



MFA Housing New Mexico  
 July MFA Board of Directors meeting  
 July 20, 2022  
 9:30 am-12:30 pm Mountain Time

### **Chair Convenes Meeting**

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 6/15/22 Board Meeting Minutes – Board Action
- Executive Director Updates

### **Board Action Items (Action Required?)**

- 1 Statewide Housing Strategy Update (Heidi Aggeler, Root Policy Research)  
NO
- 2 Housing Counseling, Foreclosure Defense and Prevention Program  
NO
  - a. United South Broadway Corp. (USBC) presentation (Diana Dorn-Jones Executive Director, United South Broadway Corp.)
  - b. Staff Response to United South Broadway Corporation Presentation (Donna Maestas-De Vries, Robyn Powell)  
NO

### **Consent Agenda**

- 3 Recovery Housing Program (RHP) Amended Action Plan Approval (Theresa Laredo-Garcia, Matthew Meyer and Robyn Powell) – Contracted Services  
YES
- 4 Recovery Housing Program (RHP) Notice of Fund Availability (NOFA) Approval (Theresa Laredo-Garcia, Matthew Meyer and Robyn Powell) – Contracted Services YES
- 5 National Housing Trust Fund Reallocation of Funds (Yvonne Segovia)  
YES

### **Finance Committee**

- 6 FY2022 Budget Amendment (Yvonne Segovia) YES
- 7 Resolution to Sell & Acquire Real Estate (Izzy Hernandez) YES
- 8 Proposed Changes to the HomeNow DPA Program (Laura Fuller & René Acuña) YES

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

- 9 Amendment Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Emergency Repair Program (Troy Cucchiara) YES

- 10 Service Provider and funding allocation approval for Weatherization Assistance Program Coronavirus State and Local Fiscal Recovery Fund – (WAP FRF) (Troy Cucchiara) YES
- 11 Casa de Encantada NMHTF Loan Increase Modification (Jacobo Martinez/George Maestas) YES

**Other**

- 12 Compensation Committee Appointments (Chair Angel Reyes) YES
- 13 Presentation on the State Tax Credit Program (Justin Carmona) NO

**Other Board Items**

**Information Only**

**14 (Staff is available for questions)**

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- 2022 C Pricing Summary
- Vista Mesa Villa apartment Projects Pricing Summary

**Monthly Reports**

**No Action Required**

**15 (Staff is available for questions)**

- 5/31/21 Financial Statements

**Announcements and Adjournment**

**Discussion Only**

**Confirmation of Upcoming Board Meetings**

- August 9, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- August 17, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting – Sandia Casino)
- August 17-18, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Retreat - Sandia Casino)
- September 6, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- September 14, 2022 – Wednesday – 9:30 a.m.(MFA Housing Summit Hotel Albuquerque)
- October 11, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- October 19, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting-MFA)



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Board Meeting**  
**344 4th St. SW, Albuquerque, NM**  
**Wednesday, July 20, 2022, at 9:30 a.m.**

**Proposed Agenda**

**Chair Convenes Meeting**

**Roll Call (Izzy Hernandez)**

- Approval of Agenda – Board Action
- Approval of 6/15/22 Board Meeting Minutes – Board Action
- Executive Director Updates

**Board Action Items**

**Action Required?**

**Presentation**

- |   |   |    |
|---|---|----|
| 1 | Statewide Housing Strategy Update (Heidi Aggeler, Root Policy Research)   | NO |
| 2 | Housing Counseling, Foreclosure Defense and Prevention Program  |    |
|   | a. United South Broadway Corp. (USBC) presentation (Diana Dorn-Jones Executive Director, United South Broadway Corp.) | NO |
|   | b. Staff Response to United South Broadway Corporation Presentation (Donna Maestas-De Vries, Robyn Powell)            | NO |

**Consent Agenda**

- |   |  |     |
|---|--|-----|
| 3 | Recovery Housing Program (RHP) Amended Action Plan Approval (Theresa Laredo-Garcia, Matthew Meyer and Robyn Powell) – Contracted Services                | YES |
| 4 | Recovery Housing Program (RHP) Notice of Fund Availability (NOFA) Approval (Theresa Laredo-Garcia, Matthew Meyer and Robyn Powell) – Contracted Services | YES |
| 5 | National Housing Trust Fund Reallocation of Funds (Yvonne Segovia) – Finance Committee   | YES |

**Finance Committee**

- |   |   |     |
|---|---|-----|
| 6 | FY2022 Budget Amendment (Yvonne Segovia)                                | YES |
| 7 | Resolution to Sell & Acquire Real Estate (Izzy Hernandez)               | YES |
| 8 | Proposed Changes to the HomeNow DPA Program (Laura Fuller & René Acuña) | YES |

**Contracted Services/Credit Committee & NM Housing Trust Fund Committee**

- |    |  |     |
|----|--|-----|
| 9  | Amendment Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Emergency Repair Program (Troy Cucchiara)   | YES |
| 10 | Service Provider and funding allocation approval for Weatherization Assistance Program Coronavirus State and Local Fiscal Recovery Fund – (WAP FRF) (Troy Cucchiara) | YES |
| 11 | Casa de Encantada NMHTF Loan Increase Modification (Jacobo Martinez/George Maestas)  | YES |

**Other**

- |    |   |     |
|----|---|-----|
| 12 | Compensation Committee Appointments (Chair Angel Reyes)       | YES |
| 13 | Presentation on the State Tax Credit Program (Justin Carmona) | NO  |

**Other Board Items**

**Information Only**

- |    |   |  |
|----|---|--|
| 14 | (Staff is available for questions)                    |  |
|    | ▪ Staff Action Requiring Notice to Board              |  |
|    | ▪ COVID Staff Actions                                 |  |
|    | ▪ 2022 C Pricing Summary                              |  |
|    | ▪ Vista Mesa Villa Apartment Projects Pricing Summary |  |

**Monthly Reports**

**No Action Required**

- |    |                                    |  |
|----|------------------------------------|--|
| 15 | (Staff is available for questions) |  |
|    | ▪ 5/31/22 Financial Statements     |  |

**Announcements and Adjournment****Discussion Only****Confirmation of Upcoming Board Meetings**

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## NEW MEXICO MORTGAGE FINANCE AUTHORITY

### Board Meeting

344 4th St. SW, Albuquerque, NM

Wednesday, July 20, 2022, at 9:30 a.m.

### Proposed Agenda

#### Chair Convenes Meeting

#### Roll Call (Izzy Hernandez)

- Approval of Agenda – Board Action
- Approval of 6/15/22 Board Meeting Minutes – Board Action
- Executive Director Updates

#### Board Action Items

#### Action Required?

#### Presentation

- 1 **Statewide Housing Strategy Update** (Heidi Aggeler, Root Policy Research) - Root Policy Research shares an update on data analysis and resident survey findings that will be incorporated into the Statewide Housing Strategy. Root Policy Research will also provide a preview of strategies and discuss next steps for Board engagement with the Strategy. NO
- 2 **Housing Counseling, Foreclosure Defense and Prevention Program**
  - a. **United South Broadway Corp. (USBC) presentation (Diana Dorn-Jones Executive Director, United South Broadway Corp.)** - USBC will provide an overview of their foreclosure work and the organizations extensive experience in successfully administering state-wide foreclosure housing counseling and legal defense to low- income homeowners of New Mexico NO
  - b. **Staff Response to United South Broadway Corporation Presentation (Donna Maestas-De Vries, Robyn Powell)** - Staff will provide a response to the USBC discussion regarding the RFP. NO

#### Consent Agenda

- 3 **Recovery Housing Program (RHP) Amended Action Plan Approval** (Theresa Laredo-Garcia, Matthew Meyer and Robyn Powell) – Contracted Services. Staff recommends approval of the FY2022 Recovery Housing Program (RHP) Action Plan Amendment to publish and begin the 30-day public comment period. YES
- 4 **Recovery Housing Program (RHP) Notice of Fund Availability (NOFA) Approval** (Theresa Laredo-Garcia, Matthew Meyer and Robyn Powell) – Contracted Services. Staff recommends approval to publish the Recovery Housing Program Notice of Funding Availability for a 90-day period starting on or about September 13,2022, and upon approval of the Amended Action Plan by HUD. YES
- 5 **National Housing Trust Fund Reallocation of Funds** (Yvonne Segovia) - Staff recommends allocating an additional \$225,000 of 2020 National Housing Trust Funds from Program to the Administration activity. YES

#### Finance Committee

- 6 **FY2022 Budget Amendment** (Yvonne Segovia) - On 9/15/2021 the Board approved the fiscal year 2022 General Fund budget. Staff anticipates that MFA will not have sufficient expense and capital outlay budget to carry the organization through the end of the fiscal year. Therefore, staff is proposing an amendment increasing the expense budget by \$1,036,354 and the capital budget by \$1,176,138; and decreasing the revenue budget by (\$923,534) for a net total of (\$3,136,026). YES
- 7 **Resolution to Sell & Acquire Real Estate** (Izzy Hernandez) - The Executive Director/CEO of the New Mexico Mortgage Finance Authority requests approval of the attached Board Resolution authorizing the sale of MFA's existing office building located at 344 Fourth Street SW, Albuquerque, NM, and approval to purchase an office building at a yet to be determined location. The Executive Director/CEO also requests approval to increase the capital budget by the purchase price amount and will request Board approval at a future time to procure the professional services to sell the MFA building if a decision is made to relocate. YES
- 8 **Proposed Changes to the HomeNow DPA Program** (Laura Fuller & René Acuña) - In Summary staff recommends approval of the policy changes for the HomeNow program including: 1. Provide a flat \$7,000 down payment assistance loan to eligible borrowers. Furthermore, eligible borrower(s). 2. When combined with additional funds managed by MFA (such as HomeNow, etc.), DPA funding not to exceed \$35,000 per loan. a. This limit would allow for additional assistance above \$35,000 per transaction if funding is obtained outside of MFA such as local

municipalities or housing authorities 3. This change would require MFA to inject no more than \$7,000 into the program from General Fund.a. While these funds would initially come from General Fund, we expect that they would be reimbursed from program income derived from repayments received from CMF (Capital Magnet Fund) in 2018. YES

#### **Contracted Services/Credit Committee & NM Housing Trust Fund Committee**

- 9 Amendment Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Emergency Repair Program** (Troy Cucchiara) - MFA staff recommend that the Board of Directors approve amending the December 2021 Special Session SLFRF allocation language from making homes “weatherization ready” to “emergency repairs and weatherization” which we will refer to as WAP-FRF. YES
- 10 Service Provider and funding allocation approval for Weatherization Assistance Program Coronavirus State and Local Fiscal Recovery Fund – (WAP FRF)** (Troy Cucchiara) - Staff is requesting approval to award \$3.75M of Service Provider and Funding Allocation for Coronavirus State and Local Fiscal Recovery Funds (WAP-FRF) Emergency Repair and Weatherization Program funding to four service providers statewide. Three of the four service providers are existing with an RFP being released in the fall of 2022 to solicit one more in the Navajo Nation territory. YES
- 11 Casa de Encantada NMHTF Loan Increase Modification** (Jacobo Martinez/George Maestas) - The Casa de Encantada project is requesting a \$1.5 million increase to their existing \$2 million NMHTF loan award. YES

#### **Other**

- 12 Compensation Committee Appointments** (Chair Angel Reyes) - Chair Reyes will appoint three Board members to a Compensation Committee. The committee’s purpose is to review MFA’s compensation and benefits and associated policies. YES
- 13 Presentation on the State Tax Credit Program** (Justin Carmona) - Presentation on the State Tax Credit Program (Justin Carmona) – An informative overview of the State Tax Credit Program. Topics covered in the presentation include introductory information on the program, how developers receive and use a State Tax Credit allocation to finance affordable housing developments, and how individuals or businesses acquire State Tax Credits. NO

#### **Other Board Items**

#### **Information Only**

- 14 (Staff is available for questions)**
- Staff Action Requiring Notice to Board
  - COVID Staff Actions
  - 2022 Series C Pricing Summary
  - Vista Mesa Villa Apartment Projects Pricing Summary

#### **Monthly Reports**

#### **No Action Required**

- 15 (Staff is available for questions)**
- 5/31/22 Financial Statements

#### **Announcements and Adjournment**

#### **Discussion Only**

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**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Board Meeting Minutes**  
**344 4th St. SW, Albuquerque, NM**  
**Wednesday, June 15, 2022 at 9:30 a.m.**

Chair Reyes convened the meeting on June 15, 2022 at 9:36 a.m. Secretary Hernandez called the roll. Members available: in person - Chair Angel Reyes, State Treasurer Tim Eichenberg, Sally Malavé (designee for Attorney General Hector Balderas), Martina C'de Baca (designee for Lieutenant Governor Howie Morales), virtual - Rebecca Wurzbarger, and Patricia Sullivan. Absent: Derek Valdo. 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 and staff. He began by introducing everyone he reminded the members participating remotely of the protocol for today's telephonic meeting. All members must identify themselves before they speak; this includes asking questions or making a motion. If at any time anyone loses their connection, please text Izzy and we will stop the meeting to wait for you to reconnect. There will be a roll call vote for all approvals.

**Approval of Agenda - Board Action.** Motion to approve the June 15, 2022 Board agenda as presented: Malavé. Second Eichenberg: Roll call vote: Chair Reyes-yes, Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.

**Approval of 5/18/22 Board Meeting Minutes – Board Action– Board Action– Board Action.** Motion to approve the May 18, 2022 Board Meeting Minutes as presented: Sullivan. Second Malavé: Roll call vote: Chair Reyes-yes, Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.

Hernandez provided his Executive Director updates: **Program Updates:** Interest rates for First Home at 5.25% have increased by approximately 2% since November at 3.25% **Significant meetings/presentations:** 6/13: LOC Meeting – 1<sup>st</sup> meeting; good attendance and participation. 6/13-14: NM Manufactured Housing Assoc. Conference (Acuña provided an update), 6/14: Housing NM Advisory Committee Meeting (1st in person meeting), 6/13-17: NM Association of Counties Conference **News:** He then reviewed the homeownership information graphs; big changes which show some of the challenges with the rising interest rates, high cost of building materials, tight market and increased sales price of homes.

**Consent Agenda**

- 1 401K Restatement Plan (Dolores Wood and Dorothy Sannman, Bank of Oklahoma) – Finance Committee.** Staff recommends that the MFA Board approve the attached amendment to the 401(k) Plan which includes withdrawals for a qualified birth or adoption, the changes is law related to the SECURE Act, the CARES Act, and the Consolidated Appropriations Act, 2021.

Chair Reyes confirmed that all board members agree to approve the consent agenda item one, seeing and hearing no objections he asked for a motion. Malavé made the motion to approve the consent agenda in its entirety: Second: Eichenberg. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.

**Contracted Services/Credit Committee & NM Housing Trust Fund Committee**

- 2 Eastern Regional Housing Authority – Woodleaf Property Sale – Offer Approval (Theresa Laredo-Garcia).** Laredo-Garcia began by introducing the following representatives from ERHA who were in attendance; Chris Herbert executive director of ERHA and legal counsel Nancy Cusack. Participating virtual Cesar Marengo - ERHA and Ben Kalter Real Estate Broker, Marcus and Millichap. She informed the Board that as required by Regional Housing Law 11-3A-29 NMSA 1978, staff is seeking MFA Board approval for the sale of ERHA's Woodleaf Apartments to Todd G. Seidenschwarz for \$4,400,000 "as is". Woodleaf apartments is a 152 unit property located in Hobbs, NM. An appraisal of the property has been obtained which reports the Market Value as of February 15, 2022, to be \$3,100,000. ERHA received fifteen (15) offers on the property. Their evaluation team reviewed all offers and concentrated on the seven (7) Best and Final offers that met the minimum requirements. She referred to the matrix of the offers received, located behind tab two and will be made a part of the official board packet. Discussion ensued regarding the other offers as well as the condition/maintenance of the property and other options attempted by ERHA to remedy these things, however they were unsuccessful. Motion to approve the Eastern Regional Housing Authority – Woodleaf Property Sale

– Offer Approval as presented: Malavé. Second: C’de Baca. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C’de Baca-yes, Malavé-yes, Wurzbürger-yes, Sullivan-yes. Vote: 6-0.

