



2015 New Mexico Annual Action Plan

New Mexico Mortgage Finance Authority

Department of Finance and Administration



2015 NEW MEXICO ANNUAL ACTION PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT

Prepared for the:
New Mexico Mortgage Finance Authority
344 4th Street Southwest
Albuquerque, NM 87102-3206

and

New Mexico Department of Finance and Administration
407 Galisteo
Bataan Memorial Building, Room 202
Santa Fe, NM 87501

Prepared by:
Western Economic Services, LLC
212 SE 18th Avenue
Portland, OR 97214
(503) 239-9091
Toll-free: 1-866-937-9437
Fax: (503) 239-0236
<http://www.westernes.com>

**Final Report
May 12, 2015**

Alternative accessible formats of this document will be provided upon request. If you need this document in an alternative format such as large print, Braille, audiotape, or computer diskette, please contact Debbie Davis at the New Mexico Mortgage Finance Authority at:

Phone: 505-843-6880

Instate Toll Free: 1-800-444-6880

Fax: 505-243-3289

Dial 7-1-1 to use Hamilton Relay in New Mexico or call one of the toll free numbers below:

TTY: 800-659-8331

Voice: 800-659-1779

VCO (Voice Carry Over): 877-659-4174

Mobile Caption Service: 800-855-8111

Speech-to-Speech: 888-659-3952

Spanish: 800-327-1857

(Includes Spanish-to-Spanish and translation from English to Spanish)

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	1
A. Introduction	1
B. Citizen Participation Summary	2
C. 2015 Annual Action Plan Summary	3
D. Evaluation of Past Performance	4
II. ANNUAL ACTION PLAN DEVELOPMENT PROCESS	5
A. Lead Agency and Administering Agencies	5
B. Agency Consultation Activities	5
C. Efforts to Enhance Citizen Involvement	6
D. Actions to be Taken to Enhance the Institutional Structure and its Communication	6
III. ALLOCATING HOUSING AND COMMUNITY DEVELOPMENT RESOURCES	9
A. Overview of Available Resources	9
B. Administering Agencies	10
C. Geographic Distribution of HUD Resources	11
D. Anticipated Use of Resources in 2015	27
E. Investment of HUD Resources in 2015	37
F. Obstacles in Meeting Underserved Needs	38
IV. HOUSING AND COMMUNITY DEVELOPMENT STRATEGIES	39
A. 2015 – 2020 Housing and Community Development Plan Summary	39
B. Analysis of Impediments to Fair Housing Choice	46
C. Barriers to Affordable Housing	57
D. Lead-Based Paint Hazards	58
E. Anti-Poverty Strategy	60
F. Anti-Displacement Policy	61
V. ONE YEAR ACTION PLAN	65
A. MFA Administered HOME Program	65
B. Low-Income Tax Credit Program	67
C. Homeless Strategic Plan and Coordination with the Continuums of Care	68
D. Emergency Homeless Assistance (EHAP)	71
E. Rental Assistance	72
F. Continuum of Care Program	72
G. HOPWA Program	72
H. DFA Administered CDBG Program	73
I. Section 108 Loan Guarantee Program	74
J. Monitoring and Audit Requirements	75
K. Needs of Public Housing	78
L. Minority Outreach Program	78
M. Other Actions	79
Appendix A: Citizen Participation Plan	81
Appendix B: Ranking Criteria	91
Appendix C: Additional Plans and Policies	95

I. EXECUTIVE SUMMARY

A. INTRODUCTION

In 1994, the U.S. Department of Housing and Urban Development (HUD) issued new rules consolidating the planning, application, reporting and citizen participation processes for four formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). The new single-planning process was intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment and to expand economic opportunities. It was termed the *Consolidated Plan for Housing and Community Development*.

According to HUD, the Consolidated Plan is designed to be a collaborative process whereby a community establishes a unified vision for housing and community development actions. It offers entitlements the opportunity to shape these housing and community development programs into effective, coordinated neighborhood and community development strategies. It also allows for strategic planning and citizen participation to occur in a comprehensive context, thereby reducing duplication of effort.

As the lead agency for the Consolidated Plan, the New Mexico Mortgage Finance Authority (MFA), along with the sister administering agency the Department of Finance and Administration (DFA), Local Government Division, hereby follows HUD's guidelines for citizen and community involvement. Furthermore, it is responsible for overseeing these citizen participation requirements, those that accompany the Consolidated Plan and the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), the Emergency Solutions Grant (ESG), and the Housing Opportunities for Persons with AIDS (HOPWA) programs.

In May 2012, HUD's Office of Community Planning and Development (CPD) introduced the eCon Planning Suite, including the Consolidated Plan template in IDIS OnLine and the CPD Maps website. Beginning with the 2015 – 2020 New Mexico Consolidated Plan, MFA will integrate the eCon Planning process into our annual Action Plan processes, as well as the Consolidated Plan preparation

PURPOSE OF THE ANNUAL ACTION PLAN

The *2015 New Mexico Annual Action Plan for Housing and Community Development* is the one-year planning document identifying the needs and respective resource investments in addressing the state's housing, homeless, non-homeless special needs populations, community development and economic development needs.

GOALS OF THE CONSOLIDATED PLAN

The goals of the MFA and DFA are to provide decent housing, a suitable living environment and expanded economic opportunities for the state's low- and moderate-income residents. The MFA and DFA strive to accomplish these goals by maximizing and effectively utilizing all available funding resources to conduct housing and community

development activities that will serve the economically disadvantaged residents of the state. By addressing need and creating opportunity at the individual and neighborhood levels, the MFA hopes to improve the quality of life for all residents of the state. These goals are further explained as follows:

- *Providing decent housing* means helping homeless persons obtain appropriate housing and assisting those at risk of homelessness; preserving the affordable housing stock; increasing availability of permanent housing that is affordable to low- and moderate-income persons without discrimination; and increasing the supply of supportive housing.
- *Providing a suitable living environment* entails improving the safety and livability of neighborhoods; increasing access to quality facilities and services.
- *Expanding economic opportunities* involves creating jobs that are accessible to low- and moderate-income persons; making mortgage financing available for low- and moderate-income persons at reasonable rates; providing access to credit for development activities that promote long-term economic and social viability of the community; and empowering low-income persons to achieve self-sufficiency to reduce generational poverty in federally-assisted and public housing.

B. CITIZEN PARTICIPATION SUMMARY

The Consolidated Planning process has been designed to articulate New Mexico's overall strategy for coordinating federal and other housing and community development resources to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low- and moderate-income persons. Interested groups and individuals have been encouraged to provide input into all aspects of New Mexico's Consolidated Planning activities, from assessing needs to setting priorities through performance evaluation.

Numerous opportunities for citizens to contribute information, ideas and opinions about ways to improve our neighborhoods, promote housing affordability and enhance the delivery of public services to local residents have been provided. These include a broad-based statewide survey of interested citizens and stakeholders pertaining to New Mexico's housing and community development needs; meetings with tribal leaders and representatives of other units of local government during focus group sessions to address specific needs of rental, homeowner, and homeless needs; holding statewide interactive video conferencing meetings soliciting input; and having strategic policy meetings with the New Mexico Planning Committee. The DFA and the Community Development Council (CDC) conduct multiple annual open public hearings to address infrastructure, public facilities, economic development, planning, housing, and Colonias needs. Such public meetings have been advertised in a statewide publication, thereby reaching out to additional members of the citizenry.

The state of New Mexico has continued to be committed to keeping all interested groups and individuals informed of each phase of the Consolidated Planning process and of activities being proposed or undertaken under HUD formula grant programs.

MFA and DFA published the draft Consolidated Plan for public review in a manner that afforded citizens, public agencies and other interested parties a reasonable opportunity to examine its contents and submit comments. The Draft Plan included the amount of assistance the state agencies expect to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low and moderate income.

Furthermore, a succinct summary of the Draft Plan was published in several newspapers of general circulation at the beginning of the public comment period. The summary described the contents and purpose of the Plan (including a summary of specific objectives) and included a list of the locations where the plan was available. Documentation of this information is included in Appendix A of this Annual Action Plan. Furthermore, citizens and groups may obtain a reasonable number of free copies of the proposed Consolidated Plan by contacting the MFA at 505-843-6880 or toll free at 800-444-6880 or the document may be downloaded from the MFA website, located at <http://www.housingnm.org>.

C. 2015 ANNUAL ACTION PLAN SUMMARY

The state of New Mexico is required by the U.S. Department of Housing and Urban Development (HUD) to prepare an Action Plan for Housing and Community Development annually. Timely completion of the Plan in a HUD-acceptable format helps ensure continued funding of housing and community development activities throughout the state. In 2014, the state of New Mexico prepared its Five-Year Consolidated Plan, covering the program years 2015 – 2020. This Consolidated Plan contains information about demographic, economic, and housing market trends in the state; analysis of statewide affordable housing needs; findings from the citizen participation process; and an analysis of the needs of special populations.

The following represents the 2015 One-Year Action Plan for allocating the state's federal block grant funds to address housing and community development needs. In order to make the document more informative for citizens and more useful for policy makers and those engaged in the production of affordable housing, the document describes actions and activities to be undertaken with resources beyond the federal grant programs and by organizations other than those administering the federal grant programs. It is intended to represent a comprehensive Action Plan for affordable housing and community development activities statewide. The goals and activities identified here can by no means be accomplished through the use of the federal grant programs alone. Where possible, the plan specifies those actions or activities that are expected to be undertaken with other resources as well as the related outcomes expected to be achieved; however, since many of these other resources are more flexible than the federal grant programs, it is difficult to estimate how these resources may be utilized.

D. EVALUATION OF PAST PERFORMANCE

The MFA's evaluation of its past performance on HOME, ESG and HOPWA has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER), most recently published in March, 2014. These documents state the objectives and outcomes identified in each Annual Action Plan and includes an evaluation of past performance through measurable goals and objectives compared to actual performance. This document can be found on MFA's website at <http://www.housingnm.org/consolidated-annual-performance-and-evaluation-report-caper>

The CAPER published by DFA in March 2014 regarding CDBG and the Neighborhood Stabilization Program (NSP). This included the evaluation of past performance through measurable goals and objective compared to actual performance. The CAPER published by the DFA can be found at the following website: [http://www.nmdfa.state.nm.us/NM Performance Evaluation Report 1.aspx](http://www.nmdfa.state.nm.us/NM%20Performance%20Evaluation%20Report%201.aspx)

II. ANNUAL ACTION PLAN DEVELOPMENT PROCESS

A. LEAD AGENCY AND ADMINISTERING AGENCIES

As the lead agency for the Consolidated Plan, the MFA followed the federal guidelines regarding public involvement, evaluation of quantitative and qualitative data, needs assessment, strategy development, priority setting, and the formulation of objectives. New Mexico's Consolidated Plan for 2015 – 2020 was prepared in accordance with 24 CFR Part 91, changes related to the Emergency Solutions Grant program that contains the regulations setting forth the Consolidated Plan submission requirements applicable to state governments.

On July 18, 2013, HUD released a proposed rule to affirmatively further fair housing in compliance with the federal Fair Housing Act. HUD proposed the rule because the current practice of affirmatively furthering fair housing carried out by HUD grantees, which involves an analysis of impediments to fair housing choice and a certification that the grantee will affirmatively further fair housing, has not been as effective as envisioned. The rule proposes to refine existing requirements with a fair housing assessment and planning process that will better aid HUD program participants to fulfill this statutory obligation. These new requirements have been incorporated into the planning process.

MFA is responsible for administering the citizen participation requirements for HOME, ESG and HOPWA. DFA administers the CDBG program, and is responsible for the citizen participation requirements for that program. Consequently, the MFA and DFA strongly encourage public participation and consultation with other organizations as an essential means of identifying community needs. The citizen participation process was formulated at the beginning of the five-year plan development process and is presented in the Citizen Participation Plan (CPP), Appendix A of this document.

The objectives of the CPP are to encourage citizen participation and emphasize 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 the DFA or MFA propose to use funds.

B. AGENCY CONSULTATION ACTIVITIES

As part of the consolidated planning process, the lead agency, MFA, and the sister administering agency, the DFA, must consult with a wide variety of organizations in order to gain understanding of the housing and community development stage. This represents a collective effort from a broad array of entities in New Mexico, ranging from advocacy groups for the disabled to economic development organizations. Private, non-profit and public organizations, including mayors, county supervisors, county commissioners, county managers, planning and development district administrators, councils of government, persons interested in the CDBG program, persons interested in the HOME program, persons associated with Continuum of Care organizations, and the New Mexico Department of Health were contacted through several means, e-mail correspondence, telephone interviews and face-to-face interactions. These persons were solicited to discuss

housing and community development needs in New Mexico, including the ranking of those needs and activities that the MFA and DFA might consider in better addressing needs throughout the state. Further, individuals were asked to provide additional insight into prospective barriers and constraints to addressing housing and community development needs in New Mexico.

C. EFFORTS TO ENHANCE CITIZEN INVOLVEMENT

Public involvement began in March 2014 and extended over a period of several months. Two key steps were taken in the involvement process. One was the implementation of five focus group meetings involving experts in housing and community development issues for the state of New Mexico, and the other was a set of public input meetings during which citizens were provided the opportunity to offer feedback and input regarding the Consolidated Plan.

The focus groups were held in March of 2014 with the purpose of drawing upon the expert knowledge of stakeholders and their thoughts on barriers and constraints encountered in New Mexico's housing and community development arena. These focus groups were designed around five key topic areas: affordable housing, economic development, homelessness, infrastructure, and public facilities. These meetings allowed key stakeholders and statewide leaders the opportunity to explore the depth of the respective housing and community development barriers and uncover creative solutions to emerging problems.

Two public input meetings were held on May 20, 2014 in the MFA offices in Albuquerque at 2 pm and 5:30 pm to offer the public an additional opportunity to offer feedback on the Consolidated Plan. These meetings were advertised in the Las Cruces Sun-News, the Albuquerque Journal and the Santa Fe New Mexican, as documented in Appendix D. Previous planning efforts were also included in the process.

The draft report for public review was released on August 1, 2014, which initiated a 30-day public review period. One public presentation of the was made in Albuquerque on August 20. On October 15, 2014, a public presentation of the draft was made to MFA Board of Directors as well as the Community Development Council, as documented in Appendix D.

D. ACTIONS TO BE TAKEN TO ENHANCE THE INSTITUTIONAL STRUCTURE AND ITS COMMUNICATION

MFA and DFA recognize that many times, the difference between success and failure in a partnership is in the ability to operate with an effective communication system. In an effort to help organizations develop that capacity, MFA and DFA will continue their outreach to a variety of agencies and entities involved with housing and community development activities in New Mexico, including the Behavioral Health Collaborative, the New Mexico Department of Mental Health, New Mexico Professional Technical Advisory Board (PTAB), Councils of Governments (COG), New Mexico Environment Department (NMED), New Mexico Department of Transportation (NMDOT), USDA Rural Development (USDA-RD),

New Mexico Aging and Long-Term Services (ALTSD), New Mexico State Fire Marshal Office (SFM), New Mexico Department of Health (NMDOH), Children Youth and Families Department (CYFD), New Mexico Governor's Commission on Disability (GCD), New Mexico Office of the State Engineer (OSE), New Mexico Finance Authority (NMFA) and New Mexico Public Regulation Commission (PRC) and United States Department of Agriculture (USDA).

MFA receives input throughout the year from a number of external advisory and oversight committees comprising representatives from various housing-related industries, political parties 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 New Mexico Housing Trust Fund Advisory Committee, the Land Title Trust Fund Advisory Committee and the Allocation Review Committee. MFA will continue to work with and consult with these committees regarding activities undertaken or proposed changes in activities to be undertaken throughout the tenure of this plan.

DFA continually seeks input from the Community Development Council (CDC), Council of Governments, Mayors, County Commissioners, County Managers, Grants Administrators, other Local and County officials, as well as other state agencies on infrastructure, public facilities, planning, economic development, emergency and housing needs across the state. DFA is also in the process of collaborating with other state agencies to streamline the funding, application, and program processes across the state. In the future, these efforts will help maximize funding and mainstream the grants administration process for all municipalities and counties.

II. Annual Action Plan Development Process

III. ALLOCATING HOUSING AND COMMUNITY DEVELOPMENT RESOURCES

A. OVERVIEW OF AVAILABLE RESOURCES

Housing and community development resources are expected to be available to the state of New Mexico through the US Department of Housing and Urban Development (HUD) under several federal block grant programs. These block grants include the Small Cities Community Development Block Grant (CDBG) Program, Home Investment Partnerships Program (HOME), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). The HOME program will produce program income that will also be available for program specific housing and community development activities in the state.

In addition, several HUD-funded competitive grants are also available. MFA and its partner agencies may compete 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, Rural Innovation Fund, and Housing Counseling. Many programs leverage their resources with other HUD funding sources that they receive directly such as the FHA Multifamily Housing Finance Agency Pilot Program under section 542(c) of the Housing and Community Development Act of 1992, The Self-Help Homeownership Opportunity Program and the Native American Housing Assistance and Self-Determination Act of 1996.

The Section 108 Loan Guarantee Program is authorized under Section 108 of the Housing and Community Development Act of 1974 (42 USC 5308) as part of the CDBG Program. In July 2012 DFA applied directly to HUD for \$42,200,000.00 in Section 108 Loans to be guaranteed by the state's CDBG Allocation. The Section 108 Loan Guarantee Program allows for loans to be made to small cities and counties on behalf of their needs for economic and community development. The Section 108 Loan Guarantee Program offers local governments a source of financing for economic development, large-scale public facility projects, and public infrastructure. HUD sells bonds on the private market and uses the proceeds to fund Section 108 loans through the state to local governments. The local government may loan the funds to third parties to undertake eligible CDBG activities (typically economic development) or use the funds for other eligible CDBG activities that must be repaid. CDBG future allocations are used as secondary security for the HUD loan to the local government (the loan guarantee).

MFA's additional federal resources include Mortgage Revenue Bonds (MRBs) and Low Income Housing Tax Credits (LIHTC) available from the IRS, Weatherization Assistance Program (WAP) funds awarded by the Department of Energy and resources available to rural areas through several programs funded by the US Department of Agriculture. These rural development programs include: Guaranteed Rural Housing Program, Section 502 Direct Loan Program, Section 504 Loan/Grant Repair Program, Section 514/516 Farm Labor Housing Program and Section 515 Rural Rental Housing Loan Program.

Other nonfederal resources expected to be available through MFA include resources from the MFA Housing Opportunity Fund and General Fund, taxable bonds, 501(c)(3) bonds,

the state Affordable Housing Tax Credit Program, and the New Mexico Housing Trust Fund. MFA receives money from PNM and New Mexico Gas Company, the state's largest utilities, for energy efficiency measures. It also receives energy efficiency funding from utility cooperatives Jemez Mountains Electric Coop and Central Valley Electric Cooperative, as well as from Excel Energy and El Paso Electric. MFA has established a charitable trust that can receive and lend money to foster more affordable housing in New Mexico. Under the state Affordable Housing Act, capital outlay money from the New Mexico state Legislature can be used for affordable housing activities as long as the use of the funds is consistent with the Act, its implementing regulations and all applicable local regulations.

B. ADMINISTERING AGENCIES

MFA administers the HOME, ESG, and HOPWA HUD block grants, as well as DOE Weatherization grant funds. These grants are eligible for allocation statewide except in the entitlement communities of Las Cruces, which receive HOME funds directly from HUD, and Albuquerque, which receives HOME and HOPWA funds directly. As the state's housing finance agency, the MFA directs available resources for affordable housing to each of the 33 counties in the state. The actual amount of resources that are invested in an area in any one year depends upon several factors. Certain funding sources have specific geographic targets resulting in differences in funding availability. The capacity to build housing and therefore the delivery system for investing in affordable housing varies substantially among communities in New Mexico. Further, the housing and community development needs also differ significantly throughout the state.

DFA, Local Government Division, which administers the CDBG program, makes CDBG funding available to all areas of the state except for the HUD CDBG entitlement communities. Currently the cities of Albuquerque, Las Cruces, Santa Fe, Rio Rancho, Farmington and Indian pueblos and tribes receive funding directly from HUD (Title I, Section 107).

Funding for New Mexico's HUD housing block grants is administered by the MFA and allocated geographically based on three considerations: 1) requirements of the funding source; 2) relative priority need for various types of housing activities and their associated costs; and 3) local support and local capacity to deliver services.

However, in order to understand how HUD funds are available to communities in New Mexico, it is useful to understand the qualifying attributes of selected communities in New Mexico. The City of Albuquerque and the City of Las Cruces receive funding directly from HUD for both HOME and CDBG and therefore are not eligible to receive such funding from the MFA or DFA. The City of Albuquerque receives ESG funds from HUD.

Many other MFA funding sources, such as mortgage revenue bonds, Low Income Housing Tax Credits, and state affordable housing resources will be directed to non-entitlement

communities. The MFA will continue to work with these communities to meet their affordable housing needs.

The cities of Albuquerque, Las Cruces, Santa Fe, Rio Rancho, and Farmington receive CDBG funds directly from HUD and therefore are not eligible to apply for CDBG through DFA. However, Santa Fe, Rio Rancho and Farmington do not receive HUD HOME funds directly and therefore MFA may direct HOME funds as well as all other appropriate affordable housing resources to these communities. These communities represent a unique opportunity to combine HOME, CDBG and other resources in new ways to better meet the housing and community development needs in these areas.

The remainder of the state does not receive any funding directly from HUD and therefore is eligible to receive CDBG and Section 108 Loan Guarantee Program through DFA and HOME, ESG and HOPWA funding through the MFA. Additional funding sources that are expected to be available to the state may be restricted to certain geographic areas. These include Rural Development (Rural Community Development Initiative) programs and competitive grant programs such as Housing Counseling. The Behavioral Health Purchasing Collaborative provided funding for the Linkages Program, a rental voucher program. Table III.1, on the following page, presents the 2015 estimate of all available housing and community development resources for the 2015 New Mexico Annual Action Plan year.

C. GEOGRAPHIC DISTRIBUTION OF HUD RESOURCES

Formula grant funds from the CDBG, HOME, ESG, and HOPWA programs may be directed to their highest and best use first, within each set of program guidelines, given the funding of all housing and community development programs throughout New Mexico. Still, the housing and community development needs statewide far exceed the available resources to address those needs. Therefore, it is necessary to prioritize needs by type of activity and geography in order to ensure the greatest impact with limited resources. Diversity across the state means that different areas have different housing and community development needs that are best addressed through different types of investment activities. Housing rental activities are guided by selected ranking criteria, with the 2015 annual ranking criteria presented in Appendix B. Nevertheless, New Mexico's experience with these programs shows that these resources are indeed distributed throughout the state. The following narrative provides information about the successful operation of HUD programs from 2010 through June 2014.

Table III.1
Housing and Community Development Resources
 Available in New Mexico: 2015

Federal Funding Sources	
HUD Funding Sources	
Small Cities CDBG Allocation	\$9,016,371.00
Section 108 Loan Guarantee Program	\$0.00
HOME Formula Allocation	\$3,781,116.00
HOME Program Income	\$1,200,000.00
HOME Program Carryforward	\$1,419,358.00
Emergency Solutions Grant	\$897,007.00
Housing Opportunities for Persons with AIDS	\$623,948.00
Total HUD Sources	\$16,937,800.00
Other Federal Funding Sources	
DOE Weatherization Program	\$1,352,532.00
LIHEAP	\$2,000,000.00
Project-Based Section 8 Housing Assistance	\$29,156,636.00
Allocated Low Income Housing Tax Credits (9%)	\$47,961,600.00 *
Bond Financed Low Income Housing Tax Credits (4%)	\$0.00 *
Total Other Federal Funding Sources	\$80,470,768.00
Subtotal ALL Federal Funding Sources	\$97,408,568.00
Non-Federal Funding Sources:	
Tax Exempt Mortgage Revenue Bonds (Single Family)	\$254,375,000.00
Multi-Family Taxable Non-taxable Bond Cap	\$125,000,000.00
MFA Housing Opportunity Fund - Primero	\$1,684,128.00
MFA Housing Opportunity Fund - Build It Loan Guaranty	\$500,000.00
MFA Housing Opportunity Fund - Partners Program	\$1,164,483.00
MFA Housing Opportunity Fund - Mortgage Booster DPA	\$3,377,760.00
MFA Housing Opportunity Fund - ACCESS Loans	\$6,162,575.00
MFA General Fund - Capacity Building and Training	\$1,360,250.00
State of New Mexico Homeless Program	\$1,215,700.00
Land Title Trust Fund	\$3,074.00
NM Gas Company EnergySmart	\$1,298,734.00
PNM Refrigerator/CFL Energy Efficiency Program	\$138,515.00
Excel Energy	\$279,480.00
Central Valley Electric Coop	\$35,000.00
Freeport MacMoran Grant	\$25,000.00
Regional Housing Authority Allocation	\$200,000.00
Affordable Housing Act Oversight	\$250,000.00
State Affordable Housing Tax Credit	\$4,600,000.00
NM Housing Trust Fund	\$500,000.00
Behavioral Health Linkages	\$832,533.00

III. Allocating Housing and Community Development Resources

Subtotal Non-Federal Funding Sources		\$403,002,232.00
Total Sources of Funds		\$500,410,800.00
Funding Uses for HOME, CDBG, HOPWA, ESG		
CDBG:		
Administration and T&TA		\$901,637.10
Community Development Activities		\$8,114,733.90
HOME:		
Administration		\$498,112.00
Down Payment Assistance		\$350,000.00
Single Family Rehabilitation		\$3,000,000.00
Single Family Development		\$0.00
Multi-Family Development		\$1,796,139.00
CHDO Operating		\$189,056.00
CHDO Development		\$567,167.00
Section 108 Loan Guarantee Program		\$0.00
Emergency Solutions Grant		\$897,007.00
HOPWA		\$623,948.00
Total Uses for HUD funds included in 2015 Action Plan		\$16,937,800.00
Other Funding Uses		
Homeless		\$1,215,700.00
Capacity Building		\$1,810,250.00
Home Ownership		\$264,020,317.00
Multi Family Development		\$181,308,303.00
Rental Assistance		\$29,989,169.00
Weatherization		\$5,129,261.00
Total Other Funding Uses		\$483,473,000.00
Total Uses of Funds		\$500,410,800.00

*This amount is the value of 10 years of allocated credits.

C.1. INVESTMENTS OF HUD RESOURCES FROM 2010 THROUGH 2014

DFA ADMINISTERED CDBG PROGRAM INVESTMENTS

Over the past few years, substantive project investments of both CDBG and HOME funds have been directed to specific types of projects, given the ranking criteria in use each year.

