

2008 Consolidated Annual Performance and Evaluation Report (CAPER)

HOME Investment Partnerships Program
American Dream Downpayment Initiative
Emergency Shelter Grants Program
Housing Opportunities for Persons with AIDS



NEW MEXICO MORTGAGE FINANCE AUTHORITY

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| Table of Contents | |
| GENERAL – Section 1..... | 1 |
| Executive Summary..... | 1 |
| ASSESSMENT OF GOALS AND OBJECTIVES – Section 2..... | 1 |
| Available Resources..... | 2 |
| Assessment of Strategic Plan Goals/Accomplishments..... | 2 |
| INSTITUTIONAL STRUCTURE – Section 3..... | 3 |
| Training and Technical Assistance Program..... | 3 |
| Certification of Compliance with the Consolidated Plan..... | 4 |
| Minimizing Displacement..... | 4 |
| Housing Services Directory..... | 4 |
| Support for the New Mexico Coalition to End Homelessness..... | 4 |
| Homeless Management Information Systems (HMIS)..... | 5 |
| Use of Advisory and Oversight Committees..... | 5 |
| Research and Development..... | 5 |
| SELF EVALUATION – Section 4..... | 6 |
| Overall Programmatic Self-Evaluation..... | 6 |
| Expenditure Issues..... | 6 |
| Barriers to Affordable Housing and Impact Issues..... | 7 |
| Overall Evaluation..... | 7 |
| AFFIRMATIVELY FURTHERING FAIR HOUSING – Section 5..... | 8 |
| Actions to be Continued in the Future to Overcome Identified Impediments..... | 8 |
| OTHER ACTIONS- Section 6..... | 9 |
| Managing the Process..... | 9 |
| Citizen Participation..... | 9 |
| Monitoring..... | 9 |
| HOME, ESG and HOPWA Monitoring..... | 9 |
| Lead-based Paint..... | 10 |
| LEVERAGING RESOURCES - Section 7..... | 10 |
| HOUSING..... | 12 |
| Homebuyer Assistance..... | 13 |
| New Single Family Development..... | 13 |
| Acquisition and Rehabilitation..... | 13 |
| Single Family Rehabilitation..... | 13 |
| Rental Acquisition..... | 14 |
| Rental New Construction..... | 14 |
| HOMELESS..... | 14 |
| SPECIAL NEEDS HOUSING..... | 15 |
| HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS..... | 16 |
| HOPWA Funding and Allocation..... | 16 |
| Obstacles to meeting underserved needs..... | 17 |
| Specific HOPWA Objectives..... | 17 |
| OTHER NARRATIVE – Section 8..... | 18 |
| Governor’s Invest New Mexico..... | 18 |
| New Mexico Housing Trust Fund..... | 18 |

Tables

- Table 1: Assessment of 2008 Goals and Objectives
- Table 2: (2A) HOME Commitments 2008 and(2B) HOME Expenditures 2008
- Table 3: (3A) HOME Funds Committed 2008 by County, (3B) HOME Funds Expended 2008 by County, (3C) 2008 HOME Completed Units by Type, (3D) 2008 HOME Completed Units by Income, and (3E) HOME Completed Household Ethnicity and Race State Totals
- Table 4: Training and Technical Assistance Report.
- Table 5: Certification of Consistency Report.
- Table 6: MFA Strategic Plan, FY 10/1/2007 – 9/30/2008 Results
- Table 7: Community Development Monitoring 2008
- Table 8: Asset Management Monitoring 2008
- Table 9: Lead Based Paint Project Summary Report
- Table 10: 2008 HOME Match Report, 40107-a
- Table 11: 2008 ESG Match Report
- Table 12: TSS Program Expenditures, calendar year 2008
- Table 13: TSS Clients – Demographic and Other Information, by activity, 1/1-12/31/08
- Table 14: HOPWA CAPER
- Table 15: Legal Notices
- Table 16: HOME Program Annual Performance Report (HUD-40107)
- Table 17: Section 3 Summary Report
- Table 18: IDIS Reports - PR06 for HOME, ESG and HOPWA

GENERAL – Section 1

Mission Statement

MFA provides innovative policies, products, education, and services in collaboration with strategic partners to ensure that all New Mexicans have access to affordable housing. We engage in self-sustaining practices to strengthen the social and economic development of New Mexico's communities and families by financing, developing, and preserving homes.

Executive Summary

The Consolidated Annual Performance and Evaluation Report (CAPER) is a report required by the Department of Housing and Urban Development (HUD). It describes the performance of the New Mexico Mortgage Finance Authority (MFA) in its administration of the HOME Investment Partnership (HOME), American Dream Down Payment Initiative (ADDI), Emergency Shelter Grant (ESG) and Housing for Persons With AIDS (HOPWA) programs to non-entitlement communities (cities that do not receive direct block grants from HUD). The Department of Administration, Local Government Division (DFA) distributes the Community Development Block Grant (CDBG) Program, and will provide its own CAPER separately.

MFA uses the HUD funding in concert with other programs and sources of funding, so this report also includes an overview of those other resources. This CAPER is our evaluation of our accomplishments in relation to the affordable housing and community development objectives provided in the FY2006 – 2010 State of New Mexico Consolidated Plan and the FY 2008 Action Plan, and reviews the activities, actions and resources MFA planned for and used during the year January 1, 2008 through December 31, 2008.

The Local Government Division of the State Department of Finance and Administration administers the Community Development Block Grant Program (CDBG). While CDBG is contained within the Five Year Consolidated Plan, only programs administered by MFA will be included within this CAPER.

The following sections of this CAPER report on achievements toward the goals and objectives stated in the 2008 Action Plan. Performance measurement data is included in each program's individual annual report.

