

Consolidated Annual Performance and Evaluation Report 2014

Including the
HOME Investment Partnership Program
Emergency Solutions Grant
Housing Opportunities for Persons with AIDS and
Community Development Block Grant

Federal FY 2014
January 1, 2014 – December 31, 2014
Revised 4/30/15



Department of Finance and Administration
Local Government Division
Community Development Bureau



New Mexico Mortgage Finance Authority

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2014 CAPER Acronyms

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Attachment B: MFA Plans

Attachment C: MFA Compliance Monitoring 2014 (Community Development and Asset Management)

Attachment D: HOME Lead-Based Paint Expenditures 1/1/2014 – 12/31/2014

Attachment E: HOME Annual Performance Report (HUD-40107)

Attachment F: MFA Section 3 Summary Report

Attachment G-New: MFA HOME Program Income Uses 2014

Attachment G: 2014 HOME Match Report, HUD Form 40107-A

Attachment H: 2014 ESG Match Report

Attachment I: 2014 ESG Activity Reports, including demographics and ESG CAPER from IDIS

Attachment J: HOPWA CAPER 2014

Attachment K: IDIS Reports

- PR01
- PR02 2014 for CDBG, HOME, ESG, HOPWA
- PR03 for CDBG
- PR06 for CDBG, HOME, ESG and HOPWA
- PR12 for ESG
- PR26 for CDBG
- PR28 for CDBG
- PR33
- PR 81 for ESG
- PR91 for ESG

Part 1: Executive Summary

The 2014 State of New Mexico Consolidated Performance and Evaluation Report, or CAPER, represents a collaborative effort between the New Mexico Department of Finance and Administration, Local Government Division, Community Development Bureau (DFA) and the New Mexico Mortgage Finance Authority (MFA). This document outlines the State's affordable housing and community development resources, their methods of distribution, geographic funding objectives and actions by the State to meet those objectives during the past fiscal year.

MFA has the responsibility for the administration of the HOME, ESG and HOPWA programs to non-entitlement communities. DFA has the responsibility for the administration of the CDBG program, but all information is combined into the CAPER. Both agencies use these resources in combination with other programs; therefore this report includes a look at other resources used to provide a complete picture of the State of New Mexico's performance over the last year.

Reporting Agency

The purpose of the *2014 Consolidated Annual Performance and Evaluation Report* (2014 CAPER) is to present to the general public and the U.S. Department of Housing and Urban Development (HUD) the performance of the State of New Mexico regarding the distribution of the Small Cities Community Development Block Grant Program (CDBG), the Neighborhood Stabilization Program (NSP), the HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) programs in relation to the goals and objectives established in the *State of New Mexico 2011- 2015 Consolidated Plan for Housing and Community Development* (Consolidated Plan) and the *2014 Action Plan* for the year January 1, 2014 through December 31, 2014. The MFA is the lead agency responsible for the development of the Consolidated Plan and Annual Action Plans.

The 2014 CAPER

The 2014 CAPER is the last of five annual performance evaluation reports. Each report describes the one-year actions and funding priorities used to carry out the five-year 2011 – 2015 Consolidated Plan, a comprehensive planning document identifying the State's housing development, economic development and community development needs. This report describes the performance of MFA in its administration of the HOME, ESG and HOPWA programs to non-entitlement communities, i.e., cities that do not receive direct block grants from HUD. In addition, it includes the performance of DFA in its administration of the CDBG program.

Specifically, the purpose of this CAPER is to demonstrate how activities undertaken during the 2014 program year address pertinent strategies and priorities identified in the Plan. Part Two of the CAPER gives the major priorities of the State from the Plan and the strategies that were set in that Plan. These sections provide more detail by stating the objectives and performance measurements that were set for each strategy for the 2014 program year. A progress report summarizes the activities that were taken during the 2014 program year so that citizens reviewing the report are able to assess the progress that has been made towards meeting the five-year priorities and strategies that were established in the Plan.

Strategies do not describe every activity to be undertaken by the State. Instead, the strategies provide direction in the form of a priority need with objectives, performance measures, and completion dates. Objectives serve as examples of the activities to be initiated during those five years. Strategies and objectives may be added, deleted, or modified in subsequent annual action plans.

Accomplishment Summary

MFA was successful in meeting all commitment and expenditure requirements for HOME, ESG and HOPWA.

During the period January 1, 2014 to December 31, 2014, we received \$3.78 million in HOME funds, had program income of \$1.2 million, and carryover of \$1.4 million. We committed \$7.25 million and more than \$5.775 million of HOME funds were expended on HOME-eligible activities. According to HUD performance reports as of December 31, 2014, MFA's overall national ranking is 13th with top 5 rankings in 5 of the 8 categories. We assisted 597 families with DPA, 62 were funded with HOME funds. 43 families were assisted with rehabilitation, 54 families assisted with rental assistance, and 11 HOME rental units were completed.

In calendar year 2014, we received \$897 thousand in ESG funding and \$1.215 million from state appropriations. \$1.254 million in match funds was banked by the subgrantees. We funded 25 agencies who expended a total of \$1.8 million. There were 8,217 total unduplicated clients served: 1,702 COC, 6,032 EHAP, and 483 RAP, for 73,624 bed nights available during that same time period.

MFA administered HOPWA for the City of Albuquerque and the Balance of State. In 2014, MFA received \$624 thousand from HUD, and expended \$747.5 thousand with 322 households served during the year.

DFA received \$9.02 million in CDBG funding in 2014 and had \$2.2 million in reversions and unallocated funds from prior years, for a total of \$11.225 million. \$280 thousand was allocated to administration and \$90.1 thousand for technical assistance. There were 23 applications funded in 2014, along with a planning set-aside of \$250 thousand, for a total of \$10.815 million allocated. CDBG disbursed \$4.35 million for 54 activities already underway. 27 projects were completed in 2014 with \$3.110 million disbursed. Total program year count was 81 projects with \$7.466 million disbursed.

Citizen Participation

DFA follows a detailed citizen participation plan that provides for and encourages citizen participation. This integral process emphasizes participation by persons of low or moderate income, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which DFA proposes to use CDBG funds. The plan provides citizens with the following: reasonable and timely access to local meetings; an opportunity to review proposed activities and program performance; timely written answers to written complaints and grievances; and a description of how the needs of non-English speaking residents will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate. DFA also requires all grantees seeking CDBG funds to develop and adopt by resolution a Citizen Participation Plan.

Opportunities for Public Participation

Public participation with the 2014 CAPER (including review by the advisory groups) is important to the State. Citizens and other interested parties are given full access to information and all records relating to this CAPER and the programs it covers. Copies of Annual Performance Evaluation Reports, Annual Action Plans, the Consolidated Plan and any other relevant information are all available by contacting anyone (1) within the Community Development Department at MFA and on MFA's web-site at: <http://www.housingnm.org/resources/new-mexico-consolidated-plan>, [or http://www.housingnm.org/resources/new-mexico-annual-action-plan](http://www.housingnm.org/resources/new-mexico-annual-action-plan), or on DFA's web-site at: [http://www.nmdfa.state.nm.us/NM Performance Evaluation Report 1.aspx](http://www.nmdfa.state.nm.us/NM%20Performance%20Evaluation%20Report%201.aspx)

Title II of the Americans with Disabilities Act and Section 504 of the Rehabilitation Act prohibits discrimination on the basis of disability in the programs of a public agency. Persons who need the information contained in this publication in an alternate format may call Debbie Davis at the MFA, 505-843-6880, or in-State toll free at 800-444-6880. Si necesita ayuda en español para entender este documento, puede solicitarla sin costo adicional, llamando al número 800-444-6880.

Comment Period

MFA and DFA invite public comments on all planning and reporting activities. To view the specific public comment periods and requirements, please visit one of our websites: MFA at <http://www.housingnm.org/resources/caper> or Local Government Division at [http://www.nmdfa.state.nm.us/NM Performance Evaluation Report 1.aspx](http://www.nmdfa.state.nm.us/NM%20Performance%20Evaluation%20Report%201.aspx). For the Program Year 2014 CAPER, the public comment period ran from March 2, 2015, through Tuesday, March 17, 2015. A draft of the 2014 CAPER was made available on MFA and DFA's web pages on March 2, 2015. Printed copies of the CAPER were available at MFA's offices at 344 4th St. SW, Albuquerque, New Mexico, 87102, or at the offices of the Community Development Bureau, Bataan Memorial Building, Room 202, Santa Fe, NM 87501.

Public Notices and Press Coverage

- Public notices, in English and Spanish, announcing the public comment period for the CAPER (HOME, ESG and HOPWA) were placed in the Albuquerque, Clovis, Deming, Farmington, Las Cruces, Roswell, and Santa Fe and Union County newspapers. Copies of those notices are attached.
- Public notices, in English and Spanish, announcing the public comment period for the CAPER (CDBG) were placed in the Albuquerque and Albuquerque North newspapers. Copies of those notices are attached.

See **Attachment A: Public Notices**

Focus Group

For MFA, each Request for Proposal release for HOME, ESG or HOPWA funds is preceded by a focus group meeting. These meetings are made up of MFA Program Managers and past sub-grantees for each program or activity. Input is gathered from the group on the last program year, and improvements or enhancements that could be made. All comments are taken into account when devising the RFP for each program or activity.

Public Comments Received

As of March 17, 2015, no comments were received by either MFA or DFA.

Criteria for Substantial Change

MFA/DFA reserves the right to make non-substantive changes to the Consolidated Plan (including annual action plans and performance evaluation reports) without opening a public comment period. An amendment to the Consolidated Plan is required whenever the jurisdiction determines to:

- Substantially change the allocation priorities or its method of distributing HUD formula grant funds;
- Utilize formula grant funds (including program income) to carry out an activity not previously described in the action plan; or
- Change the purpose, scope, location or beneficiaries of an activity.

Part 2: Self Evaluation and Housing Strategies

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 improve its outreach and distribution plans for the next year.

The fifth and last year in the Consolidated Plan process was 2014. The process assists us to identify the affordable housing and community development needs of New Mexico.

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, 2014 to December 31, 2014, more than \$5.775 million of HOME funds were expended on HOME-eligible activities. According to HUD performance reports as of December 31, 2014, MFA's overall national ranking is 13th (2013 ranking as of 12/31/13 was 10, 2012 ranking as of 12/31/12 was 21) of the 51 State Participating Jurisdictions. MFA's rankings are higher and are above average as compared to other State Participating Jurisdictions in several categories. MFA's Community Development, Housing Development and Accounting Departments have worked diligently toward the goal of ensuring that HUD's Integrated Disbursement and Information System (IDIS) is up to date with regard to MFA-funded projects. The 12/31/14 Snapshot report rankings are as follows:

Ranking Criteria	MFA %	National %	National Ranking
% Funds Committed	97.87	93.45	3
% Funds Disbursed	94.88	90.11	4
Leveraging Ratio for Rental	10.14	4.84	5
% Disbursements (Rental)	100	98.46	1
% CHDO Disbursements	93.45	90.58	19
% Serving Renters <50% AMI	88.33	80.39	16
% Serving Renters <30% AMI	41.56	37.43	26
% Rental Occupancy Rate	100	99.56	1

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, 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. During 2014, no HOME funds were recaptured by HUD.

Barriers to Affordable Housing and Impact Issues

The biggest barrier to affordable housing is the lack of affordable housing. In the rural communities, a significant barrier along with supply is adequate funding agencies willing to assist eligible applicants. During 2014, MFA financed the construction, acquisition and/or renovation or provided rental assistance for 156 housing units, with 11 of them designated as HOME 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 and local banks available to provide program funding.

In 2014, MFA purchased 996 Mortgage \$aver and HERO first mortgages and provided down payment assistance with 597 Mortgage Booster and 62 Payment\$aver/Helping Hand loans for 659 homebuyers. This assistance allowed them to purchase a home that they otherwise would not have been able to acquire.

Strategic Goals of the New Mexico Consolidated Plan

The following list presents the overriding strategies and goals of the New Mexico Five-Year Consolidated Plan for Housing and Community Development, including selected performance criteria associated with each strategy and goal. These were reviewed on an annual basis and our objectives and strategies adjusted to ensure we were meeting needs and market demand.

The strategies the State was to pursue over the last five years are as follows:

- 1. Expand the supply of quality affordable housing**
 - a. Enhance homeowner new construction
 - b. Provide multifamily rental new construction
 - c. Finance multifamily acquisition and rehabilitation
- 2. Increase opportunities for homeownership**
 - a. Provide financial assistance to prospective homeowners
 - b. Assist with single-family acquisition/rehabilitation
- 3. Preserve the State's existing affordable housing stock**
 - a. Provide resources for owner-occupied homeowner housing rehabilitation
 - b. Finance multifamily rehabilitation
- 4. Provide housing for special needs populations, including persons with HIV/AIDS**
 - a. Encourage the development of special needs housing with services
 - b. Expand housing opportunities and access for special needs populations
 - c. Fund non-profit entities providing housing and related services for persons living with HIV/AIDS
- 5. Reduce the incidence of homelessness**
 - a. Increase the number of available living environments, primarily transitional and permanent housing situations
 - b. Increase the level of services provided to the homeless and persons at risk of homelessness

6. Enhance the quality of New Mexico's infrastructure and public facilities

- a. Fund improvements to non-CDBG entitlement area water/wastewater systems and streets
- b. Fund infrastructure improvements in the colonias
- c. Enhance the accessibility and usefulness of public facilities
- d. Encourage planning that includes comprehensive planning, asset management, preliminary engineering reports, and any other studies or plans listed in rules and regulations
- e. Encourage more housing related projects
- f. Encourage more economic development projects

Overall Evaluation

MFA

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 2014, MFA/DFA continued the Plan process begun in 2010. 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 quarterly and annual basis by MFA's Strategic Management Committee and the Board of Directors. The Strategic Plan timeframe coincides with MFA's fiscal year, or October 1 through September 30. **Table 1**, below, gives a recap of MFA's progress toward reaching identified 2014 Housing and Community Development Plan Strategies.

Each program is working 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.

