

October 7, 2016

Susan H. Biernacki
Tax Credit Program Manager
New Mexico Mortgage Finance Authority
344 4th Street SW
Albuquerque, NM 87102

Re: 2017 Draft State of New Mexico Low-Income Housing Tax Credit Program Qualified Allocation Plan

Dear Ms. Biernacki:

AIA New Mexico, a state chapter of the American Institute of Architects, represent over 385 architects in New Mexico, several of whom have designed exceptional and award winning high-performance affordable housing projects with the LIHTC program.

We are very concerned about the proposed changes presented in the 2017 draft State of New Mexico LIHTC Program Qualified Allocation Plan (the draft), specifically including changes to the following:

- Sustainable Design: The draft eliminates the longstanding Project Selection Criteria encouraging a high level of sustainable design. To date New Mexico has become a leader in green building, energy efficiency, water conservation, healthy materials and sustainability. These critical factors are important to the health and well-being of residents, can lower long-term costs, and should be reinstated.
- Construction Cost Reductions: The penalties in the Plan imposed on construction costs greater than the average cost of 2016 projects place at a serious disadvantage those potential projects in high cost construction areas such as Northern New Mexico and rural areas, including Tribal communities, and with urban infill and rehabilitation projects. This will result in geographical inequity, a reduction in construction quality, and is contrary to the statewide mandate of the program.
- Caps on Architect/Engineering Fees: Our calculations conclude the caps will result in exceptionally low fees in the range of 2.5% of construction costs, less than half of the typical range. To put these fees in perspective, when using the much higher state fee chart, A/E fees represent only about 0.1% of the total cost of occupancy/construction/maintenance on a 50-year building. Architects understand the necessity of cost containment. However, capping fees at well below what is an acceptable business profit margin will subsequently reduce levels of design innovation, lower project value, and dramatically reduce the number of highly qualified architects willing and able to take on LIHTC projects.

AIA New Mexico strongly urges you to reconsider and revise the changes to the draft 2017 Plan to assure the long term success of this highly beneficial program for so many New Mexico families in need of decent affordable housing.

Sincerely,

Andre A. Larroque, AIA
AIA New Mexico, 2016 Chapter President