

New Mexico Housing Trust Fund Notice of Funding Availability (NOFA) and Application Guidelines

Introduction and Background

During the 2005 legislative session the New Mexico Housing Trust Fund Act (“the Act”) was passed with unanimous support by the State’s Senate and House of Representatives. \$10 million was appropriated from the State capital outlay fund to provide initial capital for the Housing Trust Fund (“HTF”), with an additional \$8 million appropriated during the 2006, 2007, 2008 and 2012 legislative sessions. In November 2006, Constitutional Amendment 4 passed and its enabling legislation, the Affordable Housing Act, was amended, allowing state funds to be used to finance land and building acquisition in addition to providing or paying for the costs of infrastructure.

The New Mexico Mortgage Finance Authority (“MFA”) is a governmental instrumentality separate and apart from the state, created by the New Mexico Mortgage Finance Authority Act for the purpose of financing affordable housing for low and moderate income New Mexico residents. The New Mexico Housing Trust Fund Act designates MFA as the administrator and trustee of the HTF. MFA’s Board approved the Housing Trust Fund Act Rules on September 28, 2005, and as amended on September 19, 2007.

The purpose of the HTF is to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state. The Act requires that funds be awarded on a competitive basis, and that the application process encourage applicants to develop solutions that are responsive to local needs and are consistent with sound housing policy. The HTF may be used to finance in whole or in part projects that will provide affordable housing primarily for persons or households of low or moderate income.

Contact Person

Applicants are encouraged to direct questions regarding the New Mexico Housing Trust Fund Notice of Funding Availability (“NOFA”) and Funding Application Guidelines to:

Mr. Tim Martinez
New Mexico Mortgage Finance Authority
344 Fourth Street SW
Albuquerque, NM 87102
Phone: (505) 767-2258 or toll-free statewide (800) 444-6880
E-mail: tmartinez@housingnm.org

**TTY/Voice: 711, or if no answer
1-800-659-8331 (English) OR 1-800-327-1857 (Spanish)**

Application Submission and Due Date

In order to be considered for funding, completed applications must be received and date-stamped at MFA’s office in Albuquerque no later than 5 PM on January 31st, May 31st and September 30th, unless changed by staff and posted on MFA’s website. If the application deadline occurs on a weekend or holiday, the deadline will be extended to the next working day. Rounds will only be held if funds are available. The required forms will be provided electronically and may be downloaded from MFA’s website at <http://www.housingnm.org/developers>.

Applications will NOT be accepted electronically or via facsimile. Applications shall be submitted in file folders marked "New Mexico Housing Trust Fund Application" as instructed on MFA's website.

Use of Electronic Versions of this NOFA

This NOFA is being made available by electronic means. If accepted by such means, the applicant acknowledges and accepts full responsibility to ensure that no changes are made to the NOFA. In the event of conflict between a version of the NOFA in the applicant's possession and the version maintained by MFA, the version maintained by MFA shall govern.

Eligible Applicants

Eligible applicants include non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA.

To be eligible to receive Housing Trust Fund assistance, an applicant shall:

- Be organized under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing, as applicable;
- Have a functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles;
- Have (a) no significant financial audit findings, and (b) no significant outstanding or unresolved monitoring findings from any governmental entity, or from the MFA as Trustee or otherwise; or if it has any such findings, it has a certified letter from the governmental entity, MFA as Trustee or otherwise, stating that the findings are in the process of being resolved;
- Not have been suspended, debarred or otherwise restricted by any department or agency of the Federal Government or any State government from doing business with such department or agency because of misconduct or alleged misconduct;
- Have among its purposes significant activities related to providing housing or services to persons of low or moderate income; and
- Not have defaulted on any obligation covered by a surety or performance bond.

If a non-profit organization, an applicant shall:

- Have a primary mission to provide housing or housing related services to persons of low or moderate income;
- Provide proof of its 501(c)(3) tax status;
- Provide proof that it is in compliance with the Charitable Solicitations Act NMSA 1978, §57-22-1, et seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act; and
- Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.

Eligible Activities

Subject to applicable law, the HTF may be used to assist in financing a wide range of activities to provide affordable housing, including costs of infrastructure necessary to support affordable housing. MFA encourages contact and inquiries from potential applicants prior to and during application preparation to help assure that proposed activities are eligible. Eligible activities may include, but are not limited to:

Homeownership

- New construction or acquisition, rehabilitation, and resale of single-family homes including manufactured housing.
- Home rehabilitation and maintenance, or repair of existing owner-occupied housing.
- Emergency home repair of existing owner-occupied housing.

Rental Housing

- New construction or acquisition and rehabilitation of permanent rental housing.

Special Needs Housing

- New construction or acquisition and rehabilitation of housing for special needs populations including, but not limited to, transitional, group or congregate housing, and temporary housing for the homeless.