- 3 **Northern Regional Housing Authority (NRHA) – Contract Approval > \$100K (Theresa Laredo-Garcia).** Laredo-Garcia began by introducing the Terry Baca, executive director of NRHA who participated virtually. She informed the Board that MFA oversight includes approval of a Regional Housing Authority’s need to enter into, or sign any contract, memorandum of understanding or other agreement with a value greater than \$100,000. NRHA is working on a remodel project for ten (10) scattered site units located in Las Vegas, NM. The units need extensive rehabilitation and have been uninhabitable since 2001. These units were previously managed by the Las Vegas Housing Authority (LVHA). LVHA consolidated with NRHA in January 2021. Since the consolidation, NRHA has been diligently working on this project with the objective to add ten affordable housing units to their regional inventory. NRHA has selected the best qualified service providers through a sealed bid process that complies with state and federal procurement guidelines. MFA staff recommends Board approval for Northern Regional Housing Authority (NRHA) to enter into and sign two service contracts; 1) Lowry Consultants, Inc for research and development, contract administration, construction oversight and Architect & Engineering. The estimated amount of the contract is \$125,000 and 2) Duke City Builders, LLC to perform the construction work on this project. The estimated amount of the contract is \$1,125,000. Motion to approve the Northern Regional Housing Authority (NRHA) – Contract Approval > \$100K as presented: Wurzbürger. Second: Sullivan. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C’de Baca-yes, Malavé-yes, Wurzbürger-yes, Sullivan-yes. Vote: 6-0.
- 4 **Request for NMHTF – Wildfire Response (Julie Halbig).** Halbig began her presentation with a request of Board approval to release \$3M in NMHTF for emergency housing needs according to the Emergency Housing Need Pilot Program policies and procedures for New Mexicans impacted by the wildfires. She further informed the Board that staff received a positive recommendation from the New Mexico Housing Trust Fund (NMHTF) Advisory Committee for this proposal at their meeting held on June 6th. MFA had been contacted by The Village of Ruidoso and North Central New Mexico Economic Development District (NCNMEDD, Santa Fe)) for emergency assistance when no other federal or state programs or funds are available to assist. MFA may contribute upwards of \$400,000 or more to the Village of Ruidoso to help secure manufactured housing for those persons displaced by the McBride fires. Ruidoso has identified 17 households that have no other options for emergency or transitional housing. MFA has pledged \$30,000 to NCNMEDD’s nonprofit arm for emergency rental assistance. Priority will be given to elderly or disabled persons in the counties of the NCNMEDD region. Staff recommends approval of the request to release \$3M in NMHTF for emergency housing needs according to the Emergency Housing Need Pilot Program policies and procedures for New Mexicans impacted by the wildfires. Motion to approve staff’s request for NMHTF – Wildfire Response as presented: Wurzbürger. Second: Sullivan. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C’de Baca-yes, Malavé-yes, Wurzbürger-yes, Sullivan-yes. Vote: 6-0.
- 5 **Housing Innovation NOFA and Addendum 1 (Robyn Powell, Sonja Unrau).** Unrau began her presentation with a request for approval of the Housing Innovation Program Notice of Funding Availability and Addendum 1 for publication. She explained that the Housing Innovation Program offers a resource for eligible applicants to fund housing projects for which there is an unmet need or lack of other funding sources. The intention of this program is to spur innovative housing projects and to evaluate novel housing solutions. MFA hopes that this program is a chance for applicants to tailor responses to housing needs in their community. Further, MFA is looking to applicants to propose projects that may be scalable and have the potential to reach residents statewide. Discussion ensued regarding the Solar Act, air source heat pumps, and beneficial electrification; as well as how MFA plans to get news of this program out to the public. Motion to approve the Housing Innovation NOFA and Addendum 1 for publication as presented: Malavé. Second: Sullivan. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C’de Baca-yes, Malavé-yes, Wurzbürger-yes, Sullivan-yes. Vote: 6-0.
- 6 **Foreclosure Prevention Housing Counseling and Legal Services RFP Award Recommendation (Robyn Powell).** Powell began her presentation with a request for approval to award a contract to United South Broadway Corporation (USBC) to provide Foreclosure Prevention, Housing Counseling and/or Legal Services as part of the New Mexico Homeowner Assistance Fund Program. Staff recommends awarding the contract for a one-year term with the option to award two (2) two-year extensions up to the end of the HAF award period of September 30, 2025. She further informed

the Board that New Mexico was allocated \$55,772,684 in HAF funding, resulting in a 5% allocation of \$2,788,634 for the Foreclosure Prevention Housing Counseling services sought through the RFP approved by the Board in January under the same title. She provided further background information on American Rescue Plan Act of 2021 (“ARPA”)/Homeowner Assistance Fund as provided in the memo located behind tab six, which will become a part of the official board packet. Powell informed the Board that MFA had received only one response and reviewed the scoring. Malavé was surprised that only one response was received, thought there were other service providers who are able to provide these services, understood this could have been due to the short turnaround time of 30 days and thought that perhaps we could reopen the RFP while still proceeding with the recommendation so that individuals can start receiving assistance. Motion to approve the Foreclosure Prevention Housing Counseling and Legal Services RFP Award Recommendation with a request for a second RFP as described: Malavé. Second: Eichenburg (asked for the RFP to be reopened in his second; Malavé agreed). Roll call vote: Chair Reyes-yes, Eichenberg-yes, C’de Baca-yes, Malavé-yes, Wurzbarger-abstained, Sullivan-yes. Vote: 5-0.

- 7 **Request for Proposals (RFP) for Governmental Services (Rebecca Velarde).** Velarde began her presentation with a request for approval of a Request for Proposals (RFP) for a consultant to provide governmental services. She informed the Board that MFA’s current agreement for a consultant for governmental services ends on November 30, 2022, and there are no more extensions. MFA requires this consultant to assist in supporting MFA’s interests as well as legislative and advocacy priorities at the state level. She further expanded on the list of services the consultant will be expected to provide under the RFP as listed in the memo located behind tab seven which will be made a part of the official board packet. Motion to approve the Request for Proposals (RFP) for Governmental Services as presented: Wurzbarger. Second: Eichenberg. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C’de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.
- 8 **Broadway McKnight Tax Credit Assistance Program (TCAP) Grant Request (Tim Martinez).** Martinez began his presentation with a request of a Tax Credit Assistance Program (TCAP) grant request in the amount of \$600,000 (\$1.1mm available in the TCAP set-aside for 2020 LIHTC projects) for Broadway McKnight, located in Albuquerque, New Mexico. Broadway McKnight is a 2020 LIHTC new construction project that will create 54 income-restricted units consisting of one - five-bedroom units. The units will be income restricted to households earning 30% of the Area Median Income (AMI), 50% of the AMI, and 60% of the AMI. Thirty units will receive HUD Section 8 project-based vouchers and 13 units will receive HUD Rental Assistance Demonstration (RAD) project-based vouchers. Fourteen units will serve Households with Children. Discussion ensued regarding the supply/costs issues. Any indication where this is headed based on communications with partners/contractors in order to mitigate the rising cost issues. Motion to approve the Broadway McKnight Tax Credit Assistance Program (TCAP) Grant Request as presented: Wurzbarger. Second: C’de Baca. Roll call vote: Chair Reyes-yes, Eichenberg-no, C’de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 5-1.
- 9 **Belen Vista HOME CHDO Loan Increase Modification Request (Jacobo Martinez).** Martinez began his presentation with a request of a HOME CHDO loan increase in the amount of \$600,000 for a total HOME CHDO loan of \$1,000,000 for the Belen Vista Apartments, located in Belen, New Mexico. Belen Vista Apartments is an Acquisition/Rehabilitation project that will create 57 one and two bedroom units for households with children. Four of the units are income restricted to households earning 30% or less of Area Median Income (AMI). Twenty-eight of the units are income-restricted to households earning 50% or less of AMI. Twenty-four units are income restricted to households earning 60% or less of AMI. One unit is a non-income-producing manager’s unit. Motion to approve the Belen Vista HOME CHDO Loan Increase Modification Request as presented: Malavé. Second: C’de Baca. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C’de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.
- 10 **Mariposa Apartments HOME CHDO Loan Increase Modification Request (Sharlynn Rosales).** Rosales began her presentation with a request of a HOME CHDO loan increase in the amount of \$600,000 for a total HOME CHDO loan of \$1,000,000 for the Mariposa Apartments, located in Taos, New Mexico. Mariposa Apartments is an Acquisition/Rehabilitation project that will create 52 one and two, bedroom units. They will also construct three new three bedroom units for households with children. Mariposa will restrict 22 units for households earning at or below 60% area median income (AMI), 30 units for households earning at or below 50% AMI, and 5 units for households earning at or below 30% AMI. One unit is a non-revenue producing managers’ unit. Discussion ensued regarding

providing this format in the future when looking at changes we adopt some of these consistencies. Another report was also requested which clearly shows the project financing as approved and the proposed modifications along with the impact of the proposed changes. Motion to approve the Mariposa Vista HOME CHDO Loan Increase Modification Request as presented: Wurzbarger. Second: Eichenburg. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.

#### Finance Committee

**Chair Reyes stepped out of the meeting and turned the meeting over to C'de Baca 11:02 (returned in time to vote 11:04)**

**11 2024-2028 State of New Mexico Infrastructure Capital Improvement Plan (ICIP) (Sonja Unrau).** Unrau began her presentation with a request for approval of MFA's 2024-2028 Infrastructure and Capital Improvement Plan (ICIP), which includes \$10,000,000 for the New Mexico Housing Trust Fund (HTF) for state fiscal year (FY) 2024. She informed the Board that the ICIP is a planning exercise required by the State of New Mexico for all entities seeking capital outlay appropriations. Each year since 2018, MFA has completed its ICIP based on its anticipated legislative agenda for the coming year. MFA's entry for its 2024-2028 ICIP includes \$10 million for the HTF in FY 2024. Unrau further explained that MFA intends to use this funding for capital projects such as rental housing development, single-family, rehab-resale, and weatherization. This resource is necessary to fill financing gaps between appropriations for FY2023 and FY2025 (when the HTF recurring funding will become accessible) and address the impact of increased construction cost. Motion to approve the 2024-2028 State of New Mexico Infrastructure Capital Improvement Plan (ICIP) as presented: Eichenburg. Second: Malavé. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.

**12 Proposed changes to the FirstDown Payment Assistance Program (René Acuña).** Acuña began his presentation with a request for approval of policy changes for the FirstDown single family down payment assistance (DPA) program including: 1) FirstDown DPA second mortgage loan amount not to exceed 6 percent (6%) of the purchase price, 2) When combined with additional funds managed by MFA (such as HomeNow, etc.), DPA funding not to exceed \$35,000 per loan. a. This limit would allow for additional assistance above \$35,000 per transaction if funding is obtained outside of MFA such as local municipalities or housing authorities. 3) Finally, he proposed the requirement for borrowers to utilize at least \$500 of their own funds toward down payment or closing costs would be eliminated for all single family programs. In addition to his request, he provided background information as well as graphs and examples showing scenarios where a borrower might take advantage of both the FirstDown and HomeNow DPA programs. Examples were also provided for DPA assistance combinations for borrower with income below 80% of Area Median Income ("AMI"). Acuña further stated as an organization, MFA is fortunate to have maintained a 30 percent or higher market utilization of FHA purchase money transactions. However, we are not without competition in the arena of DPA. Homewise, Chenoa Fund, as well as mortgage lenders and financial institutions are coming out with first-time homebuyer assistance programs in our state. Each competitor brings forth various types of challenges and program variations. Presently Bank of America's program is receiving the most attention from our lending partners. The restructuring of FirstDown, first-time home buyer DPA, offered in conjunction with FirstHome loans, would better serve potential homebuyers in an environment of rapidly increasing home purchase prices. The requirement to come to the Board for approval of funding allocations would not change. Motion to approve the proposed changes to the FirstDown Payment Assistance Program as presented: Wurzbarger. Second: Eichenberg. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.

**13 Revised Delegations of Authority (Julie Halbig).** Halbig began her presentation with a recommendation or approval of the revisions to the Delegations of Authority. Should you approve these changes to the Delegations of Authority, staff would also ask for your approval to align the relevant sections of MFA's Policy and Procedures Manual at the same time. She highlighted the major changes to the Delegations of Authority as listed in the documents provided in the memo and Delegations of Authority document as listed behind tab 13, which will be made a part of the official board packet. Motion to approve the proposed changes to the FirstDown Payment Assistance Program as presented: Sullivan. Second: Eichenberg. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.

#### Other

**14 Election of Officers (Chair Angel Reyes).** Chair Reyes presented the slate of officers as agreed upon by the nominating committee which consists of Chair Angel Reyes, Lt. Governor Howie Morales and Sally Malavé (designee for Attorney General Hector Balderas). They are Vice Chair – Lieutenant Governor Howie Morales, Treasurer Rebecca Wurzbarger, Secretary – Isidoro Hernandez, Assistant Secretary – Donna Maestas – De Vries, and Assistant Treasurer – Yvonne Segovia. Motion to approve the Slate of Officers as recommended: Sullivan. Second: Malavé. Roll call vote: Chair Reyes-yes, Eichenberg-yes, C’de Baca-yes, Malavé-yes, Wurzbarger-yes, Sullivan-yes. Vote: 6-0.

**15 New Mexico Housing Trust Fund Recurring Funding – Planning Framework (Robyn Powell, Sonja Unrau).** Unrau provided an update on the New Mexico Housing Trust Fund Recurring Funding Planning, stating that Senate Bill 134 passed during the 2022 Legislative Session, allocating 2.5% of severance tax bonding capacity to the New Mexico Housing Trust Fund (NMHTF) for the purposes of carrying out the provisions of the New Mexico Housing Trust Fund Act. We anticipate that this appropriation will provide MFA with \$20-\$30 million in funding annually, which MFA may administer as loans or grants for eligible activities. The recurring funding (“NMHTF RF”) will become available to MFA in state fiscal year 2025 (July 1, 2024). MFA will be required to certify each project or program need to the State Board of Finance (SBOF) bond council prior to bond issuance. Certification occurs in May or June before the year’s bond sale, meaning MFA’s first certification will happen in the spring of 2024. MFA will be required to prioritize spending NMHTF RF program income before drawing down in the severance tax bond (STB) fund. Unexpended balances will revert to STB fund within one year of project completion and unencumbered balances will revert after three years. STB funding will be made available to MFA on a reimbursement basis. She went over the following; State Board of Finance Approval Process, Reporting Database, Financial Model, and Timeline. She further informed the Board that the statewide housing strategy update will be presented to the Board in July providing an opportunity for feedback at the MFA Board Retreat in August. Non-Action Item.

**16 Single Family Programs Report (René Acuña).** Acuña provided summarized some of the key points of which the Board is fully aware with regards to the impacts of rising interest rates and rising costs already discussed. Charts and data were provided in the presentation: historical rate trend by program, loan reservations vs loan purchases (total units), financing execution trends, reservations by program, comparison of down payment assistance (DPA) sources, comparison of loan types, borrower demographics, market utilization comparison by quarter, statewide median sales price of homes and statewide home sales. Non-Action Item.

#### **Other Board Items - Information Only**

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

- Staff Actions Requiring Notice to Board
- COVID -19 Staff Actions

#### **Monthly Reports - No Action Required**

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

- 4/30/21 Financial Statements

**Announcements and Adjournment - Confirmation of Upcoming Board Meetings.** Chair Reyes made a point of clarity with regards to next month’s board meeting, stating that the two day Board meeting in Las Cruces has been changed and

## MFA Regular Board Meeting Minutes

June 15, 2022

Page 6

will be one day July 20<sup>th</sup> at the MFA offices at 9:30 a.m. He further stated that we will try to reschedule the out of town board meeting in the November time frame.

There being no further business the meeting was adjourned at 11:41 a.m.

**Approved: July 20, 2022**

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Chair, Angel Reyes

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Secretary, Isidoro Hernandez



# Tab 1

MFA Board of Directors

# A Strategic Plan for Housing New Mexico

Izzy Hernandez, *MFA Executive Director/CEO*  
Rebecca Velarde, *Sr. Director Policy and Planning*  
Sonja Unrau, *Research and Development Manager*

CONSULTANT

Heidi Aggeler, *Root Policy Managing Director*  
Avilia Bueno, *Root Policy Associate*



Denver, Colorado 80220  
970.880.1415  
hello@rootpolicy.com



# Today's Presentation

1. Housing Strategy Framework
2. Findings from Stakeholder Focus Groups and Resident Survey
2. Findings from Data Analysis
4. Draft Strategy
5. Q&A

# Housing Strategy Framework and Method

# Advisory Committee Members

Hank Hughes	New Mexico Coalition to End Homelessness (NMCEH)
Nicole Martinez	Mesilla Valley Community of Hope
Linda Bridge	National Association of Housing Redevelopment Officials
Steve Grant	New Mexico Apartment Association
Isaac Perez	San Felipe Pueblo
Chris Baca	Yes Housing
Jeff Curry	JL Gray
Jack Milarch	New Mexico Home Builders Association
Alan Fowler	New Mexico Mortgage Bankers Association
Steve Anaya	New Mexico Association of Realtors
Mike Loftin	Homewise
Mark Duran	New Mexico Manufactured Housing Association
Greta Armijo	Jemez Pueblo
Lisa Huval	City of Albuquerque
Natalie Green	City of Las Cruces
Alexandra Ladd	City of Santa Fe
Priscilla Lucero	Southwest New Mexico Council of Governments (SNMCOG)
Dr. Neil Bowen	New Mexico Human Services Department
Donnie Quintana	New Mexico Department of Finance and Administration

# Strategy Development Framework

Advisory Committee (AC) meetings were informed by relevant research briefs on:

- Housing Production and Preservation
- Affordability, Wealth Building, and Economic Mobility
- Homelessness, Special Needs, Human Services Needs
- Capacity and Resources

# Strategy Development Framework

AC meetings accomplished:

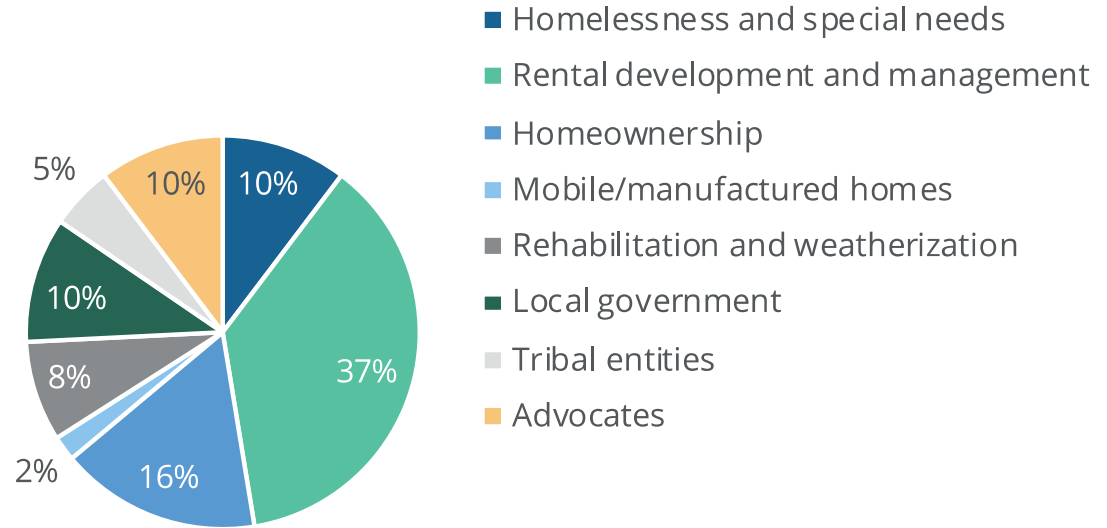
- Defining the problems, or challenges, in housing provision and meeting housing needs
- Identifying the factors that contribute to the challenges
- Deciding what to address, and when
- Crafting a clear plan to address the problems

