

2026 FAQs

Question 1:

There is a property in Albuquerque for sale called Villas de San Felipe. The property totals 161 units in which 65 are affordable with a LURA and the remaining 96 units are market rate. We had a discussion with the County today about a structure in which they could provide the tax-exemption via the ground lease structure, and we would in exchange create a LURA for the 96 market rate units to restrict them as affordable likely up to 120% AMI depending on the incomes of the existing residents (to avoid displacement). Our thoughts are that if we did this, over the course of a few years of natural turnover, we could move in new residents in these 96 units who would qualify at lower AMI's between 60-80%, which would then allow us to resyndicate all 161 units and perform a large rehab to preserve all units as affordable long term. To do this, we would have to acquire the property with a shorter-term acquisition loan.

We know that in the QAP there are limits on the acquisition costs on bridged properties that limit the purchase price to be the lesser of the amount paid at the original acquisition closing or appraised values. I wanted to ask if this also applies to a scenario like this, where we likely wouldn't start the resyndication process for several years? I ask because the cost of this shorter-term loan is relatively costly and has exit fees which would likely result in a loss at sale, and this is less of a bridge as it will take several years to convert these market units to affordable first.

Response:

The Underwriting Supplement to the QAP states: "If the acquisition is bridged before selling the real estate to the Project Owner, the purchase price used to determine the acquisition cost limit will be the lesser of the amount paid at the time of the bridge financing, the Applicant's procured appraisal and the construction lender's appraisal." There is no stated time limit to this provision. However, Housing New Mexico will allow documented holding costs, such as interest on the bridge loan, taxes and prepayment fees to be included as "Other" Acquisition Costs to be included in cells M15:R20 of the Development Cost Budget at Tab 3a.

Question 2:

I had one other question for you in relation to acquiring existing affordable housing in general. As you likely know, buying the fee simple interest of a property breaks the 10-year chain of title required to resyndicate a property. But it is becoming common that utilizing either a HUD loan or a Fannie Mae FHA Risk Share loan would allow for a bypass of this 10-year hold rule due to being substantially federally funded. Does Housing New Mexico have any policy regarding utilizing HUD/Risk Share Loans as a bypass or does the 10-year chain need to be preserved (via buying the partnership interests rather than fee simple)?

Response:

Housing New Mexico does not allow curing of the 10-year hold rule at IRC §42(d)(2)(B)(ii) by financing the property with a HUD loan or Fannie Mae HFA Risk Share loan. Housing New Mexico interprets language referring to substantial federal- or state-assistance at IRC §42(d)(6)(C)(i) & (ii) to require that a property have an existing federal subsidy in place at the time

of acquisition (i.e., financing the acquisition of the property with a federal loan will not cure a broken 10-year hold).

Question 3:

The QAP calls out federal rental assistance. Does rental assistance have to come from the federal government to be acceptable? For example, what if the rental assistance from the City of Albuquerque mimics federal rental assistance, is that ok? What if the contract is only for one year?

Response:

Rental assistance that is not through a federal program may be considered when underwriting a Project but does not qualify the Project Application for points where federal rental assistance is specified. The length of the term and other contract terms will be considered when considering alternative sources of rental assistance. When the alternative rental assistance is not contracted for the full fifteen-year Compliance Period, Housing New Mexico will underwrite the Project based on the Tax Credit Ceiling Rents and may require additional reserves.

The Applicant should consider the following provisions in the 9% LIHTC QAP and Underwriting Supplement when preparing an Application for LIHTC with rental assistance:

- Section V.D (Sustaining Affordability) of the 2026 9% LIHTC QAP requires federal rental assistance to qualify for points.
- Section V.H.1 (Households with Special Housing Needs Housing Priority) requires that “at least 10% of the total Units in the Project must be rent-restricted at 30% of Area Median Income (AMI), or have secured (at the time of Initial Application) permanent rental subsidy support with a project-based federal rental assistance contract that ensures residents do not pay rent in excess of 30% of their adjusted income.” So federal rental assistance is not necessary to qualify for points if the first option is met.
- Section V.T (Other Scoring Points Available) states that the additional Units restricted to 30% or less of Area Median Income “may have permanent rental subsidy support with a project-based federal rental assistance contract.” In this case federal rental assistance is not necessary to qualify for points, since the points are awarded based on the deep income targeting at 30% AMI.
- The Underwriting Supplement V.E. (Operating Reserves) on p 18 states “Larger operating reserves may be required for Projects which show a declining debt coverage ratio in 15-year cash flow projections, have rental assistance contracts included in their income projections or have other factors that Housing New Mexico determines in its discretion to warrant larger reserves.”
- Underwriting Supplement V.G. (Rent and income restrictions) states “While the Code excludes any payments made under Section 8 of the United States Housing Act of 1937 or any comparable rental assistance program (with respect to such Unit or occupant thereof) from the gross rent calculation, only rents that do not exceed the Tax Credit