ASSESSMENT OF GOALS AND OBJECTIVES – Section 2

The goals and objectives presented in the Consolidated Plan cover the five-year time period 2006 – 2010. This 2008 CAPER reports on progress during the 2008 program year towards achieving these overall goals and objectives. The CAPER serves as MFA's annual report to HUD for the HOME, ADDI, ESG and HOPWA programs. In addition to data specific to the uses of funds for these programs, this CAPER also includes information about other resources.

Available Resources

As stated in the 2008 Action Plan, housing and community development resources are expected to be available to the State of New Mexico through the US Department of Housing and Urban Development under CDBG, HOME, ADDI, ESG and HOPWA. The HOME program produced program income that was available for housing activities in the State. In addition, several HUD-funded competitive grants are also available. MFA's partner agencies will compete for additional resources under the Supportive Housing Program (SHP), Shelter Plus Care (S+C), Rural Housing and Economic Development (RHED), Section 811 Housing for Persons with Disabilities, Section 202 Housing for the Elderly, and Housing Counseling.

Additional federal resources included MFA's contract with HUD for Section 8 Project Based Contract Administration, Mortgage Revenue Bonds (MRBs), Low Income Housing Tax Credits available from the IRS, Weatherization Assistance awarded by the Department of Energy and resources available to rural areas through several programs funded by the US Department of Agriculture. These rural development programs include: Guaranteed Rural Housing Program, Section 502 Direct Loan Program, Section 504 Loan/Grant Repair Program, Section 514/516 Farm Labor Housing Program, Rural Community Development Initiative, and Section 515 Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program.

Other nonfederal resources available included resources from the MFA Housing Opportunity Fund and General Fund, taxable bonds, 501(c)(3) bonds, the Land Title Trust Fund, Affordable Housing Act, State Affordable Housing Tax Credit Program, the New Mexico Housing Trust Fund, State appropriations for weatherization and homelessness, and funding from the Behavioral Health Collaborative for rental assistance for permanent housing for individuals with behavioral disorders.

Assessment of Strategic Plan Goals/ Accomplishments

In 2005, the State of New Mexico developed the 2006 through 2010 Consolidated Plan. As part of the Consolidated Plan process, the State must detail a specific one-year plan for the use of U.S. Department of Housing and Urban Development (HUD) formula grant funds. The One-year Action Plan (2008) was based upon the housing and community priority needs as defined in the Consolidated Plan along with the financial resources anticipated to address those needs during the program year 2008. The Annual Action Plan guided the allocation of the resources and other investment decisions made by the State to assist lower income segments of the population.

The five-year strategy objectives identified in the 2006-2010 Consolidated Plan provided the framework to establish reachable goals and outcomes. These numbers reflect projects completed with federal and local funds for fiscal year 2008. The CAPER details the performances that provided additional affordable housing and support services during the reporting period. This was accomplished by:

- Reviewing the various financial resources that were made available
- Tracking leveraged activities
- Revealing how the resources were utilized according to the priorities established in the Consolidated Plan

- Summarizing the number of persons or households assisted with housing or supportive services
- Describing other housing and community development related activities during 2008

Please refer to:

Table 1: Assessment of 2008 Goals and Objectives shows progress made toward meeting identified 2008 housing goals.

Table 2: (2A) HOME Commitments 2008 and (2B) HOME Expenditures 2008 shows HOME dollars received during 2008, and how the dollars were committed and expended by Counties as identified in the Consolidated Plan.

Table 3: (3A) HOME Funds Committed 2008 by County, (3B) HOME Funds Expended 2008 by County, (3C) 2008 HOME Completed Units by Type, (3D) 2008 HOME Completed Units by Income, and (3E) HOME Completed Household Ethnicity and Race State Totals are the graphic representation of HOME funds in 2008 by County in New Mexico.

INSTITUTIONAL STRUCTURE – Section 3

Training and Technical Assistance Program

Under the Training and Technical Assistance Program, MFA currently partners organizations that are interested in developing, owning and or managing affordable housing with successful industry professionals. This symbiotic relationship allows the new agency to learn in a hands-on-manner, with the help of the experienced professional, the development process, everything from site identification and acquisition, to predevelopment, to acquiring financing to completion of construction. In this manner, MFA leverages the skills and talents of those who know and have been successful in the process with those who are learning. This creates more capacity at a reasonable cost while providing valuable networking opportunities for all participants.

The MFA Training and Technical Assistance Program has provided group training for various programs funded with federal and other funds on an as needed basis. These training sessions included training for the HOME/Tax Credits program, Lead Based Paint, CHDO-How to Develop Housing, HQS for TBRA Recipients, Rent Calculations for TBRA Recipients, and various Requests for Proposals. Training also addresses program requirements and processes. Section 8 and Tax Credit Compliance training is offered by our Asset Management Department. Lender Training, available through our Homeownership Department, is designed to assist lenders and other industry professionals in the program requirements of our loan products. This training is held statewide a number of times during the year.

Please refer to *Table 4: Training and Technical Assistance Report*.

MFA staff meets with program participants and sub-recipients throughout the year to provide technical assistance that may include mentoring by other housing organizations or units of local government. MFA continues to provide tailored training to partners around the state on an as needed basis.

Certification of Compliance with the Consolidated Plan

As required by regulations, MFA provides a certification of compliance with the Consolidated Plan to those who qualify. If the required background information is provided by the requester, MFA will provide the Certification. Forms are located on MFA's web page. Over the course of 2008, MFA provided 26 certifications. Some have more than one because they applied for more than one grant. Housing authorities are listed under non profit if they were applying for a grant as opposed to their annual PHA plan.

Please refer to *Table 5: Certification of Consistency Report*.

Minimizing Displacement

In utilizing HOME funds, MFA ensures minimal displacement by following the Uniform Relocation and Acquisition Act of 1974. When HOME funds are utilized for a rental project, and relocation would be germane to the project, we scrutinize the relocation budget in depth to ensure that the relocation figures are correct and sufficient to ensure proper relocation assistance. In MFA's owner occupied rehabilitation program, displacement is voluntary.

