

Addendum 1

State and Local Fiscal Recovery Fund & New Mexico Housing Trust Fund

Funding Sources Background & Compliance

During the 2005 legislative session the New Mexico Housing Trust Fund (NMHTF) Act was passed with unanimous support by the State's Senate and House of Representatives. 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. In April 2021, the NMHTF Act was amended to expand the purpose of the program to include both the production and preservation of affordable housing.

The purpose of the NMHTF is to provide flexible funding for housing initiatives in order to produce and preserve significant housing investment in the state. The Act requires that funds be awarded on a competitive basis or based on need, and that the application process encourages applicants to develop solutions that are responsive to local needs and are consistent with sound housing policy. The NMHTF 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.

On March 11, 2021, President Joseph R. Biden, Jr signed the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Fund (SLFRF) into law. This legislation provides relief for eligible state, local, territorial and tribal governments to respond to the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses.

During the 2021 special session, the New Mexico legislature allocated \$15 million of the state's ARPA SLFRF funding through House Bill 2 to the New Mexico Housing Trust Fund. Of this allocation, MFA's Board of Directors and the New Mexico Housing Trust Fund Advisory Committee approved making available \$500,000 for the Housing Innovation Program. House Bill 2 requires that SLFRF funding to be spent on "energy-efficient affordable housing". **Thus, Addendum 1 applies to this \$500,000 allocation.**

All proposed projects must comply with the Mortgage Finance Authority Act, the Affordable Housing Act, NM HTF Act and their associated Rules, as well as ARPA and its SLFRF Final Rule and all other applicable state and federal laws and regulations.

Affordability Period Compliance

All funding awarded will be subject to an affordability period as shall be established by MFA, provided, however, that where an affordability period is not practical, the conveyance shall not be subject to an affordability period, but nevertheless, any such conveyance may be subject to recapture on a pro-rated basis as determined by MFA in its discretion.

Eligible Households

The SLFRF Final Rule defines households and communities that are presumed to be "impacted" versus "disproportionately impacted" by the pandemic and states certain enumerated uses for each population. Impacted classes experienced the general, broad-based impacts of the pandemic, while

disproportionately impacted classes faced meaningfully more severe impacts, often due to preexisting disparities.

Impacted Households

The households or communities presumed to be impacted include:

- Low- or moderate-income households or communities (defined as: 1) income at or below 300% of the Federal Poverty Guidelines for the household size; or 2) income at or below 65% of area median income)
- Households that experienced unemployment
- Households that experienced increased food or housing insecurity
- Households that qualify for the Children’s Health Insurance Program, Childcare Subsidies through the Child Care Development Fund Program, or Medicaid
- When providing affordable housing programs: households that qualify for the National Housing Trust Fund and Home Investment Partnerships Program

Disproportionately impacted Households

The households or communities presumed to be disproportionately impacted include:

- Low-income households or communities (defined as: 1) income at or below 185% of the Federal Poverty Guidelines for the household size; or 2) income at or below 40% of area median income)
- Households residing in Qualified Census Tracts (QCTs)
- Households that qualify for certain federal benefits
- Households receiving services provided by Tribal governments
- Households residing in the U.S. territories or receiving services from these governments

Eligible Activities for Impacted Households

The Housing Innovation Program awards made under this addendum may be used for a range of affordable housing activities for impacted households that experienced a public health or negative economic impact from the pandemic. Below is a complete list of eligible activities:

Emergency Housing Assistance

- Rent, mortgage, or utility assistance
- Housing stability services that enable households to maintain or obtain housing, e.g., legal aid to prevent eviction or homelessness, fair housing counseling, case management related to housing stability for at risk populations
- Housing counseling and legal aid, e.g., attorney’s fees related to eviction proceedings and maintaining housing stability, court-based eviction prevention or diversion programs, legal services that help households maintain or obtain housing
- Transitional shelters (e.g., temporary residences for people experiencing homelessness)

Emergency assistance for pressing needs: burials, home repair, weatherization, or other needs

- Emergency home repair of existing owner-occupied housing
- Emergency assistance for pressing and unavoidable household needs, e.g., private septic tank and well repair

- Home weatherization activities

Promoting long-term housing security and homelessness

- Programs or services to improve access to stable, affordable housing among individuals who are homeless, and the development of affordable housing to increase supply of affordable and high-quality living units (e.g., land acquisition, construction, pre-construction costs, operating costs, etc.)
- Development of affordable housing (including operating Section 108 subsidies) and wraparound services such as behavioral health services, employment services, and other supportive services
- Other affordable housing developments targeted to specialized populations are also eligible, for example recovery housing for individuals in recovery from substance use or youths aging out of foster care
- 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
- Down payment assistance, such as through contributions to a homeowner's equity at origination or that establish a post-closing, mortgage reserve account on behalf of the borrower that may be utilized to make a missed or partial mortgage payment at any point during the life of the loan (e.g., if the borrower faces financial stress)
- New construction or acquisition/rehabilitation of permanent rental housing.
- New construction or acquisition/rehabilitation of housing for special needs populations including, but not limited to, transitional, group or congregate housing, and temporary housing for the homeless

Uses for Disproportionately Impacted Households

The Housing Innovation Program awards made under this addendum may be used for a range of affordable housing activities for disproportionately impacted households that experienced a public health or negative economic impact from the pandemic. Below is a complete list of eligible activities:

Building strong, healthy communities through investments in neighborhoods: Vacant or abandoned properties

- Rehabilitation, renovation, maintenance, or costs to secure vacant or abandoned properties to reduce their negative impact
- Costs associated with acquiring and securing legal title of vacant or abandoned properties and other costs to position the property for current or future productive use
- Removal and remediation of environmental contaminants or hazards from vacant or abandoned properties, when conducted in compliance with applicable environmental laws or regulations
- Demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization

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Forms of Assistance and Term

All funding will be awarded as a grant. All awarded grant funds must be expended by December 2025.

Funding Limits and Restrictions

All awarded projects must incorporate an energy-efficiency component.