DFA ADMINISTERED CDBG PROGRAM INVESTMENTS

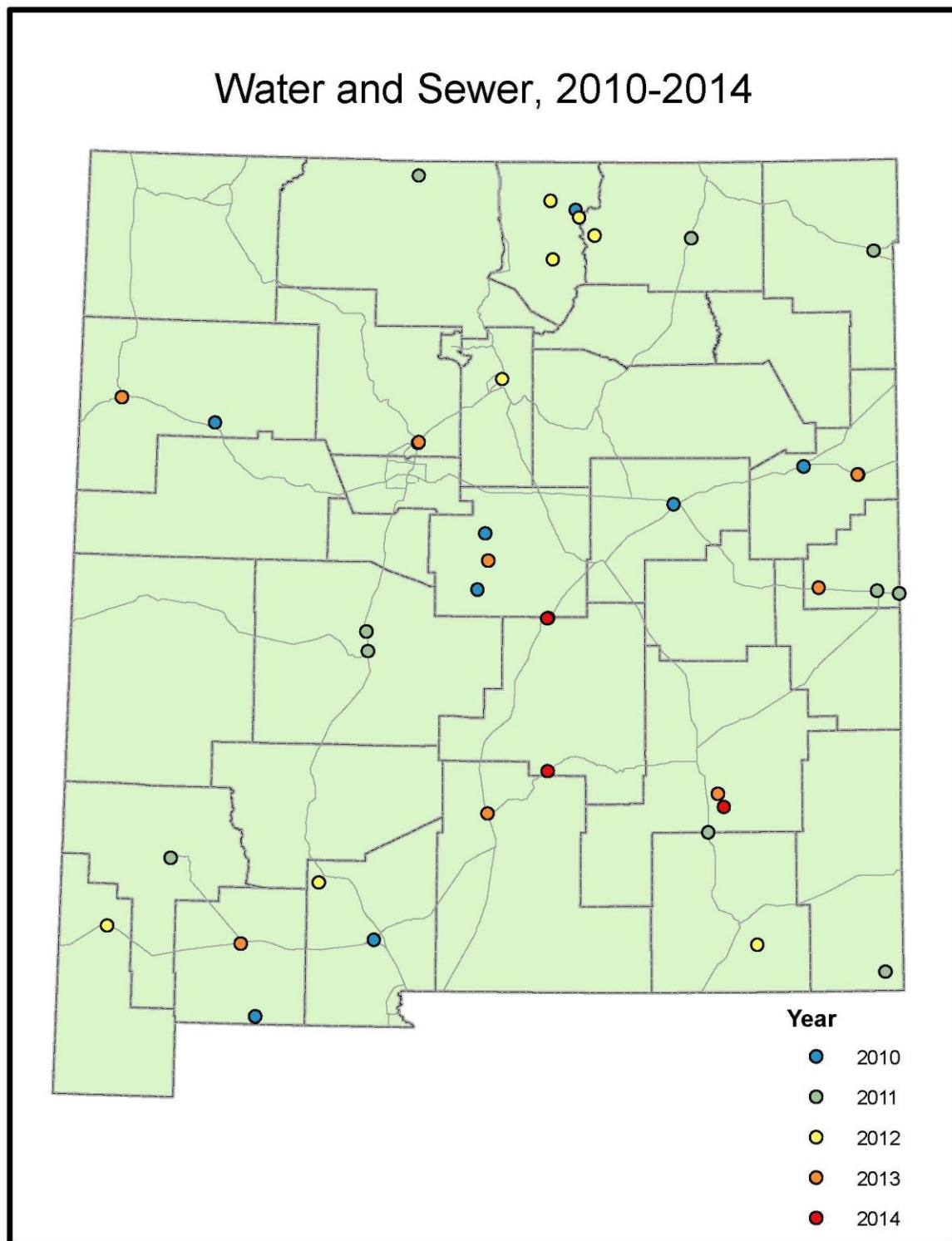
Table III.2, at right presents the number of CDBG projects that were undertaken or awarded during the previous five years, from 2010 through 2014. As noted therein, there were 53 water and sewer infrastructure

Table III.2 Number of CDBG-funded Projects by Year and Activity DFA: 2010-2014						
Activity	2010	2011	2012	2013	2014	Total
Water and Sewer	19	15	8	8	3	53
Planning	1	6	0	0	0	7
Public Facilities	9	8	5	5	6	33
Other Infrastructure	7	13	10	6	15	51
Total	36	42	23	19	24	144

projects; 7 projects that provided support to local planning; 33 public facility projects, such as health facilities, community centers, senior centers and libraries; and 51 projects related to other types of infrastructure development, such as street and road improvements, curb/gutter and drainage improvements and bridge improvements. These kinds of activities were spread all over New Mexico, excluding the CDBG entitlement communities of Albuquerque, Farmington, Las Cruces, Rio Rancho, and Santa Fe. While ranking criteria may be slightly modified each year, such infrastructure demands and related activities are anticipated to continue to be distributed in a very similar fashion throughout the consolidated planning period of 2015 through 2020.

DFA determines areas of CDBG funding based on need, readiness to proceed and other current ranking criteria identified in the CDBG Rules and Regulations (NMAC 2.110.2). To better view the geographic distribution of the DFA administered CDBG water and sewer projects, their specific address locations were assigned longitude and latitude coordinates and plotted on a geographic map, by year. As seen in Map III.1, on the following page, this set of projects was exclusively outside the CDBG entitlement communities, as described previously. Geographic maps have been prepared to show the data for the three additional types of CDBG program activities presented in Table III.2, planning projects, public facilities, and other infrastructure investments. These other infrastructure investments include street and sidewalk improvements, curb and drainage enhancements, and related street, bridge, and throughway modifications and improvements.

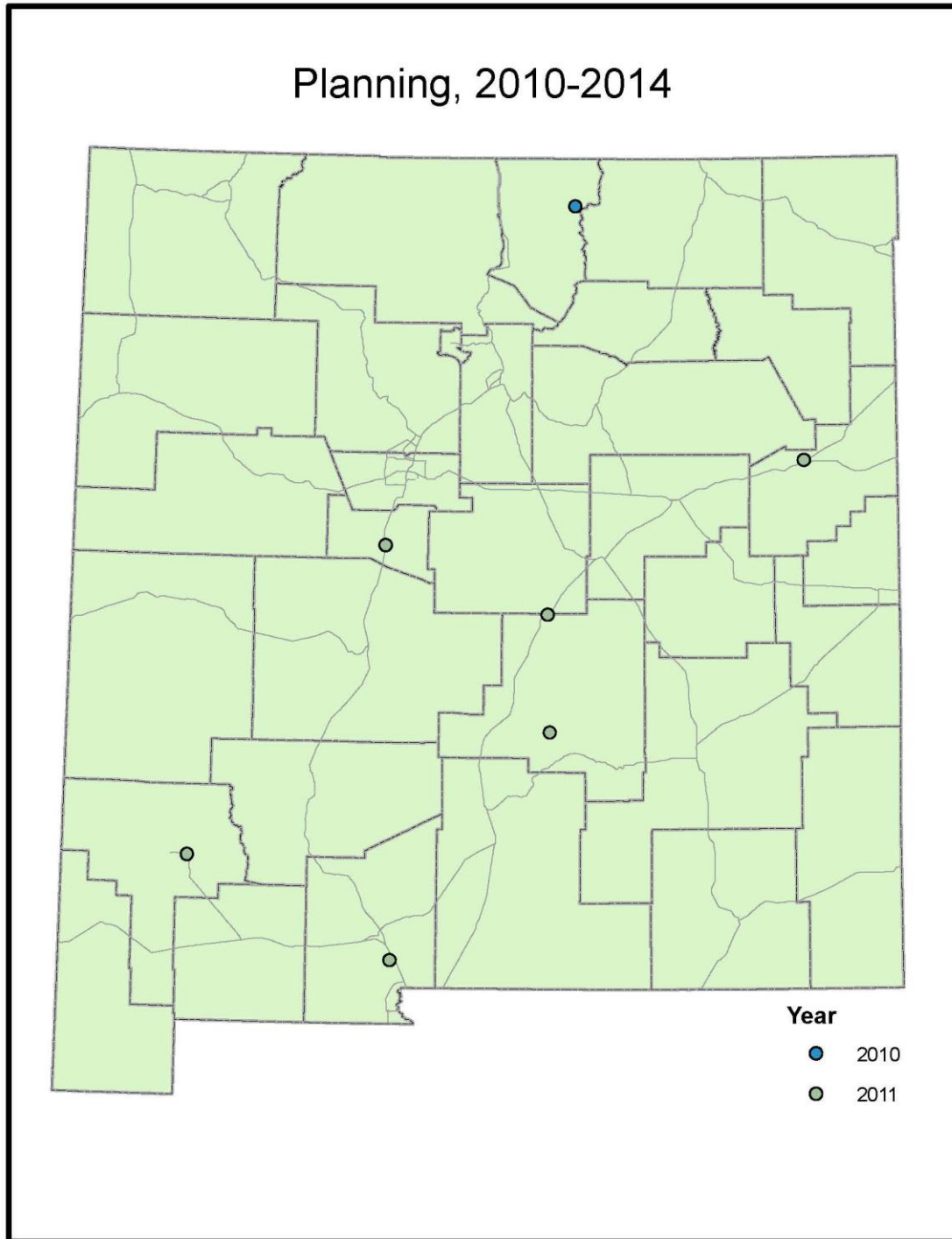
Map III.1¹
Community Development Block Grant Water and Sewer Activity



¹ Maps provided by the Bureau of Business and Economic Research, University of New Mexico

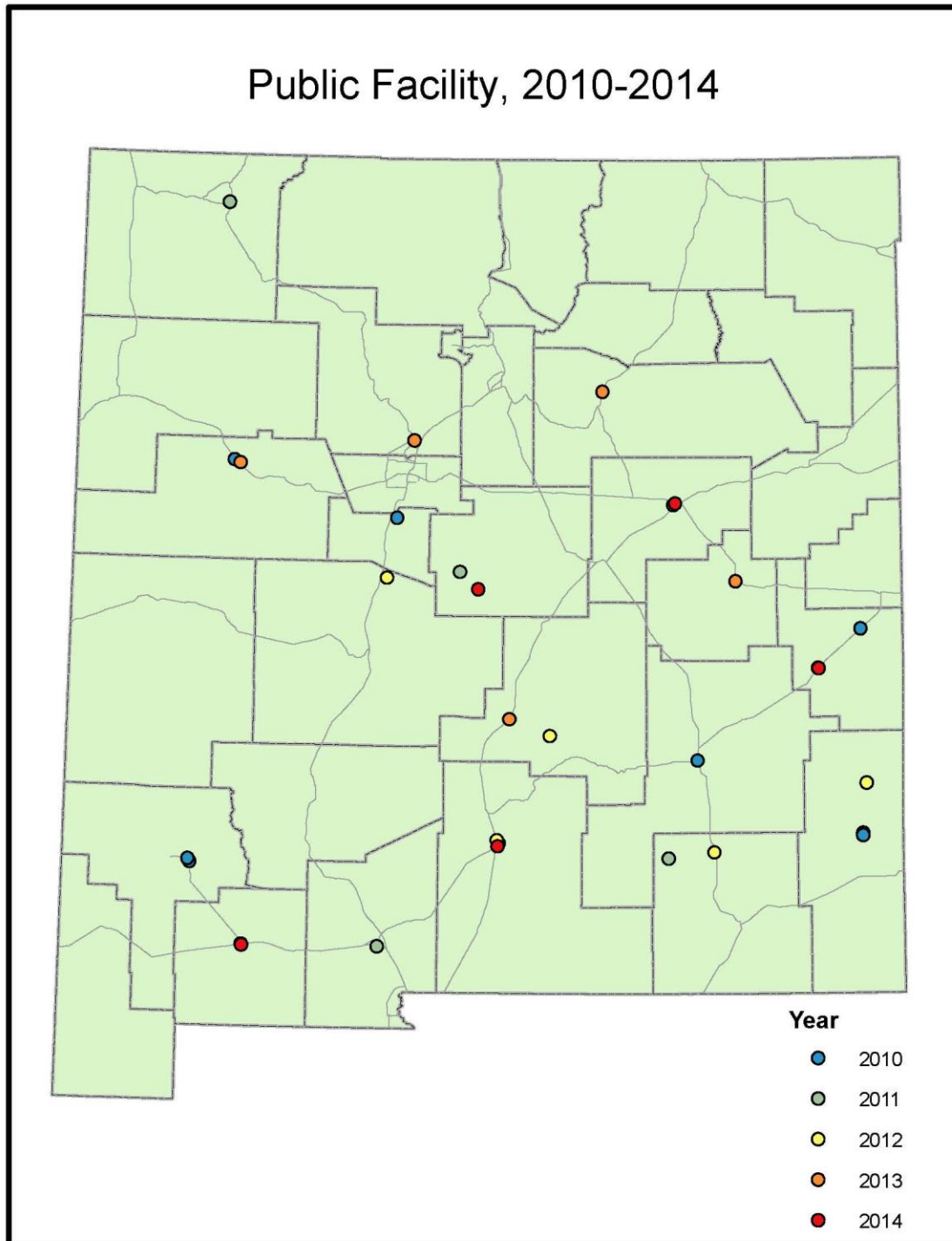
Map III.2 demonstrates how planning projects been provided to communities throughout the state of New Mexico, as administered by DFA. Again, these are outside of the existing CDBG entitlement communities.

Map III.2
Community Development Block Grant Planning Activity



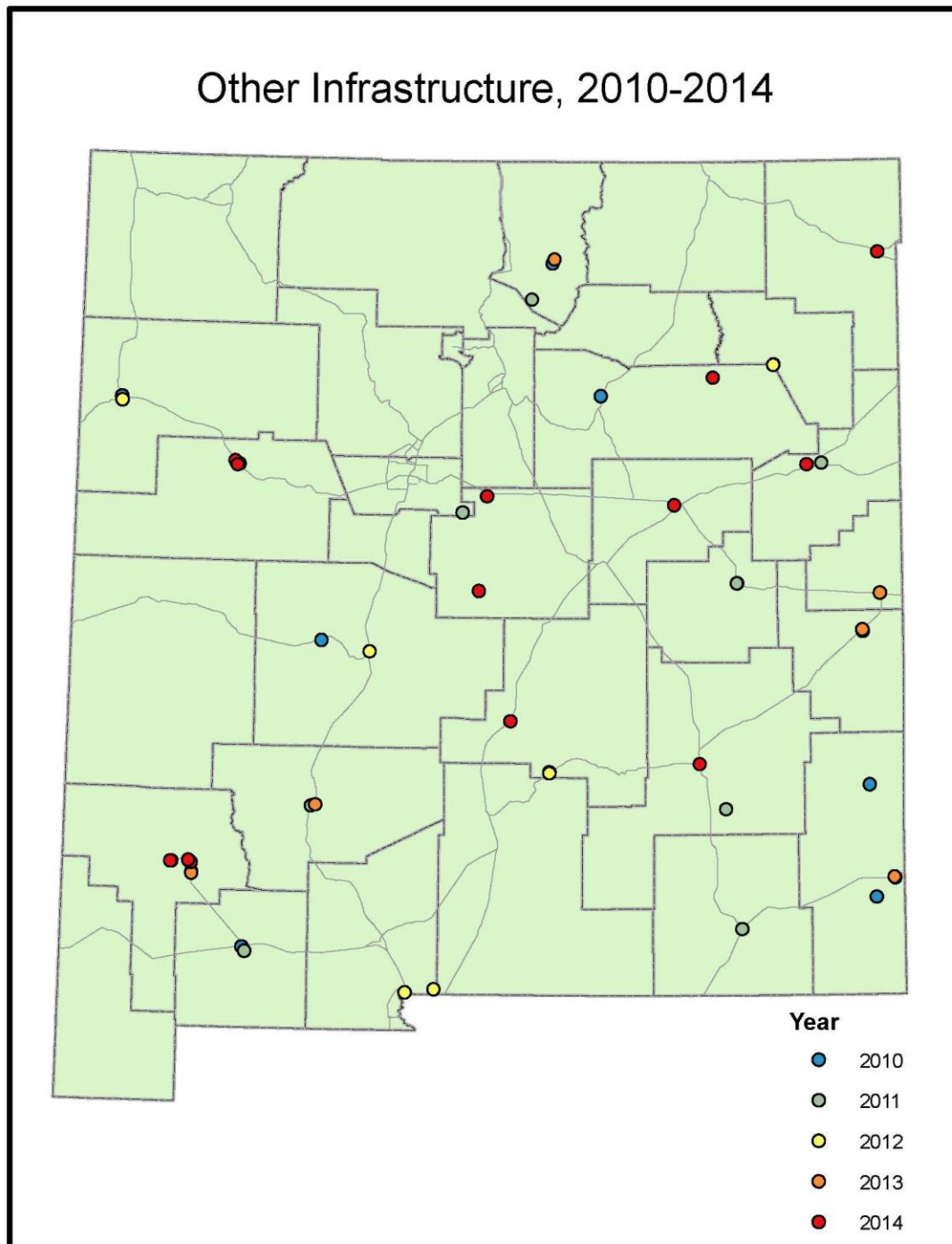
Map III.3 demonstrates how resources have been directed to a variety of public facility projects throughout the state of New Mexico. Again, these are outside of the existing CDBG entitlement communities and demand remains high for such activities.

Map III.3
Community Development Block Grant Public Facility Activity



Map III.4 demonstrates how resources have been directed to a variety of other infrastructure projects throughout the state of New Mexico. Again, these are essentially outside of the existing CDBG entitlement communities and demand remains high for such activities.

Map III.4
Community Development Block Grant Other Infrastructure Activity



MFA ADMINISTERED HOME PROGRAM INVESTMENTS

Similar geographically dispersed demands exist when MFA allocates its HOME resources. Some communities have a greater need for new housing development while other communities would best be served by rehabilitation of existing housing. MFA determines areas of statistically demonstrated need, based upon program activity type, on applications for funds, and current ranking criteria in use in the particular program year. For 2015, the ranking criteria were determined only for rental activities, as presented in Appendix B.

In the past, high priority counties were identified through the housing condition and market indicators identified in the housing market analysis for the 2006 – 2010 state of New Mexico Consolidated Plan. The modified prioritization scheme was sometimes based on data available in years subsequent to the 2000 Decennial Census, but was usually from the 2000 census. These ranking criteria included characteristics such as the following: poverty level, homeownership, cost burden, and population change. Such data were periodically updated as well. Table III.3, below, presents the HOME projects funded between 2010 through June of 2014, with 637 projects.

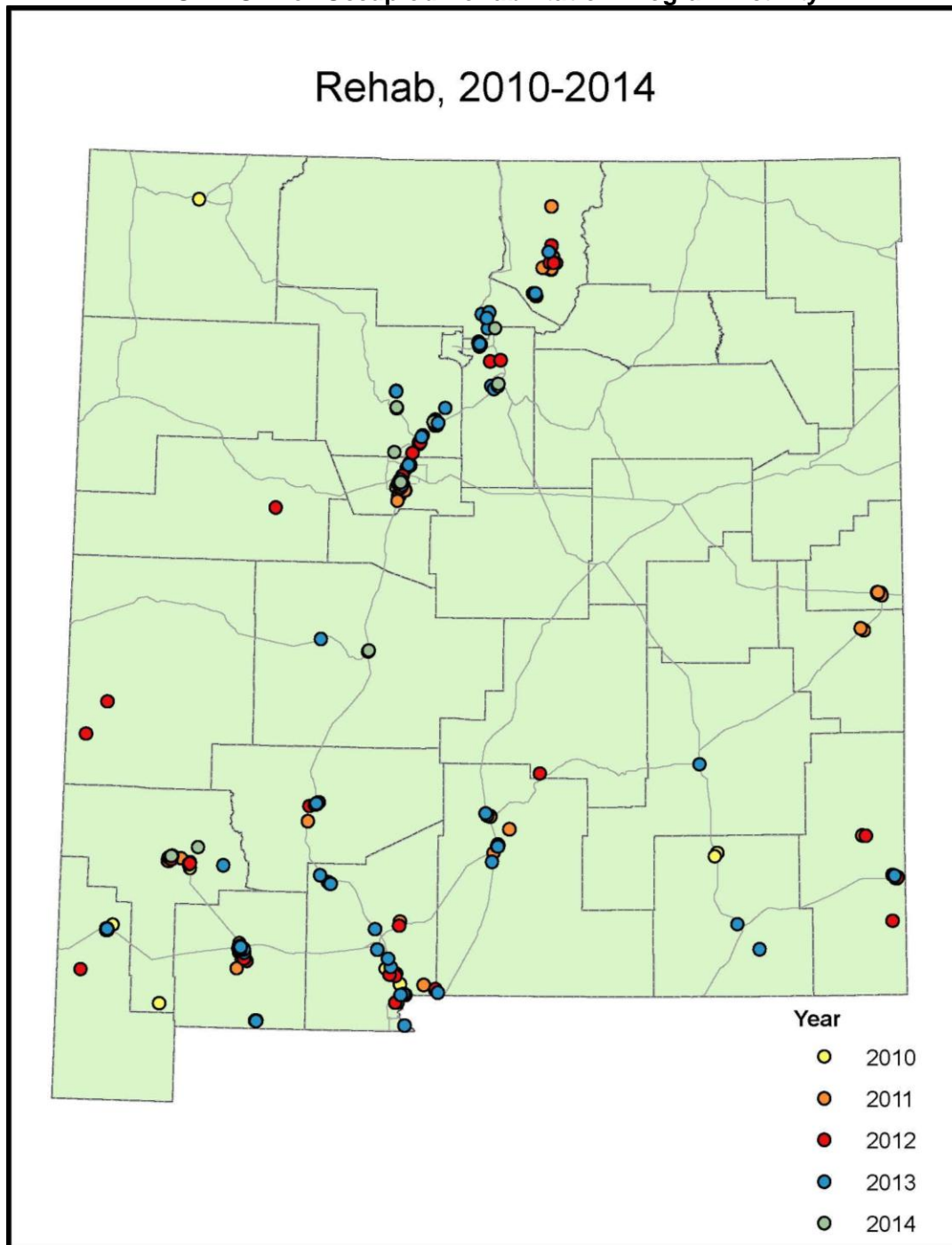
Table III.3 Number of HOME-funded Projects by Year and Activity MFA: 2010 – Jun 2014						
Activity	2010	2011	2012	2013	2014	Total
Down Payment Assistance	51	34	22	15	32	154
Homeowner Rehab	73	75	43	41	13	245
Single Family Development	20	45	28	42	18	153
Rental	7	4	2	1	1	15
Tenant Based Rental Assistance	20	17	18	0	0	55
CHDO Operating	9	5	0	1	0	15
Total	180	180	113	100	64	637

For 2015, MFA re-evaluated its areas of statistically demonstrated need, and concluded that needs would be determined for rental programs only. Each county was assigned a relative determined need of High, Medium or Low based on a number of indicators for both types of rental activity. A high need indicated an area where, ideally, the greatest amount of resources should be invested and projects or programs proposed to meet that need had the greatest opportunity for funding. A medium need indicated areas where a moderate amount of resources should be invested and projects or programs proposed to meet those needs were likely to be funded. A low need indicated an area where the least amount of resources should be invested. A project proposing to serve a low need area would not necessarily be excluded from funding; however, such projects have a lower opportunity for funding.

Some communities find that housing preservation is in line with their key housing needs. MFA administered HOME Funds for single family rehabilitation have been used for rehabilitation of owner-occupied housing, reconstruction or replacement where

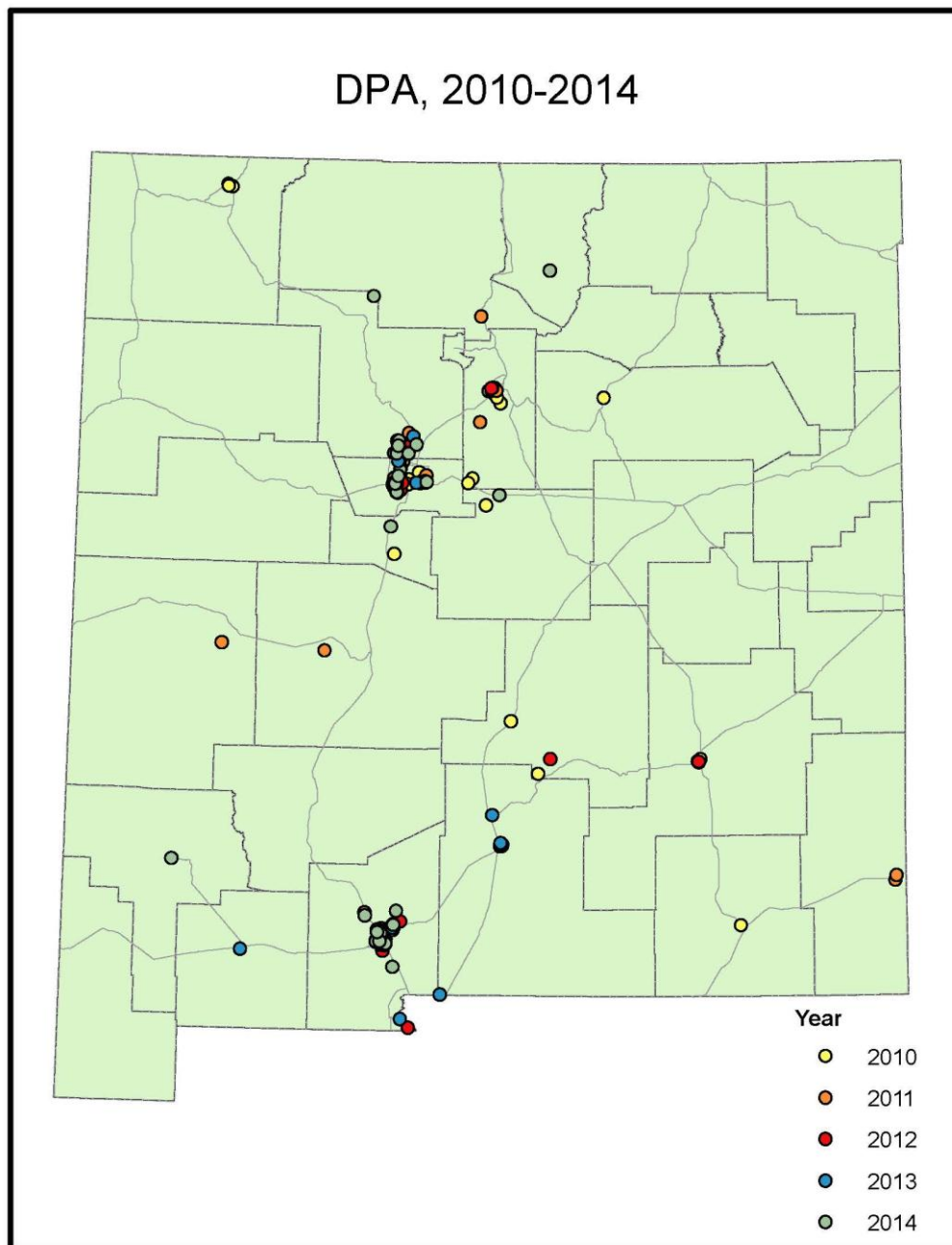
substandard units are in such poor repair that rehabilitation is not appropriate. Substandard units may be replaced with new manufactured housing that is affixed to a permanent foundation or a new site built home. Map III.5 demonstrates how resources have been distributed to rehabilitation activities.

