

New Mexico Mortgage Finance Authority

Housing Development Financing & Low- Income Housing Tax Credits

*Prepared for
Legislative Oversight Committee
July 2024*





Overview

1. Processes & Timelines
2. Production
3. The Capital Stack
4. Financing Trends
5. What's New?

Development Process



Qualified Allocation Plan (QAP) Process

Developer Forums w/
Governor staff attendance



Compile and Research
Proposed Changes



Draft the QAP

Qualified Allocation Plan (QAP) Process

Obtain Approvals - Draft



Public Comment Period/
Public Hearing



Review Comments

Qualified Allocation Plan (QAP) Process

Obtain Approvals - Final



MFA Board Approval



Governor Approval

Who's on First?



Application Review

- Internal Review Committee
- MFA Legal
- Policy Committee
- Allocation Review Committee
- MFA Board



Project Processing

- Tax Credit Staff
- Loan Development
- Architectural Services Rep



Ongoing Monitoring

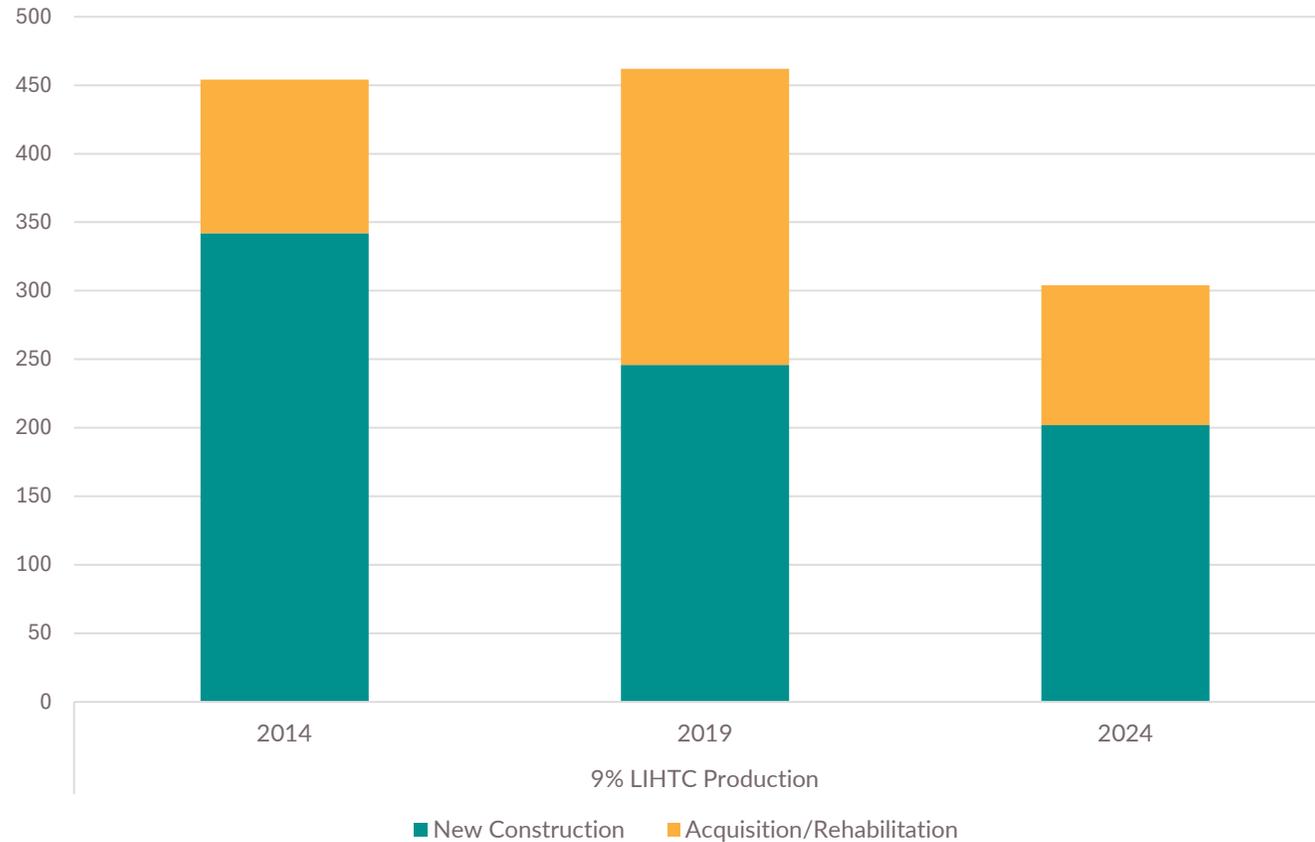
- Asset Management
- Preservation Manager