# Stakeholder and Resident Engagement



# Stakeholder Engagement

**99 stakeholders participated in focus groups and one-on-one discussions**



# Resident Reported Needs

# Resident Survey Respondents

## RESIDENT SURVEY BY THE NUMBERS

**1,398** resident survey participants



**490** households with children under 18



**172** large households



**231** single parents

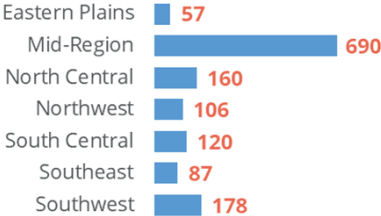


**537** households with a member with a disability

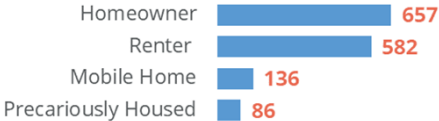


**223** households with a member over 65

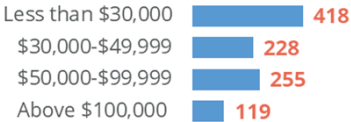
## WHERE RESPONDENTS LIVE



## HOUSING STATUS



## HOUSEHOLD INCOME



## IDENTIFIED AS



# Resident Survey Respondents

	State	Eastern Plains	Mid- Region	North Central	Northwest	South Central	Southeast	Southwest
<b>Total Responses</b>	<b>1,398</b>	<b>57</b>	<b>690</b>	<b>160</b>	<b>106</b>	<b>120</b>	<b>87</b>	<b>178</b>
<b>Race/Ethnicity</b>								
<b>Native American</b>	131	2	47	16	53	7	1	5
<b>Black/African American</b>	57	4	28	11	2	2	7	2
<b>Hispanic</b>	427	21	225	44	7	53	25	55
<b>Non-Hispanic White</b>	384	13	187	44	11	30	26	73
<b>Tenure</b>								
<b>Homeowner</b>	657	28	306	68	38	62	48	107
<b>Renter</b>	582	21	315	71	50	50	29	46
<b>Mobile Home</b>	136	7	32	23	15	21	7	31
<b>Precariously Housed</b>	86	1	36	12	10	4	3	20
<b>Income</b>								
<b>Less than \$30,000</b>	418	14	217	45	30	39	27	46
<b>\$30,000-\$49,999</b>	228	7	94	31	23	23	15	35
<b>\$50,000-\$99,999</b>	255	18	121	27	14	19	11	45
<b>Above \$100,000</b>	119	5	68	12	3	10	6	15
<b>Household Characteristics</b>								
<b>Children under 18</b>	490	26	227	48	49	42	36	62
<b>Large households</b>	172	6	77	13	28	15	13	20
<b>Single Parent</b>	231	11	112	23	25	22	17	21
<b>Disability</b>	537	19	264	63	40	43	36	72
<b>Older Adults (age 65+)</b>	223	16	89	21	13	21	17	46

# Resident Survey Respondents

## Housing stability

- 20% of respondents lived with friends or family members because of lack of housing that meets their needs
- Black/African American households are twice as likely as all households to be "doubled up"
- 27% of respondents had skipped payments on bills to pay for housing costs during the pandemic
- 79% of Section 8 voucher holders say trying to find a property owner who accepts vouchers is somewhat difficult (48%) or very difficult (31%), mostly because the voucher doesn't adequately cover rents asked

# Resident Survey Respondents

## Housing condition

- 22% said their home was in fair or poor condition. Highest rates were for mobile home occupants (40%) and Northwest region (30%)
- 25% of households with a member with a disability said their home does not meet their accessibility needs. Most needed help is access to supportive services

## Displacement

- 27% of respondents were displaced in the last 5 years, mostly because they were behind on rent. 60% of Black/African Americans were displaced

# Resident Survey Respondents

## Future Housing Preferences

78% of renters aspire to be homeowners within 5 years. Top barriers to ownership are:

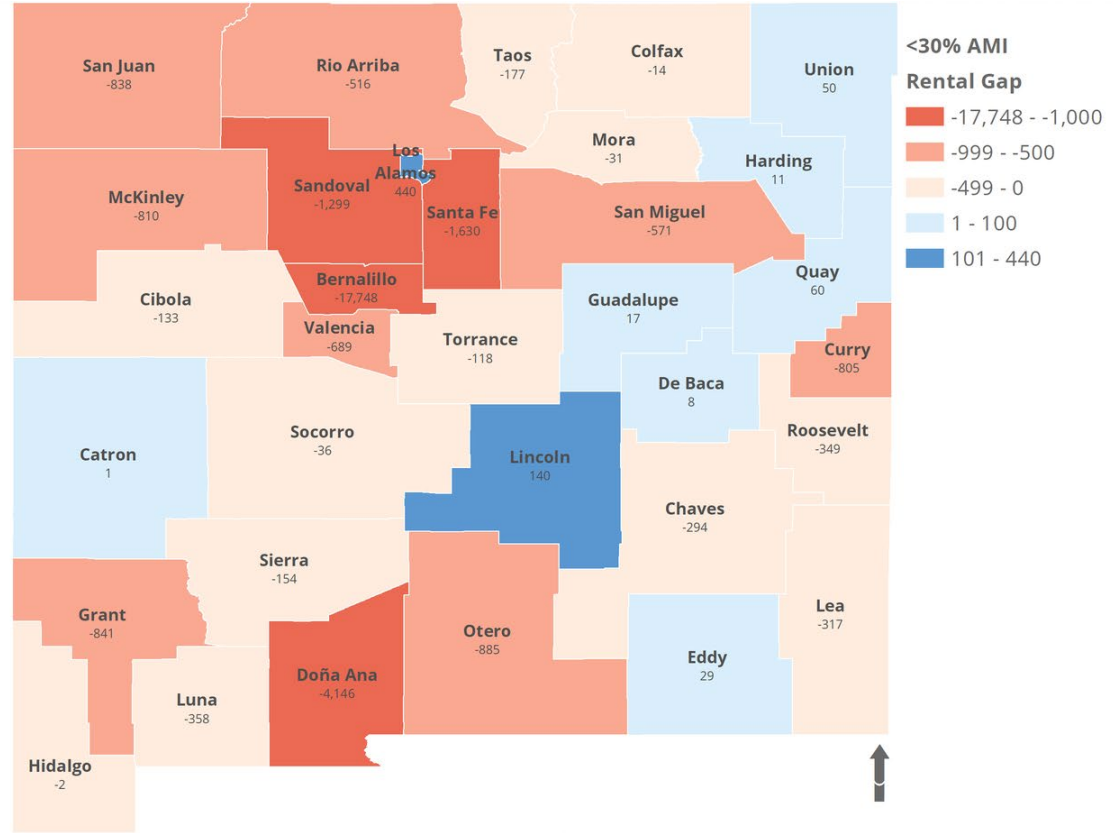
- 32% do not have an adequate downpayment;
- 27% have low/poor credit;
- 25% have too much debt.

# Primary Findings from Quantitative Analysis



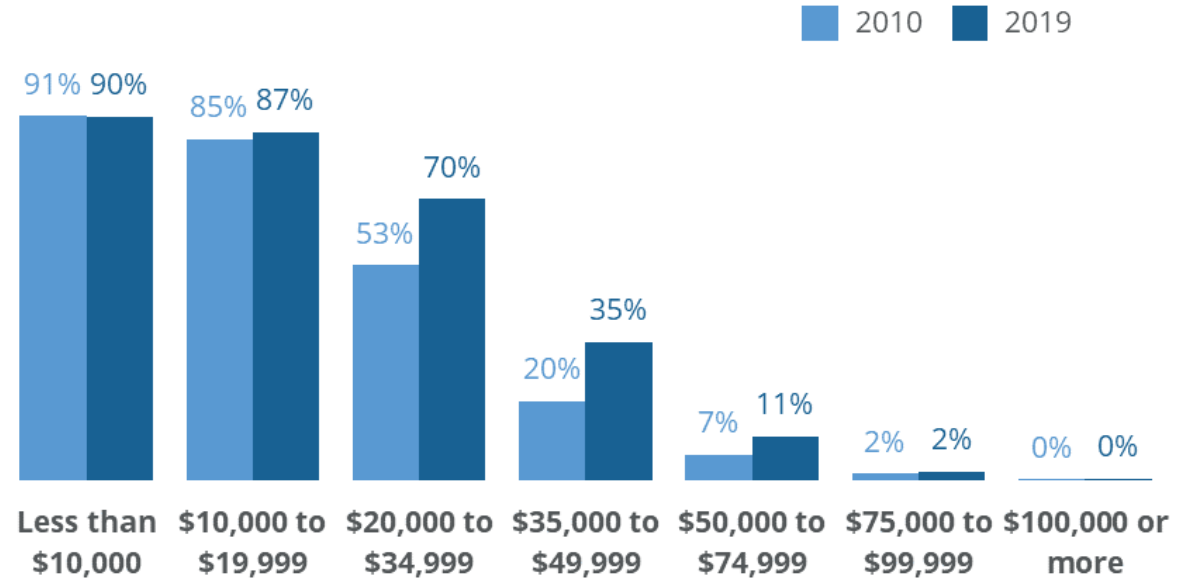
# Current 0-30% AMI Rental “Gap” = 32,000 rental units, 2019

Gaps represent the difference between the state’s lowest income renters and the number of affordable units to house them. Negative numbers indicate a shortage of affordable units



Source: 2019 ACS 5-year, HUD, and Root Policy Research.

## Cost Burdened Renters by Income, 2010 and 2019

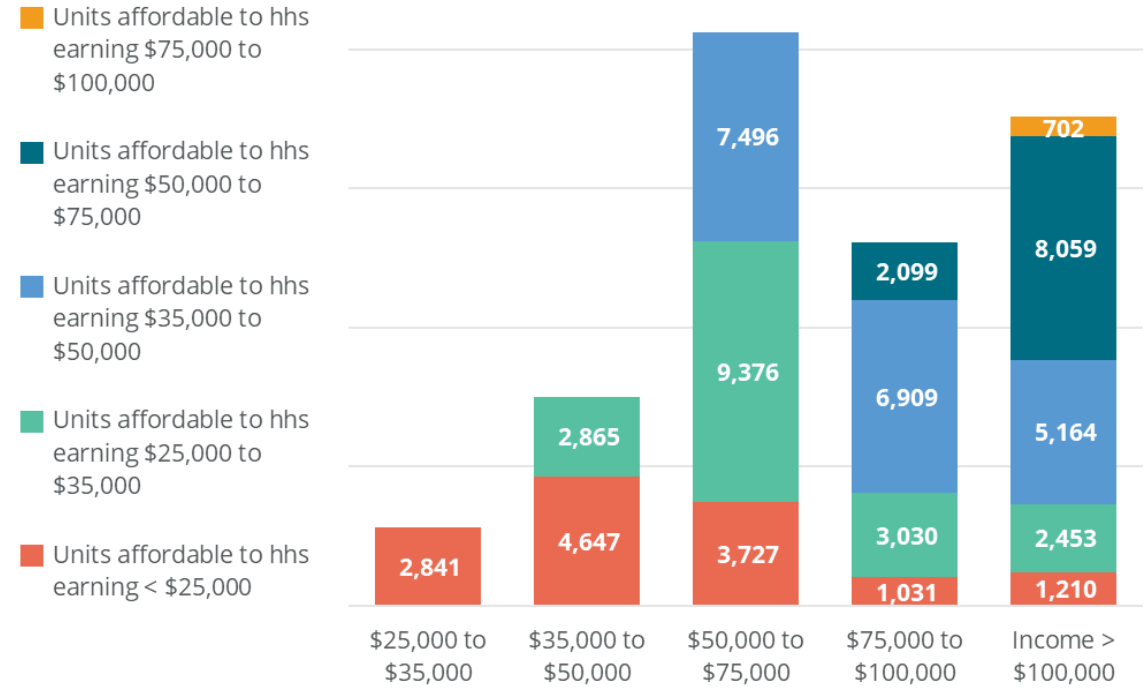


Source: 2019 ACS 5-year IPUMS and Root Policy Research.

While cost burden is much more common at very low income levels, the number of cost burdened renters in the middle of the income distribution has increased since 2010

# Many Renters “Rent Down”

Occurs when higher income households are occupying homes affordable to lower income households. 28% of renter households in New Mexico are spending less than 20% of their household income on housing costs. This equates to about 65,554 households



Source: 2019 ACS 5-year IPUMS and Root Policy Research.

# Seniors' Housing Conditions

Seniors in New Mexico are:

- Predominantly owners—83% ownership rate;
- Low income;
- Will require additional services to remain in their homes or affordable rentals—both sparse, especially in rural areas.
- Senior renter households living in multifamily housing are more likely to be cost burdened than those living in single-family housing or mobile homes.

# Homeownership in New Mexico

- 68% homeownership in the state overall
- Highest in rural counties
- 17% of state homeownership attributed to mobile homes
- 32% of owners are low income

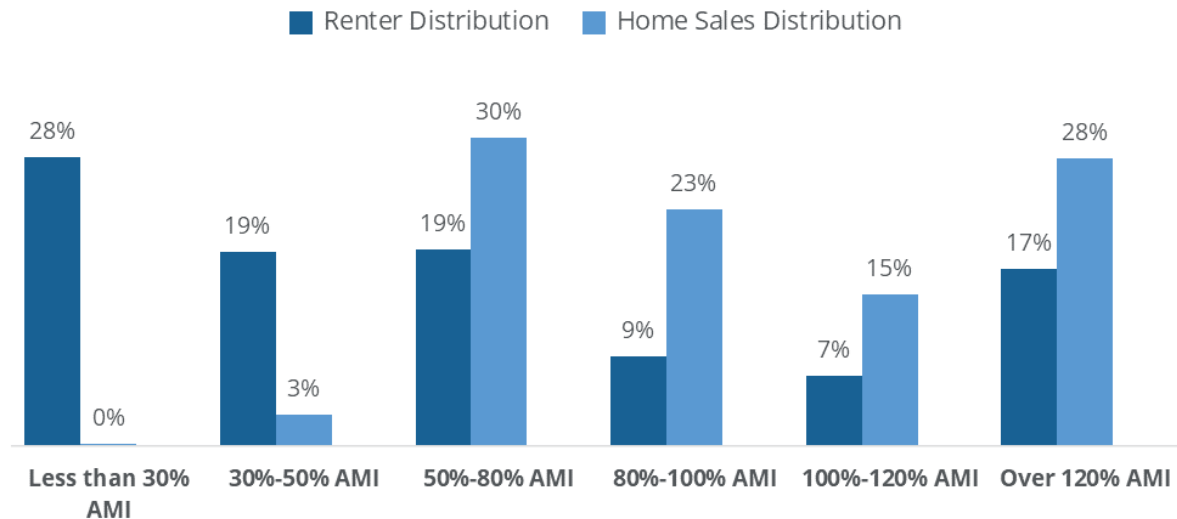
# Equity in Ownership, New Mexico v. U.S.

New Mexico does a better job than the U.S. overall in Native and Hispanic ownership—even given relatively lower incomes—but that could change with steep price increases (next slide)

Race/Ethnicity	Homeownership Rate		Median Income	
	New Mexico	United States	New Mexico	United States
<b>American Indian or Alaska Native</b>	62%	54%	\$35,349	\$43,825
<b>Asian</b>	55%	60%	\$65,144	\$88,204
<b>Black or African American</b>	40%	42%	\$40,528	\$41,935
<b>Hispanic/Latino</b>	66%	47%	\$42,421	\$51,811
<b>Native Hawaiian or Other Pacific Islander</b>	48%	41%	\$49,767	\$63,613
<b>Non-Hispanic White</b>	72%	72%	\$59,815	\$68,785
<b>Two or more Races</b>	58%	49%	\$50,133	\$59,184

# Mismatch between Renters and Home Prices

Nearly half of the state's renters have incomes too low for ownership without deep subsidies or innovative ownership models



# Housing Condition

- 44% of New Mexico's housing stock was built before 1980.
- Multifamily units permitted during the 1980s make up nearly half of all multifamily permits issued between 1980 and 2020. These units are aging.
- 40,000 units in the state lack complete kitchens; 40,000 lack complete plumbing.
- Persons with disabilities, Native Americans, and renters are most likely to live in substandard housing units.



# Draft Strategy

## Strategies to Create More Housing and Build Homeownership and Wealth

### Goal: Increase housing production across the housing continuum.

- Prioritize existing federal block grant, state, and local resources to fund infrastructure improvements to support residential development with the most favorable programs for developments that incorporate affordable housing. This would include infrastructure extensions for new (and improvements for existing) manufactured home communities/parks with affordability and lot lease requirements.
- Take state policy action to boost residential construction workforce, such as partnerships with technical education and training providers, streamlined licensing, and opportunities for re-entry workforce and persons formerly homeless.

# Strategies to Create More Housing and Build Homeownership and Wealth

## Goal: Increase housing production across the housing continuum.

- Streamline the local and state residential inspection processes to make the system more efficient, practical, and timely—e.g., by allowing video inspections, allowing third party contractors—while preserving public health and safety objectives.
- Increase funding to support and incentivize affordable housing production.

## Strategies to Create More Housing

**Goal: Create flexibility within state and local programs and policies to respond to housing needs and market fluctuations.**

- Advocates, homebuilders, local governments to push for concrete changes to state law to reduce regulatory barriers to housing development:
  - Fast track approval for affordable housing
  - Model codes
  - Explore how to tie LEDA to housing production, especially in rural areas
  - Create an incentive program that provides funding to local governments that adopt policies that facilitate flexibility and efficiency in development approval, infill development, income-diverse development, and efficient zoning. Funding could be used for: community revitalization, economic development, infrastructure expansion activities

## Strategies to Create More Housing and Build Homeownership and Wealth

**Goal: Ensure that manufactured homes continue to be a housing solution for homeowners and renters.**

- Make statutory changes that make the process of converting chattel property to real property consistent across New Mexico's counties.
- Explore and pilot an MFA manufactured home purchase program to assist in the conversion to real property loans and facilitate manufactured homeownership
- Fund infrastructure extensions for new (and improvements for existing) manufactured home communities/parks with affordability and lot lease requirements.

## Strategies for Preservation and Redevelopment

**Goal: Catalyze the potential of underutilized properties to be redeveloped into new housing.**

- ❖ Through the state legislature, create a comprehensive technical assistance (TA) fund, a resource catalogue, and access to TA providers to assist with redevelopment of underutilized and vacant parcels and address staff capacity gaps.
- ❖ Monitor the QAP to ensure that 9% credits adequately support multifamily acquisition/rehabilitation.

## Strategies for Homeless/ Special Needs Housing Stability

**Goal: Build local development capacity to build and operate successful housing + services models tailored to local needs.**

- Provide annual funding for predevelopment grants to cultivate Permanent Supportive Housing development partners and build local developer and service capacity. Funding would be used for capacity building/local support, needs assessments, zoning and planning review, architecture and engineering, development application.
- Increase collaboration between service providers and property managers through training and technical assistance that results in successful housing of PSH clients.

## Strategies for Homeless/ Special Needs Housing Stability

**Goal: Build local development capacity to build and operate successful housing + services models tailored to local needs.**

- Convene service providers and the Human Services Division to determine annual funding needed to adequately support case managers to increase the long term effectiveness and efficiency of service provision.
- This could include case management for Housing Voucher holders' search, applying for housing, and maintaining housing stability.



## Strategies for Homeless/ Special Needs Housing Stability

### **Goal: Build local development capacity to build and operate successful housing + services models tailored to local needs.**

- Examine how Medicaid waivers could be used for supportive services, allowing supportive service providers to be reimbursed at a rate that can sustain programming and operations.
- Evaluate how the Coordinated Entry System (CES) could be tailored through state and local programs so that vulnerable households are prioritized in an equitable manner. Advocate for state and federal solutions to ensure that the most vulnerable households are able to fill gaps in emergency housing. This would include households in first-time homelessness and/or who are housed but in unsafe situations.
- Support actions to strengthen statewide behavioral health system including satellite care facilities.