Eligible Expenses

Subject to applicable law, HTF financing may be used only for reasonable and customary costs that are directly attributable and traceable to the development, acquisition, construction and/or rehabilitation of affordable housing projects. Eligible expenses include those related to the construction of modest living quarters/community spaces and basic durable household furnishings (i.e. stoves, refrigerators, & dishwashers) but not electronics, equipment or luxury (i.e. non-essential) goods.

Beneficiary Income Limits and Other Requirements

Beneficiaries or occupants of housing financed in whole or in part by the HTF must have incomes at or below the following limits, which the applicant shall be required to verify. The income limits and requirements vary depending on the type of housing provided.

Owner-Occupied Housing - Beneficiary households residing in units financed with HTF monies must have incomes at or below 80% of area median income (AMI) adjusted for family size as determined by HUD. The home must be owned and occupied by the household as a principal residence. Title to the property must be held as fee simple or a 99-year leasehold. Homes located on Tribal Land may have a 50-year lease or alternative acceptable to MFA.

Workforce Housing - Workforce housing is defined as housing, owner-occupied or rental, for which there is a direct and demonstrable link between the availability of such housing and the ability of the locality to attract or retain essential service providers or those workers that are required to maintain and/or develop a viable local economy. Applicants must identify specific salary ranges earned by the beneficiaries to whom the workforce housing is targeted. Beneficiary eligibility of the households residing in units financed with HTF monies will be based primarily on employment with the participating employer. Although there is no prescribed income eligibility guideline for this activity;

applications will be reviewed to ensure consistency with the purposes and intent of the Act. MFA policy sets the maximum household income eligible for assistance at 120% of AMI.

Rental Housing - Beneficiary households residing in units financed with HTF monies must initially have incomes at or below 60% of AMI adjusted for family size as determined by HUD. Rent rates for households residing in units financed with HTF monies will be rent-restricted. A unit is deemed "rent-restricted", when the maximum rent for such unit will not exceed thirty (30) percent of the maximum annual income allowable for persons or families occupying such unit. If persons or families occupying such rent-restricted units pay for their own utilities, the maximum tenant-paid rent will equal the amount, reduced by the amount of the local utility costs approved by Lender. If a unit receives Federal or State project-based rental subsidy and the family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e. tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program. Additionally MFA requires that 60% of all rental units be for families earning no more than 120% of AMI.

Affordability Period

The HTF is designed to assist housing that will remain affordable on a long term or permanent basis. MFA shall establish a required affordability period, which, as long as funding for the HTF is provided by state funds, shall be in accordance with Section 5.7 E of the Affordable Housing Act Rules, a copy of which can be obtained on MFA's website. These rules require minimum affordability periods of up to 20 years during which the housing units must only be occupied by low income families. For single family for-sale homes, this will require deed restrictions ensuring that the unit can only be sold to qualifying individuals during the affordability period (minimum 5 years).

Housing Standards

All housing receiving HTF financing must meet housing standards prior to occupancy (or after completion for homeowner rehabilitation) and throughout the affordability period. Standards vary depending on the type of housing (owner-occupied, rental, special needs, etc.) and the type of activity. Standards must be met for both the type of housing and the type of activity which includes meeting all state and local code requirements, federal fair housing requirements, ADA, Model Energy codes as applicable and MFA design standards.

Owner-Occupied Housing - The maximum purchase prices for newly constructed or acquired units and after rehabilitation value limits may not exceed 95% of HUD median purchase price for the county in which it is located. See the following HUD website: <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/maxprice.cfm>

Funding Terms and Conditions

All awards shall be subject to the availability of funds and applicable law. The MFA will allocate only the minimum amount of funds that it determines to be necessary for the financial feasibility of a project and its viability throughout the affordability period. Applications will be underwritten and awards structured to ensure that HTF funds will be repaid. Principles of sound underwriting and risk management will be applied when reviewing all applications.

All HTF financing will be in the form of loans, which may be for interim and/or permanent financing. The terms and conditions for each loan will be based on the financing needs of each project or activity. Loan terms and conditions may range from no interest, deferred payment loans to revolving line of credit loans to loans with near-market interest rates and terms. Staff will post current underwriting guidelines on the MFA website.

All loans will be secured by mortgages and/or other appropriate liens. The recording of Land Use Restriction Agreements (LURAs) will be required for all loans. LURAs shall remain in place throughout the required affordability period regardless of the status of the loan or changes in ownership, unless equal or more restrictive restrictions are in place from other funding sources or imposed through permanent affordability mechanisms such as deed restrictions or land trusts.

