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SENATE MEMORIAL 93

**51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014**

INTRODUCED BY

Timothy M. Keller

A MEMORIAL

REQUESTING THE NEW MEXICO MORTGAGE FINANCE AUTHORITY TO STUDY THE FEASIBILITY OF ADOPTING A POLICY FOR LOW-INCOME HOUSING TAX CREDIT SCORING PURPOSES TO GRANDFATHER FOR TWO YEARS ANY QUALIFIED CENSUS TRACT THAT HAS BEEN REDESIGNATED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

WHEREAS, the New Mexico mortgage finance authority runs a competitive award process for allocating low-income housing tax credits that awards five points to a project located within a qualified census tract; and

WHEREAS, the state housing tax credit program's qualified allocation plan, effective January 1, 2014, defines a qualified census tract as any census tract that is designated by the United States secretary of the department of housing and urban development as having fifty percent or more of the households

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1 at an income level that is less than sixty percent of the area  
2 gross median income in accordance with Section 42(d)(5) of the  
3 Internal Revenue Code; and

4 WHEREAS, the United States department of housing and urban  
5 development designates qualified census tracts for purposes of  
6 the low-income housing tax credit program; and

7 WHEREAS, the low-income housing tax credit program also  
8 requires that the poverty rate in the tract be at twenty-five  
9 percent or more for qualified census tract eligibility; and

10 WHEREAS, the low-income housing tax credit requires that  
11 no more than twenty percent of the metropolitan area population  
12 reside within designated qualified census tracts; and

13 WHEREAS, the twenty percent limit also applies  
14 collectively to nonmetropolitan counties in each state; and

15 WHEREAS, it is possible for a tract to meet one or both of  
16 the above criteria, but still not be designated as a qualified  
17 census tract; and

18 WHEREAS, the low-income housing tax credit status does not  
19 provide for an appeal process to change the qualified census  
20 tracts designation of an individual census tract when an error  
21 has occurred that causes redesignation; and

22 WHEREAS, redesignation occurs when a census tract loses  
23 its designation as a qualified census tract; and

24 WHEREAS, qualified census tract designations are updated  
25 every five years by the United States department of housing and

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1 urban development based on its data; and

2 WHEREAS, most low-income housing tax credit projects take  
3 a long time to reach the application stage, which is only once  
4 a year at the end of January, and require substantial resources  
5 in terms of time and money to make such an application; and

6 WHEREAS, the small business administration also uses  
7 qualified census tract designations for its historically  
8 underutilized business zones program, called HUBZone, and has  
9 run into the same designation problem but has resolved the  
10 issue by grandfathering projects for three years; and

11 WHEREAS, the competition for low-income housing tax  
12 credits is very competitive, and the loss of the five points  
13 awarded to projects within the qualified census tracts can make  
14 or break an application; and

15 WHEREAS, there is a fairness issue for those in the  
16 process of putting together a project for application to then  
17 lose the qualified census tract designation;

18 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE  
19 OF NEW MEXICO that the New Mexico mortgage finance authority be  
20 requested to study the feasibility of adopting a policy for  
21 low-income housing tax credit scoring purposes that  
22 grandfathers for two years any qualified census tract that has  
23 been redesignated by the United States department of housing  
24 and urban development; and

25 BE IT FURTHER RESOLVED that a copy of this memorial be

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transmitted to the director of the New Mexico mortgage finance  
authority.

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