## Strategies for Rental Stability

**Goal: Build assurance among property owners and property managers of the economic feasibility of housing formerly homeless and special needs residents, thereby stabilizing housing for low income renters.**

- ❑ Incentivize landlords—through a “signing bonus,” “holding fees” while they wait for a voucher approval, and enhanced loss mitigation—to provide units to vulnerable renters.
- ❑ Create a public service campaign to lower stigma for voucher holders and other vulnerable renters.
- ❑ Transition ERAP and HAP to a permanent housing stability fund serving renters who need help paying rental costs (including application fees and security deposits), households who do not qualify for housing through the CES, homeowners vulnerable to foreclosure, and manufactured home park owners who struggle to pay lot leases.

## Strategies to Build Capacity

### **Goal: Increase the capacity for local organizations to build and manage affordable housing.**

- Create a state webpage with consolidated state resources for housing and services.
- Help lead state policy actions that boost residential construction workforce, such as partnerships with technical education and training providers, streamlined licensing, opportunities for re-entry workforce and persons formerly homeless.
- Increase collaboration between service providers and property managers through training and technical assistance that results in successful housing of PSH clients.

## Strategies to Build Capacity

### Goal: Increase the capacity for local organizations to build and manage affordable housing.

- Create a comprehensive technical assistance and toolkit—with the potential to pair with land and property acquisition funds—for redevelopment of underutilized and vacant parcels (e.g., how to develop private public partnerships, how to establish a Metropolitan Redevelopment Area). Leverage the expertise of planning groups such as New Mexico's council of governments or private consultants, and MFA, to develop and promote the technical assistance and toolkit.
- Implement a process where MFA's Housing Development team alerts local governments to affordable units whose contracts will expire within 2.5 years to allow local governments time to plan for preservation strategies.

# State and Federal Advocacy

## A Call to Action for State Advocacy

- Make statutory changes that make the process of converting chattel property to real property consistent across New Mexico's counties.
- Help lead state policy actions that boost residential construction workforce, such as partnerships with technical education and training providers, streamlined licensing, opportunities for re-entry workforce and persons formerly homeless.
- Support actions to strengthen statewide behavioral health system including satellite care facilities.

## A Call to Action for Federal Advocacy to Increase New Mexico's Affordable Housing Resources

### Broaden the Low Income Housing Tax Credit (LIHTC) program

- The Affordable Housing Credit Improvement Act (S.1136/H.R. 2573), introduced in 2021, would have increased LIHTC allocations by 50% and enabled the credit to better serve “hard to reach” communities including rural, Native American, high-poverty, and high-cost communities, as well as extremely low income (<30% AMI) and formerly homeless tenants.
- Because these credits are allocated based on population—not on need—New Mexico receives a disproportionately lower share of credits relative to its need. MFA receives twice as many applications for LIHTC developments annually than it has credits to allocate.

## A Call to Action for Federal Advocacy to Increase New Mexico's Affordable Housing Resources

Create equitable opportunities to attain homeownership and build wealth

- The Neighborhood Homes Investment Act, introduced in 2021, would have established a business-related tax credit to finance home building and rehabilitation of single family homes, du-/tri-/fourplexes, condominiums, and cooperatives in neighborhoods that meet certain eligibility criteria related to poverty rates, income, and home values.
- Other than federal block grant funding, there is no significant federal funding source that facilitates the development of affordable ownership products. Federal support of homeownership has historically been in financing and mortgage insurance.
- New Mexico would benefit from new federal initiatives to development affordable homeownership products.



## A Call to Action for Federal Advocacy to Increase New Mexico's Affordable Housing Resources

### Maximize federal appropriations for affordable housing programs

- HUD and USDA housing programs are classified as discretionary programs, meaning that Congress must set annual funding levels through the budget and appropriations process.
- Maximizing the annual appropriations for affordable housing programs, including the HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), Section 811 Project Rental Assistance, Weatherization Assistance Program and rural housing programs within the U.S. Department of Agriculture (USDA), will benefit both urban and rural New Mexico communities.
- Advocate for HUD training and technical assistance for Tribal governments who are new to housing developments and need capacity building to utilize and maximize federal and state funding.

## A Call to Action for Federal Advocacy to Increase Housing Production

Streamline federal regulations related to affordable housing policies and programs

- Support efforts of trade associations, such as the National Council of State Housing Agencies (NCSHA), to reduce administrative burden and regulatory barriers in federal housing and community development block grant programs.
- Advocate for changes in tenant based rental assistance programs, including Fair Market Rent and income limits, to expand the number of available rental units and not penalize tenants when they acquire employment.

# A Call to Action for Federal Advocacy to Increase Housing Production

Support federal initiatives to lower housing development costs

- Support tariff reductions on Canadian lumber
- Support programs that add flexibility for non-domestic workers.

Q&A

thank you

# Tab 2a

## USBC Presentation to the Mortgage Finance Authority Board July 20, 2022

### ORGANIZATIONAL HISTORY:

United South Broadway Corporation (USBC) is a non-profit community development agency founded in 1986 to meet the housing needs of the South Broadway neighborhood and the surrounding historic downtown neighborhoods.

Prior to concentrating on foreclosure work, USBC has overseen multiple aspects of housing, including new construction, infill development, first-time homebuyer education, loan pre-approval packaging, reverse mortgage counseling, residential home repair and administering first-time homebuyer down payment and closing costs assistance on behalf of the City of Albuquerque. USBC has also done commercial façade improvement programs and administered an award winning New Mexico Main Street program working with small business owners in the historic neighborhoods of Albuquerque.

### USBC FORECLOSURE COUNSELING & LEGAL DEFENSE WORK:

Our foreclosure work grew out of the mortgage crisis of the mid-2000s, when we saw that low-income New Mexicans with good credit had been targeted by predatory lenders who lured thousands into subprime loans with the expectation that these loans could/would be re-financed at a later date with lower interest rates.

These loans proved to be unaffordable due to high rates of interest causing many homeowners to default.

USBC has been a HUD-certified housing counseling agency since 1996. In 2004 we moved our Fair Lending Center from the University Of New Mexico School Of Law, Public Policy Law Center to the offices of United South Broadway Corporation.

Bringing together these services established USBC as the only dedicated foreclosure prevention agency in New Mexico that operates statewide, providing HUD-certified housing counseling and full service legal representation under one roof.

USBC is also the only agency with housing counselors and attorneys available to regularly assist homeowners in foreclosure mediation in all of the state district courts.

### USBC FUNDERS:

- Between 2012-2015, USBC was awarded \$2.7 million through the Homeownership Preservation Program (HPP) administered by the New Mexico Attorney General's Office. Under that grant, USBC provided housing counseling, legal and outreach services, and

was instrumental in designing the forerunner to the current district court Foreclosure Settlement Programs (FSP).

- Our most recent major foreclosure prevention project was a \$1.05 million grant from the Bank of America Settlement Fund, administered by the State Bar of New Mexico under orders from the state Supreme Court between May 2017 and April 2020.

Under the Bank of America grant, USBC assisted homeowners to retain their homes, usually with loan modifications that allowed the homeowner to remain in the home and resume payments.

Where necessary, USBC assisted with an exit strategy to preserve household finances and family stability as much as possible, including cash to facilitate moving, favorable exit timelines and terms, protection against deficiency judgments, and a plan to restore their credit.

- Our legal services are funded in part by the New Mexico Civil Legal Services Commission.

#### **USBC NATIONAL PARTNERS:**

- Our national partners are the National Community Reinvestment Coalition (NCRC). NCRC is our HUD intermediary and primarily provides training, along with limited funding. The National Fair Housing Alliance (NFHA) and the National Consumer Law Center (NCLC). NFHA and NCLC are non-funding partners.

#### **USBC STRENGTHS:**

- We would like to note that 85% of our clients who have had the sustained involvement of a USBC housing counselor in their cases have settled with lenders and either avoided legal action altogether or settled the case through loss mitigation. The remaining 15% of clients either resolved the case with a stipulated judgment or resolved the situation on their own with assistance from family members or friends.
- USBC'S foreclosure defense work has been recognized by the New Mexico State Bar for our outstanding foreclosure prevention program, which assisted thousands of New Mexico homeowners during the mortgage crisis of the mid-2000s.
- We maintain a strong social media presence and statewide outreach that includes informational materials in seven languages. We are able to provide interpretation services in multiple languages, including American Sign Language.

- Our program model can be scaled up or down depending on service demand and circumstances such as the aforementioned housing crisis or the current COVID-19 emergency when remote services were required. USBC services remained fully available with masking and social distancing to keep staff and clients safe, and using our effective electronic and telephonic intake and case review.

USBC's strengths include a broad knowledge of mortgage lending and underwriting processes and loss mitigation options. We have over 30 years of experience in crafting sustainable solutions for homeowners when they face impending mortgage default brought about by market-driven crises or health emergencies such as COVID-19.

Our experience is that there are three primary reasons that homeowners may come to face foreclosure of their primary residence:

1. Loss of Employment
2. Loss of a Spouse (second income)
3. Catastrophic medical expenses

USBC understands how these issues can impact the ability of a homeowner to keep mortgage payments current and we can help in the following ways:

1. Loss mitigation with support of a housing counselor
2. Court mediation with support of a housing counselor or attorney
3. Direct legal representation by an attorney in the District Court proceedings and, if all else fails...
4. Negotiation and transition of the homeowner out of the home with "Dignity" and with a focus on housing stability during transition.

#### DISCUSSION REGARDING THE RFP:

1. The Staff recommends the contract be awarded for one year and include the option to award (2) two-year extensions and/or through the end of the award period on September 30, 2025.

##### Concern:

The RFP clearly stated that the funding period for this grant to be March 16, 2022 through September 30, 2025.

Page 9 of the RFP; Part IV: Program Design and Management, item 2, request that Offerors:

*"Describe how your organization has prepared or is preparing for an increased demand in housing counseling and/or foreclosure prevention services. Include a description of your organization's capacity for each year the grant is active (through 2025)....."*

The nature of this grant requires the hiring of professional legal staff to include attorney positions and para-legal positions. The grant also requires the on-boarding of new



housing counselors. In the case of legal staff, it is difficult to retain attorneys with a one year only commitment and in the case of housing counselors, under the new HUD mandate to have all housing counselors be certified and pass national testing, it will take a minimum of 6-8 months to accomplish training, testing and certification.

Recommendation:

That the award be for the period outlined in the RFP, 2022-2025 and that the contract may be terminated should USBC fail to perform under the terms and conditions of the contract. This allows some certainty in staff recruitment and is customary language in similar contracts for multi-year funding.

2. The scoring sheets under "References" indicate that the Offeror must provide, on Reference Contact Form (Exhibit A) contacts as shown in each category. The scoring range was 0-5.

Concern:

It appeared that the MFA Board was told that USBC did not provide references and USBC was awarded "0" points.

Attached please find the above referenced Exhibit A, included in USBC's formal response to the RFP. Failure to have this completed document would have rendered USBC's proposal as "non-responsive".

In checking, it appears that the references were not contacted.

In support of our proposal, we have secured a written letter of recommendation from one of our most recent grants, administered by The New Mexico State Bar Foundation with the oversight of the New Mexico Supreme Court. This was a multi-year grant with a scope of work similar to the HAF grant.

Recommendation:

That the score be amended to accurately reflect that USBC complied with the RFP and provided the list of references as shown on Exhibit A.

3. An MFA Board member asked about the amount of time allowed to respond to the RFP and expressed concern when told that the turn-around time was 30 days.

Comment:

MFA staff could have explained that the 30 day turn-around is typical for a grant of this nature. The RFP was not intended to solicit responses from organizations with "start-up" programs. The nature of the Treasury grant is more in line with a rapid-response solicitation for organizations with experience to "hit the ground, running".

Moreover, the MFA staff could have shared with the MFA Board of Directors the outreach that was conducted by the MFA. The MFA held at least two listening sessions with providers to discuss the HAF grant and to get input and feedback prior to the public advertisement of the RFP. The meetings were attended by other non-profit legal service organizations that, at minimum, had the capacity to respond to the RFP. Apparently they chose not to respond.

United South Broadway Corporation respectfully submits this correspondence to the MFA Board of Directors to provide a comprehensive overview of the history and deep experience of the organization in the work to be done on behalf of New Mexico homeowners through the Homeowner Assistance Fund.

We believe it is important that the Board of Directors have confidence in the decision made to award this important work to USBC, and that we work with the staff of the MFA on a foundation of trust. We are eager to move the process forward as expediently as possible, and to consummate a contract in a timeframe that reflects the urgency of the work before us.

Respectfully,  
Diana Dorn-Jones  
Executive Director

**EXHIBIT A**  
**REFERENCE CONTACT FORM**

The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit at least one reference from financial institutions, governmental entities, and/or mortgage servicers and at least two references for whom Foreclosure Prevention Housing Counseling and/or Legal Services have been provided as required within this document. The purpose of these references is to document Offeror's experience relevant to the scope of work to establish Offeror's responsibility.

Company providing reference:	National Community Reinvestment Coalition (NCRC)
Contact name and title/position:	Ibijoke Akinbowale, Director, Housing Counseling Network
Contact telephone number:	202-383-7702
Contact e-mail address:	iakinbowale@ncrc.org
Description of services provided:	USBC is a sub-grantee of HUD Intermediary NCRC's Housing Counseling Network
Dates services provided (starting and ending):	1996-present

Company providing reference:	NM Supreme Court (admin by State Bar of New Mexico)
Contact name and title/position:	Richard Spinello, Executive Director
Contact telephone number:	505-228-7750
Contact e-mail address:	rspinello@nmbar.org
Description of services provided:	Grantee, BofA II Housing Counseling and Legal Services Grant
Dates services provided (starting and ending):	May 2017-May 2020

Company providing reference:	NM Civil Legal Services Commission
Contact name and title/position:	John Arango, Chairman
Contact telephone number:	(505) 827-4950
Contact e-mail address:	jarango@nmia.org
Description of services provided:	Represent homeowners in foreclosure cases
Dates services provided (starting and ending):	2012-present

Company providing reference:	New Mexico Attorney General
Contact name and title/position:	Office of Consumer Protection
Contact telephone number:	505-717-3500
Contact e-mail address:	N/A
Description of services provided:	Housing counseling and full-service legal representation to homeowners in delinquency or foreclosure
Dates services provided (starting and ending):	November 2012-June 2015

Company providing reference:	
Contact name and title/position:	
Contact telephone number:	
Contact e-mail address:	
Description of services provided:	
Dates services provided (starting and ending):	



Carolyn A. Wolf  
*President*

Benjamin I. Sherman  
*President-Elect*

Erinna M. Atkins  
*Secretary-Treasurer*

Carla C. Martinez  
*Immediate Past President*



# State Bar of New Mexico

Est. 1886

Richard B. Spinello  
*Executive Director*  
rspinello@sbnm.org

July 7, 2022

TO: New Mexico Mortgage Finance Authority Board of Directors

I would like to express strong support for the work that United South Broadway Corporation (USBC) has done on behalf of homeowners in the state of New Mexico.

The State Bar of New Mexico administered a three-year project with New Mexico's Bank of America Settlement Funds between 2017 and 2020 pursuant to orders of the New Mexico Supreme Court. USBC received a total of \$1.05 million for their legal and housing counseling work during that time.

USBC was the lead agency for the project, which involved working with the Senior Citizens' Law Office and New Mexico Legal Aid to investigate the status of all residential foreclosures on the court dockets statewide, and to recommend the programming and resources needed statewide to deal effectively with foreclosures going forward, including housing counseling and civil legal services.

USBC prepared a comprehensive recommendation for the Supreme Court, which I understand they have made available to the Mortgage Finance Authority.

USBC brought unique strengths to this project, as the only agency in New Mexico dedicated to foreclosure prevention, and the only agency that provides foreclosure prevention housing counseling and legal services under one roof.

They also are the only agency with housing counselors and attorneys available to regularly assist homeowners in foreclosure mediation in all of the state district courts.

USBC has been recognized by the New Mexico State Bar for their outstanding foreclosure prevention program.

Our state is fortunate to have the resources of USBC's unique programming, deep knowledge of mortgages and loss mitigation, and experience in negotiating sustainable solutions for homeowners as they face the mortgage emergency brought about by the COVID-19 crisis.

Sincerely

Richard B. Spinello, Esq.  
Executive Director



5121 Masthead NE • P O Box 92860  
Albuquerque, NM 87199-2860



(505) 797-6000 • (800) 876-6227  
Fax (505) 828-3765



info@sbnm.org  
www.sbnm.org

## **USBC Fire Evacuee Support Outreach**

### **Taos County Commission**

Jim K. Fambro, District 1	jim.fambro@taoscounty.org
Mark Gallegos, District 2	mark.gallegos@taoscounty.org
Darlene Vigil, District 3	darlene.vigil@taoscounty.org
AnJanette Brush, District 4	anjanette.brush@taoscounty.org
Candyce O'Donnell, District 5	candyce.odonnell@taoscounty.org

### **Las Vegas City Council & Mayor**

Michael L. Montoya	councilman.montoya@lasvegasnm.gov
Barbara Perea Casey	councilor.casey@lasvegasnm.gov
David G. Romero	councilmandromero@gmail.com
Louie A. Trujillo	mayor.louie.trujillo@lasvegasnm.gov
Loretta Martin, Public Information Officer	lmartin@lasvegasnm.gov

### **San Miguel County Commission**

Harold Garcia, Chairman, District 1	garciaharold505@gmail.com
Janice C. Varela, Vice-Chair, District 2	jcvara@co.sanmiguel.nm.us
Max O. Trujillo, District 3	mtrujillo@co.sanmiguel.nm.us
Martin Sena, District 4	msena@co.sanmiguel.nm.us
Kenneth Medina, District 5	kmedina@co.sanmiguel.nm.us

### **Lincoln County Commission**

Todd Proctor, District 1	tproctor@lincolncountynm.gov
--------------------------	------------------------------

Lynn Willard, District 2	lynnwillardlincolncounty@gmail.com
Jon Crunk, District 3	jcrunk@lincolncountynm.gov
Tom Stewart, District 4	tstewart@lincolncountynm.gov
Elaine Allen, District 5	eeaela@yahoo.com

#### Mora County Commission

Veronica M. Serna, Chair, District 1	vserna@countyofmora.com
Johnny H. Trujillo, Vice-Chair, District 3	jtrujillo@countyofmora.com
L. Frank Maestas, District 2	lfmaestas@countyofmora.com

#### Colfax County Commission

Bobby Ledoux, Chairman	bledoux@co.colfax.nm.us
Bret Wier, Member	bwier@co.colfax.nm.us
Roy P. Fernandez, Member	rfernandez@co.colfax.nm.us

#### State Representative District 40

Representative Roger Montoya	roger.montoya@nmlegis.gov; rogermontoyaform@gmail.com
------------------------------	---



May 25, 2022

[Address Block]

RE: **Housing Counseling & Legal Services for Fire Victims**

Dear \_\_\_\_\_:

In light of the ongoing fires that have devastated our state, we wanted to reach out to you and update you on what United South Broadway is doing to help your affected constituents. USBC is an experienced provider of HUD-approved housing counseling and legal assistance for homeowners **across the state**. For homeowners that may have lost their home, or their employment, or even both, our services can prove highly valuable as they navigate this disruption in their lives.

