

# Agenda



## **HOUSING NEW MEXICO| MORTGAGE FINANCE AUTHORITY**

### **Board Meeting**

**7425 Jefferson St. NE Albuquerque, NM 87109**

**Wednesday, March 19, 2025- 9:30 a.m.**

### **Proposed Agenda**

#### **Chair Convenes Meeting**

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 2/19/25 Board Meeting Minutes – Board Action
- Executive Director Updates

#### **Board Action Items**

#### **Action Required**

#### **Contracted Services/Credit Committee**

- |   |   |     |
|---|---|-----|
| 1 | Casitas del Camino – HOME Loan Request (Justin Carmona & Tim Martinez)                  | YES |
| 2 | Amador Crossing Apartments – TCAP & LTTF Grant Requests (Justin Carmona & Tim Martinez) | YES |
| 3 | Housing Innovation Award Recommendation (Daniela Freamon & Sonja Unrau)                 | YES |
| 4 | Acceptance of Community Energy Efficiency Development (CEED) Grant (Troy Cucchiara)     | YES |

#### **Presentation**

- |   |  |    |
|---|--|----|
| 5 | Bond 101 Presentation (Arundhati Bose and James Schneider) | NO |
|---|--|----|

#### **Other Board Items**

#### **Information Only**

- |   |  |  |
|---|--|--|
| 6 | (Staff is available for questions) <ul style="list-style-type: none"><li>▪ Staff Actions Requiring Notice to Board</li></ul> |  |
|---|--|--|

#### **Monthly Reports**

#### **Non-Action Required**

- |   |  |  |
|---|--|--|
| 7 | (Staff is available for questions) <ul style="list-style-type: none"><li>▪ Marketing &amp; Communications Monthly Update</li><li>▪ New Mexico Housing Trust Fund Update</li><li>▪ 1/31/25 Financial Statements</li></ul> |  |
|---|--|--|

#### **Announcements and Adjournment**

#### **Discussion Only**

#### **Confirmation of Upcoming Board Meetings**

- April 8, 2025- Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- April 16, 2025 – Wednesday 9:30 a.m. MFA Board of Directors Meeting
- April 24, 2025 – Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique Zuni to attend
- May 13, 2025 – Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- May 21, 2025 - Wednesday- 9:30 a.m. MFA Board of Directors Meeting
- May 29- 2025- Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique Zuni to attend
- June 10, 2025 - Tuesday- 10:00 a.m. Contracted Services, 1:30p.m. Finance Committee
- June 18, 2025 – Wednesday – 9:30 a.m. MFA Board of Directors Meeting
- June 26, 2025- Thursday 3:00 p.m. Monthly Investment Update please RSVP to Dominique to attend



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- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
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- Executive Director Updates

#### Board Action Items

#### Action Required

#### Contracted Services/Credit Committee

- 1 Casitas del Camino – HOME Loan Request (Justin Carmona & Tim Martinez)** - A \$2,000,000 HOME loan request for Casitas del Camino, located in Albuquerque, New Mexico. Casitas del Camino is a proposed new construction and acquisition/rehabilitation multifamily project that will create 88 two-, three-, and four-bedroom units for households with children. 44 units will be income restricted to households earning 60% or less of Area Median Income (“AMI”). 17 units will be income restricted to households earning 50% or less of AMI, and the final 27 units will be income restricted to households earning 30% or less of AMI.
- 2 Amador Crossing Apartments – TCAP & LTTF Grant Requests (Justin Carmona & Tim Martinez)** - A \$1,118,524 TCAP grant request and a \$921,530 LTTF grant request for Amador Crossing Apartments, located in Las Cruces, New Mexico. Amador Crossing Apartments is a proposed new construction multifamily project that will create 50 studio and one-bedroom units for special needs households that are homeless or at risk of homelessness. 40 units will be income restricted to households earning 80% or less of Area Median Income (“AMI”), and the final 10 units will be income restricted to households earning 50% or less of AMI.
- 3 Housing Innovation Award Recommendation (Daniela Freamon & Sonja Unrau)** - Staff recommend the approval of the Doña Ana County Health and Human Services Department application for \$714,972 grant under the Housing Innovation NOFA for transitional housing serving males who have been involved in the justice system previously and are considered unhoused, contingent on securing additional \$1.2 million for Phase I from the Doña Ana County Board of Commissioners. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by Housing NM | MFA, as Trustee of the New Mexico Housing Trust Fund. YES
- 4 Acceptance of Community Energy Efficiency Development (CEED) Grant (Troy Cucchiara)** - Housing NM | MFA has been awarded a \$1,670,000 CEED grant from EMNRD and will need formal approval before the contract is finalized and initiated between Housing NM | MFA and EMNRD.

#### Presentation

- 5 Bond 101 Presentation (Arundhati Bose and James Schneider)** - Presentation taking the Housing NM | MFA board through the life of Single-Family Bond Program touching on Structuring, Pricing, Managing the Program and highlighting importance of PAB Activity and depicting how the bond Programs makes Housing NM | MFA financially sustainable.

#### Other Board Items

#### Information Only

- 6 (Staff is available for questions)**
  - Staff Actions Requiring Notice to Board

#### Monthly Reports

#### Non-Action Required

- 7 (Staff is available for questions)**

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update
- 1/31/25 Financial Statements

## **Announcements and Adjournment**

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# Minutes

# HOUSING NEW MEXICO | MORTGAGE FINANCE AUTHORITY

## Board Meeting Minutes

7425 Jefferson St. NE Albuquerque, NM 87109

Wednesday, February 19, 2025, at 9:30 a.m.

Chair Angel Reyes convened the meeting on February 19, 2025, at 9:43 a.m. Secretary Isidoro Hernandez called the roll. Members attending in person: Chair Angel Reyes, Derek Valdo, State Treasurer Laura M. Montoya, Martina C'de Baca (designee for Lieutenant Governor Howie Morales), and Rebecca Wurzburger. Absent: Julie Ann Meade (designee for Attorney General Raúl Torrez) and Randy Traynor. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board members, guests, and staff. He informed everyone that the meeting is being recorded, referring to microphone sensitivity. He then provided voting protocol for those members participating virtually.

Approval of Agenda – Board Action. Motion to approve February 19, 2025, as presented: Wurzburger. Seconded by State Treasurer Laura M. Montoya. Vote: 4-0.

Approval of 1/15/2025 Board Meeting Minutes – Board Action. Motion to approve January 15, 2025, Board Meeting Minutes as presented: Wurzburger. Seconded by C'de Baca. Abstained: State Treasurer Laura M. Montoya and Derek Valdo. Vote: 3-2-0

Approval of 1/15/2025 Board Study Session Minutes- Board Action. Motion to approve January 15, 2025, Board Study Session Minutes as presented: Wurzburger. Seconded by C'de Baca. Abstained: State Treasurer Laura M. Montoya and Derek Valdo. Vote: 3-2-0

Hernandez provided his Executive Director updates: The update began with a Housing NM | MFA testimonial video. He then provided **Program Updates**: Subserviced portfolio: \$2.74 Bil. /16,052 loans, Avg Bal: \$170.8K. Mtg Ops- MFA (GOV) Int. 6.25%/ Mkt: 6.75 % (2/11/25) – 4.50% (4/22). **Significant meetings/presentations**: 01/16: Lea County, Housing Development Mtg. 01/30: HCA Monitoring Entrance Mtg. 02/05: Sandoval Flats Groundbreaking. 02/24: HCA Monitoring Exit Conference. 02/26: Homeless Conference. 02/28: Lea County- Development Resources. 03/03: Hozho Center Grand Opening. **New Mexico Housing Trust Fund**: stating Housing NM has procured 89% funds, awarded 79% and expended 30%. **Production update**: Unduplicated assisted current month 9,201, YTD Assisted 13,803, YTD expended \$175,188,720 throughout New Mexico counties with only four of those counties that have not received assistance yet. He then touched on the federal funding freeze and stated Housing NM assessed the situation and felt comfortable with the federal funding Housing NM receives and asked partners to continue providing services as usual; Housing NM will continue to follow the situation and provide updates. He also referred to the GAAR Green Sheet- January 2025 sheet which listed an informative overview of the monthly statistical highlights for market areas in the report. He highlighted the item on Board agenda for recommendation of approval: Hobbs- 47 unit manufactured housing development; stating it is the first manufactured development that Housing NM has funded. Robyn Powell then provided a legislative session update highlighting relevant bills and their status. Housing NM is currently following seventeen bills in the House and nineteen bills in the Senate. Hernandez concluded with upcoming working sessions and trainings: Bond 101- March, Succession Planning- April, Board Retreat- August and Housing Summit- September.

### Consent Agenda

- 1 **Real Estate Owned (REO) Update (Theresa Laredo Garcia)**- The memo served as an annual update on HNM's REO portfolio. No REOs are expected in FY2025 for the direct-servicing portfolio, and the financial impact from the sub-serviced REO portfolio is not anticipated to be material. HNM will continue to monitor and evaluate potential losses in collaboration with Idaho Housing Finance Authority and provide periodic updates to the Board. Motion to approve the consent agenda Real Estate Owned (REO) update: State Treasurer Laura M. Montoya. Seconded by Wurzburger. Vote: 5-0.

### Finance Committee

- 2 **12/31/24 Quarterly Financial Statement Review (Arundhati Bose)** – Bose began her presentation discussing Quarterly key financial metrics along with significant variances with root causes for the quarter ending December 31, 2024. She provided a summary of bond issues, production, statement of net production, revenue, expenses, and net position. She also provided insights into Moody’s benchmarks and servicing. Discussion ensued regarding Small Business Investment Corporation – Capitalized Primero Loans. Motion to approve 12/31/25 Quarterly Financial Statement Review as presented: State Treasurer Laura M. Montoya. Seconded by Wurzburger. Vote: 5-0
- 3 **Policy and Procedures Manual FY 2025 (Jackie Nutima)** – Nutima began her presentation recommending approval of proposed changes to the Policies and Procedures Manual for purposes of conducting Housing NMs business. Housing NMs staff and Housing NMs general counsel have reviewed and recommended updates to the Policies and Procedures Manual. The Policies and Procedures Manual is revised as needed for changes related to compliance, audit findings, clarifications and changes in general practices or policies. All recommended changes can be found in the board packet under Tab 3. Discussion ensued regarding changes to the investment portion which include: remove “budgeted” from section 2.b (pg. 15); remove “ General Fund” from section 2.d (pg. 15); remove section 3.a (p. 15) definition of “Fiduciary Responsibility”; add new section 3.a (p. 15) defining “Fiduciary”; add statement regarding Fiduciary responsibility to section 4.a (p. 16) in full paragraph following items 1, 2, 3; remove “as directed by the Board via the Executive Director/CEO and staff” from section 4.e (pg. 18); move the criteria for investment managers in section 11.c (pgs. 25-26) and investment advisors in section 11.d (pg. 26) to Appendix D and rename Appendix D “New Mexico State Treasurer’s Office List of Approved Broker Dealers and Guidelines for the Selection of Investment Managers and Investment Advisors; broaden the pertinent section of the MFA Act from 6-10-10.1 to 6-10-10 in section 9 (pg. 21) and in Appendix B (pg. 30)(All page numbers reference the redlined copy provided at this meeting). Motion to approve the Policy and Procedures Manual to include amendments that were discussed: State Treasurer Laura M. Montoya. Seconded by Wurzburger. Vote: 5-0.
- 4 **Multifamily Bond Resolution for Sunset 1600 Apartments (Alex Lundy & Christi Wheelock)** - Lundy began his presentation requesting approval of the Bond Resolution for Sunset 1600 Apartments to enable issuance of up to \$5.7 million in tax-exempt bonds. These funds will support the acquisition and rehabilitation of 60 rent-restricted units in Roswell, ensuring long-term affordability for extremely low-income seniors aged 62 and older for the next 30 years. The State Board of Finance approved \$5.7 million in volume cap on January 17, 2025. Subsequently, the public was notified of the award, and a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing was held on January 30, 2025. The hearing concluded without any public comments. An inducement resolution for the project was approved by Housing NM Executive Staff on September 16, 2024. Prior to this, notices were sent to the City of Roswell under Internal Revenue Code Section 42(m)(1)(A)(ii) and New Mexico Statutes Annotated Section 58-18-10. The City of Roswell expressed its support for the project. Housing NM will act as the conduit issuer for the bonds, facilitating the issuance without assuming any repayment obligation. Motion to approve the Multifamily Bond Resolution for Sunset 1600 Apartments as presented: Valdo. Seconded by: State Treasurer Laura M. Montoya. Vote: 5-0.

#### **Contracted Services/Credit Committee**

- 5 **Bella Luz Apartments – HOME Loan Request (Jacobo Martinez & Tim Martinez)** – J. Martinez began his presentation recommending a \$2,000,000 HOME loan request for Bella Luz Apartments, located in Santa Fe, New Mexico. Bella Luz Apartments is a proposed 58-unit multifamily project with 35 studio units and 23 one-bedroom units targeting households with incomes at or below 30% and 80% of the Area Median Income (AMI) and those who have been displaced by the impacts of COVID. The project will be an affordable community that welcomes people who need support to stabilize and avoid long-term homelessness. Due to the population served, the project incurs higher operating expenses. Stress testing confirms the project's feasibility despite a decline in net operating income and DSC over time. The proposed project presents a favorable risk profile and is recommended for approval. Motion to approve the Bella Luz Apartments- HOME Loan Request as presented: Wurzburger. Seconded by State Treasurer Laura M. Montoya. Vote: 5-0.

- 6 Turquoise Trail – HOME & New Mexico Housing Trust Fund Loan Requests (Justin Carmona & Tim Martinez)** – Carmona began his presentation recommending \$2,000,000 HOME loan and \$2,000,000 NMHTF loan requests for Turquoise Trail, located in Santa Fe, New Mexico. Turquoise Trail is a proposed new construction multifamily project that will create 312 two-, three-, and four-bedroom units for households with children. 310 units will be income restricted to households earning 60% or less of AMI, and two units will be income restricted to households earning 50% or less of AMI. Turquoise Trail will have a large clubhouse, an exercise facility, picnic areas, and an outdoor swimming pool. In-unit amenities will include central air conditioning, a number of appliances included with each unit such as refrigerators, dishwashers, ranges and ovens, and microwaves, as well as washer and dryer hookups, and patios or balconies depending on each unit's elevation. The project will be required to meet HUD's Site and Neighborhood Standards prior to the acquisition of the property. The proposed project presents a favorable risk profile and is recommended for approval. Motion to approve the Turquoise Trail- Home & New Mexico Housing Trust Fund Loan Requests as presented: Wurzburger. Seconded by C'de Baca. Vote: 5-0.
- 7 Sunset 1600 Apartments – HOME & New Mexico Housing Trust Fund Loan Request (Tim Martinez & George Maestas)** – Martinez began his presentation recommending a \$1,000,000 HOME loan request and a \$3,000,000 NMHTF loan request for Sunset 1600 Apartments, located in Roswell, New Mexico. Sunset 1600 Apartments is a proposed acquisition and rehabilitation of a 60-unit apartment complex initially built in 1972. The project (100% of units) will serve seniors aged 62 and older. Six units will be income restricted to households earning 30% or less of AMI, nine units will be income restricted to households earning 40% or less of AMI, 15 units will be income restricted to households earning 50% or less of AMI, and 30 units will be income restricted to households earning 60% or less of AMI. All units will receive HUD Section 8 Project Based Vouchers. Unit improvements will consist of replacing wall furnaces with high-efficiency heat pumps, removing evaporative coolers, replacing central water heaters, upgrading electrical panels, and installing low-flow plumbing fixtures and LED lighting. The units will also receive new kitchen appliances, cabinets, countertops, bathroom vanities, flooring, and paint. The proposed project presents a favorable risk profile and is recommended for approval. Motion to approve the Sunset 1600 Apartments- HOME & New Mexico Housing Trust Fund Loan Request as presented: Wurzburger. Seconded by Valdo. Vote: 5-0.
- 8 Arroyo Oeste Phase II – New Mexico Housing Trust Fund Loan Request (Josh Howe & Tim Martinez)** – Howe began his presentation recommending a \$1,000,000 NMHTF revolving construction line of credit loan request for Arroyo Oeste Phase II, located in Santa Fe, New Mexico. Arroyo Oeste Phase II is a proposed new construction single-family project that will create 20 single-family homes in the Tierra Contenta Subdivision; NMHTF will only finance the construction of eight affordable homes. One home will be income restricted to a household at or below 30% of AMI. One home will be income restricted to a household at or below 40% of AMI. One home will be income restricted to a household at or below 50% of AMI. One home will be income restricted to a household at or below 60% of AMI. One home will be income restricted to a household at or below 80% of AMI. Two homes will be income restricted to households at or below 120% of AMI. One home will be income restricted to a household at or below 150% of AMI. The proposed project presents a favorable risk profile and is recommended for approval. Motion to approve the Arroyo Oeste Phase II – New Mexico Housing Trust Fund Loan Request as presented: Wurzburger. Seconded by Valdo. Vote: 5-0.
- 9 South 40 Subdivision – New Mexico Housing Trust Fund Loan Request (Josh Howe & Tim Martinez)** – Howe began his presentation recommending a \$3,000,000 NMHTF infrastructure loan request for South 40 Subdivision, located in Hobbs, New Mexico. South 40 Subdivision is a proposed new construction single-family project that will create 47 single-family manufactured homes on permanent foundations. 47 homes will be income restricted to households earning 150% or less of Area Median Income ("AMI"). This phase of the overall project will be developed on total land size of approximately 37.5 acres. The total project will be built out in seven (7) phases and will ultimately provide two hundred thirty-nine (239) lots for affordable housing/manufactured homes. The proposed project presents a favorable risk profile and is recommended for approval. Motion to approve the South 40 Subdivision - New Mexico Housing Trust Fund Loan Request as presented: Wurzburger. Seconded by Valdo. Roll

call vote: Angel Reyes – yes, Derek Valdo- yes, Christine Anaya (proxy for State Treasurer Laura M. Montaya) – yes, Martina C’de Baca- yes, Rebecca Wurzbarger- yes, Randy Traynor- absent and Julie Meade- absent. Vote: 5-0.

**10 Rehab-2-Rental Pilot Program Notice of Funding Availability (Sharlynn Rosales & Sonja Unrau)** – Rosales began her presentation recommending approval of Rehab-2-Rental Pilot Program Notice of Funding Availability. Housing New Mexico received state funding through the Department of Finance and Administration to expand Housing New Mexico’s current landlord engagement model “rehab to rental.” This program, now named Rehab-2-Rental, is designed to assist with the rehabilitation of rental units leased to housing voucher holders. Service Providers approved through the program’s Notice of Funding Availability will collaborate with Housing Voucher Administrators to secure private landlords, conduct rehabilitation, and ensure the properties meet housing quality standards. Forgivable loans of up to \$25,000 per unit will be offered to landlords renting to housing voucher holders. Landlords must enter into a Restrictive Covenant Agreement with the Service Providers outlining the terms of the loan agreement and tenant preferences for 60 months (5 years). Approved Service Providers will use this funding to rehabilitate the units and receive an administrative fee for their efforts in improving tenant- based rental housing. Motion to approve the Rehab-2-Rental Pilot Program Notice of Funding Availability as presented: Wurzburger. Seconded by C’de Baca. Roll call vote: Angel Reyes – yes, Derek Valdo- yes, Christine Anaya (proxy for State Treasurer Laura M. Montaya) – yes, Martina C’de Baca- yes, Rebecca Wurzburger- yes, Randy Traynor- absent and Julie Meade- absent. Vote: 5-0

**11 Emergency Homeless Assistance Program RFP (Jackie Homet)** – Homet began her presentation recommending approval of the Emergency Homeless Assistance Program (EHAP) Request for Proposals (RFP) for Program Years 2025-2027, with option for renewal through 2030. In February 2020, Housing NM's Board of Directors approved an RFP for the EHAP Program which allowed selected service providers to be awarded funding for five consecutive program years contingent upon required renewal criteria and performance. In this current year, there are 17 shelters receiving EHAP funding. With the release of the 2025-2026 RFP, we anticipate between two and six new shelters will submit applications. Although this could result in additional service areas being assisted with EHAP funding, a change was made to the RFP to allow new shelters to apply as well, during the five-year RFP, if applicable. New language was added to the RFP which can be found in Tab 11 of the board packet. Motion to approve the Emergency Homeless Assistance Program RFP as presented: Wurzburger. Seconded by Valdo. Roll call vote: Angel Reyes – yes, Derek Valdo- yes, Christine Anaya (proxy for State Treasurer Laura M. Montaya) – yes, Martina C’de Baca- yes, Rebecca Wurzburger- yes, Randy Traynor- absent and Julie Meade- absent. Vote: 5-0

**12 Recovery Housing Program Action Plan and NOFA Amendments (Jackie Homet)** – Homet began her presentation recommending approval of the Recovery Housing Program (RHP) Action Plan Amendment and Notice of Funding Availability (NOFA) Amendment. To date, Housing New Mexico has received a total of \$5,575,749 in RHP funding. This includes the FY2024 funding in the amount of \$1,450,399. \$4,462,699 has been awarded to qualified service providers, leaving \$834,262 in remaining RHP funding through the Action Plan amendment and corresponding NOFA amendment. Housing New Mexico will comply with the Citizens’ Participation Plan (CPD) Publication notifications. A thirty-day Comment Period will be scheduled for March 27 through April 26, with a Public Hearing to be held on April 11. The Action Plan amendment will be submitted to HUD and email notifications sent out announcing the remaining funds available through the amended NOFA. Motion to approve the Recovery Housing Program Action Plan as presented: Wurzburger. Seconded by C’de Baca. Roll call vote: Angel Reyes – yes, Derek Valdo- yes, Christine Anaya (proxy for State Treasurer Laura M. Montaya) – yes, Martina C’de Baca- yes, Rebecca Wurzburger- yes, Randy Traynor- absent and Julie Meade- absent. Vote: 5-0

### **Other**

**13 Appointment of Nominating Committee (Chair, Angel Reyes)** – Chair Reyes notified the Board that he will be appointing himself as Chair, Lieutenant Governor, Martina C’de Baca (proxy for Howie Morales) and Julie Ann Meade (proxy for Attorney General Raúl Torez) to serve as the nominating committee for officers including the

Vice Chair, Secretary, Assistant Secretary, Treasurer and Assistant Treasurer. The nominees will be submitted to the Board in April. Non-Action item.

**14 Annual Disclosures, Board Members and Executive Director/CEO (Eleanor Werenko, Stelzner, Winter, Warburton, Flores & Dawes, P.A.)** – Werenko began her presentation stating Housing NM has collected annual disclosure statements from all Board members and the disclosure statements have been posed on the Housing NM website and updates will be posted there throughout the year. Prior to each board meeting she receives a copy of the board agenda and reviews for any conflicts of interest. This disclosure is being made in accordance with section 1.2 of the Housing NM Code of Conduct and the disclosures are posted and available for public review. Non-Action item.

**15 Quarterly Multifamily Project Completion Report (George Maestas)** – Maestas presented an overview of the quarter one report on the construction progress for multifamily projects and presented information on any upcoming loan closings and ribbon cuttings. Non-Action item.

**16 Quarterly Marketing Summary Report (Kristie Garcia)** – Garcia began provided an overview of the quarterly marketing and communications presentation consisting of the strategic marketing overview of Housing NM's recent activities related to press releases, advertising, media coverage, social media posts and outreach efforts. Non-Action item.

Chair Reyes stated that that concluded the board agenda. There are two items that Hernandez stated will be presented by Joseph Navarrete and Dominique Zuni on cyber security and basic logistics.

Zuni began her presentation to the Board on basic logistics on accessing and locating the Board packets on the Teams application. Then Navarrete presented information on email security risk highlighting phishing, targeting of high-level executives.

#### **Other Board Items**

#### **Information Only**

**17 There were no questions asked of staff.**

- Staff Actions Requiring Notice to Board
- Strategic Plan Benchmarks Q1 Update
- Post Close 2024 G Bond Issue

#### **Monthly Reports**

#### **Non-Action Required**

**18 There were no questions asked of staff.**

- New Mexico Housing Trust Fund Update

#### **Quarterly Reports**

#### **Non-Action Required**

**19 There were no questions asked of staff.**

- Quarterly Board Report
- 12/31/24 Quarterly Investment Financial Report

#### **Announcements and Adjournment- Confirmation of upcoming Board Meetings.**

There being no further business, the meeting was adjourned at 12:45 p.m.

Approved:

\_\_\_\_\_  
Chair, Angel Reyes

\_\_\_\_\_  
Secretary, Isidoro Hernandez

Tab 1



**HOUSING NEW MEXICO | MFA**  
**Contracted Services/Credit Committee Meeting**  
**Tuesday, March 11, 2025 @ 10:00 am**

Webex- call in information is 1-408-418-9388 (access code): 2482 724 5045  
Or you can join the call from the calendar item

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1 Casitas del Camino – HOME Loan Request – Justin Carmona and Tim Martinez	10:00-10:10	3-0 Approved	YES
2 Amador Crossing Apartments – TCAP & LTTF Grant Requests – Justin Carmona and Tim Martinez	10:10-10:20	3-0 Approved	YES
3 Housing Innovation Award Recommendation – Daniela Freamon and Sonja Unrau	10:20-10:30	3-0 Approved	YES
<b><u>Informational Items</u></b>	10:30-10:40		NO
4 Questions/comments from Committee			

**Committee Members present:**

Rebecca Wurzbarger, Chair

☐ present

☐ absent

☒ conference call

Attorney General Raul Torrez/Designee

Julie Ann Meade

☐ present

☐ absent


☒ conference call

Randy Traynor

☐ present

☐ absent

☒ conference call

 3/11/2025


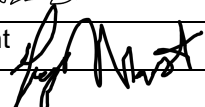


## 2025 RENTAL AWARD SUMMARY

<b>Project Name &amp; Address</b>	<b>Casitas del Camino</b> 112-232 60 <sup>th</sup> Street NW & Knotts Landing Court NW, Albuquerque, NM 87105			
<b>Proposed Award</b>	\$2,000,000	HOME	Rate	0%
<b>Borrower</b>	<b>Casitas del Camino, LLLP</b> will be owned 0.01% by AHA Casitas del Camino GP, LLC as General Partner with AHA Housing Development Corporation as Sole Member and 99.99% by tax credit equity investor The Richman Group as Limited Partner.			
<b>Management</b>	<b>Albuquerque Housing Authority (AHA)</b> currently owns and manages 27 multifamily and senior housing developments consisting of 1,000 units throughout Albuquerque. AHA's Public Housing Department directly manages all of AHA's housing stock, and AHA's Maintenance Department conducts regular maintenance on these apartments.			
<b>Developer</b>	<p><b>Albuquerque Housing Authority</b> was formed as the City of Albuquerque's public housing authority in 1967 to provide subsidized housing and housing assistance to low-income families in the City. In 2011, this organization was reorganized from a department under the City of Albuquerque into a separate Public Body Corporate. AHA currently provides housing support to over 10,000 individuals residing in Albuquerque, making it the largest public housing authority in New Mexico.</p> <p>To date, AHA has converted or is the process of rehabilitating and converting seven properties from public housing to LIHTC properties with project based rental assistance through HUD's Rental Assistance Demonstration (RAD) program. Five of these properties have completed construction, with the last two still undergoing rehabilitation.</p> <p>Albuquerque Housing Authority's audited financial statements as of FYE 6/30/23 show unrestricted cash of \$10.6 MM, total assets of \$79.1 MM, a net worth of \$26.6 MM, a debt-to-worth ratio of 1.90 to 1.00, and a negative net income. AHA's audited financial statements as of FYE 6/30/24 show unrestricted cash of \$10.6MM, total assets of \$83.9MM, a net worth of \$45.1 MM, a debt-to-worth ratio of 0.86 to 1.00, and a negative net income. AHA's compiled interim financials as of FYE 12/30/24 show unrestricted cash of \$15 MM, total assets of \$70.5 MM, a net worth of \$46.1 MM, a debt-to-worth ratio of 0.52 to 1.00, and a positive net income.</p>			
<b>Project Type &amp; Size</b>	New construction of 46 units, including 30 two-bedroom units and 16 three-bedroom units and the acquisition and rehabilitation of 42 units, including 32 three-bedroom units and 10 four-bedroom units. The project will be located on a 7.74-acre site with the newly constructed units to be built on vacant land located on the site. Twenty-two units (25% of the project) will serve households with children. Forty-four units will be income-restricted to households earning 60% or less of Area Median Income (AMI), 17 units will be income restricted to households earning 50% or less of AMI, and the final 27 units will be income restricted to households earning 30% or less of AMI.			
<b>Project Description</b>	<p>AHA is proposing the new construction and acquisition and rehabilitation of Casitas del Camino, an 88-unit apartment project targeting households with children in Albuquerque. The site, owned by AHA, is currently zoned R-ML, which allows for multifamily uses per the City of Albuquerque's Integrated Development Ordinance. The project will consist of 30 two-bedroom units, each at approximately 905 sq. ft., 48 three-bedroom units, each at approximately 1,019 sq. ft., and 10 four-bedroom units, each at approximately 1,226 sq. ft. The project's gross square footage will be around 100,602 sq. ft. comprised of a mix of 34 duplex, single-family, and low-rise residential buildings that will be either one or two stories.</p> <p>The existing units will undergo substantial rehabilitation. This work will include replacing each building's plumbing and electrical systems, installing new, energy efficient electric heat pumps and water heaters, and replacing all windows, doors, cabinetry, and flooring. Most sheetrock will be removed to allow for the mechanical system upgrades and the installation of additional insulation, meaning that new sheetrock will also be reinstalled, textured, and painted.</p> <p>Casitas del Camino will feature a large community building to serve as a gathering space, new pedestrian and bicycle connections throughout the site, new landscaping with drought-tolerant plants, and a basketball court.</p> <p>The 44 rehabilitated units will have Rental Assistance Demonstration (RAD) project-based vouchers and 25 of the newly constructed units will have Section 8 project-based vouchers. Tenants in units with either type of voucher will only pay up to 30% of their income towards rent; the vouchers will cover the rest of the cost to ensure the project receives standardized payments. The remaining 21</p>			

	<p>units will not have project-based vouchers but will still be subject to income restrictions imposed by the LIHTC and HOME programs.</p> <p>Adjacent to the project site are single-family homes, as well as commercial and retail uses, and an Albuquerque Fire Department station. The project is in close proximity to a grocery store offering fresh produce and multiple restaurants and businesses as well as being within walking distance of Central Avenue, home to the Albuquerque Rapid Transit (ART) bus system.</p> <p>The market study, prepared by Novogradac and dated December 23, 2024, generally defines Casitas del Camino's Primary Market Area (PMA) as the center, western half of Albuquerque extending from Candelaria Road, Western Trail, and Unser Boulevard in the north, I-25, Avenida Cesar Chavez and Isleta Boulevard in the East, Arenal Road and Sage Road in the south, and 98<sup>th</sup> Street in the west.</p> <p>The market study advises that Casitas del Camino will represent excellent quality affordable apartments which are in strong demand in the area. The market study demand analysis shows a Capture Rate of 1.3%, which is considered very low and indicates ample demand for the proposed project. This analysis also shows the project will be fully occupied within six months of opening. This absorption period is based on an estimated average absorption rate of approximately 15 units per month.</p>
<b>Environmental &amp; Site</b>	<p>A Phase I Environmental Site Assessment was completed for the subject site in June 2022 by Terracon Consultants, Inc. No Recognized Environmental Conditions (RECs) or Controlled Recognized Environmental Conditions (CRECs) were identified in connection with the site.</p>
<b>Project Financials, Projections and Assumptions, and Subsidy Layering Review</b>	<p>This project was underwritten utilizing Housing New Mexico's standard 7% vacancy rate, which is considered conservative due to the low vacancy rates at nearby affordable housing properties. The applicant has provided a detailed 15-year cash flow projection for the project, which assumes total annual revenue of \$1,255,044. The developers estimate \$495,783 in total operating expenses less reserves and social services (i.e., \$5,634 per unit per year), which is within Housing New Mexico's standard underwriting range of \$4,300 to \$5,800.</p> <p>The project's Debt Service Coverage Ratio (DSCR) starts at 1.22 to 1.00 in year one, increasing to 1.44 to 1.00 in year 15. This ratio is within Housing New Mexico's underwriting standards of a range between 1.20 – 1.40 to 1:00 from year one of operation through year 12. The DSCR for years 13, 14, and 15 is just slightly above underwriting standards.</p> <p>The interest rate for Citibank's first mortgage loan is assumed to be 6.80% (6.30% adjusted upwards by 50 basis points for underwriting). If, for any reason, the rate increases too much to accommodate the required DSCR, then the first mortgage permanent loan can be reduced and that portion of it replaced by a cash flow loan from AHA.</p> <p>Currently, it appears that ~53% (\$809,405) of the \$1,540,000 developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Current projections indicate the project will fully pay off the deferred developer fee by the end of year 7.</p> <p>Based on the investor's letter of interest, the project is currently underwritten using a credit price of 86 cents on the dollar, which is within the average range for recent LIHTC projects. Every one (1) cent drop in that price would create the need for an additional \$150K in a cash flow loan from AHA.</p> <p><b>Subsidy Layering Review</b></p> <p><u>HOME</u>- Housing NM's Housing Development Department's subsidy layering analysis, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.</p>
<b>Affordability Requirements</b>	<p><b>HOME:</b> Seven HOME units consisting of: Two 2-bedroom apartment units, two 3-bedroom apartment units, and one 4-bedroom apartment unit for households at or below 60% AMI and restricted to High HOME rents; and, one 2-bedroom apartment unit and one 3-bedroom apartment unit for households at or below 50% AMI and restricted to Low HOME Rents for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The affordability period is 40 years: 20 years as required by HOME rules' standards and 20 years for Housing NM's extended affordability period (i.e. in</p>

	concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.
<b>Repayment and Disbursement</b>	<p><b>HOME:</b>  <b>Payments:</b> No payments during the construction period, which is not to exceed 24 months; thereafter, 479 equal principal payments during the permanent loan period, based on an 80-year amortization, with a final balloon payment of all outstanding principal and interest due at maturity. All outstanding principal and interest are due at the earlier of maturity, refinance, or sale of the project.  <b>Disbursement:</b> Allow up to three draws: two during the construction period, and the third upon submission of a final project completion report to HUD.</p>
<b>Special Conditions</b>	<ol style="list-style-type: none"> <li>1. All loans are subject to MFA's final underwriting for project feasibility. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate &amp; amortization) may be revised in line with projected cash flow at closing;</li> <li>2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect;</li> <li>3. Financing commitments acceptable to MFA prior to funding on all funding sources;</li> <li>4. Acceptance of 2025 award of Low-Income Housing Tax Credits (LIHTC);</li> <li>5. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative or a third party acceptable to MFA (i.e. hired by MFA, investor or primary construction lender) and shared with MFA. Cost to be paid by applicant;</li> <li>6. Other conditions as may be determined by staff; and</li> <li>7. Subject to availability of funds.</li> </ol> <p><b>Additional Conditions: HOME Loan</b></p> <ol style="list-style-type: none"> <li>1. Loan to be in second lien position;</li> <li>2. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met;</li> <li>3. If other than minimal funds used during construction (i.e. \$50,000 or less), AHA must provide a guarantee during the construction period;</li> <li>4. If HOME CHDO (Community Housing Development Organization) funds are to be used, AHA must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules.</li> </ol>
<b>Housing New Mexico Commitments to Other Projects</b>	<p><b><u>Albuquerque Housing Authority</u></b></p> <p>2016 9% LIHTC – Rio Vista – \$984,020  2020 9% LIHTC – 6100 Harper – \$912,789  2020 NHTF – 6100 Harper – \$400,000  2020 9% LIHTC – Broadway McKnight – \$954,720  2020 NHTF – Broadway McKnight – \$400,000  2022 TCAP – Broadway McKnight – \$600,000  2022 9% LIHTC – 120 La Plata – \$749,825  2022 NHTF – 120 La Plata – \$400,000  2022 9% LIHTC – 9000 Veranda – \$765,840  2022 NHTF – 9000 Veranda – \$400,000</p> <p><sup>(1)</sup> Risk Share loans carry 10% Housing New Mexico risk  <sup>(2)</sup> Bonds are non-recourse to Housing New Mexico  <sup>(3)</sup> Loan Balances as of 2/20/2025</p>
<b>Housing New Mexico Exposure</b>	\$1,600,000 (excludes LIHTC, grants, and loans pending approval)