Ceiling Rents and are supported by the market study will be used for underwriting purposes. Exceptions may be made for Projects with project-based subsidies when the program governing the project-based subsidy allows higher rents.”

Question 4:

The 4% QAP mentions that cost of bond issuance can be included in eligible basis. Can Housing New Mexico define what costs of bond issuance includes? (Legal fees, etc.)

Response:

Housing New Mexico recommends that you discuss this with your CPA. You can learn more in a blog here: <https://novoco.com/notes-from-novogradac/recent-court-case-weighs-in-on-whether-bond-issuance-costs-can-be-included-in-calculating-eligible-basis-of-4-lihtc-developments>

Question 5:

Is it OK to leave GP Resume as N/A if the Developer and GP will be the same?

Response:

If the GP entity is the same as the Developer entity, then it can be explained with a sheet at that tab. The organizational chart and pages 5 - 8

Question 6:

A 4% tax credit application will be submitted concurrently with the closing of the properties in an acquisition + rehab project. The copy of final deed might not be received for several weeks. What is Housing New Mexico's preferred method for the developer to provide evidence of site control with the application. For example, would a future deed suffice?

Response:

The Applicant should submit a copy of the purchase and sale contract, if the deed is not yet available.

Question 7:

For an acquisition rehab 4%, does the lender on the title binder have to be the actual lender that ends up being used for the acquisition?

Response:

The lender on the title binder should be the same lender that provides the Letter of Interest to finance the Project.

Question 8:

We have a project with either 30 or 60 single-family homes within it. There are only 3 unique floor plans throughout all 60 units. How many unit appraisals would be required for this LIHTC project? Is it one per floor plan - or more?

Response:

The 2026 LIHTC Application doesn't require an appraisal except when it is used to support a claim for points for certain contributions under Leveraging Resources. However, Housing New Mexico orders two types of appraisals for single family subdivisions when you apply for our gap financing. One type is for the subdivision itself. The second type is for each unique floor plan (one appraisal each). The cost for the appraisal is paid by the Applicant.

Question 9:

As far as the Capital Needs Assessment is concerned, can you also confirm that we only need a sample of 20-30% of the units (using representative sampling)?

Response:

The QAP and Design Requirements do not specify a percentage of Units that need to be inspected to prepare the Capital Needs Assessment. Qualified Professionals who have provided past Capital Needs Assessments often cite ASTM E2018-15, "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process" as the standard they use, along with following the requirements in the QAP and Design Requirements, when providing their certification.

Question 10:

The 2025 9% LIHTC Award document has not been posted online. We are needing a copy to fulfil the necessary documentation for Tab 31a on the 2025 LIHTC Application.

Will the 2025 9% and/ or 4% LIHTC Award document be posted on the NMMFA Website?

May we use the 2011-2024 4% LIHTC Awards document published on November 1, 2024?

Response:

No. The 2011-2024 4% LIHTC Awards document published on November 1, 2024 is not complete. Applicants in the 2026 round should use the lists posted under the 2025 Tax Credit Round link to see all applications funded through 2025.



Question 11:

The scoring criterion A states:

"Right of First Refusal – Applicants requesting points under this scoring criterion must submit a letter of intent from a tax credit investor that clearly grants the entity qualifying the Application for points under this scoring criterion (the "ROFR Grantee") a right of first refusal to purchase the

project for a below-market purchase price (the "ROFR Purchase Price"), following the expiration of the tax credit compliance period, in accordance with Section 42(i)(7) of the Code (the "ROFR").

