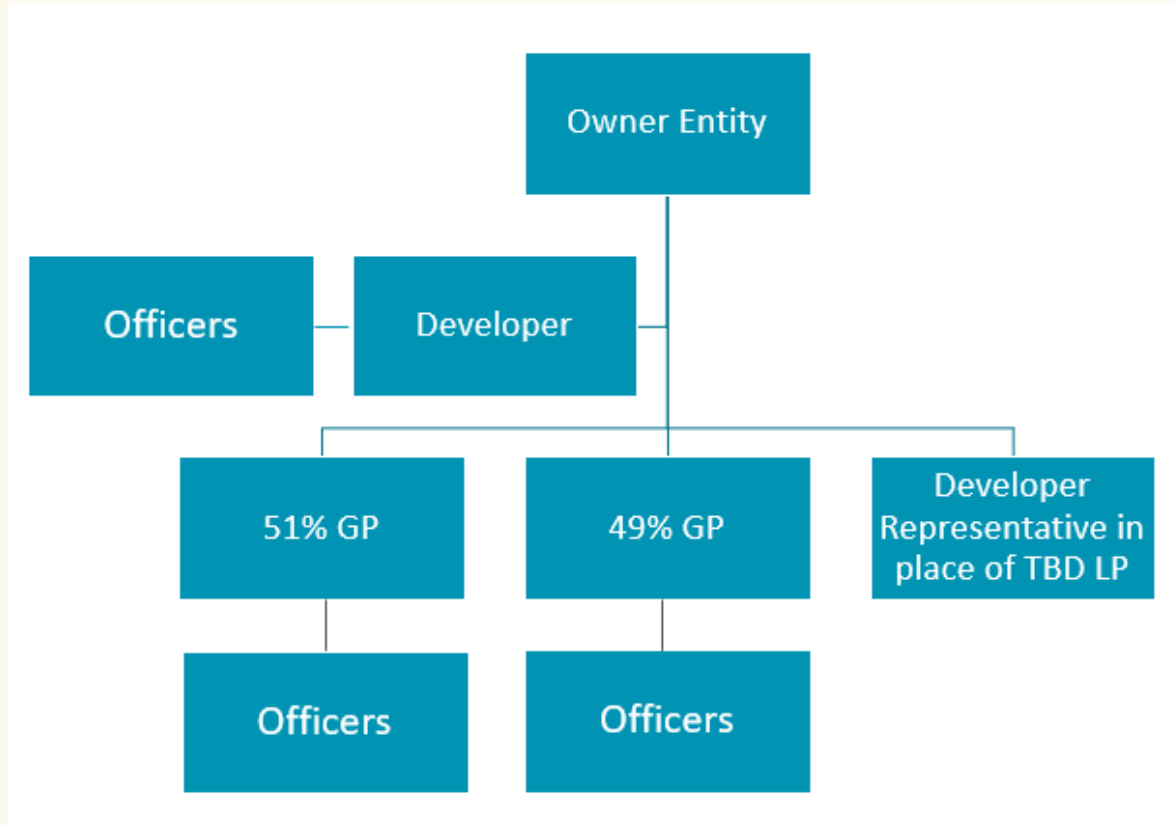
_____ Neither Principal, its related entities and affiliates, nor any Project listed on the attached complete schedule of experience of Principal and its related entities and affiliates is in default with respect to any material compliance matter with respect to any Project.

OR:

_____ Attached hereto is a list of all material compliance defaults with respect to Principal, its related entities or affiliates, or any Project, together with an explanation of corrective action being taken to resolve such defaults or findings.

