

# **Proposed New Mexico State Low Income Housing Tax Credit**

---

**Pairs with federal Housing Credits (LIHTC) and tax-exempt bonds to unlock New Mexico housing production**



**SugarCreek**CAPITAL

# Example: New Construction (120 units)

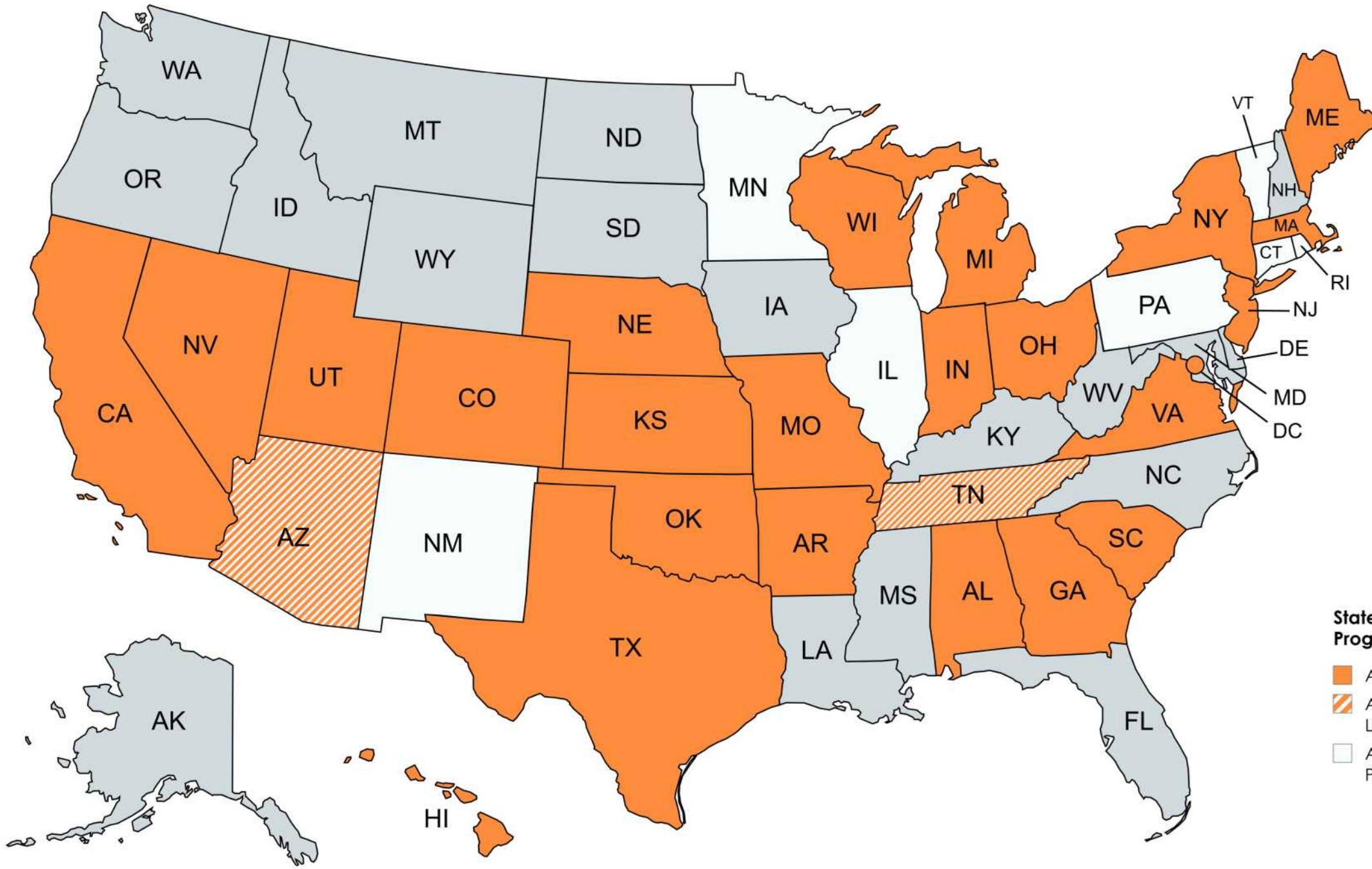
## Community Impact

- Transforms a vacant, fire-damaged site into quality workforce housing
- Minutes from major anchor institutions (university/hospital)
- On-site fitness center, community room, playground, and dog park
- Free CORES-certified resident services