The letter of intent must specify the ROFR Purchase Price and identify any amounts due in excess of the minimum purchase price permissible under Section 42(i)(7)(B) of the Code.

In addition, the letter of intent must provide that the operating or partnership agreement (the "Agreement") of the owner of the project (the "Owner") will:

a. grant the ROFR Grantee the ROFR at the ROFR Purchase Price and provide that all amounts to be included in the ROFR Purchase Price will be calculated in accordance with the Agreement;"

To qualify for points under this criterion, may the Agreement define a ROFR Purchase Price as a below-market purchase price in excess of the minimum purchase price defined in Section 42(i)(7)(B) of the Code, or must the ROFR Purchase Price equal no greater than precisely the principal amount of outstanding indebtedness secured by the building plus all Federal, State, and local taxes attributable to such sale?

Response:

The QAP stipulates that "The letter of intent must specify the ROFR Purchase Price and identify any amounts due in excess of the minimum purchase price permissible under Section 42(i)(7)(B) of the Code." Therefore, the ROFR Purchase Price may identify reasonable additional costs beyond the minimum purchase price defined in IRC Section 42(i)(7)(B), such as the repayment of loans to the partnership.

Question 12:

I had an appraisal and market study completed last December of 2024 for my acquisition/rehab tax credit application submittal in the 2025 9% round, that included a site visit by the consultant. I am re-submitting this project for the 2026 9% round and have the same consultant preparing a new appraisal and market study. Are they required to go to the site again? The condition of the property has not changed.

Response:

Yes. Since the reports will be more than a year old by the time the January 20, 2026 Application Deadline comes, new reports will be required. The consultant would need to determine that the condition of the property hasn't changed, which would require a site visit for them to make that determination.

Question 13:

Can we submit two 9% Applications?

Response:

Applicants can submit as many 9% Applications as they would like. However, 9% LIHTC QAP Section II.B states "No Applicant, any General Partner or Affiliate of an Applicant or Person or

Entity receiving or identified as eligible to receive any portion of a Developer fee for a Project may receive more than one tax credit Reservation in any given competitive LIHTC Application round.”

Question 12:

We have a USDA RD 514 award with 100% RA. We are also asking for HOME and NHTF loans as part of the development. Tab 2 - Page 4 of the application requires us to select a Source of Utility Allowance Calculation. Normally we would calculate the Utility Allowance from the form provided by the Local PHA, but the dropdown says "Local PHA (if no HOME or NHTF units)". What are we supposed to use to calculate the UA in this case? We do not know what the "USDA/RD Assisted Buildings (Project Based)" item indicates. We have always used the PHA for the first year calculation.

Response:

Projects with USDA rental assistance should select “USDA/RD Assisted Buildings (Project Based)” and use the utility allowance that USDA/RD approved for the Project. Under the 2013 HOME Rule, Participating Jurisdictions were no longer permitted to use the utility allowance established by the local Public Housing Authority (PHA) for HOME-assisted rental projects for which HOME funds were committed on or after August 23, 2013. (See HOMEfires – Vol. 13 No. 2, May 2016).

Question 13:

I wanted to reach out to confirm our understanding of a section in your latest QAP. We have a couple of 4% applications that we anticipate submitting this month and wanted to make sure we were interpreting correctly.

There’s a section that states:

“From January through August, no Applicant, any General Partner or Affiliate of an Applicant or Person or Entity receiving or identified as eligible to receive any part of a Developer fee for a Project may have more than one 4% LIHTC Project in the Application phase (for the period beginning with the submission of a 4% LIHTC Initial Application and ending when the Project starts construction) and two Projects in the construction phase (for the period beginning when the Project starts construction until the Forms 8609 have been issued). The two-Project limit in the construction phase does not include Projects that received bond volume cap prior to 2026.”

If we were to submit these applications in December would it be correct to assume that we would be grandfathered in under the 2025 QAP and not subject to the requirements of projects in the application phase as we would have 2 active applications?

Response:

No, the 2026 Qualified Allocation Plan was approved and is in effect as of December 1, 2025. Zip files including each final QAP, along with application materials have been posted in the 2026 Tax Credit Round here for your use: <https://housingnm.org/developers/lihtc/current-and-prior-tax-credit-rounds>.