Total Development Cost

	2014	2019	2024
Average Project Size - All Units	50.44	66.00	60.80
Total Units Awarded in Round	454	462	304
Average Equity Per Project	\$ 6,280,009	\$ 8,170,127	\$ 12,285,826
Total Development Costs/Unit	\$ 198,557	\$ 212,308	\$ 316,938
Total Development Cost/Project	\$ 10,016,104	\$ 13,195,827	\$ 19,270,476

Rental Development Production

9% LIHTC Production

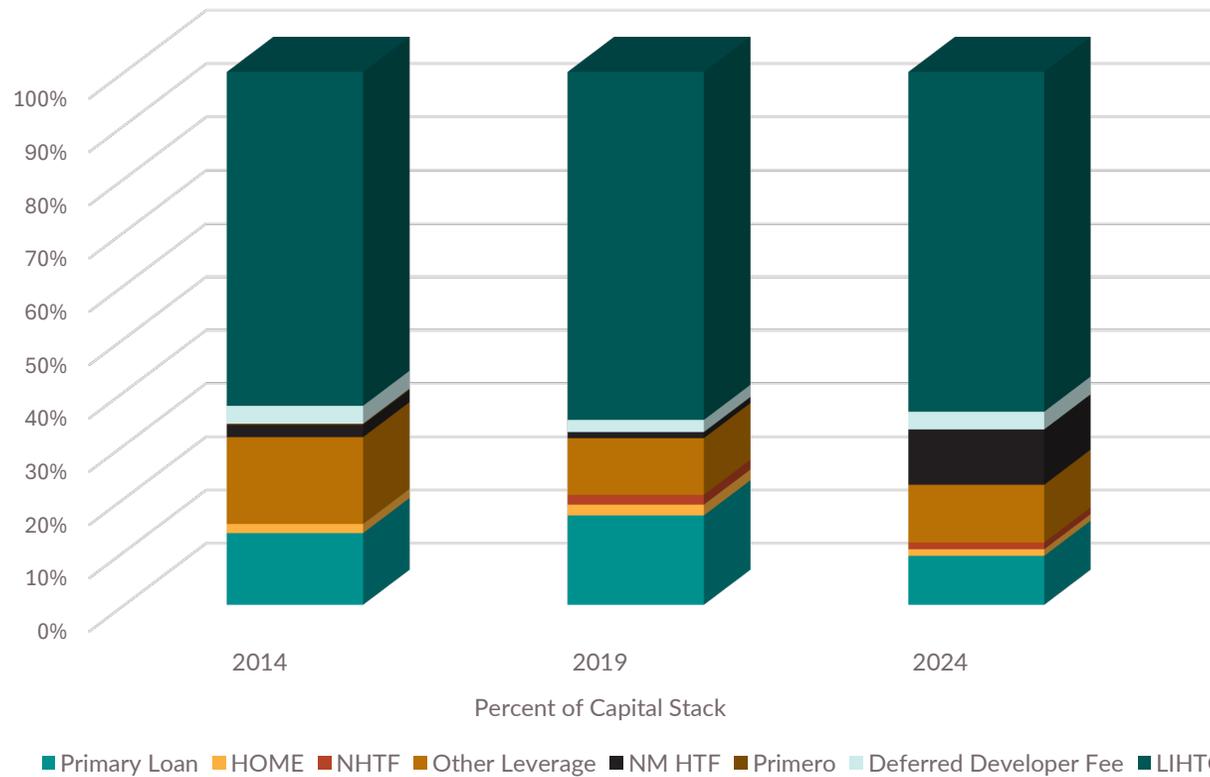


Multifamily Gap Financing

	NMHTF	HOME	NHTF
Loan Limits (9% Tax Credits)	\$3,000,000 Construction \$2,000,000 Permanent	\$400,000 \$1,000,000 CHDO	\$400,000
Loan Limits (4% Tax Credits)	\$3,000,000 Construction \$2,000,000 Permanent	\$800,000 \$1,000,000 CHDO	\$1,500,000
Permanent Term	40 Years	40 years	30+ years
Amortization	40 Years	40 Years	N/A
Repayment & Interest Rate	Principal and Interest 1.00% - 5.00% Interest Rate	Principal Only 0% Interest Rate	Available Cash Flow or Fixed Annual Payment of \$500

