

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



SugarCreekCAPITAL

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

Private Activity Bond-Driven Debt

Federal 4% Housing Credit Equity

IN Affordable Workforce Housing Tax Credit

State/Local Government Investment

Developer Investment

Total Development Cost

Totals

\$8.7 million

\$12.3 million

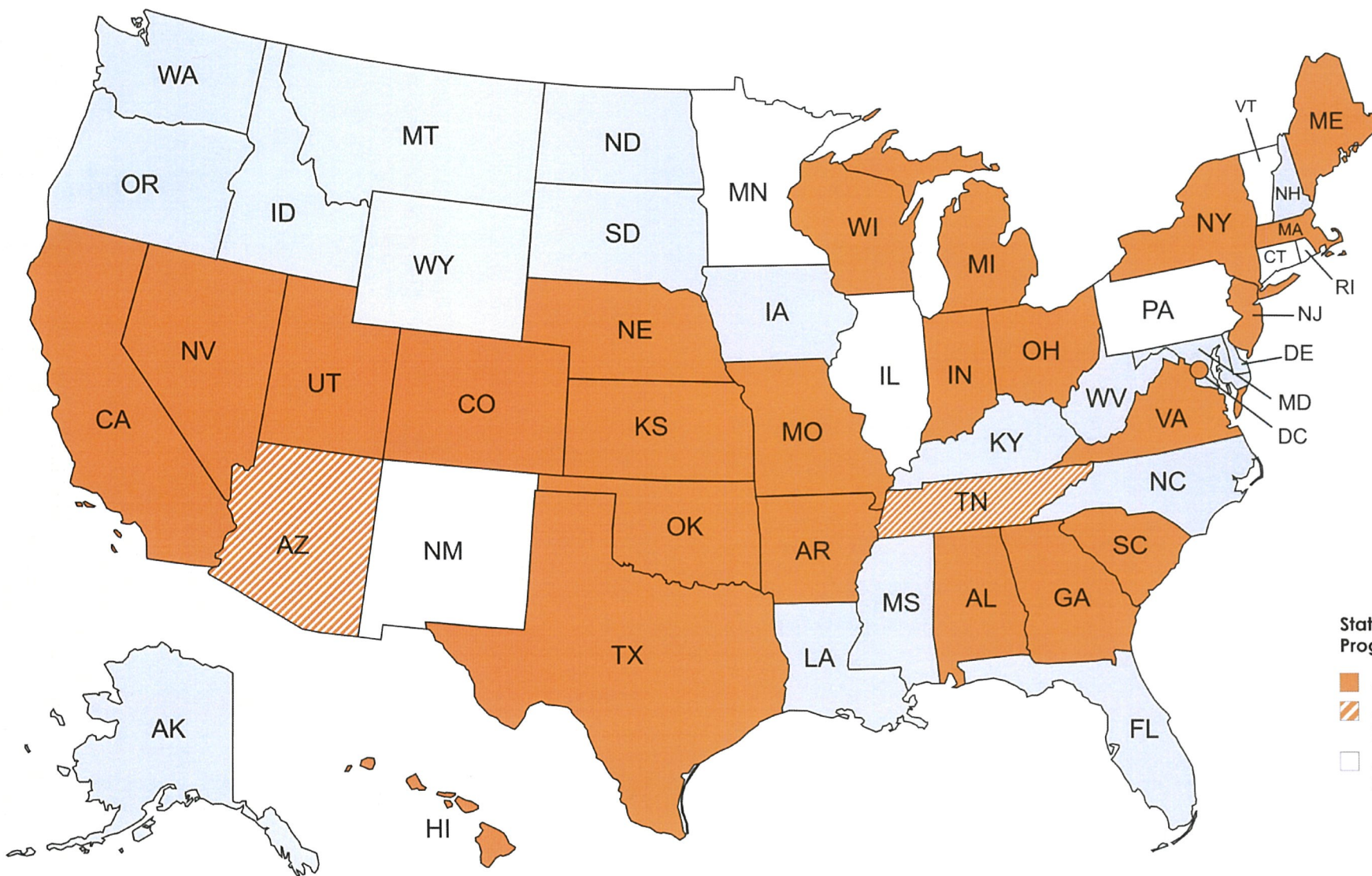
\$4.7 million

\$1.8 million

\$2.2 million

\$29.7 million





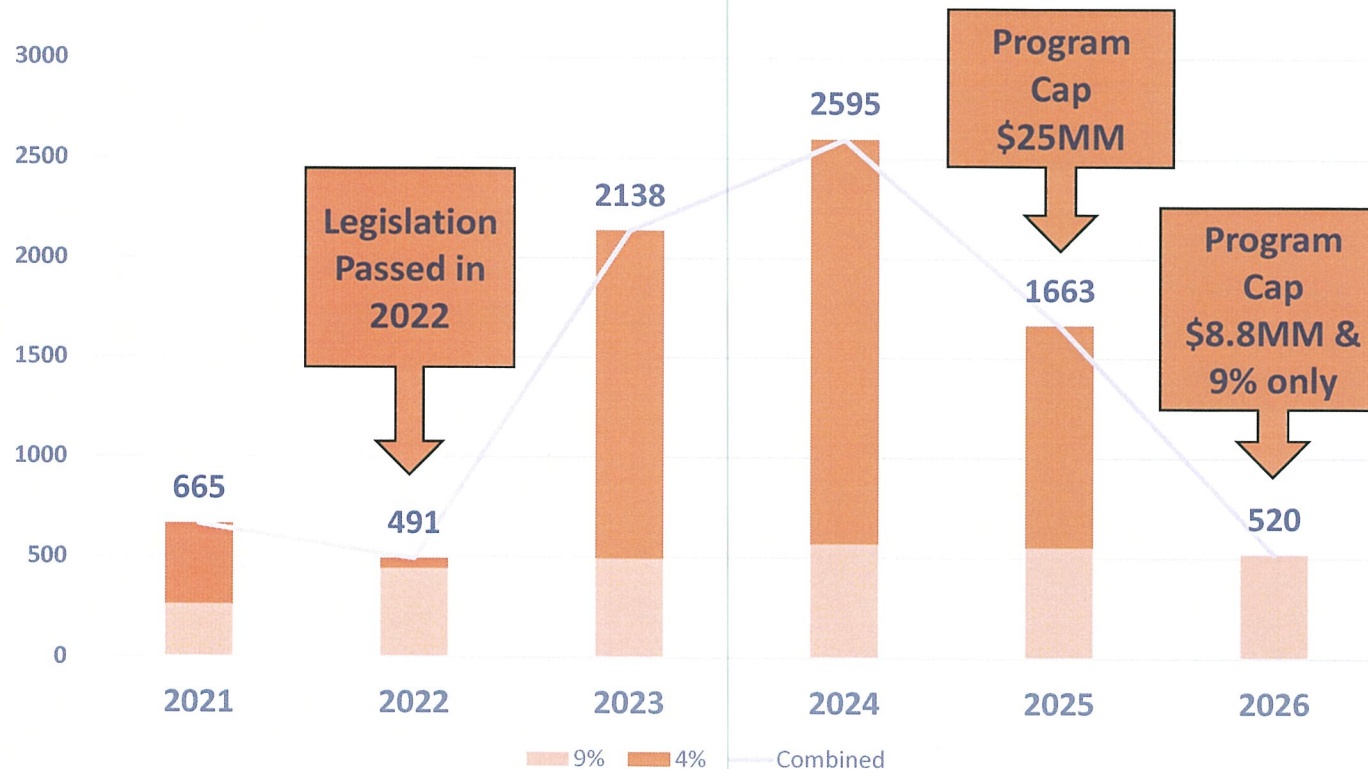
State Housing Credit Programs

- 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





NEW MEXICO AFFORDABLE HOUSING TAX CREDIT

- **PREDICTABLE:** Builds on existing 40-year track record of the federal Housing Credit
- **EFFICIENT:** Administered at Housing New Mexico|MFA to leverage federal resources
- **TRANSPARENT:** 2x–3x oversubscribed competition and annual reporting required
- **IMPACTFUL:** Estimated potential to double New Mexico Housing Credit production
- **PAY FOR PERFORMANCE:** Tax credits do not generate until housing is operational