Housing Services Directory

Annually, MFA publishes a statewide directory of housing and homeless service providers. The directory includes all types of affordable housing organizations and is indexed by service area, housing services provided, and supportive services provided. The directory is available free of charge throughout the year to all interested parties in printed form and is accessible through MFA's web page at www.housingnm.org.

Support for the New Mexico Coalition to End Homelessness

MFA continues to provide support for activities undertaken by the New Mexico Coalition to End Homelessness. The Coalition is an inclusive group made up of representatives from various state agencies dealing with homelessness or secondary issues as well as representatives from nonprofit homeless shelters and service providers. With MFA's support, the Coalition has renewed its contract with its full-time Executive Director. Services the Coalition provides include:

- Implementing a financial plan that will lead to self-sufficiency
- Building the membership of the Coalition
- Developing an information sharing network of homeless service providers; providing technical assistance and coordinating educational activities;
- Developing the Continuum of Care Grant Application;
- Conducting an education campaign; and
- Developing and implementing a plan for the creation of a statewide low-income housing development organization.

MFA continues to provide financial support to the Coalition, furnish meeting facilities, and provide technical assistance to its members.

Homeless Management Information Systems (HMIS)

Under a directive from Congress via the Housing and Urban Development Department (HUD) to begin collecting information on homeless individuals by 2004, MFA, The City of Albuquerque and the New Mexico Coalition to End Homelessness, have developed and implemented the NM HMIS system. This data management system has been funded in part with MFA general fund dollars and was implemented in 2004. This data management system collects information on the homeless community including the number of unduplicated clients, the kinds and types of services provided, etc. As part of MFA's support of the HMIS system, MFA provides computer support to the HMIS Project Manager, and pays the annual maintenance fee of the TAPESTRY software used for HMIS reporting.

Use of Advisory and Oversight Committees

MFA receives input several times per year from a number of external advisory and oversight committees comprising representatives from various housing-related industries and geographic areas of the state to advise and comment on activities undertaken with federal dollars. These committees include the Mortgage Finance Authority Act Legislative Oversight Committee, the Land Title Trust Fund Advisory Committee, the Housing Trust Fund Advisory Committee, and the Tax Credit Allocation Committee. MFA will continue to work with and consult with these committees regarding activities undertaken or proposed changes in activities to be undertaken throughout the tenure of this plan. The New Mexico Housing Advisory Committee (HAC) is 20 members strong, those members being drawn from all over the state, and whose expertise ranges from mortgage lending to green building, Weatherization provider to the State's Finance Authority. The committee meets quarterly.

Research and Development

MFA allocates staff time to the research and development of new programs. These initiatives have included:

- Coordinating funds for housing rehabilitation particularly HOME and CDBG funds;
- Identifying ways to subsidize or otherwise encourage energy efficiency upgrades by coordinating with utility companies;
- A contract with UNM-Bureau of Business and Economic Research, gathering housing information in preparation for completion of the first State of Housing report in February of 2008. A copy of the report was submitted with the 2007 CAPER;
- Researching new financing products for reaching underserved populations;
- Identifying ways to increase the number of qualified contractors and certified lead-based paint abatement contractors;
- Identifying funding sources for emergency repair, weatherization, and accessibility improvements without substantial rehabilitation;
- Hiring an intern to research and produce effective ways of (1) making MFA's building green, (2) making MFA's products green, and (3) designing new green loan products;
- Researching ways to maintain the affordability of existing expiring use or troubled rental properties.

While the majority of resources dedicated to research and development will be staff time, a portion of HOME and other funding sources like MFA's General Fund will be available to provide trial or pilot projects in order to test the viability of new ideas. Funds under the HOME Research and Development category are expended on eligible HOME Program activities in HOME-eligible jurisdictions to address the housing needs of low- and very low-income New Mexicans at the MFA's discretion.

MFA has established a 501(c)(3) corporation, the New Mexico Affordable Housing Charitable Trust. The Charitable Trust allows MFA to accept donations of cash or property, enabling donors to be eligible for the New Mexico Affordable Housing Tax Credit and the federal charitable deduction. In addition, this Trust enables MFA to apply for other grant and foundation funding. Donations and funding held in the trust will be for the benefit of affordable housing projects throughout the state.

MFA continues to assist the Foundation for Building ("FFB"). FFB provides low-income homeowner rehabilitation and housing development in underserved or unserved areas of the State. FFB is an eligible agency for the HOME funded House by House rehabilitation program, and has a HOME single family development contract.

SELF EVALUATION – Section 4

Overall Programmatic Self-Evaluation

In order to best evaluate each program's overall performance during the past year, we reviewed the prior year's activities for each program to determine:

- That funds were expended in a timely manner;
- Barriers that have a negative impact on fulfilling the strategies for specific program goals;
- Whether the activities and strategies are making an impact on identified needs; and
- Overall accomplishments and ways each program could change their outreach and distribution plans for the next year.