Compliance Affidavit (cont'd)

- Each Principal (see Glossary) must complete and sign



Schedule of Experience – Tab 1k

- Attach to Compliance Affidavit at Tab 1k
- Only include one, choose from the following (samples included on Excel application Tab 1K:
 - Schedule H
 - REO
 - HUD 2530
- Include each source of financing
- Only most recent compliance monitoring required
- If no 8823s, you can overwrite the text in the box with “NO”
- LIHTC Experience Required

Tab 2 – Pages 1 – 8

Application Review

Indicate

- Extended Use Period
- Set-Aside Option
- Complete all areas of application

Utility Allowance

- Rent calculation – Schedule B
- Attach current documentation
- Must be approved allowance

Contact Information

- Update MFA if this changes after application
- Identify local official

Ownership Information


- To-be-formed partnerships
- Non-Profit participants

Development team

- Identity of interest
- Developer fee amount
- Attach resumes

Application Form

Application Sample

SECTION III: Description of Project		
Subsidy, Period of Affordability - Use Restriction		
Will project use project-based rental assistance subsidies?	<input type="text" value="No"/>	No. of Units: <input type="text" value="0"/>
Will project accept Section 8 vouchers or certificates?	<input type="text" value="Yes"/>	
Low Income Housing Tax Credit Applications:		
Project owner irrevocably commits to an Extended Use Period of	<input type="text" value="35 years.*"/>	At least 30 years
*Includes 15 yr. compliance period		

Note: 4% Applications are not required to extend the Extended Use Period beyond 30 years.

Application Form

Application Sample

SECTION III: Description of Project (Continued)

Income, Rent and Occupancy Restrictions:

The minimum Federal set-aside (for Federal Tax Credit or Risk-Sharing projects only) is:

40% of Units at 60% of Area Median Income

Note that only Low income units as determined by the Project's Set Aside Election are eligible for Tax Credits. For example, if the 20/50 Election is chosen, only Units that are rent restricted and set aside for tenants whose income does not exceed 50% of Area Gross Median Income are qualified as Low Income Units. See QAP §II.E.

List overall RENT & INCOME restrictions (including Units to be requested as Employee Units after PIS)

# Units	Designated Rent & Income Limit at:	%	of the area median income
	Designated Rent & Income Limit at:	20	of the area median income
3	Designated Rent & Income Limit at:	30	of the area median income
20	Designated Rent & Income Limit at:	40	of the area median income
20	Designated Rent & Income Limit at:	50	of the area median income
17	Designated Rent & Income Limit at:	60	of the area median income
	Designated Rent & Income Limit at:	70	of the area median income
	Designated Rent & Income Limit at:	80	of the area median income
0	Market rate units (If employee unit here, Applicable fraction will be reduced. Include them above.)		
60	Total Rental Units		

71.67% Low Income Units at 50% AGMI or below Average Income

Target Population Information:

% of Units	Population Type	# of Units
25%	Households with Children	15
Supportive Services provided to residents?		Yes
Number of handicap accessible units:		3
Supportive Services free to residents?		Yes

Note: Only 25% of Units are required to be targeted to Households with Children if that population is selected.

Tab 3

Schedules

Schedule A – Development Cost Budget

- Calculations - see MFA's Universal Multifamily Underwriting Supplement
 - Construction Contingency
 - Builder Fees
 - Developer Fee
 - Operating Reserve

Construction Contingency Example

New Construction

\$6,388,500	Construction Costs before GRT, GR, Overhead & Profit
<u>5%</u>	Minimum Owner Contingency Percentage
\$319,425	Minimum Owner Contingency Dollar
<u>\$350,000</u>	Application Contingency
\$(30,575)	(Excess)/under minimum

Contingency included in construction contract will be included as a hard construction cost and will not count toward required owner construction contingency.