Map III.5
HOME Owner-Occupied Rehabilitation Program Activity



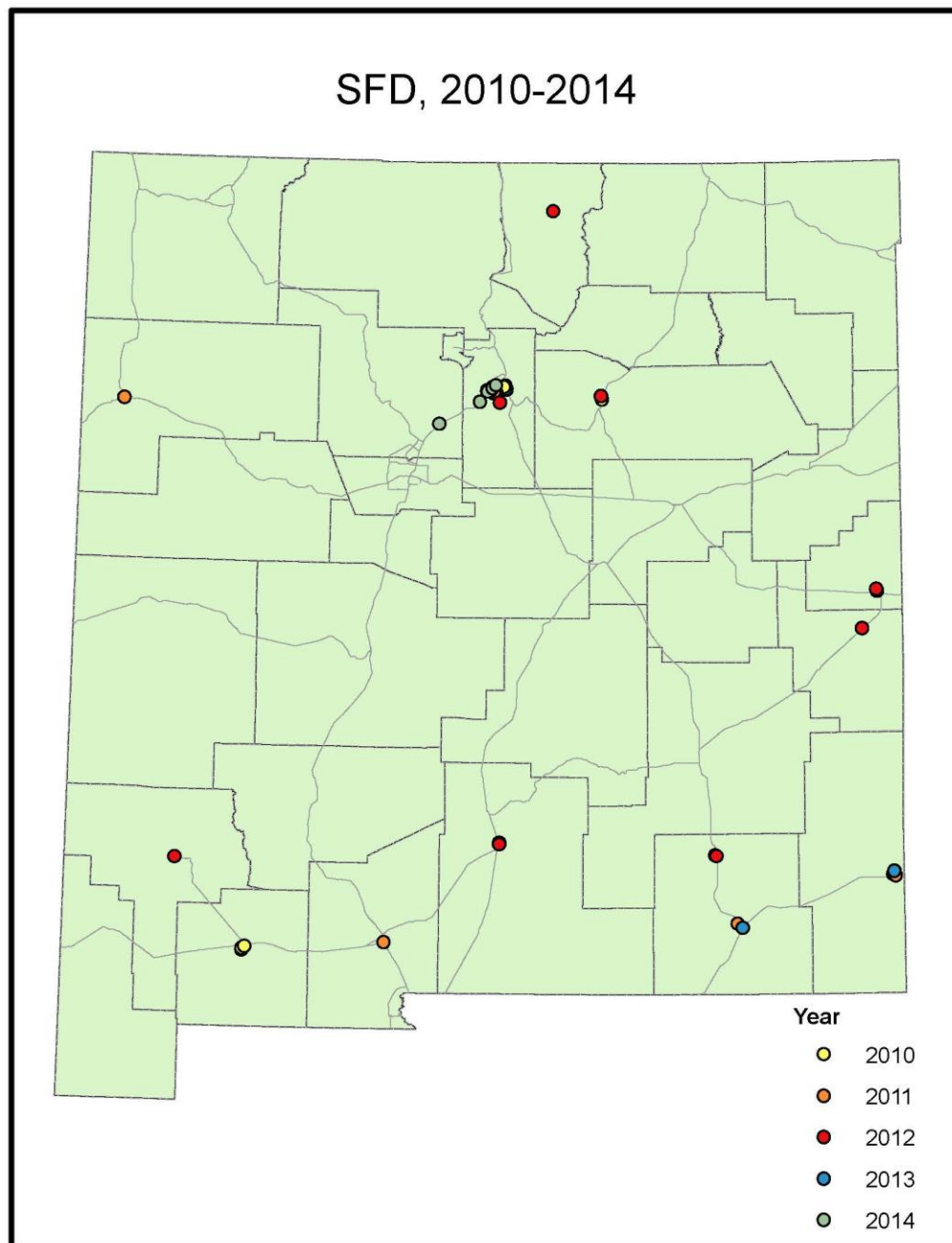
Instead of home purchases or rehab of single-family dwellings, other communities required new single family development, which includes housing activities that increase the supply of affordable single family units. This represents both new construction and the placement of new manufactured housing installations on permanent foundations. Down Payment Assistance Program has been administered on a first-come, first-served basis, and is shown in Map III.6, on the following page.

Map III.6
HOME Down Payment Assistance Program Activity



While MFA had established areas of statistically demonstrated need in the past, new single family development is also dependent on housing developers having the capacity and the desire to build in designated high priority areas, factors not within MFA's control. For 2015, this program has been suspended and a new program is under construction. When it continues, it is expected to continue in this general manner, with the geographic distribution similar to what is seen in Map III.7, below.

Map III.7
HOME Single Family Development Program Activity

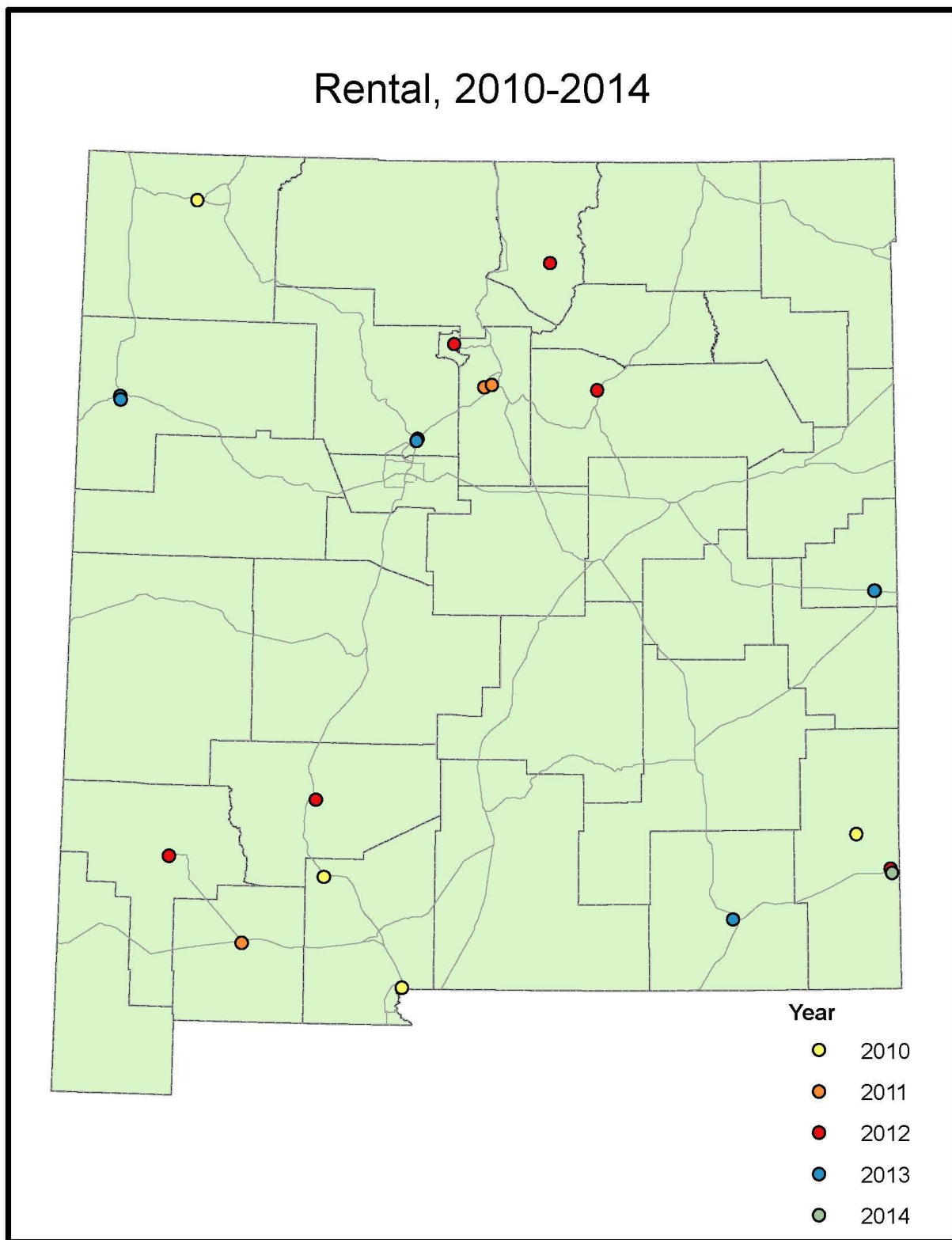


Additionally, some communities may have other housing needs. For example, the need for new single family development like that noted above is driven by population growth; however, some areas that have not experienced significant population growth may still benefit from acquisition and rehabilitation of existing units. Those counties that had an owner-occupied vacancy rate that exceeds the state's average represent an opportunity to increase the stock of available housing through such acquisition and rehabilitation.

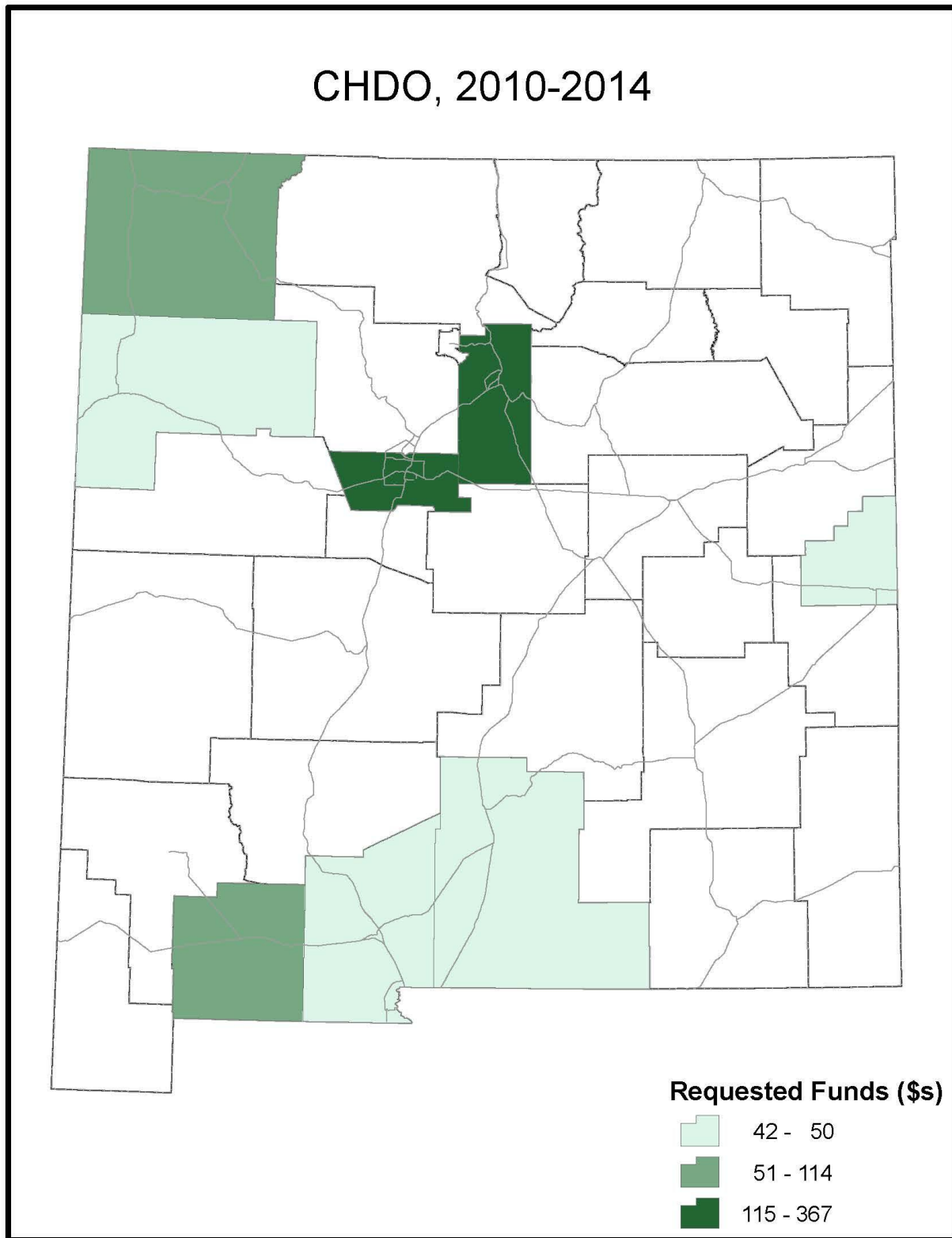
Demand exists for MFA HOME resources for the provision of affordable rental units and CHDO set-aside operating funds throughout the more rural areas of New Mexico. This includes those activities intended to make existing rental units more affordable and/or improve the quality of the existing affordable rental units as well as new rental construction. New rental construction refers to the development of new multifamily rental units. The need for new multifamily rental units was categorized using a set of criteria indicated by population growth, areas of population concentration and low rental vacancy rates. The thresholds for assigning an area a high priority for new multifamily units included a population growth greater than the state's average growth for the past three years; a population larger than 10,000 people in 2012 or the county's inclusion in a Metropolitan Statistical Area, and a rental vacancy rate less than five percent. Areas were considered to have a medium priority for rental funding if they met the population threshold, had population growth greater than the state's average for the past three years, or have a rental vacancy rate less than five percent. Areas with slower growth or less population were given a lower priority for multifamily projects.

Map III.8 presents locations of rental developments. Map III.9 shows the CHDO requested funds for 2010-2014.

Map III.8
HOME Rental Development Program Activity

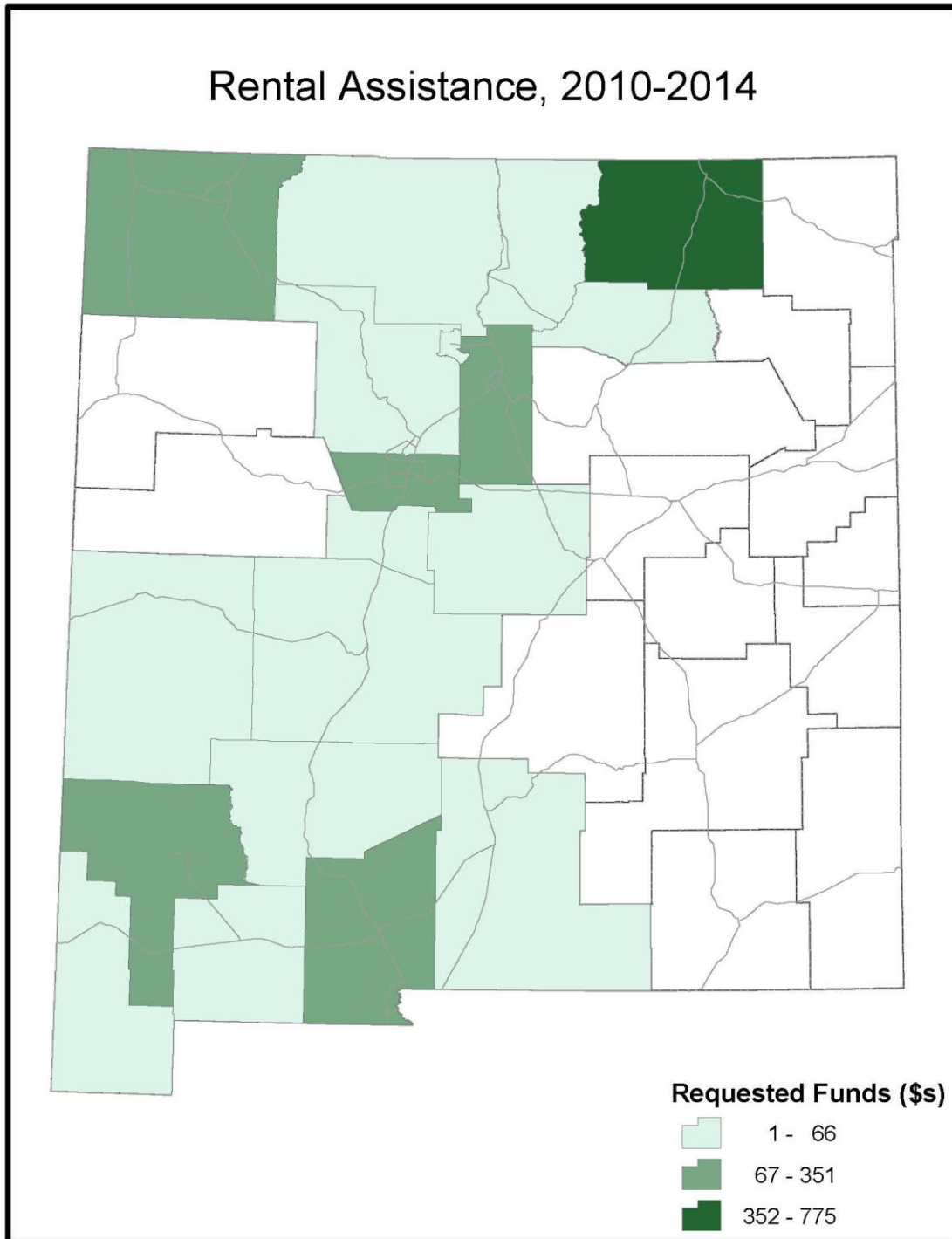


Map III.9
CHDO Requested Funds



The MFA administers the Rental Assistance Program (RAP) which is now funded solely through HUD's Emergency Solutions Grant (ESG) and State Homeless Funding. Map III.10, below, shows the allocation of HOME Rental Assistance resources for 2010- 2014.

Map III.10
HOME Rental Assistance



D. ANTICIPATED USE OF RESOURCES IN 2015

The MFA and DFA expect to address a wide set of housing and community development demands on housing and community development resources over the next five year plan, including several in the current 2015 Annual Action Plan.

D.1. MFA RESOURCES TO BE APPLIED IN 2015

HOMEOWNERSHIP PROGRAMS

Several resources are available to provide first mortgages to low income, first-time (and other special populations) homebuyers. The MFA's Mortgage\$aver Program is primarily funded by tax exempt mortgage revenue bonds and provides a 30-year fixed rate loan available for first time homebuyers earning less than 115 percent of the area median income. The Mortgage\$aver and Mortgage\$aver Zero provide affordable financing for the first time homebuyer. The Mortgage\$aver Plus interest rate is similar to conventional market rates; however, the buyer receives a grant of 3.50 percent to help defray down payment and closing costs. It can also be used as a temporary interest rate reduction or to reduce the principal loan amount. With \$132,000,000 in mortgage revenue bonds, the MFA expects to create 1,050 new first time homebuyers in the next year.

For Mortgage\$aver loans, MFA offers the **eHome America** online counseling program. **eHome America** was designed to help more people obtain certified homebuyer education. Many people have a difficult time getting to a local HUD certified housing counseling agency office for face-to-face counseling, for reasons such as work schedules or childcare issues. This online version helps individuals get the education and certification that they need at their convenience. Each participant in this course is directly connected to a local HUD certified housing counseling agency. This ensures that participants continue to receive the face-to-face counseling they need over the phone or in-person while receiving their certification online.

MFA's Partners Program was established in 1992 to serve as a secondary market by purchasing mortgage loans made by non-profit housing development organizations, tribal organizations and public housing agencies in New Mexico to further homeownership opportunities for the lowest income New Mexico residents. The loans are structured at a zero percent interest rate and are at a term not to exceed 30 years. Eligible borrowers may not earn more than 50 percent of county/area median income for most counties and 60 percent of county/area median income for counties of high cost (determined by MFA). In order to limit the dollar amount that the Partners loans are eligible for purchase, the maximum loan-to-value ratio (LTV) will be 50 percent of the appraised value of the property. All loans must be affordable to low income borrowers; affordable is defined as paying no more than 30 percent of income for housing expenses. It is expected that 14 homebuyers will be created through the Partners Program in 2015.

Several Public Housing Authorities in the state have implemented a Section 8 Homeownership Voucher program that utilizes Section 8 vouchers or Housing Choice Vouchers to subsidize home purchases by public housing residents.

The US Department of Agriculture, Rural Development will also have resources available to subsidize home buying by low income residents in rural areas. Funds are expected from the Guaranteed Rural Housing program and the Direct Loan program both of which provide below-market rate first mortgages. It is expected that these programs will assist rural homebuyers. In addition to low cost financing of first mortgages, resources will also be utilized to provide additional homebuyer assistance. Homebuyer assistance programs are intended to provide down payment and/or closing cost assistance, and may also be used to reduce the principal loan amount or buy down the interest rate. HOME resources will be used to fund the MFA's PaymentSaver program.

PaymentSaver and Helping Hand provide down payment and closing cost assistance in the form of a second mortgage. PaymentSaver is a zero-percent interest rate, non-amortizing loan due on sale if the borrower sells, refinances, or transfers the property. PaymentSaver and Helping Hand funds are available, statewide, on a first come, first served basis. PaymentSaver and Helping Hand funds may be applied toward the down payment, closing costs, temporary interest rate buy downs and additional downpayment to reduce the principal balance of the loan. The maximum PaymentSaver loan amount is the lesser of 8 percent of the sales price or \$8,000. Or, if the borrower has a Section 8 Voucher he/she would be eligible for the SmartChoice loan of \$15,000. The Helping Hand loan amount is \$8,000.

PaymentSaver and Helping Hand loans will be available through MFA's participating lender network statewide. Nonprofit and public housing organizations will participate in the program by providing pre-purchase counseling and referring eligible homebuyers to participating lenders; PaymentSaver and Helping Hand borrowers must complete face to face pre-purchase counseling. Nonprofit organizations are encouraged to market their services to, and develop a working relationship with, lenders in their communities. In order to fully leverage available resources, the PaymentSaver and Helping Hand programs must be used with one of the following first mortgage programs:

- MFA's MortgageSaver Program - mortgages are financed with tax-exempt mortgage revenue bonds.
- HUD Section 8 Homeownership Program - Section 8 voucher subsidies are used to assist low income first-time homebuyers meet monthly homeownership expenses instead of offsetting rental expenses.
- Guaranteed Rural Housing or Rural Development Direct Loan - below-market rate mortgages financed by USDA Rural Development. Any institutional loan product that demonstrates interest rates and key terms that benefits the homebuyer as much as or more than comparable MFA loan products throughout the term of the loan.

Upwards of \$300,000 dollars is expected to be available for Payment\$aver loans that will provide assistance to first-time homebuyers, most of whom will also receive Mortgage\$aver.

The MFA will work closely with Public Housing Authorities operating Housing Choice Voucher programs to provide targeted outreach to public housing residents seeking to become homeowners. MFA will also work closely with nonprofit organizations, community housing development organizations (CHDOs) and local groups including those on Native American trust lands and in the colonias to ensure that Payment\$aver loans are available to residents in difficult to serve areas.

For all households that receive HOME funded Payment\$aver loans, the MFA requires they receive a minimum of eight hours of homebuyer education. MFA has taken several steps to ensure that homebuyer education is not only available in most areas of the state, but that it also meets minimum guidelines for quality. The MFA pays a counseling fee to nonprofit organizations that provide homebuyer education. MFA also provides training and certification opportunities for housing counselors statewide and assistance with curriculum development and materials. Further, MFA has taken steps to encourage the statewide availability of housing counseling programs that assist households in becoming mortgage ready.

The Mortgage Booster Program provides down payment and closing cost assistance with a maximum loan amount of \$8,000 in the form of a second 30-year fixed rate mortgage.

The HERO (Home Equity and Required Occupation) program provides a fixed rate first mortgage loan for households in which at least one member is a teacher, police officer, nurse, firefighter or an active member of the United States Armed Forces. The buyer receives a grant of 3.00 percent (3%) to help defray down payment and closing costs. It can also be used as a temporary interest rate reduction or to reduce the principal loan amount. The interest rate on the mortgage is determined by the funding source. Recipients of HERO loans are not required to be first-time homebuyers.

MFA has implemented a To Be Announced (TBA) Program to provide a source of funding other than the Mortgage Revenue Bonds (MRB) for the single family mortgage program. Additionally, the TBA program may provide a source of funding for new or existing single family mortgage programs that are not eligible to be funded with MRB proceeds. This new funding mechanism incorporates a forward commitment of mortgage loans in which the interest rates on the loans are set daily. The program could be used to finance or purchase money loans as well as refinance transactions. MFA is outsourcing this function through a TBA Administrator due to the complex nature, specific expertise required and risks inherent in hedging a mortgage pipeline to be sold through a TBA contract.

HOUSING DEVELOPMENT PROGRAMS

Following the enactment of the New Mexico Affordable Housing Act, new resources have become available for financing new single family affordable housing development. These resources include the New Mexico Affordable Housing Tax Credit Program and the New Mexico Housing Trust Fund. The New Mexico Affordable Housing Tax Credit Program provides an investment voucher to persons who make investments in land, buildings, materials, cash or services for affordable housing projects approved by the MFA, or cash donations to the MFA Charitable Trust. The voucher is equivalent to 50 percent of the invested value and can be used as a tax credit against the holder's liability for combined taxes, personal income taxes or corporate income taxes. The voucher can be carried forward for up to five years and may be sold, exchanged or transferred once in whole or in part to one or more persons. The MFA has been authorized to issue investment vouchers up to approximately \$3.8 million each year, which can generate over \$7.6 million in resources for investment in affordable housing.

The New Mexico Housing Trust Fund was established in 2005 to provide flexible funding for housing initiatives in order to produce significant additional housing investment in New Mexico. The fund was capitalized with an initial \$10,000,000 appropriation from the state Legislature and has received an additional \$8,200,000 since then. In 2014 the legislature appropriated an additional \$500,000 that has not yet been received. Funds are awarded on a competitive basis to applicants who develop responsive solutions to local needs consistent with sound housing policy.

Finally, under the Affordable Housing Act, state and local governments are authorized to donate land for construction of affordable housing, to donate an existing building for conversion or renovation into affordable housing, to pay the costs of infrastructure necessary to support affordable housing projects, to pay the cost of conversion or renovation, and to pay the costs of land acquisition. Under the Act, MFA must review and approve each community's affordable housing plan, affordable housing ordinance, and affordable housing program. MFA uses general funds to assist in hiring professionals to help the communities in their efforts to produce affordable housing. In 2014, the legislature appropriated \$250,000 that has not yet been received to administer the Act.

A number of different resources are available for developing new affordable housing. These include:

542(c) Risk Sharing (HUD) & 538 (RD) Loans – Construction and permanent loan programs aimed at the production and preservation of affordable, low income rental housing units. Both programs require set-asides for a specific number of units to be rented to lower income tenants. These loans are often combined with Low Income Housing Tax Credits, HOME Rental loans and New Mexico Housing Trust Fund loans. Risk Sharing loans also provide credit enhancement for tax-exempt bond financing.

ACCESS Loans – Streamlined Risk Sharing construction and permanent loans up to \$2 million for small-scale affordable rental housing projects.

HOME/Rental Loans – Federal HOME funds used for gap financing for the development of affordable rental or special needs housing through either new construction or acquisition and rehabilitation of existing properties.

Land Title Trust Fund – The interest earned on certain title company escrow funds, finances, loans or grants to provide housing for low income persons whose household income does not exceed 80 percent of area median income and other eligible uses. MFA awards funds on a competitive basis quarterly, when funds are available, as outlined in the Notice of Funding Availability. Eligible applicants include non-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, and tribal housing agencies.

Low Income Housing Tax Credit (LIHTC) – A federal tax-based program that encourages private investment for the construction or rehabilitation of affordable rental housing in accordance with MFA's annual Qualified Allocation Plan. MFA awards funds on a competitive basis annually, as outlined in the Qualified Allocation Plan (QAP).

New Mexico Affordable Housing Tax Credit Program – Provides state tax credits to individuals and businesses that provide donations of land, buildings, materials, cash or services to affordable housing projects approved by MFA or for a trust fund administered by MFA. The credit is equal to 50 percent of the value of the donation. Project sponsors can apply to be designated an eligible affordable housing project and for a reservation of credits as outlined in the Notice of Funding Availability.

New Mexico Housing Trust Fund – Provides financing for affordable housing initiatives targeted primarily to low and moderate income households. MFA awards funds on a competitive basis, when funds are available, as outlined in the Notice of Funding Availability. Eligible applicants include non-profit and for-profit housing developers and providers, units of local government, housing authorities and tribal entities.

Primero Investment Fund – This program provides loans to meet the financial needs of affordable housing development initiatives that cannot be accommodated with existing sources. For-profit and nonprofit sponsors, public or government agencies including tribal entities are all eligible to apply.