Progress toward reaching identified 2014 Housing and Community Development Plan Strategies

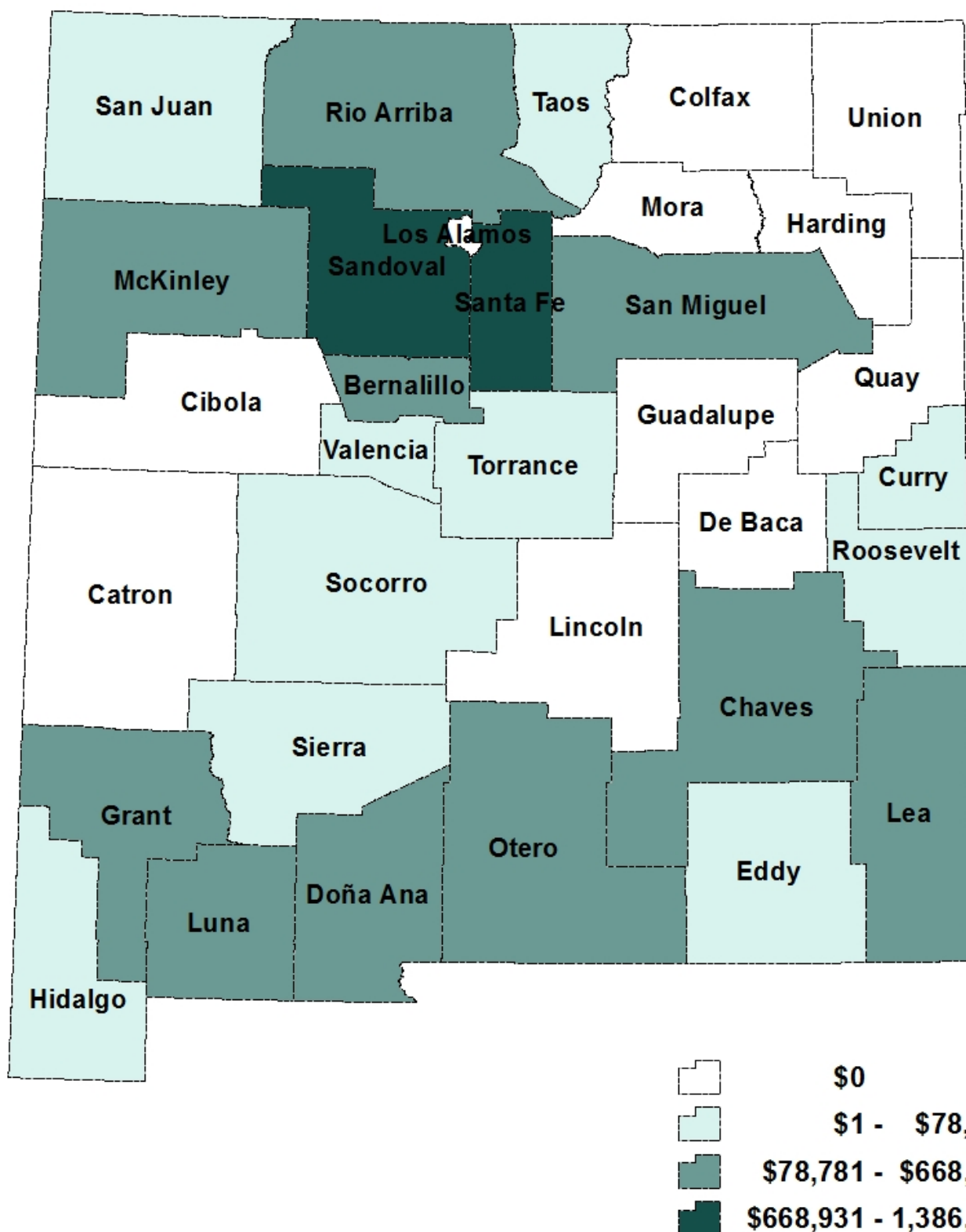
Consolidated Plan FY 2011-2015 Strategies	2014 MFA Goals and Performance Measurement Criteria	Actual Expenditure	Actual Units	Estimated Units	MFA Strategic Plan Goal/Objective
Strategy 1: Expand the supply of quality affordable housing					
Provide Multi-Family Rental Housing New Construction	LIHTC (4% & 9% \$ awarded x 10)	\$75,279,380.00			3/1 & 3/2
	HOME Rental (competed 2014)	\$1,150,000.00	777*	500	
	Risk Sharing (closed 2014)	\$2,000,000.00			*Total units developed
Enhance Homeowner New Construction	First mortgage financing	\$122,501,661.00	996		
	Down Payment Assistance	\$3,540,669.00	597	1,050	2/1 & 2/2
	HOME DPA	\$481,697.00	62		
Strategy 2: Increase Opportunities for Homeownership					
Provide Financial Assistance to First-Time Homebuyers	Homebuyer Counseling (HOME)	\$21,150.00	78		2/4 & 2/5
	eHome America (online)	\$0.00	1,188	950	
	Loss Mitigation Counseling	\$30,283.66	794		2/3 & 2/4
	AG Homeownership Preservation	\$761,397.05	1,555	35	
	See DPA information above				
Assist with Single-Family Acquisition and Rehabilitation	HOME HOR	\$3,058,655.44			2/6
	NM EnergySmart	\$4,454,953.83	1,073	600	Units estimated for
	NSP Acquisition/Rehab	\$15,854.38	1	0	HOME & EnergySmart
Strategy 3: Preserve the State's Affordable Housing Stock					
Conduct Owner-Occupied Homeowner Housing Rehab:	See HOME HOR information above				2/6
Implement Rental Rehabilitation:	See LIHTC, HOME Rental and Risk Sharing information above				
	Section 8 Project Based Assistance	\$27,429,381.26	5,297		3/1 & 3/2
Strategy 4: Provide Housing for Special Needs Populations, Including HIV/AIDS					
Encourage the development of special needs housing with services:	RAP	\$582,175.20	483	300	
	COC Match	\$225,106.71	1,702	1,000	3/3
	EHAP	\$800,765.30	6,032	5,000	
Expand housing opportunities and access for special needs populations:	Linkages	\$899,151.84	81	30	3/3
Fund entities providing housing and related services for persons with special needs, including HIV-positive persons and persons living with AIDS.	HOPWA	\$766,248.57	544	330	3/3
Strategy 5: Reduce the Incidence of Homelessness					
Increase the level of services provided to people experiencing homelessness:	See RAP, COC Match, EHAP, Linkages and HOPWA information above				3/3

MFA HOME 2014 COMMITMENTS BY COUNTY

County	Total Of Committed	Single Family Development	Down Payment Assistance	Admin	Homeowner Rehab	Program Income	Rental
Bernalillo	668,926.87		108,850.00	295,638.11	58,652.81	205,785.95	
Chaves	456,225.00		6,225.00				450,000.00
Curry	14,999.00	14,999.00					
Dona Ana	490,780.00		162,933.00	10,662.87	210,818.19	106,365.94	
Eddy	14,999.00	14,999.00					
Grant	281,934.41		8,425.00	7,922.20	244,458.45	21,128.76	
Hidalgo	73,395.00				53,673.06	19,721.94	
Lea	609,866.65			4,512.00	155,354.65		450,000.00
Luna	372,746.55			11,174.90	247,595.65	113,976.00	
McKinley	550,000.00						550,000.00
Otero	252,665.00		15,219.00	6,846.00	205,600.00	25,000.00	
Rio Arriba	235,355.00			6,855.00	221,770.53	6,729.47	
Roosevelt	14,999.00	14,999.00					
San Juan	14,999.00	14,999.00					
San Miguel	505,799.00	8,542.60			160,800.00	6,456.40	330,000.00
Sandoval	1,385,995.47	239,984.00	98,320.00	16,800.00	734,257.38	296,634.09	
Santa Fe	1,108,243.78	114,995.00	18,820.00	15,102.91	281,809.37	77,516.50	600,000.00
Sierra	8,350.00		8,350.00				
Socorro	74,655.47			2,158.23	45,965.00	26,532.24	
Taos	78,773.09		0.00		78,773.09		
Torrance	8,500.00		8,500.00				
Valencia	23,850.00		23,850.00				
TOTAL	7,246,057.29	423,517.60	459,492.00	377,672.22	2,699,528.18	905,847.29	2,380,000.00

*Administrative funds in 2014 were either MFA or Home Owner Rehab

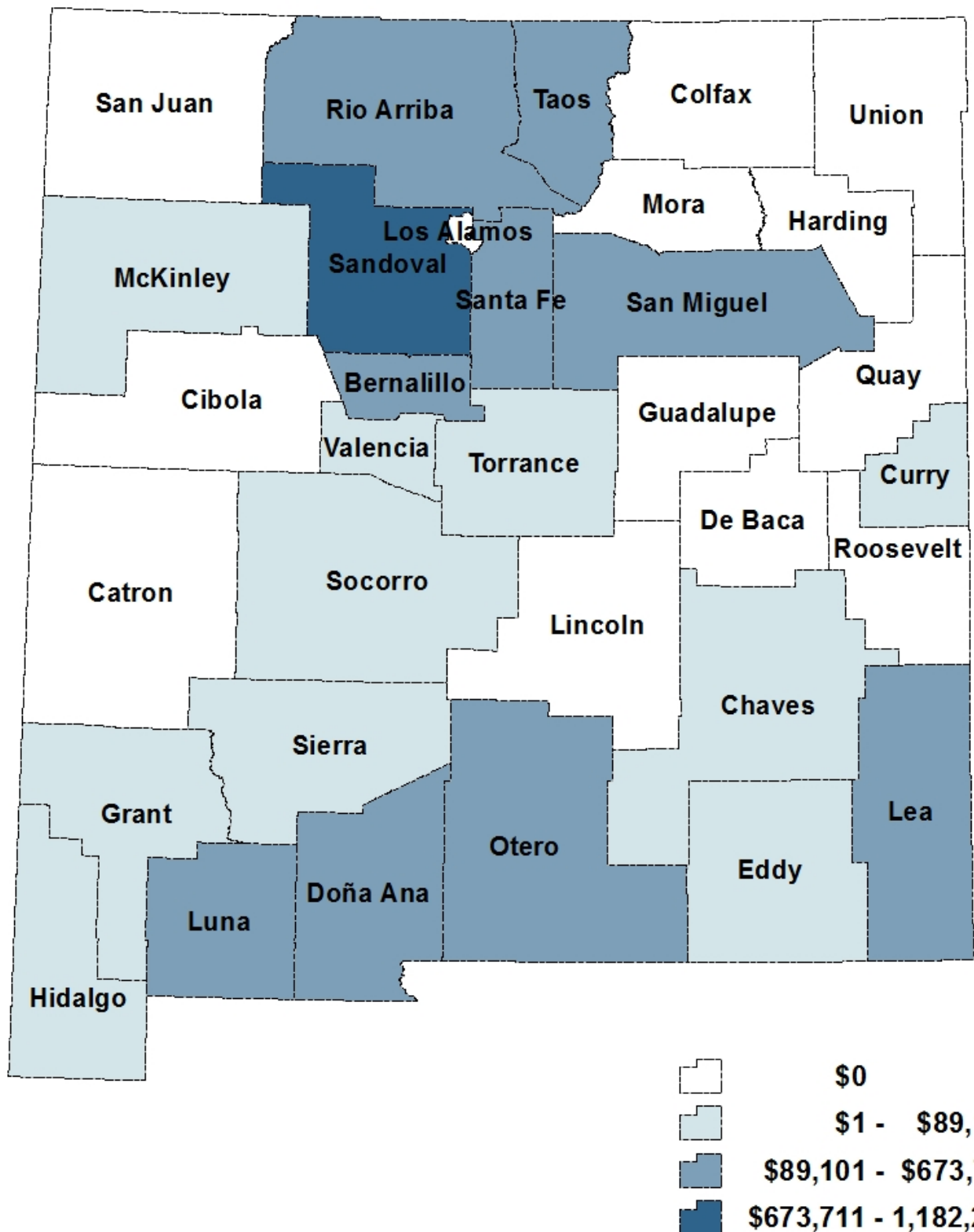
2014 HOME Funds Committed by County



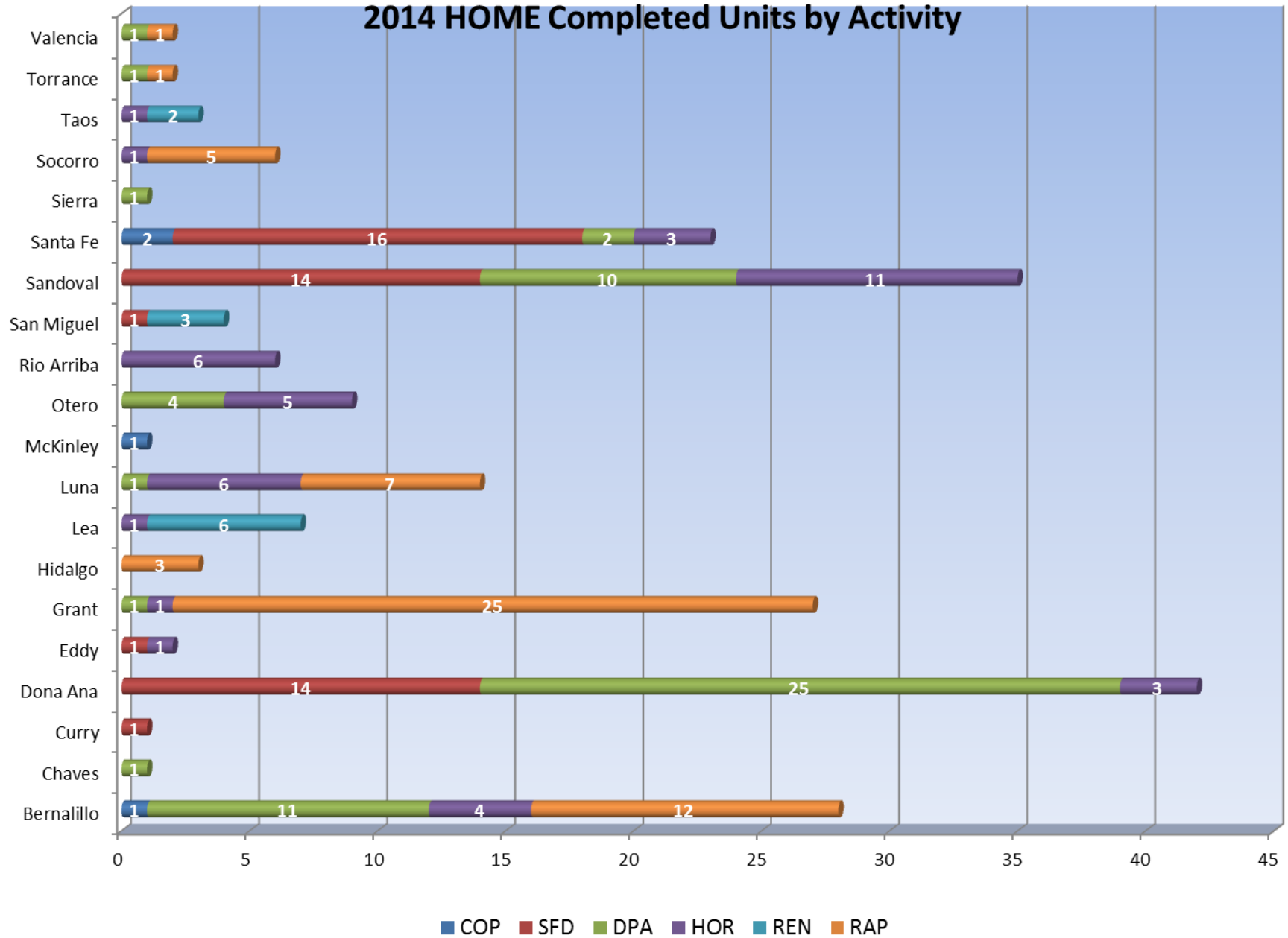
MFA HOME Expenditures 2014

County	Total Expensed	CHDO Operating	Single Family Development	Down Payment Assistance	Homeowner Rehab	Rental	Rental Assistance Program
Bernalillo	510,298.29	52,672.97		107,125.00	289,443.31		61,057.01
Chaves	6,225.00			6,225.00			
Curry	14,999.00		14,999.00				
Dona Ana	673,702.50		271,103.71	176,277.00	226,321.79		
Eddy	89,099.00		14,999.00		74,100.00		
Grant	82,505.17			8,425.00	29,153.31		44,926.86
Hidalgo	1,710.00						1,710.00
Lea	670,338.05				70,338.05	600,000.00	
Luna	411,860.32			8,350.00	398,843.32		4,667.00
McKinley	42,577.93	42,577.93					
Otero	389,478.27			26,482.00	362,996.27		
Rio Arriba	478,325.59				478,325.59		
San Juan	0.00						
San Miguel	264,999.00		14,999.00			250,000.00	
Sandoval	1,182,201.80		209,986.00	112,820.00	859,395.80		
Santa Fe	464,126.42	84,646.35	249,986.00	10,470.00	119,024.07		
Sierra	8,350.00			8,350.00			
Socorro	79,558.52				71,940.84		7,617.68
Taos	378,773.09				78,773.09	300,000.00	
Torrance	9,427.00			8,500.00			927.00
Valencia	16,939.00			15,500.00			1,439.00
TOTAL	5,775,493.95	179,897.25	776,072.71	488,524.00	3,058,655.44	1,150,000.00	122,344.55