If your constituents have been evacuated to Albuquerque, our offices are fortunately located in the same location as the central New Mexico relief center at the John Marshall Center in Albuquerque. FEMA, Presbyterian medical, food bank, and other social services have all been put in place here to assist. For homeowners, it is a single stop to be able to address all their needs.

Again, however, USBC is able to assist homeowners **statewide**, regardless of their current location. If you receive any inquiries at your office from homeowners about what resources are available to help with their home, please feel free to direct them to us. Our main phone number is **(505) 764-8867**; Diana Dorn-Jones is available for organizational questions, Elaine Candelaria for housing counseling, and Eric Sutton for legal concerns. We have also enclosed some materials for reference or distribution.

P.O. Box 25242  
Albuquerque, NM 87125  
(505) 764-8867  
Fax: (505) 764-9121



We look forward to helping rebuild our communities, and to overcoming these terrible events together.

Sincerely,

United South Broadway Corporation

A handwritten signature in black ink, appearing to be the initials 'ES' or a stylized 'E' and 'S'.




Eric Sutton  
Managing Attorney  
Fair Lending Center



**CALL TODAY!**

**(505) 764-8867**

**Toll-free 1-866-201-6286**

 [facebook.com / unitedsouthbroadway.org](https://facebook.com/unitedsouthbroadway.org)  
 [twitter.com / usbc123](https://twitter.com/usbc123)  
 [www.unitedsouthbroadway.org](http://www.unitedsouthbroadway.org)



UNITED  
SOUTH  
BROADWAY  
CORPORATION

USBC is a 35-year-old non-profit agency  
providing HUD-approved housing  
counseling and civil legal services.

We are financed by the New Mexico  
Civil Legal Services Commission,  
the New Mexico State Bar Association,  
the National Community Reinvestment Coalition  
and HUD.

Thank you to PNM Resources  
for a generous grant to produce this brochure.



**YOU WORKED HARD  
FOR YOUR HOME...**



...NOW TAKE THE STEPS  
TO KEEP IT

IF YOU'RE CONCERNED ABOUT YOUR  
MORTGAGE, WE CAN HELP YOU:

- **Determine Your Eligibility for State Funding**
  - **Get Back On Track With Payments**
  - **Protect Against Scams**
- **Work Out the Best Financial Options**
  - **Avoid Common Pitfalls**
- **Make the Best Decisions About Your Loan**

We're

**United South Broadway Corporation**

Our HUD-certified housing counselors help homeowners, regardless of income, who are concerned about their mortgage payments or are currently facing foreclosure.

USBC's Fair Lending Center provides free legal services, including workshops, to low-income homeowners facing foreclosure proceedings in the courts.

We offer assistance in multiple languages.

**Call us today!**  
**(505) 764-8867**  
**Toll free: (866) 201-6296**

Visit us online:  
[www.unitedsouthbroadway.org](http://www.unitedsouthbroadway.org)

# Tab 2b



# MEMO

TO: MFA Board of Directors

FROM: MFA Staff

DATE: July 13, 2022

SUBJECT: Response to United South Broadway Corporation (USBC) Presentation

MFA wishes to provide foreclosure prevention housing counseling and legal services in conjunction with our Homeowner Assistance Fund (HAF) program. As such, staff obtained Board approval of an RFP to solicit such services in January 2022.

Subsequently, staff recommended and was granted approval to award USBC a contract under the RFP at the June 2022 Board of Directors meeting. USBC was then offered, at their request, an opportunity to give an informational presentation to the Board of Directors about USBC and the housing counseling and foreclosure defense services they provide. As the recommendation to award the contract was approved in June, the presentation is not an action item on the July Board agenda.

On July 12, 2022, staff received a copy of USBC's presentation. This memo is in response to the section titled "Discussion Regarding the RFP" of the presentation in order to provide clarity to all parties involved.

1. MFA routinely awards one-year contracts with options to renew. This is standard operating procedure for all MFA service providers, and contracts are routinely renewed following internal policies and procedures. Additionally, the Board approved the award with the contingency that staff reopen the RFP to seek other offerors with whom to engage.
2. USBC asserts that their references were not contacted. Staff followed the process outlined in Part VII of the RFP; the references that USBC provided were contacted via email on February 22, 2022 and invited to provide a reference in the approved format. To date, none of those references have responded in the manner instructed.

USBC did not provide a point of contact for the fourth reference listed on their reference contact form. This is not an issue because the RFP required at least three references, which were provided.

Following the Board's approval to award a contract to USBC in June, MFA did receive a reference letter from the State Bar of New Mexico on July 7, 2022, in an alternative format than that described in the RFP. As the Board has already taken

action on the RFP and awarded USBC a contract, MFA staff do not advise changing the scoring.

3. MFA staff confirms the information provided to the Board inquiries was responsive. A 30-day turnaround time is faster than most other RFPs issued by MFA. Further, Treasury guidelines require that the relevant services be provided “by housing counseling agencies approved by HUD or a tribal government”. There are no other restrictions related to the eligible activity in the Treasury HAF program<sup>1</sup>, and the RFP does not contain additional restrictions regarding the type of agency that would be eligible to submit an offer under the RFP.

Staff is working on the below elements to complete the program launch:

- Negotiate and execute a grant agreement/contract between MFA and USBC. The agreement must also be reviewed and approved by the Grantor, Department of Finance and Administration (DFA), per the underlying grant agreement.
- Complete software integration to include the housing counseling and legal services component. Staff is currently testing software functionality and workflow requirements.
- Schedule and complete three training sessions with USBC which will include HAF program guide and software training, reporting training (Treasury and DFA requirements), and income calculation training.
- Reissue the Foreclosure Prevention Housing Counseling and Legal Services RFP.

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<sup>1</sup> <https://home.treasury.gov/system/files/136/HAF-Guidance.pdf>

## Request for Reference



Robyn Powell

To: [rspinello@nmbar.org](mailto:rspinello@nmbar.org)

Retention Policy: MFA 7 Year Permanently Delete (7 years)

Expires: 2/20/2029

Tue 2/22/2022 12:26 PM

Follow up. Start by Tuesday, July 12, 2022. Due by Tuesday, July 12, 2022.

ORGANIZATIONAL REFERENCE QUESTIONNAIRE.docx  
23 KB

Hello Mr. Spinello, I am writing you because NM Supreme Court (admin by State Bar of New Mexico) is listed as a reference contact for United South Broadway Corp., who recently submitted a response to our Request for Proposal to provide foreclosure prevention housing counseling and legal services. If you are so inclined, please complete the attached questionnaire and return to me via email. Thank you in advance.



**Robyn Powell**  
Research and Development Manager  
New Mexico Mortgage Finance Authority  
Direct: 505.767.2271  
[www.housingnm.org](http://www.housingnm.org)



## Request for Reference



Robyn Powell

To: [takinbowale@ncrc.org](mailto:takinbowale@ncrc.org)

Retention Policy: MFA 7 Year Permanently Delete (7 years)

Expires: 2/20/2029

Tue 2/22/2022 12:26 PM

Follow up. Start by Tuesday, July 12, 2022. Due by Tuesday, July 12, 2022.

ORGANIZATIONAL REFERENCE QUESTIONNAIRE.docx  
23 KB

Hello Ibijoke, I am writing you because National Community Reinvestment Coalition is listed as a reference contact for United South Broadway Corp., who recently submitted a response to our Request for Proposal to provide foreclosure prevention housing counseling and legal services. If you are so inclined, please complete the attached questionnaire and return to me via email. Thank you in advance.



**Robyn Powell**  
Research and Development Manager  
New Mexico Mortgage Finance Authority  
Direct: 505.767.2271  
[www.housingnm.org](http://www.housingnm.org)



## Request for Reference



Robyn Powell

To: [jarango@nmia.org](mailto:jarango@nmia.org)

Retention Policy: MFA 7 Year Permanently Delete (7 years)

Expires: 2/20/2029

Tue 2/22/2022 12:25 PM

Follow up. Start by Tuesday, July 12, 2022. Due by Tuesday, July 12, 2022.

ORGANIZATIONAL REFERENCE QUESTIONNAIRE.docx  
23 KB

Hello Mr. Arango, I am writing you because NM Civil Legal Services Commission is listed as a reference contact for United South Broadway Corp., who recently submitted a response to our Request for Proposal to provide foreclosure prevention housing counseling and legal services. If you are so inclined, please complete the attached questionnaire and return to me via email. Thank you in advance.



**Robyn Powell**  
Research and Development Manager  
New Mexico Mortgage Finance Authority  
Direct: 505.767.2271  
[www.housingnm.org](http://www.housingnm.org)



# Tab 3





# MEMO

**TO:** Board of Directors

**Through:** Policy Committee on July 5, 2022

**Through:** Contracted Services Committee on July 12, 2022

**FROM:** Theresa Laredo-Garcia, Program Development Manager, Matthew Meyer, Management Trainee, Robyn Powell, Research & Development Manager

**DATE:** July 20, 2022

**SUBJECT:** Recovery Housing Program (RHP) Action Plan Amendment

## Recommendation

Staff recommends approval to publish the FY2022 Recovery Housing Program (RHP) Action Plan Amendment and begin the 30-day public comment period.

## Background

The Recovery Housing Program (RHP) as authorized under Section 8071 of the SUPPORT for Patients and Communities Act, entitled Pilot Program assists individuals in recovery from a Substance Use Disorder (SUD) become stably housed. Recovery housing is a safe, healthy, substance-free living environment that supports individuals in recovery from addiction.

The Department of Finance and Administration – Local Government Division (DFA-LGD) has provided authorization to the New Mexico Mortgage Finance Authority (MFA) to administer the RHP. The RHP Action Plan will guide the use of the following awards: \$340,000 of FY2020, \$902,621 of FY2021 and \$1,013,918 of FY2022 RHP funding received by the State through the U.S. Department of Housing and Urban Development’s (HUD) Community Development Block Grant (CDBG) Program for the period of July 1, 2021, through September 1, 2027. To follow is the background with regards to the RHP allocations to MFA:

- MFA Board approved the Pilot RHP Action Plan on September 15, 2021, which included the FY2020 and FY2021 Allocations.
- HUD approved the RHP Action Plan on December 10, 2021.
- MFA Board approved two RHP Request for Proposal rounds issued on November 18, 2021, and April 21, 2022.
- MFA made an award to Crossroads for Women in the amount of \$600,000
- MFA received FY2022 RHP Allocation on June 28, 2022.
- The FY2022 RHP Action Plan is being amended to:
  - Include the FY2022 Allocation

- Expand the RHP activities in the plan from the singular activity of Acquisition of Real Property to include all eligible activities allowed under RHP
- Change the method of distribution from a Request for Proposal (RFP) process to a Notice of Funding Availability (NOFA) to incorporate additional activities and provide more time for recovery housing agencies to develop and submit a qualified project.

## Discussion

MFA as sub-grantee will administer one hundred percent of the State's RFP allocation. NM DFA-LGD will oversee MFA's administration and will provide grant management, monitoring, and ensure environmental review compliance.

MFA is amending the RHP Action Plan to expand the activities of the current action plan to include all eligible activities allowed under RHP listed below:

- Public Facilities and Improvements
- Acquisition of Real Property
- Lease, Rent, and Utilities
- Rehabilitation and Reconstruction of Single-Unit and Multi-Unit Residential
- Rehabilitation and Reconstruction of Public Housing
- Disposition of Real Property
- Clearance and Demolition, and
- Relocation

The amendment will also change the method of distribution from a Request for Proposal (RFP) process to a Notice of Funding Availability (NOFA) process to **provide more time for recovery housing agencies to develop and submit a qualified project.**

Staff will continue to work with recovery housing service providers and provide training and guidance with the intent to solicit letters of intent prior to publication and release of the NOFA. MFA will make awards of RHP funding to local governments, public and private non-profit organizations, and Indian tribes who demonstrate the ability to offer recovery housing services.

MFA will distribute RHP funds giving priority to entities with the greatest need and ability to deliver effective assistance in a timely manner. This requirement to prioritize is reflected in the scoring criterion.

Staff will also evaluate the program design and implementation plan, project viability and long-term sustainability, and other required programmatic components. HUD guidance encourages grantees to partner with agencies who can provide holistic, wrap-around services and agencies who are positioned to provide beneficiaries with access to programs that can assist them either before or after receiving RHP services (e.g., Continuum of Care).

MFA is engaging with agencies that have an interest in applying for RHP funds. Interested agencies are already engaged in services and work with populations impacted by SUD. The expanded activities will generate several qualified applicants to expend the RHP allocation and will provide tremendous support for a critical service needed in the state.

**Summary:**

Staff recommends approval of the FY2022 Recovery Housing Program (RHP) Action Plan Amendment and approval to publish it and begin the 30-day public comment period.



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## Recovery Housing Program (RHP)

FY 2022 *Draft* Action Plan



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# RHP FY2022 ACTION PLAN

Grantee: New Mexico

RHP Grant: B-20-RH-35-0001

RHP Grant: B-21-RH-35-0001

RHP Grant: B-22-RH-35-0001

<b>LOCCS Authorized Amount:</b>	<b>\$0.00</b>
<b>Grant Award Amount:</b>	<b>FY2020 \$940,000/FY2021 \$902,621/FY2022 \$1,013,918</b>
<b>Status:</b>	<b>Original – In Progress</b>
<b>Estimated PI/RL Funds:</b>	<b>\$0.00</b>
<b>Total Budget:</b>	<b>\$2,856,539</b>

## STANDARD FORM 424 AND 424D

MFA submits this Action Plan to HUD along with completed and executed Federal Forms SF-424 and SF-424D.

## PROGRAM SUMMARY

The Federal Register Notice No. FR-6225-N-01 and updated Program Notice FR-6265-N-01 as authorized under Section 8071 of the SUPPORT for Patients and Communities Act, entitled Pilot Program to Help Individuals in Recovery from a Substance Use Disorder (SUD) become stably housed, herein referred to as the authorizes assistance to grantees (states) to provide stable, temporary housing to individuals in recovery from a substance use disorder.

The Department of Finance and Administration – Local Government Division (DFA-LGD) is providing authorization to the New Mexico Mortgage Finance Authority (MFA) to serve as administrator of New Mexico’s RHP to include development of the RHP action plan and implementation of activities described in the plan.

MFA, as subrecipient of the State of New Mexico's RHP allocations will guide the use of approximately \$940,000 of the FY2020, \$902,621 of the FY2021 RHP and \$1,013,918 of the FY2022 funding received by the State through the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program for the period July 1, 2021, through September 1, 2027.

According to a New Mexico Substance Use Disorder Treatment Gap Analysis presented by the New Mexico Department of Health’s (NMDOH) substance use is a significant public health issue in New Mexico. New Mexico recognizes that treatment is necessary, but accessibility is insufficient for long-term recovery of low- and moderate-income and homeless individuals recovering from SUD, mental health conditions, and criminal justice involvement. Housing stability is fundamental to recovery and a critical factor contributing to positive outcomes. Participants who know they will exit to stable housing are more likely to successfully complete treatment. We know that many who exit treatment will return to homelessness without long-term, affordable housing and comprehensive, evidence-based wrap-around case management services. It is reported that of those exiting treatment for a substance use disorder or mental health condition, only 50% of those in need of housing received housing assistance according to the gap

analysis. Data also shows that without stable housing, the risk of relapse and inability to maintain abstinence is greatly increased.

## RESOURCES

\*Administrative costs up to five (5) percent of New Mexico’s RHP grant may be used by MFA as subrecipient.

<i>NEW MEXICO RHP ALLOCATION</i>	FY2020	FY2021	FY 2022	ADMIN COSTS	TOTAL
	\$940,000	\$902,621	\$1,013,918	(\$142,827)*	\$2,713,712

MFA encourages awardees of RHP funds to leverage as many federal, state, and local resources as possible in order to maximize RHP investment.

## OTHER FEDERAL RESOURCES

**Additional federal resources include:**

- HUD’s Veterans Housing Rehabilitation Program
- United States Department of Agriculture (USDA) programs
- Federal Housing Administration (FHA) loan programs
- Low Income Housing Tax Credits (LIHTC)
- HOME Investment Partnership Program
- Community Development Block Grant (CDBG)
- Continuum of Care (COC)
- Housing Opportunities People with Aids (HOPWA)
- HUD Housing Trust Fund
- Emergency Shelter Grant (ESG)

## STATE RESOURCES

**Other nonfederal resources may be available through MFA to include:**

- Resources from State legislative allocations
- New Mexico Housing Trust Fund
- MFA’s Primero Fund
- New Mexico Affordable Housing Tax Credit

Many partners also leverage other state resources, such as funding from the New Mexico Human Services Department and the New Mexico Children, Youth & Families Department. Further, local governments may provide resources, and private support may be available from organizations such as the United Way or from developer contributions (land, deferred developer fee, loans) and private donations.

## ADMINISTRATION SUMMARY

NM DFA-LGD will oversee MFA’s administration of the entire New Mexico RHP allocations for FY2020, FY2021, FY2022 and subsequent allocations. As such, DFA-LGD will provide grant management, monitoring, and ensure environmental review compliance. It will also ensure compliance with residential anti-displacement and relocation assistance plans, following their adoption, and the acquisition and relocation requirements of the Uniform Relocation

Act. Oversight will be performed according to the state's CDBG Implementation Manual adjusted for waivers and alternative requirements for the Pilot Recovery Housing Program.

Point of Contact: Carmen B. Morin, Bureau Chief  
Community Development Bureau  
407 Galisteo, Santa Fe NM 87501  
Cell: (505) 470-8979  
Email: [CarmenB.Morin@state.nm.us](mailto:CarmenB.Morin@state.nm.us)

The MFA will be responsible for administering RHP activities in compliance with RHP requirements under the oversight of the DFA.