<b><u>Risk Factors</u></b>	<ol style="list-style-type: none"> <li>1. <b>Market – Low</b> (Strong demand for proposed property in PMA)</li> <li>2. <b>Construction – Medium</b> (Construction material pricing remains high; however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls)</li> <li>3. <b>Developer – Low</b> (Experienced developer, strong balance sheet)</li> <li>4. <b>Guarantor – Low</b> (Strong balance sheet)</li> <li>5. <b>General Partner/Managing Member – Low</b> (i.e. the developer)</li> <li>6. <b>Community Opposition – Low</b> (existing project)</li> <li>7. <b>Financing – Medium</b> (As long as market conditions for interest rates &amp; LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project may not move forward. Final underwriting is required before loan closing to ensure viability before final commitment)</li> </ol>		
<b>Summary &amp; Recommendation</b>	The proposed project presents a favorable risk profile and is recommended for approval.		
<b>Prepared by</b>	Justin Carmona, Development Loan Manager 	Date	3/4/25
<b>Reviewed by</b>	George Maestas, Director of Housing Development 	Date	3/04/2025

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Unit Sizes	Target AMIs
Casitas del Camino		Albuquerque				
Total Development Cost	\$ 32,241,212		NC/AR	88	2-BED, 3-BED, & 4-BED	30% AMI, 50% AMI, & 60% AMI
Borrowers	Casitas del Camino, LLLP					
Management	Albuquerque Housing Authority		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Albuquerque Housing Authority		1973		\$ 1,507,919	4%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
HOME LOAN INFORMATION			NUMBER OF HOME UNITS			7
Funds Available as of:	02/24/25	\$6,528,644				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$1,000,000	\$2,000,000	Per Housing NM's Annual Action Plan, "depending on fund availability, higher awards may be allowed, at MFA's discretion."			
Rates	0.0% to 3.0%	0.00%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	20 to 80 years	80 years				
Lien Position	Subordinate allowed	2nd lien position				
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 5 units @ 60% AMI, 2 units @ 50% AMI				
DSCR	1.20 to 1.40 : 1 on all must-pay debt	1.22 : 1.00 increasing to 1.44 : 1.00 by year 15	DSCR starts and stays between 1.20 : 1.40 in year 1 through year 12, trends upwards and falls slightly above that range for years 13, 14, and 15			
Scoring Criteria	N/A					

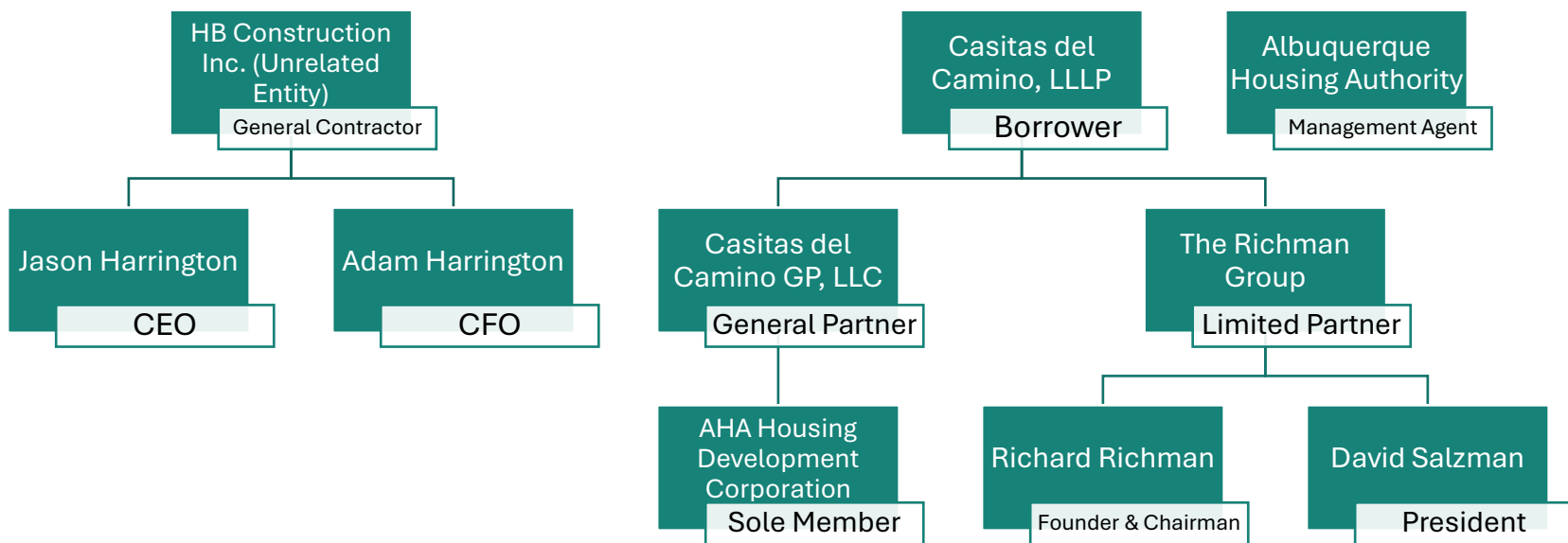
TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	Casitas del Camino	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 4,850,000	15%	\$ 48.21
Construction Hard Costs		\$ 16,343,996	51%	\$ 162.46
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 5,721,852	18%	\$ 56.88
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 733,420	2%	\$ 7.29
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 1,912,844	6%	\$ 19.01
Permanent Financing Costs (fees, title/recording, etc)		\$ 202,625	1%	\$ 2.01
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 404,594	1%	\$ 4.02
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ 5,000	0.0%	\$ 0.05
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 526,881	2%	\$ 5.24
Developer Fees (inc consultant fees)		\$ 1,540,000	5%	\$ 15.31
Total Development Costs (TDC)		\$ 32,241,212	100%	\$ 320.48
TDC w/o Land, Reserves & Commercial		\$ 30,814,331	96%	\$ 306.30

CONSTRUCTION SOURCES				
Project:	Casitas del Camino	Total	% of Total	Per Unit
Construct. Lender	BMO Harris Bank/Const. Loan	\$ 16,500,000	51.2%	\$ 187,500.00
2nd Lien Holder	Housing NM/HOME	\$ 1,800,000	5.6%	\$ 20,454.55
Other	CABQ/Workforce Housing Trust Fund	\$ 3,500,000	10.9%	\$ 39,772.73
Other	Ventana Fund/Const. Loan	\$ 1,000,000	3.1%	\$ 11,363.64
Other	AHA/Seller Financing	\$ 4,365,000	13.5%	\$ 49,602.27
Other	AHA/Subordinate Loan	\$ 1,800,000	5.6%	\$ 20,454.55
Other	AHA/Reserves	\$ 470,000	1.5%	\$ 5,340.91
Deferred Developer Fee	AHA	\$ 861,191	2.7%	\$ 9,786.26
LIHTC Equity	The Richman Group	\$ 1,945,021	6.0%	\$ 22,102.51
Total Construction Sources		\$ 32,241,212	100.0%	\$ 366,377.41

PERMANENT SOURCES				
Project:	Casitas del Camino	Total	% of Total	Per Unit
Permanent Lender - 1st Lien	Citibank/Perm. Loan	\$ 6,800,000	21.1%	\$ 77,272.73
2nd Lien Holder	Housing NM/HOME	\$ 2,000,000	6.2%	\$ 22,727.27
Other	CABQ/Workforce Housing Trust Fund	\$ 3,500,000	10.9%	\$ 39,772.73
Other	AHA/Seller Financing	\$ 4,365,000	13.5%	\$ 49,602.27
Other	AHA/Subordinate Loan	\$ 1,800,000	5.6%	\$ 20,454.55
Deferred Developer Fee	AHA	\$ 809,405	2.5%	\$ 9,197.78
LIHTC Equity	The Richman Group	\$ 12,966,807	40.2%	\$ 147,350.08
Total Permanent Sources		\$ 32,241,212	100.0%	\$ 366,377.41

Development Cost Budget		
Casitas del Camino	Gross Sq. Footage:	100,602
Albuquerque	TOTAL COST	COST/GSF
<b>ACQUISITION COSTS</b>		
Land Acquisition	\$ 900,000	\$ 8.95
Building Acquisition	\$ 3,950,000	\$ 39.26
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 4,850,000</b>	<b>\$ 48.21</b>
<b>CONSTRUCTION HARD COSTS</b>		
Demolition	\$ 434,150	\$ 4.32
Accessory Structures	\$ -	\$ -
Site Construction	\$ 1,673,366	\$ 16.63
Buildings and Structures	\$ 12,886,678	\$ 128.10
Off-Site Improvements	\$ -	\$ -
Other: Additional const. costs	\$ 1,349,802	\$ 13.42
<b>SUBTOTAL</b>	<b>\$ 16,343,996</b>	<b>\$ 162.46</b>
<b>OTHER CONSTRUCTION COSTS</b>		
Contractor Overhead	\$ 351,396	\$ 3.49
Contractor Profit	\$ 1,054,188	\$ 10.48
General Requirements	\$ 1,054,188	\$ 10.48
Construction Contingency	\$ 1,410,283	\$ 14.02
Gross Receipts Tax (GRT)	\$ 1,480,797	\$ 14.72
Landscaping	\$ -	\$ -
Furniture, Fixtures, & Equipment	\$ 100,000	\$ 0.99
Other: Tap fees, building permit fees, and impact fees	\$ 271,000	\$ 2.69
<b>SUBTOTAL</b>	<b>\$ 5,721,852</b>	<b>\$ 56.88</b>
<b>PROFESSIONAL SERVICES/FEES</b>		
Architect (Design)	\$ 437,549	\$ 4.35
Architect (Supervision)	\$ 43,755	\$ 0.43
Attorney (Real Estate)	\$ 110,000	\$ 1.09
Engineer/Survey	\$ 97,116	\$ 0.97
Other: Flood plain survey	\$ 45,000	\$ 0.45
<b>SUBTOTAL</b>	<b>\$ 733,420</b>	<b>\$ 7.29</b>
<b>CONSTRUCTION FINANCING COSTS</b>		
Hazard Insurance	\$ 90,000	\$ 0.89
Liability Insurance	\$ 328,604	\$ 3.27
Performance Bond	\$ 155,240	\$ 1.54
Interest	\$ 900,000	\$ 8.95
Origination\Discount Points	\$ 120,000	\$ 1.19
Credit Enhancement	\$ -	\$ -
Inspection Fees	\$ 36,000	\$ 0.36
Title and Recording	\$ 125,000	\$ 1.24
Legal	\$ 140,000	\$ 1.39
Taxes	\$ -	\$ -
Other: Capital Needs Assessment	\$ 18,000	\$ 0.18
<b>SUBTOTAL</b>	<b>\$ 1,912,844</b>	<b>\$ 19.01</b>

Project: Casitas del Camino		
<b>PERMANENT FINANCING COSTS</b>		
Bond Premium	\$ -	\$ -
Credit Report	\$ -	\$ -
Origination\Discount Points	\$ 20,000	\$ 0.20
Credit Enhancement	\$ -	\$ -
Title and Recording	\$ 25,000	\$ 0.25
Legal	\$ 65,000	\$ 0.65
Cost of Bond Issuance	\$ 92,625	\$ 0.92
Pre-Paid MIP	\$ -	\$ -
Reserves and Escrows	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 202,625</b>	<b>\$ 2.01</b>
<b>SOFT COSTS</b>		
Market Study	\$ 9,000	\$ 0.09
Environmental	\$ 25,000	\$ 0.25
Tax Credit Fees	\$ 113,094	\$ 1.12
Appraisal	\$ 15,000	\$ 0.15
Hard Relocation Costs	\$ 150,000	\$ 1.49
Accounting/Cost Certification	\$ 17,500	\$ 0.17
Other: Soft cost contingency	\$ 75,000	\$ 0.75
<b>SUBTOTAL</b>	<b>\$ 404,594</b>	<b>\$ 4.02</b>
<b>SYNDICATION</b>		
Organization	\$ 5,000	\$ 0.05
Bridge Loan	\$ -	\$ -
Tax Opinion	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 5,000</b>	<b>\$ 0.05</b>
<b>TDC before Dev. Fees &amp; Reserves</b>	<b>\$ 30,174,331</b>	<b>\$ 300</b>
<b>RESERVES</b>		
Rent Up	\$ -	\$ -
Operating	\$ 526,881	\$ 5.24
Replacement (inc. only if capitalized)	\$ -	\$ -
Escrows/Working Capital	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 526,881</b>	<b>\$ 5.24</b>
<b>DEVELOPER FEES</b>		
Developer Fee	\$ 1,540,000	\$ 15.31
Consultant Fee	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 1,540,000</b>	<b>\$ 15.31</b>
<b>Total Development Cost (TDC)</b>	<b>\$ 32,241,212</b>	<b>\$ 320.48</b>
<b>TDC w/o Land, Reserves &amp; Commercial</b>	<b>\$ 30,814,331</b>	<b>\$ 306.30</b>



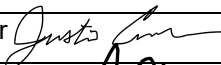
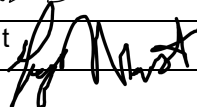


# Tab 2

## 2025 RENTAL AWARD SUMMARY

<b>Project Name &amp; Address</b>	<b>Amador Crossing Apartments</b> 1101 W. Amador Ave., Las Cruces, NM 88004			
<b>Proposed Award</b>	\$1,118,524	Tax Credit Assistance Program (TCAP) Grant	Rate	N/A
	\$921,530	Land Title Trust Fund (LTF) Grant	Rate	N/A
<b>Grantee</b>	<b>The City of Las Cruces (“The City”)</b> will be the sole grantee of these funds during construction and throughout the affordability period required by the requested grant programs.			
<b>Management</b>	<b>TBD</b> – The City of Las Cruces is currently procuring a management agent, a process with an anticipated Summer 2025 completion date. The City’s Request for Proposal requires the management entity to have familiarity with federal compliance requirements and experience working with special needs populations.			
<b>Developer</b>	<p><b>The City of Las Cruces</b> will construct, own, and operate Amador Crossing Apartments. The City has a long history of developing projects for the community. Recent projects include the construction of the \$26M Transit Operating and Maintenance Facility, the construction of the East Mesa Recreational Complex, the expansion and renovation of the Munson Senior Center, and the Casa de Peregrinos Food Pantry facility.</p> <p>The Housing and Neighborhood Services (“HNS”) section of the City Manager’s Office will lead the development of Amador Crossing Apartments. The department handles the work associated with the City’s Community Development Block Grant program and HOME Investment Partnership funding. HNS is led by Natalie Green, who has been with the City for just over 15 years and has been instrumental in developing the project concept and securing funding. Section staff also have extensive experience in affordable housing development and rental assistance programs.</p> <p>The City has many experts who will also assist with the construction and implementation of Amador Crossing Apartments. The City’s Finance Department will ensure purchases and contractor selection are completed in a timely and fiscally responsible manner. The City Attorney’s Office will oversee agreements with the selected contractor, construction management firm, property management firm, and service providers.</p> <p>The City of Las Cruces’ Annual Comprehensive Financial Audit dated June 30, 2023, shows unrestricted cash of \$117M, total assets of \$1.21B, a net worth of \$663M, a debt-to-worth ratio of 0.84 : 1.00, a net income of \$50M and positive traditional cash flow.</p> <p>The City’s Annual Comprehensive Financial Audit dated June 30, 2024, shows unrestricted cash of \$103M, total assets of \$1.27B, a net worth of \$703M, a debt-to-worth ratio of 0.83 : 1:00, a net income of \$40M and positive traditional cash flow.</p>			
<b>Project Type &amp; Size</b>	New Construction of 50 units to be located on a 4.8-acre site. Fifty units (100% of the project) will serve special needs households. Forty units will be income-restricted to households earning 80% or less of Area Median Income (AMI), and ten units will be income-restricted to households earning 50% or less of AMI.			
<b>Project Description</b>	<p>The City of Las Cruces is proposing the new construction of Amador Crossing Apartments, a 50-unit permanent supportive housing multifamily project targeting special needs households that are homeless or at risk of homelessness in Las Cruces. The project will be constructed on an undeveloped parcel of land adjacent to the Mesilla Valley Community of Hope campus, which is a well-established service center helping homeless and at-risk households. The project will consist of 25 studio apartment units, each at approximately 990 sq. ft., and 25 one-bedroom units, each at approximately 1,060 sq. ft. The project will be around 34,414 sq. ft. comprised of one two-story garden-style residential building.</p> <p>Amador Crossing Apartments will include recreation areas, gathering spaces, an outdoor dog area, a laundry room, secure entrances, as well as security cameras throughout public spaces. Each unit will be fully furnished and have high-efficiency windows, HVAC systems, and appliances to reduce utility costs.</p> <p>The project is centrally located in Las Cruces, half a mile away from downtown. Restaurants, grocery stores, retail and commercial uses, and the local NM Workforce Connection office will all be within walking distance. Additionally, a bus stop located directly in front of the project will provide a frequent public transportation option for tenants.</p>			

	<p>Households in 40 units will have tenant-based vouchers from the Mesilla Valley Community of Hope; these vouchers will provide the project with rental income at the 80% AMI level. Additionally, households in the remaining 10 units will receive project-based vouchers from the Mesilla Valley Public Housing Authority; these vouchers will provide the project with rental income at 50% AMI level. Every tenant will also be provided with a utility allowance to pay for all basic utilities including water, sewer, trash, and electricity.</p> <p>Mesilla Valley Community of Hope will assist the management agent in soliciting, screening and qualifying tenants. This organization will also oversee two on-site, full-time case managers, who will provide comprehensive case management and wrap-around services to tenants. The case managers will provide a personalized approach in helping tenants access benefits, healthcare, and employment opportunities. While living at Amador Crossing Apartments, households will also have access to all services the agencies on the Mesilla Valley Community of Hope campus offer including Casa de Peregrinos Food Bank, Jardin de los Ninos Daycare Center, Amador Health Center, and El Caldito Soup Kitchen.</p> <p>The most recent Affordable Housing Plan created by the City of Las Cruces references HUD's Point-in-Time count ("PIT") that identified 161 homeless persons and 87 homeless children in Las Cruces. The PIT is a count by HUD of unsheltered people experiencing homelessness on a single night in January across the country. However, this is often considered an undercount of the homeless population because of the limited timeframe during which the count occurs and because it only counts individuals who do not visibly have shelter, not, for example, individuals living in situations at risk of homelessness. The City's Affordable Housing Plan also reports that nearby homeless service providers, including the Mesilla Valley Community of Hope, are consistently at or near full capacity. Mesilla Valley Community of Hope, in particular, reports over 2,400 households on waiting lists for various housing programs.</p>
<b>Environmental &amp; Site</b>	<p>A Phase I Environmental Site Assessment was completed for the subject site in May 2021 by Souder, Miller &amp; Associates. Stained soil was located in the southeast corner of the subject property where a compromised drum leaked into the soil. The location of this soil is at the far corner of the site and not where the project's construction will occur. The soil located there has since been appropriately remediated, and the site where the barrel was located was paved over.</p>
<b>Project Financials, Projections and Assumptions, and Subsidy Layering Review</b>	<p>This project was underwritten utilizing Housing New Mexico's standard 7% vacancy rate, which is considered conservative. The applicant provided a detailed 15-year cash flow projection for the project, which assumes total annual revenue of \$453,040. The developer estimates \$241,382 in total operating expenses including reserves and social services (i.e., \$4,828 per unit per year), which is within Housing New Mexico's standard underwriting range of \$4,300 to \$5,800.</p> <p>Normally, Housing New Mexico underwrites projects to analyze their Debt Service Coverage Ratio (DSCR); however, because this project is funded entirely through grants and other soft sources, the project has no debt to service. The 15-year cash flow projection shows that the project will maintain a positive net cash flow for years one through fourteen of operation, trending downwards with a negative net cash flow balance shown in year fifteen. Permanent supportive housing projects, like Amador Crossing Apartments, typically have higher operating expenses due to the greater need for enrichment services and reserves required to serve the target population, which must be paid for by the project's revenue. Including reserves and social services, operating expenses increase to an estimated \$401,382 (i.e., \$8,028 per unit per year). This cash flow projection also assumes that Amador Crossing Apartments will operate at a 7% vacancy rate. However, it is likely this rate will be significantly lower because households in 40 units will hold tenant-based vouchers and households in 10 units will hold project-based vouchers, all of which allow the household to only pay 30% of their income towards rent regardless of their income level. A lower vacancy rate would increase the revenue the project receives and therefore increase the project's net cash flow.</p>
<b>Affordability Requirements</b>	<p><b>TCAP:</b> 50 units income-restricted to households earning 80% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Doña Ana County. The TCAP program income affordability period will be 20 years.</p> <p><b>LTTF:</b> 50 units income-restricted to households earning 80% or less of AMI for which a Land Use Restriction Agreement (LURA) will be filed in Doña Ana County. The LTTF affordability period is 20</p>

	years as required by Affordable Housing Act Rules and starts on the date the Certificate of Occupancy is issued.		
<b>Repayment and Disbursement</b>	<p><b><u>TCAP:</u></b>  <u>Payments:</u> N/A (Grant)  <u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p> <p><b><u>LTTF:</u></b>  <u>Payments:</u> N/A (Grant)  <u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p>		
<b>Special Conditions</b>	<ol style="list-style-type: none"> <li>1. All grants are subject to MFA's final underwriting for project feasibility. Grant amounts may be reduced if the financing gap decreases;</li> <li>2. Any changes or additions to the following development team members listed in the grant application must be approved by MFA: developer, contractor, management company, consultant, or architect;</li> <li>3. Financing commitments acceptable to MFA prior to funding on all funding sources;</li> <li>4. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative or a third party acceptable to MFA (i.e., hired by MFA, investor, or primary construction lender) and shared with MFA. Cost to be paid by applicant;</li> <li>5. Other conditions as may be determined by staff; and</li> <li>6. Subject to availability of funds.</li> </ol> <p><b>Additional Conditions: TCAP</b></p> <ol style="list-style-type: none"> <li>1. None</li> </ol> <p><b>Additional Conditions: LTTF</b></p> <ol style="list-style-type: none"> <li>1. None</li> </ol>		
<b>Housing New Mexico Commitments to Other Projects</b>	<p><b><u>City of Las Cruces:</u></b></p> <p>N/A – Amador Crossing is the developer's first proposed affordable multifamily project utilizing Housing NM financing.</p>		
<b>Housing New Mexico Exposure</b>	None		
<b><u>Risk Factors</u></b>	<ol style="list-style-type: none"> <li>1. <b>Market – Low</b> (Strong demand for proposed project)</li> <li>2. <b>Construction – Medium</b> (Construction material pricing remains high; however, the developer has experience completing large public works projects)</li> <li>3. <b>Developer – Medium</b> (Developer has experience completing projects, but this is their first time developing housing; strong balance sheet)</li> <li>4. <b>Community Opposition – Low</b> (project will be located near an existing campus that provides services to homeless and at-risk populations)</li> <li>5. <b>Financing – Medium</b> (As long as construction material and labor pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project may not move forward. Final underwriting is required before closing to ensure viability before final commitment).</li> </ol>		
<b>Summary &amp; Recommendation</b>	The proposed project presents a favorable risk profile and is recommended for approval.		
<b>Prepared by</b>	Justin Carmona, Development Loan Manager 	Date	3/4/25
<b>Reviewed by</b>	George Maestas, Director of Housing Development 	Date	3/04/2025

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Unit Sizes	Target AMIs
Amador Crossing Apartments		Las Cruces				
Total Development Cost	\$ 15,969,199		NC	50	STUDIO & 1-BED	50% AMI, 80% AMI
Grantee	The City of Las Cruces					
Management	TBD		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	The City of Las Cruces		N/A		N/A	N/A
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
TAX CREDIT ASSISTANCE PROGRAM (TCAP) INFORMATION			NUMBER OF TCAP UNITS			50
Funds Available as of:	02/01/25	\$1,118,524				
	MFA Guidelines	Grant Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Funding Amount	N/A	\$1,118,524	Program Income Utilization			
Rates	N/A	N/A	This is a grant			
Loan Fees	N/A	N/A	This is a grant			
Maximum Loan Term	N/A	N/A	This is a grant			
Loan Amortization	N/A	N/A	This is a grant			
Lien Position	N/A	N/A	This is a grant			
Affordability Requirements	Min 15 yrs, max 80% AMI	20 yrs, 50 units @ 80% AMI				
DSCR	N/A	N/A	This is a grant			
Scoring Criteria	N/A	N/A				
LAND TITLE TRUST FUND (LTF) INFORMATION			NUMBER OF LTF UNITS:			50
Funds Available as of:	02/01/25	\$921,530				
	MFA Guidelines	Grant Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Funding Amount	N/A	\$921,530				
Rates	N/A	N/A	This is a grant			
Loan Fees	N/A	N/A	This is a grant			
Maximum Loan Term	N/A	N/A	This is a grant			
Loan Amortization	N/A	N/A	This is a grant			
Lien Position	N/A	N/A	This is a grant			
Affordability Requirements	Min 20 yrs, max 80% AMI	20 yrs, 50 units @ 80% AMI				
DSCR	N/A	N/A	This is a grant			
Scoring Criteria	75-130 points	93				

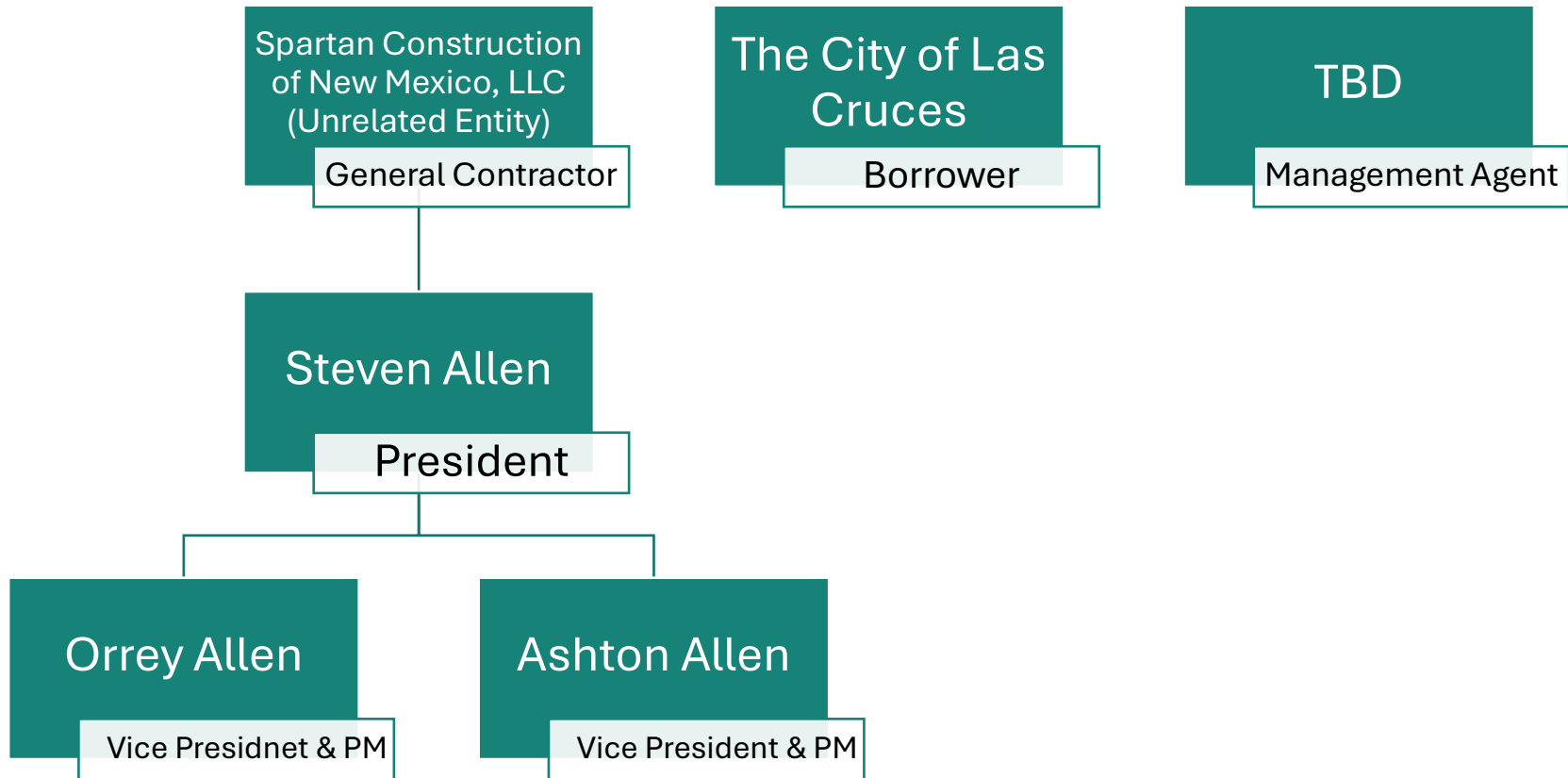
TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	Amador Crossing Apartments	Total	% TDC	Cost/GSF*
Acquisition Costs	(land, building acquisition, & other acquisition costs)	\$ -	0%	\$ -
Construction Hard Costs		\$ 11,557,000	72%	\$ 335.82
Other Construction Costs	(contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$ 3,431,273	21%	\$ 99.71
Professional Services/Fees	(architect, engineer, real estate legal, etc)	\$ 95,000	1%	\$ 2.76
Construction Financing Costs	(interest, insurance, inspections, fees, etc)	\$ 665,000	4%	\$ 19.32
Permanent Financing Costs	(fees, title/recording, etc)	\$ -	0%	\$ -
Other Soft Costs	(tax credit fees, environmental reports, appraisals, accounting, etc)	\$ -	0%	\$ -
Syndication-Related Costs	(organization, bridge loan, tax opinion, etc)	\$ -	0.0%	\$ -
Reserves	(rent-up, operating, replacement, escrows, etc)	\$ 220,926	1%	\$ 6.42
Developer Fees	(inc consultant fees)	\$ -	0%	\$ -
Total Development Costs (TDC)		\$ 15,969,199	100%	\$ 464.03
TDC w/o Land, Reserves & Commercial		\$ 15,748,273	99%	\$ 457.61

CONSTRUCTION SOURCES				
Project:	Amador Crossing Apartments	Total	% of Total	Per Unit
Grant:	State of NM/Capital Outlay Allocation	\$ 5,915,250	37.0%	\$ 118,305.00
Grant:	City of Las Cruces/Housing Trust Fund	\$ 4,000,000	25.0%	\$ 80,000.00
Grant:	Housing NM/Housing Innovations Program	\$ 1,500,000	9.4%	\$ 30,000.00
Grant:	Housing NM/TCAP Grant	\$ 1,118,524	7.0%	\$ 22,370.48
Grant:	Housing NM/LTF Grant	\$ 921,530	5.8%	\$ 18,430.60
Other:	City of Las Cruces/GO Bond & TFF	\$ 2,513,895	15.7%	\$ 50,277.90
Total Construction Sources		\$ 15,969,199	100.0%	\$ 319,383.98

PERMANENT SOURCES				
Project:	Amador Crossing Apartments	Total	% of Total	Per Unit
Grant:	State of NM/Capital Outlay Allocation	\$ 5,915,250	37.0%	\$ 118,305.00
Grant:	City of Las Cruces/Housing Trust Fund	\$ 4,000,000	25.0%	\$ 80,000.00
Grant:	Housing NM/Housing Innovations Program	\$ 1,500,000	9.4%	\$ 30,000.00
Grant:	Housing NM/TCAP Grant	\$ 1,118,524	7.0%	\$ 22,370.48
Grant:	Housing NM/LTF Grant	\$ 921,530	5.8%	\$ 18,430.60
Other:	City of Las Cruces/GO Bond & TFF	\$ 2,513,895	15.7%	\$ 50,277.90
Total Permanent Sources		\$ 15,969,199	100.0%	\$ 319,383.98

Development Cost Budget		
Amador Crossing Apartments	Gross Sq. Footage:	34,414
Las Cruces	TOTAL COST	COST/GSF
<b>ACQUISITION COSTS</b>		
Land Acquisition	\$ -	\$ -
Building Acquisition	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CONSTRUCTION HARD COSTS</b>		
Demolition	\$ 30,000	\$ 0.87
Accessory Structures	\$ -	\$ -
Site Construction	\$ 1,356,000	\$ 39.40
Buildings and Structures	\$ 9,978,000	\$ 289.94
Off-Site Improvements	\$ 193,000	\$ 5.61
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 11,557,000</b>	<b>\$ 335.82</b>
<b>OTHER CONSTRUCTION COSTS</b>		
Contractor Overhead	\$ 48,000	\$ 1.39
Contractor Profit	\$ 483,144	\$ 14.04
General Requirements	\$ 480,000	\$ 13.95
Construction Contingency	\$ 1,284,500	\$ 37.32
Gross Receipts Tax (GRT)	\$ 1,035,629	\$ 30.09
Landscaping	\$ -	\$ -
Furniture, Fixtures, & Equipment	\$ 100,000	\$ 2.91
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 3,431,273</b>	<b>\$ 99.71</b>
<b>PROFESSIONAL SERVICES/FEES</b>		
Architect (Design)	\$ -	\$ -
Architect (Supervision)	\$ -	\$ -
Attorney (Real Estate)	\$ -	\$ -
Engineer/Survey	\$ 95,000	\$ 2.76
Other :	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 95,000</b>	<b>\$ 2.76</b>
<b>CONSTRUCTION FINANCING COSTS</b>		
Hazard Insurance	\$ -	\$ -
Liability Insurance	\$ 332,500	\$ 9.66
Performance Bond	\$ 332,500	\$ 9.66
Interest	\$ -	\$ -
Origination\Discount Points	\$ -	\$ -
Credit Enhancement	\$ -	\$ -
Inspection Fees	\$ -	\$ -
Title and Recording	\$ -	\$ -
Legal	\$ -	\$ -
Taxes	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 665,000</b>	<b>\$ 19.32</b>

Project: Amador Crossing Apartments		
<b>PERMANENT FINANCING COSTS</b>		
Bond Premium	\$ -	\$ -
Credit Report	\$ -	\$ -
Origination\Discount Points	\$ -	\$ -
Credit Enhancement	\$ -	\$ -
Title and Recording	\$ -	\$ -
Legal	\$ -	\$ -
Cost of Bond Issuance	\$ -	\$ -
Pre-Paid MIP	\$ -	\$ -
Reserves and Escrows	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SOFT COSTS</b>		
Market Study	\$ -	\$ -
Environmental	\$ -	\$ -
Tax Credit Fees	\$ -	\$ -
Appraisal	\$ -	\$ -
Hard Relocation Costs	\$ -	\$ -
Accounting/Cost Certification	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SYNDICATION</b>		
Organization	\$ -	\$ -
Bridge Loan	\$ -	\$ -
Tax Opinion	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TDC before Dev. Fees &amp; Reserves</b>	<b>\$ 15,748,273</b>	<b>\$ 458</b>
<b>RESERVES</b>		
Rent Up	\$ -	\$ -
Operating	\$ 220,926	\$ 6.42
Replacement (inc. only if capitalized)	\$ -	\$ -
Escrows/Working Capital	\$ -	\$ -
Other:	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ 220,926</b>	<b>\$ 6.42</b>
<b>DEVELOPER FEES</b>		
Developer Fee	\$ -	\$ -
Consultant Fee	\$ -	\$ -
<b>SUBTOTAL</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Development Cost (TDC)</b>	<b>\$ 15,969,199</b>	<b>\$ 464.03</b>
<b>TDC w/o Land, Reserves &amp; Commercial</b>	<b>\$ 15,748,273</b>	<b>\$ 457.61</b>





# Tab 3



# MEMO

**TO:** Housing New Mexico Board of Directors  
**Through:** Contracted Services Committee on March 11, 2025  
**Through:** New Mexico Housing Trust Fund Advisory Committee on March 10, 2025  
**Through:** Policy Committee on March 04, 2025

**FROM:** Daniela Freamon, Sonja Unrau, & Robyn Powell

**DATE:** March 19, 2025

**SUBJECT:** Recommendation for Housing Innovation Application Approval -  
Doña Ana County Health and Human Services Department

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## **Recommendation:**

Staff recommend the contingent approval of the Doña Ana County Health and Human Services Department application for a \$714,972 grant under the Housing Innovation Program Notice of Funding Availability (NOFA). The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by MFA, as Trustee of the New Mexico Housing Trust Fund.