2014 HOME Funds Expended by County



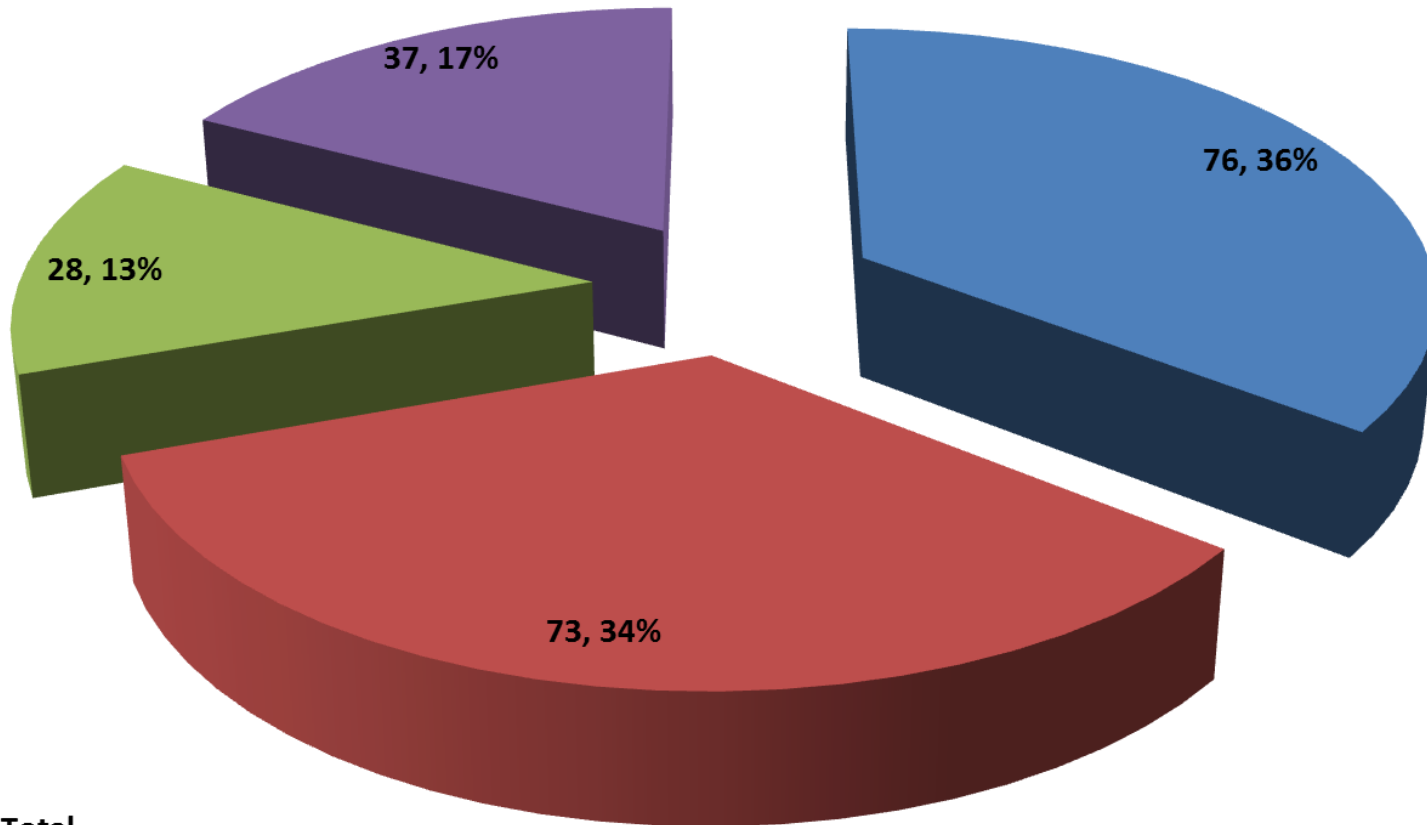
2014 HOME Completed Units by Activity



2014 HOME Units/Households Assisted by Income

■ 0-30% ■ 31-50% ■ 51-60% ■ 61-80%

Percentage of Area Median

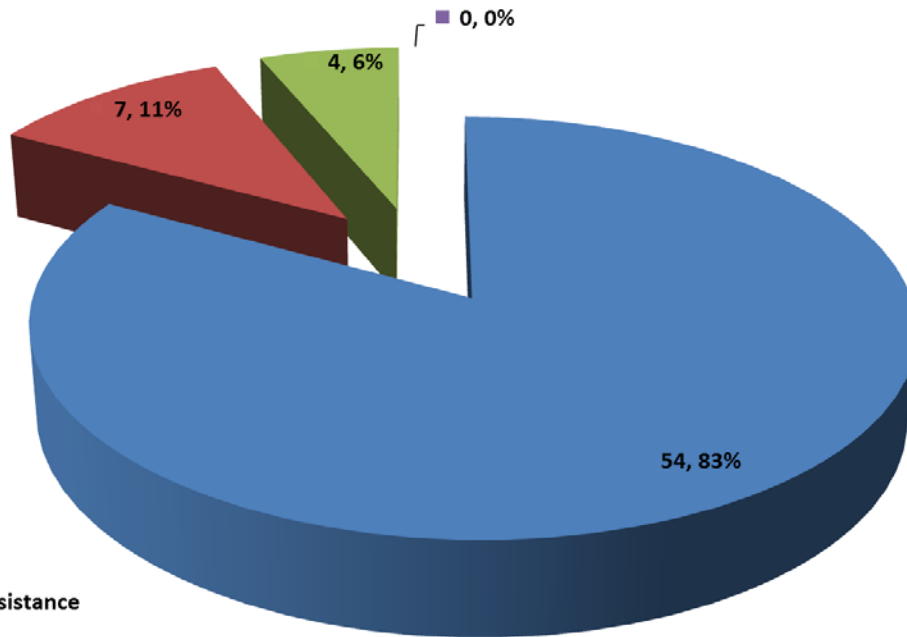


214 Total

2014 HOME Rental Units/RAP Households Assisted by Income

■ 0-30% ■ 31-50% ■ 51-60% ■ 61-80%

Percentage of Area Median

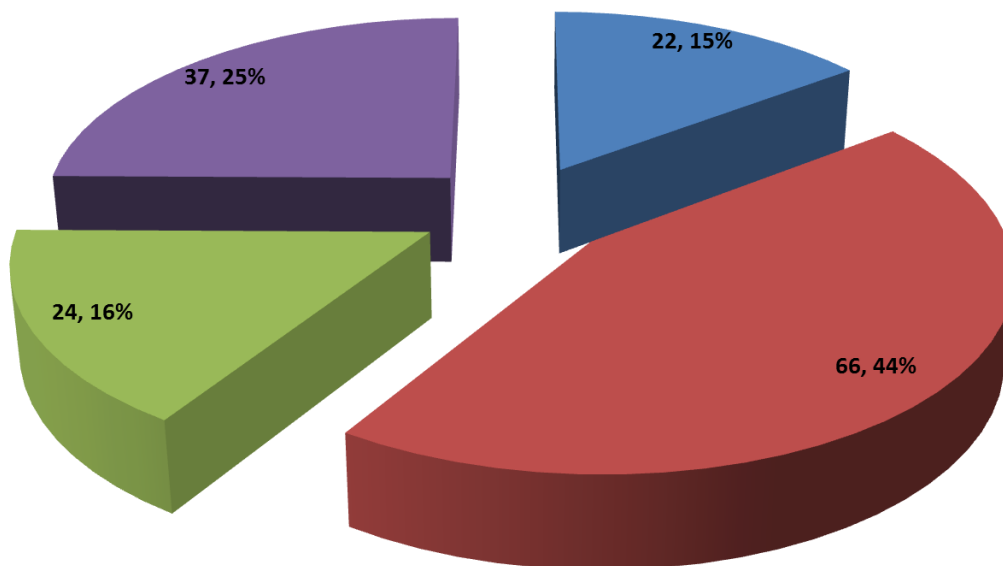


11 Rental
54 Rental Assistance
65 Total

2014 HOME Homeowner Units/Households Assisted by Income

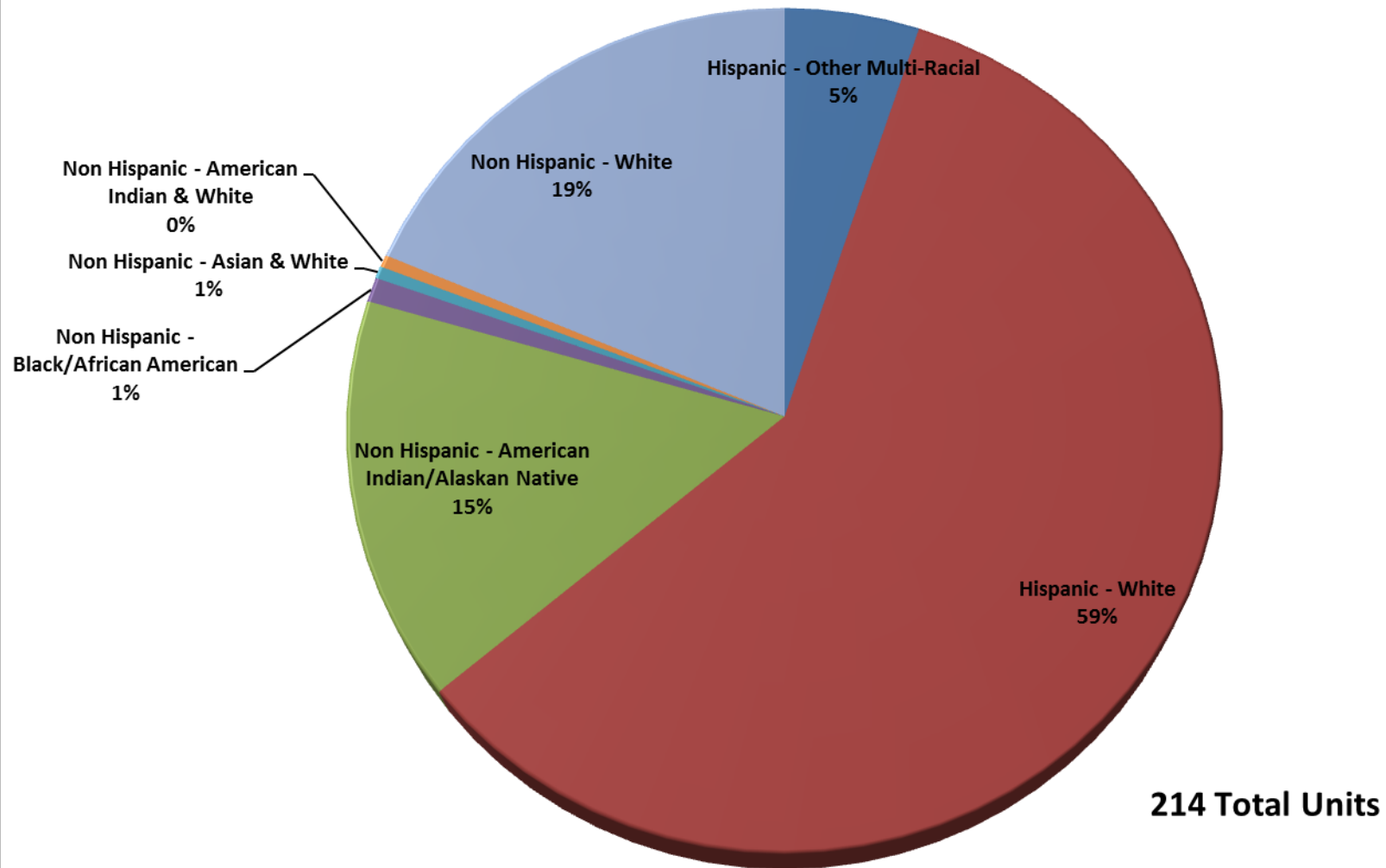
■ 0-30% ■ 31-50% ■ 51-60% ■ 61-80%

Percentage of Area Median



149 Total

2014 HOME Completed Units/Households by Race and Ethnicity



DFA

As stated above, the objectives and goals in the Plan that are intended to meet Consolidated Plan Strategies 1-5 are managed almost exclusively by MFA. The objective that was met partially by DFA through the NSP program is under Strategy #2, Increase Opportunities for Homeownership. In 2014, DFA continued making progress in terms of meeting the goals of the Five Year Consolidated plan. DFA met and exceeded the majority of goals established in the 2014 Action Plan. In that plan, under Strategy 6, DFA provided an objective that focuses on “enhancing the quality of New Mexico’s infrastructure, public facilities and housing”. In order to accomplish that objective DFA created the following goals.

1. **Funding improvements to non-CDBG entitlement area water/wastewater systems and streets:** DFA received 14 applications for water/wastewater projects and streets and public housing improvement, and funded 12 projects totaling \$6,270,118.00.
2. **Funding infrastructure improvements in the Colonias:** DFA received five infrastructure Colonias applications and funded five projects totaling \$2,281,789.00; which exceeds our 10% Colonia set-aside
3. **Enhancing the accessibility and usefulness of public facilities:** DFA received six public facility applications and funded five projects totaling \$2,100,000.00.
4. **Encourage planning that includes comprehensive planning, asset management, preliminary engineering reports and any other studies or plans listed in the CDBG rules and regulations:** At the CDBG allocation hearings held in July 2014, the Community Development Council (CDC) set aside funds for \$250,000 for planning activities.
5. **Encourage more economic development projects.** In 2014, the CDC did not set aside funds for economic development projects. The priorities established by the committees include infrastructure improvements to water/wastewater systems, street and drainage systems, and public facilities.
6. **Provide emergency funding to those projects that address life threatening situations resulting from disasters or imminent threats to health and safety.** In 2014, the CDC did not set aside funds for emergency projects. The CDC subcommittee and DFA staff determined that because no emergency applications were received in 2013 or 2014, the funds should be fully allocated to priority infrastructure improvements.

Activity accomplishments and demographic information including, income, race and gender can be found in **Attachment K: IDIS Reports**.

Progress was made during the 2014 program towards meeting priority needs and specific objectives to make the CDBG and NSP program vision of the future a reality. The vision of DFA is to enhance the quality of New Mexico infrastructure, public facilities and housing for low to moderate income persons and provide housing to people who are principally low and moderate income. The activities undertaken during the 2014 program year made an impact on identified needs. Without the assistance of CDBG and NSP funds, low to moderate income individuals and/or families would not be able to continue to receive assistance that is critical in the State of New Mexico.

Indicators that best describe results are identified in the IDIS accomplishments report and include factors such as a number of people and number of households directly served with the assistance of CDBG funds.

A barrier on fulfilling strategies and overall visions is the lack of funding provided for the CDBG program. DFA continues to receive more requests than funds available. The largest decrease in

funds occurred in 2012, when CDBG nonentitlement funding was reduced by 35%. Since then, the increases have been extremely small. The 2015 Allocation is still approximately 22% less than it was in 2011.

The sources of CDBG funding for 2014 are:

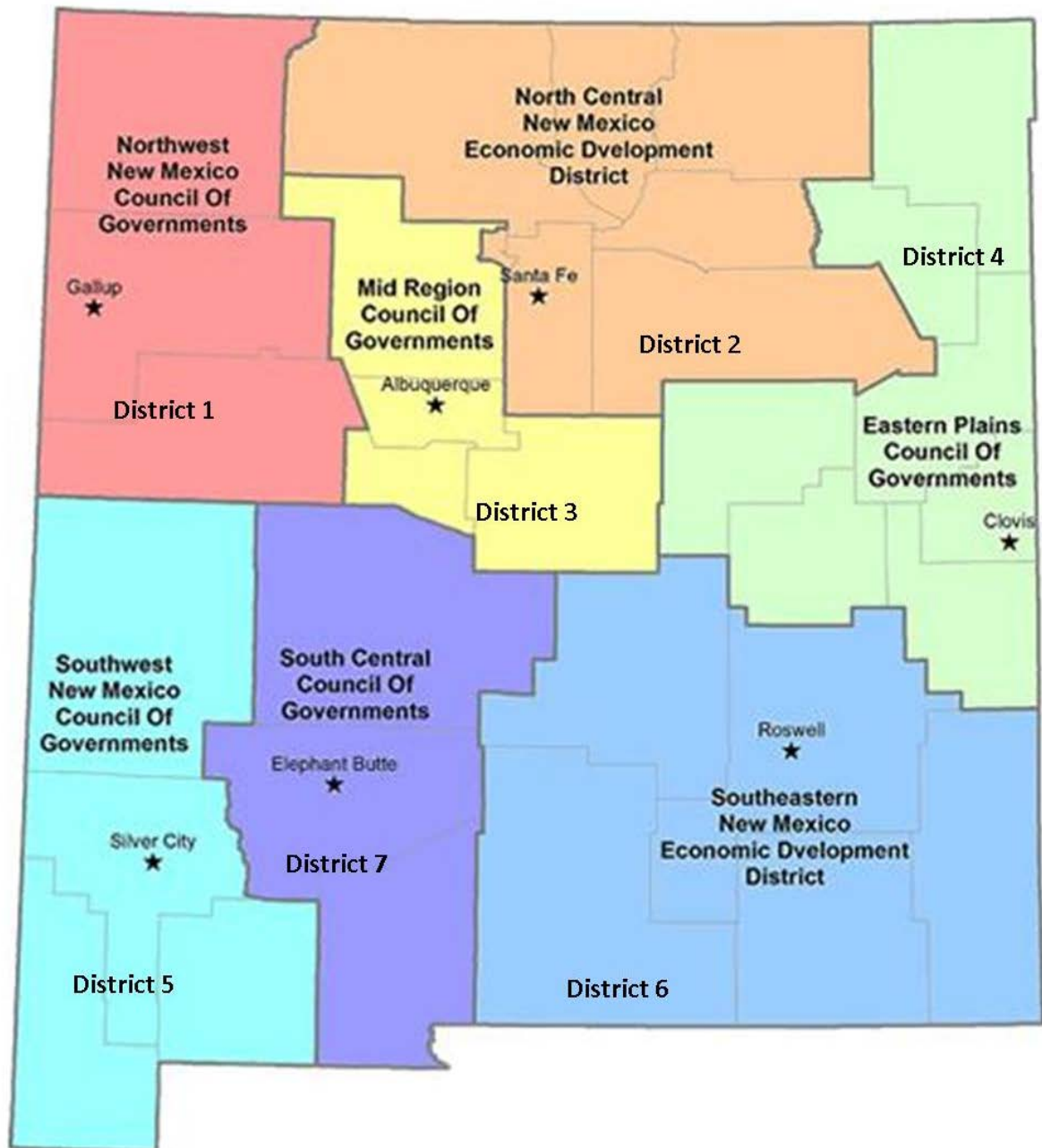
Sources	
2014 Appropriation from HUD	\$9,016,371.00
Reversions & unallocated funds from prior year	\$2,208,812.33
Subtotal	\$11,225,183.33
Administration	(\$280,327.42)
Technical Assistance	(\$90,163.71)
Total available for Allocation	\$10,854,692.20

Applications for CDBG funding were due on May 16, 2014. Those applications were reviewed, scored and ranked. Presentations were made by the eligible entities on June 30, 2014 and the Community Development Council allocated funding on July 15, 2014.

