

New Mexico Affordable Housing Tax Credit

September 14, 2017



WHAT IS IT?

- NM Affordable Housing Tax Credit or State Tax Credit Program
 - ❑ Signed into law in 2005
- NM Affordable Housing Charitable Trust Fund
 - ❑ Created in 2007 and received 501(c)(3) status in 2008
- Used to fund affordable housing for low to moderate income occupants

PURPOSE

- Provides tax credits to eligible individuals and businesses that provide donations to eligible 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

HOW MUCH IS AVAILABLE?

- Amount equal to a base rate of \$1.85, adjusted annually for inflation, multiplied by the state population
- **\$4,532,720** for 2017

HOW DOES IT WORK?

- **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 residential 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)

ONCE APPROVED...

- MFA issues tax credit reservation letter
- Maximum award size is 25% of credits available in each calendar year
- Applicant uses reservation letter to solicit donations
- MFA issues investment vouchers to donors
- Investment voucher issued upon securing evidence of the donation and ascertaining project applicant completed all requirements set for the project
- Alternately, donors may donate directly to the charitable trust fund administered by MFA

BUT WAIT...THERE'S MORE!

- Also eligible for federal tax credits
 - ☐ *More bang for your buck!*
- Donor may transfer all or a fraction of the amount of the credit to an eligible individual or business
- The whole tax credit or a fraction thereof may be redeemed the 1st year or carried forward for up to 5 years

WHO USES THE PROGRAM?

- Habitat for Humanity

 - ❑ Santa Fe, Albuquerque

- Non-profits

 - ❑ Homewise, Supportive Housing Coalition

- Housing Authorities

 - ❑ Sante Fe Civic Housing Authority, Ohkay Owingeh

LIVES CHANGED

- Credits issued since 2006 = \$3.9M
- Total funding/donations = **\$7.8M**

WHICH TRANSLATES INTO...

- Total projects = 44
- Single Family Units = 633
- Multi-Family Units = 139

Sounds great! Who do I contact?

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