## **Background:**

The Housing Innovation Program NOFA was approved by the MFA Board of Directors in September 2023 as a resource to address housing needs that are currently not being served through other MFA programs and an opportunity for eligible applicants to fund a community tailored housing solution.

## **Discussion:**

The Doña Ana County Health and Human Services Department is partnering with La Clinica de Familia and Mesilla Valley Community of Hope to apply for funding from the Housing Innovation Program for the Reconnect Project, a three-phased transitional housing project for recently exited, justice-involved males. More specifically funding will support Phase II, which includes an outdoor therapy area and the installation of electrical, water, plumbing, sewer, and exterior grading that will extend to all Phases of the project.

The Reconnect Project aims to provide the least restrictive and lowest-barrier housing option for males who have been jailed for a misdemeanor or petty non-violent misdemeanor crime and is non-sex-related in nature or have been involved in the justice system previously and are considered unhoused. The County will integrate key partners with multi-year contracts to support the long-term vision of the project, such as La Clinica de Familia, a federally qualified health center, and Community of Hope, the County's subject matter expert in housing.

The completed project will be two fully furnished modular units (Phase I), a completed outdoor therapy area (Phase II), and a 10,000 sq. ft. two-level building for additional housing and supportive services (Phase III). Total project costs will be roughly \$9.5 million and this request of \$714,972 will support the infrastructure needs of all Phases.

The County has secured the land and buildings and anticipates an award of \$1.2 million from the Doña Ana County Board of Commissioners (pending final approval on March 25). The Housing Innovation award recommendation is being made contingent on securing this award of \$1.2 million for Phase I.

The budget for the Housing Innovation grant is provided below:

General Requirements	\$69,481.02
Masonry	\$174,873.60
Wood, Plastics and Composites	\$717.99
Finishes	\$20,335.68
Furnishings	\$2,187.22
Electrical	\$204,598.37
Communications	\$1,715.78
Earthwork	\$57,436.02
Exterior Improvements	\$170,414.16
Utilities	\$13,211.82
<b>Total</b>	<b>\$714,971.66</b>

The five-year goal of the Reconnect Project is to ultimately reduce recidivism and improve mental health outcomes for these participants. Staff recommend making an exception to the \$500,000 award maximum of the Housing Innovation Program to cover the entire cost of Phase II and support transitional housing and supportive services for the target population, addressing a critical need in the county for such resources.

#### **Summary:**

Staff recommend the approval of the Doña Ana County Health and Human Services Department application for \$714,972 grant under the Housing Innovation NOFA for transitional housing serving males who have been involved in the justice system previously and are considered unhoused, contingent on securing additional \$1.2 million for Phase I from the Doña Ana County Board of

Commissioners. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by MFA, as Trustee of the New Mexico Housing Trust Fund.

# Tab 4

**TO:** Housing NM | MFA Board of Directors

**Through:** Policy Committee – 03/13/2025

**FROM:** Troy Cucchiara

**DATE:** 3/19/ 2025

**SUBJECT:** Formal approval to accept block grant  
DOA #8 – Housing NM applications for funding and receipt of awards

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**Recommendation:**

Staff recommend approval to accept a Community Energy Efficiency Development (CEED) grant from the State of NM Department of Energy, Minerals, and Natural Resources (EMNRD) of \$1,670,000.

**Background:**

EMNRD released an RFP for energy efficiency upgrades to underserved communities in December 2023. Housing NM | MFA applied for this grant and was notified their application was successful and will receive an award of \$1,670,000, pending formal approval to accept the grant, also known as grant of authority.

**Discussion:**

Housing NM | MFA follows standard procedures of notifying the Board upon receipt of awards as a staff action. For this grant, EMNRD is requiring formal approval for us to accept it to comply with The Community Energy Efficiency Development Block Act, 16-17A-5 NMSA. This states:

Prior to the department's final approval of an application from the New Mexico mortgage finance authority for a grant pursuant to the Community Energy Efficiency Development Block Grant Act, the New Mexico mortgage finance authority shall provide the department with formal approval of the New Mexico mortgage finance authority to accept a specific community energy efficiency development block grant.

All three single family weatherization service providers will be receiving this award and will be leveraging previously allocated funds for maximum efficiency expenditures.

**Summary:**

Housing NM | MFA has been awarded a \$1,670,000 CEED grant from EMNRD and will need formal approval before the contract is finalized and initiated between Housing NM | MFA and EMNRD.

**STATE OF NEW MEXICO  
GOVERNMENTAL SERVICES AGREEMENT  
BETWEEN THE  
STATE OF NEW MEXICO,  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT,  
AND  
NEW MEXICO MORTGAGE FINANCE AUTHORITY**

**THIS GOVERNMENTAL SERVICES AGREEMENT** (Agreement) is made and entered into by and between the State of New Mexico, Energy, Minerals and Natural Resources Department (EMNRD), Energy Conservation and Management Division (ECAM), and New Mexico Mortgage Finance Authority (Entity).

**THE PARTIES MUTUALLY AGREE:**

**1. Scope of Work:** Entity shall:

A. Plan, manage and implement a Community Energy Efficiency Development (CEED) Program Project (Project) in accordance with the New Mexico Community Energy Efficiency Development Block Grant Act and the application materials approved by ECAM attached hereto and incorporated by reference as Attachment 1.

B. Provide targeted energy efficiency and conservation improvements to residential housing units for underserved communities in New Mexico. The geographic location of the households served will be across the state of New Mexico. The Entity shall effectuate the goals of the CEED Program for residential buildings in underserved communities, including reducing energy consumption; reducing energy-related operating costs; reducing the carbon intensity of energy consumption; or a combination thereof.

C. Implement Energy Conservation Measure (ECM) improvements outlined in Attachment 2 hereto. The ECM improvements shall not cause an energy bill or cost increase in relation to the total cost a household spends on utilities.

- 1) Entity shall obtain the approval of ECAM for the installation of ECM improvements or appliances not specified in Attachment 2.
- 2) Entity is required to document all measure installations and any potential Health and Safety (H&S) findings. ECAM recognizes it may not be possible to catalog all potential H&S issues. Should H&S concerns not enumerated in Attachment 2 be identified, it is the Entity's responsibility to notify ECAM of the problem and obtain directions from ECAM on how to proceed before any work commences. Failure to adhere to this requirement may result in disallowed costs for the Entity and potential liability for any subcontractor.
- 3) The maximum average allowable ECM improvement cost per residential housing unit is \$16,000.00, but Entity may seek ECAM approval for variances

to the maximum average allowable per-unit cost.

- D. Entity shall adhere to the following program administration requirements:
- 1) Section 19.1.10.12 (D), NMAC to determine participant household eligibility. Certification verification process will require ECAM review prior to program commencement.
  - 2) Procure, as applicable, services from community partner(s) and service providers(s) with experience in the geographic area(s) in which the project will take place. Entity shall give priority to service provider(s) with a commitment to employ apprentices from a registered apprenticeship program that promotes diversity or to provide paid internships to person(s) from the identified underserved community.
  - 3) Collect and report data on, but not limited to, project performance, energy savings, and non-energy benefits resulting from project energy efficiency, conservation, and retrofit measures.
  - 4) Prepare, review, certify, and submit the reports as outlined below, in the form and content specified by ECAM:

Report Title	Reporting Period	Due Date
Program Financial Reports	Quarterly	<ul style="list-style-type: none"><li>• Jan. 1–Mar. 3 = due Apr. 20</li><li>• Apr. 1–June 30 = due July 20</li><li>• July 1–Sep. 30 = due Oct. 20</li><li>• Oct. 1–Dec. 31 = due Jan. 20</li></ul>
Program Performance Reports	Quarterly	<ul style="list-style-type: none"><li>• Jan. 1–Mar. 3 = due Apr. 20</li><li>• Apr. 1–June 30 = due July 20</li><li>• July 1–Sep. 30 = due Oct. 20</li><li>• Oct. 1–Dec. 31 = due Jan. 20</li></ul>
Project Update Reports	Monthly, with each request for payment/reimbursement	On the 20 <sup>th</sup> of the month for the previous period
If the due date falls on a weekend/holiday, the report will be due the following business day.		

- 3) The Entity shall review all invoices for reimbursement from subcontractors and verify that claimed expenditures are allowable costs. The Entity shall maintain documentation adequate to support all claimed costs reported for federal reimbursement or Entity share.
- 4) To the greatest extent practicable, Entity should take advantage of available New Mexico state and federal rebates and tax incentives, including the DOE Home Energy Rebates programs: Home Electrification and Appliance Rebates (HEAR), Home Efficiency Rebates (HER).



- 5) Entity may apply for variances pursuant to Section 19.1.10.20 NMAC. Should the Entity elect to undertake activities or change locations prior to written authorization from ECAM, the Entity does so at risk of not receiving funding.
- 6) Outreach/marketing activities must be directly related to the CEED Program and educational activities must be targeted and specific to the residential unit or building.
- 7) Training and Certifications costs must apply directly to CEED Program activities. Staff time spent on CEED Program projects should be accounted for accurately, with costs claimed being the costs incurred.
- 8) Entity shall also comply with requirements specified in Attachment 3, Special Terms and Conditions.
- 9) Prepare, review, certify, and submit reimbursement requests as outlined below, in the form and content specified by ECAM.

## **2. Compensation:**

A. EMNRD shall pay Entity for services satisfactorily performed pursuant to the Scope of Work. The total amount payable to Entity under this Agreement shall not exceed one million six hundred seventy thousand dollars and zero cents (\$1,670,000.00), including New Mexico governmental gross receipts taxes, and any travel, if necessary, pursuant to Paragraphs B and C of this Compensation Section. EMNRD shall make payment upon the satisfactory and timely completion of the work described in the Scope of Work and as set forth below:

<b>Deliverable</b>	<b>Maximum Amount Not to Exceed</b>	<b>Invoice Due Date</b>
Submit reimbursement requests for Administrative Costs related to the planning, management and implementation of the CEED Program Project.	\$250,500.00	20 <sup>th</sup> day of each month for costs incurred during the previous month
Submit reimbursement requests for costs related to retrofit work and ECM improvements to residential housing units within across the state of New Mexico.	\$1,419,500.00	20 <sup>th</sup> day of each month for costs incurred during the previous month

This amount is a maximum and not a guarantee that the work assigned to be performed by Entity under this Agreement shall equal the amount stated herein. The parties do not intend for the Entity to continue to provide services without compensation when the total compensation amount is reached. Entity is responsible for notifying EMNRD when the services provided under this Agreement reach the total compensation amount. In no event shall the Entity be paid for services provided exceeding the total compensation amount

without this Agreement being amended in writing prior to those services exceeding the total compensation amount being provided. EMNRD MUST receive all invoices no later than 15 days after the termination of the Fiscal Year in which the services were delivered. Invoices received after such date SHALL NOT BE PAID.

B. EMNRD shall pay travel expenses as may be incurred in, and that are necessary for, this Agreement's performance at the rates established in the Per Diem and Mileage Act, NMSA 1978, Sections 10-8-1 *et seq.* as implemented by the current Department of Finance and Administration (DFA) rule and the current EMNRD travel policy.

C. Entity shall be responsible for paying New Mexico Governmental Gross Receipts taxes levied on amounts payable under this Agreement, if applicable.

D. Entity must submit detailed invoices accounting for all services performed and expenses incurred with each reimbursement request. Invoices shall include documentation of all expenses incurred evidencing the propriety of each claim with proofs of payment thereof. Wage amounts charged shall be based upon payrolls maintained by Entity and must be supported by copies of the paystubs or cancelled paychecks, and timesheets if requested. If EMNRD finds that the services or expenses are not acceptable, within 30 days of receipt of written notice from Entity that payment is requested for services received, EMNRD shall provide Entity a letter of exception explaining the defect or objection to the invoice, services, or expenses, and outlining steps Entity may take to provide remedial action. Upon certification by EMNRD that the invoice, services, or expenses have been received and accepted, EMNRD shall tender payment to Entity within 30 days after the date of acceptance. If payment is made by mail, the payment shall be deemed tendered on the date it is postmarked. However, EMNRD shall not incur late charges, interest, or penalties for failure to make payment within the time specified herein.

**2. Term:** This Agreement becomes effective when executed by an authorized representative of Entity and of EMNRD and when DFA encumbers funds for this Agreement. It shall terminate on Dec 31, 2027 unless earlier terminated pursuant to Section 4, Termination, or Section 5, Appropriations, below.

**3. Termination:** Either party may terminate this Agreement upon written notice delivered to the other at least 10 days prior to the intended termination date. By such termination, neither party may nullify or avoid any obligation required to have been performed prior to termination.

**4. Appropriations:** This Agreement's terms are contingent upon the New Mexico State Legislature granting sufficient appropriation and authorization. If sufficient appropriation or authorization is not granted, EMNRD may terminate this Agreement, or in the alternative suspend performance pending approval of sufficient appropriation or authorization, upon written notice from EMNRD to Entity. EMNRD's decision as to whether sufficient appropriations are available shall be at its sole and absolute discretion and shall be final, binding, and accepted by Entity.

**5. Status of Entity:** Entity and its agents and employees are independent contractors performing professional services for EMNRD and are not employees of the State of New Mexico. Entity and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles, or any other benefits afforded to employees of the State of

New Mexico as a result of this Agreement. Entity agrees not to purport to bind the State of New Mexico unless the Entity has express written authority to do so, and then only within the strict limits of that written authority.

**6. Assignment:** Entity shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without EMNRD's prior written approval.

**7. Subcontracting:** Entity shall not subcontract any portion of the services to be performed under this Agreement or obligate itself in any manner to any third party, with respect to any rights or responsibilities under this Agreement, without EMNRD's prior written approval. EMNRD may disallow costs incurred by the Entity in relation to a subcontract if Entity does not obtain prior written approval.

A. Any contract shall include all provisions necessary to allow Entity to meet its obligations and requirements under this Agreement and all provisions required by law.

B. Travel expense reimbursement requested for subcontractors, if applicable, shall be reimbursed in accordance with rates established in the Per Diem and Mileage Act, NMSA 1978, Section 10-8-1 *et seq.*, as implemented by the current DFA Rule and EMNRD Travel Policy.

**8. Release:** Final payment of the amounts due under this Agreement shall operate as a release of EMNRD, its officers, and employees, and the State of New Mexico from all liabilities, claims, and obligations whatsoever arising from or under this Agreement.

**9. Confidentiality:** Any confidential information provided to or developed by Entity in the performance of this Agreement shall be kept confidential and shall not be made available by Entity to any individual or organization without EMNRD's prior written approval.

**10. Product of Services; Copyright:** All materials developed or acquired by Entity under this Agreement shall become the State of New Mexico's property and be delivered to EMNRD no later than this Agreement's expiration date. Nothing Entity produces, in whole or in part, under this Agreement shall be the subject of a copyright application or other claim of ownership by or on behalf of Entity.

**11. Conflict of Interest; Governmental Conduct Act:** Entity warrants that it presently has no interest and that it shall not acquire any interest, direct or indirect, which would conflict in any manner with performance or other services required under this Agreement. Entity certifies that all applicable provisions of the requirements of the Governmental Conduct Act, NMSA 1978, Sections 10-16-1 through -18, including provisions related to contracting with, or employing, public officers, legislators, state employees, or former state employees, have been followed.

**12. Amendment:** This Agreement shall not be altered, changed, or amended except by written instrument executed and approved by the parties hereto.

**13. Merger:** This Agreement incorporates all the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements, and understandings have been merged into this written

Agreement. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless as embodied in this Agreement.

**14. Penalties for Violation of Law:** The Procurement Code, NMSA 1978, Sections 13-1-28 through 13-1-199, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities, and kickbacks.

**15. Equal Opportunity Compliance:** Entity agrees to abide by all federal and state laws and rules and regulations, and executive orders of the Governor of the State of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws of the State of New Mexico, the Entity assures that no person in the United States shall, on the grounds of race, religion, color, national origin, ancestry, sex, age, physical or mental handicap, or serious medical condition, spousal affiliation, sexual orientation, or gender identity, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If Entity is found not to be in compliance with these requirements during the life of this Agreement, Entity agrees to take appropriate steps to correct these deficiencies.

**16. Applicable Law:** The laws of the State of New Mexico shall govern this Agreement, without giving effect to New Mexico's choice of law provisions. Venue shall be proper only in a New Mexico court of competent jurisdiction in accordance with NMSA 1978, Section 38-3-1(G). By execution of this Agreement, Entity acknowledges and agrees to the exclusive jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising under or out of any term of this Agreement.

**17. Records and Audit:** Entity shall maintain detailed time and expenditure records that indicate the date, time, nature, and cost of services rendered during the Agreement's term and effect and retain them until six years after the termination date specified in Section 3, Term. These records shall be maintained and available within the State of New Mexico. During this time, such records shall be subject to inspection by EMNRD, DFA, and the State Auditor. Entity further agrees to include in all subcontracts hereunder the same right of inspection and audit against all subcontractors. EMNRD shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose EMNRD's right to recover excessive or illegal payments. The periods of inspection and audit may be extended for records, which relate to litigation or settlement of claims arising out of performance of this Agreement and shall continue until all potential litigation, appeals, claims, or exceptions have expired or been resolved.

**18. Liability:** Neither party shall be responsible for liability incurred as a result of the other party's acts or omissions in connection with this Agreement. Any liability incurred with this Agreement is subject to the immunities and limitations of the Tort Claims Act, NMSA 1978, Sections 41-4-1 *et seq.*, as amended.

**19. Procurement, Utilization, and Disposition of Property:** Entity shall report acquisition of any capital property (property with an expected life of at least one year) to EMNRD within one month following the acquisition. If upon termination of this Agreement Entity has any property in its possession belonging to EMNRD, Entity shall account for the property and dispose of it as EMNRD directs.

**20. Invalid Term or Condition:** If any term or condition of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected and shall be valid and enforceable.

**21. Enforcement of Agreement:** A party's failure to require strict performance of any provision of this Agreement shall not waive or diminish that party's right thereafter to demand strict performance with that or any other provision. No waiver by a party of any of its rights under this Agreement shall be effective unless express and in writing, and no waiver of a specified right by a party shall be effective to waive any other rights.

**22. Notice:** Except as otherwise specified herein, all notices hereunder shall be in writing) and shall be given to the relevant party at its address set forth below, or such other address as such party may hereafter specify by notice to the other given by courier, by United States certified or registered mail, or by telecommunication device capable of creating a written record of such notice and its receipt.

To EMNRD:

Buildings and Community Program Manager  
EMNRD – ECAM  
1220 S. St Francis Drive  
Santa Fe, NM 87505

General Counsel  
EMNRD – Office of the Secretary  
1220 S. St Francis Drive  
Santa Fe, NM 87505

To New Mexico Mortgage Finance Authority:

Isidoro Hernandez  
7425 Jefferson Street NE  
Albuquerque, NM 87109

To Risk Management Division:

Risk Management Division  
General Services Department  
P.O. Drawer 26100  
Santa Fe, NM 87502-0110

**23. Authority:** If Entity is other than a natural person, the individual(s) signing this Agreement on behalf of Entity represent and warrant that the individual has the power and authority to bind Entity, and that no further action, resolution, or approval from Entity or any other entity is necessary to enter a binding contract.

**24. Acknowledgment:** Entity shall acknowledge EMNRD as a co-sponsor and funding source in all news releases, programs, proceedings, and related publicity/publications for the project.

**25. Minimum Wage Rate:** If applicable, Entity shall comply with minimum wage rates as established by the New Mexico Department of Workforce Solutions, Labor Relations Division, and with all other applicable requirements of that Department, including posting of the wage rates in a prominent location on the site for hiring and performing of this Agreement.

**26. Compliance with Law and Funding Source Conditions:**

A. Entity shall comply with all applicable state, federal, and local laws statutes, regulations, or rules, including without limitation those imposed as a consequence of funding pursuant to this Agreement. The Entity is required to obtain all necessary state, Federal, and local permits, authorizations, and approvals for all work performed under this Award.

B. Compliance with NMSA 1978, Section 66-7-374, Texting While Driving - Entity and Entity's employees shall not read or view a text message or manually type on a handheld mobile communication device for any purpose while driving a motor vehicle in connection with this Agreement, except to summon medical or other emergency help, or unless that device is an amateur radio and the driver holds a valid amateur radio operator license issued by the Federal Communications Commission.

C. In the event this Agreement is funded with federal monies, Entity shall comply with 2 C.F.R. 200.318 through 200.326 for procurement of property or services conducted pursuant to this Agreement.

**27. Insurance Coverage:** Entity shall provide EMNRD a statement indicating that the activities described in the Scope of Work are covered by insurance as set forth below, secured in accordance with any method allowed by applicable law, including self-insurance, pooling of self-insured reserves, or insurance provided by a third party, prior to commencing work under this Agreement. Entity shall maintain continuous coverage of the activities described in the Scope of Work, so long as this Agreement is in effect. Failure to maintain such coverage is reason for immediate termination of this Agreement. Entity shall notify EMNRD prior to cancellation or expiration of any insurance required under this Agreement.

A. Worker's Compensation protection that complies with the requirements of the Worker's Compensation Act, NMSA 1978, Sections 52-1-1 *et seq.*, if applicable. If the Entity fails to comply with the Workers Compensation Act and applicable rules when required to do so, EMNRD may terminate this Agreement.

B. Comprehensive public liability protection covering property damage and personal injury liability that may arise under this Agreement and any amendments hereto, in amounts equal or greater than liability limits set forth in NMSA 1978, Sections 41-4-19, as it may be amended from time to time.

**IN WITNESS WHEREOF**, the parties hereto have herein below executed this Agreement.

**STATE OF NEW MEXICO, ENERGY, MINERALS AND NATURAL RESOURCES  
DEPARTMENT**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Cabinet Secretary or Designee

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Authorized Representative Signature

\_\_\_\_\_  
Printed Name and Title

## ATTACHMENT 1: Application Materials

CEED Program	Application – Housing New Mexico
Applicant Entity Legal Name:	Housing New Mexico   Housing NM   MFA (also known as the New Mexico Mortgage Finance Authority (Housing NM   MFA))
Project type entity is applying for:	Type 2 Project
Applicant type:	Housing NM   MFA - Quasi-Government Agency
Title of Applicant's project:	Bringing Fuel-Switching and Lower Energy Costs to Rural New Mexico
One sentence description of the project:	New Mexico Mortgage Finance Authority will focus on providing fuel-switching (e.g., gas/propane to electric) and electrification in multifamily and single-family housing in rural areas statewide, and in environmental justice communities to lower energy consumption/costs.
One sentence description on the impact and beneficiaries of the project:	The primary beneficiaries will be low-income (under 80% AMI) New Mexicans living in target communities. The impact will be lowered energy costs and consumption, healthier/more comfortable homes, and reduced carbon emissions.
Total funding request amount:	\$1,670,000.00
Project Location	The proposed project takes place in New Mexico
State the selected geographic block location *	Housing NM   MFA will specifically focus on localities and populations that 1) have been underserved by traditional energy efficiency and weatherization programming (as will be defined by certain tools (e.g., LEAP Eligible Communities screening tool), explained further in the application) and 2) are defined as an in-need community through several measures, including but not limited to: LEAP Eligible Communities by the US Department of Energy, an Environmental Justice community by the US Environmental Protection Agency (utilizing tools such as EJ Screen and Climate Economic Justice Screening Tool). Housing NM   MFA will set a minimum target of 75% of funding going to rural communities as defined by the United States Department of Agriculture's Office of Rural Development's utility programs (USDA – RD) (areas under 10,000 people), but Housing NM   MFA may pursue some projects in non-rural areas depending on the extent of need determined for certain properties, and if determined to be underserved. USDA – RD Definition of Rural: <a href="https://crsreports.congress.gov/product/pdf/R/R47510">https://crsreports.congress.gov/product/pdf/R/R47510</a> , page 1.
Project Purpose:	The proposed project targets the adoption of energy efficient consumer behavior, equipment, or devices resulting in reduced energy consumption without the amount or quality of energy services.
Project Purpose: Check all that apply to the proposed project:	<p>energy-efficient equipment energy-efficient devices health and safety measures</p> <p>incidental repairs related to energy efficiency equipment or electrification upgrades</p>
Which of the following CEED Program Project Goals does the proposed project serve? Check all that apply:	<p>reduce energy consumption reduce energy-related operating costs reduce the carbon intensity of energy consumption</p>



<p>Specify the scope of work to be performed and outline the energy efficiency improvements to residential low-income housing units.</p>	<p>While current weatherization and utility programs provide critical energy efficiency and cost saving services to low-income New Mexicans, there are often programmatic limitations that prevent beneficial electrification and fuel switching efforts from taking place. To counteract this, Housing NM   MFA will oversee the rehabilitation of 167 homes throughout New Mexico over the course of three years. The primary goal of the project will be to provide energy savings primarily through fuel switching and other beneficial electrification measures to low-income single family and multifamily affordable housing (Housing NM   MFA) properties that often lack the in-house capacity, finances and/or resources to perform such upgrades, particularly those that need measures outside of the scope of traditional weatherization and energy efficiency funding (e.g., fuel switching, repairs, and measures considered less cost effective due to high cost of materials). The scope of work to be performed will include energy efficiency, beneficial electrification, and other relevant measures (e.g., health/safety measures) to substantially reduce the energy usage of the properties.</p> <p>Such measures can include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• Building shell and baseload energy efficiency measures</li> <li>• Health/Safety Measures</li> <li>• Very-High-Efficiency (VHE) HVAC Upgrades focusing on decarbonization (e.g., heat pumps)</li> <li>• Hot Water Systems focusing on decarbonization (e.g., heat pump water heaters)</li> <li>• Solar PV and Battery Energy Storage Systems</li> <li>• Electrical Panel/Infrastructure Upgrades</li> </ul> <p>These measures will be installed alongside traditional weatherization measures, e.g.:</p> <ul style="list-style-type: none"> <li>• insulation,</li> <li>• air sealing</li> </ul> <p>Traditional weatherization programming, while often effective in driving cost reductions and quality-of-life improvements for clients, often are unable to accommodate VHE technologies and higher cost measures due to factors such as: measures not meeting the savings-to-investment (SIR) ratio requirements in Weatherization Assistance Programs (WAP); high costs for Housing NM   MFAH property owners who are often operating with thin cost margins); and/or the need for significant property upgrades to accommodate the newer technologies. In addition, rural properties, which Housing NM   MFA will focus on with this project, often deal with numerous challenges that may not face standard weatherization clients, including but not limited to: a lack of energy efficiency rebates to tap into (e.g., if a property is located in co-op/municipal utility territory that does not offer said rebates); a lack of financial resources to pursue upgrades for clients; and/or a higher programmatic focus on single-family housing. Funding from the Energy Conservation and Management Division (ECMD) will allow for the project team (Housing NM   MFA and their nonprofit service providers) to specifically target these underserved properties and ensure that they are able to receive the benefits of reducing energy consumption and costs while driving substantive carbon reductions throughout New Mexico low-income households. Housing NM   MFA will also make funding available to target households in environmental justice communities for these decarbonization, fuel switching and deep retrofit activities.</p>
	<p>Service Delivery Model</p> <p>Housing NM   MFA contracts with nonprofit service providers to identify,</p>

	<p>qualify, and serve low-income residents with the installation of energy efficiency, beneficial electrification and health and safety solutions. Housing NM   MFA will utilize its network of existing nonprofit service providers who can provide a wide variety of services to help expedite the target projects. For the CEED program, Housing NM   MFA will provide project oversight; collect data and conduct evaluations as needed; and additional federal, state, and private funding for the project; oversee project expenditures and timely reporting. The nonprofit service providers will provide services and support in outreach/marketing strategies; assistance in sourcing rehabilitation projects; technical assistance provision; scope of work development and execution; rehabilitation execution; and assistance in project tracking/reporting.</p> <p>The scope of work will consist of the following activities:</p> <ul style="list-style-type: none"><li>• <b>Grant Fund Application and Allocation to Service Provider Process:</b> Housing NM   MFA will provide guidance to its service provider network on project eligibility and the participation process. Housing NM   MFA will determine the eligibility of individual projects as defined in this proposal and prioritize projects that maximize benefits to LI and disadvantaged communities. Housing NM   MFA will accept applications for projects based on the initial screening process to be developed during project launch. Applications will be accepted for disadvantaged communities and specifically identified properties. This process will be open to its existing contracted nonprofit service providers. Housing NM   MFA reserves the right to select other service providers who Housing NM   MFA through a competitive process during the project period if it is deemed necessary. This funding application process will occur over the three-year project period, funding impactful projects until all funding is expended.</li><li>• <b>Outreach and Education:</b> Housing NM   MFA has a comprehensive list of properties to be weatherized and electrified through its housing network that will serve as an initial pipeline of potential projects. Housing NM   MFA will use tools to determine USDA rural communities, LEAP Eligible Communities, and/or Environmental Justice communities to prioritize communities in need of services. From there, the selected nonprofit service providers will perform targeted outreach to properties within identified communities, to determine the properties that would benefit the most from beneficial electrification and other services. The nonprofit service providers will provide education and technical assistance as appropriate to property owners to best ascertain their needs and ensure that the properties served receive optimal measures and rehabilitation performed.</li><li>• <b>Income Qualification:</b> The project team will perform income qualification (further described under Question 6) to ensure that households that receive services are under 80% of the Area Median Income (AMI) or 200% Federal Poverty Level.</li><li>• <b>Scope of Work Development:</b> The project team will work with property owners to develop scopes of work that are best able to 1) implement fuel switching and beneficial electrification measures for each property, based on property needs 2) leverage additional funding sources (e.g., rebates, weatherization) and financing alongside CEED funds to fund additional measures and 3) drive the highest cost-savings for residents and greenhouse gas (GHG) emission reductions for properties. As part of this</li></ul>
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	<p>process the project will ensure that there will be cost savings for tenants and families living in any upgraded projects. A project will be deemed ineligible if the fuel switch shows an increase in utility costs.</p> <ul style="list-style-type: none"> <li>• <b>Rehabilitation Execution:</b> Rehabilitation execution will include the identification, recruitment, and management of local subcontractors to deliver the upgrades. The selected service providers will supervise all rehabilitation work performed to ensure compliance with federal, state, and local requirements, including inspection of work performed.</li> <li>• <b>Project Reporting:</b> Housing NM   MFA will manage project invoicing and reporting to ECMD for all aspects of the project. Housing NM   MFA will work with ECMD to develop appropriate reporting guidelines and procedures for the project. Housing NM   MFA is skilled in project management, as will be described in.</li> </ul>
Describe any additional benefits not described above that should be factored into the evaluation of this application.	<p>In addition to the program goals (reducing energy consumption, reducing energy-related operating costs, and reducing the carbon intensity of energy consumption), there are major benefits to the project as planned:</p> <p>1) <b>Leveraging Funding:</b> The Inflation Reduction Act (IRA) and Bipartisan Infrastructure Law (BIL) have created a once-in-a-lifetime opportunity for cities in to leverage cash rebates, tax credits, and other incentives for preservation and construction of affordable housing. The IRA provided almost \$9 billion to DOE for the 'High-Efficiency Electric Home Rebate' Program and the 'Home Energy Performance-Based, Whole House Rebates' Program. Leveraging these funds in tandem with ECMD funding provides tremendous opportunity to create incredibly cost-effective projects that drive the maximum amount of cost, energy, and carbon savings possible. Maximizing federal funding opportunities has been a challenging endeavor for many local governments and organizations. Housing NM   MFA has significant experience braiding and leveraging multiple funding sources to great effect. These include monies from HUD, DOE, utilities, Health and Human Services and CSLRF.</p> <p>2) <b>Taking Advantage of Solar:</b> The EMNRD Solar for All program provides tremendous opportunity for New Mexico to decarbonize its energy sector through the provision of solar. In addition to leveraging solar funding for implementation on Housing NM   MFA's projects, the provision of solar throughout the state will provide clean, cheap energy that will be best utilized through properties that have taken on beneficial electrification and VHE technologies.</p>
Describe the project benefits to the selected underserved community, what specific outcomes will result from the completion of this project, and the approach for maximizing project benefits in the community.	<p><b>Serving Rural and Environmental Justice Communities:</b></p> <p>Low Income(LI) communities in New Mexico bear the brunt of large energy burden costs, as their homes are less energy efficient, appliances are often outdated, and finances are more strained. The Department of Energy (DOE) defines energy burden as the percentage of gross household income spent on energy costs. As reported by the DOE's Low-Income Energy Affordability Data (LEAD) Tool, the average energy burden for the lowest-income households in New Mexico is 9%, compared to 2% for high earning households, with over 150,000 households spending over 15% of their income on electricity. Nationally, rural and environmental justice communities have higher energy burdens. New Mexico is no exception. The average energy burdens in these households are 6.5% and 10.7%, respectively. 42% of the total housing stock in New Mexico is occupied by families that fall below 80% area median income (AMI).</p>