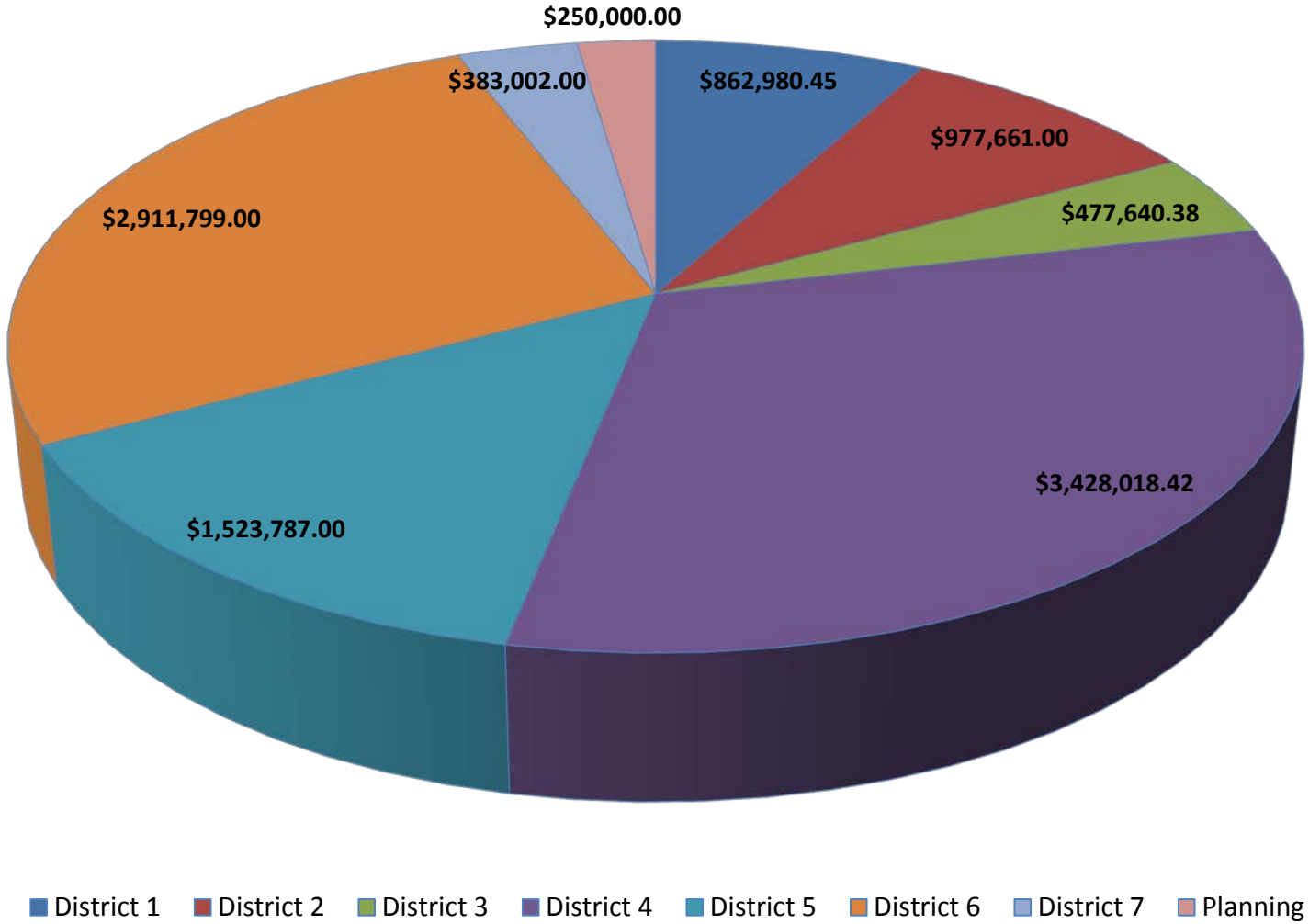
CDBG 2014 APPLICATIONS FUNDED BY DISTRICT AND AMOUNT		
District (County) Grantee	Number of Applications funded	Allocation Amount
District 1 (San Juan, McKinley, Cibola) Grants, Milan	2	\$862,980.45
District 2 (Rio Arriba, Taos, Colfax, Santa Fe, San Miguel) Taos, San Miguel	2	\$977,661.00
District 3 (Los Alamos, Sandoval, Bernalillo, Valencia, Torrance) Moriarity	1	\$477,640.38
District 4 (Union, Harding, Guadalupe, Quay, Curry, De Baca, Roosevelt) Clayton, Elida, Guadalupe, Quay, Roosevelt, Santa Rosa, Tucumcari	7	\$3,428,018.42
District 5 (Catron, Grant, Luna, Hidalgo) Bayard, Luna, Santa Clara, Silver City	4	\$1,523,787.00
District 6 (Lincoln, Otero, Chaves, Eddy, Lea) Alamogordo, Carrizozo, Corona, Hagerman, Roswell, Ruidoso Downs	6	\$2,911,799.00
District 7 (Socorro, Sierra, Dona Ana) Dona Ana	1	\$383,002.00
Planning (Set-Aside)		\$250,000.00
TOTAL		\$10,814,888.25

In 2014, the PR02 report indicates that CDBG disbursed \$4,354,738.12 for activities underway, with 54 projects. For completed activities, \$3,110,872.52 was disbursed, for 27 projects completed. The total program year count for both underway and completed was \$7,465,610.64 disbursed with 81 projects.

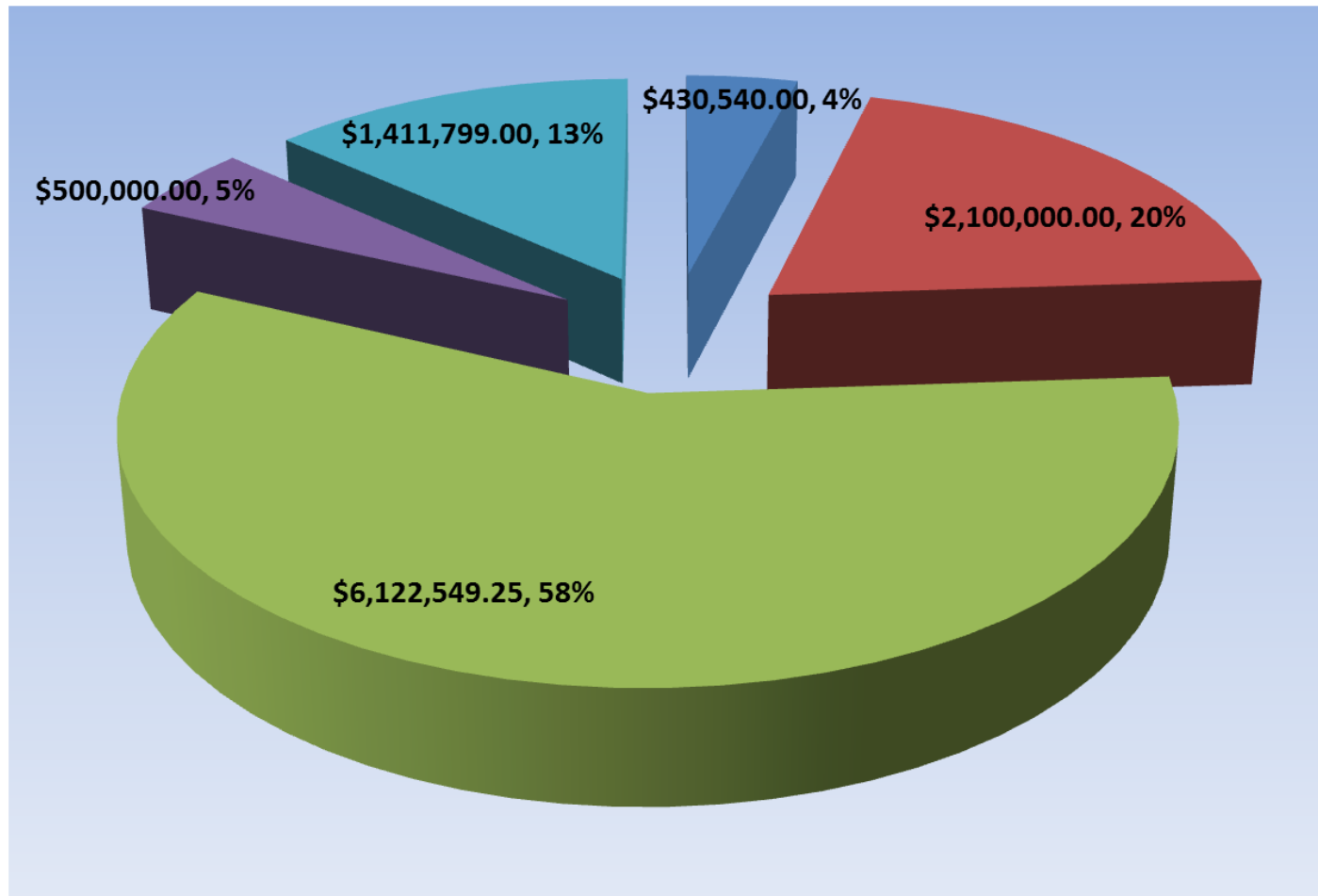
New Mexico Councils of Government Districts



CDBG 2014 Awards, by District

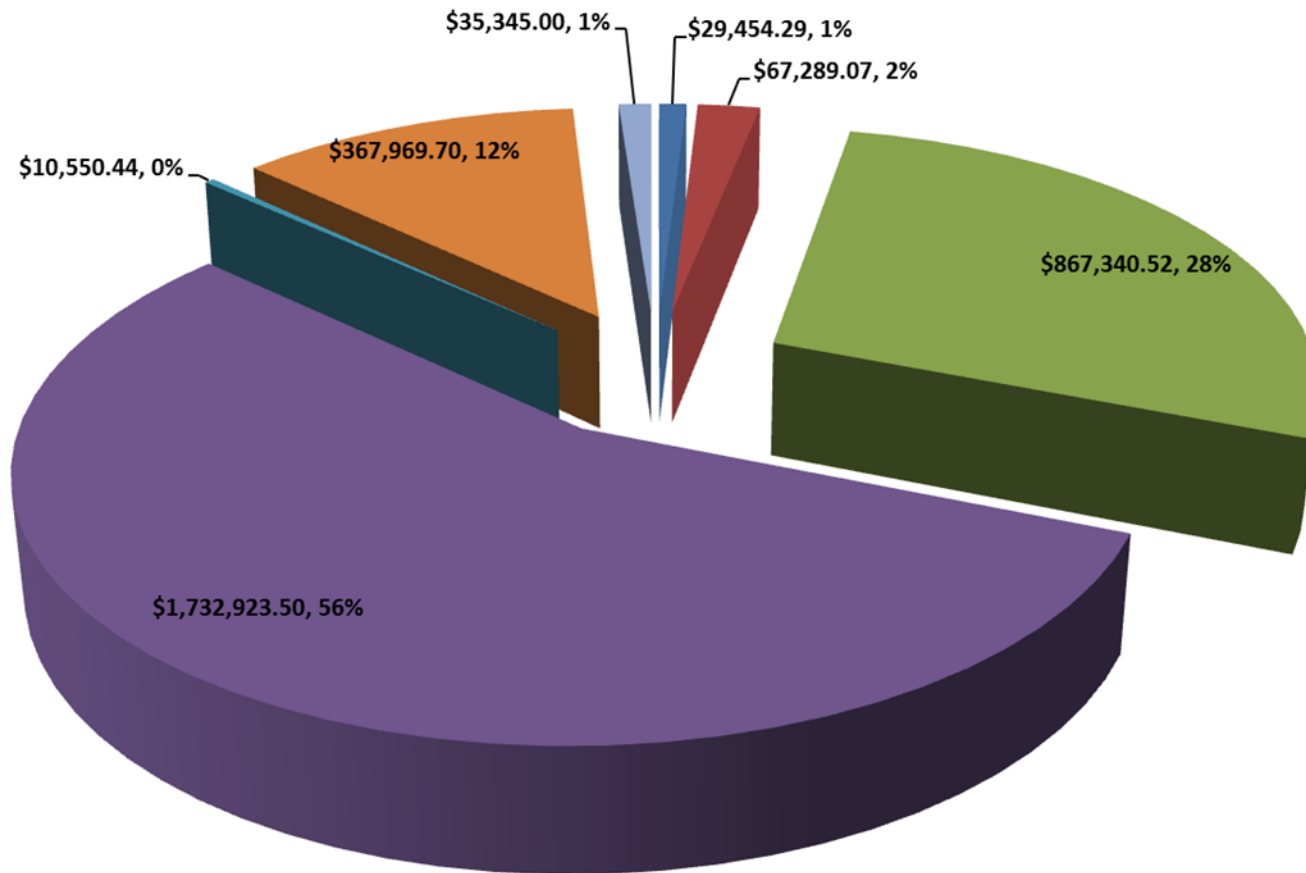


CDBG 2014 Awards, by Activity



■ Housing ■ Public Facility ■ Street & Drainage ■ Wastewater ■ Water

CDBG 2014 Completed Activities Expended



Public Facilities Improvements Flood Drainage Improvements Water/Sewer Improvements Street Improvements
Fire Station Equipment Health Facilities Planning

Part 3: Institutional Structure

Compilation of the Consolidated Plan and annual Performance Evaluation Reporting requirements are collaborative processes. As lead agency for the Plan, the New Mexico Mortgage Finance Authority (MFA) collaborates with the Department of Finance and Administration (DFA) Local Government Division Community Development Bureau. These agencies work closely as many of the economic and community development opportunities are common to both agencies.

MFA is the administering agency for HOME, HOPWA, and ESG programs. For these programs MFA provides training and technical assistance, makes funding available through an RFP process, and manages IDIS for those programs and the Consolidated Plan/Action Plan/CAPER process. MFA publishes a statewide directory of housing and homeless service providers, supports New Mexico Coalition to end homelessness, and manage the HMIS data management system.

DFA is the administering agency for CDBG, NSP and legislative programs. For these programs, DFA provides training and technical assistance, makes funding available through an application process, provides monitoring and programmatic oversight, and manages IDIS for CDBG and DRGR data systems.

There are numerous institutional links in this system. Institutional activities that are maintained within DFA allow for the timely sharing of fiscal and planning report data related to counties and municipalities. Bureaus sharing data include the Budget and Finance and Special Services Bureaus.

Private, non-profit and public organizations are involved in the planning and implementation of projects that benefit the non-entitlement regions of the State of New Mexico. Non-profit partners include the New Mexico Councils of Government, with seven regional offices that provide input and services assisting MFA and CDBG projects to link with municipalities, villages and towns.

