



Why a State LIHTC Program is Essential for New Mexico

Housing New Mexico | MFA supports the creation of a state low-income housing tax credit with an initial investment of \$60 million, deployed over 6 years with a \$10 million annual allocation of tax credit.

Directly Targeting Deep Affordability Gaps:

With 34,000 very low-income renters currently unable to find units they can afford and 49% of all renters facing housing cost burdens, federal resources alone are stretched too thin to make deeply subsidized units financially feasible. A state tax credit could provide the localized equity boost required to build and preserve units specifically for families earning below 30% and 50% of the Area Median Income (AMI) - the tiers facing the most severe shortages.

Unlocking Maximum Private Investment:

Like its federal counterpart, a state-level tax credit operates as a powerful public-private partnership. Developers sell these tax credits to corporate and private investors to raise upfront equity. This influx of private capital reduces the debt burden on affordable housing developments, making projects feasible that would otherwise stall due to high construction costs and interest rates.

Maximizing Federal Resources:

Because the proposed \$10 million annual state credit is designed to be used only in conjunction with federal tax credits, it acts as a force multiplier. It helps New Mexico fully capture and leverage available federal allocations, ensuring that state dollars directly unlock federal matching power rather than operating in a silo.

Leading Quality and Strategic Priorities:

Tying the state credits directly to Qualified Allocation Plan (QAP) requirements ensures that all funded developments align with New Mexico's broader housing goals. This guarantees that projects meet strict geographic, demographic, and structural priorities—directing units toward high-need rural communities, tribal areas, and vulnerable populations.

Delivering Consistent Results:

Housing New Mexico administers the federal program and maintains the technical abilities and necessary resources to manage a state tax credit program with the goal of increasing unit production and affordability.