Expenditure Issues

All program representatives reported that expenditures were being made in a timely manner. On occasion, however, some programs face unique problems that make prompt expenditures difficult. During the period January 1, 2008 to December 31, 2008, more than \$11 million of HOME funds were expended on HOME-eligible activities. MFA has implemented several procedures and policies that ensure the timely expenditure of funds. According to HUD progress reports as of December 31, 2008, MFA's overall national ranking is 23rd as compared to other state Participating Jurisdictions and MFA ranks above average as compared to other state Participating Jurisdictions in several categories, including a number four ranking in the leveraging ratio for rental activities. MFA's Program Administration, Community Development and Accounting Departments have worked diligently over the past several months toward the goal of ensuring that HUD's IDIS system is up to date with regard to MFA-funded projects. Snapshot report rankings are as follows:

| Ranking Criteria | Percentage | National Ranking |
|-----------------------------|-------------------|-------------------------|
| Funds Committed | 89.61% | 31 |
| Funds Disbursed | 83.84% | 28 |
| Leveraging Ratio for Rental | 8.87 | 4 |
| Disbursements (Rental) | 94.63% | 32 |
| CHDO Disbursements | 76.3% | 33 |
| Serving Renters < 50% AMI | 86% | 20 |
| Serving Renters < 30% AMI | 36.08% | 34 |
| Rental Occupancy Rate | 99.86% | 19 |

Each project funded with HOME funds has the potential of experiencing delays once an allocation of funds has been awarded. Fortunately, most recipients understand the necessity of committing and expending their HOME allocation within the designated timeframes. As a result, most projects are able to adhere to the one year time frame for committing their HOME award, as well as the two-year time frame for project completion. Few projects, if any, which were awarded HOME funds during this time frame, failed to complete work in a timely manner (thus requiring that the HOME funds be recaptured).

Barriers to Affordable Housing and Impact Issues

The biggest barrier to affordable housing is the lack of supply of affordable housing. During 2008, MFA financed the construction or the acquisition and renovation of 1,445 affordable housing units. In addition, MFA assisted non-profit housing providers with training targeted to increasing their capacity to develop new housing units. For many low income individuals and families a barrier to homeownership is having the knowledge and information needed to obtain a mortgage. MFA provided funds for partner agencies to provide housing counseling to 183 potential homebuyers. In addition, MFA provided down payment assistance or below rate mortgages to 1,760 homebuyers which allowed them to purchase a home that they otherwise would not have been able to acquire.

Overall Evaluation

The overall accomplishments of each block grant program are detailed in the individual program reports in this CAPER. The overall goal of each program – to provide safe, decent and affordable housing to low- and very low-income New Mexicans – has been met or surpassed by each program.

In 2008, MFA continued its Strategic Plan process begun in 2005. The Goals and Objectives set forth in the Consolidated Plan relating to housing were incorporated into MFA’s Strategic Plan. The Strategic Plan has set the standard for MFA’s operations, and is reviewed on a monthly, quarterly and annual basis by MFA’s Leadership Team and the Board of Directors. The Strategic Plan timeframe coincides with MFA’s fiscal year, or October 1 through September 30.

Please refer to *Table 6: MFA Strategic Plan, FY 10/1/2007 – 9/30/2008 Results*

Each program is working steadily toward achieving all of the goals and objectives of the Consolidated Plan. The programs appear to be distributing funds and completing projects in a

timely manner. Problems that may arise are dealt with swiftly. Programs are constantly re-evaluated to make sure they are run in the most efficient manner possible to serve the greatest number of New Mexicans with the most serious housing needs. All programs work with other entities (including citizens, local housing providers, units of local government and the private sector) to maximize accessibility. Lessons learned on a daily, monthly and yearly basis will continue to be used and incorporated into the overall planning process and implementation of the state's affordable housing programs to benefit all citizens of New Mexico.

AFFIRMATIVELY FURTHERING FAIR HOUSING – Section 5

The actions taken by MFA to overcome the impediments and potential barriers to fair housing choice that may be encountered by residents of New Mexico include the following:

- MFA Asset Management Staff provided fair housing information at all new owner orientations and required all Section 8 project-based properties to display the equal housing poster (which is monitored during annual management reviews).
- Monitored each ESG and HOPWA recipient annually for compliance with the Fair Housing Act, Executive Orders 11063, 11246, 11625, 12432, and 12138; the Age Discrimination Act of 1975; and Section 504 of the Rehabilitation Act of 1973.
- Required each HOME recipient to submit an Annual Performance Report which describes all efforts to affirmatively further fair housing.
- Made Title VI, Section 504 and Section 3 materials and Fair Housing Handbooks available to recipients.

Actions to be Continued in the Future to Overcome Identified Impediments

The following table outlines MFA accomplishments and progress in this area:

| Actions Taken to Overcome Fair Housing Impediments | | |
|---|--|---|
| Impediment | Activity Planned | Results |
| Need to expand fair housing education and outreach for consumers; need to expand referral options for fair housing questions. | Provide consistent fair housing information and referral through our Housing Services Directory. | The HSD is available to the public on MFA's web page, and in hard copy form. Approximately 1,367 were mailed in 2008. |
| | Offer basic information about fair housing rights and responsibilities. | <ul style="list-style-type: none"> ○ Questions posed to MFA are forwarded to the local HUD FHEO staff, as well as to the City of Albuquerque Fair Housing office, where applicable. ○ Participated in Albuquerque Fair Housing Fair |
| | Communication with subgrantees at each | Insert at least 15 minute discussion of Fair Housing |

| | | |
|---|---|--|
| | training session | within each training/meeting session. |
| | Verify implementation of Fair Housing requirements | Use FHEO checklist to confirm use of Fair Housing requirements at each monitoring visit. |
| Lack of funds to adapt housing for persons with disabilities. | Provide last-resort funding to eligible low-income households with a disabled member, in order to make housing accessible through the 2009 legislature. | Obtained approval from MFA's legislative oversight committee to introduce legislation during 2008 legislative session for \$2mm appropriation for emergency repair program, which would provide minor home repairs to dwellings of low-income households, to include ramps and accessibility measures. LEGISLATION DID NOT PASS in 2008. Pursuing again in 2009. |
| | | Using CDBG funds for Minor Repair Program, including accessibility adaptations. |

OTHER ACTIONS- Section 6

Managing the Process

Citizen Participation

MFA invites public comments on all planning and reporting activities. To view the specific public comment periods and requirements, please visit our website at www.housingnm.org under Publications. For the Program Year 2008 CAPER, the public comment period runs from March 4 through March 20, 2009. Public Notice concerning the draft CAPER and the public comment period was published in the Albuquerque Journal on February 27, 2009 and March 6, 2009. A draft of the 2008 CAPER was made available on MFA's web page on March 4. Printed copies of the CAPER were available at MFA's offices at 344 4th St. SW, Albuquerque, New Mexico, 87102. As of March 23, 2009, no comments were received.