Tax Exempt Bonds – MFA is a qualified issuer of tax-exempt bond financing and 501(c)(3) bond financing for multifamily developments. Risk Share financing can be utilized for credit enhancement. Federally mandated tenant income restrictions apply.

RESOURCES ADMINISTERED BY THE MFA

SINGLE FAMILY DEVELOPMENT

The HOME/Single Family Development Program was discontinued in 2012. MFA is investigating the possibility of offering HOME construction lending to CHDOs from the CHDO set aside.

HOUSING COUNSELING

Several resources will be used to provide housing counseling to New Mexico households. Housing counseling includes both group and individual one-on-one counseling. Group sessions may include homebuyer education classes, financial fitness sessions, and post-purchase education. One-on-one counseling may include becoming mortgage ready, default and foreclosure prevention, and counseling for predatory lending.

HOME funds will be used to leverage additional resources for housing counseling. Approximately \$22,700 in HOME funds will be used as housing counseling fees paid to nonprofit organizations that provide homebuyer education to households that purchase a home and receive a Payment\$aver down payment assistance loan. The fee of \$350.00 per household is expected to be paid to fifteen different agencies that will provide homebuyer education to at least 60 first-time homebuyers.

OWNER-OCCUPIED HOUSING REHABILITATION

HOME funds will also be used to finance a statewide housing rehabilitation program. The program's objective is to assist low income homeowners in non-entitlement areas throughout the state. Assistance can be used to pay for the costs of rehabilitation required to meet applicable codes, standards or ordinances (including HQS/UPCS standards), essential improvements, energy-related improvements, lead-based paint hazard reduction, asbestos abatement and removal, accessibility for disabled persons, repair or replacement of major housing systems, incipient repairs and general property improvements of a non-luxury nature, and site improvements and utility connections. Depending on the household's annual gross anticipated income, adjusted for family size, assistance will take the form of a non-amortizing, zero percent interest loan, due on sale, transfer or refinance. Considering that no more than \$80,000 in HOME funds may be used per unit (excluding the soft costs incurred to test for and abate lead-based paint hazards), MFA strongly encourages the leveraging of multiple resources from the sub grantees that will deliver this program. The value of the home (as determined by appraisal or other method as approved by MFA) cannot exceed the HUD published 203(b) appraisal limits after rehabilitation. The combination of an existing mortgage loan and HOME loan cannot exceed the value of the home.

This program provides funding, on a first-come first-served basis, for the rehabilitation of homes occupied by eligible low-income homeowners. Funding of up to \$80,000 may be available to homeowners whose annual household income does not exceed sixty percent

(60%) of the area median income, adjusted for family size. Each homeowner enters into an Award and Restrictive Covenants Agreement or Tribal Land Award Agreement. The terms of the agreement will vary depending on the household's income. The loan will be non-amortizing, 0% interest subordinate loan that is due on sale, transfer or refinance during the affordability period. Eligible Partner Agencies may have up to five (5) projects open for funding at any one time. All new Eligible Partner Agencies may not have more than one (1) project open for funding at any one time. The Eligible Agency will be responsible for guaranteeing that the work is properly inspected and completed. It will be the obligation of the Eligible Agency to insure that the property meets all code requirements, construction standards and other HOME requirements, including but not limited to those associated with UPCS and lead-based paint.

RENTAL DEVELOPMENT

HOME funds will be used to leverage a number of rental development resources by providing gap financing. The priority for multifamily rental financing is for projects that will serve homeless individuals and special needs populations. HOME/Rental Development funds provide gap financing to nonprofit and for-profit developers, public and tribal entities, and CHDOs for construction, acquisition, or acquisition and rehabilitation of affordable rental housing. Units financed with HOME funds must be affordable to households earning at or below 60 percent of the area median income adjusted for family size, and awards may be further restricted by other federal funding limits. HOME funds will be used to fill the gap between the cost of development and other sources of funding. To the extent projects are able to carry senior market-rate debt; HOME dollars will be reduced accordingly maximize their efficiency. Projects must have demonstrated financing gaps and will be subject to underwriting standards that, among other criteria, verify that HOME funds are needed and will enhance affordability. Market studies, or other evidence of market need, are required at MFA's discretion. MFA accepts and review applications on a continuous basis. Additional CHDO set-aside funds are also available to projects meeting these guidelines and developed, sponsored, or owned by certified CHDOs. MFA sets aside 15 percent of its HOME allocation for CHDO development projects. Applicants are encouraged to produce units that are energy efficient with low water usage. The MFA will coordinate with the Department of Energy and Minerals and the Construction Industries Division on ways to ensure energy and water efficiency in new affordable housing developments. MFA will also seek to coordinate funding to promote energy efficient upgrades in affordable housing developments.

These awards will be in the form of below-market rate debt. Exceptions may be made for transitional and permanent rental housing, single room occupancy units (SROs) and group homes targeted for populations at or below 30 percent of the area median income. Staff may determine limits on the amount of funds available on an annual basis that will be awarded as grants versus loans. If the majority of HOME/Rental funds are drawn prior to completion and lease-up, guaranties by entities acceptable to MFA are required.

The HOME Rental Development program includes two components: HOME/LIHTC and HOME/Rental Incentives. HOME/LIHTC funds apply to projects that are simultaneously awarded federal Low Income Housing Tax Credits (LIHTC) for new construction, acquisition and rehabilitation, or refinancing and rehabilitation of affordable rental housing in MFA's annual competitive round. Projects using HOME funds in conjunction with the tax credit program must meet all the conditions and requirements set forth in the applicable Qualified Allocation Plan (QAP). HOME funds will be awarded on the basis of tax credit scoring until all HOME funds allocated for this purpose have been awarded. Based on availability of funds, HOME/Tax Credit awards may not exceed the lesser of (a) \$15,000 per unit for CHDOs/\$7,500 for non-CHDOs, (b) \$640,000 per project or (c) 80 percent of the project's total development costs. Award amounts and payment structures will be determined by the debt capacity of the individual project, and underwriting terms used to determine principal and payment amounts will meet the standards adopted for the LIHTC and HOME programs. Preference will be given to projects having a CHDO as developer, owner or sponsor.

A separate pool of HOME funds, HOME/Rental Incentives, cannot be used for projects that receive a competitive allocation of tax credits, although projects receiving tax credits associated with private activity bond volume cap (i.e. four percent credits) are eligible. Based on availability of funds, HOME/Rental Incentive awards may not exceed the lesser of (a) \$15,000 per unit for CHDOs/\$7,500 for non-CHDOs, (b) \$800,000 per project for CHDOs/ \$600,000 for non-CHDOs, or (c) 80 percent of the project's total development cost. The primary mortgage may be derived from tax-exempt bonds, 501(c)3 bonds, conventional loans or other sources, and award amounts and payment structures will be determined by the debt capacity of the individual project. Applications for these HOME funds will be accepted and reviewed on a continuous basis until all HOME funds allocated for this purpose have been awarded. Preference will be given to projects having a CHDO as developer, owner or sponsor.

TECHNICAL ASSISTANCE

The MFA will allocate resources toward developing the capacity of local partners to produce more affordable units. MFA General Funds will be allocated to increase capacity in several areas. In 2015, funds will be allocated to improve MFA partners' capacity to: 1) develop affordable single family housing; 2) improve capacity statewide to provide owner-occupied rehabilitation; 3) support a statewide permanent supportive housing developer; 4) increase partners' capacity to produce multifamily rental housing; and 5) provide management and organizational development.

Additionally, funds will be allocated to help local governments produce housing plans. These funds will be used to provide training, to contract with experts to work closely with partners in developing housing and housing plans and where appropriate, to enter into contracts with partners for services they provide. MFA is committed to continue identifying

or increasing the capacity of local non-profit organizations to administer rehabilitation projects and to undertake small development projects.

D.2. DFA CDBG RESOURCE USE

Several resources are available through the CDBG and Section 108 Loan Guarantee Program.

CDBG

The CDBG program requires that assistance be made available for activities that address at least one of the following: benefit principally low and moderate income families (up to 80 percent of area median income); aid in the prevention or elimination of slums or blight; or meet other community development needs of recent origin having a particular urgency because existing conditions pose a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

Under the CDBG program eligible applicants can apply for one of the following categories, contingent on funding availability; community infrastructure, housing, public facility capital outlay, economic development, emergency, colonias, or planning.

CDBG community infrastructure funds can be used for eligible activities that may include, but are not limited to, the following: real property acquisition, construction or rehabilitation of the following, water systems, sewer systems, municipal utilities, roads, streets, highways, curbs, gutters, sidewalks, storm sewers, street lighting, traffic control devices, parking facilities or solid waste disposal facilities. Local governments, excluding the entitlement areas can have one open project at any time for up to \$500,000 in CDBG infrastructure funds.

CDBG eligible housing activities may include, but are not limited to, the following: real property acquisition; rehabilitation, clearance, demolition and removal of privately-owned or acquired property for use or resale in the provision of assisted housing, provision of public facilities to increase housing opportunities; financing the repair, rehabilitation and in some cases reconstruction of privately-owned residential or other properties through either loan or grant programs; certain types of housing modernization, temporary relocation assistance; code enforcement; or historic preservation activities not to exceed sixty five thousand dollars (\$65,000) for home rehabilitation/repair activities. Local governments, excluding the entitlement areas can apply throughout the year for up to \$500,000, as long as funds are available.

CDBG public facility eligible activities may include, but are not limited to, such items as real property acquisition; construction or improvement of community centers, senior citizen centers, nonresidential centers for the handicapped such as sheltered workshops; other community facilities designed to provide health, social, recreational or similar community needs. Local governments, excluding the entitlement areas can have one open project at any time for up to \$500,000 for CDBG public facilities.

CDBG economic development funds can be used to assist communities in the promotion of economic development. Eligible economic development activities may include, but are not limited to, acquisition of real property; construction, reconstruction rehabilitation, or installation of public facilities; site improvements; utilities; commercial or industrial buildings or structures; other commercial or industrial real property improvements or planning. Local governments, excluding the entitlement areas can have one open project at any time for up to \$500,000 for CDBG economic development funds, as long as funds are available.

CDBG emergency funds provide funding for emergency projects that address life-threatening situations resulting from disasters or imminent threats to health and safety and are of recent origin when other financial resources are not available to meet such needs. Local governments, excluding the entitlement areas can have one open project at any time for up to \$500,000 for CDBG emergency funds, as long as funds are available.

CDBG planning funds may include, but are not limited to, items like consolidated plan and special studies such as base mapping, aerial photography, geographic information systems, or global positioning; satellite studies; improvement of infrastructure capital improvement plans and individual project plans; development of codes and ordinances that further refine the implementation of the comprehensive plan; climate change mitigation and adaptation plans; preliminary engineering reports (according to USDA/RUS guidelines); related citizen participation or strategic planning processes; or other functional or comprehensive planning activities; asset management plans or regionalization of infrastructure and service delivery. Applicants may apply for up to \$50,000 for CDBG planning funds throughout the year, as long as funds are available.

An application workshop will be held in the fall of 2014 for all eligible applicants with the application submission due in late spring of 2015. DFA will review CDBG applications with the rating and ranking criteria identified in the CDBG Rules and Regulations (NMAC 2.110.2). Once the rating and ranking is complete, a recommendation is submitted to the CDC. Once the rating and ranking is complete, a recommendation is submitted to the CDC. DFA will ensure that at least 70 percent of CDBG funds are used to activities that benefit low to moderate income persons.

Up to ten percent of the annual CDBG allocation will be set-aside for colonias areas. Specific colonias activities include water, sewer and housing improvements, which are the three conditions that qualify communities for designation to be carried out in areas along the US - Mexican border. Colonias eligible applicants are municipalities and counties located within 150 miles of the US - Mexico border. Colonias must be designated by the municipality or county in which they are located, and these entities may administer funds.

Two percent plus \$100,000 for administration, and one percent for technical assistance (TA) of the annual CDBG allocation is set-aside. Technical Assistance is provided to grantees in order to increase capacity of grantees carrying out eligible CDBG activities.

Technical assistance visits to CDBG grantees help avoid problems and improve performance. Technical assistance ranged from project file set up and pre-construction conference attendance as well as one-on-one CDBG implementation training and preparation for the CDBG applications. DFA staff also provides in-house TA.

Program income is no longer applicable for CDBG. Any remaining balances are allocated at the discretion of the Community Development Council (CDC) for planning, housing, economic development and/or emergency projects.

SECTION 108 LOAN GUARANTEE PROGRAM

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. Activities eligible for Section 108 Loan Guarantee Program financing include: 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.

E. INVESTMENT OF HUD RESOURCES IN 2015

Over the upcoming five-year planning cycle, and beginning in plan year 2015, the following represents how both the MFA and DFA will allocate its resources. However, because nearly all the HUD HOME and CDBG program activities are based upon a competitive process, with the financed projects selected through a competitive bidding process, precise descriptions are not yet possible. However, the following narrative

provides some indications as to how the upcoming geographic ranking will be accomplished.

E.1. DFA METHODOLOGY FOR ADMINISTERING CDBG PROGRAM RESOURCES IN 2015

The Community Development Council (CDC) and DFA have developed rating and ranking criteria for evaluation of CDBG projects. The selection criteria in the rating and ranking system will give priority to projects that firmly demonstrate the following: need, appropriateness, impact, and benefit to low and moderate income persons. Rating and ranking criteria can be found in Rule 2.110.2 of the New Mexico Administrative Code.

E.2. MFA METHODOLOGIES FOR ADMINISTERING HOME PROGRAM RESOURCES IN 2015

The MFA has updated its set of ranking criteria to reflect the most current data available. Down payment assistance will continue on a first-come, first-served basis and colonias and Native American trust lands will be assigned extra points in all competitive grant applications. Furthermore, developers of any new construction will be made aware of the construction accessibility requirements of both the federal Fair Housing Act and Section 504 of the Rehabilitation Act of 1973. MFA is not investing HOME funds in ways other than those allowed in 24 CFR 92.205(b).

The 2015 project categories are:

- Homebuyer Assistance
- Owner-Occupied Rehabilitation
- Rental Acquisition and Rehabilitation
- New Rental Construction
- CHDO Operating Funds

Ten percent of HOME funds are designated for administrative fees, including subgrantee administrative costs for the owner occupied rehab and lead-based paint remediation activities.

F. OBSTACLES IN MEETING UNDERSERVED NEEDS

Even though there are a variety of resources available, they are insufficient to address the degree of housing and community development needs in the state of New Mexico. The state has many high-poverty, low-employment areas with aging and substandard housing stock and many infrastructure needs. Meeting the needs in the colonias, in particular, remains especially difficult, due to the significant lack of even minimal infrastructure capacity. Land grant communities face the same obstacles as tribal lands because the land is not owned by individuals. Finally, there is a lack of capacity or a distribution network in many rural New Mexico communities, which makes it difficult to deliver services where they are needed.

IV. HOUSING AND COMMUNITY DEVELOPMENT STRATEGIES

A. 2015-2020 HOUSING AND COMMUNITY DEVELOPMENT PLAN SUMMARY

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. Furthermore, there may be a need to direct such housing resources by use of project selection criteria, which may be updated annually, based upon year-to-year need and local circumstances.

The strategies the state will pursue over the next five years are as follows:

1. Expand the supply of quality affordable housing
 - a. Finance multifamily rental new construction
 - b. Enhance homeowner new construction
2. Increase opportunities for homeownership
 - a. Provide financial assistance to prospective homeowners
3. Preserve the state's existing affordable housing stock
 - a. Provide resources for owner-occupied homeowner housing rehabilitation
 - b. Finance multifamily rental acquisition and rehabilitation
4. Provide housing for special needs populations, including 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 level and range of services provided to the homeless and persons at risk of homelessness
 - b. Increase the number of available living environments, especially permanent housing situations for persons who have been homeless or are at risk of homelessness.
6. Enhance the quality of New Mexico's community development activities.
 - a. Fund improvements to CDBG non-entitlement area water and sewer facilities
 - b. Fund improvements to CDBG non-entitlement area streets and storm sewers.
 - c. Fund infrastructure CDBG improvements in the colonias
 - d. Continue set-a-side for planning that includes comprehensive planning, asset management, preliminary engineering reports and any other studies or plans listed in CDBG rules and regulations

Each of the strategies identified above, as well as the objectives consistent with each strategy are discussed in greater detail below. Performance measurement criteria are presented at the end of each strategy narrative.

STRATEGY 1: EXPAND THE SUPPLY OF QUALITY AFFORDABLE HOUSING

The population throughout New Mexico continues to increase, and this growth is occurring more quickly in the urban areas and declining in the rural areas of the state. The demand for quality affordable housing will continue to rise along with population, but at different rates depending on the local community's economic, demographic and housing market conditions. The goal of the MFA's housing programs is, as stated in MFA's mandate, "to finance the acquisition, construction, rehabilitation, and improvement of residential housing for persons and families of low or moderate income within the state." MFA wishes to distribute program resources equitably and in response to specific needs around the state. MFA will continue to work with CHDOs, for-profits, non-profits, regional and local housing authorities, tribal housing entities, lenders, local and tribal governments and other agencies to facilitate the production of additional suitable affordable housing choices.

OBJECTIVES

Finance Multifamily Rental Housing New Construction

Because New Mexico's population is expanding in the more urban areas and a portion of this population may not be ready for homeownership, there remains a need to provide affordable new construction rental opportunities. Furthermore, in areas of static, or potentially declining populations, there remain opportunities to redevelop sites with desirable rental housing, thereby assisting to resuscitate communities in New Mexico. The new construction must be handled in a thoughtful manner that takes into consideration the issues and the long term viability of the entire community.

This objective can be accomplished through the following goals:

1. Encouraging leveraging of federal resources to generate multi-family rental housing new construction
2. Facilitating CHDO set aside resources for multi-family new construction
3. Funding rental redevelopment opportunities as opportunities are identified.

Enhance Homeowner New Construction

In New Mexico, many people wish to have the financial capability to be homeowners, there remains a need to provide affordable new construction for single-family homeownership. The new construction needs to be handled in a thoughtful manner that takes into consideration the issues of the entire community.

This objective can be accomplished through the following goals:

1. Assuring that mortgage funding is available to prospective eligible homeowners, with such new homes defined as new construction and new manufactured housing installations on permanent foundations

2. Funding residential new construction handled through Community Housing Development Organizations (CHDO)
3. Funding energy efficient residential development for green construction
4. Facilitating the donation of state and local land for the development of affordable housing single-family projects

PERFORMANCE MEASUREMENT CRITERIA

Finance Multi-family Rental Housing New Construction

Availability/Accessibility: The number of eligible households that benefit from new rental construction

Affordability: The number of affordable rental housing units that have been financed

Sustainability: The number of affordable rental housing units that have been added to the affordable rental housing stock

Enhance Homeowner New Construction:

Availability/Accessibility: The number of eligible households that benefit from new construction

Affordability: The number of affordable single-family units that have been built for homeownership

Sustainability: The number of affordable single-family units that have been added to the affordable housing stock

STRATEGY 2: INCREASE OPPORTUNITIES FOR HOMEOWNERSHIP

MFA and its service providers are committed to enhancing opportunities for homeownership to eligible low-income citizens.

OBJECTIVES

Provide Financial Assistance to First-Time Homebuyers

This objective can be accomplished through the following goals:

1. Furnishing homebuyer education classes, financial counseling and post-purchase educational opportunities
2. Providing loans, financing and access to credit to qualified low-income buyers
3. Providing down payment assistance, providing closing cost assistance, reducing the principal loan amount, or buying down the interest rate

PERFORMANCE MEASUREMENT CRITERIA

Provide Financial Assistance to First-Time Homebuyers:

Availability/Accessibility: The number of eligible households that have received educational training, financial counseling or post-purchase educational opportunities

Affordability: The number of eligible households that have been able to purchase their first home

Sustainability: The number of affordable units that have been acquired by first-time homebuyers through MFA assistance

STRATEGY 3: PRESERVE THE STATE'S AFFORDABLE HOUSING STOCK

The state of New Mexico has many housing units that are indicative of key cultural and societal values, but at the same time these units are in need of repair and maintenance. Furthermore, some areas of the state are growing slowly, thereby affecting demand for existing structures in need of upkeep. It is the position of the MFA that for those homes that are suitable for rehabilitation, efforts need to be taken to preserve properties suitable for repair as well as those properties with historic, architectural or cultural value for future generations.

Provide Resources for Owner-Occupied Homeowner Housing Rehabilitation

This objective can be accomplished through the following goals:

1. Facilitating owner-occupied housing rehabilitation
2. Explore funding for emergency repair, weatherization or accessibility improvements to owner-occupied units

Finance Multifamily Rental Acquisition and Rehabilitation

This objective can be accomplished through the following goals:

1. Encouraging leveraging of federal resources to stimulate rental housing acquisition and rehabilitation
2. Facilitating CHDO set aside resources for rental acquisition and rehabilitation

PERFORMANCE MEASUREMENT CRITERIA

Provide Resources for Owner-Occupied Homeowner Housing Rehabilitation:

Availability/Accessibility: The number of eligible homeowner households that have received such rehab

Affordability: The number of affordable housing units that have been rehabilitated

Sustainability: The number of affordable homeowner units that have been rehabilitated and remain affordable

Finance Multi-Family Rental Acquisition and Rehabilitation:

Availability/Accessibility: The number of eligible units that have benefited from rental rehabilitation

Affordability: The number of rental units that have undergone rehabilitation and remain affordable

Sustainability: The number of units that have been rehabilitated and become additions to the affordable rental housing stock

STRATEGY 4: PROVIDE HOUSING FOR SPECIAL NEEDS POPULATIONS, INCLUDING HIV/AIDS

Throughout the state of New Mexico, there remain a number of groups with developmental, physical and other disabilities that are in need of housing and housing related services, including persons living with HIV or AIDS. Furthermore, areas of the state have these needs in varying degrees.

Encourage the development of special needs housing with services

This objective can be accomplished through the following goals:

1. Providing grants for pre-development costs for special needs housing development
2. Providing low-interest loans to make accessibility improvements to for people with disabilities
3. Providing financial incentives for housing supportive services for the elderly, persons with physical or mental disability, and other special needs populations

Expand housing opportunities and access for special needs populations

This objective can be accomplished through the following goals:

1. Explore the provision of funds to make accessibility improvements to existing rental housing for people with disabilities
2. Providing financial incentives for the development of rental housing supportive services for the elderly, persons with physical or mental disability and other special needs with services
3. Provide rental assistance for persons with special needs

Fund non-profit entities providing housing and related services for and persons living with HIV/AIDS

This objective can be accomplished through the following goal:

1. Providing funds to non-profit organizations that serve people with special needs including those who are HIV-positive and/or are living with AIDS, such as short term rent, mortgage and utility payments, continued rental assistance for low-income households, and related supportive services
2. Promote the leveraging of CDBG, ESG, HOME, McKinney-Vento Continuum of Care, HUD's special voucher programs, state Housing and Services funds with new funding sources

3. Providing funds for facility-based housing assistance

PERFORMANCE MEASUREMENT CRITERIA

Encourage the development of special needs housing with supportive services:

Availability/Accessibility: The number of persons served with housing or with related services; the number of households served with housing or with related services

Affordability: The number of housing units that have been made available for special needs populations

Sustainability: The number of units that have been made available for special needs populations and added to the affordable housing stock

Expand housing opportunities and access for special needs populations:

Availability/Accessibility: The number of special needs persons served; the number of households served with housing or with housing related services; the number of affordable rental units that have been made accessible for special needs populations

Affordability: The number of rental units that have been created or modified for accessibility and that remain affordable

Sustainability: The number of units that have been made accessible and added or rehabilitated

Fund entities providing housing and related services for HIV-positive persons and persons living with AIDS.

Availability/Accessibility: The number of HIV/AIDS households served with housing without related services; the number of HIV/AIDS households served with housing and related services

Affordability: The number of HIV/AIDS households that were assisted without services; the number of HIV/AIDS households that were assisted with services

Sustainability: The number units that were rehabilitated and/or added to the HIV/AIDS available stock of units

STRATEGY 5: REDUCE THE INCIDENCE OF HOMELESSNESS

While the population is continuing to grow, the incidence of homelessness remains a difficulty for the state. The MFA is committed to reducing the incidence of homelessness and the risk of homelessness throughout New Mexico.

Increase the level and range of services provided to people experiencing homelessness:

This objective can be accomplished through the following goals:

1. Improving the data collection methods for determining homeless populations, particularly in rural areas
2. Enhancing homelessness prevention activities, to include rental assistance, counseling and other training opportunities

3. Expanding rapid rehousing including rental assistance and support services

Increase the number of available living environments

This objective can be accomplished through the following goals:

1. Expanding the supply of permanent and permanent supportive housing for people experiencing homelessness
2. Expand transitional housing for homeless youth and victims of domestic violence.

PERFORMANCE MEASUREMENT CRITERIA

Increase the level and range of services provided to people experiencing homelessness:

Availability/Accessibility: The number of homeless persons provided with services; the number and types of services provided to persons experiencing homelessness

Affordability: The number of persons who gained a stable transitional or permanent housing situation

Increase the number of available living environments:

Availability/Accessibility: The number of homeless persons going from transitional housing to permanent housing; the number of homeless persons placed in permanent supportive housing units who stay at least 6 months

Affordability: The number of transitional housing units created; the number of permanent supportive housing units created

Sustainability: The number of previously homeless persons in transitional housing; the number of previously homeless persons placed in permanent supportive housing

STRATEGY 6: ENHANCE THE QUALITY OF INFRASTRUCTURE, PUBLIC FACILITIES AND HOUSING

The New Mexico Department of Finance and Administration, Local Government Division, has the responsibility of administering the state's Community Development Block Grant (CDBG) Program for non-entitlement communities.

This strategy will include a focus on providing a suitable living environment through, but not limited to the following:

- Water, wastewater, storm sewers and streets: Funds will be allocated to improve the infrastructure for low and moderate income persons and priority will be given to those projects that are ready to proceed.
- Colonias: Funds will be allocated to improve the infrastructure and housing needs in the colonias and priority will be given to those projects that are ready to proceed.
- Planning: Funds will be allocated to projects that update their comprehensive plans, asset management plans, preliminary engineering reports, and other plans and studies identified in rules and regulations.

- Housing: Funds will focus on providing decent housing through allocating funding to projects related to housing activities for low to moderate income persons and priority will be given to housing rehabilitation projects.
- Economic Impact: Expanding economic opportunities will be given to projects that create and/or retain jobs for low and moderate income persons.

Enhance the quality of New Mexico's infrastructure

This objective can be accomplished through the following goals:

1. Funding improvements to CDBG non-entitlement area water/wastewater systems and streets
2. Funding infrastructure improvements in the designated colonias areas
3. Encourage planning that includes the entities comprehensive plan, asset management, preliminary engineering reports, and any other studies

PERFORMANCE MEASUREMENT CRITERIA

Enhance the quality of New Mexico's infrastructure:

Availability/Accessibility: The number of water or wastewater projects and streets completed; the number of colonias projects completed, by type of project; the number of planning projects that will provide readiness; the number of housing units rehabilitated and/or produced

Affordability: The number of eligible persons assisted with new water or wastewater systems; the number of persons within colonias assisted with water/wastewater or other infrastructure projects; the number of eligible persons who the improved facilities will serve; the number of persons assisted with housing rehabilitation

Sustainability: The economic development benefits imparted to each community receiving the enhanced infrastructure investments, including the colonias; the economic development benefits imparted to each community whose public facilities have been improved

B. ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

In exchange for federal funds, the state of New Mexico is required to submit to the U.S. Department of Housing and Urban Development (HUD) certification that it is affirmatively furthering fair housing. This certification has three elements and requires that the state:

1. Complete an Analysis of Impediments to Fair Housing Choice (AI);
2. Take actions to overcome the effects of any impediments identified through the analysis; and
3. Maintain records reflecting the actions taken in response to the analysis.