Builder's Profit, Overhead, General Requirements Example

\$6,388,500	Construction Costs before GRT, GR, Overhead & Profit
<u>6%</u>	Allowed percentage for Profit
\$383,310	Maximum for Profit (if no identity of interest)
<u>\$383,310</u>	Application Profit
\$0	(Excess)/under used

Same formula as above for General Requirements

\$6,388,500	Construction Costs before GRT, GR, Overhead & Profit
<u>2%</u>	Allowed percentage for Overhead
\$127,770	Maximum for Overhead
<u>\$127,770</u>	Application Overhead
\$0	(Excess)/under used

Developer Fee Calculation

14%* of Total Development Costs

**Excludes:*

- Donated land
- Waived fees
- Developer fees, consultant fees
- Reserves
- Acquisition cost if there is an identity of interest between parties.
- See QAP for addition exclusions

Acquisition/Rehab Developer Fee Calculation

- Acquisition/Rehabilitation Developer Fee Split
- 30% basis proportionate to acquisition cost (not including land)/TDC
- Assume the following amounts:
 - Acquisition Costs in Basis (ACB) = \$100,000
 - Total Development Costs (TDC) = \$1,000,000
 - Total Developer Fee (TDF) = \$140,000
- What is the split?

ACB / TDC = Percentage of Acquisition portion of Developer Fee (%DF)	$\$100,000 / \$1M = 10\%$
%DF x TDF = Amount of Acquisition portion of Developer Fee (ADF)	$10\% \times \$140,000 = \$14,000$
TDF – ADF = Amount of Rehab portion of Developer Fee	$\$140,000 - \$14,000 = \$126K$

Therefore, the \$140,000 developer is split between acquisition for \$14,000 and rehabilitation at \$126,000.

Accounting Costs

- Where should the accounting cost be entered?

11	Other (b)	-					
12	SUBTOTAL	2,254,440	-	2,254,440	-	2,254,440	-
13	PROFESSIONAL SERVICES/FEEES						
14	Architect (Design)	215,000		215,000		215,000	
15	Architect (Supervision)	75,000		75,000		75,000	
16	Attorney (Real Estate)	90,000		90,000		50,000	
17	Engineer/Survey	45,000		45,000		45,000	
18	Other (c)	30,000		30,000		30,000	
19	SUBTOTAL	455,000	-	455,000	-	415,000	-
20	CONSTRUCTION FINANCING						
21							
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PROFESSIONAL SERVICES/FEEES [Other (c)]	
DESCRIPTION OF COST	AMOUNT
Accounting	30,000
TOTAL	30,000

SOFT COSTS						
Market Study	9,250		9,250		9,250	
Enviromental	13,500		13,500		13,500	
Tax Credit Fees	124,000		124,000			
Appraisal	4,500		4,500		4,500	
Hard Relocation Costs						
Accounting/Cost Certification	30,000		30,000			
Other (f)	-					
SUBTOTAL	181,250	-	181,250	-	27,250	-

- Where there is a line for the cost, it should be included there. In this example, the accounting cost should be placed in the line under soft costs, not as an “other professional service”.

Reserves and Expenses

Operating Expenses = Project operating expenses (excluding reserves and resident social services expenses); \$4,300 to \$5,800/unit;

Replacement Reserve = \$250/unit/year for Senior housing (new construction only) and \$300/unit/year for all other project types;

Operating Reserve = minimum of six months operating expenses (including replacement reserves and social services expenses) and all must-pay debt service.

Schedules

Schedule A-1 – Sources of Funds (Tab 3b)

- Construction and Permanent
- Deferred Fee
- Sources = Uses

Schedule B – Unit Type & Rent Summary (Tab 4a)

- Distribution of units proportionately
- Set-aside rents cannot exceed tax credit limits
- Indicate unit net square feet
- If applicable, include HAP rent on Schedule B

Schedule A-1 Interest Rate

Which interest rate should be inserted into Schedule A-1?

- MFA “Conservative Interest Rate”
- **4.25% amount in LOI + 50 bps = 4.75%**
- 4.25% amount in LOI



Schedule A-1: Sources of Funds									
Project Name:	0			Perm Loan Rate is: LOI			Date:	1/0/1900	
Financing Sources	Loan or Grant?	Source/ Program	Construction Amount	Permanent Amount	Interest Rate	Payment		Term	
						Amount	Frequency	Amort. Yrs.	Loan Yrs.
Permanent Loan	Loan	RMCRC Nicholas Berger	0	2,500,000	4.25%	139,727	ANNUAL	40	16

Use drop-down box to indicate whether 50 bps are included, or the interest solely includes the interest rate in the LOI. *See the 2024 Universal Multifamily Underwriting Supplement*

“Non-Revenue Manager Unit” on Schedule B Rent Schedule

- Project Narrative States:

- The Project will include 59 newly constructed LIHTC units. One additional unit will be a non-revenue management unit.