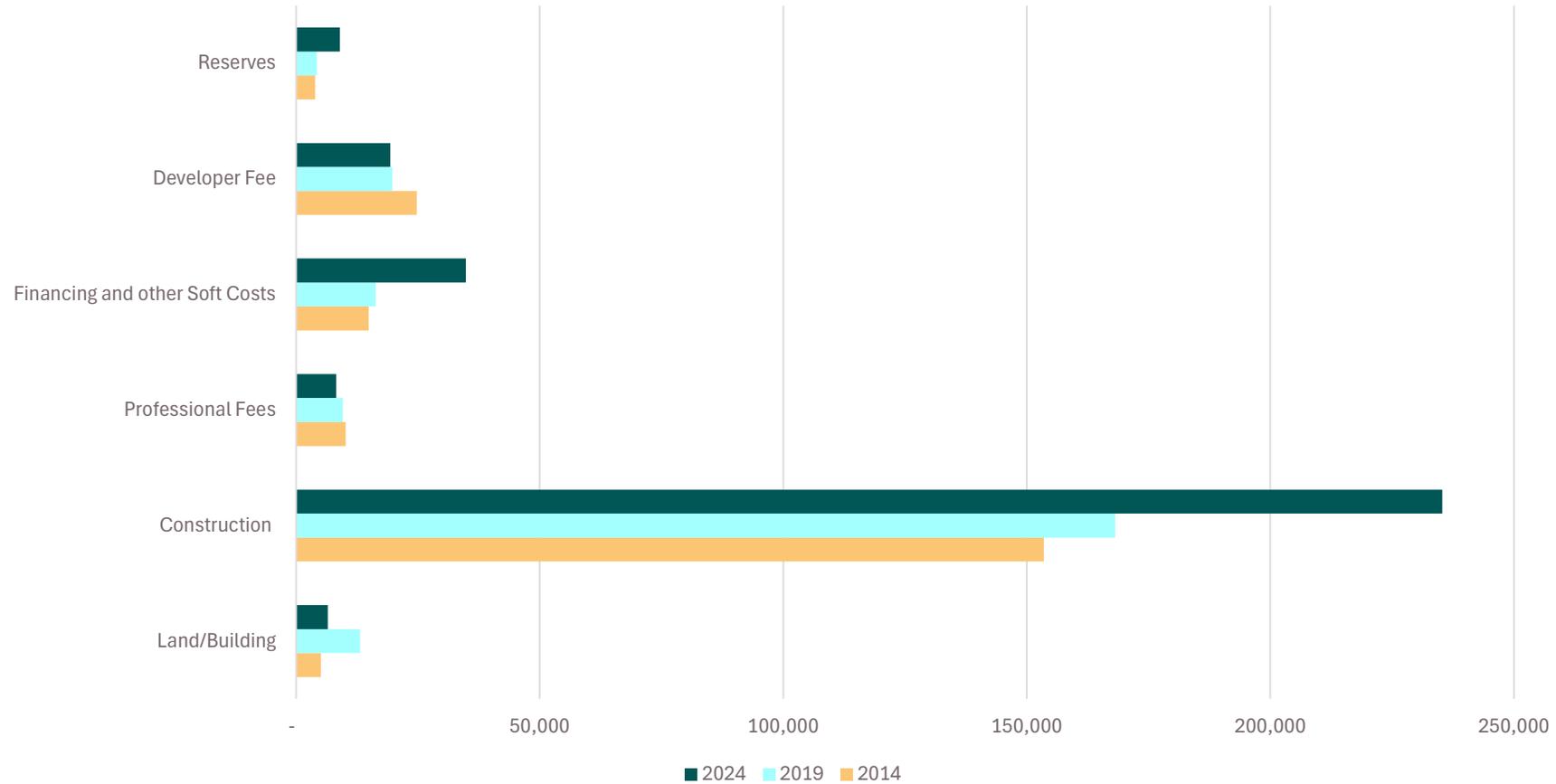
How Are We Financing 9% LIHTC Projects?

Total Development Costs By Source



How Have Costs Changed Over Time?

Development Budget Cost Breakdown



Affordable Housing Cash Flow

Rents Restricted - 30% of
Residents Monthly Income

Project Net Operating Income
(NOI) is Limited by Restricted
Rents vs Expenses

Staff Underwrite Pro Forma to
Ensure Feasibility and that
Project is not Over-Subsidized