HUD defines impediments to fair housing choice in terms of their applicability to local, state and federal law. In New Mexico, barriers would include:

- Any actions, omissions or decisions taken because of race, color, religion, national origin, sex, familial status, mental or physical disability, ancestry, sexual orientation, gender identity, and spousal affiliation (protected classes) which restrict housing choices or the availability of housing choice.
- Any actions, omissions or decisions which have the effect of restricting housing choices or the availability of housing choice on the protected classes previously listed.

B.1. FAIR HOUSING CERTIFICATION

In accordance with the applicable statutes and regulations governing the consolidated plan, the MFA and DFA certify that they will affirmatively further fair housing. This means that the MFA and DFA have conducted an AI within the state, will take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard. A summary of the most recent AI is noted below.

B.2. A SUMMARY OF THE 2014 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE - PURPOSE AND PROCESS

As a requirement of receiving funds under the Community Development Block Grant (CDBG), the HOME Investment Partnerships (HOME), and the Emergency Solutions Grant (ESG), entitlement jurisdictions must submit certification of affirmatively furthering fair housing to the U.S. Department of Housing and Urban Development (HUD). This certification has three elements:

1. Complete an Analysis of Impediments to Fair Housing Choice (AI),
2. Take actions to overcome the effects of any impediments identified, and
3. Maintain records reflecting the actions taken in response to the analysis.

In the *Fair Housing Planning Guide*, page 2-8, HUD provides a definition of impediments to fair housing choice as:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices [and]
- Any actions, omissions, or decisions which have [this] effect. . .²

² U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity. *Fair Housing Planning Guide*. Vol. 1, p. 2-8.

http://www.hud.gov/offices/cpd/about/conplan/fairhousingexs/Module5_TopSevenAFFH.pdf

The list of protected classes included in the above definition is drawn from the federal Fair Housing Act, which was first enacted in 1968. However, state and local governments may enact fair housing laws that extend protection to other groups, and the AI is expected to address housing choice for these additional protected classes as well. In New Mexico, Human Rights Law has extended protections based on physical or mental handicap, serious medical condition, spousal affiliation, ancestry, age, sexual orientation, and gender identity³.

The AI process affirmatively furthers fair housing involves a thorough examination of a variety of sources related to housing, the fair housing delivery system, and housing transactions, particularly for persons who are protected under fair housing law.

The development of an AI also includes public input and review via direct contact with stakeholders, public meetings to collect input from citizens and interested parties, distribution of draft reports for citizen review, and formal presentations of findings and impediments, along with actions to overcome the identified impediments.

IMPEDIMENTS TO FAIR HOUSING CHOICE AND SUGGESTED ACTIONS

Private Sector Impediments, Suggested Actions, and Measurable Objectives

Impediment 1: More frequent denial of home purchase loans to American Indian and Hispanic residents: This impediment was identified through review of data collected through the Home Mortgage Disclosure Act (HMDA), review of the geographic distribution of home purchase loan denials. Loan applications from American Indian applicants were denied 48.8 percent of the time on average between 2004 and 2012, compared to an average denial rate of 24.6 percent for all applicants. Similarly, 31.2 percent of home loan applications from Hispanic applicants were denied compared to an average rate of 19.4 percent for all applicants. Review of the geographic distribution of home purchase loan denials revealed that these loans tended to be concentrated in areas with high proportions of American Indian and Hispanic residents.

Action 1.1: Educate buyers through credit counseling and home purchase training.

Measurable Objective 1.1: The number of outreach and educational activities conducted, and number of clients who have participated in those activities.

Impediment 2: Predatory style lending falls more heavily on Native American and Hispanic borrowers: This impediment was identified through data collected through the HMDA, review of the geographic distribution of high annual percentage rate loans (HALs), and results of the 2014 Fair Housing Survey. American Indian residents who were able to secure a loan were charged high annual percentage rates in 28.5 percent of those loans. This is more than twice the rate at which these loans were issued to all borrowers in non-

³ New Mexico Statutes §28-1-7, available at <http://public.nmcompcomm.us/nmpublic/gateway.dll/?f=templates&fn=default.htm>

entitlement areas of the state. Similarly, one in five loans that Hispanic borrowers received were HALs, compared to 11.4 percent for non-Hispanic borrowers. In addition, these HALs were largely concentrated in the northwestern portion of the state, an area with high concentrations of American Indian residents, and much of which lay within tribal reservation boundaries.

Action 2.1: Educate buyers through credit counseling and home purchase training.

Measurable Objective 2.1: The number of outreach and educational activities conducted, and number of clients who have participated in those activities.

Impediment 3: Discriminatory terms, conditions, and privileges relating to rental: This impediment was identified through review of fair housing complaints submitted to HUD by residents of non-entitlement areas of New Mexico. Complaints alleging this specific type of discrimination figured strongly in all of the complaints HUD received from 2004 through 2013, as well as the portion of those complaints found to have cause.

Action 3.1: Continue to educate landlords and property management companies about fair housing rights through training and counseling sessions.

Measurable Objective 3.1: The number of outreach and educational activities conducted, and number of landlords and other housing providers who have participated in those activities.

Impediment 4: Discriminatory refusal to rent: This impediment was also identified through review of complaints submitted to HUD. This complaint figured strongly among all complaints collected by HUD, as well as those that were determined to have cause.

Action 4.1: Increase outreach and educational efforts to increase awareness of fair housing and affirmatively furthering fair housing among property managers and landlords.

Measurable Objective 4.1: Number of outreach and educational activities conducted, materials prepared, and record of participation in such activities.

Impediment 5: Failure to make reasonable accommodation or modification: This impediment was identified in review of HUD complaints, complaints received by the New Mexico Human Rights Bureau (HRB), the review of literature and relevant cases, the Fair Housing Forum, and the 2014 Fair Housing Survey. Discrimination on the basis of disability was the most common complaint that HUD received from residents of non-entitlement areas of the state, and failure to make reasonable accommodation figured strongly in overall HUD complaints as well as in those complaints that were found to have cause. Complaints based on disability and citing reasonable accommodation as the relevant issue were also among the most common complaints received by the HRB. Review of fair housing cases brought by the Department of Justice against New Mexico housing providers further highlight discrimination on the basis of disability. All of the cases profiled in this report, which includes all fair housing cases the DOJ has filed in the state in the last decade, pertain to disability. In addition, participants in the Fair Housing Forum

raised their concern that residents with disabilities may not feel confident in making reasonable accommodation requests to their landlords. Finally, survey respondents cited reluctance on the part of landlords to allow modifications to properties that represent reasonable accommodation, as well as a lack of clarity in existing accessibility standards.

Action 5.1: Conduct audit testing on newly constructed rental units.

Measurable Objective 5.1: The number of audit tests completed, and records of the outcome of those tests.

Impediment 6: Insufficient understanding of fair housing laws: This impediment was identified through a review of fair housing studies and the 2014 Fair Housing Survey. Fair housing studies undertaken at the national level from 2000 to the present underscore a pervasive lack of knowledge of fair housing law and policy, and participants in the fair housing survey cited a need for greater education among stakeholders and residents of the state who are in search of housing.

Action 6.1: Hold annual public meetings and other outreach activities pertaining to fair housing and affirmatively furthering fair housing during Fair Housing Month (April), and broadcast statewide using technology meeting software.

Measurable Objective 6.1: Records of the meetings, presentation materials for the meetings, and marketing materials used to publicize those meetings.

Action 6.2: Create and distribute fair housing flyers and informational brochures to grantees, applicants, and the general public.

Measurable Objective 6.2: The number of such materials printed and distributed.

Public Sector Impediments, Suggested Actions, and Measurable Objectives

Impediment 1: Insufficient understanding of fair housing laws: This issue was previously cited in the list of private sector impediments, and the sources by which this impediment was identified in that case are the same here. This impediment was included as private and public sector impediments to underscore the fact that the problems stemming from this lack of understanding play out in both public and private sector housing contexts, as well as to highlight the role that public policy may play in addressing this impediment.

Action 1.1: Hold annual public meetings and other outreach activities pertaining to fair housing law during Fair Housing Month (April), and broadcast statewide using technology meeting software.

Measurable Objective 1.1: Records of the meetings, presentation materials for the meetings, and marketing materials used to publicize those meetings.

Action 1.2: Create and distribute fair housing flyers and informational brochures to grantees, applicants, and the general public.

Measurable Objective 1.2: The number of such materials printed and distributed.

Action 1.3: Add to CDBG grantee application forms selection criteria related to the adoption and implementation of local fair housing ordinances and/or policies

Measurable Objective 1.3: The points added to the grant application forms and the adoption of local policies and ordinance.

Impediment 2: Fair Housing infrastructure largely lacking outside of Albuquerque and Santa Fe: This impediment was identified in the review of the fair housing structure, state anti-discrimination laws, and during the Fair Housing Forum. While residents of Albuquerque and Santa Fe are protected by local fair housing ordinances, and Albuquerque is served by the Office of Diversity and Human Rights, there are no New Mexico agencies certified by HUD as participants in the Fair Housing Assistance Program (FHAP) in New Mexico, nor have there been any organizations acting as participants in the Fair Housing Initiative Program (FHIP) in the state since 2008.

Action 2.1: Seek partner to facilitate creation of local fair housing organization and potential FHIP participant.

Measurable Objective 2.1: Record of outreach conducted and organizations contacted, as well as records of correspondence generated in the course of those outreach efforts.

Impediment 3: Insufficient oversight of manufactured home lenders: This impediment was identified in review of loan data gathered under the HMDA, as well as the geographic distribution of loan denials in the state. Two of the lenders profiled in this report denied American Indian home purchase loan applicants at extremely high rates when those applicants were seeking a home purchase loan for manufactured housing. In addition, a high number of loan originations for manufactured housing units were identified as predatory in nature.

Action 3.1: Increase outreach and educational efforts to increase awareness of fair housing and affirmatively furthering fair housing among lending institutions.

Measurable Objective 3.1: The number of outreach and educational activities conducted, materials prepared, and record of participation in such activities.

Action 3.2: Increase outreach and education to mobile home buyers concerning mortgage lending and predatory style lending.

Measurable Objective 3.2: The number of outreach and educational activities conducted, materials prepared, and record of participation in such activities.

Impediment 4: NIMBYism: This impediment was identified through review of the Fair Housing Forum and 2014 Fair Housing Survey. “NIMBYism is alive and very well,” according to one Forum participants, and several forum participants perceived a “not in my backyard” mentality to be especially prevalent in the southern part of the state. Survey participants claimed that “[the] zoning laws are manipulated”, that “county assessors [are] unwilling to put affordable housing tax exemption in place”, and that the “approval process is time consuming and expensive. It contradicts the term affordable housing.” NIMBYism was also cited at several points by respondents to the 2014 Fair Housing Survey, particularly in the public sector portion of the survey.

Action 4.1: Hold annual public meetings and other outreach activities pertaining to fair housing and affirmatively furthering fair housing during Fair Housing Month (April), and broadcast statewide using technology meeting software.

Measurable Objective 4.1: Records of the meetings, presentation materials for the meetings, and marketing materials used to publicize those meetings.

Action 4.2: Hold outreach meetings and educational trainings with prospective grantees and units of local government pertaining to the duty to affirmatively further fair housing.

Measurable Objective 4.2: Records of the meetings and trainings, presentation materials for the meetings, and recruitment materials used to solicit participation in the trainings and meetings.

B.3. ACTIONS MFA WILL TAKE IN 2015

During the 2015 program year, MFA will take the following actions in regard to its certification to affirmatively further fair housing:

1. Enhance knowledge of fair housing law and issues that are illegal and who is protected under state and federal law, particularly for members of minority racial and ethnic groups.
2. Enhance knowledge and use of complaint system and where to turn in case of alleged fair housing violation, particularly for members of minority racial and ethnic groups and areas of high concentration of lower income households.
3. Enhance understanding of credit markets, how to establish and keep good credit, and what are the attributes of a predatory loan, particularly for lower-income resident and minority racial groups that have higher denial rates and originated loans that have higher interest rate terms.

These activities will be implemented in such a fashion to ensure that those who tend to be most affected by fair housing violations, such as racial and ethnic minorities, particularly lower-income persons and renters, will have an enhanced understanding of fair housing.

B.4. ACTIONS DFA WILL TAKE IN 2015

During the 2015 Program DFA will take the following actions in regard to its certification to affirmatively further fair housing:

1. Enhance knowledge of fair housing laws and issues that are illegal and who is protected under state and federal law particularly for members of minority racial and ethnic groups by distributing information through flyers and handouts
2. Enforcing that all CDBG grantees must develop and adopt a Fair Housing resolution or proclamation annually
3. Supporting that all CDBG grantees must also conduct a Fair Housing activity annually

IV. Housing and Community Development Strategies

Impediment	Suggested Action	Goals	Protected Classes Assisted	Measureable Objectives	Performed By	Timeline
Private Sector						
1. Home loan denials to minority borrowers	home purchase training	MFA will produce Fair Housing informational brochures in English and Spanish giving information and references to applicable rules, regulations, and HUD contact information.	All	No. of activities, materials, participants	MFA/DFA	Quarterly
2. Predatory lending to minority borrowers	home purchase training	MFA will produce and prominently display signage for project sites to provide notice of Fair Housing (Equal Opportunity Housing Logo) to attract potential renters (or homeowners in projects with homeownership) from minority and non-minority groups regardless of protected class.	All	No. of activities, materials, participants	MFA/DFA	Quarterly
3. Discriminatory terms in rental housing	Landlord/property management training	Staff will participate in MFA sponsored annual Fair Housing trainings to better monitor compliance at MFA-funded housing projects. Developers, agencies, and managers will be invited to attend.	All	No. of activities, materials, participants	MFA/DFA	Quarterly
4. Discriminatory refusal to rent	Landlord/property management training	MFA will ensure that contracts and award letters alert recipients to Fair Housing requirements using separate information with reference to applicable rules, regulations, and HUD contact information.	All	No. of activities, materials, participants	MFA/DFA	Quarterly

IV. Housing and Community Development Strategies

5. Failure of reasonable accommodation	Inspection of newly constructed MFA financed housing units	As part of the annual update to the Consolidated Plan, MFA will conduct an annual review of housing statewide to ascertain shortfalls in location, availability, and accessibility in a range of unit sizes (per HUD Table 2A).	All	No. of inspections and outcomes of inspections	MFA	Quarterly
6. Lack of understanding of fair housing laws	Meeting/outreach in Fair Housing Month	MFA will investigate and potentially produce an online housing dashboard providing interactive analytical data on housing, demographics, and economics for New Mexico which will enable local jurisdictions to be more thorough in preparing their Affordable Housing Plans.	All	No. of activities, materials, participants	MFA/DFA	Quarterly
	Distribution of fair housing materials			No. of materials distributed		
Public Sector						
1. Insufficient understanding of fair housing laws	Meetings/Outreach in Fair Housing Month	MFA's underwriting of multifamily project developments will continue to consider the integration of affordable housing throughout each community's geography and throughout the state so as not to confine developments to existing lower income neighborhoods and also avoid concentrations of race and disability.	All	Records of meetings, presentation and marketing materials	MFA/DFA	Quarterly
	Distribution of fair housing materials			No. of materials distributed		
	Add criteria to CDBG grant applications for fair housing planning and policies			Points specified in application materials	DFA	2015 and thereafter

IV. Housing and Community Development Strategies

2. Limited fair housing infrastructure	Support local FHIP applicant(s)	Continue to participate in state-wide forums for housing such as the Supportive Housing Coalition that includes advocates for special needs populations. In partnering with these other organizations, MFA is better able to understand and assist in a number of Fair Housing related issues including: refugee housing, disposition and repairs for public housing, assistance to troubled housing authorities, homeownership in lower income areas, housing for the homeless, eviction and foreclosure prevention, housing for those previously incarcerated, youth in transition, and housing for the disabled and elderly.	All	Record of outreach, organizations contacted, correspondence	MFA/DFA	Quarterly
3. Lack of oversight of manufactured home lenders	Outreach/education to lending institutions	MFA will incorporate into monitoring procedures and checklists a verification that project managers are Affirmatively Furthering Fair Housing, assess what percentage of occupancy is utilized by protected classes (disability, familial status) through set-aside tracking, verify that Fair Housing signage is adequately displayed, and that efforts are ongoing to market to residents from certain protected classes (to fill the corresponding set-aside). A formal set-aside policy is included in the MFA Program Rules and Guidelines to ensure existing set-aside units are being filled with the	All	No. activities, materials, participants	MFA/DFA	Quarterly
	Outreach/education to mobile home buyers			No. activities, materials, participants	MFA/DFA	Quarterly

IV. Housing and Community Development Strategies

		appropriate demographic.				
4. NIMBYism	Meetings/Outreach in Fair Housing Month	MFA/DFA's use of HUD funds will provide outreach for funded activities to minorities, women, and businesses owned by minorities and women, including real estate firms, construction firms, appraisal firms, managements firms, underwriters, accountants, and providers of legal services. Section 3 guidelines will also be followed and maintained.	All	Records of meetings, presentation and marketing materials	MFA/DFA	Quarterly

C. BARRIERS TO AFFORDABLE HOUSING

The 2014 Housing and Community Development survey provided respondents with a list of a number of possible barriers to affordable housing and asked participants to select any barriers that they felt existed in New Mexico. The results are presented in Table IV.1 at right. The cost of land or lot was voiced most often by respondents as a barrier to affordable housing, followed a Not in My Back Yard (NIMBY) mentality. This phrase refers to a “Not in My Backyard” mentality that resists construction of projects like public or supportive housing in neighborhoods and communities. This was followed by cost of materials and cost of labor. While the MFA can do very little about the market driven costs of materials or labor, the costs of lands or lots could be combated with land trusts or tax incentives.

Lack of affordable housing development policies and lack of other infrastructure were also cited by numerous respondents as a barrier to affordable housing. This concern was also raised in the focus groups, as discussed in the following section. As the housing stock in New Mexico ages, the need for rental demolition and reconstruction or rehabilitation increases. The MFA might address this barrier through incentives for multifamily unit owners to rehab rental properties.

Respondents were also provided with an opportunity to offer their own commentary about barriers to affordable housing and several themes emerged from these narrative responses:

- The cost of land, labor, and/or materials are incompatible with creating affordable housing options.
- Educating the public is essential to combat NIMBYism and promote the development of more affordable housing options.
- Non-profits cannot afford to build low-income housing solutions because of the lack of funding or inability to fill funding gaps.
- There is a lack of sufficient infrastructure or water resources to meet growing needs.
- Wages are too low in the state to give families access to housing that is desirable.

MFA and the state of New Mexico will take the following actions to remove barriers to affordable housing:

Table IV.1
Do any of the following acts as barriers to the development or preservation of housing?

State of New Mexico

2014 Housing and Community Development Survey

Barrier	Number of Citations
Cost of land or lot	133
Not In My Back Yard (NIMBY) mentality	122
Cost of materials	121
Cost of labor	106
Lack of Affordable housing development policies	96
Lack of other infrastructure	95
Permitting process	79
Lack of water system	78
Lack of sewer system	76
Construction fees	63
Lack of water	62
Permitting fees	54
Impact fees	54
Density or other zoning requirements	53
Lack of qualified contractors or builders	52
Lack of available land	52
Building codes	41
Lot size	29
ADA codes	27
Other Barriers	26

- Identify ways to increase the availability of contractors in the state;
- Strengthen delivery channels and build capacity to develop and rehab housing in underserved areas;
- Promote the development of new organizations to provide housing counseling and financial fitness education around the state; and
- Encourage universal design or adaptability in new construction of single and multifamily homes.

D. LEAD-BASED PAINT HAZARDS

Housing units built before 1940 are most likely to contain lead-based paint. Units built between 1940 and 1978 have a lesser risk (lead was removed from household paint after 1978), although many older units may have few if any problems depending on construction methods, renovation and other factors.

Table IV.2 presents the total number of housing units estimated to have lead-based paint risks and shows that a significant number of housing units in the state were at risk of lead-based paint contamination, a total of 271,324 in 2000. By 2012, an estimated 258,901 housing units were at risk of lead-based paint contamination, showing a slight decrease in the number of units with lead-based risks.

Table IV.2
Lead-Based Risks to Occupied Housing Units
State of New Mexico
2000 Census SF3 & 2012 Five-Year ACS Data

Year Built	2000 Census	2012 Five-Year ACS
	Units	Units
1939 or Earlier	35,099	33,152
1940 to 1949	30,254	25,602
1950 to 1959	63,964	64,859
1960 to 1969	52,783	47,804
1970 to 1979	89,224	87,484
Total	271,324	258,901

Table IV.3, on the following page, presents data regarding the number of households at risk of lead-based paint hazards, broken down by tenure, presence of children age 6 and under, and income. Owner-occupied households showed 20,572 units with young children at risk of lead-based paint exposure, and renter-occupied households showed 18,083 units with young children at risk of lead-based paint exposure. In total, 38,755 households showed the capacity to pose lead-based paint health risks for children age 6 or younger. Owner occupied households faced a risk of lead-based paint to children under 6 at all income levels, with rates of risk of lead exposure between 10 and 13 percent across income levels. Conversely, renter occupied households had a higher rate of risk of exposure for children

under 6 at lower income levels, with rates of risk around 23 percent for households with incomes at or below 80 percent HUD's Area Median Family Income (HAMFI).

In the state of New Mexico, only one to two out of 1,000 children tested for exposure to lead showed elevated blood lead levels between 2006 and 2010. These figures show that blood lead levels in children in New Mexico are somewhat lower than the national average.⁴

Table IV.3
Households at Risk of Lead Based Paint by Tenure by Income

State of New Mexico
2006–2010 HUD CHAS Data

Income	One or more children age 6 or younger	No children age 6 or younger	Total
Owner Occupied Households			
30% HAMFI or less	1,721	15,177	16,898
30.1-50% HAMFI	1,985	18,552	20,537
50.1-80% HAMFI	3,628	26,609	30,237
80.1%-100% HAMFI	2,420	15,237	17,657
100.1% HAMFI and above	10,919	85,445	96,364
Total	20,672	161,021	181,693
Renter Occupied Households			
30% HAMFI or less	5,157	17,162	22,319
30.1-50% HAMFI	3,933	12,954	16,886
50.1-80% HAMFI	4,224	14,906	19,130
80.1%-100% HAMFI	1,549	6,695	8,244
100.1% HAMFI and above	3,220	20,632	23,852
Total	18,083	72,348	90,431
Total			
30% HAMFI or less	6,878	32,339	39,217
30.1-50% HAMFI	5,918	31,506	37,423
50.1-80% HAMFI	7,852	41,515	49,367
80.1%-100% HAMFI	3,968	21,932	25,901
100.1% HAMFI and above	14,139	106,077	120,216
Total	38,755	233,369	272,124

To overcome these prospective hardships, the MFA works in partnership with the regional Environmental Protection Agency office, DFA, Public Housing Authorities and other local partners to increase the number of trained, licensed and certified personnel able to determine the risks of lead hazards and any corresponding remediation measures of pre-1978 housing in New Mexico. Although housing rehab activities are underway and MFA

⁴ http://archive.nmhealth.org/eheb/lead_stats.shtml

applies the Lead-Safe Housing Rule uniformly, there still appear to be insufficient personnel trained in lead-safe work practices, licensed risk assessors and abatement contractors available in the state to perform remediation.

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

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.

E. ANTI-POVERTY STRATEGY

The role the MFA performs in reducing poverty is to foster and promote self-sufficiency and independence. To better empower individual and families toward this goal, the following strategies will be put to work:

- Promote sustainable economic development through affordable housing and other community development activities;
- Assist households in achieving housing stability, which in turn reduces the likelihood of poverty;
- Encourage rental projects to provide services to tenants, including financial literacy;
- Maintain a strong relationship with the New Mexico Coalition to End Homelessness to enhance and promote stabilization of homeless individuals and families and encourage transition to stable, permanent housing situations;
- Enhance efforts to educate the public and interested persons about available supportive services that foster self-sufficiency and independent living arrangements; and
- Assist low-income households in reducing energy costs.

F. RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

This Residential Anti-displacement and Relocation Assistance Plan (RARAP) is prepared by the New Mexico Mortgage Finance Authority (MFA) in accordance with the Housing and Community Development Act of 1974 “Act,” as amended; and HUD regulations at 24 CFR §42.325 and is applicable to MFA’s HOME Investment Partnership Program (HOME) assisted projects.

Relocation Assistance to Displaced Persons

MFA, through its subgrantees, will offer relocation assistance for lower-income tenants who, in connection with an activity assisted under HOME move permanently or move personal property from real property as a direct result of the demolition of any dwelling unit or the conversion of a lower-income dwelling unit in accordance with the requirements of 24 CFR §42.350.

A displaced person who is not a lower-income tenant will be offered relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), (Pub. L 91-645, 42 U.S.C. 4601 §§ et seq).

Rental replacement payments will be made in at least three installments except that lump sum payments may be made to cover (1) moving expenses, (2) a downpayment on the purchase of replacement housing, or incidental expenses related to (1) or (2).

Minimize Displacement

Consistent with the goals and objectives of activities assisted under the Act, MFA will require its subgrantees to take the following steps to minimize the direct and indirect displacement of persons from their homes:

- Plan construction activities to allow tenants to remain in their units as long as possible, by rehabilitating empty units or buildings first.
- Where feasible, give priority to rehabilitation of housing, as opposed to demolition, to avoid displacement.

OneforOne Replacement of Lower Income Dwelling Units (HOME only)

MFA will replace all occupied and vacant occupiable lower income dwelling units demolished or converted to a use other than lower income housing in connection with a project assisted with funds provided under the HOME Program in accordance with 24 CFR §42.375.

Before MFA enters into a written agreement committing MFA to provide funds for a project that will directly result in the demolition or conversion of lower-income dwelling units, subgrantees will make public by publication in a newspaper of general circulation, or other

acceptable means approved by MFA, receive public comment for a minimum of fourteen days and submit all comments to MFA in addition to the following items:

1. A description of the proposed assisted project;
2. The address, number of bedrooms, and location on a map of lower-income dwelling units that will be demolished or converted to a use other than lower-income dwelling units as a result of an assisted project;
3. A time schedule for the commencement and completion of the demolition or conversion;
4. To the extent known, the address, number of lower-income dwelling units by size (number of bedrooms) and location on a map of the replacement lower-income housing that has been or will be provided. *NOTE: See also 24 CFR §42.375(d). 1378 CHG-11 Appendix 34 App. 34-3 [09/11];*
5. The source of funding and a time schedule for the provision of the replacement dwelling units;
6. The basis for concluding that each replacement dwelling unit is designated to remain a lower-income dwelling unit for at least 10 years from the date of initial occupancy; and
7. Information demonstrating that any proposed replacement of lower-income dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the HUD-approved Consolidated Plan and 24 CFR §42.375(b).

To the extent that the specific location of the replacement dwelling units and other data in items 4 through 7 are not available at the time of the general submission, subgrantees will identify the general location of such dwelling units on a map and complete the disclosure and submission requirements to MFA as soon as the specific data is available.

Replacement not Required, Based on Unit Availability

Under 24 CFR §42.375(d), the subgrantee may submit to MFA a determination that the one-for-one replacement requirement does not apply based on objective data that there is an adequate supply of vacant lower-income dwelling units in standard condition available on a non-discriminatory basis within the area.