	<p><b>Serving Multifamily Affordable Housing:</b></p> <p>Housing NM   MFAH serves low-income households; these households often mirror the large racial and gender disparities found in the U.S. Low-moderate income (LMI) households include people of color, fixed income seniors, and disabled individuals, who often pay as much as three times more for energy than their wealthier counterparts. Access to affordable housing is under threat in every state across the country, especially in poverty-stricken communities within New Mexico, and preserving affordable housing is critical to environmental justice and equity. Greening affordable housing not only benefits the environment by conserving energy, water, and other natural resources, it also helps reduce energy burdens and health inequities based on race and socioeconomic status. This project aims to help ensure that healthy, affordable housing is available in communities throughout New Mexico through the lowering of energy costs in environmental justice and rural communities. Beneficial electrification serves as an ideal way to maximize project benefits in Housing NM   MFAH, as its focus on providing the greatest decarbonization and social benefits possible enables the project team to select measures that drive the deepest energy savings and cost savings impacts. Counteracting</p> <p><b>Lack of Utility Resources:</b> Small rural electric coops and municipal utilities frequently face challenges in leveraging funding for energy efficiency, or electrification upgrades. They are not regulated as the investor-owned utilities (IOUs) are and as such often do not dedicate specific funding for these types of upgrades. Other challenges can include inadequate infrastructure to support the projects, and limited staff capacity and expertise to access available funding streams to offset project costs. Also, even if rural or environmental justice communities are in IOU territory that provides adequate utility services, they may be hesitant to provide funds for fuel switching. With ECMD funds, the project team will be able to significantly improve the uptake of beneficial electrification services in specific municipalities that otherwise would not have access to them. The project team will deliberately target rural municipalities with properties that have little or lacking access to external funds for rehabilitation but is also willing to provide funds to properties that may not be able to fully take advantage of local energy efficiency rebates.</p> <p><b>Reducing Reliance on Propane:</b></p> <p>Propane is also over relied on in many of New Mexico's environmental justice communities in all building types. Reliance on propane for heating can have implications for energy costs, as their prices can be volatile and can fluctuate based on a range of factors, including supply and demand, global oil prices, and weather conditions. In some cases, propane prices can spike during periods of high demand or supply disruptions, which can increase energy costs for households that rely on propane for heating and other energy needs. The potential outcome of this increase in propane prices is a higher energy burden for low-income households, leaving them with less money to allocate towards essentials such as food, healthcare, education, and other basic needs. This can lead to difficult trade-offs and can exacerbate existing health conditions, poverty, and food insecurity. Reducing propane consumption is critical to reducing energy insecurity and providing healthier and safer housing</p>
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Describe the project's alignment with the CEED Program's purpose and goals.	The provision of beneficial electrification and fuel switching measures within rural and environmental justice communities directly addresses the CEED program's purpose to 'provide improvements to residential buildings in an underserved community that will, in aggregate reduce energy consumption, energy-related operating costs, carbon intensity of energy consumption, or a combination of thereof.'
How will the project meet these objectives, and how will this impact will be measured?	Beneficial electrification and fuel switching can easily provide all three benefits. Energy savings (BTUs), cost savings (dollars), and GHG reductions (lbs. of CO2) will be tracked as part of this project. The project will meet its objectives leveraging Housing NM   MFA's existing infrastructure and resources to target at least 200 low-income households throughout the State that would benefit from decarbonization and beneficial electrification upgrades.
Describe Applicant's plan to engage community partners, service providers, and participant households in the project.	<p>Housing NM   MFA will create compelling messaging tailored to specific audiences, such as multifamily property owners and managers, public housing authority managers, low-income housing tax credit (LIHTC) property owners, and community based organizations. Housing NM   MFA already engages in the activities as part of its utility program, weatherization assistance program, and community development programming. Housing NM   MFA will work with its nonprofit service providers who will provide information and literature directly to property owners via traditional mail, email, phone calls, and in-person visits, when and where appropriate. It will also post key information and updates online (e.g., via its public website, social media).</p> <p>Housing NM   MFA and project partners will engage with the following groups:</p> <ul style="list-style-type: none"> <li>• Service Providers: Housing NM   MFA will partner with its existing nonprofit service providers who provide critical project services (e.g., multifamily rehabilitation, weatherization services) and contract for implementation/administrative services through Housing NM   MFA. This serves the benefit of allowing service providers who specialize in these services, and for Housing NM   MFA to focus on targeting and building a project pipeline in the most underserved communities. Housing NM   MFA will utilize its existing network of service providers for its current programming to solicit applications for CEED projects. Housing NM   MFA already has established rules for providing funding like CEED to these service providers. Existing contracted service providers include Central New Mexico Housing Corporation (Northern New Mexico single-family and tribal WAP implementer) Southwestern Regional Housing and Community Development Corporation (Southern New Mexico single-family WAP implementer), and Red Feather Development that serves the Navajo Nation in NM.</li> <li>• Community Partners: Housing NM   MFA may utilize community partners in the execution of projects, particularly in regard to workforce development and use of registered apprentices on projects. Potential community partners include the New Mexico Department of Workforce Solutions.</li> <li>• Participant Households: Service Providers selected by Housing NM   MFA will build a pipeline to potential properties for rehabilitation by tapping into its existing to source properties that may not have fully been a fit, and/or to source properties that would benefit from beneficial electrification measures and/or VHE technologies. In addition, Housing</li> </ul>

	NM   MFA will leverage its nonprofit service providers' existing project pipelines to source properties most in-need of beneficial electrification/fuel switching.
Coordination Plan. Describe Applicant's plan to coordination information on how the project would support infrastructure improvements for affordable housing; how the project would complement and not duplicate other energy efficiency programs in the state, and how energy efficiency improvements to the residential housing units will help to reduce the energy burden of low-income households that may not qualify for other energy efficiency programs in NM.	<ul style="list-style-type: none"> <li>• Coordination Information: Housing NM   MFA will coordinate with its service providers to braid funding and leverage existing energy efficiency and weatherization program infrastructure through the following activities:</li> <li>• Weatherization Programs: Housing NM   MFA is the State Grantee of weatherization programs. It will communicate with its nonprofit service providers and ensure that they know CEED funding is available for leverage on projects that WAP cannot fund. As weatherization projects are solicited and qualified, project details will be collected to see if they are an appropriate fit for CEED funding (e.g., in environmental justice community, in rural community, potential for non WAP decarbonization upgrades).</li> <li>• Energy Efficiency Programs: Housing NM   MFA has developed strong relationships with numerous utility programs in the state (e.g., El Paso Electric, PNM, New Mexico Gas Company), as it administers several energy efficiency programs for those utility providers. As such, Housing NM   MFA can easily communicate with those providers, like its weatherization program implementers, to source potential projects. For energy efficiency programs that Housing NM   MFA may not directly manage itself, Housing NM   MFA will reach out to its program contacts/networks to source potential projects that may be a good fit for CEED funding. This will be key in environmental justice communities that may already have access to weatherization/energy efficiency programs but need additional funding/services.</li> <li>• Rural Municipalities/Utilities: As the project team seeks out projects through its existing pipelines and connections throughout the state, they will reach out to local municipalities that may not have their own existing energy efficiency programs to make them aware of CEED funding, and source properties from those municipalities that have been flagged as properties in need of additional funding/resources (e.g., LIHTC properties, subsidized housing provided via public housing authorities).</li> </ul> <p>HOME Rehabilitation Program: Housing NM will work with its pipeline of existing rehabilitation projects where HUD funds are being used to bring homes up to code. The existing funding levels do not always allow for adequate energy efficiency upgrades, and there are no allowances for solar or electrification. This program can benefit from the CEED funding by meeting these missed opportunities.</p> <p>Non-duplicative Services: This project is meant to complement, not supplant or duplicate existing energy efficiency (and weatherization) programs in the state. Funding will specifically be allocated towards projects that may be difficult to implement with traditional programs. When possible, rebates and funding from other programs will be leveraged to install additional measures and drive down costs for projects and will be used to implement deeper retrofits in coordination with CEED funding. For example, if there is a weatherization project that would substantially benefit from fuel switching but the program will not allow that through its existing rules, weatherization funds will be used to pay for</p>

	<p>other relevant measures such as air sealing and insulation, and ECMD funding would be utilized to fund the electrification upgrades and fuel switch (removing gas heating and replacing with heat pumps).</p> <p>Non-Qualification for Other Programs: There are many low-income households that would benefit from certain measures, but not be able to access them, and CEED funds could be used to bridge this gap in a meaningful way by targeting rural and environmental justice communities. For example, with weatherization funding distribution being capped at the 200% federal poverty level (FPL), there are many rural households who make more income than the 200% FPL but are still in need of substantial help and do not have access to local energy efficiency rebates due to a lack of IOU (say they are in an electric coop's territory). For environmental justice communities, many households live in this income gap under multifamily property owners who may lack the education, resources and/or funding to properly pursue upgrades. Housing NM   MFA, in providing technical assistance and education alongside its nonprofit service providers, would be able to bridge funding gaps by 1) educating local property owners and households on funding available 2) aid in leveraging funding sources and 3) using CEED funds to bridge the gap when appropriate.</p>
<p>Describe Applicant's strategy to prevent fraud, waste, and abuse.</p>	<p>Housing NM   MFA prevents fraud, waste, and abuse by monitoring its service providers in three different ways:</p> <p>1) Monthly desk monitoring- All completed units and expenditures are carefully reviewed upon invoice submission before payment is released. This is one of the most important steps of monitoring because a problem can be seen early. 2) Annual on-site monitoring- All service providers receive monitoring for their fiscal, programmatic, and technical methods. 3) Percentage based unit inspections- All three service providers receive monitoring on 5% to 10% of their total completed units for each of the existing funding sources. In addition to these monitoring techniques, staff provide training and technical assistance daily through email, phone calls, texting, and in person discussion with our service providers.</p> <p>Monthly Desk Monitoring: All Service providers When invoices are submitted from a service provider, several different areas are viewed prior to payment. Housing NM   MFA's team verifies the invoice for financial accuracy, ensuring that no budgeted line items are overdrawn and that the expenses appear reasonable. In addition, the invoice is verified against a grant based general ledger, provided by the service provider, to ensure that the invoice and general ledger are in balance. If there are any discrepancies or questions, the invoice will not be paid until clarity is received or the general ledger and invoice are corrected so they balance. Each invoice is carefully compared to other funding sources received to prevent double dipping or more than one funding source paying the full amount for the same expense. This information is also used to discuss quarterly expenditures in relation to overall program goals for each funding source. The program managers then carefully review each entry on a completed unit report for inconsistencies or unusual numbers. When something appears incorrect, it is brought to the attention of the agency so they can research and correct potential errors prior to the invoices being paid. This is also used to flag units that need further review. Each of the Green Initiative Managers view all the unit entries for accuracy. Through this process, Housing NM   MFA not only reports the energy savings more accurately, but the process allows opportunities for training and technical assistance unique to each service provider. The agencies are used to a critical look</p>



	at the submissions monthly. This facilitates dialogue over technical matters that normally would not be discussed until training or monitoring.
	<p>Annual Onsite Monitoring</p> <p>Every year, Housing NM   MFA monitors each service provider for their programmatic, technical, and fiscal operations. This includes the review of their financial management systems and operations, financial audit compliance, payroll, personnel, fiscal tests for each funding source, procurement methods, inventory management, client file reviews, field methods, training, and production goals.</p> <p>The fiscal tests involve selecting a flagged or random expense on the agency's GL. This item is tracked from payment to original purchase order. The fiscal test shows if the expense is eligible, when it was paid by the agency, the date of payment, when the agency was reimbursed by Housing NM   MFA, if more than one funding source shared the payment, and the entity that received the payment.</p> <p>Percentage Based Unit Inspections</p> <p>All service provider's final inspections are performed by a Building Performance Institute (BPI) certified Quality Control Inspector (QCI) The Service provider must verify that all materials identified for installation at the dwelling have been installed in a workman-like manner and in accordance with the NM Technical Standards prior to reporting to Housing NM   MFA as complete. Said verification must include, at a minimum, the following verifications, and tests:</p> <ol style="list-style-type: none"> <li>1. Assessment of the original energy audit, work order, and client file.</li> <li>2. All measures installed by the agency's crew(s).</li> <li>3. All mechanical work performed, including verification of new equipment size and rating.</li> <li>4. All measures installed by outside contractors.</li> <li>5. Combustion Appliance Zone (CAZ) Depressurization Check (BPI Protocol).</li> <li>6. Post-Retrofit Blower Door Depressurization Test, Zone Pressure Diagnostics and, Minimum Ventilation Compliance Verification</li> <li>7. If Duct-sealing was performed:             <ol style="list-style-type: none"> <li>a. Worst-case depressurization test with air handler on and off.</li> <li>b. Pressure Pan Testing.</li> <li>c. System Balance Testing (maximum 3pa pressurization).</li> <li>d. Visual Inspection</li> </ol> </li> </ol> <p>If Mechanical Ventilation has been installed, then the inspector shall verify continuous and peak flow output of the unit through Flow Hood Testing.</p> <p>NOTE: For HRV/ERV installations which use the central supply and return ductwork, Flow Hood Tests may be required at all supply and return register locations. All mechanical ventilation must comply with ASHRAE 62.2 2016. The final inspection for each unit shall be performed by a certified Service provider QCI, or a contracted Housing NM   MFA approved certified QCI within 30 working-days of the final day of work being completed by agency crew(s) or contractors. Any required rework shall be completed in a timely manner and must be verified by the original inspector. Once completed, Service providers must ensure that the client file contains a form that certifies the unit has had a final inspection, and that all work meets the required standards. The Service provider then uploads detailed information on each measure installed in the unit, including estimated &amp; actual cost, energy savings into Housing NM  </p>



	<p>MFA's online system.</p> <p>The invoicing process is what begins the desk monitoring. This is where Housing NM   MFA's Green Initiatives Managers review the information on the units to determine the accuracy and technical implications of the data. If the entries raise questions or concerns, then the unit is not eligible for reimbursement until all questions and concerns are answered to Housing NM   MFA's satisfaction. The said units may be flagged to be included in Housing NM   MFA's QCI inspections. Disciplinary actions for inadequate inspection processes determined by 100% desk monitoring or the required 5% to 10% field monitoring will first involve exploring the options of QCI re-training for the inspector. If training is not a viable option or does not remedy the problem, the inspector will not be allowed to perform inspections for a specified period, depending on the severity of the infraction, until proof of adequacy is obtained. Continued inspector inability or refusal to comply with policies is grounds for Housing NM   MFA to recommend suspension, termination, or otherwise apply special conditions to the inspector performing further QCI inspections for the program. The agency will be required to utilize other QCI inspectors to verify completed units.</p>
Participant eligibility requirements	Participant eligibility will follow 19.1.10.12 (D) NMAC.
Describe the proposed process for certifying the eligibility determination of participant households.	Certification process to be submitted to Division for approval prior to project commencement.
What specific outcomes will result from the completion of this project?	The primary outcomes that will result from this project are increased beneficial electrification opportunities and projects delivered for environmental justice and rural communities throughout New Mexico. This will result in lower energy costs, energy consumption, and greenhouse gas emissions for at least 200 households as will be provided in the fields below.
<p>Describe the reporting metrics/measures.</p> <p>— How do the metrics/measures connect to the CEED Program goals?</p> <p>— How do the metrics/measures connect to the project's objectives?</p>	<p>These are the primary metrics that the project will collect throughout its lifetime:</p> <ul style="list-style-type: none"> <li>• Total number of units/properties weatherized and electrified</li> <li>• Avg MMBTU savings per unit</li> <li>• Avg lifetime MMBTU savings per unit</li> <li>• Avg cost reduction per unit</li> <li>• Average lifetime utility cost savings per unit (lifespan of measure times total MMBTUs))</li> </ul> <p>These metrics directly tie into CEED Program goals by estimating energy consumption, costs for residents, and greenhouse gas emissions reduced. As the project is primarily based on beneficial electrification and fuel switching, these are activities undertaken to directly reduce energy consumption and greenhouse gas emissions, and alongside weatherization measures that are directly intended to reduce cost.</p>
<p>Describe the tracking and data collection methods.</p> <p>— How will data be gathered on the program's impact?</p>	<p>Housing NM   MFA's existing service provider network already has integrated reporting mechanisms to assist Housing NM   MFA in the tracking and data collection of project information. Housing NM   MFA will request the required project information from each provider which will include:</p> <ul style="list-style-type: none"> <li>• <u>Project Property information</u> <ul style="list-style-type: none"> <li>o Location</li> <li>o Fuel source</li> <li>o Square footage of project</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>o Property type</li> <li>o Number of occupants</li> <li>o Age of property</li> <li>• Income Eligibility information</li> <li>• Energy Audit Conducted</li> <li>o Energy savings o Measures performed</li> <li>o Individual measure cost</li> <li>o Savings to Investment Ratio(SIR)</li> <li>o Appliance information</li> <li>o Building shell information</li> <li>• Scope of Work with Project Specifications</li> <li>• Copy of Inspection Reports.</li> <li>• Costs of project</li> <li>• Client information</li> <li>o Income</li> <li>o Vulnerability</li> <li>o Household size</li> </ul>
Reduction of energy use that will come from implementation of the proposed measures. Average impact by household unit / total impact (average x # of units):	2,502,338,585 annual BTU savings / 39,280,173,747 lifetime BTU savings
Reduction of energy cost that will come from implementation of the proposed measures. Average impact by household unit / total impact (average x # of units):	\$23,265.00 annual cost savings / \$304,083.00 lifetime cost savings
Reduction in carbon intensity of energy consumption from implementation of the proposed measures. Average impact by household unit / total impact (average x # of units):	292,250 lbs. in annual carbon savings / 4,593,335 lbs. in lifetime carbon savings
Other identified measured project impact(s):	N/A
Total number of participant households of the project:	167 units
Number of project partner beneficiaries:	Housing NM   MFA will utilize 1-9 partner organizations on this project
Provide a timeline for implementation, including project milestones.	<p>The project timeline breaks down as follow:</p> <ul style="list-style-type: none"> <li>• Project Management/Program Reporting: <ul style="list-style-type: none"> <li>o Develop Project Management Plan: Q1</li> <li>o Conduct Program Reporting/Invoicing on a Monthly Basis: Q1-Q12</li> </ul> </li> <li>• Grant Fund Application and Allocation to Service Provider Process: <ul style="list-style-type: none"> <li>o Educate Existing Nonprofit Service Providers to Utilize CEED Funding: Q1-Q3</li> <li>o Determine if Additional Service Providers Are Needed and Recruit Them: Q1-Q4</li> </ul> </li> <li>• Outreach and Education: Q1-Q9 <ul style="list-style-type: none"> <li>o Development of Outreach Plan: Q2-Q3</li> <li>o Outreach to Existing Programs/Implementers: Q1-Q2</li> <li>o Targeted Outreach to Properties/Households: Q2-Q9</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>o Provision of Technical Assistance: Q2-Q10</li> <li>• Income Qualification: Q2-Q11</li> <li>• Scope of Work Development: Q2-Q11               <ul style="list-style-type: none"> <li>o Conducting of Energy Audits: Q2-Q10</li> <li>o Scope of Work Development Q3-Q11</li> <li>§ Determining of Best-Fit Measures: Q3-Q11</li> <li>§ Sourcing of Funding/Financing for Project: Q3-Q11</li> <li>§ Securing of Commitment from Property Owner(s): Q3-Q11</li> </ul> </li> <li>• Rehabilitation Execution: Q4-Q12               <ul style="list-style-type: none"> <li>o Sourcing of Contractors: Q3-Q11</li> <li>o Execution of Rehabilitation: Q3-Q12</li> <li>o Inspections of Work Performed: Q4-Q12</li> </ul> </li> </ul> <p>Milestone 1: Housing NM   MFA has educated and onboarded the Navajo Nation service provider by the end of Q3.  Milestone 2: The project team has completed the rehabilitation of at least 100 units by the end of Q8.  Milestone 3: The project team has finished and completed the project, having executed rehabilitation on 200 units by the end of Q12.</p>
Describe Applicant's work plan detailing how tasks will be executed within the allotted timeframe and by which members of the project team.	<p>Project Workplan:</p> <ul style="list-style-type: none"> <li>• Development of Project Management Plan and Reporting Structure: This will include the development of a PMP to ensure that all parties are aware and committed to their roles. This will also include the development and conducting of overall project reporting and invoicing, which will be performed by Troy Cucchiara, David Gutierrez, David Trembath, and Dimitri Florez.</li> <li>• Grant Fund Application and Allocation to Service Provider Process: This will include existing service providers and if needed identification of new service providers. Service providers will be selected and educated on the CEED program guidelines to ensure that all parties are aware and committed to their roles. This will also include the development and conducting of service provider project reporting and invoicing, which will be performed by Troy Cucchiara, David Gutierrez, and Dimitri Florez. This is directly tied into Milestone 1's completion.</li> <li>• Outreach and Education: This will include the development of outreach planning, outreach conducted to rural and environmental justice communities, and the provision of technical assistance (by existing nonprofit service providers for interested property owners). All activities are designed to inform property owners of the funding available, how to access it, and determine what beneficial electrification/fuel switching measures are the most important. This will include the outreach methods described in the Outreach and Engagement section. This will be performed by selected service providers well as by overseen/assisted by Troy Cucchiara.</li> <li>• Income Qualification: This will be performed with the criteria and tools described in the above Income Qualification section. Income qualification will be performed by selected nonprofit service providers with guidance provided by Troy Cucchiara, David Gutierrez, and Dimitri Florez.</li> <li>• Scope of Work Development: This will primarily be executed by nonprofit service providers, and will consist of energy audits, sourcing of</li> </ul>

	<p>funding/finances for the project, and securing commitment from property owners.</p> <ul style="list-style-type: none"> <li>• Rehabilitation Execution: This will primarily be executed by nonprofit service providers, and will consist of sourcing of contractors, rehabilitation execution, and inspections of work performed. This is directly tied into Milestone 2's and 3's completion. Dimitri Florez will be responsible for oversight and will receive service providers inspections and final reports.</li> </ul>
Is environmental/ground disturbance anticipated for the project?	No
How long will the project take to complete?	Housing NM   MFA anticipates a 3-year project period, with final results being delivered by Q4 2026. While the projects could be potentially be implemented in a shorter time period, Housing NM   MFA wants to dedicate the time to selecting the most optimal projects, that will serve those that are underserved by current programming as well as have the potential to drive the highest energy consumption/energy cost/emissions reductions.
Describe any proposed Community Partner(s) or Service Provider(s) the Applicant intends to collaborate with. Describe the Community Partner(s) or Service Provider(s) experience in the area(s) in which the project will take place, the scope of collaboration, experience in working with the identified underserved community, and any commitment to employ apprentices from a registered apprenticeship program that promotes diversity or to provide paid internships to persons from the identified underserved community.	<p>Housing NM   MFA will collaborate with the following nonprofit services providers:</p> <ul style="list-style-type: none"> <li>• Central New Mexico Housing Cooperation (CNMHC) CNMHC provides single-family weatherization services for Housing NM   MFA. CNMHC can easily help source projects that may need additional fuel switching/beneficial electrification measures.</li> <li>• Southwestern Regional Housing and Community Development Corp (SRHCDC): SRHCDC provides single-family weatherization services for Housing NM   MFA. SRHCDC can easily help source projects that may need additional fuel switching/beneficial electrification measures. Housing NM   MFA can also collaborate with CDFI that has provided energy financing and expertise in the braiding of funding throughout the state. A letter of support is attached.</li> </ul> <p>Red Feather Development provides weatherization to underserved families on the Navajo Nation. This agency is skilled at solar design, fuel switching, and can identify homes in need throughout the reservation.</p> <p>Rehabilitation Agencies: Bernalillo County Housing Department (BCHD) Bernalillo, Ohkay Owingeh Housing Authority (OOHA) Ohkay Owingeh Pueblo San Felipe Pueblo (SFHA) San Felipe Pueblo Southwestern Regional Housing &amp; Community Development Corporation (SRHCDC) El Camino Housing Authority (ECHA) Santa Fe Habitat for Humanity</p>

## ATTACHMENT 2: Energy Conservation Measure Improvements

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Energy Conservation Measure (ECM) improvements will target the adoption of energy-efficient consumer behavior, equipment, or devices that result in a decrease in energy consumption without reducing the amount or quality of energy services. This includes health and safety (H&S) measures, including those that use efficient equipment or devices to improve indoor air or drinking water quality, and equipment or electrification upgrades. The ECM improvements shall not cause an energy bill or cost increase in relation to the total cost a household spends on utilities. The following provisions are included to ensure the successful execution of projects.

A. Entity shall implement ECMs in an order that prioritizes greatest savings (e.g. sealing the building envelope prior to heat pump installation). Entity shall follow the U.S. Department of Energy (DOE) Weatherization Assistance Program (WAP) guidelines regarding prioritizing measures (air sealing, duct sealing outside the thermal boundary, and thermal boundary insulation [attic, wall, floor or belly, foundation, sill, etc.]) and installing in order of savings to investment Ratio (SIR) the ECMs and related H&S and incidental repairs measures (SIR calculation =  $(\text{Annual \$ savings} \times \text{Expected Usage Lifetime (EUL)}) \div (\text{Initial \$ cost})$ ). EUL durations can be found at: <https://www.energy.gov/sites/default/files/2023-03/WPN%2023-06%20Revised%20Energy%20Audit%20Procedures%20Attachments.pdf> (see also: Attachment 2, Subpart A: Allowable Default ECM Lifetimes).

B. ECM improvements for residential housing units may include, but are not limited to: envelope upgrades; air sealing; duct sealing; insulation installation; EnergyStar windows ; EnergyStar doors; LED lighting; water tank insulation and water heater pipe insulation;

- 1) cleaning, repair or replacement of heating and cooling systems;
  - i. Heating systems
    - a. Replacement or installation of secondary heating systems are not allowed.
    - b. Use proper sizing protocols according to Manual J, State approved sizing protocols, NEAT/MHEA outputs, etc.
    - c. High efficiency air source heat pumps. (Cold climate rated units as appropriate for climate zone).
  - ii. Cooling systems
    - a. Replacement or installation of secondary cooling systems are not allowed.
  - iii. Ensure no bill increase
    - a. Replace existing electric units or fuel switch from propane
- 2) prioritized appliance repair or replacement:
  - i. Clean or repair baseload appliances/fixtures, as well as (in no particular order);
  - ii. High efficiency heat pump water heaters,
    - a. Household should have a minimum of 3 persons.
    - b. New units should have an EF of 3.0 or higher.
    - c. Replace only electric resistance water heaters.
    - d. Cost is limited to \$1,750.

- e. Thermostat set to 120 degrees maximum.
    - f. Include water heater blanket, pipe insulation (as appropriate).
  - iii. EnergyStar refrigerator, cost is limited to \$900.
    - a. Must have automatic defrost, top freezer preferred. May be no more than 2 cubic feet larger than existing refrigerator.
  - iv. EnergyStar dishwasher, cost is limited to \$525.
  - v. EnergyStar clothes washer, cost is limited to \$675.
  - vi. EnergyStar clothes dryer, cost is limited to \$700.
    - a. Heat pump clothes dryer cost is limited to \$840.
  - vii. EnergyStar oven/range, cost is limited to \$1000
    - a. New units may only have a single oven, induction ranges must not increase spending for participant
  - viii. Programmable/smart thermostats, cost is limited to \$150.
- 3) incidental repairs; cost is limited to \$1000 per unit. Allowable items include, but are not limited to:
  - i. Sealing of cracks
  - ii. Weather-stripping, caulking, hole patching.
  - iii. Installation of door sweeps
  - iv. Repair and replacement of thresholds
  - v. Repair and replacement of fireplace dampers.
  - vi. Repair or replacement of broken glass in window
  - vii. Exterior door repair
  - viii. Repair of building envelope to maintain the integrity of ECMs
  - ix. Low-flow showerheads diverter replacement or fixture repair.;
  - x. Electrical repair for lighting retrofits;
- 4) residential Health and Safety (H&S) measures, cost is limited to 20% average cost per unit. Allowable items include, but are not limited to:
  - i. Safety devices: smoke and carbon monoxide alarms, fire extinguishers
  - ii. Heating and cooling system safety checks;
  - iii. Asbestos
    - a. In siding, walls, ceilings, etc., in vermiculite, on pipes, furnaces, and other small-covered surfaces
    - b. General abatement of asbestos siding or replacement with new siding is not an allowable H&S cost
  - iv. Biologicals and unsanitary conditions
  - v. Building structure and roofing
  - vi. Code compliance
  - vii. Combustion gases
  - viii. Unsafe electrical
  - ix. Formaldehyde, volatile organic compounds (VOCs), flammable liquids, other air pollutants
  - x. Fuel leaks
  - xi. Hazardous materials disposal
  - xii. Injury prevention of occupants and project workers
  - xiii. Lead based paint
  - xiv. Mold and moisture
  - xv. Radon



- xvi. Ventilation and indoor air quality
- xvii. Window and door replacement, window guards
  - a. Storm windows
  - b. Window coverings
    - 1. Purchase of new window guards not allowed

C. ECM improvements do not include installations of new roofs (the CEED Program follows the DOE Weatherization Assistance Program determination that roof replacements and repairs are not energy saving measures (<https://www.energy.gov/sites/prod/files/2019/09/f66/WPN-19-5.pdf>)). (Type 2 Projects). Electrical fuse box/panel upgrades or installations are not included unless accompanied by an approved priority appliance installation. ECM improvements do not include replacement of functional, new (purchased within the last 10 years) appliances.

D. All ECMs and replacement units must meet safety guidelines. Under no circumstance should retrofit work that would exacerbate health and safety problems, for either the occupant or the worker, proceed.

- 1) All applicable State and local (or Authorities Having Jurisdiction (AHJ)) codes must be followed, and manufacturer approved materials and instructions must be used while installing any ECM.
  - i. Workers shall know when the AHJ requires a licensed professional to perform a certain task.

E. Replacement appliances shall comply with the minimum standards of energy efficiency for major appliances established by the National Appliance Energy Conservation Act (NAECA) of 1987.

- 1) Disposal according to applicable State and Federal laws, as appropriate. For Entities that contract out replacement and disposal to third-party contractors, Entities are responsible for obtaining assurances from the third-party contractor that these items were disposed of according to applicable State and Federal laws, as appropriate.

F. All activities carried out with CEED Program funding must meet the objectives of the program (in addition to meeting the list of eligible activities specified above) ensuring energy bill totals do not increase and ensuring cost limitations are followed. Beneficial electrification or fuel switching measures may be installed as part of the retrofit process but must follow those parameters.

G. The term 'retrofit' is used as 'rehabilitation' implies improvements beyond the scope of an energy efficiency program. Unallowable rehabilitation activities include but are not limited to: creating additions or accessory units, changing floor plans, finishing attics and basements, repairing or replacing plumbing or electrical systems, completing kitchen and bathroom remodeling, renovating or constructing a garage, or installing new roofing/gutters/siding/etc., or major roof repairs.

## SUBPART A

### Maximum Lifetimes of Energy Conservation Measures

**Table: Allowable Default ECM Lifetimes**

<https://www.energy.gov/sites/default/files/2023-03/WPN%2023-06%20Revised%20Energy%20Audit%20Procedures%20Attachments.pdf>

#	Measure Type	Measure Name	Life (yr.)
1	Building Insulation	Attic insulation: blown in and batt	30
2	Building Insulation	Attic insulation: all other types	20
3	Building Insulation	Sill box insulation	20
4	Building Insulation	Foundation wall insulation	20
5	Building Insulation	Slab insulation	20
6	Building Insulation	Floor insulation: loose and batt types installed in fully enclosed air-tight cavities, and rigid insulation	30
7	Building Insulation	Floor insulation: all other types including loose and batt not installed in fully enclosed air-tight cavities	20
8	Building Insulation	Wall insulation: dense pack insulation, rigid insulation and full-cavity batt insulation in fully enclosed air-tight cavities	30
9	Building Insulation	Wall insulation: all other types	20
10	Building Insulation	Kneewall insulation: loose and batt types installed in fully enclosed air-tight cavities, and rigid insulation	30
11	Building Insulation	Kneewall insulation: all other types including loose and batt types not installed in fully enclosed air-tight cavities	20
12	Building Insulation	Duct insulation	20
13	Building Insulation	Manufactured home skirting	10
14	Building Insulation	White roof coating	7
15	Building Insulation	Radiant barrier	15
16	Ducts/Infiltration	Whole house air sealing	10
17	Ducts/Infiltration	Duct sealing	10
18	Doors and Windows	Storm window	15
19	Doors and Windows	Window replacement	20
20	Doors and Windows	Door replacement	20
21	Doors and Windows	Storm door	10



22	Doors and Windows	Window shading: awning	10
23	Doors and Windows	Sun screen: fabric or screen	10
24	Doors and Windows	Sun screen: louvered	15
25	Doors and Windows	Window film	15
26	HVAC Systems	Thermal vent damper	10
27	HVAC Systems	Electric vent damper	10
28	HVAC Systems	Intermittent Ignition Device (IID)	10
29	HVAC Systems	Electric vent damper and IID	10
30	HVAC Systems	Flame retention burner	10
31	HVAC Systems	Heating system tune up	3
32	HVAC Systems	Heating system replacement: fossil fuel fired furnaces and boilers, standard and condensing	20
33	HVAC Systems	Heating system replacement: all other heating systems except heat pumps	18
34	HVAC Systems	Smart/programmable thermostat	15
35	HVAC Systems	Air conditioner tune up	3
36	HVAC Systems	Air conditioner replacement	15
37	HVAC Systems	Evaporative cooler	15
38	HVAC Systems	Heat pump replacement	15
39	Baseloads	Lighting retrofit: fluorescent and compact fluorescent	(Note 1)
40	Baseloads	Lighting retrofit: LED	(Note 2)
41	Baseloads	Lighting retrofit: halogen	(Note 3)
42	Baseloads	Refrigerator replacement	15
43	Baseloads	Water heater tank insulation	13
44	Baseloads	Water heater pipe insulation	13
45	Baseloads	Low flow showerhead	15
46	Baseloads	Water heater replacement	13
47	Baseloads	Water heater setpoint reduction	13
48	Solar	Solar PV installations	20

**Notes**

- 1. 10,000 hours
- 2. 30,000 hours
- 3. 4,000 hours

## ATTACHMENT 3: Special Terms and Conditions

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The following are incorporated into this Award by reference:

- Ch. 62-17A *et seq.*, NMSA 1978;
- 19.1.10 NMAC;
- The Entity's application/proposal as approved by ECAM;
- Procurement Code § 13-1-28, *et seq.* NMSA 1978 and § 13-1-191.1 NMSA 1978

1. **Flow Down Requirement:** The Entity agrees to apply the terms and conditions of this Award, as applicable, including the Intellectual Property Provisions, to all subcontractors (as appropriate), and to require their strict compliance therewith. Further, the Entity must apply the Award terms to all subcontractors (as appropriate), and to require their strict compliance therewith.
2. **Post-Award Due Diligence Reviews:** During the life of the Award, EMNRD may conduct ongoing due diligence reviews, through Government resources, to identify potential risks of undue foreign influence. In the event, a risk is identified, EMNRD may require risk mitigation measures, including but not limited to, requiring an individual or entity not participate in the Award.
3. **Allowable Costs:** ECAM determines the allowability of costs through reference to 2 CFR part 200 as amended by 2 CFR part 910, if applicable. The Entity is responsible for maintaining records adequate to demonstrate that costs claimed have been incurred, are reasonable, allowable and allocable, and comply with generally accepted accounting principles. The Entity must document and maintain records of all project costs, including, but not limited to, the costs paid by Federal funds, costs claimed by its subcontractors and project costs that the Entity claims as cost sharing, including in-kind contributions. Upon request, the Entity is required to provide such records to ECAM. Such records are subject to audit. Failure to provide ECAM adequate supporting documentation may result in a determination by ECAM that those costs are unallowable.
4. **Budget Amendments:** If any changes to the budget are required, the Entity shall request a budget amendment from ECAM and the request must be approved prior to implementation. Budget amendments shall be compatible with the terms of this Agreement and of such a nature as to qualify as an allowable cost. Budget amendments requested during the ninety (90) prior to the completion date will be approved on a limited basis.
5. **Subcontractor Change Notification:** Except for subcontractors specifically proposed as part of the Entity's Application for award, the Entity must notify ECAM in writing 30 days prior to the execution of new or modified subcontractor agreements, including naming any To Be Determined subcontractors.
6. **Organizational Conflict of Interest:** Organizational conflicts of interest are those where, because of relationships with a parent company, affiliate, or subsidiary organization, the Entity is unable or appears to be unable to be impartial in conducting procurement action

involving a related organization.