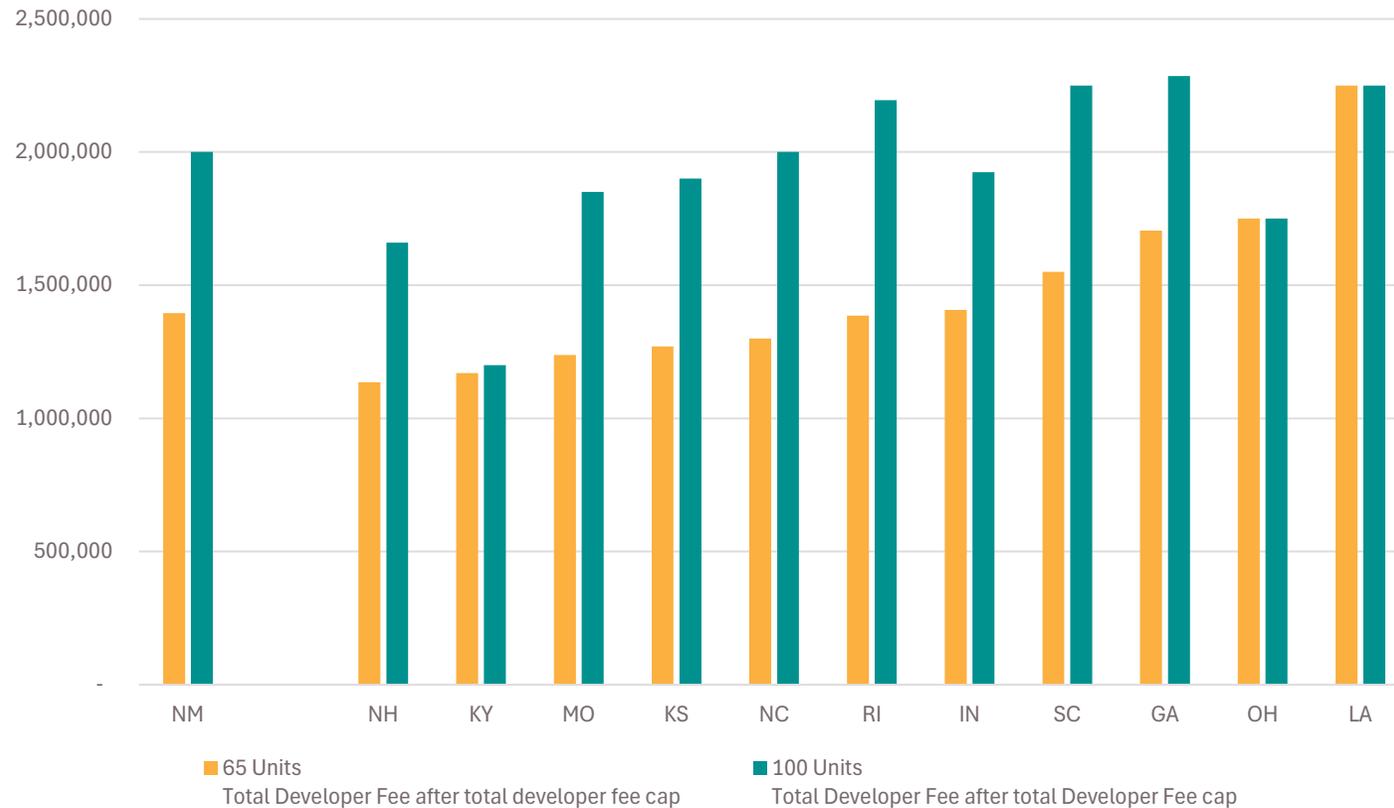
Developer Fee Calculation

Number of Units	2014	2019	2024
Up to 30 Units	15% TDC	\$22,500/Unit	\$23,000/Unit plus
31 - 60 Units	14% TDC	\$21,000/Unit	\$20,500/Unit plus
61 - 74 Units	13% TDC	\$19,500/Unit	\$18,000/Unit plus
75 - 99 Units	12% TDC	\$19,500/Unit	\$18,000/Unit plus
100+ Units	10% TDC	\$15,000/Unit	\$18,000/Unit
Cap	None	\$1.5M - Up to 100 Units \$1.8M - 101+ Units	Lesser of 14% or \$2M

- Developer Fees for 4% Bond Projects are only capped at 14% of TDC.
- Actual Average 9% LIHTC Developer Fee amounts to 6.1% of TDC in 2024.
- NCSHA Recommended Practice: The lesser of 15% TDC or an amount per unit.
 - Many states allow 15% TDC and have no per unit limit on developer fees.

NM Per Unit Developer Fee vs Other States

Developer Fees Per Unit by State with Per Unit Fees



Single Family Development



- SF is a new priority in Housing Development.
- Funds are loaned to the developer and repaid when the buyer purchases the home.
- Lower interest on construction loans reduces the buyer's purchase price.
- Two projects approved.
- One project in pipeline – concept stage.

MFA Single Family Development Lending

- Create Building Lots

- Sewer
- Water
- Roads
- Utilities
- Building lots

- Home Construction

- Below Market Interest Rates
- Help Lower Costs
- Paid Lot by Lot as Completed Homes Sell

- Mortgage Financing

- First Time Homebuyers
- Low Interest Rates
- Down Payment Assistance

Questions?

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We Are Housing New Mexico