Examples of state agencies and their participation in the system include New Mexico's Environment Department, Department of Transportation, Department of Workforce Solutions (DWS), Department of Cultural Affairs and the Office of the State Engineer Department which share the responsibility with DFA for the review and approval of infrastructure building and improvement projects. DWS also assists in verifying employer registration and assisting with wage rates.

The State reaches out to Mayors and County Managers, Housing and Land Title Trust Fund Advisory Committees, Tribal Councils and other interested community members to insure information is shared within the communities and that the diverse interests of the State are well represented. DFA works with program user groups, including agencies and professional organizations to overcome gaps in institutional structures and enhance coordination.

MFA Training and Technical Assistance Program

Under the Training and Technical Assistance Program, MFA currently encourages and provides partnership opportunities between organizations that are interested in developing, owning and/or managing affordable housing with successful industry professionals. This cooperative relationship allows the new agency to learn in a hands-on-manner, with the help of an experienced professional, the development process which includes 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.

MFA 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/Low-Income Housing Tax Credits program, Lead Based Paint, Uniform Physical Conditions Standards (UPCS) for Rental Assistance Program (RAP) 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 mortgage loan products. This training is held statewide on an ongoing basis through the Homeownership Department Outreach staff.

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, either upon request or to meet a perceived need.

In addition to on-site training, web conferencing is used for monthly training updates and resolving ongoing issues. The outcome of these calls is primarily information sharing. Webinars are used to conduct targeted training in an interactive environment for Weatherization, Rehab, Lender Training for Homeownership, Emergency Housing Assistance Program (EHAP), and Continuum of Care (COC). Web conferencing is also used to conduct one-on-one training, as it allows for both MFA staff and agency staff to review information simultaneously. This has been used in reviewing completion of forms, such as income and rent calculation, where the agency staff can scan income documentation and then type into a calculation spreadsheet. For these calls, the outcome is measured by whether the agency staff was able to successfully complete the task. In addition, web conferencing is used to train agency staff on invoicing and reporting procedures. This allows the presentation of the forms, questions from staff, and if appropriate, completion of sample forms online by participants. A successful outcome is the submission of correct paperwork. Webinars are also used annually for Request for Proposals (RFP) training. These webinars are intended to familiarize applicants with the process and requirements.

DFA CDBG Technical Assistance

Technical Assistance is provided to all interested grantees in order to increase the capacity of the grantees carrying out eligible CDBG and NSP activities. Technical assistance included just-in-time documentation assistance throughout all phases of the CDBG cycle, project file setup and coordination at the grantee location, active procurement assistance and guidance for professional services and construction, as well as one-on-one CDBG implementation training and preparation for the 2014 applications. Community members, legislators, and grantees are encouraged to visit with staff at DFA to discuss various aspects of the CDBG and NSP programs and/or a specific project in their given area. Staff is available to meet at DFA offices or at grantees offices. Close coordination is encouraged before an application is submitted, during the application process itself, and throughout the life of the grant.

Major initiatives undertaken by DFA in 2014 include a review and streamlining of both the application and implementation manuals used by the grantees; an initiative to implement “fillable forms” where appropriate to facilitate accurate documentation creation; proactive assistance in managing the Environmental Assessment process for entities who need such assistance; an

intensive, hands-on “Jump Start” program for entities who may be falling behind schedule for a variety of reasons; and a Project Manager “Share” program where the entities are encouraged to call any project manager for assistance should their assigned contact be unavailable. Finally, DFA management has an open-door policy and all entities are encouraged to contact management on any and all matters of concern.

DFA/Local Government is fostering a working atmosphere where involvement is encouraged with grantees early and often, one that stresses the partnership relationship in order to increase not only the success of individual projects, but the New Mexico CDBG program as a whole. Given the varied skill levels of entities administering the CDBG program, great effort is made to tailor specific technical assistance approaches on a grantee by grantee basis, while maintaining the high standards of overall consistency and devotion to compliance. Through these efforts, New Mexico entities in all regions of the State will continue to develop relative skill sets and experience bases to ensure that the CDBG program continues to thrive and be successful in the years to come.

DFA CDBG Training

DFA provided the following training to CDBG grantees in addition to Technical Assistance provided:

- CDBG Implementation Workshop
- CDBG Application Workshop

DFA recognizes the importance of keeping staff abreast of new and updated regulations. Therefore, DFA staff attended multiple trainings in state and out of state in order to provide grantees with the current regulations being enforced by HUD. DFA attended the following trainings in 2014:

- HUD “Basically CDBG” Training
- Microsoft Project Software
- COSCDA “CDBG Boot Camp Training”
- HUD Regional “OIG Training”
- “IDIS Online Training for State CDBG Grantees”
- State of New Mexico “Procurement 101” training
- State of New Mexico “Sunshine Laws” training
- State of New Mexico “LegTrack” training
- State of New Mexico “Civil Rights” training
- CareerTrack “Excel, the Basics”
- CareerTrack “Excel, Beyond the Basics”
- National Safety Council “Defensive Driving Course”

DFA HUD Technical Assistance In 2014, a cadre of technical assistance professionals under contract to HUD provided on-site group and individual training (six visits), as well as telephone support. These TA professionals brought a wealth of knowledge and experience to the New Mexico CDBG program. This assistance added a national consistency, experience and compliance element.

In addition to these activities, CDBG and NSP project staff work closely with grantees, local jurisdictions, Councils of Government, and other state agencies to ensure that all CDBG and NSP projects move forward and utilize their CDBG and NSP funds in a timely manner. The contact between the CDBG and NSP project staff and the grantees is ongoing to ensure the success of implementing and completing the CDBG projects.

MFA Certification of Compliance with the Consolidated Plan

As required by regulations, MFA provides a certification of compliance with the Consolidated Plan to those public housing authorities (PHA) 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. MFA provided 31 certifications in 2014.

Consolidated Plan Certifications of Consistency 2014

Requesting Entity	Grant Applications
Alamogordo Housing Authority	5 Year and Annual PHA Plan
Bayard Housing Authority	5 Year and Annual PHA Plan
Clovis Housing and Redevelopment Agency	5 Year and Annual PHA Plan, Section 8 Housing Choice Voucher FSS Program, Public Housing FSS Program
Chama Housing Authority	5 Year and Annual PHA Plan
Clayton Housing Authority	5 Year and Annual PHA Plan
Cuba Housing Authority	5 Year and Annual PHA Plan, Capital Funds Program
Eastern Regional Housing Authority	5 Year and Annual PHA Plan, Section 8 Housing Choice Voucher and Low Rent Public Housing
El Camino Real Housing Authority	5 year and Annual PHA Plan
Eunice Housing Authority	5 Year and Annual PHA Plan and Low Rent Public Housing
Fort Sumner Housing Authority	5 Year and Annual PHA Plan
Gallup Housing Authority	5 Year and Annual PHA Plan
Lordsburg Housing Authority	5 Year and Annual PHA Plan
Maxwell Housing Authority	5 Year and Annual PHA Plan, Capital Funds Program
Mesilla Valley Public Housing Authority	5 Year and Annual PHA Plan
New Mexico Coalition to End Homelessness	HUD CoC Homeless Assistance for Balance of State
Pecos Public Housing Authority	5 Year and Annual PHA Plan
Rio Arriba County Housing Authority	5 Year and Annual PHA Plan
San Juan County Housing Authority	5 Year and Annual PHA Plan
Santa Clara Housing Authority	5 Year and Annual PHA Plan
Springer Housing Authority	5 Year and Annual PHA Plan
State of New Mexico	HUD-CPD National Disaster Resilience Competition
Sunland Park Housing Manager	5 Year and Annual PHA Plan
Truth or Consequences Housing Authority	5 Year and Annual PHA Plan
Wagon Mound Housing Authority	5 Year and Annual PHA Plan
Western Regional Housing Authority	5 Year and Annual PHA Plan

MFA Housing Services Directory

MFA publishes a directory of housing and homeless service providers statewide. 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 in a searchable format through MFA's web page at www.housingnm.org.

Public Housing and Resident Initiatives

Neither MFA nor DFA is directly responsible for public housing and resident initiatives. Each year we work closely with the State chapter of National Association of Housing and Redevelopment Officials (NAHRO) to provide PHA staff training that in turn allows staff to provide high quality services to public housing residents.

Reduce the Number of Families in Poverty

MFA's motto is "Housing New Mexico." While affordable housing is critical to providing the security and stability individuals and families need to achieve economic wellbeing, it does not reduce the number of families living in poverty. However, reducing housing costs gives families more money to spend on other necessities like food and medicine. Overall, it is an improvement in the quality of life. As outlined in the Consolidated Plan, MFA has allocated the resources below to try to reach those families living below the poverty line:

1. Funding for first-time homebuyers
2. Pre- and post-purchase housing counseling
3. Housing Choice Vouchers (provided by PHAs) utilized for homeownership
4. Down payment and closing cost assistance
5. NM EnergySmart Program (Weatherization) serving households with income below 200% of poverty
6. Priority points in the Tax Credit Qualified Allocation Plan (QAP) for supportive services for households with income below 30% of Area Median Income
7. Collaborative work with other agencies whose goals and objectives support New Mexicans living below the poverty line, such as the New Mexico Coalition to End Homelessness and the Behavioral Health Collaborative.

MFA 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 about 75 non-profit service providers, State and local agency staff, homeless and formerly homeless people and other interested individuals. With support from MFA, the City of Albuquerque, HUD, its members, and private grants, the Coalition employs nine staff members.

The Coalition has the following major activities:

- Managing the New Mexico Homeless Management Information System
- Managing the New Mexico Coordinated Assessment System for placing homeless people into appropriate housing based on need and vulnerability
- Developing the Balance of State Continuum of Care Process and Application
- Working with the City of Albuquerque on the Albuquerque Continuum of Care Process and Application
- Providing technical assistance to homeless service agencies in New Mexico
- Educating the general public in New Mexico about homelessness and solutions to homelessness,

- Advocating for the needs of people experiencing homelessness at the local, State and national level.

MFA continues to provide financial support to the Coalition and provide technical assistance to its members.

MFA Homeless Management Information Systems (HMIS)

Under a directive from Congress via 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 New Mexico HMIS system. This data management system has been funded in part with MFA General Fund dollars and was implemented in 2004.

In 2011 the New Mexico HMIS underwent a major upgrade with the addition of more dedicated staff and the transition to a new software system, Bowman ServicePoint, funded in part by Homelessness Prevention and Rapid Re-Housing Program (HPRP), as approved by HUD. The system collects information on persons served and services provided, in accordance with the HMIS Data Standards established by HUD. The New Mexico HMIS is now used to store and organize the coordinated assessments of homeless people.

MFA 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 NM Housing Trust Fund Advisory Committee, the WAP Policy Advisory Committee, the Low-income Housing Tax Credit (LIHTC) Design Competition Jury, the Allocation Review Committee and in 2014, the New Mexico Planning Team. 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.

MFA Research and Development

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

- 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 to provide MFA with current housing and rental market information to enhance the organization's databases.
- Participation in coalitions focused on transit oriented development and sustainability to decrease resident utility costs and potentially eliminate the costs of owning a personal automobile.
- Researching new products or programs for reaching underserved populations and applying for those opportunities. MFA applied for Section 811 Project Rental Assistance in 2014 and will launch the program in 2015.
- Identifying funding sources for emergency repair, weatherization and accessibility improvements without substantial rehabilitation.

- Researching ways to maintain the long-term affordability of existing rental properties; with a specific focus on retaining those with expiring use restrictions and assisting troubled rental properties.
- Identifying and implementing best practice funding executions for the first-time homebuyer program.
- Identifying and applying for funding to help support training and technical assistance.
- In 2014, MFA applied to the U.S. Department of Agriculture for a \$250,000 Rural Community Development Initiatives (RCDI) grant to provide technical assistance and capacity building to New Mexico's three regional housing authorities.

While the majority of resources dedicated to research and development were staff time, funding sources like MFA's General Fund has been available to provide trial or pilot projects in order to test the viability of new ideas.

MFA has established a 501(c) (3) corporation, the New Mexico Affordable Housing Charitable Trust (Charitable Trust). The Charitable Trust allows MFA to accept donations of cash for the benefit of affordable housing projects throughout the State. The separate non-profit structure enables donors to be eligible for the New Mexico Affordable Housing Tax Credit and the federal charitable deduction. In addition, this Trust allows MFA the flexibility to apply for other grant and foundation funding.

DFA Impact

In 2014 DFA CDBG and NSP infrastructure projects had a direct impact on the lives of 47,722 low and moderate income persons in the State of New Mexico. The projects funded provided for improved safety, welfare, and sanitation for these families. Improvements were made to public facilities used for medical and senior services, water and wastewater treatments, and street and drainage projects.

The CDBG program is committed to meeting the needs of eligible Units of General Local Governments (UGLGs) in New Mexico, by enhancing the quality of New Mexico's infrastructure, public facilities and housing. The CDBG program continually provides Technical Assistance to potential, eligible UGLGs and current grantees to identify energy efficient buildings and improvements, encourage green building, and improve ADA compliance. Through feedback from eligible UGLGs at monitoring visits, CDBG workshops, citizen participation, and through other communications, the State CDBG program will improve processes by modifying materials, manuals and handouts. If there is significant feedback and need for major programmatic changes to meet the needs of eligible CDBG grantees, the State will prepare a Substantial Amendment to the Annual Action plan.

Part 4: Affirmatively Furthering Fair Housing

MFA's Policies and Procedures Manual, last approved January 21, 2015, contains the following Fair Housing Policy:

1.6 Fair Housing Policy

- A. The MFA engages in certain housing-related transactions in fulfilling its public purpose and has, since its inception, pledged to the letter and spirit of US policy for the achievement of equal housing opportunity throughout the nation.
- B. The MFA will not refuse to sell or rent, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling to any person because of race, color, religion, sex, age, sexual orientation, gender identity, disability, familial status or national origin.
- C. The MFA will not discriminate against any person in making available a residential real estate-related transaction, or in the terms or conditions of such a transaction, because of race, color, religion, sex, age, sexual orientation, gender identity, disability, familial status or national origin.

In addition, in the early part of each year, MFA's Policy Committee reviews and approves the following policies, copies of which are included as **Attachment B: MFA Plans**.

1. New Mexico Mortgage Finance Authority Fair Housing Plan and Policy
2. New Mexico Mortgage Finance Authority Section 3 Plan
3. New Mexico Mortgage Finance Authority Limited English Proficiency Policy Statement and Language Action Plan and
4. New Mexico Mortgage Finance Authority Residential Antidisplacement and Relocation Assistance Plan.

The New Mexico Mortgage Finance Authority (MFA) was the lead agency preparing the *2011 – 2015 Consolidated Plan* as well as the *2010 Analysis of Impediments*. We served as the lead agency in developing the *2016 – 2020 Consolidated Plan*, the *2015 Annual Action Plan* and the *2015 Analysis of Impediments to Fair Housing Choice for the State of New Mexico*, which we are in the process of submitting to HUD.

Actions Taken to Affirmatively Further Fair Housing

In accordance with the applicable statutes and regulations governing the Consolidated Plan, the MFA certifies that it does and will affirmatively further fair housing. Our commitment to affirmatively furthering fair housing was demonstrated on many fronts over the last year.

MFA's Biannual Housing Summit was held in August of 2014. Specific Fair Housing sessions were planned and conducted during the Summit, as follows:

Fair Housing: Overview and Outer Limits. Kate Bennett, Housing Specialist, Independent Living Resource Center; Rich Weiner, Attorney, City of Albuquerque's Human Rights Office and the State Bar's Legal Resources for the Elderly Program. The session began with an overview of Fair Housing requirements for landlords, apartment management companies and home sellers and ended with a

review of national press coverage on Fair Housing. Attendees were surprised at some of the outcomes of HUD complaints and Fair Housing suits.

Government Partnerships: Debbie Davis, Programs & Initiatives Manager, MFA, Moderator; Floyd Duran, Public Housing Director, New Mexico Field Office, HUD; Art Garcia, Program Director for Housing, USDA Rural Development, Albuquerque Office; Elise McConnell, Field Office Director, Albuquerque Field Office, HUD; Joseph Montoya, Deputy Director of Programs, MFA; Celmouth A. Stewart, Public Housing Director, New Mexico Field Office, HUD. USDA, HUD, MFA. Representatives from each of these agencies discuss up-to-the minute issues that impact people every day. The session offered answers to all questions about programs, rules and financing.

