Housing New Mexico Capital Outlay FAQs

This FAQs provides general guidance for applicants and partners for New Mexico State Capital Outlay appropriations.

1. **What is a State Capital Outlay appropriation?**
   Capital Outlay is funding appropriated by the New Mexico State Legislature and Governor for eligible capital projects. Funds appropriated for the 2026 round include planning, designing, and constructing of single-family housing and land acquisition as specified locations.

   Receiving an appropriation does not mean this funding is available immediately.

2. **Does Housing New Mexico administer Capital Outlay grants?**
   Yes, for the 2026 round, Housing New Mexico will administer Capital Outlay funding which will be administered by the New Mexico Department of Finance and Administration (DFA). Housing New Mexico will follow all State requirements to grant the funds to eligible applicants.

3. **What is the Capital outlay process after it has been approval by Legislature?**
   The general process is:
   1) The appropriation is enacted into law.
   2) The appropriation is assigned to a State administering agency (DFA).
   3) Housing New Mexico will work with DFA to execute a grant agreement.
   4) Housing New Mexico will post projects on the Housing Innovation Program webpage.
   5) Any Special Conditions are addressed.
   6) The Grant Agreement is fully executed.
   7) Eligible organizations submit applications to become a grantee.
   8) The awarded grantee signs an agreement.
   9) A required expenditure authorization, such as a Notice of Obligation (NOO) is obtained.
   10) Grantees proceed with eligible project expenditures.
   11) Housing New Mexico receives, reviews, and approves reimbursements for expenditures which are also approved by DFA through NOO.

12) Once all funding has been spent, the grant closes. Project must be completed by reversion date.

4. **What is Art in Public Places and why is 1% deducted from some Capital Outlay grants?**
   New Mexico's Art in Public Places (AIPP) program require that certain capital appropriations allocate 1% of the original appropriation. Up to a maximum of $200,000, for public art. Pursuant to Section 12 -4A-4 NMSA 1978, this requirement generally applies to qualifying new construction or major renovation projects exceeding $100,000. The actual AIPP deduction, if applicable, will be identified in the State Grant Agreement when it is issued.

5. **Who is eligible to apply for Capital Outlay funds?**
   Eligible applicants include, but are not limited to, non-profit organizations, for-profit organizations, governmental housing agencies or authorities, regional housing authorities, governmental entities, developers, builders, corporations, limited liability companies, partnerships, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with Housing New Mexico. Individual applicants are not eligible.

6. **What are Special Conditions?**
   Not all State grants are given special conditions. The State will place Special Conditions on a grant if the grant is for a non-profit organization or additional project details are required. Special Conditions are project-specific requirements that must be addressed before the State will fully authorize use of the grant. Special Conditions can significantly delay a project if they are not addressed early.

7. **Is a Capital Outlay appropriation a check from the Housing New Mexico?**
   No. Housing New Mexico operates on a reimbursement basis. Eligible costs incurred by the grantee must submit a reimbursement request from Housing New Mexico in accordance with the grant agreement.

8. **What is a Notice of Obligation (NOO)?**
   A Notice of Obligation is a document Housing New Mexico submits to DFA to commit Capital Outlay funds towards eligible project expenses. A NOO is not a reimbursement request but only part of the reimbursement process.

9. **Can Capital Outlay funding be used for anything related to the project?**

No. Expenses must be consistent with the authorized purpose described by the Legislature and must comply with the grant agreement. An expense may benefit the project but still be ineligible if it falls outside the authorized appropriation language or project description.

10. **What is a reversion date?**
    The reversion date is the statutory deadline associated with the appropriation. Funds that are not properly expended or obligated within the applicable timeframe may be recaptured.

11. **As a non-profit, why do I need to become a Qualifying Grantee?**
    In accordance with the Affordable Housing Act (Section 62-7-1 et. Seq. NMSA 1978)(the "Act"), and the Affordable Housing Act Rules (the "Rules"), non-profit organization must become a qualified grantee to be eligible to received affordable housing donations made by the State, counties, municipalities, and school districts.