The Entity must disclose in writing any potential or actual organizational conflict of interest to ECAM. The Entity must provide the disclosure prior to engaging in a procurement or transaction using project funds with a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe.

- A. If the effects of the potential or actual organizational conflict of interest cannot be avoided, neutralized, or mitigated, the Entity must procure goods and services from other sources when using project funds.
- B. The Entity must flow down the requirements of the COI Policy to any subcontractor entities. The Entity is responsible for ensuring subcontractor compliance with this term. If the Entity has a parent, affiliate, or subsidiary organization, the Entity must maintain written standards of conduct covering organizational conflicts of interest.

7. **Financial Conflicts of Interest:** The Entity must disclose in writing any managed or unmanageable financial conflicts of interest involving a member of the project team and include sufficient information to enable EMNRD to understand the nature and extent of the financial conflict, and to assess the appropriateness of the non-Federal entity's management plan.

8. **Penalties:** Failure to follow any of the program guidelines or the provisions laid out in this Agreement can result in EMNRD imposing specific grant requirements or taking one or more of the following actions:

- A. temporary withholding of payments until Entity takes corrective action;
- B. disallowance of costs for all or part of the activity associated with the noncompliance of the Entity;
- C. suspension or termination of the grant in part or in its entirety;
- D. debarment or suspension of the Entity;
- E. withholding of further funds from EMNRD; or
- F. any and all other legal remedies.

9. **Fraud, Waste and Abuse:** The Entity must disclose, in a timely manner, in writing to EMNRD all violations of Federal or state criminal law involving fraud, bribery, or gratuity violations potentially affecting the award. Failure to make required disclosures can result in any of the remedies described in Section 8, above.

10. **Prevailing Wage Requirements:** This award is funded as a Public Works program. All laborers and mechanics employed by the Entity, subcontractors, contractors or subcontractors in the performance of construction, alteration, or repair work in excess of \$60,000 on an award funded directly by or assisted in whole or in part by funds made available under this award shall be paid wages at rates not less than those prevailing on similar projects in the locality, as determined by NMDWS or the US Secretary of Labor.

- A. Recipients shall provide written assurance acknowledging the Prevailing Wage requirements for the award or project and confirming that all of the laborers and mechanics performing construction, alteration, or repair, through funding under the award are paid or will be paid wages at rates not less than those prevailing on projects of a character similar in the locality.

- B. The Entity must comply with all of the Prevailing Wage requirements, including but not limited to:
- i. ensuring that the wage determination(s) and appropriate Prevailing Wage clauses and requirements are flowed down to and incorporated into any applicable subcontracts or subcontractor awards.
  - ii. being responsible for compliance by any subcontractor or subcontractor with the Prevailing Wage labor standards.
  - iii. receiving and reviewing certified weekly payrolls submitted by all subcontractors and subcontractors for accuracy and to identify potential compliance issues.
  - iv. maintaining original certified weekly payrolls for 3 years after the completion of the project and must make those payrolls available to the State, EMNRD or the Department of Labor upon request.
  - v. conducting payroll and job-site reviews for construction work, including interviews with employees, with such frequency as may be necessary to assure compliance by its subcontractors and subcontractors and as requested or directed by the State or EMNRD.
  - vi. cooperating with any authorized representative of the Department of Labor in their inspection of records, interviews with employees, and other actions undertaken as part of a Department of Labor investigation.
  - vii. posting in a prominent and accessible place the wage determination(s) and Department of Labor Publication: WH-1321, Notice to Employees Working on Federal or Federally Assisted Construction Projects.
  - viii. notifying ECAM of all labor standards issues, including all complaints regarding incorrect payment of prevailing wages and/or fringe benefits, received from the Entity, subcontractor, contractor, or subcontractor employees; significant labor standards violations; disputes concerning labor standards; disputed labor standards determinations; Department of Labor investigations; or legal or judicial proceedings related to the labor standards under this GSA, a subcontract, or subcontractor award.
  - ix. preparing and submitting to ECAM, the Prevailing Wage Semi-Annual Labor Compliance information in Quarterly Reports, by April 20 and October 20 of each year.

## **Current New Mexico Statutes Annotated 1978**

### **Chapter 62 - Electric, Gas and Water Utilities - NMOneSource.com**

#### **62-17A-5. Required grant of authority.**

A. The Community Energy Efficiency Development Block Grant Act is enacted to allow the state, a county or a municipality to provide or pay the costs of financing infrastructure necessary to support affordable housing projects as provided by Article 9, Section 14 of the constitution of New Mexico.

B. Prior to the department's final approval of an application for a grant pursuant to the Community Energy Efficiency Development Block Grant Act, an applicant that is a county or a municipality shall provide the department with a copy of the ordinance enacted by the county or municipality that provides the county's or municipality's formal approval for a specific community energy efficiency development block grant and includes in the ordinance the terms and conditions of the grant approved by the department. The department shall not approve an application for a community energy efficiency project if the county or municipality fails to enact an ordinance that gives formal approval for the terms and conditions approved by the department for the community energy efficiency development block grant and includes in the ordinance those exact terms and conditions.

C. Prior to the department's final approval of an application for a grant pursuant to the Community Energy Efficiency Development Block Grant Act, an applicant that is an Indian nation, tribe or pueblo shall provide the department with a copy of a resolution enacted by the Indian nation, tribe or pueblo that provides the Indian nation's, tribe's or pueblo's formal approval for a specific community energy efficiency development block grant and includes in the ordinance the terms and conditions of the grant approved by the department. The department shall not approve an application for a community energy efficiency project if the Indian nation, tribe or pueblo fails to enact a resolution that gives formal approval for the terms and conditions approved by the department for the community energy efficiency development block grant and includes in the resolution those exact terms and conditions.

D. Prior to the department's final approval of an application from the New Mexico mortgage finance authority for a grant pursuant to the Community Energy Efficiency Development Block Grant Act, the New Mexico mortgage finance authority shall provide the department with formal approval of the New Mexico mortgage finance authority to accept a specific community energy efficiency development block grant.

**History:** [Laws 2022, ch. 10, § 5.](#)



# Tab 5

# Housing New Mexico MFA

## Single Family Mortgage Program Bonds

March 19, 2025

Finance Department

Arundhati Bose, Alex Lundy, & James Schneider





# MFA Act (NMSA 1978-58-18)

## Authority as a Housing Finance Authority (HFA)

- In-line with the Act, Housing New Mexico has the authority to issue tax-exempt bonds (NMSA 1978 58-18-18). The tax-exemption only applies to the investors of the bonds, who may prefer these to typical taxable bonds in their portfolio.

## Tax Exemption

- Because the nature of tax-exemption is more desirable to investors, the issuer of these bonds can lower the yield making them more comparable/competitive with taxable bonds. In turn, the lower bond yield, provides for more room to then lend out the proceeds at subsequently lower interest rates.

## Lower-than-market Rates and Down Payment Assistance

- MFA's tax-exempt bonds currently allow lower-than-market rates on its *FirstHome* program (~0.375% below the local NM market average as of March 11th)
- Additionally, MFA offers Down Payment Assistance (DPA). Though not currently funded by the bond proceeds, DPA offers MFA a strategic advantage to its mortgage lending program, while promoting affordability.
  - DPA also provides assurances to investors that bonds will not prepay as quickly, leading to lower risk to the investor.

# Why Bonds?

## Low Risk Profile

- Mortgage-Backed Securities (MBS) portfolio

## How Other HFAs Issue Bonds (or don't)

- Most states have some degree of single-family bond program (~45 states)
- Based on constraints of Private Activity Bond (PAB) Volume Cap, issuing bonds may not provide the same advantages as others (more later)

## Standard Process/Cadence

- In the market ~4 times each year, depending on mortgage production and bond size
- Each issuance can comprise of one or more series of bonds (e.g., taxable vs. tax exempt)
- Bond deal size: Ranges typically from \$70M to \$125M, with the largest issuance at \$150M in 2024

## Financial Considerations

- Big impact on Assets/Liabilities
  - Largest items on MFA's balance sheet. As of 1/31/2025:
    - Assets (MBS): **\$1,941,502,000**
    - Liabilities (Bonds Outstanding): **\$2,013,026,000**
  - Assets and Liabilities each can grow by ~\$400M each Fiscal Year (based on current mortgage production and prepayment)
- Provides for long-term cash flows
  - Administrative Fee

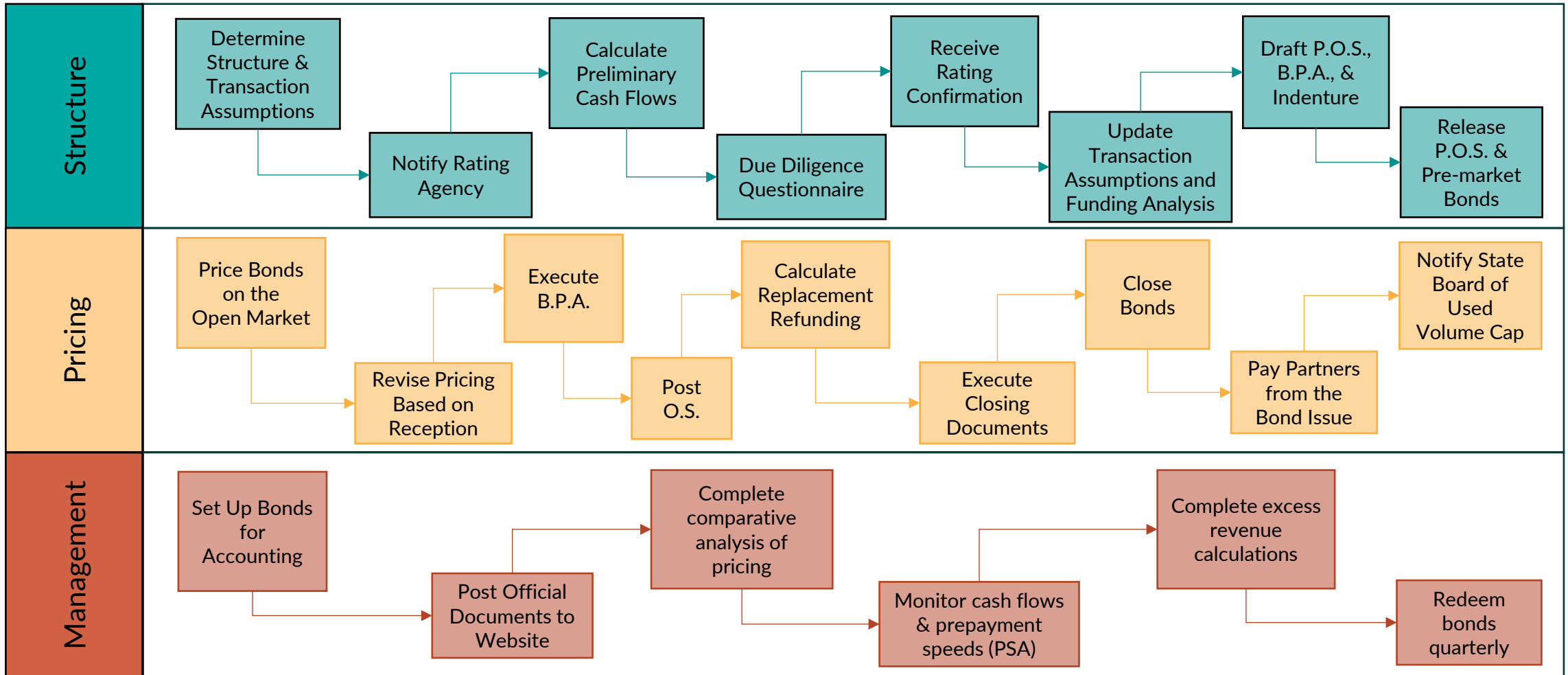
# Best Execution

*Best Execution* describes the efforts of strategizing the most beneficial method of action. It involves:

- Due diligence (obligations/compliance)
- Analysis/evaluation of sustainability and mission most beneficial to the Authority and its partners
- Blends of varying types, tax status, etc.

Bond Financing	TBA Financing (forward trading of MBS)
Long-term cash flows over life of bond.	Immediate gain on sale.
Competitive during high & increasing rate environments.	Competitive during low & decreasing rate environments.
Often creates “zeros” that reduce risk in volatile market conditions.	Does not consume state-issued volume cap.
Tax-exemption advantages on first-time homebuyer mortgages.	Primarily used for non-first-time homebuyer mortgages.
Stabilizing effect on mortgage rates.	TBA premium can pay for or support down payment programs.

# Life of a Bond



# Sample Bond Issuance: 2024 Series C/D

## NEW ISSUE – BOOK-ENTRY ONLY

Rating for Offered Bonds: Moody's: "Aaa"  
(See "RATING" herein)

Credit rating

*This Official Statement has been prepared on behalf of the New Mexico Mortgage Finance Authority to provide information on the Offered Bonds. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Offered Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.*



## NEW MEXICO MORTGAGE FINANCE AUTHORITY

\$125,000,000

Size/Amount

### Single Family Mortgage Program Class I Bonds

\$87,500,000

\$37,500,000

2024 Series C

2024 Series D

Tax-exempt/taxable portions

(Tax-Exempt) (Non-AMT)

(Federally Taxable)

Dated: Date of Delivery

Due: As shown on inside cover

### Purpose of the Offered Bonds

The proceeds of the Offered Bonds, together with any moneys made available upon the issuance of the Offered Bonds and other available funds, will be made available for use by the Trustee, on behalf of the Authority, to (a) purchase: (i) mortgage loan pass through certificates guaranteed as to timely payment of principal and interest by GNMA, (ii) mortgage loan pass through certificates issued and guaranteed as to timely payment of principal and interest by Fannie Mae and/or (iii) mortgage loan pass through certificates issued and guaranteed as to timely payment of principal and interest by Freddie Mac, (b) make deposits to certain funds and accounts under the Indenture and (c) pay certain costs of issuing the Offered Bonds. See "FINANCING PLAN" herein.

### Interest Payment Dates

March 1 and September 1, and at maturity, commencing September 1, 2024.

Debt service dates

### Interest Rates

As set forth on the inside cover hereof.

### Denominations

The Offered Bonds will be issued in denominations of \$5,000 each, or any integral multiple thereof.

### Delivery Date

May 23, 2024

Date of Issuance / Closing

### Bond Counsel

Kutak Rock LLP, Omaha, Nebraska

### Underwriters' Counsel

Orrick, Herrington & Sutcliffe LLP, San Francisco, California

### Counsel to the Authority

Stelzner, Winter, Warburton, Flores & Dawes, P.A., Albuquerque, New Mexico

### Trustee

Zions Bancorporation, National Association, Denver, Colorado

### Book-Entry-Only System

The Depository Trust Company. See "APPENDIX F – BOOK ENTRY SYSTEM" attached hereto.

RBC Capital Markets

Raymond James

Dated: April 16, 2024

Date of Pricing

# External Partners

Partner	Role	Years w/MFA	Structure	Pricing	Management
CSG Advisors, Inc.	Financial Advisor	13	X	X	X
Kutak Rock LLP	Bond Counsel	3	X	X	X
RBC Capital Markets	Underwriter/Manager	9	X	X	
Raymond James	Co-Manager	9	X	X	
Orrick LLP	Underwriter's Counsel	n/a	X		
Moody's Ratings	Rating Agency	11	X		
Stelzner Law	General Legal Counsel	5		X	
New Mexico SBOF	Volume Cap Moderator	n/a		X	
Idaho HFA	Subservicer	9			X
Zion's Bancorporation	Trustee/Paying Agent	18			X
PHOENIX TMA	MSR Asset Valuation	9			X



# Structuring the Bond

- Bond Structure
  - Transaction Assumptions
  - Cash Flows (Types of Bonds)
- Credit Ratings
- Due Diligence



# Bond Structure

*Best Execution means balancing:*

*Mission with Financial Sustainability*

## Bond types

- Tax-exempt vs. taxable
- Serials, Term, & PAC

## Premium generation

- Funds Cost-of-Issuance

## Yield spread

- Maximum 1.125% for tax-exempt bonds

## Economic Benefit

- Long-term return depending on prepayments

## 2024 Series C/D

New Mexico Mortgage Finance Authority

Bond Structure Comparisons - \$125MM New Money

Structuring Scenario

### Aggregate Yield

Mortgage Yield  
Bond Yield  
Yield Spread

### Tax Exempt Yield

Mortgage Yield  
Bond Yield  
Yield Spread

### Taxable Yield

Mortgage Yield  
Bond Yield  
Yield Spread

Economic Benefit (excluding PV of Zeros Used):

100% PSA  
150% PSA  
200% PSA  
300% PSA  
400% PSA

Scenario 1 20% Taxable	Scenario 2 25% Taxable	Scenario 3 30% Taxable	Scenario 4 40% Taxable
Aggregate Yield			
Mortgage Yield	5.826%	5.912%	6.010%
Bond Yield	4.604%	4.666%	4.734%
Yield Spread	1.222%	1.245%	1.276%
Tax Exempt Yield			
Mortgage Yield	5.434%	5.438%	5.456%
Bond Yield	4.341%	4.339%	4.343%
Yield Spread	1.092%	1.099%	1.113%
Taxable Yield			
Mortgage Yield	7.495%	7.462%	7.427%
Bond Yield	5.636%	5.635%	5.637%
Yield Spread	1.858%	1.827%	1.790%
Economic Benefit (excluding PV of Zeros Used):			
100% PSA	6,770,910 5.4%	7,001,309 5.6%	7,371,760 5.9%
150% PSA	5,482,421 4.4%	5,654,516 4.5%	5,933,719 4.7%
200% PSA	4,506,902 3.6%	4,636,267 3.7%	4,844,263 3.9%
300% PSA	3,162,143 2.5%	3,237,309 2.6%	3,354,761 2.7%
400% PSA	2,292,462 1.8%	2,318,306 1.9%	2,398,960 1.9%



# Bond Structure & Cash Flows

*Best Execution means balancing:*

*Mission with Financial Sustainability*

<b>2024 Series C/D</b> <b>Total Bonds Available: \$125,000,000</b>	
Series C: Tax-Exempt Bonds	Series D: Taxable Bonds
\$87,500,000 (70%)	\$37,500,000 (30%)
29 Bonds	24 Bonds
<ul style="list-style-type: none"> <li>➤ 24 Serial Bonds (~15%)</li> <li>➤ 4 Term Bonds (~48%)</li> <li>➤ 1 Planned Amortization Class (PAC) Bond (~37%)</li> </ul>	<ul style="list-style-type: none"> <li>➤ 19 Serial Bonds (~9%)</li> <li>➤ 4 Term Bonds (~54%)</li> <li>➤ 1 Planned Amortization Class (PAC) Bond (~37%)</li> </ul>

**Using different types of bonds at various maturities diversifies our offering and reduces our risk at market.**

## MATURITY SCHEDULE

**\$87,500,000**  
**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS**  
**2024 SERIES C (TAX-EXEMPT) (NON-AMT)**

### \$12,990,000 Serial Bonds

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP*</u>
March 1, 2025	\$ 80,000	3.40%	100%	647201 F98
September 1, 2025	445,000	3.40	100	647201 F98
March 1, 2026	455,000	3.40	100	647201 G22
September 1, 2026	465,000	3.40	100	647201 G30
March 1, 2027	475,000	3.40	100	647201 G48
September 1, 2027	480,000	3.40	100	647201 G55
March 1, 2028	490,000	3.50	100	647201 G63
September 1, 2028	500,000	3.55	100	647201 G71
March 1, 2029	510,000	3.60	100	647201 G89
September 1, 2029	520,000	3.65	100	647201 G97
March 1, 2030	530,000	3.70	100	647201 H21
September 1, 2030	540,000	3.75	100	647201 H39
March 1, 2031	555,000	3.80	100	647201 H47
September 1, 2031	565,000	3.80	100	647201 H54
March 1, 2032	580,000	3.90	100	647201 H62
September 1, 2032	590,000	3.90	100	647201 H70
March 1, 2033	600,000	3.95	100	647201 H88
September 1, 2033	615,000	3.95	100	647201 H96
March 1, 2034	630,000	4.00	100	647201 J29
September 1, 2034	640,000	4.00	100	647201 J37
March 1, 2035	660,000	4.05	100	647201 J45
September 1, 2035	675,000	4.05	100	647201 J52
March 1, 2036	685,000	4.05	100	647201 J60
September 1, 2036	705,000	4.05	100	647201 J78

\$4,600,000 4.100% Term Bonds Due September 1, 2039 (Price 100.000%) CUSIP 647201 J86\*

\$9,400,000 4.600% Term Bonds Due September 1, 2044 (Price 100.000%) CUSIP 647201 J94\*

\$12,300,000 4.700% Term Bonds Due September 1, 2049 (Price 100.000%) CUSIP 647201 K27\*

\$15,945,000 4.750% Term Bonds Due September 1, 2054 (Price 100.000%) CUSIP 647201 K35\*

\$32,265,000 6.000% Premium PAC Bonds Due March 1, 2055 (Price 109.180%) CUSIP 647201 K43\*

# Moody's Ratings

Rating Type	Rating/Outlook	What Helped	What Hurt
Issuer Rating (Housing New Mexico)	Aa3 – stable outlook (reaffirmed every 4 years)  December 2024	<ul style="list-style-type: none"> <li>➤ Strong balance sheet/net position</li> <li>➤ MBS guarantees which insulate programs from loan delinquencies</li> <li>➤ Conservative risk profile (no variable-rate debt)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Solid, but variable, operating margins</li> <li>➤ Overcollateralization levels will not be strong enough to support the rating if U.S. government rating is downgraded</li> </ul>
Indenture Rating (2005 General Indenture)	Aaa – negative outlook (reaffirmed every issue)  March 2024	<ul style="list-style-type: none"> <li>➤ Guarantees by virtue of "securitizing" loans as Mortgage-Backed Securities (MBS)</li> </ul>	<ul style="list-style-type: none"> <li>➤ How the agency views the U.S.' ability to pay its debts, including currently outstanding and future MBS</li> </ul>
Issue Rating (2024 Series C/D)	Aaa – negative outlook (provided every issue)  March 2024	<ul style="list-style-type: none"> <li>➤ Follows the logic of the Indenture Rating</li> </ul>	

*Housing New Mexico is actively involved in communicating with and maintaining a transparent relationship with its rating agencies.*

# Due Diligence

*Housing New Mexico carefully monitors all aspects of its single-family lending program to ensure thoughtful responses.*

## Questionnaire

- Managed by Underwriter's Counsel (Orrick LLP)
- Covers a range of areas, including:
  - Preliminary Official Statement (POS)
  - Statutory Authority and Compliance
  - Administration and Operations
  - Financial Considerations
  - Litigation and Regulatory
  - Single Family Mortgage Program Bonds
    - Loan Origination
    - Policies & Procedures
  - General Legal Questions
- Completed with each issuance; Alternates in form
  - Video-interview with full set of questions (~50)
  - Email distribution of a truncated set of questions (~15)

## 2024 Series C/D

**PRELIMINARY OFFICIAL STATEMENT** – REFERENCES TO THE POS ARE TO THE DRAFT  
DISTRIBUTED BY KUTAK ON FRIDAY, MARCH 15, 2024.

1. Have there been any changes to the officials and personnel of the New Mexico Mortgage Finance Authority (“MFA”) who review each draft of the Preliminary Official Statement (the “POS”) and the procedures they follow during such review?

There have been no changes to the officials and personnel of the NMMFA who review each draft of the POS and the procedures that they follow during review.

2. Have such persons reviewed the latest draft of the POS?

Yes, the latest draft of the POS has been reviewed.

3. Does the POS fairly and accurately describe the following: MFA; the financial condition of MFA; MFA’s single family housing program; any litigation affecting or potentially affecting MFA or the 2024 Series C Bonds and 2024 Series D Bonds (collectively, the “Bonds”); MFA’s authority to issue the Bonds; the Bonds, including their purposes, security, and terms; the General Indenture and the Series Indenture; the tax status of the Bonds; and the continuing disclosure obligation of MFA with respect to the Bonds and its history of providing continuing disclosure? If any areas need to be changed, updated, expanded, or added, please specify.

The POS fairly and accurately describes the above statement.

4. In light of the fact that the POS will be used to market the Bonds to investors, does the POS contain any untrue statement of a material fact or omit to state a material fact necessary to make the POS not misleading? If so, please specify.

No, the POS does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the POS not misleading, to the best of MFA’s knowledge.



# Pricing the Bond

- Economics of Bonds
  - Microeconomic and Macroeconomic Considerations
  - Influence of the 10-Year Treasury / Best Execution
  - Other Factors
- Market Pricing
- Private Activity Bond (PAB) Volume Cap

# Economics of Bonds

## Macroeconomic influences on bonds

- Generally affect pricing
  - Political Disruption (Domestic and Foreign)
  - Economic Headwinds
  - Favorability of Stock Equities
  - Competition in the market

## Microeconomic influences on bonds

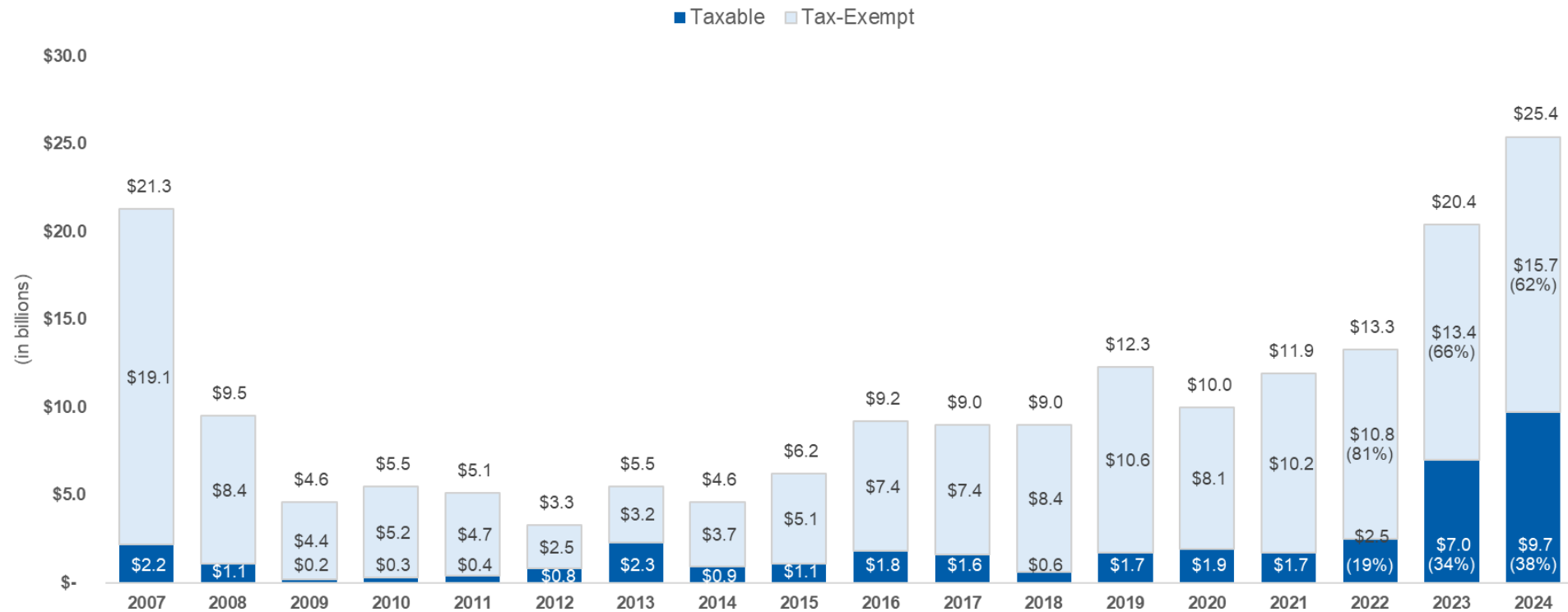
- Generally affect structure
  - Cash flow goals
  - Strategic benchmarks
  - Rate offerings to homebuyers
  - PAB Volume Cap availability

## 2024 Series C/D

- Three other housing bond sales priced same week:
  - Arkansas HFA
  - Indiana HFA
  - Pima County (in connection with Arizona IDA)
- 10-Year Treasury fluctuated, increased
  - During pricing, an announcement that the International Monetary Fund (IMF) projected continued growth of inflation above the Fed's target, causing a selloff of treasury bonds, though stabilized/corrected later in the morning.
- Economic Data Publishing
  - No meaningful data released on the day of pricing. Pricing occurred prior to data released by the National Association of Realtors, which could have had an impact.
- Cost-of-Issuance costs were impacting the liquidity of MFA's General Fund. First issuance to use the General Indenture's Surplus Fund to fund these costs.
- FirstDown Plus Program (0% interest "third" mortgage funded by the New Mexico Housing Trust Fund) spurred record levels of production, leading to higher issuance size and need for taxable blending.
  - Rates on 1st mortgages were also influencing higher-than-average production. Our first-time homebuyer rates were 0.875% to 1% below the New Mexico market average.

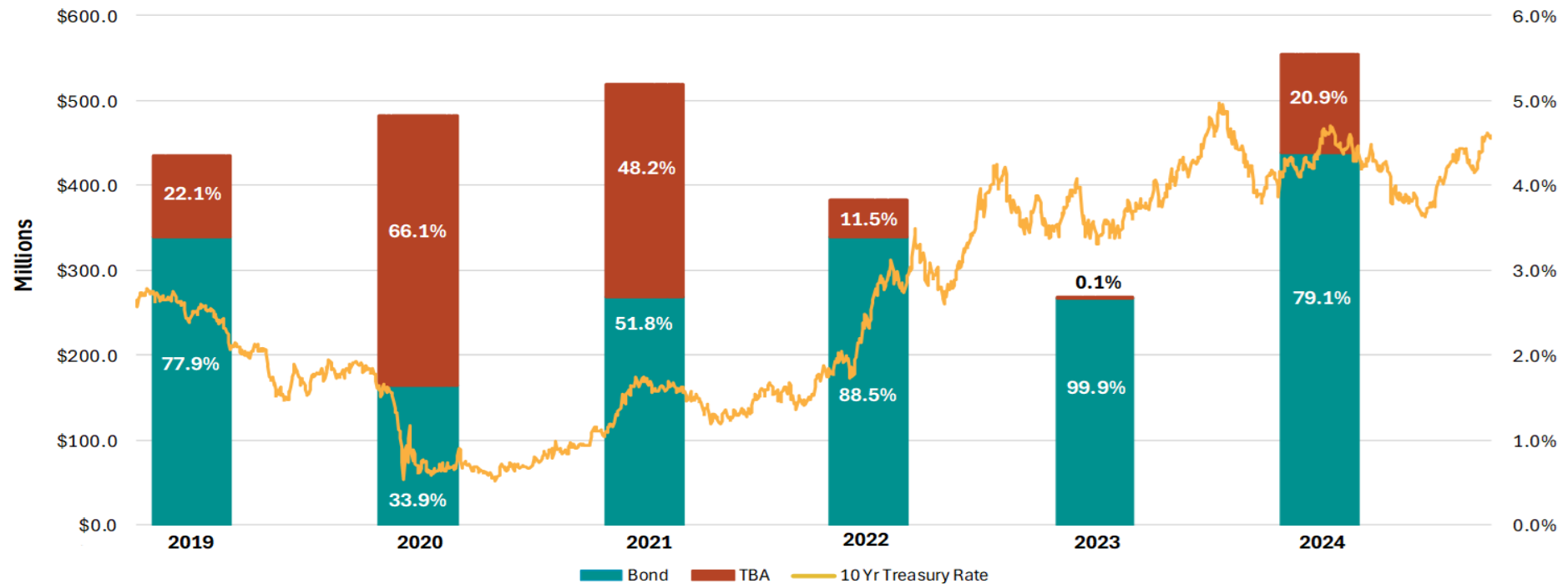
# Economics of Bonds

Single Family Housing Bond Volume by Tax Status  
(U.S. national data)



# Economics of Bonds

## Best Execution Offers Housing New Mexico Flexibility When Macroeconomic Conditions Change





# Cost of Issuance

As with any execution, there are costs associated with issuing bonds on the open market. Two of the major methods for reducing costs or saving external liquidity:

## Premium Generation

- Planned Amortization Class (PAC) bonds are typically sold to investors at a premium (above 100% face value) because they in turn, offer a higher interest yield. This additional money can be used to contribute towards upfront expenses when issuing the bonds.

## Surplus Fund Contribution

- MFA's General Indenture has a Surplus Fund which acts as a cash reserve for varying bond uses. In the past, MFA has used its own General Fund to contribute to upfront expenses, but recently began utilizing Surplus Fund in a sustainable manner so that future issuances could also do the same while saving General Fund's liquidity.
- A large portion of MFA's Cost of Issuance is the possibility of Negative Arbitrage, which could occur if MFA is not able to pool all its mortgages using the proceeds of the bonds before it's first debt service payment. Historically, this is a rare occurrence and will be refunded after the first year.

## 2024 Series C/D

### C. SOURCES & USES OF FUNDS

#### Sources:

Bond Proceeds		
2024CD Bond Principal	\$ 125,000,000.00	
2024CD Net Bond Premium	3,193,081.00	
Total Bond Proceeds		\$ 128,193,081.00
Authority Contribution		1,891,919.00
<b>Total Sources</b>		<b>\$ 130,085,000.00</b>

#### Uses:

Deposit to the 2024 Series CD Subaccount of the Acquisition Account		\$ 127,500,000.00
Deposit to the 2024 Series CD Refunding Subaccount		-
Deposit to the 2024 Series CD Subaccount of the Negative Arbitrage Account		1,500,000.00
Deposit to the 2024 Series CD Subaccount of the Revenue Account		10,000.00
Underwriters' Fee and Expenses	818,306.25	
Costs of Issuance	256,693.75	
Deposit to the 2024 Series CD Subaccount of the Costs of Issuance Account		1,075,000.00
<b>Total Uses</b>		<b>\$ 130,085,000.00</b>

In this bond issuance, ~63% of total issuance expenses, that MFA was responsible for, was covered for by PAC bond premium. The remaining funds were contributed to by the Surplus Fund, of which ~\$1.4 million is expected to be returned in April 2025.



# Market Pricing

## Pricing

- Begins week prior to public sale (known as “pre-marketing”)
  - Managers gauge public interest at different yields/coupons
- Day before pricing, preliminary yields are set based on general interest, also considering other HFAs pricing that week
- Day of pricing,
  - Open-Order Period: Usually 3-4 hours long
  - Real-Time Viewing of Order Fulfillment through S&P's Gameday software.
  - Risk Hedging: Any unsold balances are absorbed by our Lead Underwriter, RBC Capital Markets, preventing the possibility of a loss to MFA.