For multiple housing programs, MFA approves and monitors property owners to ensure they are affirmatively marketing affordable housing units in New Mexico. Owners are required to provide an Affirmative Fair Housing Marketing Plan which identifies the owner's target populations based on property and county demographics. The plan also confirms that property employees are properly trained. Once MFA approves marketing plans, the owner is monitored throughout the property's affordability period to ensure plans are up-to-date based on current information from the Federal Financial Institutions Examination Council and the U.S. Census.

As part of the Consolidated Plan process, MFA conducted the *2015 Analysis of Impediments to Fair Housing Choice for the State of New Mexico* (2015 Analysis) MFA further certifies that it has taken appropriate actions to overcome the effects of any impediments identified through that analysis. We have maintained records reflecting that analysis and actions in this regard.

Actions Taken to Overcome Effects of Impediments

MFA and DFA are taking steps to incorporate the 2015 Analysis into our operations, and are striving to address impediments identified in the Analysis. The chart listing those impediments can be found in the 2015 Action Plan. The barriers discovered are listed below.

PRIVATE SECTOR:

1. Home loan denials to minority borrowers
2. Predatory lending to minority borrowers
3. Discriminatory terms in rental housing
4. Discriminatory refusal to rent
5. Failure of reasonable accommodation
6. Lack of understanding of fair housing laws

PUBLIC SECTOR

1. Insufficient understanding of fair housing laws
2. Limited fair housing infrastructure
3. Lack of oversight of manufactured home lenders
4. NIMBYism

During the past year, DFA implemented the following actions to reduce the barriers to affirmatively further fair housing. To address lack of knowledge, understanding and awareness:

- DFA provided Fair Housing training to all grantees during the 2014 Implementation Workshop. The training also covered additional laws of Title VI of the Civil Rights Act of

1964 and Section 504 of the Rehabilitation Act of 1973 and provided awareness of the fair housing complaint system.

- Governor Susana Martinez declared April 20, 2014 as Fair Housing Day.
- DFA monitored all CDBG and NSP projects for compliance with contract-related fair housing requirements.
- DFA requires all grantees to conduct a fair housing self-analysis, development of an annual Fair Housing Proclamation or Resolution, and conduct a Fair Housing Activity.

The MFA has no fair housing enforcement capacity. The New Mexico Human Rights Division (<http://www.dws.State.nm.us/HR-FAQ.html>) was created under the New Mexico Department of Labor to enforce the Human Rights Act. The Human Rights Act was enacted in 1969 to ensure that all New Mexicans are protected from discrimination in employment, housing, credit and public accommodation. The Division does not provide any information regarding the Fair Housing Act or discrimination in housing. Information on Fair Housing is located on the web page for the New Mexico Commission for Deaf and Hard of Hearing (<http://www.cdhh.State.nm.us/FHA.aspx>). References on that page are to HUD Fair Housing and Economic Opportunity.

MFA efforts to overcome the effects of the impediments are disclosed below:

- Provided letters of support to two FHIP applicants since January, 2014.
- 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. *[No annual management reviews for Section 8 undertaken in 2014.]*
 - ❖ HOME – 642 units
 - ❖ LIHTC – 1,297 units
 - ❖ Risk Sharing – 829 units
 - ❖ RTC – 126 units
- Monitored each HOME, 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.
 - For Community Development – see **Attachment C: Community Development Monitoring 2014**
- Made Title VI, Section 504 and Section 3 materials and Fair Housing Handbooks available to recipients of federal funding; incorporated Section 504 Certification in all contracts.
 - ❖ Linkages – 5
 - ❖ New Mexico EnergySmart – 3
 - ❖ HOPWA – 2
 - ❖ EHAP – 25
 - ❖ CoC – 24
 - ❖ RAP – 8
 - ❖ HOME Rehab - 9
 - ❖ HOME SFD - 3
- Discussed fair housing in each training/meeting session.
- Enhanced homebuyer training by applying for and supplying funding for homeownership counseling for MFA loan products. [794 new clients and 1,555 clients received outcomes]
- Offered basic information about fair housing rights and responsibilities as requested, and referred questions to HUD. [11 referrals to local HUD office made in 2014.]
- Used Fair Housing and Equal Opportunity (FHEO) checklist to confirm use of Fair Housing requirements at each monitoring visit.

- Systematized MFA's Affordable Housing Act plan and ordinance processing and approval processes to optimize fair housing practices. MFA's review team provides detailed technical assistance to towns, cities who submit information.

In 2014, MFA expended \$21,758.70 from the MFA General Fund to provide wider public access to fair housing information.

Part 5: Other Actions

DFA NSP Program

The demand for quality affordable homeowner and rental housing continues to rise with population increases. The goal of the NSP program is to serve low-and middle-income households. In 2014, NSP funds were used for purchase assistance to enable homebuyers and renters to obtain affordable housing. DFA has purchased 207 housing units with NSP funds. In 2014, DFA purchased two single family homes. Thirty-six families were assisted by NSP funds in 2014.

DFA guarantees continued affordability on NSP properties by adopting the HOME program affordability requirements. Below is a chart that summarizes the affordability period for NSP homes:

ACTIVITY	AVERAGE PER-UNIT HOME	MINIMUM AFFORDABILITY PERIOD
Rehabilitation or Acquisition of Existing Housing	<\$15,000 15,000- \$40,000 >\$40,000	5 years 10 years 15 years
Refinance of Rehabilitation Project	Any dollar amount	15 years
New Construction or Acquisition of New Housing	Any dollar amount	20 years

DFA encourages housing related activities as part of the CDBG program. In the past, the New Mexico CDBG regulations only allowed for one open project at a time, limiting the number of CDBG housing applications. The CDBG rules and regulations allows for one open infrastructure project and one housing project concurrently. Applications for housing will be accepted by DFA throughout the year. However, even with the change in the CDBG rule, DFA only received one housing application, that was ultimately rescinded by the community.

DFA believes that other grantees throughout the state did not apply for housing in 2014 because MFA is the primary housing funding source in the state. Communities are familiar with the “one-stop shop” of federal and state resources to provide an array of housing programs from home rehabilitation to lead based paint removal and mortgages for the homeowners.

Total expended by DFA (grant funds and program funds) for the NSP programs in 2014 was \$399,266.22.

The following gives the NSP funds expended by DFA in 2014:

Activity	Amount Expended
Acquisition and Rehabilitation	\$274,835.57
Acquisition and Rehabilitation below 50% AMI	\$26,850.64
Administration (NSP1 & NSP3)	\$97,580.01
Total:	\$399,266.22

Managing the Process - Monitoring

MFA HOME, ESG and HOPWA Monitoring

MFA's Community Development staff conducts contract-based program compliance monitoring for HOME, ESG, HOPWA, NSP, and Weatherization programs. Staff is highly skilled in monitoring all program requirements, including beneficiary income qualification, habitability standards, financial capability, adherence to program regulations, Davis/Bacon and environmental clearance procedures. The staff continues to increase skills by participating in program specific training provided by HUD, including passing scores in the Certified HOME Specialist - Regulations, Certified HOME Specialist - Administration and Certified HOME Specialist - Rental. We ensure 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. Risk assessments are conducted annually by the Program Managers, with monitoring schedules planned from the results of the assessments.

Program Managers prepare and use risk assessments at the beginning of every program year, as a tool to develop their monitoring schedules for the next program year. These assessments help determine whether a sub-grantee is a high, moderate, or a low risk agency. If an agency is rated high risk, an on-site monitoring visit will be scheduled. If an agency is rated moderate risk, a desk-top financial audit will be conducted; and if an agency is rated low risk, monitoring will be waived for the program year. Exceptions are HOME and DOE funded agencies which have to be monitored annually. Other issues (sub-grantee organizational changes during year, etc.) that may surface and either require an increase/decrease in monitoring levels will be documented in either the risk assessment file or the monitoring file and document(s).

MFA's Asset Management staff conducts long-term compliance monitoring for HOME-funded single family and multifamily 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. Monitoring visits are based on the total number of units on the property. For properties with one to five units, every three years; six to 25 units, every two years; and 26 or more units, annually. MFA staff notifies the project manager and owner 30 days in advance of a scheduled monitoring visit, providing a listing of the items for the audit. When staff arrives at the project, they will monitor, at a minimum, five tenant files and will perform physical inspections on the same units. If there are less than five HOME units, then 100% of the HOME files and units will be inspected. Reports of the monitoring visit are sent to the manager and owner within 30 days of the monitoring, setting out all observations, concerns and findings, and providing information on how the results can be resolved.

The goal of the formal monitoring review is to ensure compliance with and provide technical assistance relating to federal regulations, State policies and program procedures. During the review, the following information is documented:

- Administrative policies and procedures
- Financial records/program income
- Beneficiary selection policy
- Marketing plan, procedures
- Lead based paint regulations/Health Department quarterly reports

- Beneficiary file reviews
- If required, UPCS Inspections

After each review, MFA provides letters to each sub-grantee. The reports take the form of findings, concerns and observations of each sub-grantee's operations. If necessary, remedial actions are part of the report, and must be addressed by the sub-grantee, in writing, to MFA within 30 days of the date of the letter. Remedies for the sub-grantee's nonperformance and noncompliance status include corrective and probationary action, suspension, and termination. Based on the review, MFA limits funding to entities that show successful capacity through adherence to federal regulations and MFA policies and procedures.

In 2014, the Asset Management Department conducted the following monitoring:

- Section 8 n/a; MFA did not perform management and occupancy reviews in 2014
- HOME 642 units
- Tax Credits 1,297 units
- Risk Sharing 829 units
- RTC 126 units

Attachment C: MFA Compliance Monitoring 2014 (Community Development and Asset Management)

DFA CDBG Monitoring

All CDBG grantees are required to be monitored once a year for the life of the project, each CDBG project has two years to be completed. CDBG staff conducts both interim monitoring and close out monitoring to ensure that all federal and state requirements are being followed. During 2014 DFA conducted 37 CDBG monitoring reviews: 18 first annual, ten (10) second annual and nine (9) closeouts.

DFA staff monitored grantees for compliance with the CDBG program requirements, using both desk reviews and on-site monitoring reviews. Desk reviews involve examining information and materials provided by grantees to track performance and identify any potential problem areas. Staff performing desk reviews examine: environmental documentation, construction documents, professional services contracts, request for proposals, progress reports, financial information and any other documents regarding performance. On-site review involves a comprehensive monitoring of overall program administration as well as individual beneficiary information, project files and verification of the project site.

DFA staff provides five basic elements to assist in monitoring visits. The steps taken to conduct on-site monitoring visits are:

1. Grantees are notified in writing the purpose of the visit, date and time of the planned visit and what areas will be covered during the visit.
2. An entrance conference is usually scheduled with the grantee project administrator and the chief elected official (of the grantee) and DFA to provide a clear understanding of the purpose of the monitoring.
3. All necessary documentation is reviewed using a CDBG monitoring checklist (provided to grantees at implementation) in order to gather information to be included in the monitoring letter.

4. An exit conference is held at the end of the monitoring visits to discuss the results of the monitoring. Grantees are given 10 days to provide DFA with documentation that may not have been provided during the monitoring visit.
5. Within 45 days, DFA provides grantees with a monitoring letter of what was found during the review. Occasionally, monitoring will result in determining that certain activities or absence of certain activities will raise an issue of concern or violate program or statutory requirements for which a finding or concern is issued. A concern is defined as a deficiency in program performance not based on statutory, regulatory or other program requirements. A finding is defined as a deficiency in program performance based on statutory, regulatory or program requirements for which corrective actions are required.

Depending on the results of the monitoring, DFA will take appropriate actions when performance problems arise. There are three stages of intervention that DFA conducts depending on the seriousness of the problem.

1. Low-level intervention: DFA may implement all or some of the following items: identify problem areas which may require corrective actions, plan a strategy with grantees that include technical assistance or training, or require more frequent monitoring.
2. Moderate-level intervention: DFA may implement all or some of the following items: restrict payment, disallow certain expenses or require repayment of funding, or require probationary status.
3. High-level intervention: DFA may implement all or some of the following items: temporarily suspend the grantee from participating in the CDBG program, request the community hire a grants administrator, terminate grantee for the current program year, or require legal action.

In order to ensure projects are completed according to all CDBG and NSP requirements, any findings and concerns identified during monitoring must be cleared by DFA in order for the grantee to apply for funds in the future.

Lead-based Paint

MFA

MFA continues to set aside a percentage of the State's formula HOME allocation for eligible lead-based paint assessment and remediation activities. In 2014, MFA paid \$24,038.87 toward those activities. These additional funds for lead hazard remediation and abatement have encouraged additional businesses and organizations to obtain appropriate training in order to provide remediation services. Additionally, MFA continues to train its partners throughout the State in the Lead-Safe Housing Rule. MFA encourages 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.

Attachment D: HOME Lead-Based Paint Expenditures 1/1/2014 – 12/31/2014

DFA

Prior to NSP properties being acquired for rehabilitation; a lead-based inspection is conducted on houses built prior to 1978. Only certified abatement contractors are used to stabilize the surfaces

containing lead-based paint. During re-sale of NSP homes, lead-based paint pamphlets are provided to homeowners and a Lead-Based Paint Disclosure is executed by both parties acknowledging if there was the presence of lead-based paint on that the property.

Program Income

The program income reported in this CAPER in the HOME Program Annual Performance Report (HUD-40107), **Attachment E**, is income which is directly generated from or by the use of HOME funds. In 2014, \$1,193,277.83 in program income came from payments of principal and interest or payoffs on loans made with HOME funds. No funds were recaptured. MFA expended \$1,271,390.15 of those funds.

Attachment E: HOME Annual Performance Report (HUD-40107)

Please review the information posted on MFA's webpage for more information on federal regulations that apply to MFA's various program and how they are integrated into the program functions. <http://www.housingnm.org/developers/relevant-federal-regulations1>

MFA Minority Outreach

Sub-grantees that apply for HOME funds are made aware of the Minority Outreach requirements for Minority (MBE) and Women Business Enterprises (WBE) under Federal Programs. Access to MBE/WBE business directories is provided at <http://www.sba8a.com/stixnm.htm> and through a link on our web page. Owners of HOME assisted rental housing are required to report their MBE/WBE activities to MFA to receive their final HOME funds disbursement. During 2014 there were eight contracts awarded to a minority owned business, and four to a women owned business reported by MFA developers. MFA will continue to inform sub-grantees and project owners of the MBE/WBE requirements and encourage them to solicit bids from MBE/WBE entities.

Attachment F: MFA Section 3 Summary Report

Minimizing Displacement

When utilizing HOME funds, MFA ensures minimal displacement by following a Residential Antidisplacement and Relocation Assistance Plan and HOME Relocation Policies and Procedures. MFA discourages projects that require relocation, and takes all reasonable steps to minimize the displacement of persons. If a developer submits a HOME application for a rental project that involves relocation, the cost of relocation must be a part of the project budget and the developer must submit a relocation plan to MFA. All tenants must be provided the required notices and relocation assistance at the levels required by the Uniform Relocation Act, Section 104(d) of the Housing and Community Development Act, and HUD policy as contained in HUD Handbook 1378. For MFA's owner occupied rehabilitation program, displacement is voluntary.

Section 504

MFA

For HOME, HOPWA and ESG, all of MFA's performance agreements require that each service provider sign the Section 504 Certification, Schedule G, which indicates the service provider's agreement to: (1) comply with all applicable regulations, (2) incur all costs required for compliance

with the applicable regulations, (3) be subject to MFA monitoring for compliance, and (4) accept any applicable penalties for noncompliance. The certification is available for review upon request.

In the case of multifamily rental development, MFA has a set of design standards that represent the minimum requirements for MFA-financed multifamily rental housing. Those standards can be found on MFA's web site at <http://www.housingnm.org/developers/low-income-housing-tax-credits-lihtc>. MFA values excellence in design because well-designed housing meets the needs of tenants, attracts market renters and promotes community acceptance of housing financed by MFA. All projects must meet or exceed each of these standards, as well as all applicable building codes and regulations. In addition, projects must meet the Americans with Disabilities Act and Fair Housing Requirements. Each project architect and owner will be required to certify at application that the project design meets these design standards, and at completion will be required to certify that the project was built in compliance with these design standards.