Contacts

Ensuring compliance with regards to the requirements of the Act, specifically, tracking the replacement of lower income dwelling units to ensure that they are provided within the

required period, and tracking relocation payments and other relocation assistance to any lower-income person displaced by the demolition of any dwelling unit or the conversion of lower-income dwelling units to another use is the responsibility of Program Area Management. For the HOME Program, that person is Debbie Davis, Programs & Initiatives Manager , 505.767.2221 or in-state 800-444-6880.

V. ONE YEAR ACTION PLAN

The following narrative describes the activities that the state of New Mexico will undertake for each of the formula grant programs to which it receives funding: the HOME, CDBG, ESG, and HOPWA programs.

A. MFA ADMINISTERED HOME PROGRAM

HOME funds will be invested, at a minimum, as a zero percent interest due-on-sale loan for all activities except CHDO operating expenses. Rental projects that provide transitional and permanent rental housing, Single Resident Occupancy (SRO) units, and group homes targeted for populations at or below 30 percent of the AMI may receive a grant instead of a loan.

A.1. MFA RESOURCES TO BE APPLIED IN 2015

When necessary, HOME funds will be recaptured due to a unit's noncompliance with HOME affordability requirements. Affordability is ensured through the recordation of restrictive covenants accompanied by a lien filed on the property. To ensure affordability, MFA has chosen the recapture provision over the resale option as discussed in HOME regulations at 24 CFR 92.254(a)(5).

Resale and Recapture Guidelines

In general, all HOME activities require the borrower or beneficiary to execute, at a minimum, a Restrictive Covenants Agreement. All loans are due upon sale or transfer of the property. In the case of the DPA program, mortgage liens are placed in second position behind MFA's first-time homebuyer mortgage backed security (MBS) program loans. In MFA's Owner-Occupied Rehabilitation program, these liens can assume a variety of positions, including first. Finally, in the case of MFA's Rental New Construction and Rehabilitation programs, a Land Use Restriction Agreement is executed along with the note and mortgage to ensure long term compliance with HUD guidelines. All guidelines under which repayment must be made are spelled out in the note, mortgage and/or restrictive covenant documents, depending upon the activity.

For homebuyer projects subject to a Restrictive Covenant Agreement with a recapture provision, the length of the affordability period is based on the amount of HOME funds provided as a direct subsidy to the homebuyer, as shown in the table below.

Amount of HOME Subsidy to the Buyer	Minimum Affordability Period
< \$15,000	5 years
15,000 - \$40,000	10 years
> \$40,000	15 years

A direct subsidy is funding that makes a home more affordable to a homebuyer, and includes down payment and closing cost assistance as well as the difference between fair

market value and the sale price, or the amount of a soft second mortgage that makes the home affordable to the buyer. Homebuyers must agree to reside in the HOME-assisted property for the duration of the period of affordability, or until there is a sale or other transfer of ownership of the property. Should the homebuyer cease to reside in the home as its principal residence by vacating or renting the unit during the period of affordability, then the outstanding amount of the down payment assistance loan will be due and payable immediately, and the lender will take legal action to enforce the residency requirement.

For Rental Projects, the length of the affordability period is based on the amount of HOME funds invested in the property, as well as on the nature of the activity funded.

RENTAL 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

In the case of foreclosure on the property during the period of affordability, MFA files an answer and monitors the foreclosure. If there are any excess funds at the foreclosure sale, MFA will file a claim for those funds. This demonstrates that MFA has made every effort to recover the HOME funds on behalf of HUD. After the period of affordability, MFA files a disclaimer to the property.

In the case of a bankruptcy during the period of affordability, MFA files an answer and proof of claim on the property thus establishing MFA's interest in the property. After the period of affordability, a disclaimer is filed.

Recapture guidelines:

Down Payment Assistance Program (Recapture): Notes and mortgages are executed by the borrower for these loans as well as a HOME written agreement (i.e. MFA Disclosure to Buyer). If the property is sold or transferred and any or all of the HOME loan is unpaid and outstanding, and there are sufficient net proceeds to repay the total amount of the borrower's investment (down payment) then borrower will pay to lender the entire balance due on the loan.

However, if the net proceeds from the sale or transfer of the property are less than the total amount of HOME funds due back, only the amount of net proceeds from the sale will be collected. If there are no net proceeds from the sale or transfer, then HOME funds will not be recaptured. The term "Net Proceeds" means the sales price of the property, less the amount necessary to repay any loans superior to the HOME mortgage secured by the

property, and less any closing costs associated with such sale or transfer. (Net proceeds are defined as: Sales Price - Superior non HOME debt - Closing costs = Net Proceeds) The amount to be recaptured will be limited to the available net proceeds. .

Any variation on this recapture provision must be submitted to the State of New Mexico for review and approval by the State and by HUD.

Rental New Construction and Rehabilitation: Any unpaid balance of these loans is due in full during the period of affordability or upon the sale or transfer to an ineligible party.

HOME Match

Match requirements of the HOME program will be met by three primary sources: resources committed by grantees and local governments, proceeds from mortgage revenue bonds and MFA general fund interest subsidy. MFA qualifies for a 50% match reduction granted by HUD for FY 2015. This reduction was based on the comparison of the state's percentage of families in poverty of 14.4% being greater than 125% of the average national rate for families in poverty.

Refinance of existing debt

MFA may, at its discretion, use HOME funds for refinancing only when needed in order to permit or continue affordability of single family and rental units when rehabilitation is the primary activity. MFA's underwriting standards for an initial investment of HOME funds would apply. This includes adequacy of management and owner, feasibility of project to meet operational and debt service requirements, consistency with market, and review of total development costs and sources available to meet these needs. The required period of affordability will be consistent with the HOME regulations based on the activity and the HOME per unit subsidy. This would be available jurisdiction-wide. The HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.

B. LOW INCOME TAX CREDIT PROGRAM

The New Mexico LIHTC Qualified Allocation Plan (QAP) is drafted on an annual basis to be consistent with the state of New Mexico Consolidated Plan and Annual Action Plans. The QAP supports the development of affordable housing by setting priorities for those rental development projects that target the highest levels of affordability, for the longest period of time, in areas the rental housing is most needed and for the populations in most need of housing. Point categories are reviewed annually. The Qualified Allocation Plan Draft for 2015 is available on MFA's website at <http://www.housingnm.org/low-income-housing-tax-credits-lihtc-allocations>. It outlines the point categories, with the specific ranking criteria, as presented in Appendix B to this Plan.

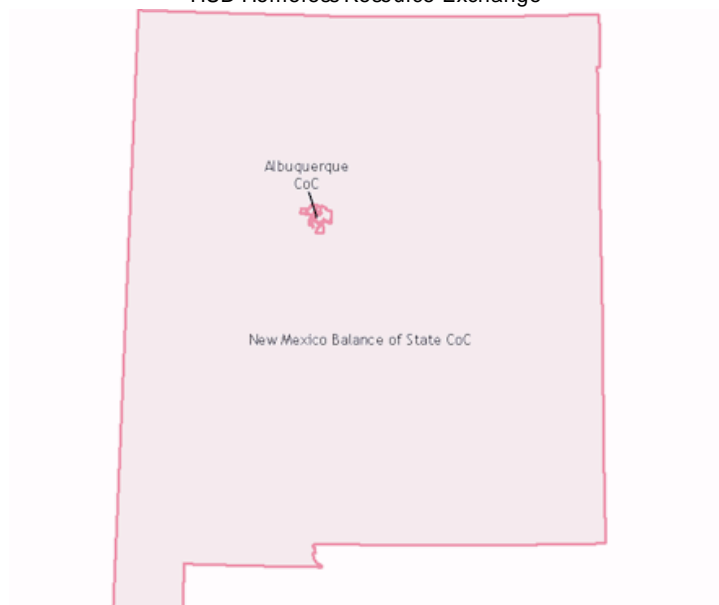
C. HOMELESS STRATEGIC PLAN AND COORDINATION WITH THE CONTINUUMS OF CARE

A number of resources are expected to be available to address homeless needs in the state. These include Emergency Solution Grants, competitive Continuum of Care (CoC) Grants and state Homeless Assistance funds. The MFA provides resources from its General Fund to support activities of the New Mexico Coalition to End Homelessness.

In New Mexico, two CoCs address homeless needs in different regions of the state. These regions are depicted geographically in Map V.1. The New Mexico Coalition to End Homelessness (NMCEH), founded in 2000 as a statewide partnership between a group of nonprofit agencies and the MFA, coordinates both CoCs. Separate staff and offices are responsible for the Albuquerque and Balance of State CoCs. The Albuquerque CoC is coordinated by staff in Albuquerque, and a separate office located in Santa Fe coordinates the Balance of State CoC.

Map V.1
Regions Served by Continuums of Care

State of New Mexico
HUD Homeless Resource Exchange⁵



The NMCEH has five major areas of operation: to develop more housing for homeless people, to manage the Homeless Management System (HMIS) for the State of New Mexico, to support homeless service agencies in New Mexico, to educate people in New Mexico about homelessness, and to advocate for solutions to homelessness at the State Legislature and other government bodies.⁶ According to its website, the mission of the New Mexico Coalition to End Homelessness is “to assist communities to create solutions to

⁵ Map available at http://www.hudhre.info/assets/images/coc_map/2008_nm.png

⁶ <http://www.nmceh.org/pages/about1.html>

homelessness from prevention through permanent housing by using action, advocacy, and awareness.” In addition to administering both CoCs in New Mexico, the coalition also offers training and technical assistance to nonprofit agencies and other groups in New Mexico, partners with other organizations to create supportive housing, and is engaged in a campaign to end child homelessness.

As Table V.1 shows, the majority of the state’s population falls under the Balance of State CoC. However, Albuquerque represents a significant portion of New Mexico’s population, with over a quarter of the state’s residents concentrated in the urban area.

Table V.1 Population Served in Continuum of Care Regions State of New Mexico 2010 Census	
Continuum of Care	Population Served ⁷
Balance of State	1,512,642
Albuquerque	546,537
Total	2,059,179

The point-in-time counts done by each CoC provide a helpful estimation of the homeless population in New Mexico. Combining the counts provided by the two CoCs, it was estimated that 2,819 persons were homeless in the state in 2013, as shown in Table V.2 below. This is compared to the 3,475 persons estimated to be homeless in the state in 2009. Going back to 2005, the homeless count was 5,256 for the state.

Table V.2
Homeless Count
 The State of New Mexico
 US Department of Housing and Urban Development

Point in Time Count	2005	2007	2009	2011	2013
Albuquerque	3,649	1,276	2,002	1,639	1,171
Balance of State	1,607	1,739	1,473	1,962	1,648
Total Homeless	5,256	3,015	3,475	3,601	2,819

The point-in-time counts also gathered additional data on the age, veteran status, and subpopulation information for each homeless person counted. Additionally, each person was defined to be in a household with or without children. As seen in Table V.3, there were 1,033 persons in households with at least one adult and one child in the state of New Mexico during the 2013 count. Of these households, there were 642 children under the age of 18. All but 24 of the children in households with at least one adult and one child were sheltered during the count.

⁷ Population counts drawn from Census 2010.

Table V.3
Persons in Households with at least one Adult and one Child

State of New Mexico
 US Department of Housing and Urban Development

Persons	2009				2013			
	Emergency	Transitional	Unsheltered	Total	Emergency	Transitional	Unsheltered	Total
Under Age 18	.	.	.	.	252	366	24	642
Aged 18 to 24	.	.	.	.	25	49	17	91
Over 24	.	.	.	.	120	168	12	300
Total Number of Persons	348	658	126	1,132	397	583	53	1,033

Persons interviewed as part of the point in time count were also asked if they were veterans of the armed services. As seen in Table V.4, 243 or 8.6 percent of the persons counted were veterans of the armed services throughout the state during the 2013 point-in-time counts. This number is a decrease in numbers from the 2009 count, with 384 veterans or 11.1 percent of the persons counted. According to the Department of Housing and Urban Development's 2013 Annual Homeless Assessment Report, veterans account for just over 12 percent of all homeless adults in the United States, with an average of 60 percent being sheltered during 2013 counts across the nation.⁸

Table V.4
Characteristics of New Mexico Homeless Population,
by Veteran Status

The State of New Mexico
 US Department of Housing and Urban Development

Point in Time Count	2009	2011	2013
Veterans Sheltered	202	212	183
Veterans Unsheltered	182	143	60
Total Veterans	384	355	243
Total Not Veterans	3,091	3,246	2,576
Total Homeless	3,475	3,601	2,819

In November of 2012 the NMCEH convened a task force to develop a plan as a basis for NMCEH efforts to end homelessness in New Mexico. The task force included state agency personnel, non-profit agency personnel, advocates for the homeless and formerly homeless people. The plan is modeled after the federal plan and has the following overall goals with comments about how they will be implemented in New Mexico:

- Build the community and political will needed to end homelessness.
 - Building community and political will require community education.

⁸ <https://www.onecpd.info/resources/documents/ahar-2013-part1.pdf>

- The Albuquerque Mayor's initiative, "Heading Home" and his continuing support is an example of political will.
 - Another example is the creation of the New Mexico Housing Trust Fund.
- Increase access to stable and affordable housing.
 - Two common barriers to increased housing access are domestic violence and a history of evictions.
 - Obtaining more funding to build more supportive housing is crucial for this goal.
 - For many homeless people to stabilize their lives it is necessary to have supportive services coupled with housing; housing alone is not enough.
- Increase economic security.
 - Education, training, and literacy programs are important to increasing economic security.
- Improve health and stability.
 - The scope of this category includes physical health, behavioral health, and substance abuse treatment and prevention.
- Rebuild the homeless crisis response system.
 - The system must include prevention and follow-up as well as response to an immediate crisis.

D. EMERGENCY HOMELESS ASSISTANCE (EHAP)

The MFA administers the Emergency Homeless Assistance Program which is funded through HUD's Emergency Solutions Grant (ESG) program and an appropriation of the state of New Mexico to the state Homeless Program. This program continues funding for emergency shelter operations and provides certain essential services to individuals with an increased emphasis on local collaboration to maximize all resources, with a federal goal of reducing lengths of homeless episodes and reducing new and return entries into homelessness.

Emergency Homeless Assistance uses ESG and state homeless funds for homeless assistance to carry out activities such as emergency shelter operations, essential services and data collection using the Homeless Management Information System, or HMIS. Qualifying individuals must meet HUD's definition of homelessness.

All funds are distributed on a competitive basis to eligible local governments, tribal entities, and nonprofit organizations. Funds will be renewed annually with periodic requests for proposals to identify new providers. Restrictions on funding amounts include:

- No organization will receive more than 15 percent of the total funds available.
- Limits to activities under Emergency Homeless Assistance will be in place.
- Administrative awards are issued to units of local government including local Public Housing Authorities.
- Tribal entities and regional housing authorities are not eligible to receive federal ESG funds and will receive only state homeless funds.

E. RENTAL ASSISTANCE PROGRAM

The MFA administers the Rental Assistance Program (RAP) which is funded through HUD's Emergency Solutions Grant (ESG) and an appropriation of the state of New Mexico to the state Homeless Program. The Rental Assistance Program (RAP) uses ESG and state homeless funds for to carry out activities such as homeless prevention assistance and rapid re-housing assistance which fall within ESG's eligible activities of housing relocation and stabilization services and rental assistance. Qualifying households must be at or below 30 percent AMI, meet HUD's definition of homelessness or be at imminent risk of homelessness, and must have the means to achieve sustainable housing following program assistance as demonstrated through a housing stability plan. The local agency determines the length of assistance to be provided in its jurisdiction; however, ESG rental assistance may not exceed 24 months of assistance within three years.

ESG funds are distributed on a competitive basis to eligible local governments, tribal entities, and nonprofit organizations. Tribal entities and regional housing authorities are not eligible to receive federal ESG funds and will receive only state homeless funds.

Match requirements of the ESG program will be met by sub grantees in an amount at least equal to their approved ESG funding amounts for eligible activities. Matching funds must be contributed to the ESG program and expended for the recipient's or subrecipient's allowable ESG costs. Matching funds are derived primarily using five sources and will vary depending on the agency: fund raising or cash, in-kind donations, non-profit grants including the United Way, and other federal funds, which may or may not pass through the state of New Mexico.

F. CONTINUUM OF CARE PERFORMANCE PROGRAM (CoC)

The Continuum of Care Performance Program (CoC) uses state homeless funds and is operated in conjunction with the local CoC renewal process. Funds are awarded through limited source procurement to agencies renewing CoC awards, based on HUD performance measures and an adjustment factor to transition from the current program structure to the new program structure. State funds to address homelessness are used to provide incentives for agencies to meet and exceed HUD's performance measures for CoC programs, targeting these resources to where they can be most effective. Agencies may use funds for a variety of eligible activities tied to operating a CoC program, including supportive services, operations of supportive housing programs, new construction, and rehabilitation.

G. HOPWA PROGRAM

The objective of the Housing Opportunities for Persons with AIDS (HOPWA) formula grant program is to address the high incidence of immunodeficiency syndrome cases that may cause low income persons in New Mexico to become homeless by providing housing assistance and related supportive services for said persons and their families. MFA is the

state formula grantee for the HUD HOPWA formula grant program, which includes both the City of Albuquerque allocation and the New Mexico nonentitlement allocation.

Funding under the HOPWA program will be available to units of local government and non-profit organizations that serve people who are HIV-positive and/or are living with AIDS to provide facility based housing assistance, short-term rent, mortgage and utility payments (STRMU) to prevent the homelessness of the tenant or owner of a dwelling, to provide continued tenant based rental assistance (TBRA) for low income households, permanent housing placement for deposits or to secure permanent housing and to provide supportive services including, case management, drug and alcohol abuse treatment and counseling, day care, personal assistance, nutrition services, intensive care when required, and assistance in gaining access to local, state and federal government benefits and services. Supportive services also include health/medical services such as assistance with medical premiums, medical care while the client is waiting to get on insurance, medical copays, eye exams and glasses and dental treatment for health costs that are not covered under state compensation programs, an insurance policy or federal or state health benefits health benefits program. Health services may only be provided to individuals with AIDS or related diseases and not to their family members. Facility-based housing assistance will also be provided.

A percentage of the HOPWA grant is allocated for administrative funds which will be divided between MFA and sub grantees for program administration. The specific allocation is determined annually but will not exceed any statutory limit. HOPWA funding is allocated to sub-grantees based upon a competitive RFP including a renewal option. Funding for HIV/AIDS service provision and delivery is currently allocated to three regional Health Management Alliances (HMAs). The HMA agencies and HOPWA providers provide a high level of coordinated services. However, they face the obstacle of providing these services across a broad, rural area, where transportation and accessibility of other care is limited.

H. DFA ADMINISTERED CDBG PROGRAM

The Community Development Council (CDC) is responsible for allocating grants under the CDBG program to assist local communities with basic infrastructure and community development needs.

The CDBG Rules and Regulations (NMAC 2.110.1) govern the CDBG appropriation from the HUD. As part of their administrative responsibility, the CDC and DFA continue to provide technical assistance to prospective applicants and grantees. The nature of these programs requires a thorough outreach effort to ensure that units of local government are aware of program requirements. The CDC and DFA assure local entities and citizens of the state of New Mexico that public comment will be solicited should the council choose to make any substantial changes to these application regulations. These hearings are held annually.

Administration

DFA staff provides technical assistance (TA) to grantees in order to increase capacity of grantees carrying out eligible CDBG and NSP activities. Technical assistance visits to CDBG and NSP grantees help avoid problems and improve performance. Technical assistance ranged from project file set up and pre-construction conference attendance as well as one-on-one CDBG implementation training and preparation for the CDBG applications. DFA staff also provides in-house TA.

DFA provides the following training to CDBG grantees in addition to technical assistance:

- Conduct two large workshops every year – CDBG Application Workshop and CDBG Implementation Workshop. The Application Workshop includes but is not limited to the following items; national objectives, survey methodology, asset management, environmental, citizen participation, and ethics in the workplace. The Implementation Workshop includes but is not limited to the following items: program administration, basic CDBG concepts and eligible activities, anti-displacement and relocation, financial administration, citizen participation, fair housing, environmental review, public works projects, basic CDBG, monitoring and closeout, labor standards, Section 3, engineering agreements, architect agreements, public improvements and bid documents.
- Provide support and presentations at the state's annual Infrastructure Finance Conference.

Additional administrative duties for the CDBG program are as follows:

- DFA staff rate and rank all CDBG applications every spring
- DFA staff prepare award letters and grant agreements
- DFA staff review all federal regulations including citizen participation, anti-displacement-relocation, fair housing, Section 3, and equal employment opportunity requirements. All contracts are to be reviewed including engineering, architectural, planner and contractor plans and specifications for every CDBG project.
- DFA staff review on a quarterly basis reporting requirements for all grantees.
- Review, approve and complete amendments including budget, change of scope of work, and time extension requests for CDBG projects
- Complete audit reviews and archiving procedures
- Work with counties, municipalities, mayors, county commissioners, grants administrators, non-profits, legislators, and other state agencies on a daily basis.
- DFA staff evaluates and provides the CDBG Implementation Manual for Grantees.
- DFA staff evaluates and provides the CDBG Application for Grantees.

I. SECTION 108 LOAN GUARANTEE PROGRAM

According to state and federal law, the maximum amount of loan guarantee commitment that any eligible local government may receive may be limited to \$7million pursuant to 24

CFR 570.705, and the maximum amount of loan guarantee commitments statewide may not exceed an amount equal to five times the amount of the most recent grant received by the State of New Mexico CDBG Program (approximately \$42 million in loan guarantees at the current allocation level). This level of funding allows the local government to participate in larger projects, avoid referendums for infrastructure financing, compete with larger local governments for business relocations, and provide smaller businesses the ability to access funds at approximately corporate AAA bond rates.

HUD requires that underwriting analysis be conducted in accordance with 24 C.F.R. 570.482(e) (2) and Appendix A of 24 C.F.R. Part 570. DFA could require additional underwriting standards, criteria or review as needed.

J. MONITORING AND AUDIT REQUIREMENTS

MFA PROCEDURES

MFA mandates annual monitoring for all programs, whether federal or state funded. MFA's Community Development monitoring staff is highly skilled in monitoring all program requirements, including beneficiary income qualification, habitability standards, financial capability, adherence to program regulations and environmental clearance procedures. In addition to MFA's Community Development department staff, the Asset Management department also assists in conducting unit inspections for HOME, ESG and HOPWA. The staff continues to hone its skills by participating in program specific training provided by HUD. This includes passing scores in the Certified HOME Specialist – Regulations and Certified HOME Specialist - Administration course offered by Community Planning and Development of HUD. MFA has ensured that monitoring requirements are carried out in accordance with the HUD rules for HOME, ESG and HOPWA, by using a database specifically designed for tracking monitoring visits. Annual risk assessments are conducted for all programs. MFA's Community Development staff conducts contract-based program compliance monitoring for HOME, ESG, HOPWA, NSP, and Weatherization programs. Risk assessments are conducted annually by the program managers, with monitoring schedules planned from the results of the assessments.

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.

The goal of the formal annual compliance review is to ensure compliance with and provide technical assistance relating to federal regulations, state policies and program procedures. During the compliance 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, HQS or UPCS Inspections

MFA provides written compliance reports to each subgrantee following compliance reviews. Reports indicate compliance issues and remedial actions required of the subgrantee. Remedial actions must be documented and reported by the subgrantee in writing to MFA within 30 days of the date of the letter. Subgrantee performance issues and remedial actions are also indicated. Remedies for subgrantee nonperformance and noncompliance status include corrective and probationary action, suspension, and termination. MFA limits funding to entities that indicate successful capacity through adherence to federal regulations and MFA policies and procedures.

DFA PROCEDURES

All CDBG grantees are required to be monitored once a year for the life of the project and each CDBG project has two years to be completed (18 months for planning). NSP grantees are monitored more frequently than once a year. Therefore CDBG and NSP staff conduct both interim monitoring and close out monitoring to ensure that all federal and state requirements are being followed.

DFA staff monitors grantees for compliance with the CDBG and NSP program requirements. DFA staff conduct 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 in regards to performance. On-site review involves comprehensive monitoring of overall program administration as well as individual beneficiary information, project files and verification of the project site.

DFA staff applies five basic elements to conducting monitoring visits. Below is a summary of the steps that are taken to conduct on site monitoring visits:

- Grantees are notified in writing of the purpose of the visit, when the planned visit will happen, what time the visit will happen and what areas will be covered during the visit.
- An entrance conference is usually scheduled with the chief elected official of the grantee and DFA to provide a clear understanding of the purpose of the monitoring.
- 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.

- 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.
- 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 the 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:

- Low-level intervention: DFA may implement all or some of the following items - identify problem areas and required corrective actions, plan a strategy with grantees that includes technical assistance or training, or require more frequent monitoring.
- 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.
- High-level intervention: DFA may implement all or some of the following items - temporarily suspend the grantee from participating in the CDBG program, terminate grantee for the current program year, or require legal action.

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

DFA requires that all CDBG expenditures be included in the grantee's single audit for each fiscal year in which funds are expended. Grantees are required to conduct an audit performed in accordance with OMB Circular A-133 and submit the audit to the DFA within 30 days of the date the audit approved by the New Mexico State Auditor. CDBG must be listed as a funding source on the audit. DFA retains the right to recover funds from the grantee for any disallowed costs based on the results of any interim audit or the final audit.

To enable the DFA to adequately evaluate the progress of the grantee project, grantees submit progress reports to the DFA on a quarterly basis. The progress reports contain a description of the work accomplished to date, the methods and procedures used, a detailed budget breakdown of expenditures to date, a statement of the impact of the project, and other information as DFA may require.

All information received through the progress report is entered into the Integrated Disbursement and Information System (IDIS), which is used to generate reports that detail

the performance of the grantee in meeting its goals and objectives. For example, a report can be generated giving a percentage of the funds expended. If no funds have been expended, a review of the project will be conducted to determine what measures need to be implemented to move the project forward. The Project Manager plays a vital role in knowing the status of the project and identifying potential issues. Once these issues have been identified, the grantee is notified to resolve the issue and move the project forward.

Pay requests are a priority for DFA staff. Pay requests can be submitted to DFA staff under two allowable methods: 1) Requests for Paid Expenditures which allows the grantee to request reimbursement of expenditures it has already paid and 2) Requests for Unpaid Expenditures which allows reimbursement of expenditures that the grantee has incurred but not yet paid. If the grantee is requesting funds for unpaid expenditures, the grantee must disburse funds within three business days of receipt from DFA. There are steps in place to ensure that the pay request is processed for payment in a timely manner. If the pay request is rejected for any reason, the grantee is immediately notified so that he or she can provide the proper documentation. In addition, if there are any issues that come up relating to the project, the program manager is responsible for identifying and resolving the issues in a timely manner. These steps will help to insure compliance with program requirements.

K. NEEDS OF PUBLIC HOUSING

There are a total of 40 Public Housing Authorities (PHAs) in New Mexico, 32 of which are located outside of metropolitan areas and within the jurisdiction of the State Consolidated Plan. Neither the state or MFA operate public housing, therefore neither agency directly plans resident initiatives. Efforts to collaborate more extensively with PHAs are underway through the state's three Regional Housing Authorities (RHAs) which MFA is charged by the state Legislature to oversee for greater financial and operational efficiency. MFA plans to continue its successful partnerships with PHAs on the Section 8 Homeownership initiative. Under this innovative program, MFA provides Payment\$aver funds for down payment and closing cost assistance, called Smart Choice, to complement Section 8 funds so that former public housing residents can purchase their own homes. To the extent possible, MFA will make HOME funding available to PHAs pursuing the redevelopment of foreclosed and older USDA Rural Development properties.