## Post-Pricing

- Setting Final Yields
  - Based on order subscription/demand, bond yields can be adjusted (i.e., yields for the investor) by small amounts either to sell balances (increase) or to achieve a more advantageous rate for MFA (decrease).
- Sign Bond Purchase Agreement (BPA)

## 2024 Series C/D

**Total Bonds Available: \$125,000,000**

Total Orders: **\$337,630,000**

Oversubscription: **2.7x**

**Bond yields lowered on 25 of the 53 bonds (47%)**

### National Institutional Orders

- \$284,395,000 (~84%)

### National Retail Orders (excluding NM)

- \$43,755,000 (~13%)

### New Mexico Retail Orders

- \$9,480,000 (~3%)

# PAB Volume Cap

Allows MFA to issue tax-exempt bonds

- Lower mortgage rates for first-time homebuyers

Qualified mortgage revenue bonds

- Section 143 of the Internal Revenue Code
- A "qualified mortgage bond" is a bond which is issued as part of an issue the proceeds of which are used to finance owner occupied residences meeting certain requirements relating to:
  - Loan Eligibility
  - Targeted Areas
  - Yield Restrictions; and
  - Other Matters

Replacement refunding

- Saves Volume Cap from prior issuances

## 2024 Series C/D

				\$125,000,000
				New Mexico Mortgage Finance Authority
				Single Family Mortgage Program Class I Bonds
				2024 Series C (Tax-Exempt) (Non-AMT)
2024 Series C (Tax-Exempt) (Non-AMT)				
Source of Authority	Amount	Expired / Unused Authority	Bonding Authority (net of expired / Unused)	
- Various 2005 Master Indenture Series to be replacement refunded on 5/23/24 and redeemed on 6/1/24	3,571,546.87	-	3,571,546.87	
- Various 2005 Master Indenture Series to be replacement refunded on 5/23/24 and redeemed on 7/1/24	17,857,412.81	-	17,857,412.81	
<i>New Volume Cap</i>				
2024 Direct Allocation	69,032,967.32		69,032,967.32	
	69,032,967.32	-	69,032,967.32	
<b>Total</b>	<b>\$ 90,461,927.00</b>	<b>\$ -</b>	<b>\$ 90,461,927.00</b>	*

\* includes Net Bond Premium.

Tax-Exempt Principal	\$ 87,500,000
Tax-Exempt Premium	\$ 2,961,927
Total Tax-Exempt Issuance	\$ 90,461,927
Replacement Refunding	\$ (21,428,960)
Volume Cap Needed	\$ 69,032,967

# Sources & Uses of Volume Cap

Volume cap is only applied to the principal and premium of the tax-exempt bonds issued; by issuing taxable debt, we can reduce the amount of volume cap needed for each issuance. We can further reduce the amount of volume cap used through replacement refunding. The first table shows cap-saving measures for projected issuances throughout the remainder of 2025.

The second table looks deeper at the prioritization of volume cap based on the tranche. For 2025, Housing New Mexico expects to prioritize using its direct allocation (which expires on 6/30/2025, barring an extension), before switching to its carryforward allocation from 2022, which expires at the end of December.

## Uses

	2025 A/B*	2025 C/D	2025 E/F	2025 G/H
Tax-Exempt Principal (60%)	\$ 72,000,000	\$ 72,000,000	\$ 66,000,000	\$ 60,000,000
Tax-Exempt Premium	\$ 2,256,466	\$ 2,160,000	\$ 1,980,000	\$ 1,800,000
Tax Principal (40%)	\$ 48,000,000	\$ 48,000,000	\$ 44,000,000	\$ 40,000,000
Tax Premium	\$ 591,378	\$ 480,000	\$ 440,000	\$ 400,000
Authority Contribution	\$ 3,735,020	\$ 2,452,800	\$ 2,248,400	\$ 2,044,000
Total Bond Issuance	\$126,582,843	\$125,092,800	\$114,668,400	\$104,244,000
Req. Vol. Cap (before Rep. Refunding)	\$ 74,256,466	\$ 74,160,000	\$ 67,980,000	\$ 61,800,000
Exp. Rep Refunding	\$ (22,591,224)	\$ (18,000,000)	\$ (18,000,000)	\$ (18,000,000)
<b>Expected Need for Volume Cap</b>	<b>\$ 51,665,242</b>	<b>\$ 56,160,000</b>	<b>\$ 49,980,000</b>	<b>\$ 43,800,000</b>

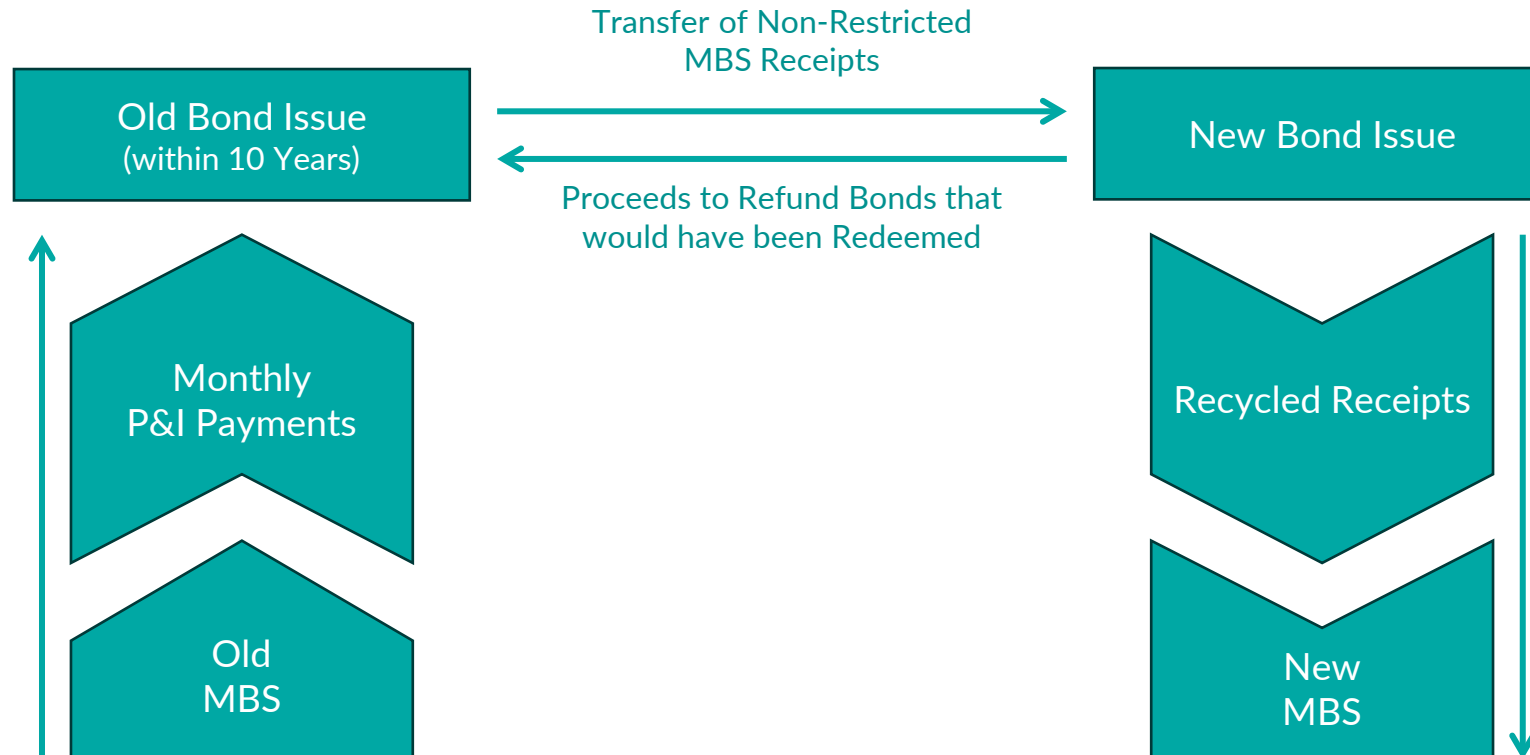
## Sources

		2025 A/B	2025 C/D	2025 E/F	2025 G/H
2025	Direct Allocation	\$ (51,665,242)	\$ (56,160,000)	\$ (24,254,758)	\$ 0
2022	Carryforward	\$ 0	\$ 0	\$ (25,725,242)	\$ (43,800,000)
<b>Expected Volume Cap To Be Used</b>		<b>\$ (56,218,212)</b>	<b>\$ (56,160,000)</b>	<b>\$ (49,980,000)</b>	<b>\$ (43,800,000)</b>

\*Slight variances attributable to rounding to the nearest dollar.

# Replacement Refunding

Replacement refunding is an efficient strategy for saving portions of PAB Volume Cap each issuance. It is the process by which receipts on outstanding Mortgage-Backed Securities on older bonds can be transferred to new bond issuances to fund new Mortgage-Backed Securities, while simultaneously being refunded from proceeds of the new bond to redeem the original bonds as intended.







# Managing the Bond

- Strategic Cash Flow
  - Prepayment Speeds & Special Redemptions
  - Debt Service
  - Admin Fee Collection
- Continuous Improvement

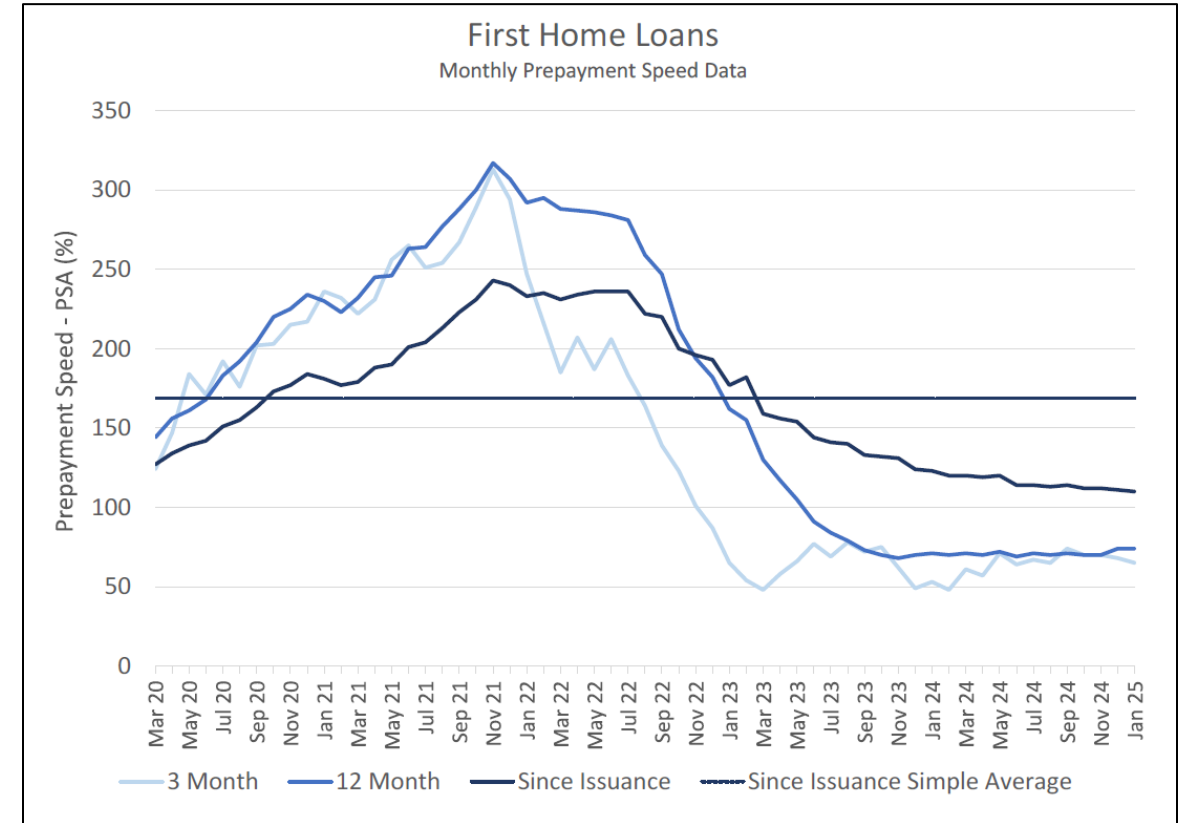
# Strategic Cash Flow

## Prepayments

- Public Securities Association (PSA) model for Mortgage-Backed Securities
  - Models the speed at which mortgages pay down additional principal balance
  - 100 PSA = annual 6% of outstanding mortgagors prepaying the full amount of principal balance remaining on a portfolio of MBS

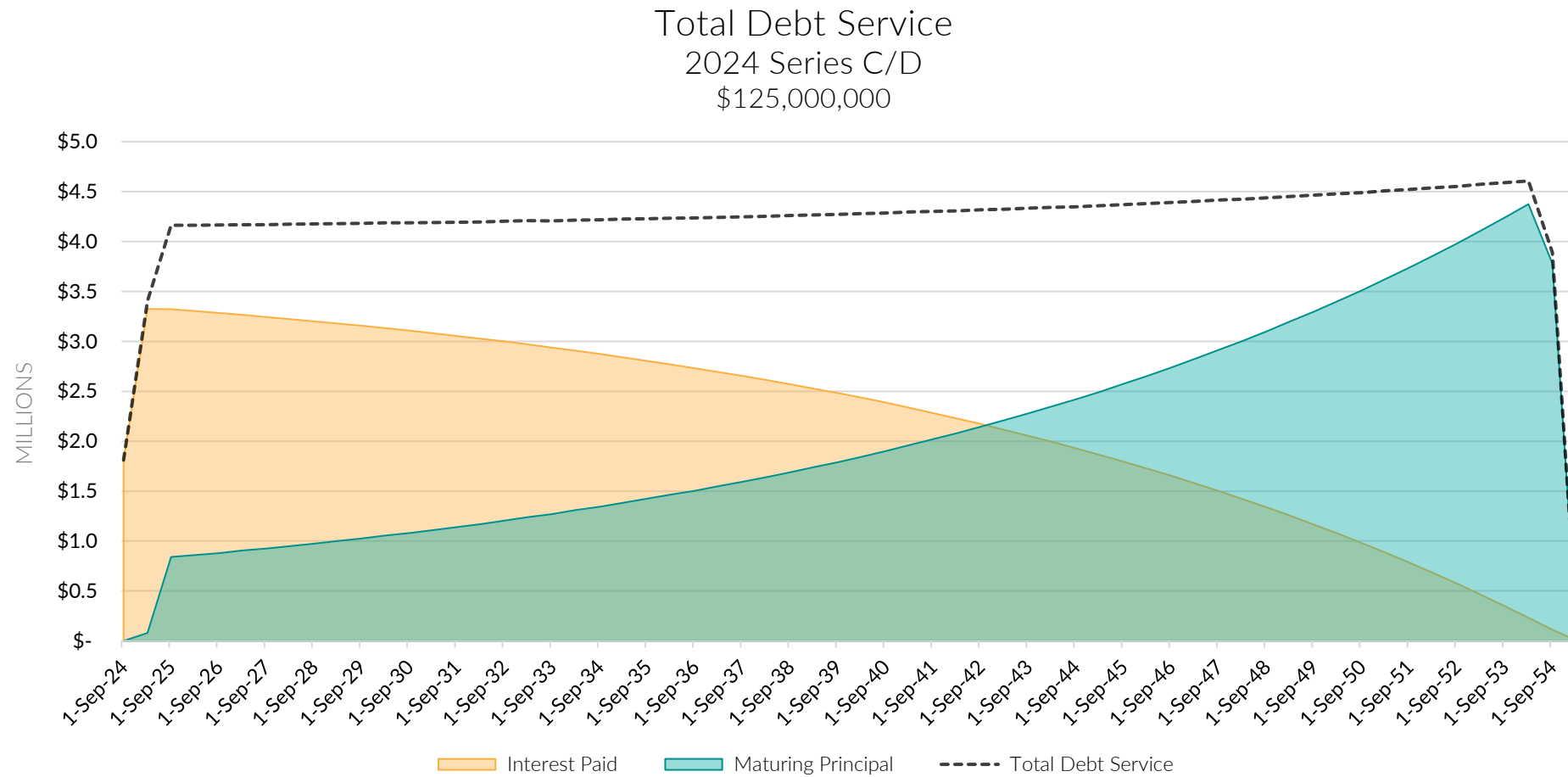
## Special Redemption

- Normal debt service on the bonds are structured with the assumption that prepayments may not occur, to avoid risk of default
- When prepayments happen, MFA can use the excess revenue to call down its bonds early, avoiding the interest cost associated and keeping the assets and liabilities in balance.



Data: CSG Advisors, Inc.

# Strategic Cash Flow





# Strategic Cash Flow

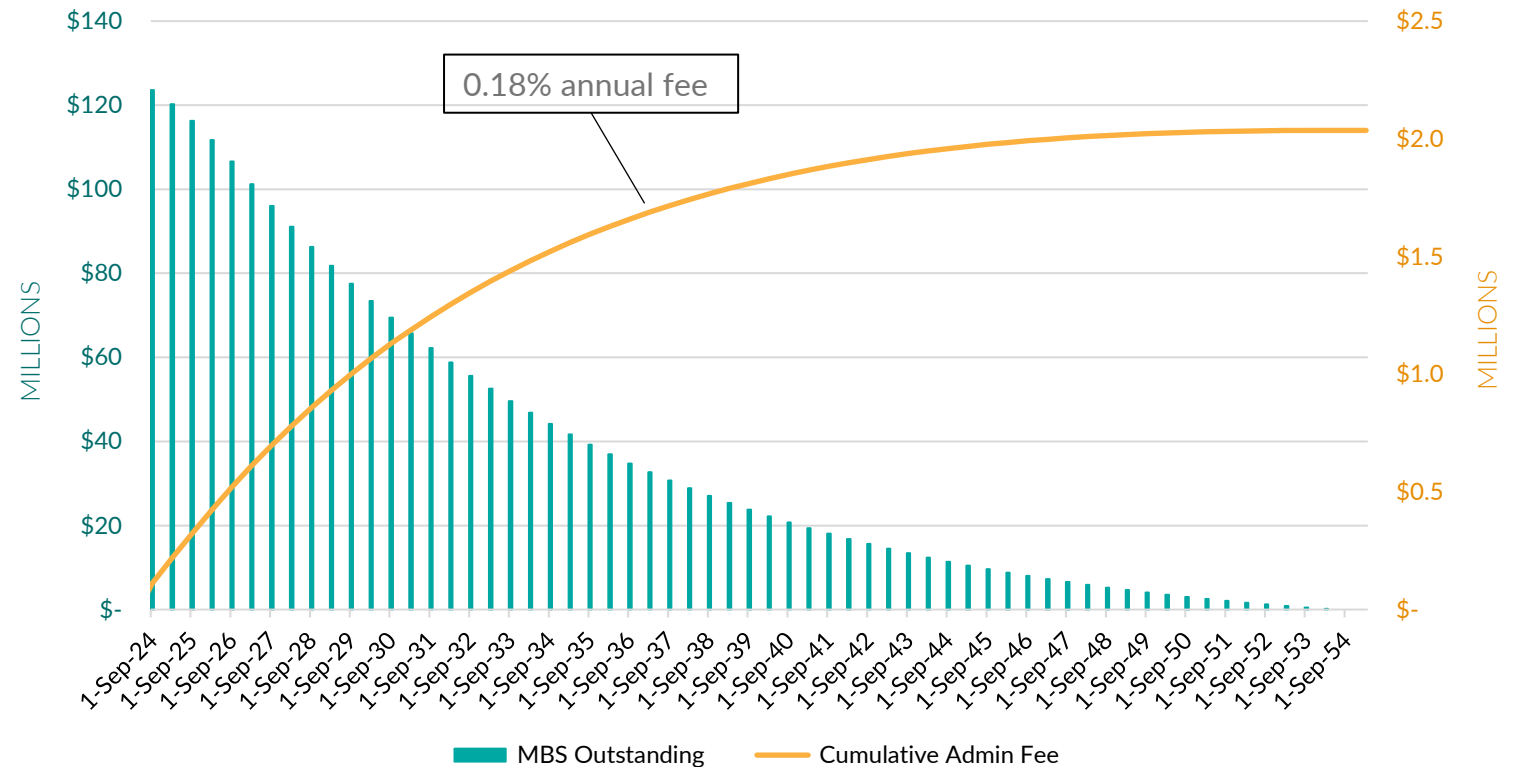
Administrative Fees are collected semi-annually; 2024 Series C/D's cadence is March 1<sup>st</sup>, & September 1<sup>st</sup>

- Assuming 100 PSA throughout the entire life of the bonds (~30 years), the present value (PV) of the cumulative administrative fee collected amounts to \$1,860,481\*.
- The fee collected for this issuance in Year 1 will be ~\$200,000.

Housing New Mexico periodically assesses the strength of our cash flows to determine what fee rate to charge. Beginning with 2025 A/B, Housing New Mexico will receive an admin fee of **0.20%** on some new bond issuances.

\*PV incorporates a 4% discount rate, while chart displays nominal dollar figures

Cumulative Administrative Fee Assuming 100% PSA  
2024 Series C/D  
\$125,000,000





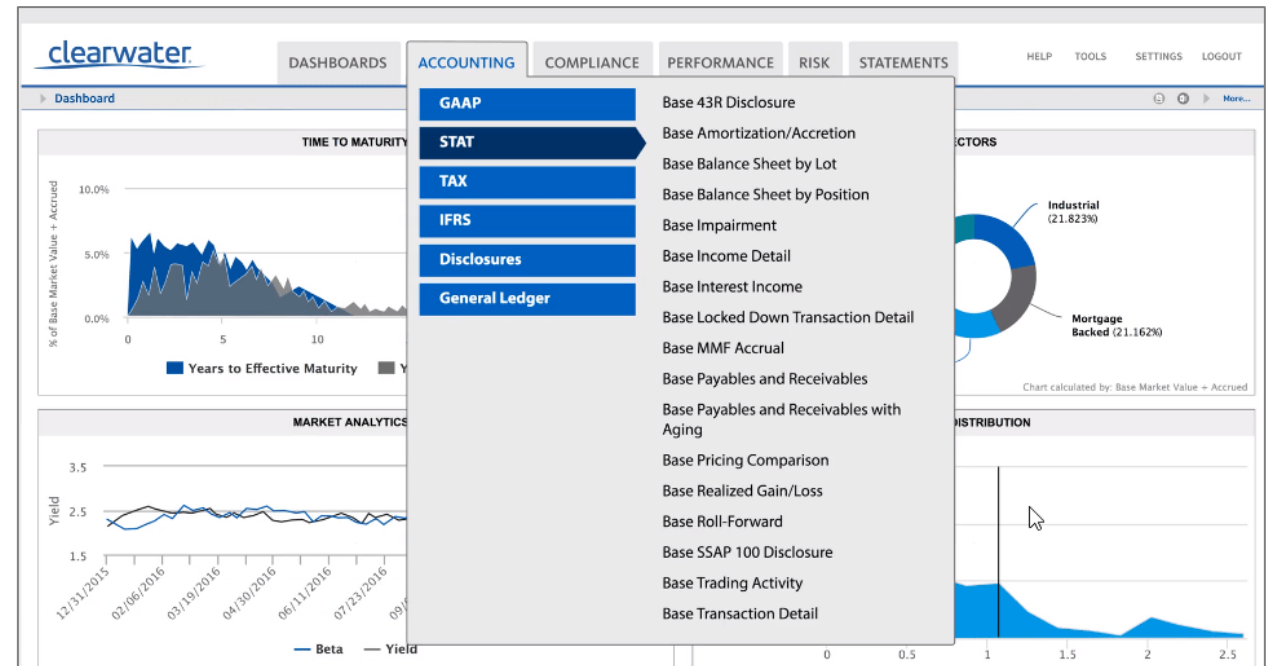
# Continuous Improvement

The background of the slide features a teal-colored overlay on a photograph of various painting tools. The tools, including a paint tray, a roller, a brush, a bucket, and a roll of tape, are arranged on a surface of crumpled paper. The text 'Continuous Improvement' is prominently displayed in white on the left side of the image.

- Debt Service Process Efficiency
- COBs
- Profitability Hedging (Zeroes)

Acquired Clearwater Analytics® software to analyze and report on real-time data of our bonds and MBS

- Efficiently calculates Special Redemption of bonds using MBS excess revenues, reducing MFA's effective debt obligation as prepayments fluctuate
- Anticipates saving staff time on routine bond management processes. Expected time savings: **72 staff hours per year**



# Convertible-Option Bonds (COBs)

## Convertible-Option Bonds

Convertible-option bonds (COBs) are long-term bonds but initially sold with a lower bond rate tied to a mandatory tender date, usually one to two years after issuance. The bonds are “convertible” due to the conversion feature, such that the bonds can be remarketed (or refunded) with long-term bond rates at the option of the issuer.

COBs are a technique used by Housing Finance Agencies to issue short-term bonds that consume PAB Volume Cap before its expiration. Initially, such COB proceeds are simply invested in short-term investments until the issuer chooses to remarket or refund the COBs. At some point in the future, the issuer can choose to remarket or refund the short-term bonds into long-term bonds and expend the tax-exempt COB proceeds to purchase mortgage loans at a later date. COBs can be either remarketed into long term bonds such that they remain in the same tax plan as their issuance or refunded to create a new tax plan. Loans purchased with tax-exempt COB proceeds are subject to the 10-year rule commencing with the date of COB issuance.

There is the potential for positive or negative arbitrage with COBs depending on the relationship of short-term tax-exempt bond rates and the investment rate earned on the COB proceeds. In the case of positive arbitrage, there are spenddown thresholds that an issuer can meet in order to keep the positive investment earnings and avoid arbitrage rebate to the IRS.

With COBs, there is also the potential for ‘yield drag’, which is the term used to describe how the low short-term interest rate on the COB lowers the calculated bond yield of its tax plan. To the extent that the long-term bonds are remarketed and in the same tax plan as the initial short-term COBs, the resulting lower bond yield causes the maximum loan yield to be lower, and reduces the economics earned on the issue. Refunding the COBs into a newly issued, long-term bond issue ensures that the long-term bonds are issued under a separate tax plan, and avoids such yield drag.



# Profitability Hedging

## Zero Participation Loans

***Pursuant to Section 143 of the IRS tax code, tax-exempt single family mortgage revenue bond issues are limited to 1.125% spread between loan yield and bond yield.***

If a tax plan (issuance) is over the yield spread limitation, select loans will need to send interest receipts to another tax plan (issuance) to lower its own loan yield into compliance.

### Figurative example:

- Series A bonds (a tax-exempt issuance) recognizes 1.500% yield spread (0.375% over the limitation)
- To regain tax compliance, Series A would need to defer \$5 million in interest receipts to Series B bonds (a different issuance)
- While 100% of the interest is deferred to another issuance, principal receipts are split in order to “participate” the loans across two issuances (e.g., 50/50, 70/30, 80/20)

In this example, it would be said that Series A has “created” \$5 million in zeros

## 2024 Series C/D

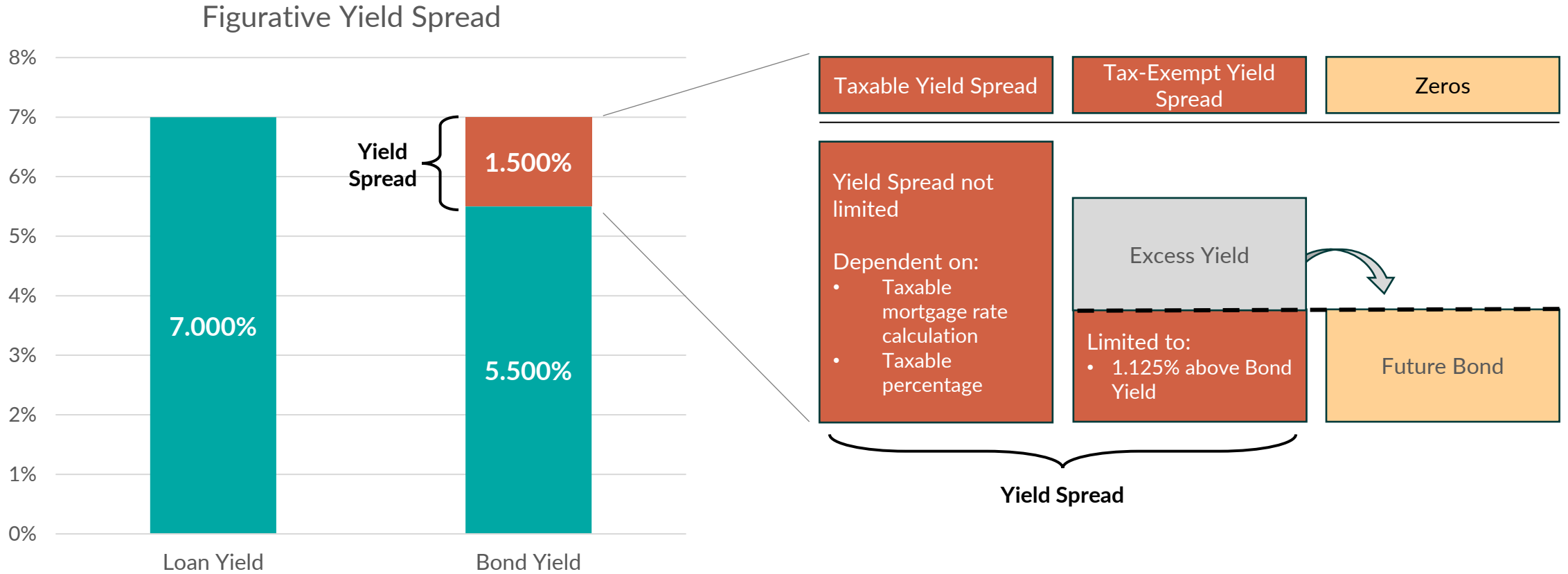
Zeros available before transaction:	\$25,800,000
-------------------------------------	--------------

Zeros created:	\$4,150,000
----------------	-------------

Zeros available after transaction:	\$27,950,000
------------------------------------	--------------

As of February 2025, MFA maintains a bank of ~\$30 million in zeros as a hedge in the event a tax-exempt bond issue cannot recognize the maximum allowable spread

# Profitability Hedging



# Questions?

**Arundhati Bose**

*Chief Financial Officer (CFO)*

Tel: 505-767-2273

Email: [abose@housingnm.org](mailto:abose@housingnm.org)

7425 Jefferson St. NE, Albuquerque, NM 87109

Tel: 505-843-6880

[www.housingnm.org](http://www.housingnm.org)



*We Are Housing New Mexico*

# Appendices

- Cost of Issuance Detail
- Admin Fee Analysis
- Multifamily Bonds
  - 4% vs 9% LIHTC
  - Bond Structure

# Cost of Issuance Budget for 2024 Series C/D

## Underwriters' Discount

	Dollars/\$000	Total Amount
Management Fee	0.50	\$ 62,500.00
Takedown	5.69	711,306.25
Underwriters' Expenses	0.36	44,500.00
<b>TOTAL</b>	<b>6.55</b>	<b>\$ 818,306.25</b>

## Costs of Issuance

	Dollars/\$000	Amount
Bond Counsel Fees	0.60	\$75,000.00
Official Statement Preparation Fee	0.06	\$7,500.00
Bond Counsel Expense Allowance	-	-
Issuer Counsel Fee	0.03	3,750.00
Financial Advisor Fees	0.40	49,500.00
Cash Flow Fee	0.14	17,500.00
Financial Advisor Expense Allowance	0.00	100.00
Trustee Acceptance and Counsel Fee	0.02	2,000.00
Official Statement Printing & Distribution	0.03	3,500.00
Rating Agency Fee	0.70	87,500.00
Miscellaneous	0.08	10,343.75
<b>TOTAL</b>	<b>2.05</b>	<b>\$ 256,693.75</b>

## Total Costs of Issuance

	Dollars/\$000	Amount
Costs of Issuance	2.05	\$ 256,693.75
Underwriters' Fee and Expenses	6.55	818,306.25
<b>TOTAL</b>	<b>8.60</b>	<b>\$ 1,075,000.00</b>

## Other Expenses

	Dollars/\$000	Amount
Underwriters' Counsel Fee	0.18	\$ 22,500.00
Blue Sky for NY	0.00	300.00
Day Loan	0.03	3,472.23
CUSIP Fee	0.02	2,114.00
DTC Fee	0.02	1,950.00
Ipreo	0.11	13,246.54
Telephone / FedEx / Misc.	0.00	567.23
DAC Report	0.00	350.00
Travel / Out-of-Pocket Expenses	-	-
<b>TOTAL</b>	<b>0.36</b>	<b>\$ 44,500.00</b>



# Admin Fee Analysis

## How Single Family Makes Money from the Bond Execution

Housing New Mexico's single-family program receives administrative fees for managing the outstanding MBSs attached with its bonds. For a number of years, Housing New Mexico has received **18 basis points** on the balance of the outstanding MBS, accrued semi-annually. Recently, Housing New Mexico has been analyzing whether the cash flows can support an increase in the admin fee, **to 20 basis points**. Based on an in-depth analysis, Housing New Mexico expects to collect **~\$4.9 million** in admin fees during 2025.

On an individual level, though, we can see the long-term positive impact of the admin fees to Housing New Mexico's bottom line. Over the 30-year life of a given \$100 million bond issuance, the admin fee could generate ~\$2.6 million. Acknowledging that bonds and MBSs often pay off sooner than 30 years, even a 12-year life generates **~\$1.8 million** (and an NPV of **~\$1.5 million**).

### Calendar Year 2025 Admin Fees – All Bonds

Admin Fees Collected (Total)	\$4,861,643
------------------------------	-------------

### Incremental Admin Fees Collected (Over the Life of a Given Bond)

Assumptions	
Bond Issuance	\$100,000,000
Admin Fee	0.20%
Amortization Term (months)	360
Annual Loan Loss	1.30%
Prepayment Speed (PSA)	100.0%
Long-Term Inflation (Ann.)	3.10%
Realistic Bond Life (months)	144

360-Month (30-Year) Life	
Actual Admin Fees Collected	\$2,619,787
NPV of Admin Fees	\$1,953,181

144-Month (12-Year) Life	
Actual Admin Fees Collected	\$1,804,872
NPV of Admin Fees	\$1,510,394

# Multifamily Bonds

Multifamily Bonds function differently from Single Family bonds for Housing New Mexico. Nevertheless, Housing New Mexico occasionally provides bond financing for multifamily housing developments through the following mechanisms.

- Private Activity Bond Volume Cap (PABVC) multifamily project allocations from the State Board of Finance ("SBOF") for new tax-exempt bond issues;
- Refunding outstanding bond issues; or
- Issuing new 501(c)(3) bonds.

Because of the accounting regulation GASB 91, Housing New Mexico does not record conduit debt obligations on its financial statements.

Facilitating multifamily development are two types of low-income housing tax credits (LIHTC): **9%** and **4%**.

# 4% Vs 9%

9% LIHTC	4% LIHTC
Available for new construction and acquisition/rehabilitation.	Available for new construction and acquisition/rehabilitation.
Competitive process using a Qualified Allocation Plan (QAP)	Non-Competitive; QAP used to ensure threshold requirements met.
No debt financing with tax-exempt bonds or loans.	<b><u>Project construction must be financed with 50% tax-exempt bonds.</u></b>

Additional Income Limitations (all LIHTC projects must meet **one** of the following federal requirements):

- **20/50 Test:** 20% of units must be reserved for residents earning no more than 50% of the area median income (AMI), adjusted for family size. This set-aside is rare in New Mexico.
- **40/60 Test:** 40% of units must be reserved for residents earning no more than 60% of AMI, adjusted for family size. Common set-aside in New Mexico.
- **Average Income:** Developments can set aside units for residents with an average income of no more than 60% of AMI, allowing broader income diversity while maintaining the overall income average below the required threshold. The "average" is for the development as a whole and must be maintained at all times.