1. Provisions must be made for accessibility for people with disabilities in conformance with the requirements of federal and state law including the Fair Housing Act and ADA. At a minimum, five percent of the units in a project must be Type A accessible units as described in the ANSI A117.1 standard.
2. Incorporate "visitability" standards for at least 50% of the units. The minimum features of this will include:
 - One zero step entrance (can be primary entrance, garage entrance or other) on an ADA accessible route that has no steps, steep slopes, or abrupt level changes from the driveway, sidewalk or other point of arrival. Zero step means that there is no, or a low (3/4" maximum, beveled), level change at threshold.
 - All main floor interior passage doors, including bathrooms, should have 32 inches of clear passage space.
 - At least a half bath, preferably a full bath, on the main floor of the unit with a minimum area of 30" by 48" area beyond the swing of the door.
 - If portions of the site exceed 10% as defined by the site analysis test in the *Fair Housing Act Design Manual* as published by HUD, the the number of visitable units shall be determined using the calculation described in the *Fair Housing Act Design Manual*.

DFA

DFA did not fund CDBG housing projects, but it does have the New Mexico Governor's Commission on Disabilities review all bid and specifications for projects such as public facilities and street/drainage activities to ensure Section 504 requirements are being met. Documentation of concurrence by the Governor's Commission on Disabilities is maintained in all project files and available to HUD at time of monitoring.

Part 6: Leveraging Resources

The HOME, ESG and CDBG Programs include requirements for matching and leveraging funds that must be met in order to receive funding. These requirements are in place to minimize the amount of federal funding invested in a project. This also encourages the recipient to become more self-sufficient and often illustrates the recipient's commitment to the projects before federal money is received. Where required, programs track both matching funds and leveraged funds.

HUD does not require that HOPWA programs raise matching funds. However, all projects leverage other federal, state and local funds. All HOPWA applicants coordinate their programs with the administration of the region's federal Ryan White Care Act funding, the largest source of leverage for HOPWA projects.

When the HOME program was transferred to MFA in 1997, HOME Match had been supplied by State funds. Since 1997, match has come from three sources: (1) the subgrantees, (2) from our Mortgage Revenue Bonds, up to 25% of the annual match liability, and (3) from 0% interest loans made with MFA General Funds for the Partners program. In addition, since 2002, New Mexico has received a match reduction of 50% from HUD. In 2013 the reduction was 100%. The sources listed above plus the reductions have meant that MFA's Match Bank exceeds the amount required for each year.

ESG requires each grantee to match the funding provided with an equal amount of funds from other sources. In calculating matching funds grantees may include the value of donated materials or buildings, the value of the lease of a building, staff salaries paid by the grantee and volunteer time. Matching funds used for previous ESG grants may not be included. The amount and sources of match funds are tracked in the MFA Online Invoicing database on a monthly basis and are reported as part of this annual CAPER. The majority of ESG match funding for 2014 comes from local fundraising, NM Children Youth and Families Department (CYFD), donations, and volunteer time.

New Mexico CDBG has matching requirements as set forth in New Mexico Administrative Code (NMAC) 2.110.2.17 (F) (1).

F. Matching requirements - In order to assist the council in making funding resources go further and to ensure there is a local investment in applications submitted to the council for funding consideration, the following will be required.

(1) Rural applicants must provide, at a minimum, a five percent cash match during the project period from local, state or other public resources, this cannot include local work force or local equipment.

(2) Non-rural applicants must provide, at a minimum, a ten percent cash match during the project period from local, state or other public resources. This cannot include local work force or local equipment.

(3) Consistent with 2.110.2 NMAC, an application in the economic development category must provide at least one private dollar in match for each dollar of CDBG funds requested.

(4) Local funds expended by an eligible applicant for engineering, architectural design or environmental review prior to project approval can be applied towards the required match.

(5) Applicant may request a waiver of the matching requirement from the division if documentation can be provided which demonstrates the absence of local resources to meet the required match. Criteria used to recommend approval/disapproval will be as follows:

(a) the required match must exceed five percent of the applicant's general fund budget;

(b) the required match must equal or exceed the available balance of funds in the applicant's overall budget.

The CDBG matching requirements can be provided from “local, state or other public resources.” The majority of CDBG match dollars are general fund dollars from the grantee and/or New Mexico Capital Outlay appropriations. The CDBG applicant identifies the matching dollar amount and source of funds on the initial application. Community Development Bureau staff confirm that the funds are eligible to serve as match and are obligated to the CDBG project.

In addition to the required matching funds, additional leverage dollars identified for the CDBG project are highly encouraged per NMAC 2.110.2.19 (D) (3).

(3) Leveraging - (10 points) extent to which state, local and other public resources, in addition to the required match, will be used by the applicant for the proposed project. The greater the leveraging, in addition to the required match, the higher the score.

MFA

One of MFA’s primary objectives is maximizing the leverage of resources. In 2014, MFA leveraged dollars from many sources, including its own General Fund, State of New Mexico General Fund appropriations, other federal housing programs including weatherization funds from the Department of Energy, Low-income Home Energy Assistance Program (LIHEAP), the NSP, and local and private resources. HOME produced program income that was used for housing activities throughout the State. MFA or its partner agencies competed for additional resources under the Supportive Housing Program (SHP), Shelter Plus Care (S+C), Section 811 Housing for Persons with Disabilities, Section 202 Housing for the Elderly, and Housing Counseling grants.

Additional federal resources include Mortgage Revenue Bonds (MRBs), Low-income Housing Tax Credits available from the IRS and resources available to rural areas through several programs funded by the U.S. 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 Multifamily Housing Preservation Revolving Loan Fund Demonstration Program.

In 2014, other resources available to MFA were funding from the MFA Housing Opportunity Fund and General Fund, the Land Title Trust Fund, State homeless funding, LIHEAP funding for weatherization and resources that will become available through 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 that provides permanent rental housing for individuals with behavioral disorders, the *Linkages* Program.

The Low Income Housing Tax Credit (LIHTC) program is administered by MFA’s Housing Development Department (HDD). Points are given in a number of areas to help further the goal of providing affordable rental housing throughout New Mexico. For example, points are given for projects located in counties of statistically demonstrated need. These areas are designated based on data provided by UNM’s Bureau of Business Research (BBER), CB Richard Ellis, and the latest census. Additional points are given to projects assisting the lowest income families for the longest period of time. HDD also manages several different loans funds which are used to help successful LIHTC projects fill financing gaps. Some of these are HUD’s HOME Investment Partnership and 542

(c) Risk Sharing program as well as the New Mexico Housing Trust Fund. The department also manages several other loan and grant programs.

HOME funds are allocated to successful 9% LIHTC projects that have requested them based on the highest scoring CHDOs (if any) first and then to non-CHDOs until HOME funds are exhausted. The maximum HOME loan amount for the 9% LIHTC round is the lesser of (a) \$15,000 per unit for MFA designated Community Housing Development Organizations (CHDOs) as developers, owners or sponsors/\$7,500 per unit for Non-CHDOs, (b) a maximum of \$600,000 per project for CHDOs/\$400,000 for Non-CHDOs or (c) 80 percent of the project's MFA approved total development cost. For 4% LIHTC or non-LIHTC projects the limits are increased to \$800,000 for CHDOs and \$600,000 for non-CHDOs

Please refer to **Attachment G-New: HOME Program Income Uses 2014 and Attachment G: 2014 HOME Match Report, HUD Form 40107-A**

DFA

DFA Local Government works closely with the following agencies: New Mexico Environment Department (NMED), New Mexico Department of Transportation (NMDOT), Aging and Long Term Services Department (ALTSD), State Fire Marshal's Office (SFMO), New Mexico Department of Health (NMDOH), Children Youth and Families Department (CYFD), Governor's Commission on Disability (GCD), Office of State Engineer (OSE), Mortgage Finance Authority (MFA), New Mexico Finance Authority (NMFA), Public Regulation Commission (PRC), and United States Department of Agriculture (USDA) to leverage State and Federal Funds with the goal of providing enough funding to complete a fully functional project. Other leveraging funds that play a big role in funding these CDBG projects include the New Mexico Legislative appropriations which include General Obligation Bonds, Severance Tax Bonds and General Fund Appropriations.

Without the CDBG program funds, many of these state funded projects would not start or continue due to inadequate funding. As all these funding sources are pulled together, the State of New Mexico has the ability to complete water systems, solid waste systems, wastewater systems, senior centers, community centers, health facilities, housing rehabilitation, fire stations, and street and drainage projects. Because of the cost of construction and materials, it is crucial that all agencies work closely together to consolidate funding sources to complete these projects.

In order to assist in making funding resources go further and to ensure that the grantee has a local investment in the project, rural applicants must provide at a minimum, a five percent cash match and non-rural applicants must provide at a minimum, a 10 percent cash match during the project period. Applicants are allowed to request a waiver of the cash match if the applicant can demonstrate that the required match exceeds five percent of the applicant's general fund budget or the required match is equal to or exceeds the non-earmarked balance of the funds in the applicant's budget.

DFA/Local Government takes the responsibility of administering the CDBG and NSP programs very seriously by ensuring all funds are allocated and spent to meet community needs identified in the Consolidated Plan, based upon public input. A project manager is assigned to each project funded with CDBG and NSP funds in order to ensure compliance with program requirements. Each project manager monitors, collects performance data through site visits and desk audits. Additional information regarding collection of performance data can be found in the Monitoring, Technical Assistance and Training section of this document

Housing

In the 2014 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, or areas of demonstrated statistical need (ADSN), that received scoring preferences on applications for funds. The calculations were based on differing characteristics, depending upon the activity. ADSN counties were determined for Rental New Construction/Tax Credit. Both activities have differing criteria that assist us to assign Tier 1 and Tier 2 designations to each activity. The characteristics and data are shown in the chart following.

2014 Areas of Statistically Demonstrated Need

Targeting Factors

Tier 1
1) County or MSA with a population greater than 10,000 2) Growth rate greater than State average for last three years 3) Vacancy rate below 5%
Tier 1 Counties: Curry, Dona Ana, Lea, *McKinley, Otero, *Roosevelt, and Sandoval
Tier 2
1) County or MSA with a population greater than 10,000 and 2) a. Growth rate greater than State average for last three years or 2) b. Vacancy rate below 5%
Tier 2 Counties: Bernalillo, Chaves, Cibola, Colfax, Eddy, Grant, Luna, Rio Arriba, *San Juan, San Miguel, Santa Fe and Taos

Area identified as an area of need will remain an area of need for a minimum of two years. Counties marked with * are areas that remain as areas of need for a second year even though they do not meet criteria in current year.

2014 Demonstrated Rental Need

County	2013 Census Population ^(a)	2010 Census Population ^(a)	2013 Population Growth	Population Growth > -1.28% average	2013 % Rental Vacancy ^(b)	Rental Vacancy rate below 5%	2013 Determined Need	2014 Determined Need (H = Tier 1, M = Tier 2)
Bernalillo	673,460	662,564	1.64%	Y	6.13%	N	M	M
Catron	3,658	3,725	-1.80%	N	na	N		
Chaves	65,784	65,645	0.21%	N	2.60%	Y	M	M
Cibola	27,334	27,213	0.44%	N	2.10%	Y		M
Colfax	13,223	13,750	-3.83%	N	4.70%	Y	M	M
Curry	49,938	48,376	3.23%	Y	1.70%	Y	H	H
De Baca	1,927	2,022	-4.70%	N	na	N		
Dona Ana	214,445	209,233	2.49%	Y	4.50%	Y	H	H
Eddy	54,419	53,829	1.10%	N	2.50%	Y	M	M
Grant	29,388	29,514	-0.43%	N	1.80%	Y	M	M
Guadalupe	4,603	4,687	-1.79%	N	4.50%	Y		
Harding	707	695	1.73%	Y	na	N		
Hidalgo	4,794	4,894	-2.04%	N	4.70%	Y		
Lea	66,338	64,727	2.49%	Y	4.10%	Y	H	H
Lincoln	20,309	20,497	-0.92%	N	7.80%	N		
Los Alamos	18,159	17,950	1.16%	N	13.10%	N		
Luna	25,041	25,095	-0.22%	N	3.00%	Y	M	M
McKinley	73,016	71,492	2.13%	Y	6.20%	N	H	*H
Mora	4,705	4,881	-3.61%	N	na	N		
Otero	66,041	63,797	3.52%	Y	4.00%	Y	H	H
Quay	8,769	9,041	-3.01%	N	4.90%	Y		
Rio Arriba	40,318	40,246	0.18%	N	3.20%	Y	M	M
Roosevelt	20,419	19,846	2.89%	Y	7.70%	N	H	*H
Sandoval	135,588	131,561	3.06%	Y	2.80%	Y	M	H
San Juan	128,529	130,044	-1.16%	N	5.30%	N	M	*M
San Miguel	28,891	29,393	-1.71%	N	4.90%	Y	M	M
Santa Fe	146,375	144,170	1.53%	Y	5.68%	N		M
Sierra	11,895	11,988	-0.78%	N	5.60%	N		
Socorro	17,603	17,866	-1.47%	N	13.20%	N		
Taos	32,779	32,937	-0.48%	N	2.90%	Y	M	M
Torrance	16,021	16,383	-2.21%	N	na	N		
Union	4,431	4,549	-2.59%	N	4.70%	Y		
Valencia	76,631	76,569	0.08%	N	6.50%	N		

2,085,538 2,059,179 1.28%

*Remains on list for second year

N/A - Data not reported

Sources:

(a) U.S. Census Bureau, Annual Estimates of the Resident Population for New Mexico: April 1, 2010 to July 1, 2013 (PEPANNRES)

(b) Vacancy Surveys: (1) Performed by BBER May and June, 2014, (2) Apartment Market Survey Summary, May 2014, CB Richard Ellis Multi-Housing Group

MFA encourages lenders, realtors, and other partners to utilize its homeownership products in difficult-to-serve areas including census tracts in which at least 70 percent of the households earn no more than 80 percent of the statewide median income. MFA increases income and sales price limits for eligible borrowers purchasing a home in these areas, which are called Targeted Area Census Tracts.