LIHTC Units	Restricted Units at			60%	of Median Income		
Number BR/Unit Type ⁽³⁾		1-BR	2-BR	3-BR			Totals
Net Sq. Ft./Unit		650	875	1,200			53,300
Number of Units		20	20	19			59
Gross Monthly Rent/Unit ⁽¹⁾		900	1,080	1,246			
Minus: Utility Allowance		75	93	114			
Net Monthly Rent/Unit		825	987	1,132			
Annual Rental Income (All Units)		198,000	236,880	258,096			692,976

Non-Revenue Manager	Restricted Units at			60%	of Median Income		
Number BR/Unit Type ⁽³⁾		1-BR	2-BR	3-BR			Totals
Net Sq. Ft./Unit				1,200			1,200
Number of Units				1			1
Gross Monthly Rent/Unit ⁽¹⁾							
Minus: Utility Allowance							
Net Monthly Rent/Unit							
Annual Rental Income (All Units)							

Include **all units** on Schedule B. Employee/Exempt Units are approved by Asset Management after PIS.

Schedule B Rent Schedule

Land Use Restriction Unit Count: 60 Units

- Obtain a letter from Asset Management for approval of management units.

All Units	Total All Units (From All Sources Above)						
Number BR/Unit Type	ALL 0 BDRMS	ALL 1 BDRMS	ALL 2 BDRMS	ALL 3 BDRMS	ALL 4 BDRMS	ALL 5 BDRMS	Totals
Net Sq. Ft./Unit		13,000	17,500	24,000			54,500
Number of Units		20	20	20			60
Gross Monthly Rent/Unit ⁽¹⁾							
Minus: Utility Allowance							
Net Monthly Rent/Unit							
Annual Rental Income (All Units)		198,000	236,880	258,096			692,976
Units Receiving Rental Assistance (from all sources above)							

All units will be considered “**LIHTC units**” on LURA; “management units” are considered “common area”, not residential units. This allows for flexibility if the property requires additional units in the future or management household size changes.

Schedules

Schedule C – Operating Expense Budget (Tab 5a)

- 5 or 7% vacancy (see QAP)
- Maximum 6% management fee (calculated on gross income)
- Replacement Reserves – we will underwrite to at least MFA minimums
- No HAP Contract “Overhang” – include full rent on Schedule B
- Annual Compliance Fee is \$50 per Low Income Unit

Schedules

Sample

2022 MFA UNIVERSAL RENTAL DEVELOPMENT APPLICATION

Schedule C: Operating Expense Budget

Project Name:

0

Date:

1/28/2022

Total Units: 60

Total Budget

Per Unit Cost

INCOME

1 Annual Rental Income Per Schedule B/Section F

526,212

8,770

2 Parking Income

18,000

300

2022 MFA UNIVERSAL RENTAL DEVELOPMENT APPLICATION

Schedule D: Contractor's and Applicant's Cost Breakdown

Project Name: 0

Federal HTC Requests ONLY

Construction Period: Start Date:

Completion:

Residential Costs ONLY

5 Less Vacanc

6 Commercial Inc

7 Less Vacanc

8 TOTAL INCOM

Trade Item

Total Cost
[A]⁽¹⁾

Commercial
[B]

Residential
[C]

30% HTC
Basis [D]

70% HTC
Basis [E]

NC/Rehab
Breakout

Demolition

Accessory Structures

Site Construction

Earth Work

Site Utilities

Roads & Walks

Site Improvements

Lawns & Planting

Unusual Site Conditions

Sub-total: Site Construction

281,966

533,629

531,829

264,542

102,846

1574206

0

0

0

0

0

0

0

0

0

0

281,966

533,629

531,829

264,542

102,846

1574206

0

0

0

0

0

281,966

533,629

471,829

264,542

102,846

1514206

0

0

0

0

0

281,966

533,629

471,829

264,542

102,846

1514206

0

0

0

0

0

- Schedule C – Parking Income is permitted, but the cost of the parking space needs to be deducted from eligible basis.