| Sources                                    | Totals         |
|--------------------------------------------|----------------|
| Private Activity Bond-Driven Debt          | \$8.7 million  |
| Federal 4% Housing Credit Equity           | \$12.3 million |
| IN Affordable Workforce Housing Tax Credit | \$4.7 million  |
| State/Local Government Investment          | \$1.8 million  |
| Developer Investment                       | \$2.2 million  |
| Total Development Cost                     | \$29.7 million |





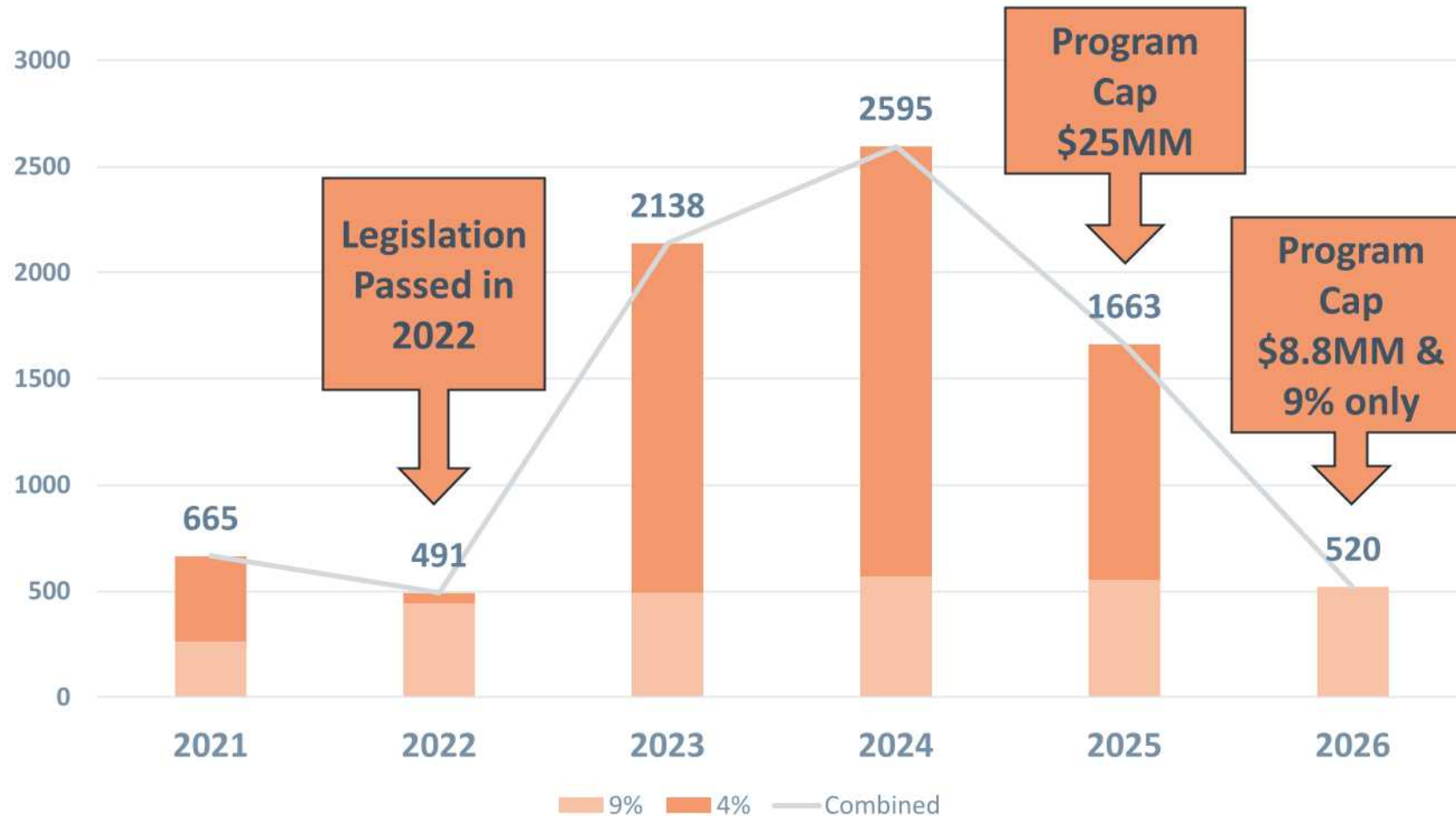
**State Housing Credit Programs**

- Active Programs
- Anticipated 2027 Legislation
- Alternative Programs



# Case Study: Kansas State LIHTC Program

*Legislative Lifecycle: 100% matching allocated credit → 9% only \$8.8 million cap*



# Proposed Program Structure

## NM State LIHTC

- **\$60 million in aggregate state credit authority each year**
  - \$10 million annual allocation
  - 6-year credit period
- **Flexible award administration**
- **Recapture proportional to the federal program**
- **Non-refundable, allocated credit structure**



# New Mexico Program Proposal/Impact

| POLICY OBJECTIVE                  | Create \$10 million, 6-year NM LIHTC to (1) activate ~\$136.6 million of unused multifamily bond cap and (2) give MFA flexibility in HOME/NHTF commitments in 4% transactions, freeing gap funds for 9% deals, particularly rural developments. This investment has the potential to <u>more than double</u> current New Mexico LIHTC production, if market demand allows. |                     |                                            |                          |                         |                      |              |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------------------------------|--------------------------|-------------------------|----------------------|--------------|
| Category                          | Estimated 2026 Unused Bond Cap                                                                                                                                                                                                                                                                                                                                             | 2026 Avg. Bond/Unit | Estimated Unit Capacity (Market Dependent) | Average Gap Subsidy/Unit | Estimated Equity Needed | Total 6-Year Credits | Annual Award |
| New Construction                  | \$91.07M                                                                                                                                                                                                                                                                                                                                                                   | \$109,402           | 832                                        | \$24,100                 | \$20.06M                | \$28.7M              | \$4.8M       |
| Adaptive Reuse                    | \$45.53M                                                                                                                                                                                                                                                                                                                                                                   | \$100,927           | 451                                        | \$30,000                 | \$13.53M                | \$19.3M              | \$3.2M       |