Question 14:

As we know you all are evaluating the shifting of bond availability in the state since the passing of the 25% test, in the future if bonds don't appear to be constrained are these "per organization limits" something that you would anticipate possibly granting waivers for?

Response:

No, from January through August, no Applicant, any General Partner or Affiliate of an Applicant or Person or Entity receiving or identified as eligible to receive any part of a Developer fee for a Project may have more than one 4% LIHTC Project in the Application phase. If bond cap is available after August, a General Partner or Affiliate of an Applicant or Person or Entity receiving or identified as eligible to receive any part of a Developer fee for a Project may submit an additional application. Housing New Mexico will not provide a waiver or make an exception the this rule.

Question 15:

Regarding page 55 of the QAP. J.Households with Children Housing Priority 1b. Service Coordination v. Meeting with residents requiring services within 60 days of move-in and semi-annually thereafter. We note that this requirement is listed in all housing priorities. If this is indeed a requirement for Households with Children, can you please explain "residents requiring services?" Is that every resident in the building or residents requiring specific services? And if the latter, which required services activate this 60-day post move-in meeting?

Response:

The Service Coordinator should meet with every household within 60 days of moving in to determine services they may require and to share the services that will be provided on site. In addition to general marketing of the services on site, the Service Coordinator should follow up every six months with any households that indicated that they required services during the meeting held at move-in.

Question 16:

I wanted to confirm whether project partnership entities may be formed after LIHTC awards are announced, and, in either scenario (entity formed at application versus post-award), whether site control may be held by an affiliated entity with the right to assign the PSA to the created or to-be-formed project owner entity.

Relatedly, Part 2 of the site control requirements notes an exception for To Be Formed partnerships, stating that site control evidence and application materials must show the same names, legal description, and acquisition costs, unless the relationship between the parties is clearly demonstrated. I would appreciate any clarification on how this exception is applied in practice.

Response:

Yes, project partnership entities may be formed after LIHTC awards are announced. Site control may be held by an affiliated entity with the right to assign the PSA to the created or to-be-formed project owner entity.

The name of the current owner on the title report must be the same current owner on site control contracts (i.e., the seller or lessor). The legal description on the title report must be the same as the legal description on site control documents. The title insurance requested on the title report must reflect the acquisition cost in the site control documents.

Question 17:

In regards to the Tier 2 nonprofits, the QAP states "Tier 2: Local nonprofits, NMHAs, TDHEs, THAs and government entities which have net worth/net assets of at least \$250,000 will qualify for three points. In addition, qualified, nonprofit organizations that do not meet this criterion's definition of "local nonprofit" but demonstrate strong financial capacity by having net worth/net assets of at least \$2,000,000 will qualify for three points.. Can you confirm that Non-profit organizations outside of New Mexico are eligible for 3 points so long as they have a net worth of over \$2m in net assets?

Response:

A Qualified Nonprofit Organization outside New Mexico that meets all the following criteria to be designated as a Qualified Nonprofit Organization, and demonstrates strong financial capacity by having net worth/net assets of at least \$2,000,000 will qualify for three points. The Qualified Nonprofit Organization must:

- Be an organization described in Sections 501(c)(3) or 501(c)(4) of the Code and exempt from tax under Section 501(a) and
- the production of decent, safe and affordable housing must be one of the defined goals, objectives or purposes of the nonprofit organization and
- the nonprofit organization must materially participate in the Project, meaning that the organization must be involved on a regular, continuous and substantial basis in both the development and operation of the Project during the term of the Compliance Period.
- The nonprofit must own an interest in the Project throughout the Compliance Period (as defined in the Code) and
- the nonprofit may not be affiliated with or Controlled by a for-profit organization.

Question 18:

As for appraisals on 9% applications, can you confirm that appraisals are not required unless there is a request for leveraging points under donated land?

Response:

Yes, 9% LIHTC Applications do not require an appraisal if the Application does not request points under the Leveraging Resources scoring criterion.

Question 19:

The due date for the Intent to Submit is Saturday. Does this change the due date to either Friday the 19th or Monday the 22nd?

Response:

Housing New Mexico will accept the Intent to Submit a Tax Credit Application and Development Synopsis document through Monday, December 22, 2025 at 5:00 pm Mountain Standard Time, since December 20, 2025 falls on a Saturday.