Schedules

Cash Flow Projection (Tab 5b)

- Income, expense, and reserve escalators at minimum stated in underwriting supplement
- Debt Service Coverage Ratio is underwritten assuming 50 bps stress on interest rate in LOI
- Must meet feasibility for “All in Debt”.

Schedule D – Contractor Cost Breakdown (Tab 6a)

- Tie to Schedule A

Schedules

Schedule G - Affordable Unit Set Aside Election (Tab 8)

- Irrevocable – read carefully

	<input type="checkbox"/> No	At least 20% of the residential units in this development are rent-restricted and to be occupied by households with incomes at 50% or less of area median income; or
40@60%	<input type="checkbox"/> No	At least 40% of the residential units in this development are rent-restricted and to be occupied by households with incomes at 60% or less of area median income; or
Average Income	<input type="checkbox"/> No	At least 40% of the residential units in this development are rent and income restricted and the average income limit for all tax credit units in the Project is at 60% or less of area median income; or
	<input type="checkbox"/> No	Deep rent skewing option as defined in Section 42

Other MFA Sources of Funds

HOME Program

- New Construction, Rehabilitation, Acquisition & Rehab, Limited Refinancing
- Generally, 0%-3% rate
- 2-year construction and up to 40-year permanent period
- 4% LIHTC – Limited by a maximum of \$1,000,000 per project for CHDOs/\$800,000 for non-CHDOs

Other MFA Sources of Funds

National Housing Trust Fund

- New Construction, Rehabilitation, Acquisition & Rehab, Limited Refinancing
- 0% rate
- Minimum 30-year term period
- 4% LIHTC – Limited by the maximum per-unit subsidy limits and a maximum of \$1,500,000 per project

Other MFA Sources of Funds

Ventana Fund

- New Construction, Rehabilitation, Acquisition & Rehab
- 2.5% - 3.5% rate
- 12 to 24 months interim/construction loan

Other MFA Sources of Funds

Primero

- Primero is funded through MFA's Housing Opportunity Fund
 - Maximum Loan: \$3,500,000 or funds available at the time of application
- Funding high-risk projects and priority is giving to MFA's Primero Selection Preference:
 - Tribal Housing, Colonias Housing, Housing Rehabilitation, and Manufactured Housing Assistance
- Eligible activities for multifamily and single-family development projects:
 - Pre-development, acquisition, construction, conversion, or rehabilitation
- Loan Terms: Up to 5 years for pre-development
- Interest Rate: Typically, 3.0% per annum, 1% loan fee due at closing

Other MFA Sources of Funds

New Mexico Housing Trust Fund

- New Construction, Rehabilitation, Acquisition & Rehab, Infrastructure
- New interest rate policy:
 - 4% LIHTC – Base interest rate of 2%*
 - No LIHTC – 1% interest rate

* 1% discount for rural, senior, tribal, permanent supportive. 1% increase if request exceeds funding limits.
- New funding limits:
 - Construction - \$3,000,000
 - Permanent - \$2,000,000
- 2-year construction period and up to a 40-year term

Other MFA Sources of Funds

Risk Share 542(c)

- New Construction, Rehabilitation, Acquisition & Rehab
- Up to \$2,000,000 (LTV restrictions apply)
- Interest Rate: 10 Year Treasury rate + current HUD-approved total MIP* + 25 bps MFA servicing fee + 2.00%
- 2-year construction and up to 40-year permanent term period for new construction or 35-year permanent term period for rehab

NM State Tax Credit Program

Program Basics:

- Used to fund affordable housing for low to moderate income occupants
- Provides tax credits to eligible individuals and businesses that provide donations to MFA-approved affordable housing projects approved by MFA, or to the charitable trust administered by MFA
- Credits on income taxes, gross receipts taxes (GRT) and compensating taxes (excluding local option GRT imposed by a municipality or county, or the government GRT)
- Donations can include land, buildings, cash or services
- Credit is equal to up to 50% of the value of the donation (i.e. \$2,000 donation = \$1,000 tax credit)
- Minimum accepted donation is \$200; maximum is \$2,000,000

NM State Tax Credit Program

How much is available?

- Amount equal to a base rate of \$1.85, adjusted annually for inflation, multiplied by the state population

How does it work?

- Once an award is approved, eligible project applicants solicit donations for the development of an eligible affordable housing project
 - includes non-profit or for-profit developers and governmental or tribal instrumentalities
- Qualified affordable housing activities include land or building acquisition, new construction, rehabilitation, weatherization, etc. for an eligible affordable housing project
- Eligible projects include single family or multifamily housing
 - Project must remain affordable for a minimum of 5 years (single family) or 10 years (multifamily)

Other MFA Sources of Funds

Jacobo Martinez

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Development

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Tim Martinez

Housing Development
Supervisor

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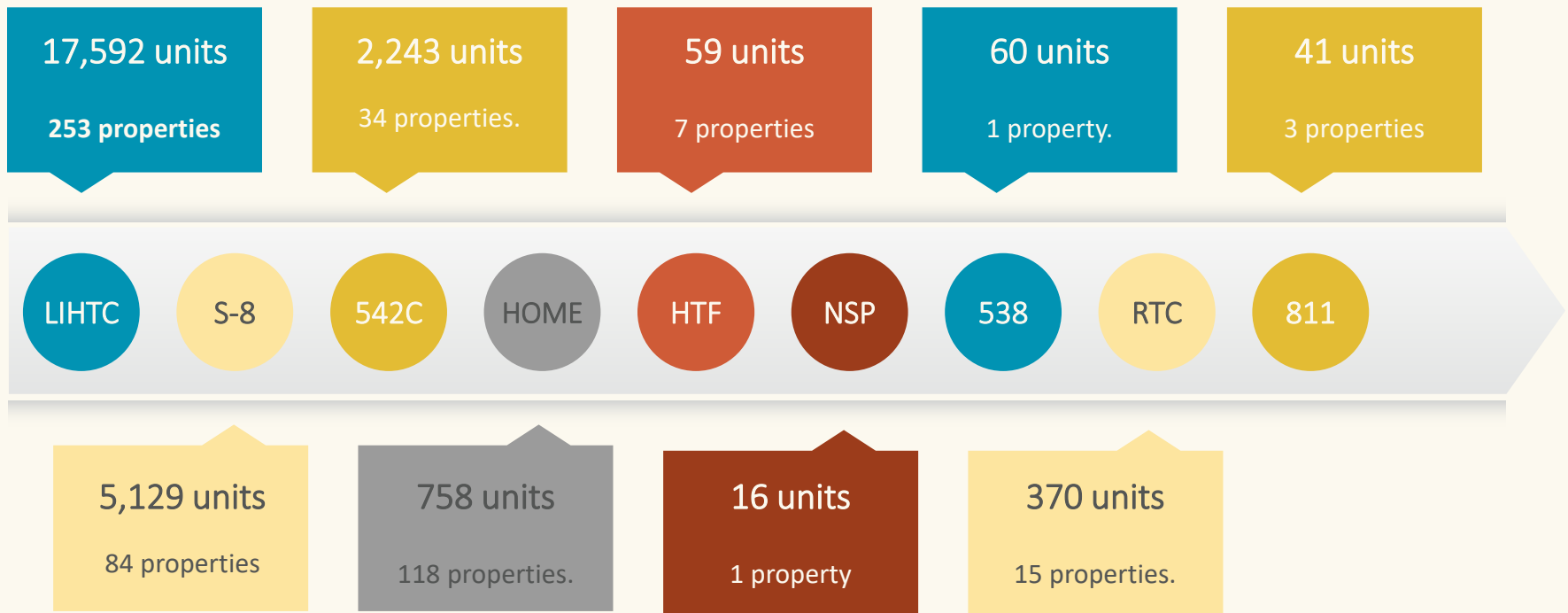
Environmental Review