Monitoring

HOME, ESG and HOPWA Monitoring

MFA's Community Development monitoring staff is highly skilled in monitoring all program requirements, including beneficiary income qualification, habitability standards, financial capability, adherence to program regulations and environmental clearance procedures. The staff continues to hone its' skills by participating in program specific training provided by HUD.

This includes a passing score in the new Certified HOME Specialist – Regulations course offered by CPD. MFA has ensured that monitoring requirements are carried out in accordance with the HUD rules for HOME, ESG and HOPWA, by using a database specifically designed for tracking monitoring visits.

MFA's Asset Management staff conducts long-term compliance monitoring for HOME funded single-family and multi-family rentals in accordance with the guidelines set out in 24 CFR Part 92, including income eligibility, certification and recertification, and habitability. The database assists in tracking the timeliness of those monitoring visits, so that all monitoring frequency requirements are met.

Please refer to *Table 7: Community Development Monitoring 2008*

Please refer to *Table 8: Asset Management Monitoring 2008*

Lead-based Paint

MFA works in partnership with the regional Environmental Protection Agency office, DFA, public Housing Authorities and other local partners to increase the number of trained, licensed and certified personnel able to determine the risks of lead hazards—and any corresponding remediation measures—of pre-1978 housing in New Mexico. Although housing rehab activities are underway and MFA applies the Lead-Safe Housing Rule uniformly, there still appear to be insufficient personnel trained in lead-safe work practices, licensed risk assessors and abatement contractors available in the state to perform remediation.

MFA continues to set aside a percentage of the State's formula HOME allocation for eligible lead-based paint assessment and remediation activities. These additional funds for lead hazard remediation and abatement have encouraged additional businesses and organizations to obtain appropriate training in order to provide these remediation services. Additionally, MFA continues to train its partners throughout the state in the Lead-Safe Housing Rule. We encourage sub-grantees and professionals statewide to receive formal training and any applicable lead-based paint certifications in an effort to improve the efficiency of the rehabilitation services delivery system.

Please refer to *Table 9: Lead Based Paint Project Summary Report*

LEVERAGING RESOURCES - Section 7

One of MFA's primary objectives is maximizing the leverage of resources. In 2008 MFA leveraged dollars from many sources, including its own general fund, State of New Mexico general fund allocations, other federal housing programs including Rural Housing and Economic Development (RHED) grants, Mortgage Revenue Bonds, Weatherization funds from the Department of Energy, Low Income Home Energy Assistance Program (LIHEAP), and local and private resources. MFA received CDBG funding of \$500,000 from the State of New Mexico in 2007, which funds are designated for the Minor Repair Program. HOME produced program income that was used for housing activities throughout the state. MFA and its partner agencies competed for additional resources under the Supportive Housing Program (SHP), Shelter Plus Care (S+C), Rural Housing and Economic Development (RHED), Section 811 Housing for

Persons with Disabilities, Section 202 Housing for the Elderly, Training and Technical Assistance grants, and Housing Counseling grants.

Additional Federal resources include Mortgage Revenue Bonds (MRBs) and Low Income Housing Tax Credits available from the IRS and resources available to rural areas through several programs funded by the US Department of Agriculture. These Rural Development programs include: Guaranteed Rural Housing Program; Section 502 Direct Loan Program, Section 504 Loan/Grant Repair Program; Section 514/516 Farm Labor Housing Program; Rural Community Development Initiative and Section 515 Multi-Family Housing Preservation Revolving Loan Fund Demonstration Program.

In 2008, resources available to MFA were funding from the MFA Housing Opportunity Fund and General Fund, taxable bonds, the Land Title Trust Fund, state appropriations for weatherization, homelessness, regional housing authority oversight, and resources that will become available through three recent state initiatives which include the Affordable Housing Act, State Affordable Housing Tax Credit Program, and the New Mexico Housing Trust Fund. In addition, MFA received funding from the Behavioral Health Collaborative to design and implement a pilot program that will provide permanent rental housing for individuals with behavioral disorders.

The chart below gives a recap of the funding resources available to MFA in 2008.

| FEDERAL FUNDING | 2008 |
|---|----------------------|
| Bond Volume Cap | \$128,000,000 |
| Low Income Housing Tax Credits (LIHTC) 9% | \$56,526,990 |
| Low Income Housing Tax Credits (LIHTC) 4% | \$15,020,050 |
| DOE Weatherization Assistance Program | \$1,994,722 |
| LIHEAP | \$2,805,781 |
| Section 8 Contract Administration (5,461 units) | \$22,939,747 |
| HUD Housing Counseling | \$165,000 |
| HUD RHED | \$1,000,000 |
| HUD Risk Sharing Loan Program | \$3,825,000 |
| HUD Training and Technical Assistance Grant | \$50,000 |
| HUD Training and Technical Assistance Grant | \$80,000 |
| USDA Rural Community Development Initiative Grant | \$300,000 |
| USDA § 515 MF Housing Preservation Demonstration | \$2,000,000 |
| MortgageSaver Program | \$221,873,861 |
| National Foreclosure Mitigation Counseling | \$262,000 |
| Total Federal Funds | \$456,843,151 |
| MFA GENERAL FUND | |
| Mortgage Booster DPA Program | \$3,907,414 |
| HERO DPA Program | \$813,506 |
| Partners Program | \$583,950 |
| Primero Investment Fund | \$1,474,429 |