| Full MF bond-utilization subtotal | \$136.60M                                                                                                                                                                                                                                                                                                                                                                  | —                   | 1,283                                      | —                        | \$33.60M                | \$48.0M              | \$8.0M       |
| Federal gap-fund flexibility      | —                                                                                                                                                                                                                                                                                                                                                                          | —                   | —                                          | —                        | \$8.65M                 | \$12.36M             | \$2.0M       |
| TOTAL RECOMMENDATION              | —                                                                                                                                                                                                                                                                                                                                                                          | —                   | —                                          | —                        | \$42.25M                | \$60.35M             | \$10.0M      |



# Comparative State Credit Programs

| State                 | Approx. Population | Annual State Credit Cap | Credit Years | Aggregate Annual Allocation Authority |
|-----------------------|--------------------|-------------------------|--------------|---------------------------------------|
| Georgia               | 11,417,247         | \$100,000,000           | 10           | \$1,000,000,000                       |
| Michigan              | 10,140,459         | \$42,000,000            | 6            | \$252,000,000                         |
| South Carolina        | 5,570,274          | \$20,000,000            | 10           | \$200,000,000                         |
| Colorado              | 6,012,561          | \$22,000,000            | 6            | \$132,000,000                         |
| Utah                  | 3,538,904          | \$10,000,000            | 10           | \$100,000,000                         |
| Kansas                | 2,977,220          | \$8,800,000             | 10           | \$88,000,000                          |
| New Mexico (proposed) | 2,025,498          | \$10,000,000            | 6            | \$60,000,000                          |
| Wisconsin             | 5,972,787          | \$7,000,000             | 6            | \$42,000,000                          |
| Oklahoma              | 4,123,288          | \$4,000,000             | 10           | \$40,000,000                          |
| Indiana               | 6,973,333          | \$6,000,000             | 5            | \$30,000,000                          |



# Cumulative Units Produced and Annual Private Investment from State Credits versus Annual Net Cost to State