Theresa Laredo-Garcia will serve as the project manager for New Mexico's Recovery Housing Program with her primary role to ensure coordinated effort and non-duplication of services. Ms. Laredo-Garcia has 37 years of experience in housing programs. She brings this wealth of knowledge and her outcome-driven project management skills to this project.

Point of Contact: Theresa Laredo-Garcia, Program Development Manager  
Programs Department  
NM Mortgage Finance Authority  
344 4th Street, Albuquerque, NM 87102  
Office: (505) 767-2244  
Email: [tgarcia@housingnm.org](mailto:tgarcia@housingnm.org)

## USE OF FUNDS

### ELIGIBLE ACTIVITIES

According to FR-6225-N-01 Section H. Overview of Grant Process and RHP Action Plan Requirements, eligible activities include the following:

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#### PUBLIC FACILITIES AND IMPROVEMENTS

RHP funds may be used for activities under 24 CFR 570.201(c) or section 105(a)(2) of the HCD Act (42 USC 5305(a)(2)) only for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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#### ACQUISITION OF REAL PROPERTY

RHP funds may be used for acquisition under 24 CFR 570.201(a) or section 105(a)(1) of the HCD Act (42 USC 5305(a)(1)) for the purpose of providing stable, temporary housing to persons in recovery from a substance use disorder. For example, a nonprofit could purchase a residential property for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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#### LEASE, RENT, AND UTILITIES

HUD is waiving and modifying 42 U.S.C. 5305(a)(8), 24 CFR 570.207(b)(4), 24 CFR 570.201(e), and 24 CFR 570.482(c)(2) to the extent necessary to permit RHP funds to be used to make payments for lease, rent, utilities, and associated costs (e.g. fees), for the purpose of providing stable, temporary housing, on behalf of an individual in recovery from a substance use disorder in accordance with Section 8071 and this notice. Under this waiver and alternative requirement, such payments are not limited to 15 percent of the RHP grant, and individual may be assisted for up to 2 years or until the assisted individual find permanent housing, whichever is earlier. These payments may



not be made directly to an individual. These payments may not have been previously paid from other sources; and the payments must result in either a new service and/or a quantifiable increase in the level of an existing service above that which has been provided in the twelve calendar months prior to approval of the RHP Action Plan. For example, a subrecipient currently operating a recovery group home may use RHP funds to rent an additional house and increase the number of persons served. In which case, the rent and utility costs of the additional house may be paid with RHP funds; however, the rent and utilities of the original house would not be an eligible cost under the RHP program. In this example, an individual may only stay in the temporary housing assisted by RHP for a period of up to 2 years or until the individual finds permanent housing, whichever is earlier.

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## REHABILITATION AND RECONSTRUCTION OF SINGLE-UNIT RESIDENTIAL

RHP funds may be used for rehabilitation or reconstruction of publicly- or privately-owned single-unit residential buildings and improvements eligible under 24 CFR 570.202(a)(1) or section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)) for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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## REHABILITATION AND RECONSTRUCTION OF MULTI-UNIT RESIDENTIAL

RHP funds may be used for rehabilitation or reconstruction of publicly- or privately-owned buildings and improvements with two or more permanent residential units that otherwise comply with 24 CFR 570.202(a) and section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)) for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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## REHABILITATION AND RECONSTRUCTION OF PUBLIC HOUSING

RHP funds may be used for rehabilitation or reconstruction of buildings and improvements owned and operated by a public housing authority to the extent eligible under 24 CFR 570.202(a)(2) and section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)), for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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## DISPOSITION OF REAL PROPERTY

RHP funds may be used for disposition through sale, lease, or donation, or otherwise of real property acquired with RHP funds subject to 24 CFR 570.201(b) and section 105(a)(7) of the HCD Act (42 USC 5305(a)(7)), for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice. Eligible costs may include costs incidental to disposing of the property, such as preparation of legal documents, fees paid for surveys, transfer taxes, and other costs involved in the transfer of ownership of the RHP-assisted property.

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## CLEARANCE AND DEMOLITION

RHP funds may be used for clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites to the extent eligible under 24 CFR 570.201(d) or section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)) for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice. This is limited to projects where RHP funds are used only for the clearance and demolition.

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## RELOCATION

RHP funds may be used for relocation payments and other assistance for permanently or temporarily displaced individuals and families in connection with activities using RHP funds, to the extent eligible under 24 CFR 570.201(i) and section 105(a)(11) of the HCD Act (42 USC 5305(a)(11)).

## EXPANSION OF EXISTING ELIGIBLE ACTIVITIES TO INCLUDE NEW CONSTRUCTION

RHP funds can be used for new construction of housing, to the extent the newly constructed housing shall be used for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice. HUD is waiving 42 USC 5305(a) and 24 CFR 570.207(b)(3) and adopting alternative requirements to the extent necessary to permit new construction of housing, subject to the same requirements that apply to rehabilitation activities under the provisions at section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)) and 24 CFR 570.202(b).

## METHOD OF DISTRIBUTION

MFA will distribute one hundred percent (100%) of the FY2020, FY2021, and FY2022 awards of recovery housing funds for the purpose of use on eligible activities less eligible administrative costs, to eligible awardees through a Notice of Funds Available (NOFA) process.

MFA will solicit qualitative and quantitative information from applicants to demonstrate a need for the project being proposed for RHP funding. MFA will consider both the projected demand for the proposed temporary recovery housing units and the financial need for assistance.

## ACTIVITIES CARRIED OUT DIRECTLY

The Department of Finance and Administration – Local Government Division (DFA-LGD) is providing authorization to the New Mexico Mortgage Finance Authority (MFA) to administer one hundred percent (100%) of New Mexico's RHP allocation for FY2020, FY2021, and FY2022.

	<i>FY2020</i>	<i>FY2021</i>	<i>FY 2022</i>	<i>Total</i>
<i>Total Award</i>	\$940,000	\$902,621	\$1,013,918	\$2,856,539
<i>Administrative Costs</i>	\$47,000	\$45,131	\$50,696	\$142,827
<i>Amount for Distribution</i>	\$893,000	\$857,490	\$963,222	\$2,713,712

Agencies awarded RHP funds will be required to place a Land Use Restriction Agreement (LURA) on each project and/or property purchased with RHP funds for a minimum of 15 years. MFA may require an additional term after the compliance period based on the amount of awarded.

## ELIGIBLE SUBRECIPIENTS

MFA will make awards of RHP funding to local governments, public and private non-profit organizations, and Indian tribes who demonstrate the ability to offer recovery housing services. Public and private nonprofit organizations can be located in all geographic areas within the State of New Mexico, including CDBG entitlement areas. Public and private nonprofit organizations must be exempt from taxation under subtitle C of section 501(c), have an accounting system, a voluntary board, actively engaged in recovery housing efforts in New Mexico or previously engaged in recovery housing efforts in New Mexico, and practice nondiscrimination in the provision of assistance. Assistance may be provided to primarily religious organizations that agree to provide all eligible activities in a manner that is free from religious influence.

## CRITERIA FOR EVALUATION

### PROJECT NEED

The project must substantiate and address a need that is significant to the needs of the community. Entities with the greatest need and entities with the ability to deliver effective assistance in a timely manner will receive high priority.

### NECESSARY AND REASONABLE EXPENDITURE OF RHP FUNDS

The project must substantiate that RHP funding is necessary to meet the identified need(s); the impact of RHP dollars is maximized and the use of RHP funds is reasonable when compared with other funding sources. The state will determine whether all other feasible public and private funding sources have been analyzed and/or applied to the project. In order to assure that funds are committed, funding commitments from public/private funding sources shall be included in the application. The commitments may be contingent on RHP funding.

### PROJECT EFFECTIVENESS

The project must substantiate that project accomplishments would be significant given the need, amount of funds requested, local effort and program design.

### PROJECT LEVERAGING

The project should maximize and leverage the federal and non-federal assistance related to substance abuse, homelessness and at-risk of homelessness, unemployment, and other similar services.

### PROJECT TIMELINESS

Projects must meet the greatest need and ability to deliver effective assistance in a timely manner.

## DEFINITIONS

### INDIVIDUAL IN RECOVERY

A person that is in the process of change to improve their health and wellness, live a self-directed life, and strive to reach their full potential.

### SUBSTANCE USE DISORDER

As defined by Substance Abuse and Mental Health Services Administration (SAMHSA) - the recurrent use of alcohol and/or drugs causing clinically significant impairment, including health problems, disability, and failure to meet major responsibilities at work, school, or home.

### RECOVERY RESIDENCE

A recovery residence may be a single-family home or apartment that provides a safe, healthy, and substance-free living environment for persons recovering from a substance use disorder. Recovery residences generally provide peer support and a connection to services that promote long-term recovery.

## ANTICIPATED OUTCOMES AND EXPENDITURE PLAN

### ANTICIPATED OUTCOMES

RHP will serve approximately 20-25 individuals directly related to SUD. Additional qualified applications will increase the number of individuals served. Based on the history of potential partners, fifty to sixty percent of individuals will be successfully transitioned to permanent housing.

## EXPENDITURE PLAN

MFA will comply with all RHP guidelines and expend at least 30% of the funds within year one as required. We anticipate spending 100% of the RHP funds within the first year. The need for appropriate recovery housing to fill gaps in New Mexico is substantial and based on the state's capacity and availability of agencies to provide recovery services, we do not anticipate any type of barrier to expending funds expediently and effectively.

Administrative costs will not exceed the five percent (5%) of New Mexico's RHP allocation. MFA does not anticipate receiving program income from RHP eligible activities.

## CITIZEN PARTICIPATION SUMMARY

The RHP Action Plan is subject to MFA's process for substantial amendments in the citizen participation plan (CPP) excerpted below.

There must be reasonable notice of a proposed substantial amendment so that residents of the affected areas of the state will have an opportunity to review it and comment on it. Notice will be made according to the procedures described herein with the addition of the following procedures specifically for substantial amendments:

- Issue a public notice upon release of the proposed substantial amendment announcing a thirty (30) day review and comment period and a public hearing regarding the proposed substantial amendment after the review and comment period. Published notices will be in the Albuquerque Journal, the Santa Fe New Mexican, Las Cruces Sun News, and other local newspapers, and on MFA's website (<http://www.housingnm.org/>) and DFA's website ([http://nmdfa.state.nm.us/Local\\_Government.aspx](http://nmdfa.state.nm.us/Local_Government.aspx)) at least seven (7) days in advance of the hearing.
- Include a section in the final substantial amendment that presents all comments, plus explanations why any comments were not accepted.

## PARTNER COORDINATION

MFA met with community stakeholders and developed contacts through existing partnerships to create a list of prospects. MFA sent two email blasts to all prospects, followed by phone and hosted meetings with all respondents interested in RHP funding. MFA has an extensive history of collaborating with diverse community stakeholders to ensure we meet organizational objectives and participant needs.

## SUBRECIPIENT MANAGEMENT AND MONITORING

MFA as subgrantee and administrator of New Mexico's RHP will monitor each agency awarded RHP funds to ensure compliance with RHP requirements and guidelines.

DFA-LGD, as grantee will provide oversight of MFA according to the states CDBG Implementation guide adjusted for waivers and alternative requirements for the Pilot Recovery Housing Program as described in FR-6225-N-01 and FR 6265-N-01.

## PRE-AWARD/PRE-AGREEMENT COSTS

Upon acceptance of the RHP Action Plan by HUD, MFA will collect administrative costs allowable under the RHP guidelines allowing up to five percent of the RHP allocation for FY2020, FY2021 and FY2022.

## CERTIFICATIONS

### **MFA certifies the following:**

- I. The grantee certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan in connection with any activity assisted with funding under the RHP program. The grantee certifies that it will comply with the residential anti-displacement and relocation assistance plan, relocation assistance, and one-for-one replacement housing requirements of section 104(d) of the Housing and Community Development Act of 1974, as amended (42 USC § 5304(d)) and implementing regulations at 24 CFR part 42, as applicable, except where waivers or alternative requirements are provided.
- II. The grantee certifies its compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by part 87.
- III. The grantee certifies that the RHP Action Plan is authorized under state and local law (as applicable) and that the grantee, and any entity or entities designated by the grantee, and any contractor, subrecipient, or designated public agency carrying out an activity with RHP funds, possess(es) the legal authority to carry out the program for which it is seeking funding, in accordance with applicable HUD regulations and the grant requirements. The grantee certifies that activities to be undertaken with RHP funds are consistent with its RHP Action Plan.
- IV. The grantee certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601 et seq.), and implementing regulations at 49 CFR part 24, except where waivers or alternative requirements are provided.
- V. The grantee certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135.
- VI. The grantee certifies that it is following a citizen participation plan adopted pursuant to 24 CFR 91.115 or 91.105 (as imposed in notices for its RHP grant). Also, each unit of general local government receiving RHP assistance from a state must comply with the citizen participation requirements of 24 CFR 570.486(a)(1) through (a)(7) for proposed and actual uses of RHP funding (except as provided in Federal Register notices providing waivers and alternative requirements for the use of RHP funds).
- VII. The grantee certifies that it is complying with each of the following criteria: (1) funds will be used solely for allowable activities to provide individuals in recovery from a substance use disorder stable, temporary housing for a period of not more than 2 years or until the individual secures permanent housing, whichever is earlier; (2) with respect to activities expected to be assisted with RHP funds, the RHP Action Plan has been developed so as to give the maximum feasible priority to activities that will benefit low- and moderate-income individuals and families; (3) the aggregate use of RHP funds shall principally benefit low- and moderate-income families in a manner that ensures the grant amount is expended for activities that benefit such persons; and (4) the grantee will not attempt to recover any capital costs of public improvements assisted with RHP grant funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless: (a) RHP grant funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than RHP; or (b) for purposes of assessing any amount against properties owned and occupied by persons of moderate income, the grantee certifies to the Secretary that it lacks sufficient RHP funds (in any form, including program income) to comply with the requirements of clause (a).

- VIII. The grantee certifies that the grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations, and that it will affirmatively further fair housing.
- IX. The grantee certifies that it has adopted and is enforcing the following policies, and, in addition, must certify that it will require local governments that receive grant funds to certify that they have adopted and are enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and (2) a policy of enforcing applicable state and local laws against physically barring entrance to or exit from a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.
- X. The grantee certifies that the grant will be conducted and administered in conformity with the requirements of the Religious Freedom Restoration Act (42 U.S.C. 2000bb) and 24 CFR 5.109, allowing the full and fair participation of faith-based entities.
- XI. The grantee certifies that it (and any subrecipient or administering entity) currently has or will develop and maintain the capacity to carry out RHP eligible activities in a timely manner and that the grantee has reviewed the requirements of the grant.
- XII. The grantee certifies that its activities concerning lead-based paint will comply with the requirements of HUD's lead-based paint rules (Lead Disclosure; and Lead Safe Housing (24 CFR part 35)), and EPA's lead-based paint rules (e.g., Repair, Renovation and Painting; Pre-Renovation Education; and Lead Training and Certification (40 CFR part 745)).
- XIII. The grantee certifies that it will comply with environmental review procedures and requirements at 24 CFR part 58.
- XIV. The grantee certifies that it will comply with applicable laws.

# Tab 4



# MEMO

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**TO:** Board of Directors

**Through:** Policy Committee on July 5, 2022

**Through:** Contracted Services Committee on July 12, 2022

**FROM:** Theresa Laredo-Garcia, Program Development Manager, Matthew Meyer, Management Trainee, Robyn Powell, Research & Development Manager

**DATE:** July 20, 2022

**SUBJECT:** Recovery Housing Program (RHP) Notice of Funding Availability (NOFA)

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## Recommendation

Staff recommends approval to publish the Recovery Housing Program (RHP) Notice of Funding Availability (NOFA) for a 90-day period beginning on or about September 13, 2022, and upon approval of the Amended Action Plan by HUD.

## Background

The pilot Recovery Housing Program was authorized in 2018 under Section 8071 of the SUPPORT for Patients and Communities Act (SUPPORT Act). The intent of the RHP is to help individuals in recovery from a substance use disorder (SUD) on a path to self-sufficiency by providing stable, temporary recovery housing and services.

Recovery housing is a safe, healthy, family-like, substance-free living environment that supports individuals in recovery from addiction. Recovery housing is an essential part of the SUD treatment and recovery continuum of care. Residents living in recovery housing may receive support through a variety of programs and services that promote long-term recovery, including peer support, peer recovery coaches, connections to ongoing primary and behavioral health services, and connections to mutual aid groups and sober social clubs. By supporting those who want to commit to a recovery lifestyle, these supportive communities reduce opportunities for social isolation and risky behaviors that can often lead to a recurrence of substance use.

## Discussion

The Department of Finance and Administration – Local Government Division (DFA-LGD) is providing authorization to the MFA to administer one hundred percent of New Mexico’s RHP allocation for FY2020, FY2021, and FY2022.



MFA RHP Allocation	FY2020	FY2021	FY2022	Total
Total Award	\$940,000	\$902,621	\$1,013,918	\$2,856,539
Administrative Costs	\$47,000	\$45,131	\$50,696	\$142,827
Amount for Distribution	\$893,000	\$857,490	\$963,222	\$2,713,712

Staff is amending the HUD Action Plan, in conjunction with the publication of this NOFA, to expand program activities to include all eligible activities under the Recovery Housing Program.

The SUPPORT Act requires grantees to distribute RHP funds giving priority to entities with the greatest need and ability to deliver effective assistance in a timely manner. This requirement to prioritize is reflected in the scoring criterion.

Staff will also evaluate the program design and implementation plan, project viability and long-term sustainability, and other required programmatic components. HUD guidance encourages grantees to partner with agencies who can provide holistic, wrap-around services and agencies who are positioned to provide beneficiaries with access to programs that can assist them either before or after receiving RHP services (e.g., Continuum of Care).

Applicants are required to use RHP funding towards projects that complement (but do not replace) federal substance abuse-related assistance.

### Timeline

The RHP NOFA will be published on MFA's website upon Board of Directors approval and approval of the Amended Action Plan by HUD, starting on or about September 13, 2022, and will be open for a 90-day period, closing on or about December 13, 2022. Staff intends to solicit letters of intent prior to publication and conduct additional outreach to potential applicants.

Applications received during the 90-day period will be prioritized according to their ability to meet the Mandatory Priorities required in the SUPPORT Act. Staff anticipates making award recommendations at the January 2023 Board of Directors meeting. If funding is not fully obligated during the first publication of the NOFA, the NOFA will be reopened. Additionally, if no viable applications are received, staff will extend the NOFA period.

### Summary

Staff recommends approval to publish the Recovery Housing Program Notice of Funding Availability for a 90-day period starting on or about September 13, 2022, and upon approval of the Amended Action Plan by HUD.