L. MINORITY OUTREACH PROGRAM

MFA maintains a Minority Business Directory on its website to allow subrecipients and other service providers to conduct outreach to such firms during procurement. The directory can be obtained by accessing the website at <http://www.housingnm.org/relevant-federal-regulations>. . In addition to that listing, we provide a link to HUD's Section 3 Business Registry (<https://portalapps.hud.gov/Sec3BusReg/BRegistry/BRegistryHome>), a listing of firms that have self-certified that they meet one of the regulatory definitions of a Section 3 business and are included in a searchable online database that can be used by

agencies that receive HUD funds, developers, contractors, and others to facilitate the award of certain HUD-funded contracts.

MFA will ensure contract provisions included in contracts with subrecipients and other service contracts will include the following recommendations.

- Contracting with small and minority firms, women's business enterprise and labor surplus area firms.
- The grantee and subgrantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps include:
 - Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;
 - Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises;
 - Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and
 - Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (e)(2) (i) through (v) of this section.

MFA certifies that HOME program funds will be awarded in accordance with the non-discrimination and equal opportunity requirements set forth in the program regulations. MFA will provide the recipients with all applicable non-discrimination laws. Recipients will be provided with procedures outlining corrective action for noncompliance.

M. OTHER ACTIONS

Actions to Address Obstacles to Meeting Underserved Needs

The greatest obstacle to meeting underserved needs in New Mexico is the lack of funding. The need is far greater than the supply. The majority of communities outside of the metro areas of New Mexico lack the local capacity not only to administer the programs, but also to seek out services and funds with which to address their problems.

Actions to Foster and Maintain Affordable Housing

MFA will continue to fund efforts to create and maintain affordable housing through dedicating HOME funds to rental, down payment and rehabilitation of owner-occupied housing.

Actions to Reduce Lead-Based Paint Hazards

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

Actions to Develop Institutional Structure

While funds will not be dedicated to developing institutional structure, MFA will continue to work closely with outside agencies to develop partnerships and implement this Plan effectively.

Actions to Enhance Coordination Between Public and Private Housing and Social Service Agencies

MFA believes that there is effective coordination between public and private housing and social service agencies and has no specific additional actions for FY 2015.

APPENDIX A – CITIZEN PARTICIPATION PLAN

NEW MEXICO CITIZEN PARTICIPATION PLAN

Consolidated Plan for Housing and Community Development

Introduction

In 1994, the US Department of Housing and Urban Development issued new rules consolidating the planning, application, reporting, and citizen participation processes of four formula grant programs: Community Development Block Grants (CDBG), Home Investment Partnerships (HOME), Emergency Solutions Grants (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). The new planning process was intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment and to expand economic opportunities.

Provision of decent housing may involve assisting homeless persons in obtaining appropriate housing, retaining the affordable housing stock, increasing the availability of permanent affordable housing for low income households without discrimination or increasing supportive housing to assist persons with special needs. Providing a suitable living environment might entail improving the safety and livability of neighborhoods, including the provision of adequate public facilities; deconcentration of housing opportunities and revitalizing neighborhoods; restoring and preserving natural and physical features with historic, architectural, and aesthetic value; and conserving energy resources. Expanding economic opportunities can involve creation of accessible jobs, providing access resources for community development, and assisting low income persons to achieve self-sufficiency.

The Consolidated Plan is actually a three-part planning process required by HUD. It comprises developing a five-year strategic plan, preparing annual action plans and submitting annual performance reports. These three parts are intended to furnish the framework whereby New Mexico can identify its housing, homeless, community, and economic development needs, identify resources that will be tapped and actions to be taken to address the needs, as well as look back and evaluate the state's progress toward achieving its strategic goals. Completing these documents on time and in a manner that is acceptable to HUD ensures program funding.

The precursor to the Consolidated Plan is the Citizen Participation Plan (CPP). The objectives of the CPP are to ensure that the citizens of New Mexico, particularly persons of low and moderate income, persons living in slum and blight areas, units of local government, housing agencies and other interested parties, are provided with the opportunity to participate in the planning and preparation of the Consolidated Plan, including amendments to the Consolidated Plan and the Annual Performance Report. In doing so, the CPP sets forth general policies and procedures for implementing and carrying out the consolidated planning process, such as how the Consolidated Plan will be developed, dates and milestones along which the process will proceed and methods for citizens to offer the state assistance and guidance in the formulation of the Plan. Furthermore, the provisions of the CPP fulfill statutory and regulatory

requirements for citizen participation specified in the U.S. Department of Housing and Urban Development's rules for the Consolidated Plan, the HOME Investment Partnerships (HOME) Program, the Community Development Block Grant (CDBG) Program, the Emergency Solutions Grants (ESG) Program and the Housing Opportunities for Persons with AIDS (HOPWA) Program. In New Mexico, the New Mexico Mortgage Finance Authority administers the HOME, ESG and HOPWA funds and the Local Government Division, Community Development Bureau within the Department of Finance and Administration (DFA) administers the CDBG resources. The MFA is the lead agency for developing the Consolidated Plan.

In order to ensure maximum participation in the Consolidated Plan process among all populations and needs groups, and in order to ensure that their issues and concerns are adequately addressed, the MFA and DFA will follow the standards set forth in its adopted Citizen Participation Plan during development of its Consolidated Plan, Action Plan and Annual Performance Report.

The term “entitlement area” refers to cities and counties that, because of their size, are able to receive federal funding directly. These areas must complete a Consolidated Plan separately from the state’s to receive funding. For purposes of this report, non entitlement refers to cities and towns that do not file Consolidated Plans individually and are not able to receive funding from the HUD programs directly. Entitlements not covered by the New Mexico Consolidated Plan are City of Albuquerque, City of Las Cruces, City of Santa Fe, City of Farmington, and the City of Rio Rancho. Individuals wishing to contribute to the consolidated planning process in these areas should contact housing and community development specialists in these cities.

Encouraging Citizen Participation

The Consolidated Plan is designed to enumerate New Mexico's overall strategy for coordinating federal and other housing and community development resources to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low and moderate income persons.

Interested groups and individuals are encouraged to provide input into all aspects of New Mexico's consolidated planning activities, from assessing needs to setting priorities through performance evaluation. By following the CPP, there will be numerous opportunities for citizens to contribute information, ideas and opinions about ways to improve our neighborhoods, promote housing affordability and enhance the delivery of public services to local residents.

It is the policy of MFA to provide language access services to populations of persons with Limited English Proficiency (LEP) who are eligible to be served or likely to be directly affected by MFA programs. Such services will be focused on providing meaningful access to our programs, services and/or benefits. MFA, at no cost to the LEP individuals or families, provides interpreter services to all LEP individuals or families applying for or participating in programs or receiving

services/benefits through MFA. The interpreter services are provided in an efficient and timely manner so as not to delay a determination of eligibility for an individual or family, receipt of eligible services/benefits or participation in a MFA-run program beyond that of an English speaking individual or family. English and Spanish applications and outreach material are available. Additionally, English and Spanish brochures describing services are available at MFA and at various community events, fairs and speaking engagements.

The state of New Mexico is committed to keeping all interested groups and individuals informed of each phase of the consolidated planning process and of activities being proposed or undertaken under HUD formula grant programs. Opportunities to comment on or participate in planning community development and affordable housing activities and projects will be publicized and disseminated throughout the state.

Public Hearings and Meetings

DFA and MFA will conduct a minimum of two public hearings to obtain citizens' views and to respond to proposals and questions. The hearings will take place at different stages of the consolidated planning process. At least one will occur prior to development of the Draft Plan and will be intended to solicit public input regarding distinct issues, thereby aiding policy formation. At least one hearing will occur after the Draft Plan has been released for public review, allowing interested parties an opportunity to review the strategies and how they were developed, designed and presented.

Information about the time, location and subject of each hearing will be provided to citizens at least 14 calendar days in advance through adopted public notice and outreach procedures. This notification will be disseminated to local governments and other interested parties. Public notification of the hearings will be published in statewide newspapers of general circulation in hearing location cities or towns and on the MFA and DFA websites. MFA and DFA staff may also attend other meetings and conventions in New Mexico throughout the year, thereby providing an opportunity for additional public information on the Consolidated Plan.

Every effort will be made to ensure that public hearings are inclusive. Hearings will be held at convenient times and locations and in places where people most affected by proposed activities can attend. The MFA and DFA will utilize hearing facilities that are accessible to persons with mobility impairments. If written notice is given at least seven days before a hearing date, the MFA will provide appropriate materials, equipment and interpreting services to facilitate the participation of non-English speaking persons and persons with visual and/or hearing impairments. Interpreters will be provided at public hearings where a significant number of non-English speaking residents can be reasonably expected to participate. All public hearings and public meetings associated with the consolidated planning process will conform to applicable New Mexico open meetings laws.

However, the MFA may, at its discretion, actively solicit input on housing and community development issues during the course of the year with regional forums, town hall meetings and other venues, as they may present themselves.

Applicants must provide opportunities for public participation in the development of community development goals, objectives and applications for funding assistance by undertaking the following activities:

- Provide for and encourage citizen participation within their areas of jurisdiction with particular emphasis on participation by persons of low and moderate income
- Provide citizens with reasonable and timely access to local meetings, information, and records relating to proposed and actual use of funds
- Provide for technical assistance to groups and representatives of low and moderate income persons that request assistance in developing proposals. The level and type of assistance is to be determined by the applicant
- Provide for public hearings to obtain citizen participation and respond to proposals and questions at all stages

Prior to selecting a project and submitting an application for CDBG funding assistance, eligible applicants must conduct at least one public hearing for the following purposes:

- To advise citizens of the amount of CDBG funds expected to be made available for the current fiscal year
- To advise citizens of the range of activities that may be undertaken with CDBG funds
- To advise citizens of the estimated amount of CDBG funds proposed to be used for activities that will meet the national objective to benefit low and moderate income persons
- To advise citizens of the proposed CDBG activities likely to result in displacement and the unit of local government's anti-displacement and relocations plans
- To obtain recommendations from citizens regarding the community development and housing needs of the community
 - After considering all recommendations and input provided at the public hearing(s), the county commission or city/town/village council must select one project for which to submit an application for funding assistance at an official public meeting
 - The applicant must conduct a second public hearing to review program performance, past use of funds and make available to the public its community development and housing needs including the needs of low and moderate income families and the activities to be undertaken to meet such needs
 - Public hearing notices must be published in the non-legal section of newspapers or posted in a minimum of three prominent places within the project area with reasonable time and public access
 - Evidence of compliance with these regulations must be provided with each application, i.e. hearing notice, minutes of these meetings, list of needs, and activities to be undertaken
 - Amendments to goals, objectives, and applications are also subject to public participation

- Provide for timely written answers to written complaint and grievances within 15 working days where practicable
- Identify how needs of non-English speaking residents will be met in the case of public hearings where a significant number of residents can be reasonably expected to participate

Publication of Consolidated Plan Documents

The MFA will publish the draft Consolidated Plan or Annual Action Plan for public review in a manner that affords citizens, public agencies and other interested parties a reasonable opportunity to examine its contents and submit comments. The Draft Plan will be a complete document and shall include:

- The amount of assistance the state agencies expect to receive and,
- The range of activities that may be undertaken, including the estimated amount that will benefit persons of low and moderate income.

A notice for the release of the Draft Plan will be published in several newspapers of general circulation at the beginning of the public comment period. The release will include a list of the locations where copies of the entire proposed Consolidated Plan may be obtained or examined. The following are among the locations where copies of the public comment draft will be made available for inspection:

- MFA and DFA offices,
- MFA website www.housingnm.org
- DFA website http://nmdfa.state.nm.us/Local_Government.aspx

Citizens and groups may obtain a reasonable number of free copies of the proposed Consolidated Plan by contacting the MFA at 505-843-6880, or 1-800-444-6880 statewide toll free, or the document may be downloaded from the MFA website, located at <http://www.housingnm.org/publications>.

Public Comments on the Draft Consolidated Plan and Annual Action Plans

The MFA, as lead agency, will receive comments from citizens on its draft plan for a period not less than 30 days prior to submission of the Consolidated Plan or Annual Action Plans to HUD. The drafts will be scheduled for release in early fall of each year.

All comments or views of citizens received in writing during the 30-day comment period will be considered in preparing the final Consolidated Plan or Annual Action Plan. A summary of these comments or views and a summary of any comments or views not accepted and the reasons therefore shall be attached to the final Consolidated Plan or Annual Action Plan.

Public Notice and Outreach

An informed citizenry is critical to effective and responsive housing and community development programs. Efforts to educate residents and empower their participation are an ongoing element of the consolidated planning process.

As the fundamental means of notifying interested citizens about the Consolidated Plan and related activities, such as the Annual Action Plan or the Consolidated Annual Performance and Evaluation Report, the MFA will publish public notices in newspapers of general circulation and on both MFA and DFA web pages. Such notices will be published at least 14 calendar days prior to public hearings. All notices will be written in plain, simple language in English and Spanish and direct efforts will be undertaken to publish and/or post information at locations that will elicit maximum low and moderate income and minority participation.

Public education and outreach will be facilitated through the use of public advertisements that describe the consolidated planning process, opportunities for citizen participation and available funding through the CDBG, ESG, HOME and HOPWA programs. The Consolidated Plan mailing list will likely include social service organizations, local jurisdictions, low income housing consumers, neighborhood groups, previous participants and commentators, and others expected to desire input on the Plan. This list is updated periodically and is available for inspection at the MFA.

Technical Assistance

Groups or individuals interested in obtaining technical assistance to develop project proposals or applying for funding assistance through HUD formula grant programs covered by the Consolidated Plan or Annual Action Plan may contact the staff of the MFA or, in the case of CDBG funding, the Community Development Bureau within DFA. Such assistance may be of particular use to community development organizations, nonprofit service providers, and for-profit and nonprofit housing development groups that serve or represent persons of low and moderate income. Pre-application workshops offer basic program information and materials to potential project sponsors, and staff from MFA provides in-depth guidance and assistance to applicants and program participants on an on-going basis. Emphasis is placed on capacity development of community-based organizations.

Amendments to the Consolidated Plan

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.

Such changes, prior to their implementation, are reviewed under various federal or local requirements, particularly rules on procurement and/or policies on the allocation of public resources. Substantial amendments to the Consolidated Plan are, in addition, subject to a formal citizen participation process. Notice and the opportunity to comment will be given to citizens through public notices in local newspapers and other appropriate means, such as direct mail or public meetings. A public comment period of not less than 30 days will be provided prior to implementing any substantial amendment to the Consolidated Plan. MFA staff will prepare a summary of all comments received in writing and, in cases where any citizens' views are not accepted, provide reasons for the decision. This documentation will be attached to the substantial amendment, which will be available to the public and submitted to HUD.

Substantial Amendments

Occasionally, public comments warrant an amendment to the Consolidated Plan. The criteria for whether to amend are referred to by HUD as Substantial Amendment Criteria. The following conditions are considered to be Substantial Amendment Criteria:

- Any change in the described method of distributing funds to local governments or nonprofit organizations to carry out activities. Elements of a method of distribution are:
 - Application process,
 - Allocation among funding activities in excess of 35 percent of the total current entitlement allocation,
 - Grant size limits, and
 - Criteria selection.
- An administrative decision to reallocate all the funds allocated to an activity in the Action Plan to other activities of equal or lesser priority need level, unless the decision is a result of:
 - Federal government recession of appropriated funds, or appropriations are so much less than anticipated that the state makes an administrative decision not to fund one or more activities, or
 - The governor declares a state of emergency and reallocates federal funds to address the emergency, or
 - A unique economic development opportunity arises where the state administration asks that federal grants be used to take advantage of the opportunity.

Citizen Participation in the Event of a Substantial Amendment

In the event of a substantial amendment to the Consolidated Plan, the MFA or DFA or both, depending on the nature of the amendment, will conduct at least one additional public hearing. This hearing will follow a comment period of no less than 30 days, where the proposed

substantially amended Consolidated Plan will be made available to interested parties. Citizens will be informed of the public hearing through newspaper notification and the MFA and DFA websites prior to the hearing and the notice will appear in at least one newspaper that is circulated statewide.

Citizens will be notified of the substantially amended Consolidated Plan's availability through newspaper notification prior to the 30-day comment period. The substantially amended sections of the Consolidated Plan will be available on the MFA website, www.housingnm.org, for the full public comment period.

Consideration of Public Comments on the Substantially Amended Plan

In the event of substantial amendments to the Consolidated Plan, the state will openly consider any comments on the substantially amended Consolidated Plan from individuals or groups. Comments must be received in writing or at public hearings. A summary of the written and public hearing comments on the substantial amendments will be included in the final Consolidated Plan. The final Consolidated Plan will also include a summary of all comments not accepted and their reasons for dismissal.

Changes in Federal Funding Level

Any changes in federal funding level after the Consolidated Plan's draft comment period has expired and the resulting effect on the distribution of funds will not be considered an amendment or a substantial amendment.

Standard Amendments

Standard amendments are those that are not considered substantial in nature and pertain chiefly to minor administrative modifications of the programs. Thus they do not require in-depth citizen participation.

Annual Performance Reports

Performance reports on HOME, ESG and HOPWA programs covered by the Consolidated Plan or Annual Action Plan are to be prepared by the MFA for annual submission to HUD within 90 days of the January 1 start of each program year. Performance reports for CDBG are to be prepared by DFA for annual submission to HUD within 90 days of the January 1 start of each program year. Draft performance reports will be made available upon written request. The draft performance report will be available for comment for no less than 15 days, and any public comments received in writing will be reported in an addendum to the final performance report.

Access to Records

To the extent allowed by law, interested citizens and organizations shall be afforded reasonable and timely access to records covering the preparation of the Consolidated Plan or Annual Action Plan, project evaluation and selection, HUD's comments on the Plan and annual performance reports. In addition, materials on formula grant programs covered by the Consolidated Plan or Annual Action Plan, including activities undertaken in the previous five years, will be made available to any member of the public who requests information from the MFA. A complete file of citizen comments will also be available for review by interested parties. After receiving notice of HUD's approval of its Consolidated Plan or Annual Action Plan, the MFA will inform those on its mailing list of the availability of the final Plan document and of any HUD comments on the Plan.

Complaints and Grievances

Citizens, administering agencies and other interested parties may submit complaints and grievances regarding the programs MFA and DFA administer. Complaints should be in writing, specific in their subject matter, and include facts to support allegations. The following are considered to constitute complaints to which a response is due:

- The administering agency has purportedly violated a provision of this Citizen Participation Plan;
- The administering agency has purportedly violated a provision of federal CDBG, ESG or HOME, or HOPWA program regulations;
- The administering agency, or any of its contractors, has purportedly engaged in questionable practices resulting in waste, fraud or mismanagement of any program funds.

Residents may also present complaints and grievances orally or in writing at the community meetings and/or public hearing. All public comments, including complaints and grievances, made either orally or in writing within the 30-day public comment period, will be included in the final Consolidated Plan or Annual Action Plan. Such complaints or grievances for HOME, HOPWA, or ESG shall be directed to the Consolidated Plan representative at the MFA.

Such complaints or grievances regarding CDBG shall be directed to the Bureau Chief by contacting DFA at 505-827-4974 or 505-827-4950.

Timely Response to Complaints or Grievances

Upon receipt of a written complaint, the designated representative at MFA or DFA shall respond to the complainant within 15 calendar days and maintain a copy of all related correspondence, which will be subject to MFA and DFA review.

Within 15 calendar days of receiving the complaint, the designated MFA or DFA representative shall discuss the matter with the department manager and respond to the complainant in writing. A copy of the MFA's or DFA's response will be transmitted, concurrently, to the complainant and to the MFA or DFA Directors. If, due to unusual circumstances, the designated

representative finds that he/she is unable to meet the prescribed time limit, the limit may be extended by written notice to the complainant. The designated representative's notice must include the reason for the extension and the date on which a response is expected to be generated, which may be based on the nature and complexity of the complaint.

Public review materials and performance reports will include data, as appropriate under confidentiality regulations, on any written complaints received and how each was resolved.

Activities Exempt from Substantial Amendment Citizen Participation Requirements

Urgent Needs

It may be necessary to amend the Consolidated Plan or Annual Action Plan in the event of an emergency such as a natural disaster. These amendments may include funding new activities and/or the reprogramming of funds including canceling activities to meet community development needs that have a particular urgency. Therefore, the state of New Mexico, acting through the MFA may utilize its HOME funds to meet an urgent need without the normal public comment period, which is otherwise required for substantial amendments. DFA, through its Community Development Bureau, may administer the CDBG funds for urgent needs in a similar fashion.

To comply with the national objective of meeting community development needs having a particular urgency, an activity will alleviate existing conditions that the state of New Mexico certifies:

- Pose a serious and immediate threat to the health and welfare of the community;
- Are of recent origin or recently became urgent;
- The state and the MFA or the DFA are unable to finance the activity on its own; or
- Other resources of funding are not available to carry out the activity.

A condition will generally be considered to be of recent origin if it is developed or became critical within 18 months preceding the MFA's or DFA's certification.

Availability of the Citizen Participation Plan (CPP)

Copies of the CPP may be obtained from MFA's website at www.housingnm.org or from DFA's website at http://nmdfa.state.nm.us/Community_Development_Bureau_1.aspx. Upon request, the MFA or DFA will make the Plan available in an alternative format accessible to persons with disabilities.

APPENDIX B - RANKING CRITERIA

2015 Areas of Statistically Demonstrated Need Targeting Factors

Areas of Statistically Demonstrated Need
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, Eddy, Lea, *Otero, 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, Grant, Lincoln, *Luna, McKinley, Rio Arriba, *Roosevelt, *San Miguel, Santa Fe, Taos, and Torrance

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.

APPENDIX C – ADDITIONAL PLANS AND POLICIES

2015 Demonstrated Rental Need

County	2013 Census Population (a)	2011 Census Population (a)	Population growth	Population Growth > .35% average	Part of MSA or Community > 10 K	2014 % Rental Vacancy (b)	Rental Vacancy rate below 5%	2014 Determined Need	Determined Need (H = High, M = Medium)
Bernalillo	674,221	669,416	0.71%	Y	Y	5.8%	N	M	M
Catron	3,607	3,714	-2.97%	N	N	N/A	N		
Chaves	65,823	65,698	0.19%	N	Y	3.4%	Y	M	M
Cibola	27,335	27,481	-0.53%	N	Y	3.4%	Y	M	M
Colfax	13,094	13,619	-4.01%	N	Y	6.1%	N	M	M*
Curry	50,598	49,690	1.79%	Y	Y	5.8%	N	H	H*
De Baca	1,907	1,964	-2.99%	N	N	N/A	N		
Dona Ana	213,460	212,772	0.32%	N	Y	7.9%	N	H	H*
Eddy	55,471	54,031	2.60%	Y	Y	2.7%	Y	M	H
Grant	29,328	29,414	-0.29%	N	Y	2.5%	Y	M	M
Guadalupe	4,551	4,645	-2.07%	N	N	13.5%	N		
Harding	693	709	-2.31%	N	N	N/A	N		
Hidalgo	4,654	4,837	-3.93%	N	N	19.2%	N		
Lea	68,062	65,045	4.43%	Y	Y	1.5%	Y	H	H
Lincoln	20,105	20,433	-1.63%	N	Y	4.7%	Y		M
Los Alamos	17,798	18,194	-2.22%	N	Y	10.1%	N		
Luna	24,659	25,146	-1.97%	N	Y	5.3%	N	M	M*
McKinley	73,308	73,490	-0.25%	N	Y	3.1%	Y	H*	M
Mora	4,704	4,794	-1.91%	N	N	N/A	N		
Otero	65,616	65,497	0.18%	N	Y	6.1%	N	H	H*
Quay	8,662	9,050	-4.48%	N	N	9.8%	N		
Rio Arriba	40,072	40,363	-0.73%	N	Y	1.4%	Y	M	M
Roosevelt	19,955	20,444	-2.45%	N	Y	13.8%	N	H*	M*
Sandoval	136,575	134,202	1.74%	Y	Y	5.8%**	N	H	H*
San Juan	126,503	128,016	-1.20%	N	Y	8.7%	N	M*	
San Miguel	28,541	29,301	-2.66%	N	Y	6.3%	N	M	M*
Santa Fe	147,423	145,409	1.37%	Y	Y	5.2%	N	M	M
Sierra	11,572	12,039	-4.04%	N	Y	6.1%	N		
Socorro	17,584	17,861	-1.58%	N	Y	19.2%	N		
Taos	33,035	32,957	0.24%	N	Y	2.8%	Y	M	M
Torrance	15,717	16,378	-4.21%	N	Y	4.7%	Y		M
Union	4,370	4,435	-1.49%	N	N	4.7%	Y		
Valencia	76,284	76,875	-0.77%	N	Y	6.8%	N		

Appendix B: Ranking Criteria

2,085,287 2,077,919 0.35% | |

*Remains on list for second year

**Vacancy rate for Sandoval County is an average of Rio Rancho (6.5%) and Sandoval (5.1%) data

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

APPENDIX C – ADDITIONAL PLANS AND POLICIES

NEW MEXICO MORTGAGE FINANCE AUTHORITY LIMITED ENGLISH PROFICIENCY POLICY STATEMENT AND LANGUAGE ACTION PLAN

The New Mexico Mortgage Finance Authority (MFA) is committed to providing equal opportunity in all programs and services to ensure full compliance with all civil rights laws, including Title VI of the 1964 Civil Rights Act which requires non-discrimination on the basis of national origin. Equal opportunity includes physical and program access for persons with disabilities and program access for persons with Limited English Proficiency (LEP). Program and physical access for persons with disabilities is covered in the Americans with Disabilities Act of 1990 and the Rehabilitation Act of 1973 as amended, Section 504. This policy is based on HUD's suggested four prong analysis which examines the number of limited English proficiency persons served, the frequency with which those persons come into contact with services, the nature and importance of services provided and the costs to the MFA. This policy is intended to ensure MFA's compliance with the Department of Housing and Urban Development's Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency" and was drafted upon consideration of the services offered, the community served, the resources of the MFA, and the costs of various language service options.

It is the policy of this agency to provide language access services to populations of persons with Limited English Proficiency (LEP) who are eligible to be served or likely to be directly affected by our programs. Such services will be focused on providing meaningful access to our programs, services and/or benefits.

Any individual eligible for programs/services through MFA who cannot speak, read, write, or understand the English language at a level that permits them to interact effectively with our staff has the following rights:

- A right to qualified interpreter services at no cost to them.
- A right not to be required to rely on their minor children, other relatives, or friends as interpreters.
- A right to file a grievance about the language access services provided them.

Marjorie Martin, MFA Legal Counsel is the agency's designated Equal Opportunity/Limited English Proficiency Coordinator. Ms. Martin may be reached on weekdays from 8:00am – 5:00pm.

Phone Numbers:

(505) 843-6880

(800) 444-6880 (Toll free in New Mexico)

Fax: (505) 243-3289

TTY/Voice:

711, or if no answer:

1-800-659-8331 (English)

OR

1-800-327-1857 (Spanish)

A New Mexico Relay CA will answer by saying: "New Mexico Relay Go Ahead."

Information about discrimination complaint resolution process is available to you upon request.