# Multifamily Bond Structure

The structure of multifamily bonds varies for each project, in accordance with the needs of the borrower. Some of the ways the structure can vary include:

- **Interest Rate:** Multifamily bonds can include either fixed or variable rate debt.
- **Repayment:** Multifamily bonds can either be amortizing or set up balloon-style.
- **Financing Period / Maturity:** Some bonds may have periods construction financing and permanent financing with different maturity dates.

## Example: Peachtree Canyon I Apartment Project

### Project Information

Project Type: Land Acquisition; New Construction

Number of Units: 144

### Financing Information

#### MFA-Provided Sources of Funding:

- HOME: \$ 800,000
- National Housing Trust Fund (NHTF): \$1,500,000
- New Mexico Housing Trust Fund (NMHTF): \$3,000,000

#### Bonds Issued: \$21,500,000

- 2024 Series A: \$ 9,656,236
- 2024 Series B: \$11,843,764

Months to Complete: 6

Bond Sale: Private (not priced on the Open Market)

# Tab 6

**Staff Actions Requiring Notice to Board  
During the Period of February 2025**

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>
Servicing Department	Loan Servicing Report September 2024	Quarterly Quality Control Review for quarter ended September 30, 2024	Approved by Policy Committee on January 21, 2025
Servicing Department	Loan Servicing Report October 2024	Monthly Quality Control Review for the month ended October 31, 2024	Approved by Policy Committee on January 21, 2025
Servicing Department	Loan Servicing Report November 2024	Monthly Quality Control Review for the month ended November 30, 2024	Approved by Policy Committee on January 21, 2025
Community Development Department- ESG-RUSH	RUSH Funding Award	Approval for Community Development Department to administer \$132,732.00 of HUD ESG- RUSH funds program.	Approved by Policy Committee on February 18, 2025
Community Development Department- EHAP	COPE Damages	Approval of funds from New Mexico Housing Trust Fund program income in the amount of \$44,000 for Center of Protective Environment, "COPE," to help offset the client-related expenses incurred while responding to an emergency at their shelter.	Approved by Policy Committee on February 18, 2025
Community Development Department- ESG RR/HP	ESG RR/HP Carryover Allocations	Approval to award carryover from PY24 to San Juan County Partnership ESG funds in the amount of \$34,693.04	Approved by Policy Committee on February 25, 2025
Policy & Planning Department and Community Development Department	Landlord Engagement/Incentives	DFA granted \$1,656,000 to Housing New Mexico for landlord engagement and incentive programs.	Approved by Policy Committee on February 28, 2025

# Tab 7



**Housing New Mexico | MFA  
Marketing & Communications Monthly Report  
February 2025**

**Press Release**

February 5, 2025

Housing New Mexico celebrates groundbreaking of Sandoval Flats in Rio Rancho  
<https://housingnm.org/about-mfa/news/housing-new-mexico-celebrates-groundbreaking-of-sandoval-flats-in-rio-rancho>

**Radio Interview**

February 1, 2025

Topic: Fiscal year 2024 production in Southern New Mexico

Isidoro Hernandez

Housing New Mexico Executive Director/CEO

Bravo Mic Communications (coverage area: Doña Ana, Luna, Otero Counties)

101 Gold, Magic 104.9, Zia Country 99.5

**Feature Story**

February 7, 2025

Las Cruces Bulletin

'The state's housing agency'

Q&A with Housing New Mexico's Director

**Article**

February 6, 2025

New Mexico Home Builders Association

NM Builders FLASH (Email to Members)

Housing New Mexico Offers Funding Opportunities for Developers, Contractors, and Other Eligible Applicants



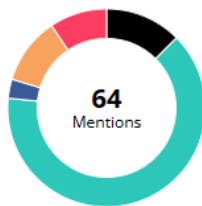
## Media Mentions/News Coverage

### 2.1.25 to 2.28.25 Media Mentions Report



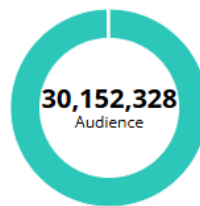
#### Mention Analytics

Mentions by Media Type



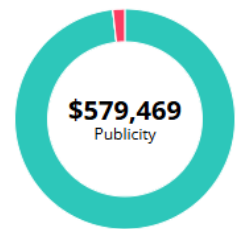
● Instagram    ● Online + Print  
● Facebook    ● X  
● TV

Audience by Media Type



● Instagram    ● Online + Print  
● Facebook    ● X  
● TV

Publicity by Media Type



● Instagram    ● Online + Print  
● Facebook    ● TV

## Advertisements

*The Real Estate Book*



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MFA Provides Down Payment Assistance & Competitive Interest Rate Mortgage Loans. Contact **New Mexico** Mortgage Finance Authority Today For Help Purchasing Your Home.

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## Housing New Mexico

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Call us

### Google Ads February Report:

The two Google search campaigns continue to have a strong performance and generated 6,257 clicks in February.

Housing New Mexico's Google ads resulted in 789 conversions as follows:

- Phone calls directly from the ads: **115**
- Phone calls from the website after clicking on an ad: **381**
- Contact form submissions: **293**

*Conversions = The number of leads Housing New Mexico received after a user clicked on an ad*

Support affordable housing by **donating** to New Mexico's State Tax Credit Program and **receive 50%** of the donation's value.



*Albuquerque Journal Venue Plus*

February 14



Did you know that Housing New Mexico's **HOME Rehabilitation Program** can assist qualified homeowners with home repairs and accessibility modifications?

To learn more, visit: [www.housingnm.org](http://www.housingnm.org)

February 28



Combat property vacancy, improve property value, and boost affordable housing with Housing New Mexico's **Restoring Our Communities** program.

To learn more, visit: [www.housingnm.org](http://www.housingnm.org)



## Turning Funding Into Homes Across New Mexico

In the 17 months since funding from the New Mexico Housing Trust Fund severance tax bond earmark legislation became available, Housing New Mexico has allocated **85%** to various programs and activities, awarded **73%** to grantees, and expended **28%** of the **\$122.15 million** allocations. This includes \$88.57 million from the severance tax bond earmark (state fiscal years 2024 and 2025) and the one-time \$50 million appropriation made available July 1, 2024. These performance metrics demonstrate Housing New Mexico's capacity to urgently deploy funding and serve households in need.

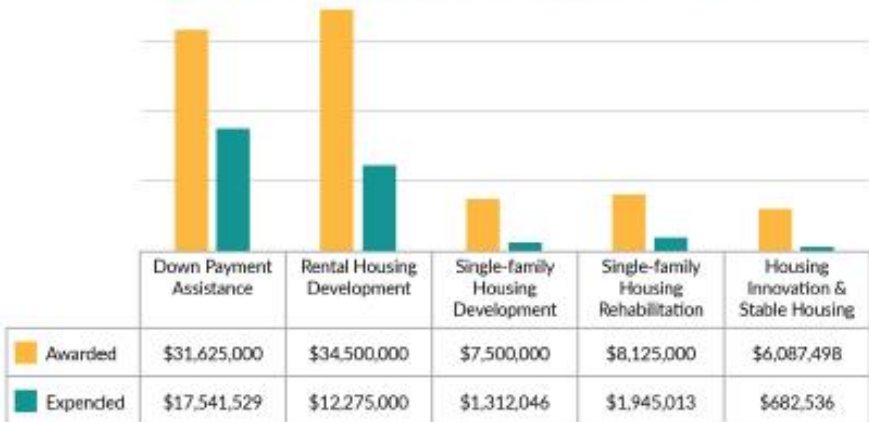
### 2024 Production Highlights



**18,981**  
**5,769**  
**940**  
**\$736,970,000**

Families served  
Homes produced, financed or preserved  
New rental and single-family homes financed  
Total funding administered

*Funding Awarded and Expended Since July 2023 from the 2024 General Fund Appropriation, and State Fiscal 2024 and 2025 Severance Tax Bond Allocations*



[housingnm.org](https://housingnm.org)



## Building *Homes*, Empowering *New Mexico*



Housing New Mexico is a self-supporting quasi-governmental entity that provides financing to make quality affordable and workforce housing available for low- to moderate- income New Mexicans. From homelessness to homeownership, we support the full spectrum of housing needs.

### 2024 Production Highlights

- |                 |  |
|-----------------|--|
| ✓ 18,891        | Families Served                                  |
| ✓ 5,769         | Homes Produced, Financed or Preserved            |
| ✓ 940           | New Rental and Single-Family Homes Financed      |
| ✓ \$736,970,000 | Total Funding Administered                       |
| ✓ 4,765         | Apartment Homes at Various Stages of Development |

To learn more, visit: [housingnm.org](https://housingnm.org)





## Building **Homes**, Empowering **New Mexico**

Housing New Mexico | New Mexico Mortgage Finance Authority (MFA) is a self-supporting quasi-governmental entity that provides financing to make quality affordable and workforce housing available for low- to moderate- income New Mexicans. Housing New Mexico administers the full continuum of housing programs from homelessness to homeownership.

### 2024 Production Highlights



**18,981**  
**5,769**  
**940**  
**\$736,970,000**

Families served  
Homes produced, financed or preserved  
New rental and single-family homes financed  
Total funding administered

### Production Pipeline



**4,765**

Apartment homes at various stages of development

Representing **51** different **housing developments**  
Located in **20 municipalities** in **15 counties** across the state

**\$357,716,795**

Total funding from tax credits, bonds and loans

To learn more about how we're shaping New Mexico's future one home at a time, visit: [www.housingnm.org](http://www.housingnm.org)





Unlock your Future  
Home with Affordable  
Mortgage Loans  
and Down Payment  
Assistance!



7425 Jefferson St. NE, Albuquerque, NM 87109  
505-843-6880 | [housingnm.org](https://housingnm.org)





## Outreach

**February 4:** New Mexico Health Care Authority Monitoring Entrance Conference (Albuquerque)

**February 5:** Sandoval Flats Groundbreaking (Rio Rancho)



**February 25-28:** Innovations & Solutions for Ending Homeless Conference (Los Angeles)

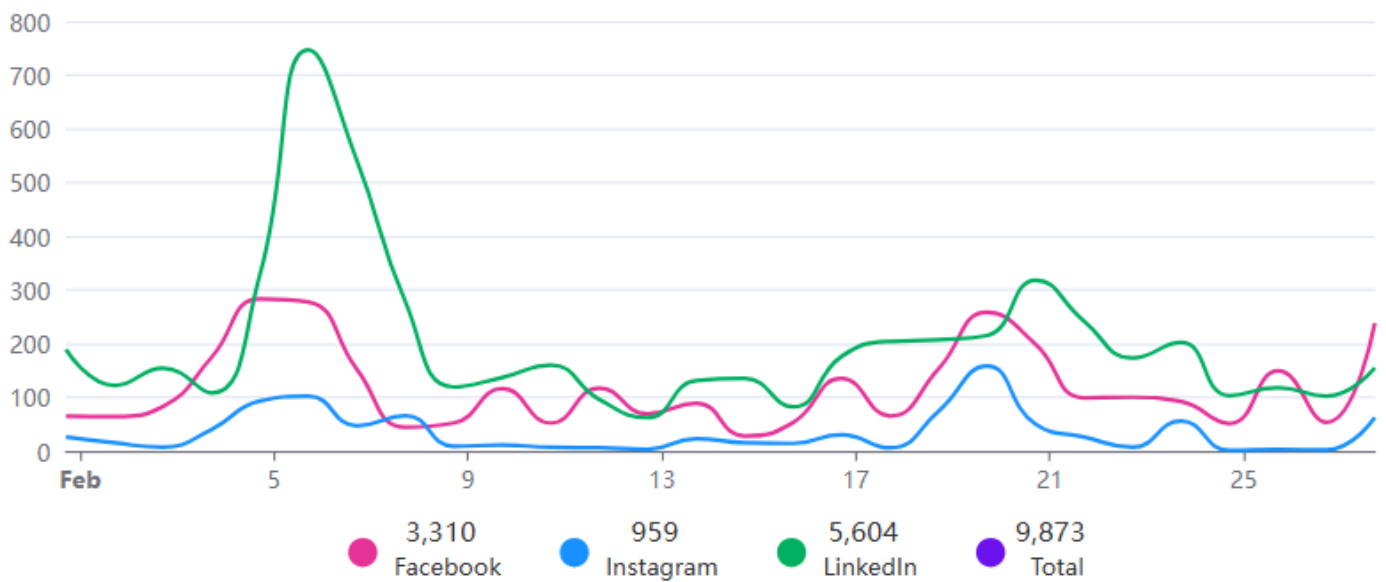


## Constituent Inquiries



**Social Media Analytics**  
LinkedIn: Housing New Mexico  
Facebook: @HousingNewMexico  
Instagram: @HousingNewMexico  
YouTube: @HousingNewMexico  
X/Twitter: @HousingNM

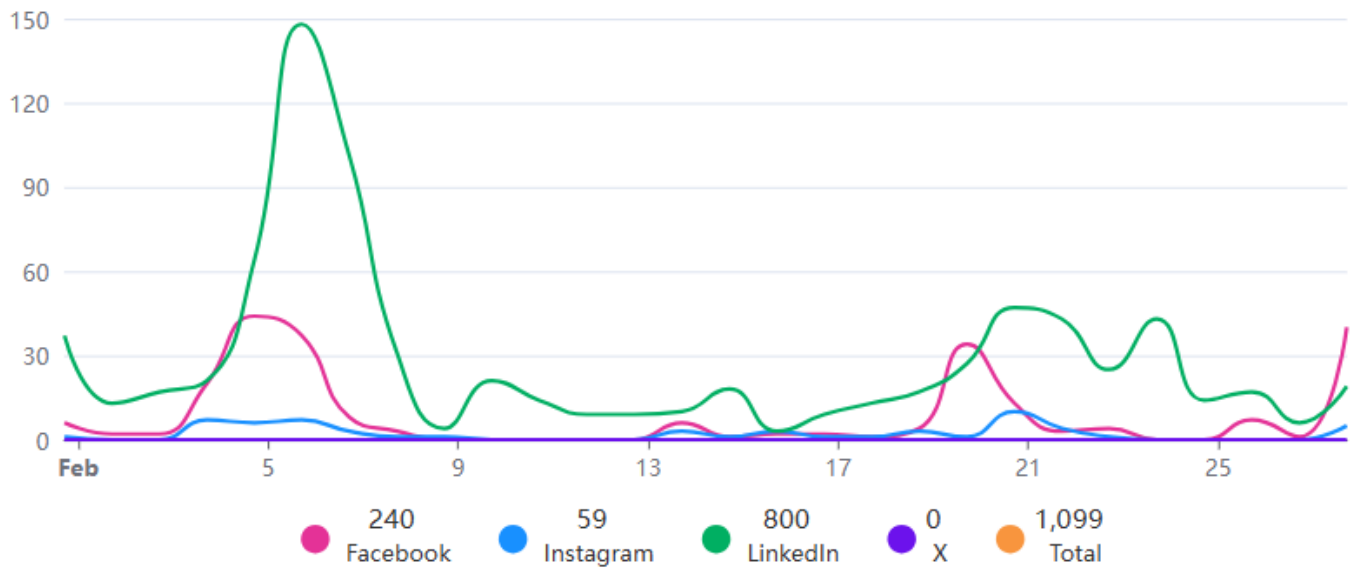
## Cross-Channel Impressions ⓘ



*Impressions =*  
*The number of times Housing New Mexico social media page content was displayed.*

**Social Media Analytics**  
LinkedIn: Housing New Mexico  
Facebook: @HousingNewMexico  
Instagram: @HousingNewMexico  
YouTube: @HousingNewMexico  
X/Twitter: @HousingNM

## Cross-Channel Engagements ⓘ



Engagements = Depending on platform, engagements include likes, comments, shares, clicking on links, saves, story replies, post clicks.

## Top Post Performance

### f Housing New Mexico ⓘ

**Housing New Mexico**  
Feb 20, 2025 2:00 PM

🏠🌟 Save the Date! 🌟🏠 Make plans to join us for the 2025 New



Clicks	Reactions	Comments
16	29	1
Shares	Reach	Impressions
6	347	356

**Housing New Mexico**  
Feb 28, 2025 2:30 PM

🏠🌟 We're honored to receive a Certificate of Recognition from



Clicks	Reactions	Comments
29	21	0
Shares	Reach	Impressions
0	223	224

**Housing New Mexico**  
Feb 4, 2025 5:00 PM

📧 Quarterly Newsletter - January 2025 📧 This year marks the 50th



Clicks	Reactions	Comments
27	12	2
Shares	Reach	Impressions
2	233	238

### 📷 Housing New Mexico ⓘ

**Housing New Mexico**  
Feb 4, 2025 5:00 PM

📧 Quarterly Newsletter - January 2025 📧 This year marks the 50th



Comments	Likes	Saves
1	12	0
Engagement	Shares	Reach
13	0	82
Impressions		
87		

**Housing New Mexico**  
Feb 20, 2025 2:00 PM

🏠🌟 Save the Date! 🌟🏠 Make plans to join us for the 2025 New



Comments	Likes	Saves
0	10	1
Engagement	Shares	Reach
12	1	88
Impressions		
92		

**Housing New Mexico**  
Feb 28, 2025 2:30 PM

🏠🌟 We're honored to receive a Certificate of Recognition from



Comments	Likes	Saves
0	9	0
Engagement	Shares	Reach
9	0	70
Impressions		
79		

## Top Post Performance

**in** Housing New Mexico ⓘ

**Housing New Mexico**  
Feb 5, 2025 5:30 PM

👤 Press Release: Housing New Mexico celebrates groundbreaking



Likes	Comments	Shares	Clicks
60	2	8	231

**Housing New Mexico**  
Feb 20, 2025 2:00 PM

🏠🌟 Save the Date! 🌟🏠 Make plans to join us for the 2025 New



Likes	Comments	Shares	Clicks
30	4	3	41

**Housing New Mexico**  
Feb 28, 2025 2:30 PM

🏆 We're honored to receive a Certificate of Recognition from



Likes	Comments	Shares	Clicks
16	0	2	40

**X** Housing New Mexico ⓘ

**Housing New Mexico**  
Feb 20, 2025 2:00 PM

🏠🌟 Save the Date! 🌟🏠 Make plans to join us for the 2025 New



Likes	Impressions	Reposts
0	30	0

**Housing New Mexico**  
Feb 19, 2025 2:00 PM

🏠🌟 In fiscal year 2024, Housing New Mexico invested \$43.7M in



Likes	Impressions	Reposts
0	18	0

**Housing New Mexico**  
Feb 17, 2025 9:00 AM

In observance of Presidents Day, Housing New Mexico will be closed



Likes	Impressions	Reposts
0	14	0

## February Website Traffic Overview

<https://housingnm.org/>

Top-Viewed Page "/" = Home Page



## Housing New Mexico Monthly Dashboard

### Website Traffic Overview | Google Analytics 4

#### TOTAL VISITS

**40,070**



Previous period  
-7%

Previous year  
-14%

#### NEW USERS

**19,751**



Previous period  
-3%

Previous year  
-18%

#### TOTAL USERS

**25,384**



Previous period  
-2%

Previous year  
-13%

#### VIEWS

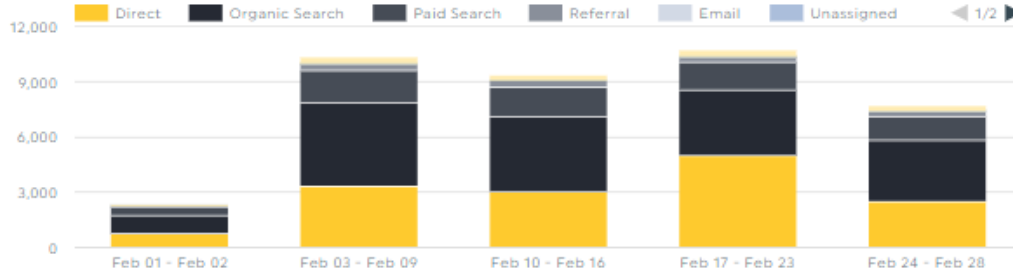
**70,001**



Previous period  
-14%

Previous year  
-24%

#### SESSIONS BY MEDIUM



#### PAGES PER VISIT

**1.75**

Previous period  
-8%

Previous year  
-11%

#### BOUNCE RATE

**53.64%**

Previous period  
5%

Previous year  
11%

#### TOP VIEWED PAGES

##### Page path

Page path	Views		Total users	
/	15,869	-1,651	9,398	-350
/lenders-realtors/current-rates	2,631	-443	715	-113
/programs/homebuyers/mortgage-programs	1,931	-184	1,269	-93
/mortgage-loans/make-payment	1,870	-302	1,273	-133
/programs/find-housing/rentals/affordable	1,731	-797	1,109	-406
/lenders-realtors	1,712	+110	519	+3
/programs/homebuyers	1,708	-122	1,134	-95
/lenders-realtors/income-and-purchase-price-limits	1,572	-121	635	-108
/contact/mfa	1,196	-9	872	+37
/programs/homebuyers/income-and-purchase-price-limits	1,185	-98	856	-57





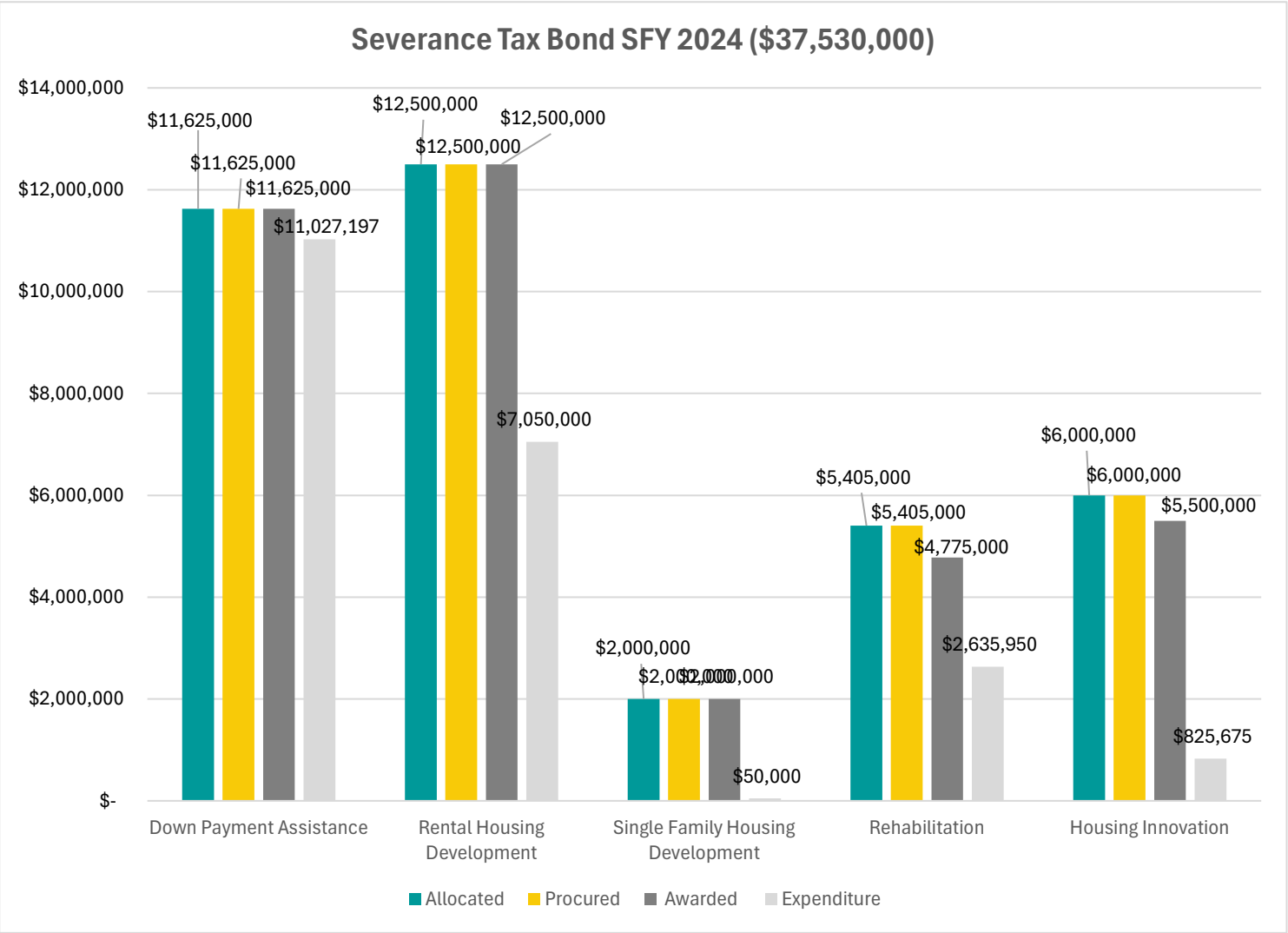
**New Mexico Housing Trust Fund Awards**  
**March 19, 2025**

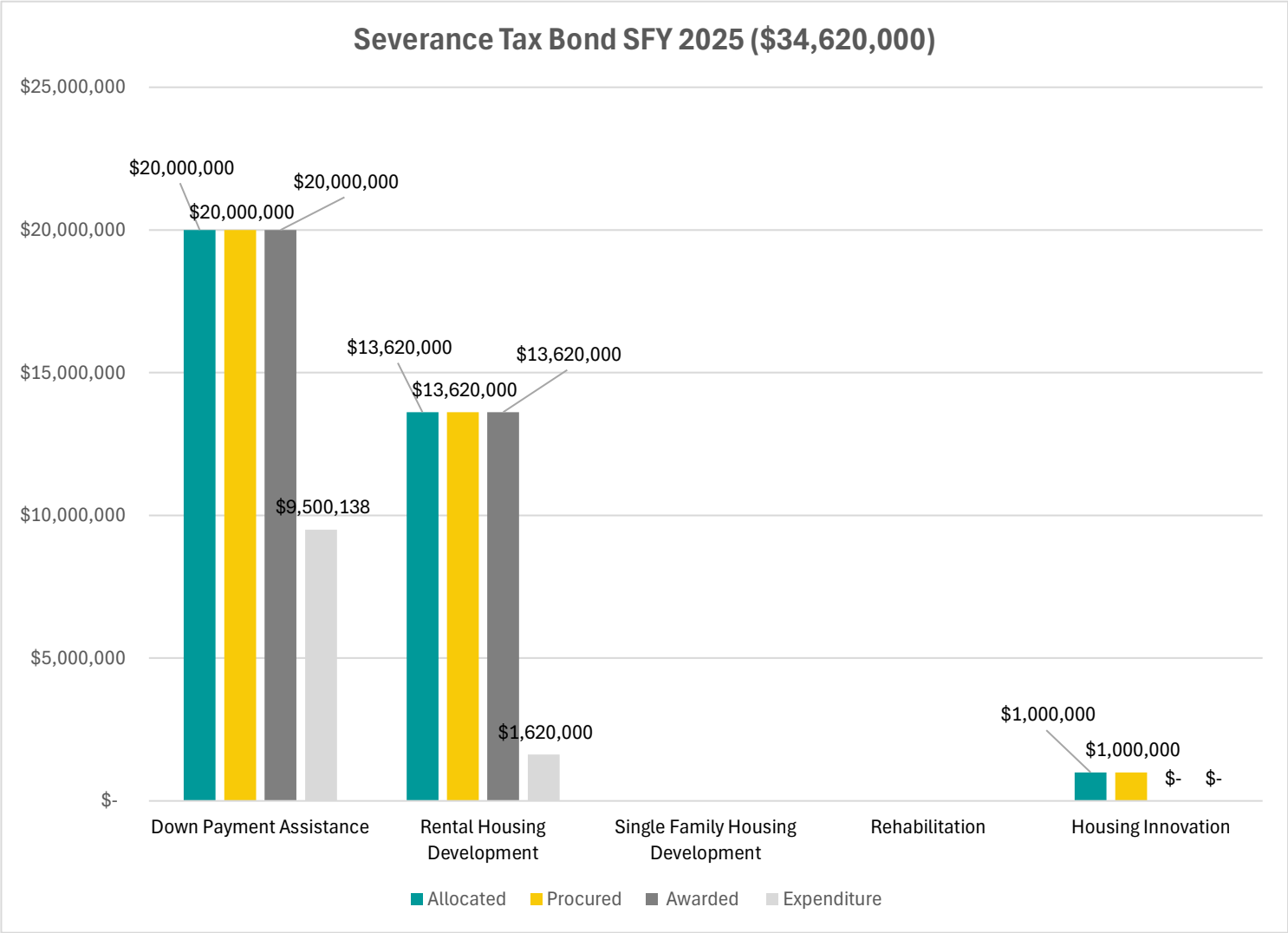
Awardee	Award	Award Amount	Certified Use	Activity	New Mexico Housing Trust Fund Funding Source	Anticipated Impact (Households)	City	County
Homeownership Department	FirstDown Plus	\$ 10,625,000.00	Down payment assistance (DPA)	Down Payment Assistance	SFY24 STB	708	Statewide	Statewide
Homeownership Department	HomeForward DPA	\$ 1,000,000.00	Down payment assistance (DPA)	Down Payment Assistance	SFY24 STB	67	Statewide	Statewide
Southwest Regional Housing and Community Development		\$ 134,655.19	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	3	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Southwest Regional Housing and Community Development		\$ 98,999.86	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	1	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Home Improvement Program		\$ 536,918.98	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	27	Statewide	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
San Felipe Pueblo		\$ 229,425.97	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	SFY24 STB	3	San Felipe Pueblo	Sandoval County
Central New Mexico Housing Corporation		\$ 475,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY24 STB	33	Central NM	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos
Southwest Regional Housing and Community Development		\$ 300,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	SFY24 STB	21	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Restoring Our Communities Program		\$ 2,000,000.00	Single family acquisition and rehabilitation	Restoring Our Communities	SFY24 STB	12	Albuquerque/ North Central NM	Bernalillo County
Chelsea Investment Corp.	Three Sisters	\$ 3,500,000.00	Rental and single family development	Gap Financing	SFY24 STB	70	Las Cruces	Dona Ana County
La Serena Apartments, LLC	La Serena Apartments	\$ 1,000,000.00	Rental and single family development	Gap Financing	SFY24 STB	100	Albuquerque	Bernalillo County
Pedrena Apartments LLC	Pedrena Apartments	\$ 1,000,000.00	Rental and single family development	Gap Financing	SFY24 STB	80	Las Cruces	Dona Ana County
NCNO Limited Partnership, LLLP	Encino Senior Gardens	\$ 2,000,000.00	Rental and single family development	Gap Financing	SFY24 STB	165	Albuquerque	Bernalillo County
Peachtree Canyon Limited Partnership (to be formed)	Peachtree Canyon I	\$ 3,000,000.00	Rental and single family development	Gap Financing	SFY24 STB	144	Las Cruces	Dona Ana County
EC Ruidoso LP	Elk Meadows Apartments	\$ 2,000,000.00	Rental and single family development	Gap Financing	SFY24 STB	72	Ruidoso	Lincoln County
Post Las Brisas, LLC	Las Brisas Apartments	\$ 1,000,000.00	Rental and single family development	Preservation	SFY24 STB	120	Albuquerque	Bernalillo County
Homewise	Sombra del Oeste	\$ 500,000.00	Rental and single family development	SF Development	SFY24 STB	10	Albuquerque	Bernalillo County
Homewise	Miraflores	\$ 500,000.00	Rental and single family development	SF Development	SFY24 STB	7	Santa Fe	Santa Fe County
Town of Silver City		\$ 500,000.00	Rental and single family development	Housing Innovation	SFY24 STB	8	Silver City	Grant County
NM Ramp Project		\$ 500,000.00	Rental and single family development	Housing Innovation	SFY24 STB	100	Statewide	Bernalillo, Chaves, Cibola, Dona Ana, Eddy, Lea, Los Alamos, Luna, Rio Arriba, Roosevelt, San Juan Sandoval, Santa Fe, Torrance, and Valencia Counties
Sawmill CLT		\$ 262,498.00	Rental and single family development	Housing Innovation	SFY24 STB	105	Albuquerque	Bernalillo County
HagermanForward Inc.		\$ 500,000.00	Rental and single family development	Housing Innovation	SFY24 STB	18	Chavez County	Chaves County
San Felipe Pueblo		\$ 450,000.00	Rental and single family development	Housing Innovation	SFY24 STB	24	San Felipe Pueblo	Sandoval County
Ohkay Owingeh		\$ 500,000.00	Rental and single family development	Housing Innovation	SFY24 STB	10	Ohkay Owingeh	Rio Arriba County
North Central New Mexico Economic Development District		\$ 1,000,000.00	Rental and single family development	Housing Innovation	SFY24 STB	4	North Central NM	Colfax, Los Alamos, Mora, Rio Arriba, San Miguel, Sandoval, Santa Fe, and Taos Counties
Homeownership Department	FirstDown Plus	\$ 15,500,000.00	Down payment assistance (DPA)	Down Payment Assistance	SFY25 STB	1,033	Statewide	Statewide
Homeownership Department	HomeForward DPA	\$ 4,500,000.00	Down payment assistance (DPA)	Down Payment Assistance	SFY25 STB	300	Statewide	Statewide
Somos Apartments Limited Partnership	Somos Apartments	\$ 4,000,000.00	Rental and single family development	Gap Financing	SFY25 STB	70	Albuquerque	Bernalillo County