# Recovery Housing Program (RHP)

*Draft Notice of Funding Availability*



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## OVERVIEW INFORMATION

### INTRODUCTION AND BACKGROUND

The Federal Register Notice No. FR-6225-N-01 and updated Program Notice FR-6265-N-01 as authorized under Section 8071 of the SUPPORT for Patients and Communities Act, entitled Pilot Program to Help Individuals in Recovery from a Substance Use Disorder (SUD) become stably housed, herein referred to as the authorizes assistance to grantees (states) to provide stable, temporary housing to individuals in recovery from a substance use disorder.

The Department of Finance and Administration – Local Government Division (DFA-LGD) is providing authorization to the New Mexico Mortgage Finance Authority (MFA) to serve as administrator of New Mexico’s Recovery Housing Program (RHP) to include development of the RHP action plan and implementation of activities described in the plan.

MFA, as subrecipient of the State of New Mexico's RHP allocations, will guide the use of approximately \$940,000 of the FY2020, \$902,621 of the FY2021, and \$1,013,918 of the FY2022 funding received by the State through the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program for the period of July 1, 2021, through September 1, 2027.

According to a New Mexico Substance Use Disorder Treatment Gap Analysis presented by the New Mexico Department of Health (NMDOH), substance use is a significant public health issue in New Mexico. New Mexico recognizes that treatment is necessary, but accessibility is insufficient for long-term recovery of low- and moderate-income and homeless individuals recovering from SUD, mental health conditions, and criminal justice involvement. Housing stability is fundamental to recovery and a critical factor contributing to positive outcomes. Participants who know they will exit to stable housing are more likely to successfully complete treatment. Many individuals who exit treatment will return to homelessness without long-term, affordable housing, and comprehensive, evidence-based wrap-around case management services. It is reported that of those exiting treatment for a substance use disorder or mental health condition, only 50% of those in need of housing received housing assistance according to the gap analysis. Data also shows that without stable housing, the risk of relapse and inability to maintain abstinence is greatly increased.

### AGENCY CONTACTS

NM DFA-LGD will oversee MFA’s administration of the entire New Mexico RHP allocations for FY2020, FY2021, FY2022 and subsequent allocations. As such, DFA-LGD will provide grant management, monitoring, and ensure environmental review compliance. It will also ensure compliance with residential anti-displacement and relocation assistance plans, following their adoption, and the acquisition and relocation requirements of the Uniform Relocation Act. Oversight will be performed according to the state’s CDBG Implementation Manual adjusted for waivers and alternative requirements for the Pilot Recovery Housing Program.

Point of Contact: Carmen B. Morin, Bureau Chief  
Community Development Bureau  
407 Galisteo, Santa Fe NM 87501  
Cell: (505) 470-8979  
Email: CarmenB.Morin@state.nm.us

MFA will be responsible for administering selected RHP activities in compliance with RHP requirements under the oversight of the DFA.

Theresa Laredo-Garcia will serve as the project manager for New Mexico’s Recovery Housing Program with her primary role to ensure coordinated effort and non-duplication of services. Ms. Laredo-Garcia has 37 years of experience in housing programs. She brings this wealth of knowledge and her outcome-driven project management skills to this project.

Point of Contact: Theresa Laredo-Garcia, Program Development Manager  
 Programs Department  
 NM Mortgage Finance Authority  
 344 4th Street, Albuquerque, NM 87102  
 Office: (505) 767-2244  
 Email: [tgarcia@housingnm.org](mailto:tgarcia@housingnm.org)

## DEFINITIONS

### INDIVIDUAL IN RECOVERY

A person that is in the process of change to improve their health and wellness, live a self-directed life, and strive to reach their full potential.

### SUBSTANCE USE DISORDER

As defined by Substance Abuse and Mental Health Services Administration (SAMHSA), substance use disorder is the recurrent use of alcohol and/or drugs causing clinically significant impairment, including health problems, disability, and failure to meet major responsibilities at work, school, or home.

### RECOVERY RESIDENCE

A recovery residence may be a single-family home or an apartment that provides a safe, healthy, and substance-free living environment for persons recovering from a substance use disorder. Recovery residences generally provide peer support and a connection to services that promote long-term recovery.

## AWARD INFORMATION

### AWARD NOTICE

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

### FUNDING ALLOCATION

The Department of Finance and Administration – Local Government Division (DFA-LGD) is providing authorization to the New Mexico Mortgage Finance Authority (MFA) to administer one hundred percent (100%) of New Mexico's RHP allocation for FY2020, FY2021, and FY2022.

<i>MFA RHP Allocation</i>	<i>FY2020</i>	<i>FY2021</i>	<i>FY2022</i>	<i>Total</i>
<i>Total Award</i>	\$940,000	\$902,621	\$1,013,918	\$2,856,539
<i>Administrative Costs</i>	\$47,000	\$45,131	\$50,696	\$142,827
<i>Amount for Distribution</i>	\$893,000	\$857,490	\$963,222	\$2,713,712

## FUNDING TERMS AND CONDITIONS

All awards will be subject to the availability of funds, applicable law, and funding source regulation. MFA will allocate only the minimum amount of funds that it determines to be necessary for the financial feasibility of a project and its viability.

Awards will be made in the form of grants, which may be for interim and/or permanent financing for eligible activities. The terms and conditions for each award will be based on the financing needs of each project or activity within the funding source regulations and limitations.

The recording of a Land Use Restriction Agreements (LURAs) will be required for all grants that purchase, construct, or rehabilitate real property, for a minimum of 30 years. LURAs will remain in place throughout the required affordability period regardless of the status of any loans or changes in ownership, unless equal or more restrictive restrictions are in place from other funding sources or imposed through permanent affordability mechanisms such as deed restrictions or land trusts.

## METHOD OF DISTRIBUTION

MFA will distribute one hundred percent (100%) of the FY2020, FY2021, and FY2022 awards of recovery housing funds for the purpose of use on eligible activities less eligible administrative costs. MFA will solicit qualitative and quantitative information from applicants to demonstrate a need for the project being proposed for RHP funding. MFA will consider both the projected demand for the proposed temporary recovery housing units and the financial need for assistance.

## ELIGIBILITY INFORMATION

### ELIGIBLE APPLICANTS

MFA will make awards of RHP funding to local governments, public and private non-profit organizations, and Indian tribes who demonstrate the ability to offer recovery housing services. Public and private nonprofit organizations can be located in all geographic areas within the State of New Mexico, including CDBG entitlement areas. Public and private nonprofit organizations must be exempt from taxation under subtitle C of section 501(c), have an accounting system, a voluntary board, actively engaged in recovery housing efforts in New Mexico or previously engaged in recovery housing efforts in New Mexico, and practice nondiscrimination in the provision of assistance. Assistance may be provided to primarily religious organizations that agree to provide all eligible activities in a manner that is free from religious influence.

### ELIGIBLE ACTIVITIES

According to FR-6225-N-01 Section H. - Overview of Grant Process and RHP Action Plan Requirements, eligible activities include the following:

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#### PUBLIC FACILITIES AND IMPROVEMENTS

RHP funds may be used for activities under 24 CFR 570.201(c) or section 105(a)(2) of the HCD Act (42 USC 5305(a)(2)) only for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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#### ACQUISITION OF REAL PROPERTY

RHP funds may be used for acquisition under 24 CFR 570.201(a) or section 105(a)(1) of the HCD Act (42 USC 5305(a)(1)) for the purpose of providing stable, temporary housing to persons in recovery from a substance use disorder. For example, a nonprofit could purchase a residential property for the purpose of providing stable,

temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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#### LEASE, RENT, AND UTILITIES

HUD is waiving and modifying 42 U.S.C. 5305(a)(8), 24 CFR 570.207(b)(4), 24 CFR 570.201(e), and 24 CFR 570.482(c)(2) to the extent necessary to permit RHP funds to be used to make payments for lease, rent, utilities, and associated costs (e.g. fees), for the purpose of providing stable, temporary housing, on behalf of an individual in recovery from a substance use disorder in accordance with Section 8071 and this notice. Under this waiver and alternative requirement, such payments are not limited to 15 percent of the RHP grant, and individual may be assisted for up to 2 years or until the assisted individual find permanent housing, whichever is earlier. These payments may not be made directly to an individual. These payments may not have been previously paid from other sources; and the payments must result in either a new service and/or a quantifiable increase in the level of an existing service above that which has been provided in the twelve (12) calendar months prior to approval of the RHP Action Plan. For example, a subrecipient currently operating a recovery group home may use RHP funds to rent an additional house and increase the number of persons served. In which case, the rent and utility costs of the additional house may be paid with RHP funds; however, the rent and utilities of the original house would not be an eligible cost under the RHP program. In this example, an individual may only stay in the temporary housing assisted by RHP for a period of up to 2 years or until the individual finds permanent housing, whichever is earlier.

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#### REHABILITATION AND RECONSTRUCTION OF SINGLE UNIT RESIDENTIAL

RHP funds may be used for rehabilitation or reconstruction of publicly- or privately-owned single-unit residential buildings and improvements eligible under 24 CFR 570.202(a)(1) or section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)) for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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#### REHABILITATION AND RECONSTRUCTION OF MULTI-UNIT RESIDENTIAL

RHP funds may be used for rehabilitation or reconstruction of publicly- or privately-owned buildings and improvements with two or more permanent residential units that otherwise comply with 24 CFR 570.202(a) and section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)) for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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#### REHABILITATION AND CONSTRUCTION OF PUBLIC HOUSING

RHP funds may be used for rehabilitation or reconstruction of buildings and improvements owned and operated by a public housing authority to the extent eligible under 24 CFR 570.202(a)(2) and section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)), for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice.

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#### DISPOSITION OF REAL PROPERTY

RHP funds may be used for disposition through sale, lease, or donation, or otherwise of real property acquired with RHP funds subject to 24 CFR 570.201(b) and section 105(a)(7) of the HCD Act (42 USC 5305(a)(7)), for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice. Eligible costs may include costs incidental to disposing of the property, such as preparation of legal documents, fees paid for surveys, transfer taxes, and other costs involved in the transfer of ownership of the RHP-assisted property.



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## CLEARANCE AND DEMOLITION

RHP funds may be used for clearance, demolition, and removal of buildings and improvements, including movement of structures to other sites to the extent eligible under 24 CFR 570.201(d) or section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)) for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice. This is limited to projects where RHP funds are used only for the clearance and demolition.

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## RELOCATION

RHP funds may be used for relocation payments and other assistance for permanently or temporarily displaced individuals and families in connection with activities using RHP funds, to the extent eligible under 24 CFR 570.201(i) and section 105(a)(11) of the HCD Act (42 USC 5305(a)(11)).

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## EXPANSION OF EXISTING ELIGIBLE ACTIVITIES TO INCLUDE NEW CONSTRUCTION

RHP funds can be used for new construction of housing, to the extent the newly constructed housing shall be used for the purpose of providing stable, temporary housing for individuals in recovery from a substance use disorder in accordance with Section 8071 and this notice. HUD is waiving 42 USC 5305(a) and 24 CFR 570.207(b)(3) and adopting alternative requirements to the extent necessary to permit new construction of housing, subject to the same requirements that apply to rehabilitation activities under the provisions at section 105(a)(4) of the HCD Act (42 USC 5305(a)(4)) and 24 CFR 570.202(b).

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## LAND USE RESTRICTION AGREEMENT

Agencies awarded RHP funds will be required to place a Land Use Restriction Agreement (LURA) on each project and/or property purchased with RHP funds for a minimum of 30 years. MFA may require an additional term after the compliance period based on the amount of awarded.

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## ENVIRONMENTAL REQUIREMENTS

All projects are subject to an environmental review and must receive appropriate clearance prior to any expenditure of funds, including soft costs and lead based paint costs. MFA is the responsible entity for all projects being performed by non-profit organizations and tribal housing authorities. Local governments and tribal entities (not tribal housing authorities) are their own responsible entity and are required to perform their own environmental reviews which need to be included in all reservation requests. Local governments and tribal entities must submit their Request for Release of Funds to MFA for approval (not to HUD). MFA will issue the Authority to Use Grant Funds.

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## FLOOD INSURANCE

Owners of properties located in floodplains or wetlands as identified by the Federal Emergency Management Agency shall be required to obtain and maintain flood insurance as a condition of receiving funding. At initial intake, agencies must contact MFA for verification that a property is not located in a flood plain.

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## LEAD-BASED PAINT

HUD has revised and consolidated its lead-based paint regulations, which are listed in 24 CFR Part 35 and can be found at <https://www.law.cornell.edu/cfr/text/24/part-35>. The changes enacted by the new regulation affect rehabilitation. Major changes under the new lead-based paint regulation include notification, lead hazard evaluation, lead hazard reduction, ongoing maintenance, and addressing children with Environmental Intervention Blood Lead Levels.



On April 22, 2008, EPA issued a rule requiring the use of lead-safe practices and other actions aimed at preventing lead poisoning. Under the rule, beginning in April 2010, contractors performing renovation, repair, and painting projects that disturb lead-based paint in homes, childcare facilities, and schools built before 1978 must be certified and must follow specific work practices to prevent lead contamination.

All Eligible Agencies must certify and comply with applicable lead-based paint regulations listed in 24 CFR Part 35. Fees for testing and abatement are invoiced to a separate set-aside fund specifically for lead-based paint activities. These fees are not passed to the homeowner.

## OTHER FEDERAL AND STATE REQUIREMENTS

All projects must meet Section 3, Uniform Relocation Guidance, Conflict of Interest Requirements as well as any other federal and state requirements applicable to Recovery Housing.

## APPLICATION, SUBMISSION, AND TIMELY RECEIPT OF INFORMATION

### NOFA AVAILABILITY

The NOFA will be published on or about September 13, 2022, and will be open for a 90-day period, closing on or about December 21, 2022. Applications received during the 90-day period will be prioritized according to their ability to meet the Mandatory Priorities Imposed in the SUPPORT Act.

### APPLICATION FORMAT AND INSTRUCTIONS TO APPLICANTS

All applications must include the items requested in the NOFA Documentation Submission Checklist. The checklist includes, but is not limited to, such items as application, schedules, resumes, audits, narrative, certifications, and disclosures. All other exhibits are outlined within the NOFA Required Documents checklist.

### APPLICATION SUBMISSION

Applications may be submitted any time during the 90-day period but must be received no later than ninetieth day at 5:00 pm, in order to be evaluated for award. All applications submitted by the deadline will be treated as one funding round and evaluated concurrently.

If sufficient funds are not available to fund all projects in a funding round that meet the requirements outlined in this NOFA, the project receiving the highest score will be recommended to the Board for approval, followed by the next highest scoring project, etc. until the remaining funds are no longer sufficient to fulfill the next highest scoring project's requested amount. The required application forms will be provided electronically and may be downloaded from MFA's website at: <https://housingnm.org/resources/rhp-action-plan>.

Applications must be submitted via email to [tgarcia@housingnm.org](mailto:tgarcia@housingnm.org) and include "Recovery Housing Program Application Submission" in the subject line.

### IRREGULARITIES IN APPLICATIONS

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

### RESPONSIBILITY OF APPLICANTS

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

A responsible Applicant means an applicant who submits an application that conforms in all material respects to the requirements of this NOFA and who has furnished, when required, information and data to support that the Applicant's application, as shall be determined by MFA in its sole discretion, and to otherwise prove Applicant's ability to make satisfactory delivery of the services described in this NOFA.

## APPLICATION CONFIDENTIALITY

MFA encourages inquiries and contacts with its Contact Person from potential applicants regarding the NOFA or sound housing project policies and procedures. MFA shall not disclose any information regarding a proposed application provided during such inquiries and contacts to any third party.

After the application deadline and until awards are made and notice given to all applicants, MFA will not disclose the contents of any application or discuss the contents of any application with an applicant or potential applicant, so as to make the contents of any offer available to competing or potential applicants. After awards have been made and notice given to all applicants, all applications shall be available and open to the public for review.

## APPLICATION REVIEW INFORMATION

### EVALUATION OF APPLICANTS AND DOCUMENTATION

MFA staff will evaluate applications using the Mandatory Priorities Imposed by the SUPPORT Act, Threshold Requirements and Ranking Criteria as described in the following sections. MFA will follow its own policies and procedures to obtain the necessary award approvals.

Staff may contact applicants for clarification of information provided. In the event of a tie score, staff will recommend approval based on need as determined by staff. MFA will enter into grant agreements and related agreements with the applicants whose applications are deemed to be most advantageous to the achieving the goals of RHP. All loans, grants and related agreements will include provisions for adequate security against the loss of RHP funds in the event that a successful applicant abandons or otherwise fails to complete a project and further will include remedies and default provisions in the event of the unsatisfactory performance by the successful applicant.

### MANDATORY PRIORITIES IMPOSED BY THE SUPPORT ACT

The SUPPORT Act requires all grantees to distribute RHP funds giving priority to entities with the greatest need and ability to deliver effective assistance in a timely manner. Grantees must use RHP funds in a manner that reflects these priorities.

### EVALUATION CRITERIA

#### PROJECT NEED

The project must substantiate and address a need that is significant to the needs of the community. Entities with the greatest need and entities with the ability to deliver effective assistance in a timely manner will receive high priority.

#### NECESSARY AND REASONABLE EXPENDITURE OF RHP FUNDS

The project must substantiate that RHP funding is necessary to meet the identified need(s); the impact of RHP dollars is maximized and the use of RHP funds is reasonable when compared with other funding sources. The state will determine whether all other feasible public and private funding sources have been analyzed and/or applied to the project. In order to assure that funds are committed, funding commitments from public/private funding sources shall be included in the application. The commitments may be contingent on RHP funding.

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#### PROJECT EFFECTIVENESS

The project must substantiate that project accomplishments would be significant given the need, amount of funds requested, local effort and program design.

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#### PROJECT LEVERAGING

The project should maximize and leverage the federal and non-federal assistance related to substance abuse, homelessness and at-risk of homelessness, unemployment, and other similar services.

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#### PROJECT TIMELINESS

Projects must meet the greatest need and ability to deliver effective assistance in a timely manner.

#### RANKING CRITERIA

Applicants will be scored on the following ranking criteria below. Applicants must score a minimum of 70% of the total points possible to be considered.