Bernalillo County: Census Tracts 6.04, 9.01, 9.03, 15.00, 20.00, 47.35,

Cibola County: Census Tracts 9458, 9458 – North, 9458 – Central, 9458 – South, 9458 – West, 9458 - West Central, 9458 - East Central

Curry County: Census Tract 1.00

Dona Ana County: Census Tracts 4.01, 6.00, 10.00, 17.06, 17.07, 18.05, 18.06

Luna County: Census Tract 2.00

McKinley County: Census Tracts 9405, 9405 North, 9405 Center, 9405 South East, 9405 West, 9405 West Central, 9440, 9440 North, 9440 Center, 9440 South East, 9440 South West, 9440 West, 9453, 9453 North, 9453 South East, 9453 South West

Otero County: Census Tract 1.00

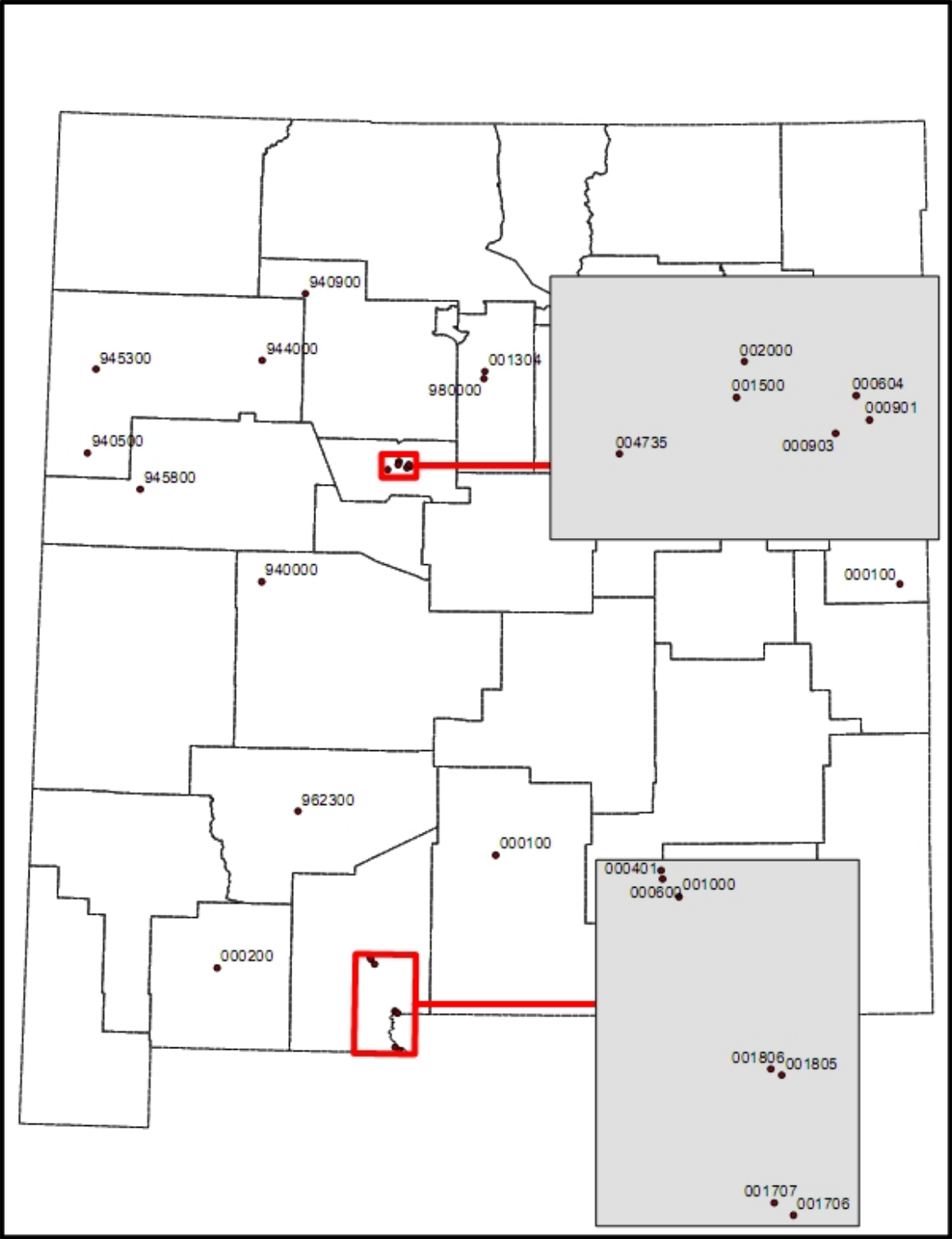
Sandoval County: Census Tract 9409

Santa Fe County: Census Tracts 13.04 and 9800

Sierra County: Census Tract 9623

Socorro County: Census Tract 9400

Homebuyer Targeted Area Census Tracts



Assessment of Goals and Objectives

The priorities and objectives listed in the 2014 Action Plan and the *Assessment of 2014 Goals and Objectives* included both MFA's goals and those of our partners. 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 2014 CAPER reports on the ESG and State Homeless funds distributed between Emergency Homeless Assistance Program (EHAP), Rental Assistance Program (RAP) and Continuum of Care (CoC) performance over the program year. The HOME-funded portion of the RAP program was completely expended within 2014, with no new allocations made. EHAP, CoC and RAP assists non-profits, units of local government, and tribal governments who are eligible to apply for funding to serve homeless persons in their community.

EHAP funding may be used for supportive services, operating expenses and prevention activities associated with providing shelter or services to homeless individuals. RAP was established by MFA to provide homeless prevention and rapid rehousing assistance to individuals and families experiencing homeless. The objectives of RAP are as follows:

1. 1st objective is to provide rapid re-housing assistance to individuals and families who are literally homeless by assisting them with ESG and State of New Mexico Homeless funds.
2. 2nd objective is to prevent low-income families from becoming homeless.
3. 3rd provide case management assistance to program clients to assist them with housing stability.

The activities receiving funding under EHAP are: emergency shelter operations and essential services. The activities receiving funding under the MFA RAP are: essential services only and homeless prevention. CoC Performance uses State funds for permanent supportive housing and Continuum of Care match. The State of New Mexico received \$897,007 in FY 2014 HUD funding for the ESG program, and committed that amount. Homeless funding from the State totaled \$1,215,700.00.

The MFA maintains its own program database for demographic data and fiscal data, updated monthly. This database contains 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, 2014 through December 31, 2014, a total of \$1,802,665.07 has been paid out to sub-grantees. There were 8,217 total unduplicated clients served: 1,702 COC, 6,032 EHAP, and 483 RAP, for 73,624 bed nights available during that same time period.

Program Expenditures for 2014 (1/1/14 - 12/31/14)		
Activity	Funding Source	Disbursement
Admin	ESG	\$67,275.52
Admin	State	\$60,785.00
EHAP	ESG	\$424,439.09
EHAP	State	\$376,326.21
RAP	ESG	\$146,293.01
RAP	State	\$435,882.19
CoC	State	\$225,106.71
HMIS	ESG	\$66,557.34
Total		\$1,802,665.07

Under a directive from Congress via 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.

Attachment H: 2014 ESG Match Report

Attachment I: 2014 ESG Activity Reports, including demographics and ESG CAPER from IDIS

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 rental housing affordable to households below 30% 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 special needs populations in whole or in part.

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 can potentially benefit special needs populations and two (goals 3 and 4) are specifically targeted 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 (*Linkages*) was established with \$300,000 in funding from New Mexico Behavioral Health Collaborative. *Linkages* is a program that will provide permanent rental housing for individuals with behavioral disorders by supplying vouchers in three regions of the State. Each region has a housing administrator and mental health services provider who work together to provide both housing and mental health services for these individuals. A 10 percent set aside was established for Native Americans off reservation. In calendar 2014, 69 clients were served with \$899,151.84.

Housing Opportunities for Persons with AIDS (HOPWA)

Program Purpose

The State of New Mexico HOPWA grant is a formula grant program based on a renewable funding source pursuant to the number of AIDS diagnoses as reported to the Centers for Disease Control by the State of New Mexico. There are two (2) HOPWA formula grants: (1) Balance of State and (2) City of Albuquerque. The HOPWA grant allocation is based on the prior year's AIDS diagnoses in the state and the amount of the President's approved budget.

MFA has been administering the HOPWA program, a HUD formula entitlement program, statewide since 1997. Beginning in fiscal year 2011, the City of Albuquerque had enough HIV/AIDS cases that the City qualified for its own HOPWA entitlement grant from HUD. The City of Albuquerque did not want to administer this grant because of a hiring freeze. Also, the small amount of administrative funds available under this program would not be enough to hire someone to administer the program. HUD allows another entity to administer funds on behalf of an entitlement agency if all of the parties have a HUD approved agreement in place. During fiscal years 2011, 2012 and 2013, MFA and the City of Albuquerque signed a Memorandum of Understanding (MOU) for MFA to administer the City's HOPWA grant from HUD. Beginning in fiscal year 2014, HUD allocates the City of Albuquerque's HOPWA formula entitlement funds directly to MFA; a MOU with the City is no longer required.

HOPWA funds are used to assist those who are infected or affected by HIV/AIDS. HUD's primary goals for HOPWA are:

- Housing stability
- Reducing the risk of homelessness
- Increased access to HIV treatment and other healthcare.

The rental assistance payments that HOPWA clients receive are based on a percentage formula of their family/household income. Persons receiving rental assistance are required to pay the higher amount of 30 percent of the family's monthly-adjusted income, 10 percent of the family's monthly gross income.

In 2014, MFA approved the use of the HOPWA eligible activity of housing acquisition and housing rehabilitation. There are two eligible categories under housing rehabilitation. 1) Non-substantial rehabilitation means rehabilitation involved costs that are less than or equal to 75 percent of the value of the building after rehabilitation, and 2) Substantial rehabilitation means rehabilitation that involved costs in excess of 75 percent of the value of the building after rehabilitation. The HOPWA

grant carries the provision that for non-substantial rehabilitation or repair there is a requirement that the facility must provide housing for HIV/Aids individuals and their families for a minimum of three years. For substantial rehabilitation or acquisition the period is not less than 10 years.

MFA awards the statutory limit for administrative expenses which is three percent for the Grantee (MFA), and seven percent of the area award for the sub-grantee agencies.

Obstacles to meeting underserved needs

Primarily, there are several parts of the state including Roswell and Farmington where sub-grantees have difficulty finding units that meet the HOPWA TBRA unit requirements such as fair market rent, passing Housing Quality Standards and rent reasonableness. The market rents in both areas are higher than the HUD Fair Market Rent standard. In turn, the HOPWA funds in these areas are primarily used for emergency assistance rather than contributing to long-term housing stability.

HOPWA eligible recipients face obstacles such as discrimination, multiple diagnosis, credit history and criminal justice history. Our sub-grantee agencies work closely with their clients and landlords to maintain strong relationships which help to stabilize housing. Additional obstacles as observed by the HOPWA sub-grantees are reflected in the HOPWA CAPER and HOPWA Verification Worksheet attached.

Specific HOPWA Objectives

MFA promotes HUD's primary goals for the HOPWA Program to reduce the risk of homelessness and increase housing stability. MFA's awards for the HOPWA Program are outlined in the tables below. MFA's program year is July 1-June 30.

Agency Name	Agency Location	Award 2013-2014
Alianza of NM	Las Cruces (Area III)	\$56,154.40
Alianza of NM	Roswell (Area IV)	\$33,300.86
Southwest CARE Center	Santa Fe (Area II)	\$109,044.00
NM AIDS Services	Bernalillo County and Farmington (Area I)	\$70,793.72
NM AIDS Services	City of Albuquerque (includes returned fraudulent funds \$23,572.33)	\$339,900.34
MFA Admin		\$17,725.05
TOTAL		\$626,918.37

Agency Name	Agency Location	Award 2014-2015
NM AIDS Services	Bernalillo County and MSA and Farmington (Area I)	\$72,690.02
NM AIDS Services	City of Albuquerque	\$324,952.91
Southwest CARE Center	Santa Fe (Area II)	\$123,580.61
Southwest CARE Center	Las Cruces (Area III)	\$61,212.83
Southwest CARE Center	Roswell (Area IV)	\$37,536.17
MFA Admin		\$18,718.44
TOTAL		\$638,690.98

For Program Year 2014-2015, the counties served by these sub-grantees are:

New Mexico AIDS Services serves the City of Albuquerque and Balance of State Area I which includes the following counties: Bernalillo (outside City of Albuquerque), Cibola, McKinley, San Juan, Sandoval and Valencia counties.

Southwest CARE Center serves Balance of State Area II which includes the following counties: Santa Fe, Los Alamos, San Miguel, Guadalupe, Rio Arriba, Taos, Mora, Colfax and Union counties.

Southwest CARE Center serves Balance of State Area III which includes the following counties: Doña Ana, Otero, Luna, Grant, Hidalgo, Sierra, Catron, Socorro, Lincoln and Torrance counties.

Southwest CARE Center serves Balance of State Area IV which includes the following counties: Chaves, Curry, De Baca, Eddy, Harding, Lea, Quay and Roosevelt counties.

Sub-grantees who received the HOPWA awards have exclusive service responsibility for specific counties as listed above. The sub-grantees 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.

Attachment J: HOPWA CAPER 2014

Part 7: Other Resources

Neighborhood Stabilization Program (Housing and Economic Recovery Act of 2008)

DFA

On March 1, 2011, the State of New Mexico was awarded \$5,000,000.00 for the NSP-3 program based on the number of foreclosures and vacancies in the neighborhoods with the highest rates of homes financed by a subprime mortgage, delinquency, or foreclosure. On May 3, 2011, DFA awarded \$2,500,000.00 to a local developer to purchase, rehabilitate and resell single family homes. In addition, on June 19, 2012, the Developer was awarded another \$2,000,000.00 to purchase, rehabilitate and resell single family homes. In 2014, the Developer completed the resale of a total of 26 single family homes. With the Program Income generated by the purchase and redevelopment of these 26 single family homes, the goal of the NSP program is being realized. To date, a total of 128 single family homes have been purchased with NSP-1 and NSP-3 funds.

DFA Section 108 Loan Guarantee Assistance

On July 3, 2012, the State of New Mexico submitted an application for Section 108 Loan Guarantee Assistance in the amount of \$42,200,000.00. The Substantial Amendment to DFA Action Plan for Section 108 was approved by HUD on December 7, 2012. Section 108 is the loan guarantee provision of the CDBG program. Section 108 Loan Guarantee Program provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.

The State of New Mexico is evaluating the Section 108 loan guarantee program and how it will move forward.

Activities eligible for Section 108 Loan Guarantee Program:

Economic development activities eligible under CDBG, acquisition of real property, rehabilitation of publicly owned real property, housing rehabilitation eligible under CDBG, construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements), related relocation, clearance, and site improvements, payment of interest on the guaranteed loan and issuance costs of public offerings, debt service reserves, public works and site improvements in colonias; and in limited circumstances, housing construction as part of community economic development, Housing Development Grant, or Nehemiah Housing Opportunity Grant programs.

For purposes of determining eligibility under the Section 108 Loan Guarantee Program, the CDBG rules and requirements apply. As with the CDBG program, all projects and activities must either principally benefit low- and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet urgent needs of the community.

The principal security for the loan guarantee is a pledge by the State of its current and future CDBG funds. Additional security will also be required to assure repayment of guaranteed obligations. The additional security requirements will be determined on a case-by-case basis, but could include assets financed by the guaranteed loan.

The maximum repayment period for a Section 108 Loan Guarantee Program is 20 years. HUD has the ability to structure the principal amortization to match the needs of the project and borrower. Each annual principal amount will have a separate interest rate associated with it.

Due to the proven success of the CDBG program and NSP programs, DFA does not believe major changes for the CDBG and NSP programs are necessary, at this time. The Section 108 Loan Guarantee Assistance Program is a new program to the State of New Mexico. The implementation of this program and future processes are forthcoming.

This 2014 CAPER concludes with the following information:

Attachment K: IDIS Reports include:

- PR01
- PR02 2014 for CDBG, HOME, ESG, HOPWA
- PR03 for CDBG
- PR06 for CDBG, HOME, ESG and HOPWA
- PR12 for ESG
- PR26 for CDBG
- PR28 for CDBG
- PR33
- PR 81 for ESG
- PR91 for ESG

List of Acronyms for CAPER 2014	
Admin	Administrative
ADSN	Areas of demonstrated statistical need
AG	Attorney General
AMI	Area Median Income
ARRA	American Recovery and Reinvestment Act
BoS	Balance of State
CAPER	Consolidated Annual Performance and Evaluation Report
CDBG	Community Development Block Grants
CFL	Compact fluorescent light bulb
CFR	Code of Federal Regulations
CHDO	Community Housing Development Organization
COC	Continuum of Care
COP	CHDO Operating Funds
DFA	Department of Finance and Administration
DOE	Department of Energy
DPA	Down Payment Assistance
EHAP	Emergency Housing Assistance Program
ESG	Emergency Solutions Grant
FHEO	Fair Housing and Economic Opportunity
HMA	Health Management Alliance (HMA)
HMIS	Homeless Management Information System
HOME	HOME Investment Partnership
HOPWA	Housing Opportunities for Persons with AIDS
HOR	Home Owner Rehab
HTF	Housing Trust Fund
HUD	US Department of Housing and Urban Development
IDIS	Integrated Disbursement and Information System
IRS	Internal Revenue Service
LIHEAP	Low-income Home Energy Assistance Program
LIHTC	Low-income Housing Tax Credits
MBE	Minority Business Enterprise
MFA	New Mexico Mortgage Finance Authority
MRB	Mortgage Revenue Bonds
MSA	Metropolitan Statistical Area
NAHRO	National Association of Housing and Redevelopment Officials
NSP	Neighborhood Stabilization Program
PHA	Public Housing Authority
QAP	Qualified Allocation Plan

RAP	Rental Assistance Program
Rehab	Rehabilitation
REN	Rental
RFP	Request for Proposals
RCDI	Rural Community Development Initiative
S+C	Shelter Plus Care
SFD	Single Family Development
SHP	Supportive Housing Program
STRMU	Short Term Rent, Mortgage and Utilities
T&TA	Training and Technical Assistance
TBRA	Tenant Based Rental Assistance
UPCS	Uniform Physical Condition Standards
WAP	Weatherization Assistance Program
WBE	Women's Business Enterprise