Funding Limits and Restrictions

Awards of HTF funds are contingent on sufficient appropriations and authorization being made by the State of New Mexico and are further subject to applicable law. If these are not available any loan or other agreement between the MFA and any successful, eligible applicant shall terminate upon written notice being given by the MFA to the applicant. The MFA's decision as to whether sufficient appropriations are available or whether Housing Trust Fund Assistance may be awarded subject to applicable law shall be accepted by any applicant and shall be final.

Maximum Funding Amount - There is no cap on funding amounts. However, MFA, in its discretion, may set limits on the amount of HTF funding to be awarded per application, per NOFA, per quarter, per year, or otherwise. See MFA's website at <http://www.housingnm.org/developers> for current limits.

Developer and Consultant Fees - Developer and Consultant Fees are limited to the following percentages of acquisition and site improvements, hard construction costs, professional fees, financing costs, and soft costs, unless further restricted by other funding sources.

Small project (5 or fewer units):	15%
Standard project (6 or more units)	12%

Builder Fees - "Builder Fees" generally covers Builder overhead, profit and general requirements and are limited to 14% of site improvements and hard construction costs, unless further restricted by other funding sources.

Evaluation of Applications and Documentation

Subject to applicable law, the Housing Trust Fund Act Rules, the Affordable Housing Act Rules, and the MFA Rules and Regulations applications will be evaluated by MFA staff using the criteria listed below and by the New Mexico Housing Trust Fund Advisory Committee with final selection to be made by MFA's Board of Directors. Staff may contact applicants for clarification of information provided. In the event of a tie score, staff will recommend approval based on the income level of families served (i.e. the lower the average AMI percentage, the higher the weight), financial need, lowest per square foot building cost and other factors as determined by staff. MFA shall enter into loan agreements and related agreements with the applicants whose applications are deemed to be most advantageous to the achieving the goals of the HTF. The loan and related agreements shall include provisions for adequate security against the loss of HTF funds in the event that a successful applicant abandons or otherwise fails to complete a

project and further shall include remedies and default provisions in the event of the unsatisfactory performance by the successful applicant.

Threshold Requirements

To be considered for funding, an applicant must first demonstrate that it meets each of the following threshold criteria:

1. The application is complete and legible, including all schedules and attachments, and is submitted by the application deadline.
2. The application complies with all applicable requirements established in these Guidelines and NOFA.
3. The applicant provides sufficient evidence of its ability to undertake and complete the proposal in the areas of financing, acquiring, rehabilitating, developing, and/or managing an affordable housing project.
4. The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.

Applications that do not meet all of the threshold requirements will not receive further consideration for funding and will be returned to the applicant.

Ranking Criteria

Applicants will be scored based on the criteria in Exhibit A "Ranking Criteria". Applications must score at least 50 out of 100 possible points otherwise the application will be rejected.

Application Format and Instructions to Applicants

All proposals must include the items requested in the application checklist on MFA's website located at <http://www.housingnm.org/developers>. The checklist includes, but is not limited to, such items as application, schedules, resumes, audits, narrative, certifications, and disclosures.

Incurred Expenses

MFA shall not be responsible for any expenses incurred by an applicant in applying for HTF funding. All costs incurred by an applicant in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the applicant.

Award Notice

MFA shall provide written notice of the award to all applicants within fifteen (15) days of the date of the award. The award shall be contingent upon signing final loan documents.

Application Confidentiality

Prior to the application deadline, MFA encourages inquiries and contacts with its Contact Person from potential applicants regarding the NOFA or sound housing project policies and procedures. The MFA shall not disclose any information regarding a proposed application provided during such inquiries and contacts to any third party. After the application deadline and until awards are made and notice given to all applicants, the MFA will not disclose the contents

of any application or discuss the contents of any proposal with an applicant or potential applicant, so as to make the contents of any offer available to competing or potential applicants. After awards have been made and notice given to all applicants, all applications shall be available and open to the public for review.

Irregularities in Applications

MFA may waive technical irregularities in the form of proposal of any applicant selected for award which do not alter the price, quality or quantity of the services offered. Note especially that the date and time of application submission as indicated herein under "Application Submission and Due Date" cannot be waived under any circumstances.

Responsibility of Applicants

If an applicant who otherwise would have been awarded funds is found not to be a responsible applicant, a determination, setting forth the basis of the finding, shall be prepared and the applicant disqualified from receiving the award.

A responsible applicant means an applicant who submits an application that conforms in all material respects to the requirements of this NOFA and the HTF application and who has furnished, when required, information and data to prove that the applicant's financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in this NOFA.

Protest

Any applicant who is aggrieved in connection with this NOFA or the award of a loan agreement pursuant to the HTF application process may protest to MFA. The protest must be written and addressed to the Contact Person. The protest must be delivered to MFA within fifteen (15) calendar days after the notice of award or decline. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all applicants who appear to have a reasonable prospect of being affected by the outcome of the protest. The applicants receiving notice may file responses to the protest within seven (7) calendar days of notice of protest. A committee appointed by the MFA Board Chair shall review the protest and responses to the protest and shall make a recommendation to the Board of Directors regarding the disposition of the protest.