| | |
|---|----------------------|
| Capacity Building contracts | \$233,927 |
| Total MFA General Fund | \$7,013,226 |
| STATE OF NEW MEXICO FUNDING | |
| State Weatherization program | \$1,300,000 |
| State Homeless Assistance (including COC match) | \$750,000 |
| Housing Trust Fund (disbursed) | \$750,000 |
| State EnergySaver | \$1,250,000 |
| State Affordable Housing Tax Credit | \$4,316,000 |
| Regional Housing Authority Oversight | \$850,000 |
| Regional Housing Authority - computers | \$350,000 |
| State McKinley County Appropriation | \$639,000 |
| Behavioral Health Collaborative (Linkages) | \$300,000 |
| Total State of New Mexico Funding | \$10,505,000 |
| OTHER FUNDING | |
| Taxable bonds | \$9,900,000 |
| Recycling of Bond Volume Cap | \$51,985,208 |
| HOME Program Income | \$1,350,247 |
| Local HOME Match | \$7,889,467 |
| Local ESG Match | \$1,487,904 |
| Land Title Trust Fund | \$169,858 |
| Total Other Funding | \$72,782,684 |
| GRAND TOTAL ALL FUNDING | \$547,144,061 |

Please refer to *Table 10: 2008 HOME Match Report, 40107-a*, for the HOME match contributions for 2008.

Please refer to *Table 11: 2008 ESG Match Report*, for the ESG match amounts and sources for 2008.

HOUSING

In the 2008 Action Plan, five housing priorities were to be pursued. Those priorities were:

1. Increase opportunities for homeownership.
2. Preserve the State's existing affordable housing stock.
3. Expand the supply of housing and services to assist the homeless.
4. Expand housing opportunities and access for special needs populations.
5. Expand the supply of decent affordable rental housing.

MFA determined high priority counties that received scoring preferences on applications for funds. The prioritization was based on the following characteristics: poverty level, homeownership, cost burden, population change, and housing condition. Priority counties were determined for Homebuyer Assistance, New Single Family Development, Acquisition and

Development, Single Family Rehabilitation, Rental Acquisition or Assistance and Rental New Construction.

Homebuyer Assistance includes below market rate mortgage financing, as well as down payment or closing cost assistance, interest rate reduction, and principal reduction. The primary need for homebuyer assistance is to address issues of affordability. Indicators of affordability include median home value, percent of cost-burdened owners, and percent of owner households earning less than \$50,000 who are paying more than 30 percent of their income on housing (cost burdened). If a county exceeds the state average on any two of these indicators that county is given a high priority for homebuyer assistance. The priority counties were: Bernalillo, Los Alamos, San Miguel, Sandoval, Santa Fe, Taos, Torrance and Valencia. Additionally, those counties that have a homeownership rate below the state average of 60.8% are priorities based upon the Governor's homeownership goals. Those counties were: Bernalillo, Catron, Colfax, Curry, De Baca, Guadalupe, Harding, Hidalgo, Lincoln, McKinley, Mora, Otero, Quay, Roosevelt, San Miguel, Socorro, Taos, and Union.

New Single Family Development includes housing activities that increase the supply of affordable single-family homes. Those activities include new construction, new manufactured housing installations on permanent foundations, and acquisition and rehabilitation of existing units. Areas were prioritized as follows: Counties that had both population growth that exceed the state average of 5% from 2000 to 2006 and overcrowding that exceeded the state average were prioritized high, counties which were higher than the state average on either of the two indicators were prioritized as medium, and counties that had both slower growth and less overcrowding were prioritized low. Because it is difficult to compare growth rates among counties with significantly different populations, an adjustment was made such that higher population counties were given greater priority if their population grew by more than 5% between 2000 and 2005. The counties in which single family development was a priority were: Cibola, Dona Ana, Luna, San Juan, and Valencia. Those classified as medium priority were Bernalillo, Chaves, Lea, Lincoln, McKinley, Mora, Sandoval, Santa Fe, Taos and Union.

Acquisition and Rehabilitation had priorities based upon an owner-occupied vacancy rate that exceeded the State's average. This activity represents an opportunity to increase the stock of available housing through acquisition and rehabilitation. The counties were: Catron, Chaves, Colfax, Curry, Eddy, Grant, Guadalupe, Hidalgo, Lea, Lincoln, Luna, Otero, Quay, Roosevelt, Sierra, Torrance, and Valencia.

Single Family Rehabilitation refers to the rehabilitation of owner-occupied housing. It also includes reconstruction or replacement where units are in such poor repair that rehabilitation is not appropriate. It may also include replacement of substandard units with new manufactured housing that is fixed to a permanent foundation or a new site built home. Indicators of the need for single family rehabilitation are those that measure housing condition including percent built before 1940, percent lacking complete plumbing facilities, percent lacking complete kitchen facilities, and percent using non-traditional heating sources. High priorities are assigned to areas where housing conditions are poorest such that a county exceeds the state average on three of the above indicators. The counties assigned high priority were: Catron, Cibola, De Baca, Harding, Hidalgo, McKinley, Mora, Rio Arriba, Roosevelt, San Juan, San Miguel, Sandoval, Socorro, and Taos.

Rental Acquisition includes activities intended to make existing rental units more affordable. Indicators of the need to create affordable rental units through acquisition or rental assistance include median rents that exceed the state median, percent of renters who are cost burdened (above an average 49% of the their income on housing), and the percent of renter households earning less than \$35,000 that are cost burdened. Counties which exceed the state average on all three of the indicators have a high priority for rental acquisition. Counties with a priority for a rental acquisition or other rental assistance were: Bernalillo, Dona Ana, San Miguel, Sandoval, Santa Fe, Taos, Torrance and Valencia.