An environmental review is the process of reviewing a project and its potential environmental impacts to determine whether it meets federal, state, and local environmental standards. The environmental review process is required for **all HUD-assisted projects** to ensure that the proposed project does not negatively impact the surrounding environment and that the property site itself will not have an adverse environmental or health effect on end users. Not every project is subject to a full environmental review but **every project must be in compliance with** the National Environmental Policy Act (NEPA), and other related Federal and state environmental laws.

- HOME, NHTF, Risk Share, and any other federal fund source must complete environmental review before site control or execution of loan documents to avoid a choice limiting action.
- Projects with NHTF funding only must complete Environmental Provisions process before construction completion.
- Keep in mind the timing of the environmental review process. You can complete review before submission of loan application. **On average a review can take up to 4 months to complete.**
 - You will receive environmental review packets after Loan Award Letter is sent out.
- Training can be provided upon request by MFA. HUD Exchange website has training modules.

MFA's asset management department is responsible for compliance audits and physical site inspections for more than 300 properties totaling over 18,000 units throughout New Mexico.

The asset management department is committed to working with and providing training to property owners, management agents and property managers, to ensure the successful operation of properties.



Compliance Monitoring

Monitoring Schedule

LIHTC/TCAP

ON SITE: within one year of date of last building placed in service, then once every three years.

If non-compliance issues are severe then visits could be every year until non-compliance is corrected.

HOME/HTF

ON SITE: The on-site inspections must occur within 12 months after project completion and at least once every 3 years thereafter during the period of affordability.

The participating jurisdiction may adopt a more frequent inspection schedule for noncompliant properties.

542(c) Risk Sharing

ON SITE: within one year of the loan closing, then Annually.

REAC: frequency of re-inspection based upon score. From every three years to annually.

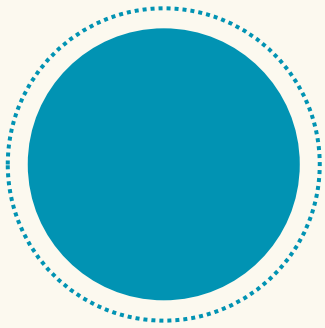
TCEP/RTC/ USDA 538/NSP

ON SITE: Annually.

Utility allowance methods

Properties with tenant paid utilities must evaluate utility allowances schedules annually using an acceptable method chosen by the owner/agent.

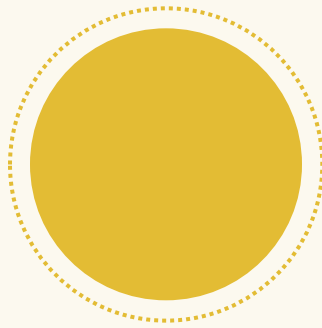
Acceptable methods to calculate utility allowances:



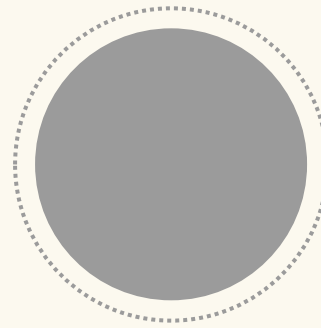
HUD UTILITY
SCHEDULE MODEL



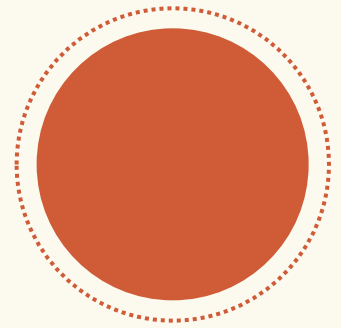
MULTIFAMILY
HOUSING



UTILITY COMPANY
ESTIMATE



ENERGY
CONSUMPTION
MODEL



*PUBLIC HOUSING
AUTHORITY
SCHEDULE*

Properties with HOME/HTF funds cannot use this method

Compliance Monitoring

On-site compliance review

At least 20 percent of the tenant files will be selected by MFA at random. The tenant file review will cover an evaluation of utility allowance schedules and respective implementation deadlines; comparison of rents charged and allowable set aside maximums; and evaluation of household income and the applicable set aside income limit.

On-site physical inspection

At least 20 percent of the units will be selected by MFA at random. Compliance monitoring regulations published January 14, 2000, require housing credit agencies to conduct physical inspections consistent with standards governed by HUD's Uniform Physical Conditions Standards

Annual reporting requirements

- The project owner shall provide MFA with a Certification of Continuing Program Compliance annually on or before March 31st.
- The project owner must submit to MFA annual audited property financial statements, within 120 days of fiscal year end, through MFA's compliance online system, WCMS.
- Electronic data via Next Gen: On a monthly basis, the project owner must provide TICs and property vacancy data.
- Annual vacancy reporting: The project owner must submit to MFA a vacancy report, by month, for the previous year, annually on or before March 31st.

Annual compliance fees

Compliance fees are due in MFA's office by January 31 of each year. Owners will be notified once, or one time, of past due compliance fees. They will then have 30 days to submit payment. If payment is not submitted, MFA will send a Notice of Noncompliance (IRS Form 8823) to the Internal Revenue Service.

- \$50 per qualifying tax credit unit

Compliance Monitoring

Housing Priority Requirements

Housing priorities & enrichment services

- Enforced throughout the affordability period
- Must not allow for more than a 30-day gap in services
- Documentation confirming compliance with the LURA requirements must be maintained throughout the affordability period

Special needs housing priority

- Must have a plan or a policy explaining how units will be marketed
- Documentation that special needs housing units were not rented by the owner/agent for at least 30 days until the required threshold is met
- MOU with any service providers

Enrichment services

- Documentation to confirm compliance with enrichment services of the LURA
- Date, time and location of event
 - Newsletters, flyers or brochures advertising scheduled events
 - Sign in log of attendees
 - Provider information

Service coordination

- Service Coordinator must be in addition to the property manager and property management staff
- Annual operating budget must be sufficient to cover costs
- Annual survey must be conducted and documented regarding satisfaction or dissatisfaction
- Annual certification must be provided by the owner of
 - Number of hours on site
 - Number of residents served

Additional Functions



Service Enrichment LURA Modifications

In conjunction with the housing development department, asset management will review requests to modify service enrichment changes subsequent to the initial selection at application.



Lease up meeting

In conjunction with the housing development department, a representative will be available at the lease up meeting to answer questions and provide information.



Approval of Employee units

After initial application should a need for an employee unit to be added, written requests from owner/agents can be submitted to the asset management department for Review and approval.



Review of Affirmative Fair Housing Marketing Plans (Risk Share, HOME, NHTF, TCEP, NSP)

LIHTC projects with additional affordable layers may require an approved marketing plan. Plans can be submitted to the asset management department for review, approval and on-going compliance monitoring.



Reserve for Replacement Requests (Risk Share)

Risk Share projects require a reserve held for capital replacement. Requests for eligible expenditures can be submitted to the asset management department for review and approval. The next site inspection will confirm repair and replacement of items paid by the reserve.

Fundamentals

LIHTC Fundamentals can be viewed at:
<https://housingnm.org/developers/developer-resources/development-101>



Quiz

Required 2024 Alternative 4% QAP Training Quiz

<https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds>
under *2024 Tax Credit Round*



More Questions?

housingnm.org/developers

<https://housingnm.org/developers/lihtc/applications-faq>

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