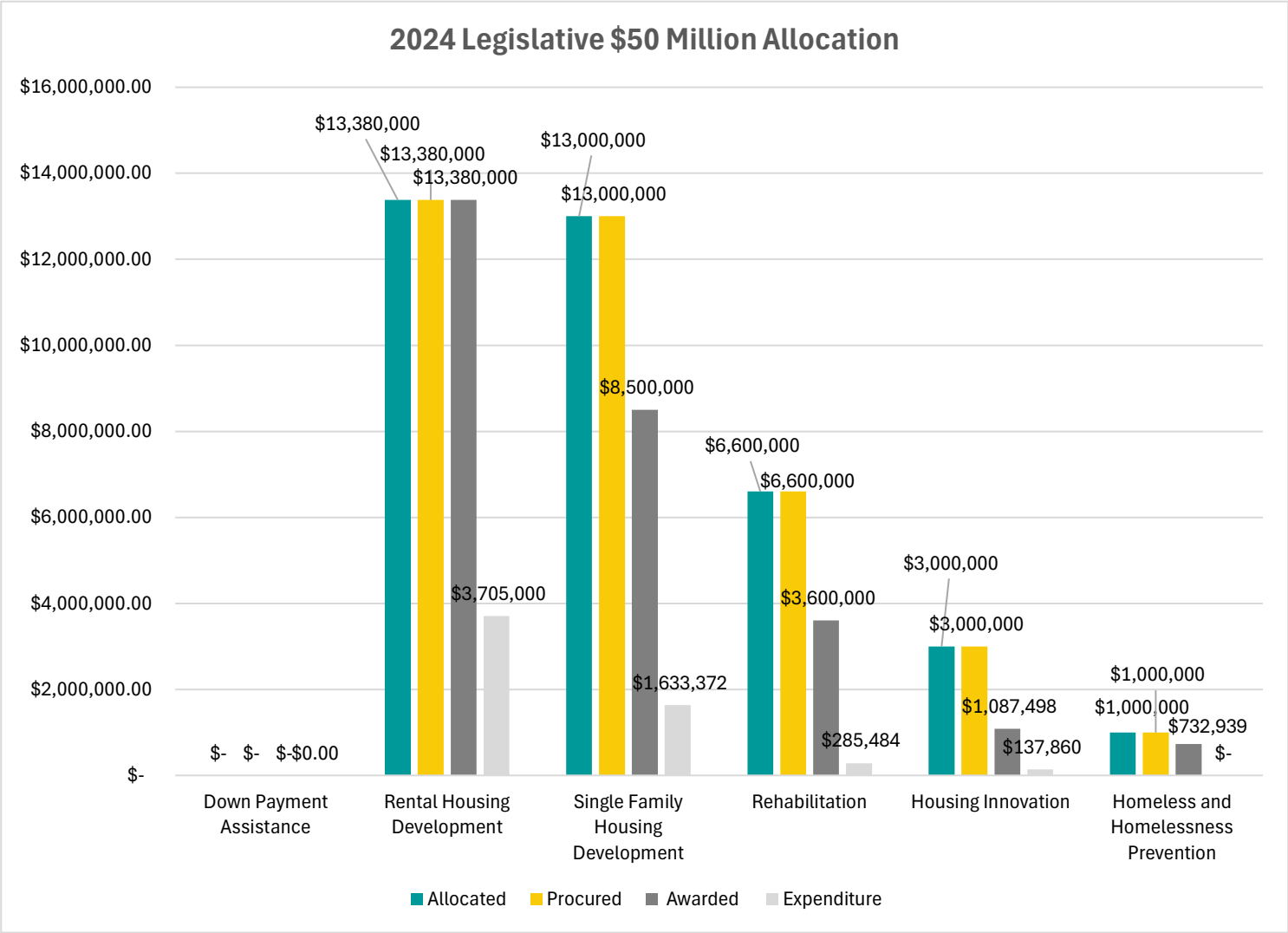


Awardee	Award	Award Amount	Certified Use	Activity	New Mexico Housing Trust Fund Funding Source	Anticipated Impact (Households)	County	County
Ocate SF, LLC ( to be formed)	Ocate Apartments	\$ 3,000,000.00	Rental and single family development	Gap Financing	SFY25 STB	60	Santa Fe	Santa Fe County
Country Club SF, LLC (to be formed)	Country Club Apartments	\$ 3,000,000.00	Rental and single family development	Gap Financing	SFY25 STB	62	Santa Fe	Santa Fe County
Chelsea Investment Group	Mariposa Apartments	\$ 2,000,000.00	Rental and single family development	Gap Financing	SFY25 STB	51	Taos	Taos County
Rio Rancho Leased Housing Authority I, LLP	Sandoval Flats	\$ 1,620,000.00	Rental and single family development	Gap Financing	SFY25 STB	216	Rio Rancho	Sandoval County
Rio Rancho Leased Housing Authority I, LLP	Sandoval Flats	\$ 1,380,000.00	Rental and single family development	Gap Financing	2024 Legislative Allocation	216	Rio Rancho	Sandoval County
Artisan's Guild Contracting, LLC	El Toro Community	\$ 3,000,000.00	Rental and single family development	SF Development	2024 Legislative Allocation	29	Roswellll	Chaves County
YSM Development Advisors LLC	Salazar South	\$ 2,500,000.00	Rental and single family development	SF Development	2024 Legislative Allocation	81	Taos	Taos County
HOME and VHRMP		\$ 500,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	2024 Legislative Allocation	19	Statewide	Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
Central New Mexico Housing Corporation		\$ 125,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	9	Central NM	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos Counties
Southwest Regional Housing and Community Development		\$ 175,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	5	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Redfeather Development		\$ 200,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization	2024 Legislative Allocation	4	Navajo Nation	Navajo Nation
Central New Mexico Housing Corporation		\$ 75,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy\$mart Solar Program	2024 Legislative Allocation	5	Central NM	Bernalillo, Sandoval, Torrance, Valencia, Taos, Colfax, Union, Mora, Harding, San Miguel, Guadalupe, Quay, Cibola, McKinley, San Juan, Rio Arriba, Santa Fe, Los Alamos Counties
Southwest Regional Housing and Community Development		\$ 2,400,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy\$mart Solar Program	2024 Legislative Allocation	170	Southwestern NM	Dona Ana, Eddy, Grant, Hidalgo, Luna, Sierra, Curry, De Baca, Lincoln, Chaves, Roosevelt, Otero, and Lea Counties
Redfeather Development		\$ 25,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Weatherization - Energy\$mart Solar Program	2024 Legislative Allocation	2	Navajo Nation	Navajo Nation
City of Las Cruces		\$ 1,500,000.00	Rental and single family development	Housing Innovation	SFY24 STB	-	Las Cruces	Dona Ana County
Village of Ruidoso		\$ 287,502.00	Rental and single family development	Housing Innovation	SFY24 STB	10	Ruidoso	Lincoln County
Village of Ruidoso		\$ 712,498.00	Rental and single family development	Housing Innovation	2024 Legislative Allocation	-	Ruidoso	Lincoln County
Forget Me Not Park		\$ 375,000.00	Homelessness and Homelessness Prevention	Homeless and Homelessness Prevention (Housing Innovation)	2024 Legislative Allocation	40	Socorro/ Truth or Consequences Area	Socorro County
Home Improvement Program		\$ 100,000.00	Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	Home Improvement Program	2024 Legislative Allocation	7		Guadalupe, Quay, Harding, Union, Rio Arriba, San Juan, McKinley, and Los Alamos Counties
Tierra del Sol Housing Corporation	Vado New Horizons	\$ 1,000,000.00	Rental and single family development	SF Development	2024 Legislative Allocation	56		Dona Ana County
Lincoln Avenue Communities	Cresta Ranch	\$ 4,000,000.00	Rental and single family development	Gap Financing	2024 Legislative Allocation	240		Santa Fe County
DBG Properties	Tierra Linda Apartments	\$ 3,000,000.00	Rental and single family development	Gap Financing	2024 Legislative Allocation	240		Bernalillo County
Saranam		\$ 732,939.00	Homelessness and Homelessness Prevention	Homeless and Homelessness Prevention (Housing	2024 Legislative Allocation	13		Bernalillo County
Dominium Development and Acquisition LLC	Turquoise Trail	\$ 2,000,000.00	Rental and single family development	Rental Developmet	2024 Legislative Allocation	312	Santa Fe	Santa Fe County
Synergy Community Development Corp	Sunset 1600 Apartments	\$ 3,000,000.00	Rental and single family development	Rental Developmet	2024 Legislative Allocation	60	Roswellll	Chaves County
Santa Fe Community Housing Trust	Arroyo Oeste Phase II	\$ 1,000,000.00	Rental and single family development	SF Development	SFY24 STB	20	Santa Fe	Santa Fe County
Y.M.H. Inc.	South 40 Subdivision	\$ 2,000,000.00	Rental and single family development	SF Development	2024 Legislative Allocation	47	Hobbs	Lea County
Dona Ana County Health and Human Services Department		\$ 714,971.65	Rental and single family development	Housing Innovation	SFY25 STB			Dona Ana County
Total		\$ 98,035,408.65						

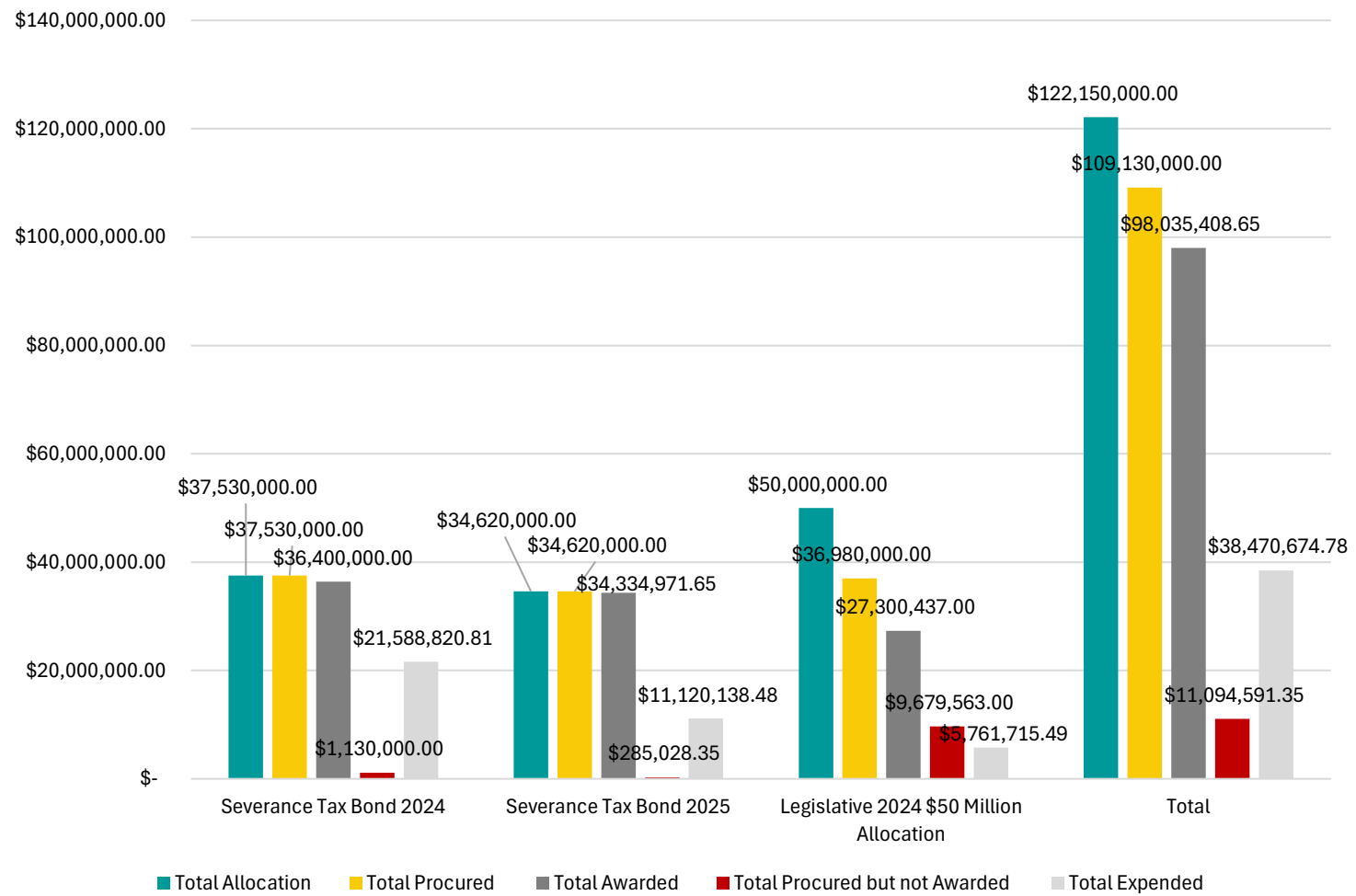








## New Mexico Housing Trust Fund Update as of January 31, 2025



New Mexico Mortgage Finance Authority

Combined Financial Statements  
and Schedules

January 31, 2025

Housing New Mexico (MFA)  
**Financial Review**  
For the four-month period ended January 31, 2025

Comparative Fiscal Year-to-date Figures (Dollars in millions):		4 months <u>1/31/2025</u>	4 months <u>1/31/2024</u>	% Change <u>Year / Year</u>	Forecast <u>1/31/2025</u>	Actual to <u>Forecast</u>
<b>PRODUCTION</b>						
1	Single family bonds issued (new money):	\$70.0	\$125.0	-44.0%	\$93.3	-25.0%
2	Single family loans sold (TBA):	\$42.5	\$30.1	41.2%	\$23.3	82.3%
3	Total Single Family Production	\$112.5	\$164.3	-31.5%	\$116.7	-3.5%
4	Single Family Bond MBS Payoffs:	\$21.8	\$15.9	36.6%	\$21.9	-0.8%
<b>STATEMENT OF NET POSITION</b>						
5	Avg. earning assets:	\$2,376.3	\$1,839.0	29.2%	\$2,184.3	8.8%
6	General Fund Cash and Investments:	\$117.1	\$106.0	10.5%	\$114.4	2.4%
7	SIC FMV Adj. (General Fund):	-\$0.1	\$0.7	-109.9%	N/A	N/A
8	Total bonds outstanding:	\$2,013.0	\$1,642.8	22.5%	\$1,898.3	6.0%
<b>STATEMENT OF REVENUES, EXPENSES, AND NET POSITION</b>						
9	General Fund expenses (excluding capitalized assets):	\$10.5	\$9.6	8.7%	\$11.6	-9.6%
10	General Fund revenues:	\$16.1	\$12.6	27.8%	\$12.2	31.7%
11	Combined net revenues (all funds):	\$21.1	\$9.0	133.1%	N/A	N/A
12	SIC FMV Adj. (Combined net revenues):	-\$0.2	\$0.9	-120.4%	N/A	N/A
13	Combined net position:	\$399.1	\$310.1	28.7%	\$345.7	15.5%
14	Combined return on avg. earning assets:	2.66%	1.47%	80.4%	N/A	N/A
15	SIC FMV Adj. (return on avg. earning assets):	-0.02%	0.15%	-115.8%	N/A	N/A
16	TBA cash profit (% of loans):	1.32%	0.41%	217.5%	0.50%	163.2%
17	Combined interest margin:	0.92%	0.93%	-0.7%	0.39%	134.5%
<b>MOODY'S BENCHMARKS</b>						
18	Net Asset to debt ratio (5-yr avg):	24.26%	24.49%	-1.0%	23.13%	4.9%
19	Net rev as a % of total rev (5-yr avg):	12.89%	11.11%	16.0%	6.18%	108.6%
<b>SERVICING</b>						
20	Subserviced portfolio	\$2,684.8	\$2,283.7	17.6%	\$2,587.6	3.8%
21	Servicing Yield (subserviced portfolio)	0.367%	0.377%	-2.6%	0.357%	2.8%
22	Combined average delinquency rate (MFA serviced loans)	10.00%	8.76%	14.2%	9.50%	5.3%
23	DPA loan delinquency rate	8.33%	7.73%	7.8%	N/A	N/A
24	Default rate (MFA serviced loans)	0.93%	0.75%	24.0%	N/A	N/A
25	Subserviced portfolio delinquency rate (first mortgages)	12.43%	12.42%	0.1%	N/A	N/A
26	Mortgage Servicing Rights valuation cost difference (as of 12/31/24)	\$12.7	\$9.4	35.6%	N/A	N/A

**Legend:**

Positive Trend	Caution	Negative Trend	Known Trend/Immaterial
----------------	---------	----------------	------------------------

## Housing New Mexico (MFA)

### Financial Review

For the four-month period ended January 31, 2025

#### **SUMMARY OF BOND ISSUES:**

Single Family Issues:

\$70M 2024 Series G

\$120M 2025 Series AB (upcoming)

#### **CURRENT YEAR FINANCIAL TRENDS & VARIANCES:**

##### **PRODUCTION**

● On December 19, 2024, Housing New Mexico successfully closed on its 2024 Series G bond issue, which provided \$70 million to fund new single-family first-time homebuyer mortgages. This issuance was smaller than the comparative 2023 D issuance (\$125M) last year due to slower single-family production (caused by higher interest rates and low housing inventory) and perceived market volatility (due to the changes in federal leadership). Upcoming in February is MFA's 2025 Series AB issuance for \$120M, which will catch up to forecasted production for the year.

● MBS unscheduled payoffs significantly jumped, as compared to last year. Payoffs in general are driven primarily by the economic climate; if market mortgage interest rates begin offering more favorable levels than previously borrowed at or household capital becomes more available, borrower's can pay off of their mortgages or refinance elsewhere. While the large jump is not necessarily a negative trend, it is important to pay attention to, as MFA can use the unexpected proceeds to call its bond debt sooner. Additionally, unscheduled payoffs are in line with forecasted levels.

##### **STATEMENT OF NET POSITION**

● General Fund SIC investments took a slight turn downward this month, continuing an observed trend of volatility. While not a major concern, the impact of the adjustment is due to inflationary concerns in the US market. This volatility is having similar impacts on combined net revenues and return on average earning assets.

##### **STATEMENT OF REVENUES, EXPENSES AND NET POSITION**

● General Fund revenues have already exceeded their budget due to proceeds from the sale of Housing New Mexico's old downtown building and successful housing program income. Consolidated net revenues also exceeded last year's figure primarily driven by grant income from the New Mexico Housing Trust Fund (NMHTF).

##### **MOODY'S BENCHMARKS**

● Based on Moody's issuer credit rating scorecard, Housing New Mexico's 24.26% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (>20%). Housing New Mexico's net revenue as a percent of total revenue (5-year average) is currently 12.89%, indicating high profitability and favorable trends (>10%). Moody's Investor Services completed an updated credit opinion on Housing New Mexico's Issuer Credit Rating in December 2024, to which they assigned the Aa3 rating with a stable outlook. Comments included a high asset-to-debt ratio, solid profitability, and a conservative/low-risk profile not exposed to variable-rate debt. Additionally, Moody's reaffirmed its Aaa rating on MFA's single-family indenture in January 2025.

##### **SERVICING**

● Housing New Mexico continues to monitor delinquencies and defaults on its loan portfolio to identify reduction strategies and refer borrowers to available loss mitigation programs. Its internal servicing delinquency rate is currently 10.00%, a trending increase compared to this time last year. The subserviced portfolio delinquency rate, currently serviced by Idaho Housing Finance Authority, is 12.43%, essentially unchanged from last year. The subserviced portfolio is characterized by approximately 82% FHA-insured loans and approximately 18% conventional GSE-insured loans. The reason for increasing delinquency can be correlated with macroeconomic changes in mortgage servicing, described below.

● The Mortgage Bankers Association (MBA) reported in their quarterly survey as of December 31, 2024, indicating the national delinquency rate for FHA fixed-rate loans is 10.65% (seasonally adjusted), and 8.23% in New Mexico. Additionally, HUD reported Single Family Loan Performance Trends for November 2024 showing a 14.98% national delinquency (for FHA-insured purchase loans only), which increased from 14.10% in October.

*(These figures can be used for market comparison, but may not always align with trends seen internally)*

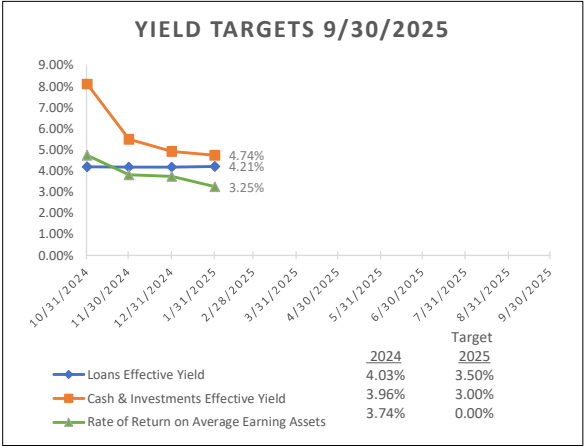
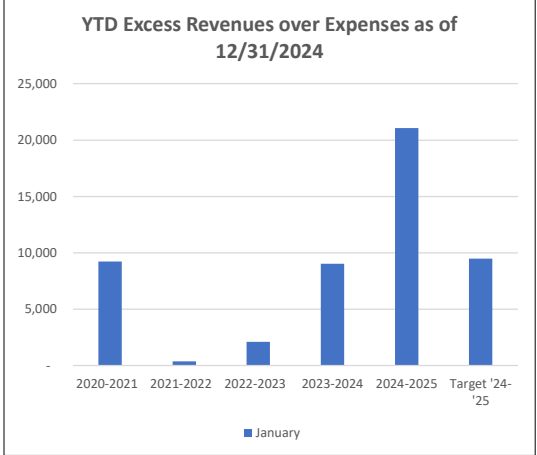
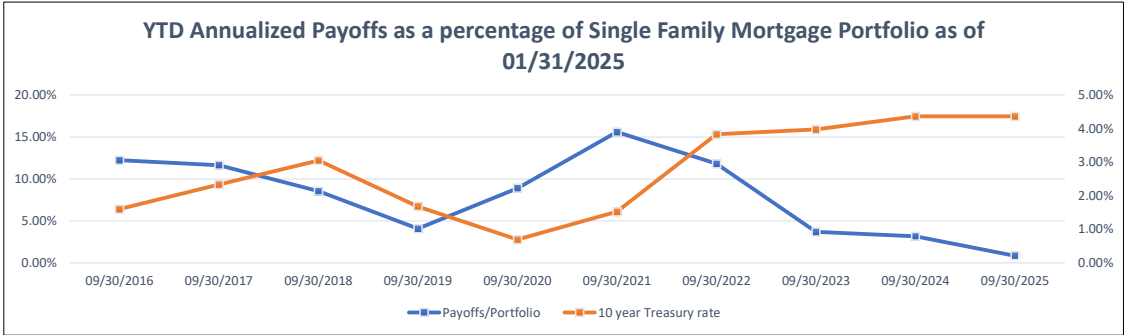
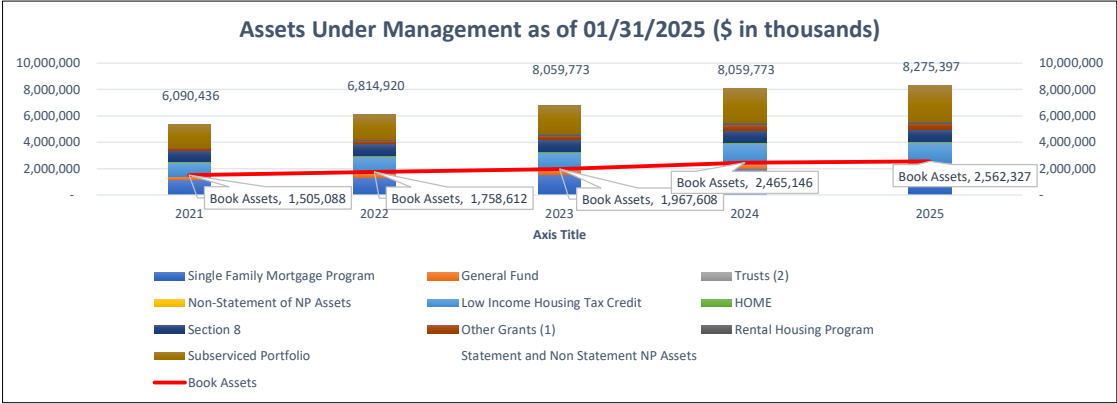
● Housing New Mexico's annualized default rate is 0.93%, which is higher than last December. Recent trends in inflation and COVID-assistance moratorium have caused macro-level changes in default rates over the past year.

● The fair-market value for mortgage servicing rights as of December 2024 is \$35.9 million, a increase of about \$3.9 million over the quarter and \$12.7 million over cost (\$23.2 million). GASB requires Housing New Mexico to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to uncertainty in the interest rate environment and sustained, lower projections for prepayment speeds across the market (these projections may differ from Housing New Mexico's observed payoffs). Additionally, increased earnings rates impacted the portfolio value positively. Valuations are obtained each quarter.

##### **ADDITIONAL NOTES**

● Bond Payoffs, GF expenses, and servicing delinquency & default rates use an inverse scale to measure year-over-year change. The colors in the comparison columns reference a materiality threshold of 10%, with a cautionary range between 10% and 25%.

● The originally forecasted numbers for FY 2025 are based off of actual data ending September 2023.



(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund



NEW MEXICO MORTGAGE FINANCE AUTHORITY  
COMBINED STATEMENT OF NET POSITION  
JANUARY 2025  
(THOUSANDS OF DOLLARS)

	<u>YTD 1/31/2025</u>	<u>YTD 01/31/24</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$112,395	\$52,975
RESTRICTED CASH HELD IN ESCROW	11,188	9,983
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	8,749	6,660
OTHER CURRENT ASSETS	7,223	6,583
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	(0)	0
TOTAL CURRENT ASSETS	<u>139,556</u>	<u>76,201</u>
CASH - RESTRICTED	127,213	83,919
LONG-TERM & RESTRICTED INVESTMENTS	63,680	68,201
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,941,502	1,605,818
MORTGAGE LOANS RECEIVABLE	244,879	205,257
ALLOWANCE FOR LOAN LOSSES	(15,566)	(9,206)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	14,543	11,560
OTHER REAL ESTATE OWNED, NET	5,467	3,121
OTHER NON-CURRENT ASSETS	6	10
INTANGIBLE ASSETS	23,879	21,839
TOTAL ASSETS	<u>2,545,158</u>	<u>2,066,720</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	116	143
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>2,545,274</u>	<u>2,066,863</u>
<u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$25,243	\$15,547
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	17,030	13,899
ESCROW DEPOSITS & RESERVES	10,989	9,888
TOTAL CURRENT LIABILITIES	<u>53,262</u>	<u>39,334</u>
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	2,013,026	1,642,795
MORTGAGE & NOTES PAYABLE	79,255	73,949
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	424	497
TOTAL LIABILITIES	<u>2,145,966</u>	<u>1,756,575</u>
DEFERRED INFLOWS	206	237
TOTAL LIAB/DEFERRED INFLOWS	<u>2,146,172</u>	<u>1,756,812</u>
<u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	14,543	11,560
UNAPPROPRIATED NET POSITION (NOTE 1)	149,244	77,406
APPROPRIATED NET POSITION (NOTE 1)	235,314	221,085
TOTAL NET POSITION	<u>399,102</u>	<u>310,051</u>
TOTAL LIABILITIES & NET POSITION	<u>2,545,274</u>	<u>2,066,863</u>

NEW MEXICO MORTGAGE FINANCE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FOURTH MONTH ENDED JANUARY 2025  
(THOUSANDS OF DOLLARS)

	<u>YTD 1/31/2025</u>	<u>YTD 01/31/24</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$29,902	\$22,707
INTEREST ON INVESTMENTS & SECURITIES	4,492	3,677
LOAN & COMMITMENT FEES	1,455	1,750
ADMINISTRATIVE FEE INCOME (EXP)	2,663	1,895
RTC, RISK SHARING & GUARANTY INCOME	31	20
HOUSING PROGRAM INCOME	1,534	573
LOAN SERVICING INCOME	3,687	3,192
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>43,764</u>	<u>33,814</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	1,677	976
OTHER NON-OPERATING INCOME	1	80
GRANT AWARD INCOME	38,654	33,646
SUBTOTAL NON-OPERATING REVENUES	<u>40,332</u>	<u>34,702</u>
TOTAL REVENUES	<u>84,096</u>	<u>68,517</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	8,622	7,855
INTEREST EXPENSE	27,094	20,365
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(1,877)	(1,450)
PROVISION FOR LOAN LOSSES	(59)	(22)
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	64	62
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,081	551
BOND COST OF ISSUANCE	678	1,057
SUBTOTAL OPERATING EXPENSES	<u>35,603</u>	<u>28,417</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	80	81
GRANT AWARD EXPENSE	27,346	30,983
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	<u>27,426</u>	<u>31,064</u>
TOTAL EXPENSES	<u>63,029</u>	<u>59,481</u>
NET REVENUES	21,066	9,036
OTHER FINANCING SOURCES (USES)	-	0
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>21,066</u>	<u>9,036</u>
NET POSITION AT BEGINNING OF YEAR	<u>378,035</u>	<u>301,015</u>
NET POSITION AT /31/2025	<u>399,102</u>	<u>310,051</u>

NOTES TO FINANCIAL STATEMENTS  
(For Informational Purposes Only)  
(in Thousands of Dollars)

(Note 1) MFA Net Position as of January 31, 2025

UNAPPROPRIATED NET POSITION:

\$ 35,876	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 112,746	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 622	is held for New Mexico Affordable Housing Charitable Trust.
<b>\$ 149,245</b>	Total Unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

By actions of the Board of Directors on various dates, General Fund net assets have been appropriated as follows:

\$ 125,074	for use in the Housing Opportunity Fund (\$110,461 in loans and grants plus \$14,614 unfunded, of which \$8,298 is committed).
\$ 18,284	for future use in Single Family & Multi-Family housing programs.
\$ 1,017	for loss exposure on Risk Sharing loans.
\$ 14,543	invested in capital assets, net of related debt.
\$ 38,758	invested in mortgage servicing rights.
\$ 27,545	for the future General Fund Budget year ending 09/30/25 (\$39,224 total budget less \$11,818 expended budget through 1/31/25.)
<b>\$ 225,221</b>	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

\$ 24,636	for use in the federal and state housing programs administered by MFA.
<b>\$ 24,636</b>	Subtotal - Housing Program
<b>\$ 249,857</b>	Total Appropriated Net Position
<b>\$ 399,102</b>	Total Combined Net Position at January 31, 2025

Total combined Net Position, or reserves, at January 31, 2025 was \$399 million, of which \$149 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$250 million of available reserves, with \$117 million primarily liquid in the General Fund and in the federal and state Housing programs and \$133 million illiquid in the programs of the General Fund, have been:

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, and
- for support of operations necessary to carry out the programs.

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.

**GENERAL FUND**  
**Fiscal Year 2024-2025 Budget**  
**For the four months ended 1/31/25**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Interest Income	977,233	3,432,851	3,299,310	9,897,930	(133,541)	6,465,079	34.68%
Interest on Investments & Securities	321,790	1,179,645	1,308,633	3,925,900	128,989	2,746,255	30.05%
Loan & Commitment Fees	12,530	75,291	149,800	449,400	74,509	374,109	16.75%
Administrative Fee Income (Exp)	1,156,857	4,388,812	3,272,089	9,816,267	(1,116,723)	5,427,455	44.71%
Risk Sharing/Guaranty/RTC fees	13,321	21,285	82,683	248,048	61,398	226,763	8.58%
Housing Program Income	444,753	1,533,936	807,348	2,422,045	(726,587)	888,109	63.33%
Loan Servicing Income	1,107,701	3,686,798	3,318,923	9,956,770	(367,875)	6,269,972	37.03%
Other Operating Income			-	-	-	-	
<b>Operating Revenues</b>	<b>4,034,186</b>	<b>14,318,618</b>	<b>12,238,787</b>	<b>36,716,360</b>	<b>(2,079,831)</b>	<b>22,397,743</b>	<b>39.00%</b>
Gain (Loss) Asset Sale/Debt Ex	(496,363)	1,796,295	-	-	(1,796,295)	(1,796,295)	
Other Non-operating Income	10	856	33	100	(823)	(756)	856.00%
<b>Non-Operating Revenues</b>	<b>(496,353)</b>	<b>1,797,151</b>	<b>33</b>	<b>100</b>	<b>(1,797,118)</b>	<b>(1,797,051)</b>	<b>1797151.28%</b>
<b>Revenue</b>	<b>3,537,833</b>	<b>16,115,769</b>	<b>12,238,820</b>	<b>36,716,460</b>	<b>(3,876,949)</b>	<b>20,600,692</b>	<b>43.89%</b>
Salaries	888,675	2,383,271	2,712,850	7,837,121	329,578	5,453,850	30.41%
Overtime	653	4,102	8,401	24,269	4,299	20,167	16.90%
Incentives	866	201,827	235,344	680,175	33,517	478,348	29.67%
Payroll taxes, Employee Benefits	373,284	1,171,190	1,438,392	4,247,507	267,201	3,076,317	27.57%
Compensation	1,263,479	3,760,391	4,394,987	12,789,072	634,596	9,028,682	29.40%
Business Meals Expense	602	1,262	4,523	13,570	3,261	12,308	9.30%
Public Information	44,483	162,176	159,796	479,389	(2,379)	317,213	33.83%
In-State Travel	1,673	12,524	57,777	173,331	45,253	160,807	7.23%
Out-of-State Travel	8,671	25,405	84,174	252,523	58,770	227,118	10.06%
Travel & Public Information	55,428	201,367	306,271	918,813	104,904	717,447	21.92%
Utilities/Property Taxes	17,998	153,464	41,600	124,800	(111,864)	(28,664)	122.97%
Insurance, Property & Liability	23,050	88,596	86,898	260,694	(1,698)	172,098	33.98%
Repairs, Maintenance & Leases	169,840	559,835	468,746	1,406,238	(91,089)	846,403	39.81%
Supplies	5,918	19,860	11,332	33,996	(8,528)	14,136	58.42%
Postage/Express mail	10,430	24,010	12,704	38,112	(11,306)	14,102	63.00%
Telephone	1,572	7,844	9,621	28,864	1,778	21,020	27.18%
Janitorial	3,515	17,437	14,867	44,600	(2,571)	27,163	39.10%
Office Expenses	225,592	844,539	618,415	1,855,245	(226,124)	1,010,706	45.52%
Dues & Periodicals	7,638	28,159	26,853	80,560	(1,306)	52,401	34.95%
Education & Training	15,690	29,404	54,164	162,492	24,760	133,088	18.10%
Contractual Services	97,756	346,262	521,858	1,565,575	175,596	1,219,313	22.12%
Professional Services-Program	25,778	63,248	34,133	102,400	(29,114)	39,152	61.77%
Direct Servicing Expenses	801,370	2,900,097	2,820,116	8,460,347	(79,981)	5,560,250	34.28%
Program Expense-Other	22,039	64,004	108,122	324,365	44,118	260,361	19.73%
Rebate Analysis Fees			530	1,590	530	1,590	
Other Operating Expense	970,271	3,431,173	3,565,776	10,697,329	134,603	7,266,156	32.08%
Interest Expense	280,851	1,044,536	1,328,124	3,984,372	283,588	2,939,836	26.22%

**GENERAL FUND**  
**Fiscal Year 2024-2025 Budget**  
**For the four months ended 1/31/25**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Non-Cash Expenses	238,367	1,023,352	1,224,525	3,673,574	201,173	2,650,222	27.86%
Expensed Assets	38,853	88,561	58,083	174,250	(30,478)	85,689	50.82%
<b>Operating Expenses</b>	3,072,841	10,393,919	11,496,181	34,092,656	1,102,262	23,698,737	30.49%
Program Training & Tech Asst	12,925	79,283	39,139	117,417	(40,144)	38,134	67.52%
Program Development	151	604	45,453	136,358	44,849	135,754	0.44%
Capacity Building Costs	13,076	79,887	84,592	253,775	4,705	173,888	31.48%
<b>Non-Operating Expenses</b>	13,076	79,887	84,592	253,775	4,705	173,888	31.48%
<b>Expenses</b>	3,085,918	10,473,806	11,580,773	34,346,431	1,106,967	23,872,625	30.49%
<b>Excess Revenue over Expenses</b>	451,916	5,641,963	658,047	2,370,029	(4,983,915)	(3,271,933)	238.05%

**GENERAL FUND CAPITAL BUDGET**  
**Fiscal Year 2024-2025 Budget**  
**For the four months ended 1/31/25**

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
<b>2690 PURCHASED SERVICING RIGHTS</b>	407,142	1,344,455	1,498,973	4,496,920	154,518	3,152,465	29.90%
<b>2950 COMPUTER HARDWARE</b>	-	247,610	101,775	305,324	(145,836)	57,714	81.10%
<b>2960 SOFTWARE LICENSES</b>	-	5,650	28,333	85,000	22,683	79,350	6.65%
<b>2920 FURNITURE &amp; EQUIPMENT-10 YR</b>	-	-	-	-	-	-	
<b>2930 FURNITURE &amp; EQUIP, 5 YR.</b>	-	-	-	-	-	-	
<b>2860 BUILDING</b>	-	81,715	75,000	75,000	(6,715)	(6,715)	108.95%
<b>2840 LAND</b>	-	-			-	-	
<b>2937 AUTOMOBILE</b>	-	47,989	18,167	54,500	(29,822)	6,511	88.05%
<b>Capital Budget</b>	407,142	1,727,419	1,722,248	5,016,744	(5,171)	3,289,325	34.43%