Rental New Construction refers to the development of new multifamily rental units. The thresholds for assigning an area a high priority for new multifamily units included a 2000-2005 population growth greater than 5%, the county is part of an MSA or includes a community that was larger than 10,000 people in 2003 and had a rental vacancy rate less than the state average. The counties that could benefit from the conversion of single family units to rental units were: Catron, Curry, Harding, Los Alamos, Mora, and Union. Counties with a high priority for rental new construction were: Dona Ana, McKinley, Roosevelt, San Juan, Santa Fe, and Torrance.

The priorities and objectives listed in the 2008 Action Plan and on Table 1 included both MFA's goals and those of our partners. For the purposes of this CAPER, the information in Table 1 reports only on MFA Administered Resources shown in the 2008 Action Plan. The final decision on where funds were allocated was determined by need and the overall direction of MFA management and the Board of Directors.

HOMELESS

This 2008 CAPER reports on the Emergency Shelter Grant and State Homeless funds, now called Transitional and Supportive Services Program (TSS) performance over the program year. TSS assists all units of local government, including tribal governments, who are eligible to apply for funding to serve homeless persons in their community. In addition, nonprofit organizations are eligible to apply if they meet the following requirements:

- a. The primary mission of the nonprofit organization must be to provide housing or services to the homeless;
- b. The nonprofit organization must demonstrate support from the unit of local government it intends to serve; and
- c. The non-profit organization must have received its 501(c)(3) IRS determination letter prior to submitting an application.

MFA TSS funding may be used for essential or supportive services, operating expenses, and prevention activities associated with providing shelter or services to homeless individuals. Applicants must have the support of the local jurisdiction, be able to meet match requirements, and provide monthly service reports. The activities receiving funding under the MFA TSS are: Emergency Shelter Operations, Essential Services Only, Homeless Prevention, Permanent Supportive Housing, and Continuum of Care Match.

The State of New Mexico received \$721,695 in FFY 2008 HUD funding for the ESG program. Homeless funding from the State totaled \$750,000. MFA's program year runs from July 1 through June 30 each year.

The MFA maintains its own TSS program databases – one for demographic data, one for fiscal data. Those databases contain the information upon which the tables that are part of this CAPER are based, this year by activity within the entire program.

For the period from January 1, 2008 through December 31, 2008, a total of \$1,386,342.42 has been paid out to Homeless subgrantees. Again, MFA's program year runs from Jun 1 through June 30, so the 2008 calendar year crosses two program years. With that expenditure, 16,070 unduplicated clients were served for 222,516 bed nights.

Under a directive from Congress via the Housing and Urban Development Department (HUD) to begin collecting information on homeless individuals by 2004, MFA, The City of Albuquerque and the New Mexico Coalition to End Homelessness, have developed and implemented the NM HMIS system. This data management system has been funded in part with MFA general fund dollars and was implemented in 2004. This data management system collects information on the homeless community including the number of unduplicated clients, the kinds and types of services provided, etc. As part of MFA's support of the HMIS system, MFA provides computer support to the HMIS Project Manager, and pays the annual maintenance fee of the TAPESTRY software used for HMIS reporting.

Please refer to:

Table 12: TSS Program Expenditures, calendar year 2008

Table 13: TSS Clients – Demographic and Other Information, by activity, 1/1-12/31/08

SPECIAL NEEDS HOUSING

Through the citizen participation process and research for the Consolidated Plan, non-homeless special needs housing was identified as a priority in the state, especially for the needs of the elderly, the disabled (physically, mentally, and developmentally) and other special needs populations above the need for new multifamily rental housing.

However, that research process showed that the housing needs of these populations is primarily for available, decent, safe, and affordable rental housing, affordable to households below 30 percent of AMI. When such housing is available, local service agencies are able to link these populations to services which will keep them housed. The strategy for meeting the housing needs of special populations is to utilize existing financing tools for multifamily rental housing in order to expand the supply of available rental units. As well, it gives preference in funding decisions to those projects that will serve in whole or in part special needs populations.

An exception to the need for more affordable rental housing, is the need for physically disabled households seeking to purchase housing. These households face difficulty in finding accessible single-family units. Therefore, MFA will encourage universal design or adaptability standards in

all newly constructed affordable single family housing. MFA provides referrals when requested to those agencies that may be able to assist the disabled households to purchase a home.

All of the five housing priorities could have potentially benefited special needs populations. However, two of them (Goals 3 and 4) are specifically designated to assist special needs populations and persons who are homeless. As a reminder, the priorities were:

1. Increase opportunities for homeownership.
2. Preserve the State's existing affordable housing stock.
3. Expand the supply of housing and services to assist the homeless.
4. Expand housing opportunities and access for special needs populations.
5. Expand the supply of decent affordable rental housing.

In 2007, the Linkages Supportive Housing Voucher Program was established with \$300,000 in funding from New Mexico Behavioral Health Collaborative, through its contract with Value Options. "Linkages" is a pilot program that will provide permanent rental housing for individuals with behavioral disorders by supplying 30 vouchers in 3 regions of the state. A housing administrator and mental health services provider for each of the 3 regions will work together to provide both housing and mental health services for these individuals. A 10% set aside was established for Native Americans off reservation.

Tables 1, 2 and 3 previously discussed in this CAPER provide more detailed information regarding the effectiveness of the strategies set out in the 2008 Action Plan.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

HOPWA Funding and Allocation

Funding under the HOPWA program will be available to non-profit organizations that serve people who are HIV positive and/or are living with AIDS to provide short-term rent, mortgage, and utility payments to prevent the homelessness of the tenant or mortgager of a dwelling. Funding under the HOPWA Program will be made available to nonprofit organizations that service low-income persons with HIV/AIDS for continued rent assistance. Persons receiving rental assistance were required to pay as rent the higher amount of 30% of the family's monthly-adjusted income, 10% of the family's monthly gross income, or welfare assistance specifically designated for housing.