The Board of Directors shall make a final determination regarding the disposition of the protest. Applicants or their representatives shall not communicate with MFA Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors. A proposal will be deemed ineligible if the applicant or any person or entity acting on behalf of applicant attempts to influence members of the Board of Directors or staff during any portion of the review process, or does not follow the prescribed Application and Protest process.

Code of Conduct

Applicant has no current or proposed business transaction with MFA or any of its Board members or employees, nor is aware of any other potential conflict which may give rise to a claim of conflict of interest. Any violation of this provision, as determined by MFA, will render the contract void, unless it is approved by the Board of Directors after full disclosure.

Applicant shall provide a statement disclosing any political contribution or gift valued in excess of \$2,500 (singularly or in the aggregate) made by Applicant or on Applicant's behalf to any elected official of the State of New Mexico currently serving or who has served on the MFA Board of Directors in the last three (3) years.

Applicant shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services related to this application. Applicant shall at all times conduct itself in a manner consistent with the MFA Code of Conduct. A copy of the MFA Code of Conduct is posted on the MFA website for review at <http://www.housingnm.org/rfp>. Upon request by MFA, Applicant shall disclose information the MFA may reasonably request relating to conflicts or potential conflicts of interest

Exhibit A - New Mexico Housing Trust Fund NOFA

	Ranking Criteria	Self Score	MFA Score
1	<p>Leverage - Maximum points: 12 The higher of HTF construction or permanent loan as a percentage of total development cost (TDC) per MFA underwriting: Zero to 10% = 12 points Greater than 10% to 20% = 8 points Greater than 20% to 30% = 6 points Greater than 30% to 40% = 4 points Greater than 40% = 2 points</p>		
2	<p>Cost Effectiveness - Maximum points: 12 A. <i>Homeownership</i>: If the proposed average sales price for affordable units (i.e. serving 80% AMI or below) is 85% to 90% of median: 6 points, if less than 85%: 12 points. B. <i>Rental</i>: Points will be awarded based on weighted average total development cost (minus land, reserves and commercial costs) divided by total units compared to MFA's latest LIHTC round cost data for new construction. The applicant will receive 12 points if costs are at or below the above weighted average cost (see http://www.housingnm.org/developers/nm-housing-trust-fund, "Info for Scoring Criterion #2"). Two points will be deducted for each 10% (rounded upwards) that the project exceeds the weighted average.</p>		
3	<p>Need - Maximum points: 12 (partial points allowed) Based on the degree to which the applicant has demonstrated the need and market for the proposed affordable housing project per information acceptable to MFA (e.g. market study, waiting lists, recent governmental studies, etc.).</p>		
4	<p>Readiness - Maximum points: 12 (partial points allowed) Based on the degree to which the applicant has demonstrated readiness to proceed for items such as environmental review, land control secured, planning design & permitting complete, other resources committed, etc.</p>		
5	<p>Green Building - Maximum points: 12 (no partial points) 12 points for meeting or exceeding any of the following standards: A. LEED Certification, B. Enterprise Certification, C. National Green Building Standard Certification, D. Build Green New Mexico Certification or E. Energy Star for Homes (homeownership projects only).</p> <p>I hereby commit to (circle one): A B C D E</p> <p>[signature] _____ Print name: Print Title: Date: <i>Borrower must provide evidence that (1) the project has been registered with relevant certifying agency before loan closing, and (2) certification by</i></p>		

	<i>that agency upon project completion.</i>		
6	Repayment Term - Maximum points: 12 Full repayment of HTF funds within: 15 years or less = 6 points 3 years or less = 12 points.		
7	Low Income Targeting - Maximum points: 12 Serving the lowest area median income (AMI) families. A. <i>Homeownership</i> : at least 25% of total units for 80% AMI or lower = 8 points increasing to 12 points if at least an additional 15% of all units are for 60% AMI or lower. B. <i>Rental</i> : at least 50% of total units for 50% AMI or lower = 8 points increasing to 12 points if at an additional 15% of all units are for 40% AMI or lower.		
8	Rural - Maximum points: 12 (no partial points) Projects located in cities with populations of 50,000 or less (per latest U.S. Census) will receive full points. The only ineligible cities (as of the 2010 census) are Albuquerque, Las Cruces, Rio Rancho and Santa Fe.		
9	New Mexico Non-Profit: Maximum points: 4 (no partial points) Either the borrower or its controlling parent is an eligible New Mexico non-profit organization tribal, entity or housing authority.		
	Total Possible Points = 100 (minimum 50 required)		