Definitions of Terms

- **Effective Communication** – In a Housing Services assistance setting; effective communication occurs when agency staff have taken necessary steps to make sure that a person who is LEP is given adequate information in his/her language to understand the services, benefits or the requirements for services or benefits offered by the MFA. These necessary steps must allow an individual the opportunity to qualify for the benefits or services provided by MFA without unnecessary delay due to the person's LEP. Effective communication also means that a person who is LEP is able to communicate the relevant circumstances of his/her situation to MFA staff.
- **Interpretation** – Interpretation means the oral or spoken transfer of a message from one language into another language.
- **Limited English Proficiency** – A person with limited English proficiency or "LEP" is not able to speak, read, write or understand the English language well enough to allow him/her to interact effectively with MFA staff.
- **Meaningful access** – "Meaningful access" to benefits, programs and services is the standard of access required of the MFA since it receives federal funding. Meaningful access requires compliance by MFA with federal LEP requirements as set out in relevant federal laws. To ensure meaningful access for people with LEP, MFA must make available to applicants/recipients of benefits/services free language assistance that results in accurate and effective communication that does not result in undue delay or denial of benefits to which the LEP applicant/recipient is eligible.
- **Translation** – Translation means the written transfer of a message from one language into another language.
- **Vital Documents** – forms or documents designed and utilized by MFA that are critical for accessing federally funded services or benefits or are required by law. Vital documents can include but are not limited to; applications for MFA programs, consent forms designed by MFA or letters designed by MFA requesting eligibility documentation.
- **Outreach Documents** - MFA designed documents utilized to provide information to the general public but targeting individuals who are eligible or may be eligible for MFA programs.

LEP Population, Analysis and Access Plan

The New Mexico Mortgage Finance Authority has determined that the language(s) other than English that is/are most likely to be encountered by employees of MFA is Spanish. The methodology used to make this determination is as follows: According to data from the U.S. Census Bureau, 64% of households in the State of New Mexico speak only English within the household. The language most commonly spoken at home by New Mexico citizens who are Limited English Proficient (LEP) is Spanish. According to the U.S. Census Bureau, approximately 28.5% of New Mexico's citizens speak Spanish at home. Executive Order 13166 mandates that if the size of the language group exceeds more than 5% of the eligible population, all vital documents shall be translated. MFA, therefore, will translate all vital documents into Spanish. Currently, no other languages meet the 5% eligible population threshold mandating translated documents. MFA will periodically monitor the LEP population of those served or those who could be served by

MFA. If it is determined that other LEP language groups are seeking benefits/services or are potentially eligible to receive benefits/services, MFA will adjust its methods and services to serve the new population accordingly. Any new LEP populations will be reflected in an updated version of the LEP plan.

LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER - Universe: POPULATION 5 YEARS AND OVER			
Data Set : 2012 America Community Survey 1-year Estimates, Table B16001			
	Estimate	Margin of Error	Percent of Total Population
Total:	1,911,350	+/-479	
Speak only English	1,222,929	+/-5,815	63.982
Spanish or Spanish Creole:	545,308	+/-5,256	28.530
French (incl. Patois, Cajun):	4,744	+/-553	0.248
French Creole:	42	+/-50	0.002
Italian:	1,775	+/-287	0.093
Portuguese or Portuguese Creole:	731	+/-189	0.038
German:	7,600	+/-782	0.398
Yiddish:	164	+/-100	0.009
Other West Germanic languages:	889	+/-228	0.047
Scandinavian languages:	559	+/-191	0.029
Greek:	403	+/-146	0.021
Russian:	1,287	+/-328	0.067
Polish:	521	+/-158	0.027
Serbo-Croatian:	331	+/-214	0.017
Other Slavic languages:	416	+/-174	0.022
Armenian:	89	+/-79	0.005
Persian:	1,228	+/-427	0.064
Gujarati:	614	+/-307	0.032
Hindi:	933	+/-303	0.049
Urdu:	242	+/-133	0.013
Other Indic languages:	906	+/-366	0.047
Other Indo-European languages:	713	+/-239	0.037
Chinese:	4,918	+/-668	0.257
Japanese:	1,972	+/-351	0.103
Korean:	1,398	+/-370	0.073
Mon-Khmer, Cambodian:	15	+/-23	0.001
Hmong:	18	+/-30	0.001
Thai:	360	+/-148	0.019
Laotian:	503	+/-288	0.026
Vietnamese:	3,807	+/-674	0.199
Other Asian languages:	1,045	+/-348	0.055
Tagalog:	2,475	+/-463	0.129
Other Pacific Island languages:	667	+/-196	0.035
Navajo:	64,013	+/-1,653	3.349
Other Native North American languages:	33,589	+/-1,618	1.757
Hungarian:	364	+/-127	0.019
Arabic:	1,890	+/-557	0.099

Hebrew:	631	+/-224	0.033
African languages:	951	+/-321	0.050
Other and unspecified languages:	310	+/-203	0.016

Interpreter Services: MFA, at no cost to the LEP individuals or families, provides interpreter services to all LEP individuals or families applying for, participating in programs or receiving services/benefits through MFA. The interpreter services are provided in an efficient and timely manner so as not to delay a determination of eligibility for an individual or family, receipt of eligible services/benefits or participation in a MFA run program beyond that of an English speaking individual or family. English and Spanish applications and outreach material are available. Additionally, English and Spanish brochures describing services are available at the agency and at various community events, fairs and speaking engagements.

MFA addresses phone calls and voice mail by LEP individuals in the following manner: Clients indicating they speak Spanish are automatically transferred to Spanish speaking staff by the receptionist. MFA addresses walk-ins who are LEP individuals in the same manner (refers to receptionists or point of contact). Spanish speaking staff is also available for walk-in clients, scheduled appointments and written translation.

MFA does not require, suggest or encourage LEP individuals or families to use friends, family members or minor children as interpreters. If a LEP individual or family insists that a friend or family member serve as interpreter, that choice is documented. MFA will then, on a case by case basis, consider factors such as: competence of the family or friend used as the interpreter; the appropriateness of the use in light of the circumstances and ability to provide quality and accurate information, especially if the interview could result in a negative effect on the individual or family's eligibility for benefits/services; potential or actual conflicts of interest; and confidentiality of the information being interpreted to determine whether the agency should provide its own independent interpreter for itself. In no case does MFA allow a minor child to act as interpreter for an LEP individual or family.

Translation of Documents: As a result of our analysis which indicates that 28.36% of New Mexico residents are Spanish speaking, the MFA is beginning the process of translating all agency designated vital documents into Spanish. The translation process will be conducted as expeditiously as possible with a goal of completing the process within the next calendar year.

Internet Access:

MFA has a webpage with a link on the main page which can be used locate MFA resources and other important information in Spanish.

Deputy Director of Programs

Date

NEW MEXICO MORTGAGE FINANCE AUTHORITY SECTION 3 PLAN

The New Mexico Mortgage Finance Authority is committed to comply with Section 3 of the Housing and Urban Development Act of 1968. This Act encourages the use of small local businesses and the hiring of low income residents of the community.

The New Mexico Mortgage Finance Authority has appointed Deborah Davis as the Section 3 Coordinator, to advise and assist key subgrantee personnel and staff on Section 3 and to officially serve as focal point for Section 3 complaints. The approval or disapproval of the Section 3 plan is the ultimate responsibility of the New Mexico Mortgage Finance Authority. Documentation of efforts will be retained on file for monitoring.

Therefore, the New Mexico Mortgage Finance Authority will encourage all subgrantees in:

1. Hiring

- a. Advertise for all positions in local newspapers
- b. Give preference in hiring to lower income persons. This means that if two equally qualified persons apply and one is a resident of the City/County where the programmatic work is being conducted and one is not, the resident will be hired
- c. Maintain records of subgrantee hiring as specified

2. Contracting

- a. The subgrantee will compile a list of businesses, suppliers and contractors located in the area.
- b. These vendors will be contacted for bid or quotes whenever the subgrantee requires supplies, services or construction.
- c. Preference will be given to small local businesses. This means if identical bids/quotes are received from a small business of the City/County where the programmatic work is being conducted and one is not, the contract will be awarded to the business located within the community.

3. CDBG, NSP and HOME Contracts

All CDBG, NSP and HOME bid proposals and contracts include the following Section 3 language in the Statement of Assurances:

EMPLOYMENT

(H) It will comply with Section 3 of the Housing and Urban Development Act of 1968, P.L. 90-448, as amended (12 U.S.C. 1701 (u)) requiring that to the greatest extent feasible opportunities for training and employment be given to low and moderate income residents and contracts for work in connection with the project be awarded to eligible business concerns. The MFA shall require each contractor to prepare a written Section 3 plan as a part of their bids on all jobs exceeding \$100,000. All Section 3 plans shall be reviewed and approved by the MFA's Equal Opportunity Section 3 Compliance Officer and retained for monitoring by the state.

The MFA will maintain all necessary reports and will insure that all contractors and subcontractors submit required reports.

LOWER INCOME CLARIFICATION

A family who resides in the State of New Mexico and whose income does not exceed the income limit for the size of family as per the attached Section 8 Income Limits for State of New Mexico.

Deputy Director of Programs

Date

NEW MEXICO MORTGAGE FINANCE AUTHORITY FAIR HOUSING PLAN AND POLICY

I. Policy Statement

It shall be the policy and commitment of the New Mexico Mortgage Finance Authority to ensure that fair and equal housing opportunities are granted to all persons, in all housing opportunities and development activities funded by the New Mexico Mortgage Finance Authority regardless of race, color, religion, gender, sexual orientation, marital status, lawful source of income, familial status, national origin, ancestry, age or mental or physical disability. This shall be done through a program of education, an analysis of impediments, and designation of a Fair Housing Officer and development of a procedure for complaints of discrimination. This plan will incorporate the directives of State and Federal laws and Executive Orders, including, but not limited to:

- a. Title VI of the Civil Rights Act of 1964
- b. The Fair Housing Act – Title VIII of the Civil Rights Act of 1968, as amended
- c. Executive Order 11063, as amended by Executive Order 12259
- d. Section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended
- e. Section 109 of Title I of the Housing and Community Development Act of 1974, as amended
- f. Section 3 of the Housing and Community Development Act of 1968, as amended
- g. Sections 503 and 504 of the Rehabilitation Act of 1973, as amended
- h. The Americans with Disabilities Act of 1990
- i. The Age Discrimination Act of 1975, as amended
- j. Executive Order 11246 (as amended by Executive Orders 12375 and 12086) Equal Opportunity Under HUD contracts and HUD-assisted Construction Contracts
- k. Executive Order 12892, Leadership and Coordination of Fair Housing
- l. New Mexico Human Rights Act Chapter 28, Article 1 NMSA 1978 (§28.1.1 NMSA)

The New Mexico Mortgage Finance Authority commits to providing and promoting racial and economic integration in any housing development and will take affirmative steps to reach beneficiaries from all racial and ethnic groups as well as the physically or mentally handicapped and families with children and to reach a broad range of income eligible beneficiaries for appropriate and applicable housing opportunities.

II. Selection of Fair Housing Officer

In accordance with Title VIII, Civil Rights Act of 1968, as amended, the Fair Housing Officer below has been designated to handle fair housing complaints and activities:

Deborah Davis
Programs and Initiatives Manager
344 4th Street SW
Albuquerque, New Mexico 87102
505-843-6880

The Fair Housing Officer is responsible for the intake and processing of all housing complaints as well as implementation of the Fair Housing Plan activities and actions. While not expected to be an “expert” in Fair Housing Laws, at a minimum, the officer will be familiar with the complaint process and Federal and State Laws, which address Fair Housing. Records which show the date, time, nature of complaint and decisions made in the complaint process(es) will be fully documented. A separate file will maintain a record of all housing discrimination complaint and follow-up actions.

III. Complaint Process

The Fair Housing Officer will reasonably assist the complainant in submitting the complaint to the appropriate body in accordance with the grievance procedures of the New Mexico Mortgage Finance Authority.

The individual(s) filing the complaint will then be advised of the option of filing directly with the U.S. Department of Housing and Urban Development (HUD), the New Mexico Human Rights Division (NMHRD), or the Equal Employment Opportunity Commission (EEOC) or with all agencies simultaneously. The Fair Housing Officer will keep a record of the progress on the number of complaints filed, actions taken, and the status of each complaint.

Additional Steps

- The New Mexico Mortgage Finance Authority will adopt annually the Fair Housing Policy Statement as an indication of its commitment to Fair Housing Month during the month of April.
- The New Mexico Mortgage Finance Authority shall periodically prepare, solicit and provide public service announcements for local radio and/or TV stations or local newspapers in order to provide knowledge and information about Fair Housing.
- The New Mexico Mortgage Finance Authority will display Fair Housing posters identifying the agency’s Fair Housing Officer, title, address and phone number in prominent locations. In addition, fair housing information will be distributed outside of the agency to traditional housing partners, including local realtors and banks and other referral sources.
- All advertising of residential real estate owned or developed by the New Mexico Mortgage Finance Authority for sale, rent or financing will contain the Fair Housing logo, equal opportunity slogan as a means of educating the home seeking public that the property is available to all persons regardless of race, color, religion, sex, mental or physical disability, sexual orientation, familial status, marital status, national origin, age, ancestry, or lawful source of income. All printed materials, including agency letterhead, business cards, program brochures, bid advertisements, etc. by the New Mexico Mortgage Finance Authority sponsored programs must include the phrase “Equal Housing Opportunity/Affirmative Action Employer.” The type of logo, statement or slogan will depend on the type of media being used (visual or auditory). All logos/statements must appear at the end of the advertisement.

IV. Analysis of Impediments

The New Mexico Mortgage Finance Authority will undertake a periodic Analysis of Impediments and conduct a review of policies, practices and procedures that effect the location available and accessibility of housing.

V. Amendments

The Executive Director, Deputy Director of Programs or Chairman of the Board of the New Mexico Mortgage Finance Authority shall amend and revise this Plan as required to keep current with State/ Federal affirmative action and equal opportunity policies and procedures and local actions and activities to further the purposes of this Plan.

Deputy Director of Programs

Date

Program Application Processes

The processes are detailed by funding source, then by activity as applicable. References to web pages are included in the descriptions, also as applicable.

CDBG

The State of New Mexico's CDBG application process for community infrastructure, public facility, and housing including colonias projects is conducted annually. Eligible applicants include all counties and incorporated municipalities with the exception of the entitlement cities of Albuquerque, Farmington, Las Cruces, Santa Fe, and Rio Rancho. Other entities such as water associations, councils of government, public nonprofit groups and special districts can only apply for a Planning grant. Planning grant applications are accepted on a first-come, first-serve, year round process.

Application Workshops are conducted once a year. All potential applicants are required to have representation at this annual workshop. At the workshop, hard copy application packages are distributed and training conducted on the preparation and submission of a CDBG application. Following the Application Workshop, the application and copies of the workshop presentations can be found online at http://nmdfa.state.nm.us/CDBG_Information_1.aspx.

Applications must be turned in to the Local Government Division, Community Development Bureau (LGD/CDB) by the published annual due date. CDB staff rate and rank the proposals, preparing them for additional review, scoring, and approval by the Community Development Council (CDC). In addition to the rating and ranking process, the CDC conducts Application Hearings. At the Application Hearing the applicants make a presentation to the CDC on behalf of their specific project. The CDC then conducts a formal meeting where the annual CDBG project allocations are awarded.

HOME

House by House Reservation Rehabilitation Program Notice of Funds Availability

The purpose of the program is to provide funding for the rehabilitation of homes occupied by eligible low-income homeowners. Funding of up to \$80,000 may be available to homeowners whose annual household income does not exceed sixty percent (60%) of the area median income, adjusted for family size. The Notice of Funds Availability (NoFA) is released annually, typically by July 1. The NoFA announces the amount HOME funding allocated for the program year. To participate in the House by House Reservation Program, an organization must be approved by MFA as an Eligible Partner Agency. Prospective applicants must meet certain criteria to be considered for eligibility. When the NoFA is released, eligible Partners may reserve funds on a first come, first serve basis by submitting Project Applications to MFA for approval. The project documents are uploaded to MFA's Secure Data Transfer site which date and time stamps the submission. Partners are allowed up to 5 open projects at a time. MFA Staff reviews the project documents for program eligibility. If the project is approved then staff drafts a Project Acceptance Notice that identifies which the partner acknowledges by signing and returning to

MFA. Upon receipt, MFA Staff sends the Notice, a Contract Maintenance form and Project Setup form to enter the project into IDIS which issues a project number. The IDIS Project Number is entered into the MFA's HOME Database. The IDIS project number is then given to the Partner for use on all documentation pertaining to the project.

Rental Development

MFA's HOME rental programs are designed to provide gap financing for a variety of affordable and special needs housing projects throughout the state of New Mexico. As gap financing, HOME funds are typically the last dollars committed to a project and are used in combination with other housing resources such as MFA's Low Income Housing Tax Credit (LIHTC) and 542(c) loan programs.

The HOME/Rental programs described below provide assistance in the form of junior mortgages with below-market interest rates, extended maturity dates and other advantageous loan terms tailored to the particular needs of individual projects. Loan amounts and specific terms are determined on the basis of the projects' cash flow and affordability, among other considerations. HOME funds are structured as loans, which may be forgivable if extremely low income individuals or families are served. Use restrictions are established and monitored by MFA for all HOME/Rental projects, and various other federal requirements must be met in order to use HOME funding. These include, among others, completion of HUD's environmental review process and use of Davis Bacon wage rates in some cases. Preference will be given to projects having an MFA designated Community Housing Development Organization (CHDO) as developer, owner or sponsor. To obtain an award under the below CHDO limits the CHDO must agree to conform to HUD's CHDO Set-Aside regulations, otherwise a CHDO would only qualify for a non-CHDO award.

HOME and 9 Percent Low income Housing Tax Credits (LIHTC) Annual competitive round

MFA's HOME funds can be awarded as gap financing for projects that qualify for the LIHTC program. Based on availability of funds awards may not exceed the lesser of (a) \$15,000 per unit for CHDOs/\$7,500 for non-CHDOs, (b) \$600,000 per project for CHDOs/\$400,000 for non-CHDOs or (c) 80 percent of the project's MFA approved total development cost. These projects must meet all of the requirements set forth in the Housing Tax Credit Program Qualified Allocation Plan and score high enough relative to other projects to receive a LIHTC allocation. HOME awards are made on the basis of highest level of affordability and tax credit scoring until all HOME dollars allocated for this purpose are awarded. Underwriting criteria used to determine principal and payment amounts are determined according to Tax Credit program standards. These allocations are available to nonprofit, for-profit, tribal and public agency developers who apply during the Tax Credit application period and are typically due January 31 of each year.

When applying for LIHTC in the 9 percent annual competitive round, if applicants plan to request other MFA funding sources (HOME, HTF, etc.), they should be included as sources in Schedule A-1 of the Rental Development Project Application. If a project receives a preliminary

LIHTC award notification in April, the applicant should submit complete application(s) for those MFA sources within five business days along with the required fee. Applicants must use the same underwriting schedules submitted for LIHTC and may include photocopies of any relevant documents already submitted for LIHTC. If a project later moves up on the wait list and receives a LIHTC award notice, the applicant has five business days from date of notification to submit. HTF applications are considered as part of the January 31 HTF round.

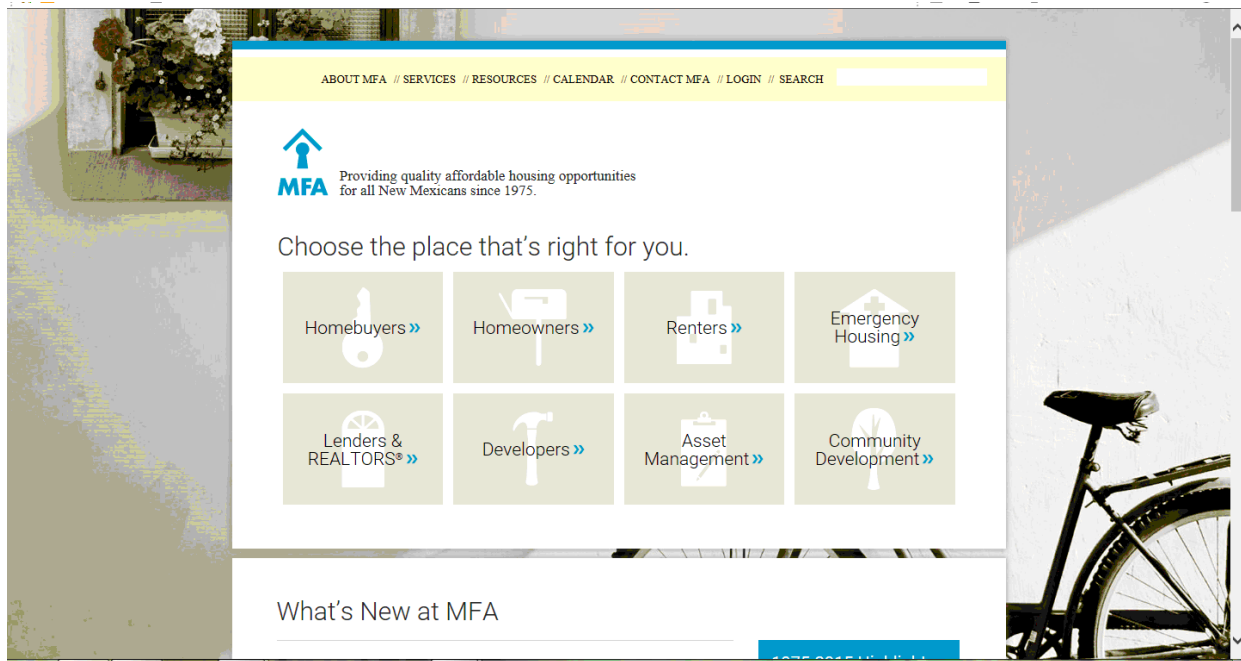
HOME Rental Incentives

This separate pool of HOME funds cannot be used for projects that receive a competitive 9 percent LIHTC allocation, although projects associated with private activity bond volume cap (a 4 percent LIHTC allocation) are eligible. Based on availability of HOME funds these awards may not exceed the lesser of (a) \$15,000 per unit for CHDOs/\$7,500 for Non-CHDOs, (b) a maximum of \$800,000 per project for CHDOs/\$600,000 for non-CHDOs, or (c) 80 percent of the project's MFA approved total development cost. The primary mortgage may be derived from tax-exempt bonds, 501(c)3 bonds, conventional loans or other sources. Award amounts and payment structures will be determined by the debt capacity of the individual project. Applications for these HOME funds will accepted and reviewed on a continuous basis until all HOME funds for this purpose have been awarded. Applicants applying simultaneously for 4 percent LIHTC must use the same application, schedules, etc. for the HOME application. MFA will not review such applications (LIHTC & HOME) until both are submitted, since such projects are not financially feasible without LIHTC.

Homeownership – Down Payment Assistance

Eligible applicants are first time homebuyers at 80% or less area median income that also obtain and MFA first mortgage loan. The Helping Hand program is for disabled borrowers. Borrowers make a loan application to an MFA approved mortgage lender. The lender is responsible for initially determining if the borrower qualifies for the program, based on MFA guidelines. MFA reviews and qualifies every loan reservation/borrower prior to closing. MFA funds the down payment assistance directly to the borrower at closing. The funds are available on a first come, first serve basis. The lender “reserves” funds for a specific borrower via MFA’s on-line reservation system. Funds are earmarked for the borrower for 60 days. Borrowers are able to obtain information about the program through MFA’s website or through information packets that MFA provides to the mortgage lender.

www.housingnm.org



APPENDIX C – ADDITIONAL PLANS AND POLICIES



MFA/DFA 5/12/15 Response to
New Mexico 2012-2020 Consolidated Plan and 2015 Action Plan
Corrections

Strategic Plan

Goals – SP-45
24 CFR 91.315(a)(4)

BELOW IS THE DESCRIPTION AT SP-45. #2. How do you wish us to proceed? No funding was originally allocated to this activity. Should we delete the goal or apply a minimal amount as we did? For the time being, we have entered \$15,000 into IDIS.

MFA does not currently have funding allocated to this activity, but we wished to keep the option open. Staff is researching how to provide this type of funding within the new HOME guidelines.

Enhance Homeowner New Construction

In New Mexico, although many people wish to have the financial capability to be homeowners, there remains a need to provide affordable new construction for single-family homeownership. The new construction needs to be handled in a thoughtful manner that takes into consideration the issues of the entire community. This objective can be accomplished through the following goals:

Assuring that mortgage funding is available to prospective eligible homeowners, with such new homes defined as new construction and new manufactured housing installations on permanent foundations

1. Funding residential new construction handled through Community Housing Development Organizations (CHDO)
2. Funding energy efficient residential development for green construction
3. Facilitating the donation of state and local land for the development of affordable housing single-family projects

Performance Measurement Criteria

Enhance Homeowner New Construction:

Availability/Accessibility: The number of eligible households that benefit from new construction

Affordability: The number of affordable single-family units that have been built for homeownership

Sustainability: The number of affordable single-family units that have been added to the affordable housing stock

Action Plan

24 CFR 91.320

Program Specific Requirements – AP-90

Program-specific requirements – 24 CFR 91.320(k)(1,2,3)

HOME 91.320 (k)(2)

RESPONSE: THIS LANGUAGE APPEARS IN IDIS, UNDER AP-90, HOME, number 4:

MFA may, at its discretion, use HOME funds for refinancing only when needed in order to permit or continue affordability of rental units when rehabilitation is the primary activity. **MFA's underwriting standards for an initial investment of HOME funds would apply, which include: adequacy of management and owner, feasibility of project to meet operational and debt service requirements, consistency with market, and review of total development costs and sources available to meet these needs. The required period of affordability will be consistent with the HOME regulations based on the activity and the HOME per unit subsidy. This would be available jurisdiction-wide. The HOME funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.** Any unpaid balance of these loans is due in full during the period of affordability or upon the sale or transfer to an ineligible party.

PLEASE PROVIDE US WITH DIRECTION ON WHAT OTHER INFORMATION IS REQUIRED TO SATISFY THE REQUIREMENTS AT 91.320(k)(2).

Note: The items listed under §91.320(k)(2)(iii)(A-F) are not explicitly stated on this screen. Given the amount of information requested here, grantees may wish to attach separate documents.

- If the State intends to use HOME funds for homebuyer assistance or for rehabilitation of owner-occupied single family housing and does not use the HOME affordable homeownership limits for the area provided by HUD, did it determine 95 percent of the median area purchase price and set forth the information in accordance with 24 CFR 92.254(a)(2)(iii).
- Describe eligible applicants (e.g., categories of eligible applicants), the process for soliciting and funding applications or proposals (e.g., competition, first-come first-serve) and where detailed information may be obtained (e.g., application packages are available at the office of the jurisdiction or on the jurisdiction's Web site).

RESPONSE: In accordance with 24 CFR 92.254(a)(2)(iii), MFA uses the HOME Homeownership Sales Price Limits, as published. Descriptions of the different HOME activity

application processes are included in this response and have been added to the “Grantee Specific Appendices” under attachments on AD-25. The attachment is entitled *Program Application Processes*. MFA also posts all of its various activity applications, policies and procedures on the MFA webpage.

The *Program Application Processes* contains information regarding the process for soliciting and funding applications or proposals, who or what is eligible to apply, and copies of the policies as they currently exist.

- If the State plans to limit the beneficiaries or give preferences to a particular segment of the low-income population, provide a description of that limitation or preference described in the action plan.

RESPONSE:

No plans are in effect that would limit beneficiaries or give preferences to a particular segment of the low-income population. There are no limitations in place, other than those posed by the various HOME regulations.