Supportive services including healthcare, mental health assessment, permanent housing placement, drug and alcohol abuse treatment and counseling, day care, personal assistance, nutrition services, intensive care when required, and assistance in gaining access to local, state, and federal government benefits and services, were also provided to HOPWA recipients in 2008. (Health services may only be provided to individuals with AIDS or related diseases and not to their family members.) A percentage of the HOPWA grant will be divided between MFA and subgrantees for program administration. The specific allocation is determined annually but will not exceed any statutory limit.

Obstacles to meeting underserved needs

More than 60 percent of the HOPWA funds are being used by subgrantees to provide rental assistance under the STRMU or TBRA activities. MFA feels that this is a good use of the HOPWA funds in that AIDS clients are finding it extremely difficult to obtain any rental assistance or vouchers from the various Housing Authorities throughout the state. The Housing Authorities will not allow the case managers to interact or work on behalf of the client. With the declining health of many of the clients, forcing them to go to the Housing Authority or stay on top of the requirements to stay on waiting lists is not manageable. This program would be more effective if HOPWA case managers were allowed to act on behalf of their clients and work directly with the Housing Authorities. Additional obstacles as observed by the HOPWA subgrantees are reflected in the HOPWA CAPER attached.

Specific HOPWA Objectives

In the past, MFA allocated HOPWA funding under a competitive process, with RFPs being issued every three years. In 2006, MFA requested permission to treat the four subgrantees as "limited source providers" and to forego the RFP process. Since those subgrantees are the only agencies in New Mexico that provide HIV services, staff believed that the four agencies were indeed limited source providers, and that MFA could enter into contract negotiations with those agencies directly without issuing an RFP. On February 26, 2006, the Board of Directors approved the request. The last funding round was the years 2006, 2007 and 2008. The four subgrantees are listed below, with their program year 2008-2009 allocations:

| Agency Name | Agency Location | Award |
|------------------|-----------------|--------------|
| NM Aids Services | Albuquerque | \$247,509 |
| SW Care Center | Santa Fe | \$147,930 |
| Camino De Vida | Las Cruces | \$ 63,885 |
| Alianza of NM | Roswell | \$ 56,716 |
| MFA Admin | | \$15,960 |
| | TOTAL | \$532,000.00 |

The counties served by these subgrantees are:

NM Aids: San Juan, McKinley, Sandoval, Cibola, Bernalillo, Valencia, Torrance, Socorro

SW Care Center: Rio Arriba, Taos, Colfax, Union, Los Alamos, Mora Harding, Santa Fe, San Miguel

Camino De Vida: Catron, Sierra, Grant, Otero, Hidalgo, Luna, Dona Ana

Alianza of NM: Chaves, Curry, DeBaca, Eddie, Lea, Guadalupe, Lincoln, Quay

Subgrantees who received the HOPWA awards have exclusive service responsibility for any one of the four designated Service Areas within the state, as listed above. The successful subgrantees had the management task of independently implementing the work program, which ranges from initial participant identification, certification and documentation of participant eligibility through actual provision of program services.

1. The objective of the HOPWA Formula Grant Program is to address the high incidence of immunodeficiency syndrome cases that may cause low-income persons in New Mexico to become homeless by providing housing assistance and related supportive services for said persons and their families.
2. Funding under the HOPWA program will be available to serve people who are HIV positive and/or are living with AIDS to provide: Short-term Rent Mortgage & Utilities Payments to prevent the homelessness of a tenant or mortgagor of a dwelling, as further described by the Regulations.
3. Tenant-based Rental Assistance, including assistance for shared housing arrangements, as further described by the Regulations.
4. Supportive Services as described in this RFP and as further described in the Regulations.
5. Administrative Expenses to the extent allowed by the Regulations.

Please refer to *Table 14: HOPWA CAPER 2008*

OTHER NARRATIVE – Section 8

Governor’s Invest New Mexico

In 2005, Governor Richardson released a 10 year plan for the infrastructure of New Mexico which focused on six areas: water, education, higher education, transportation, economic development and housing. Specifically, the plan identified seven goals associated with housing in New Mexico.

1. Increase the homeownership rate;
2. Build more than 11,000 new homes, including 4,500 single family homes and 6,840 new rental homes;
3. Repair and improve at least 10,000 existing homes;
4. Reduce the water and energy consumption of new and existing housing;
5. Reduce the use of high-cost mortgage loans;
6. Strengthen the capacity of local governments, nonprofits, housing authorities, and the private sector to implement innovative housing programs; and
7. Invest \$3.5 billion in New Mexico’s housing infrastructure.

MFA in its capacity as the State’s Housing agency will strive to meet these goals with our housing partners around the state. The Invest New Mexico Goals were incorporated into MFA’s Strategic Plan and the Action Plans for both 2006 and 2007, as applicable.

New Mexico Housing Trust Fund

MFA and the Housing Trust Fund Advisory Committee drafted program and funding guidelines so that the Fund is distributed and used to generate and finance affordable housing throughout the state in the most effective way possible. Housing Trust Fund monies are invested with the New Mexico State Investment Council in order to realize the highest possible returns.

Since the first application round in November, 2005, MFA has awarded \$11,953,855 in funding to 22 applicants. These awards have leveraged \$216,175,285 in other public and private

funding, and when completed, these awarded projects will comprise 1,193 units in 22 communities in 11 counties and 4 pueblos and/or reservations.

MFA is requesting an additional appropriation for the Trust Fund in light of the success of the funding rounds and projected needs associated with numerous workforce housing initiatives. MFA requested an additional appropriation of \$15 million during the 2008 legislative session to further capitalize the New Mexico Housing Trust Fund. We were awarded \$2,000,000.

This 2008 CAPER concludes with the following information:

Table 15: Legal Notices

Table 16: HOME Program Annual Performance Report (HUD-40107)

Table 17: Section 3 Summary Report

Table 18: IDIS Reports - PR06 for HOME, ESG and HOPWA