BY THE NUMBERS

2045 SUPPLY TARGET

58,000 homes

EST. UNIT POTENTIAL

1,283

EST. JOB CREATION

2,065

EST. ECONOMIC ACTIVITY

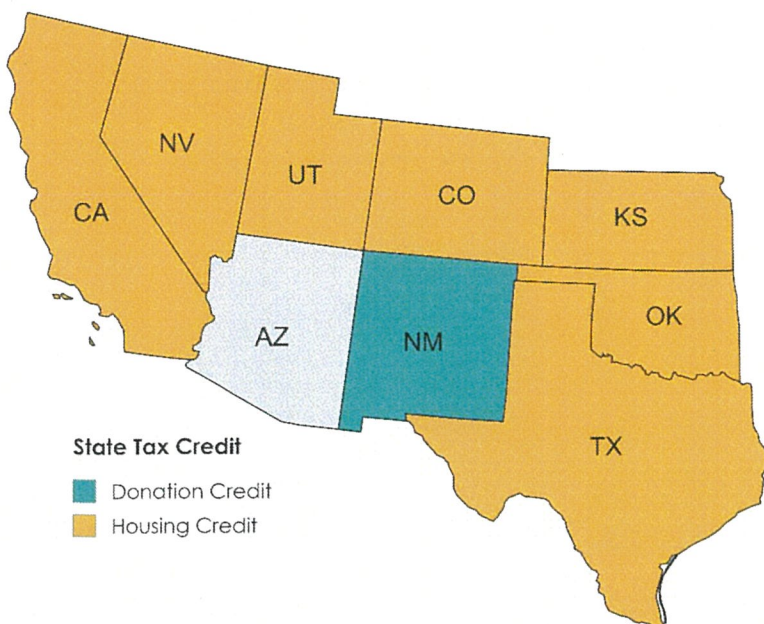
\$150 million

Source: New Mexico Housing Strategy (2026 Update), National Association of Home Builders Construction Period Data

Median Rent



Source: NM Housing 2025 Housing Needs Assessment, US Census Bureau ACS



The predominant tool across the Southwest to boost affordable housing production is a state Housing Credit

COMMON QUESTIONS

HOW DOES THE HOUSING CREDIT WORK?

- Private and nonprofit developers compete for federal and state housing credits
- Investors provide upfront equity, which allows for a more manageable financing
- This allows for affordable rents, which are restricted for 30 years
- Investors cannot claim credits until units are built and occupied
- The proposed credit is a 6-year credit, so investors recoup their investment over time
- Housing New Mexico|MFA has oversight and with claw-back authority

WHAT DOES THIS BILL DO?

- Creates the New Mexico Affordable Housing Tax Credit, complimenting the federal Housing Credit
- Gives Housing New Mexico|MFA the annual authority to award \$10 million in housing Tax Credits
- Allows investors to offset a variety of state taxes
- The credits, claimed for each year of the 6-year credit period, are non-refundable

WHY NOW?

- New Mexico has an acute need for more housing supply, including housing designed to accept and work hand-in-hand with housing vouchers
- H.R.1 made a permanent 12% expansion in the competitive allocation of federal Housing Credits AND significantly expanded access to federal credits paired with tax-exempt bonds
- That impact is limited to the availability of state and local gap funding sources, since federal funds are only available to the extent that the state can present and approve viable developments

HOW DOES NEW MEXICO BENEFIT FROM THIS PROGRAM?

- New Mexico can draw down federal dollars—that would otherwise go unused—with a Housing Credit
- New homes each year generate additional taxes from construction labor and materials
- New Mexico gets the upfront economic engine of construction activity and defers costs over time
- Working families benefit from rents based on workforce wages, typically up to \$25/hour
- Seniors benefit from affordable, independent senior-only properties with community programs