<b>11. Scoring Criteria</b>	
<b>Category</b>	<b>Maximum Points</b>
<b>Mandatory Priorities Imposed by the SUPPORT Act</b> Priority will be given to entities with the greatest need and ability to deliver effective assistance in a timely manner <sup>1</sup> . Need may be demonstrated through qualitative and/or quantitative information from applicants which demonstrate a need for the activities proposed for RHP funding. Applicants should describe both the projected demand for the proposed temporary recovery housing solution and the financial need for assistance.	15
<b>Project Design and Implementation Plan</b> The project is evaluated on the project design and implementation plan presented in the application form, including method for determining eligible beneficiaries, service delivery or implementation plan, and the incorporation of any additional funding restrictions. Projects that present a viable design and implementation plan and address any additional funding restrictions that will result in a completed project will receive full points.	15
<b>Project leverage of other resources, long-term viability</b> (reserves, cash flow coverage) The project is evaluated on its financial feasibility and sustainability. Match or leverage funding will be considered under this criterion. Projects that demonstrate a viable plan for covering the cost of the project will receive full points.	15
<b>Project provides safe, healthy, and sober living environment</b> The project will be evaluated on the extent to which it addresses health, safety, and housing stability concerns, and must be a sober living environment where all residents share the goal of sobriety.	10
<b>Design of program that provides holistic, wrap around services</b> Project will be evaluated on the extent to which it will provide intensive coordinated services to help individuals with chronic physical and behavioral health issues directly related to SUDs to maintain	10

<sup>1</sup> 132 STAT. 4096 PUBLIC LAW 115–271—OCT. 24, 2018

stable housing and receive appropriate health and social supports, outpatient and onsite services and counseling within a 50-mile radius.	
<b>Project addresses housing needs of vulnerable or underserved populations</b> The project is evaluated on the extent to which it will address the housing needs of vulnerable or underserved populations, which may include, but is not limited to, residents of tribal land, residents of rural New Mexico, or populations at risk of homelessness, populations directly affected by SUDs.	10
<b>Ability to comply with funding source requirements</b> The project is evaluated on the applicants demonstrated ability to comply with HUD and FHEO requirements, including required reporting, pursuant to the population served through the stated mission of the applicant.	10
<b>Readiness to proceed and obligate and expend funds within a reasonable timeframe to complete the activity/activities.</b> The project is evaluated on its readiness to proceed. Projects that demonstrate the ability and readiness to being implemented immediately upon award will receive full points.	10
<b>Community support for recovery housing</b> The project is evaluated on the extent to which an applicant can demonstrate community input and support for the proposed activity/activities.	10
<b>Coordination with state, local or regional service providers</b> The project is evaluated on the extent to which applicants are coordinating beneficiaries with other available services for individuals directly impacted by SUDs to achieve the stated RHP goals.	10
<b>Partner Coordination</b> The project is evaluated on the extent to which applicants can demonstrate partner coordination, i.e. incorporation of other programs that may be assisting these same individuals either before or after their participation in an RHP-funded program, such as HUD's Continuum of Care (CoC) Program, Emergency Solutions Grants (ESG) program, Housing Opportunities for Persons With AIDS (HOPWA) Program, and also HUD-VASH, a joint program between HUD and the U.S. Department of Veterans Affairs (VA).	10
<b>Demonstrated data collection for outcomes (previous data)</b> The project is evaluated on the extent to which applicants can demonstrate progress in meeting the goals and objectives of the RHP program and awarded activity/activities.	10
<b>Project includes trained recovery housing staff</b> The project is evaluated on the agency's ability to provide trauma informed care, peer support technical assistance center, and other qualifications of recovery housing staff.	10
Total Possible Points	145

## THRESHOLD CRITERIA

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

- i. The application is complete and legible, including all schedules and attachments, and is submitted by the application deadline.
- ii. The application complies with all applicable requirements established in these Guidelines and NOFA.
- iii. The applicant provides sufficient evidence of its ability to undertake and complete the application in the areas of financing, acquiring, rehabilitating, developing, and/or managing an affordable housing project.
- iv. The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.
- i. The project will carry out activities which focus RHP funds towards projects that complement (but do not supplant) federal substance abuse-related assistance (e.g., State Opioid Response (SOR) Grants or Substance Abuse Prevention and Treatment Block Grants (SABG) awarded by the Substance Abuse and Mental Health Services Administration (SAMHSA) of the U.S. Department of Health and Human Services (HHS)).

## OTHER INFORMATION

### INCURRED EXPENSES

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

### PROTEST

Any Applicant who is aggrieved in connection with this NOFA or the notification of preliminary selection to this NOFA may protest to MFA. A protest must be based on an allegation of a failure to adhere to the evaluation process as designated in the NOFA, including MFA's evaluation of applications.

Protests received after the deadline will not be considered. The protest must be delivered to MFA via e-mail within five business days after the preliminary notice of award. Upon the timely filing of a protest, the administrative assistant shall give notice of the protest to all Applicants who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Applicants receiving notice may file responses to the protest within five business days of notice of protest. The protest and responses to the protest shall be reviewed by a committee appointed by the MFA Board Chair. In the discretion of the Board Chair, the committee shall either make a final determination, or shall make a recommendation to the MFA Board of Directors regarding the disposition of the protest.

No appeal of the determination shall be allowed. Applicants or their representatives shall not communicate with Members of MFA's Board of Directors, or any MFA staff member regarding any application under consideration, except when specifically permitted to present testimony to the Delegates. An application will be deemed ineligible if the Applicant or any person or entity acting on behalf of the Applicant attempts to influence members of the MFA Delegates and/or Board of Directors or MFA staff during any portion of the NOFA review process or does not follow the prescribed application and protest process.

### CODE OF CONDUCT

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

### USE OF ELECTRONIC VERSIONS OF THIS NOFA

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

# Tab 5



# MEMO

**TO:** MFA Board of Directors

Through: Finance Committee – July 12, 2022

Through: Policy Committee – June 28, 2022

**FROM:** Yvonne Segovia, Controller

**DATE:** July 20, 2022

**SUBJECT:** National Housing Trust Fund Reallocation of Funds

## Recommendation:

Staff recommends allocating an additional \$225,000 of 2020 National Housing Trust Funds to Administration. Any funds unspent by the end of FY2022 will be the first funds spent in FY2023, well before the expiration date. MFA's Delegations of Authority require Board approval for reallocations that exceed 25%. The reallocation of \$225,000 is more than 100% of the Administration activity.

## Background:

On March 18, 2020 the Board allocated the National Housing Trust Fund (HTF) award received from HUD in the amount of \$3 million. On April 21, 2021 the Board allocated the HTF award received from HUD in the amount of \$3,186,129.

The funds were allocated as follows:

Activity	2020	2021
Program	\$2,925,000	\$3,111,129
Administration	75,000	75,000
<b>Total</b>	<b>\$3,000,000</b>	<b>\$3,186,129</b>
<b>Unallocated</b>	<b>\$225,000</b>	<b>\$3,092,790</b>

## Discussion:

As of 5/31/2022, MFA has allocated \$2,700,000 of the 2020 Program funds and \$18,339 of the 2021 Program funds. In addition, \$75,000 of 2020 Admin funds and \$71,379 of 2021 Admin funds have been fully disbursed. Year-to-date expenses to support the HTF total \$83,088; annualized we are anticipating incurring total expenses to support the program of \$125,000. There remains \$225,000 unallocated in 2020 funds, which remain allocated to Program by MFA; however, HUD has these funds allocated to Administration since the HTF regulations allow for 10% of the \$3 million award, or \$300,000, to be used for Admin purposes. These 2020 funds expire on 7/31/2026 and must be committed by 6/2022. HUD considers these funds committed to Administration to comply with the commitment requirement. Reallocation of \$225,000 from Program to Administration would fulfill HUD's commitment requirement.

**Summary:**

Staff recommends allocating an additional \$225,000 of 2020 National Housing Trust Funds from Program to the Administration activity.





# NEW MEXICO MORTGAGE FINANCE AUTHORITY

## Finance/Operations Committee Meeting

**Tuesday July 12, 2022 at 1:30 p.m.**

Webex - call-in information is 1-844-992-4726 (access code): 2483 035 4429  
or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<b><u>Recommended for Consent Agenda</u></b>		
<b><u>Agenda</u></b>	<b>Discussion only</b>	NO
<b>1</b> FY22 Audit Entrance Conference (Mandy Merchant and Gaby Miller, CLA) - Discussion		
<b>2</b> FY2022 Budget Amendment (Yvonne Segovia)	<b>Approved 3-0</b>	YES
<b>3</b> National Housing Trust Fund Reallocation of Funds (Yvonne Segovia)	<b>Approved 3-0</b>	YES
<b>4</b> Resolution to Purchase Real Estate (Jeff Payne)	<b>Approved 3-0</b>	YES
<b>5</b> Proposed Changes to the HomeNow DPA Program (Laura Fuller & René Acuña)	<b>Approved 3-0</b>	YES
<b><u>Information items</u></b>		NO
<b>6</b> May 2022 Wire Transfers		
<b>7</b> May 2022 Check Register		NO
<b>8</b> External Audit Findings Status Update		NO

**Committee Members present:**

Angel Reyes, Chair

☐ present

☐ absent

☒ conference call

State Treasurer Tim Eichenberg

☐ present

☐ absent

☒ conference call

Lt. Governor Howie Morales or

☐ present

☐ absent

☒ conference call

Proxy Martina C'de Baca

7/12/2022

# Tab 6



# MEMO

**TO:** MFA Board of Directors

Through: Finance Committee – 7/12/2022

Through: Policy Committee – 6/28/2022

**FROM:** Yvonne Segovia

**DATE:** 7/20/2022

**SUBJECT:** FY2022 Budget Amendment

## Recommendation:

Staff recommends approval of the Budget Amendment to allow for increased single family mortgage loan production and unanticipated operational activities.

## Background:

Per the MFA By-laws “moneys of the Authority shall be expended in accordance with the budget.” On 9/15/2021 the Board approved the fiscal year 2022 budget. The budget authorized total revenue of \$29,961,109 and total expenses of \$24,863,649, for a total net excess revenue over expenses budgeted of \$5,097,459, plus capital outlay of \$4,461,474.

## Discussion:

Staff is anticipating a substantial decrease in administrative fees due to change in execution from TBA, which recognizes fees upon settlement, to bond issuance, which recognizes income over the life of the bond. This is offset by an increase in bond administrative fees, program administration, and subservicing fee income.

MFA has continued to experience extraordinary single family mortgage loan production this fiscal year. MFA owns the mortgage servicing rights on the MFA portfolio. As a result of this ownership, the accounting requires us to expense the lender compensation and capitalize the mortgage servicing rights. In addition, the increased production also results in an increase in subservicing fees and lender compensation. Although there is some increased revenue during the current year, the servicing fees primarily generate revenue over the life of the loans, therefore MFA will continue to realize increased long-term earnings. Therefore, single family loan production levels have a direct impact on our operating and capital budget.

We have added 4.75 FTE staff: a Weatherization Program Manager to prepare for support of the additional \$22 million awarded to MFA, a Collections Representative in Servicing to support the growing DPA portfolio, a Research & Development Manager, a Team Lead to support the Homeownership Assistance Fund program, the conversion of two part-time staff to full-time (.75 FTE), as well as the conversion of an hourly loan

processor position to a salaried Team Lead. The salary and benefits related to these staff for a partial year are included in the budget amendment. A revised organization chart is attached.

Other operating items added to the Budget Amendment include the cost for the final contract executed for the Homeownership Assistance Fund software, a contract executed for ADP Learning Management System, and five temporary contract staff to support the ramp up of the Homeowner Assistance Program for six months.

**Summary:**

On 9/15/2021 the Board approved the fiscal year 2022 General Fund budget. Staff anticipates that MFA will not have sufficient expense and capital outlay budget to carry the organization through the end of the fiscal year. Therefore, staff is proposing an amendment increasing the expense budget by \$1,036,354 and the capital budget by \$1,176,138; and decreasing the revenue budget by (\$923,534) for a net total of (\$3,136,026).

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Fiscal Year 2021-2022**  
**Approved 9/15/2021**

**BUDGET AMENDMENT**

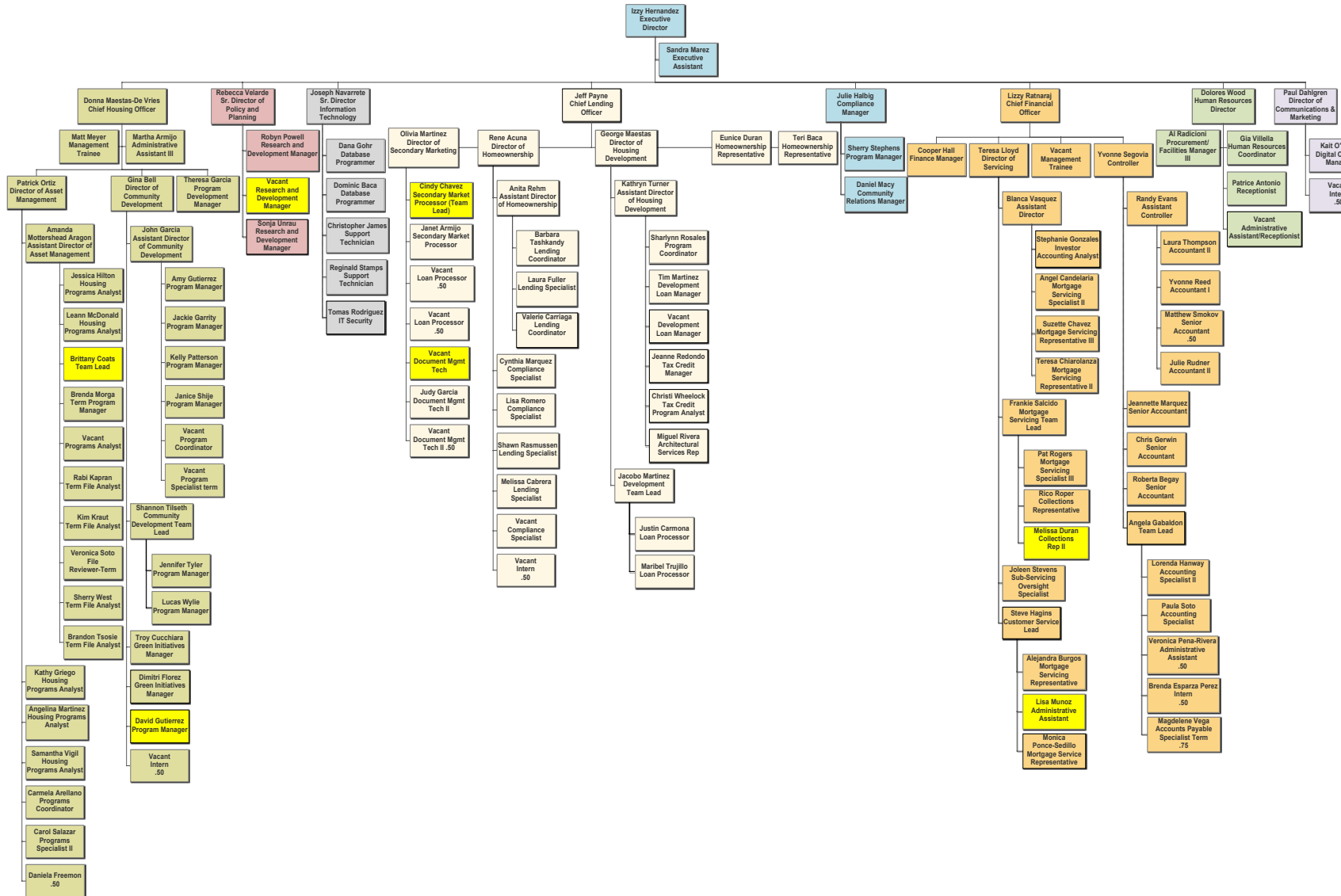
	Proposed Amended Budget FY2022	Total Approved Budget FY2022	Proposed Amendment	% Change
				Variance %: Budget Amendment - Budget
	Budget FY2021-22 Amendment #1	Budget FY2021-22	Variance: Budget Amendment - Budget	
Interest Income	7,444,257	7,444,257	(0)	0%
Interest on Investments & Securities	1,184,614	1,184,614	-	0%
Loan & Commitment Fees	182,537	182,537	-	0%
Administrative Fee Income (Exp)	10,480,358	11,560,542	(1,080,184)	-9%
Risk Sharing/Guaranty/RTC fees	83,207	83,207	-	0%
Housing Program Income	1,332,863	1,332,863	-	0%
Loan Servicing Income	8,329,639	8,172,989	156,650	2%
Other Operating Income	-	-	-	
<b>Operating Revenues</b>	29,037,475	29,961,009	(923,534)	-3%
Gain (Loss) Asset Sale/Debt Ex	-	-	-	
Other Non-operating Income	100	100	-	0%
<b>Non-Operating Revenues</b>	100	100	-	0%
<b>Revenue</b>	29,037,575	29,961,109	(923,534)	-3%
Salaries	7,205,901	7,090,697	115,204	2%
Overtime	30,051	30,181	(130)	0%
Incentives	604,381	595,931	8,450	1%
Payroll taxes, Employee Benefits	3,580,904	3,529,179	51,725	1%
Compensation	11,421,237	11,245,988	175,249	2%
Business Meals Expense	4,870	4,870	-	0%
Public Information	366,875	366,875	0	0%
In-State Travel	131,412	131,412	-	0%
Out-of-State Travel	188,834	188,834	-	0%
Travel & Public Information	691,991	691,991	0	0%
Utilities/Property Taxes	76,311	76,311	-	0%
Insurance, Property & Liability	204,194	204,194	-	0%
Repairs, Maintenance & Leases	1,285,715	1,237,325	48,390	4%
Supplies	38,200	38,200	-	0%
Postage/Express mail	55,000	55,000	-	0%
Telephone	22,701	22,701	-	0%
Janitorial	36,500	36,500	-	0%
Office Expenses	1,715,542	1,667,152	48,390	3%
Dues & Periodicals	58,020	58,020	-	0%
Education & Training	149,859	149,859	-	0%
Contractual Services	1,673,004	1,588,004	85,000	5%
Professional Services-Program	68,400	68,400	-	0%
Direct Servicing Expenses	5,769,601	5,041,886	727,715	14%
Program Expense-Other	63,019	63,019	0	0%
Rebate Analysis Fees	-	-	-	
Other Operating Expense	7,781,903	6,969,188	812,715	12%
Interest Expense	417,824	417,824	-	0%
Non-Cash Expenses	3,382,254	3,382,254	-	0%
Expensed Assets	119,850	119,850	-	0%
<b>Operating Expenses</b>	25,530,602	24,494,247	1,036,354	4%
Program Training & Tech Asst	164,900	164,900	-	0%
Program Development	204,502	204,502	(0)	0%
Capacity Building Costs	369,402	369,402	-	0%
<b>Non-Operating Expenses</b>	369,402	369,402	(0)	0%
<b>Expenses</b>	25,900,004	24,863,649	1,036,354	4%
<b>Excess Revenue over Expenses</b>	3,137,571	5,097,459	(1,959,888)	-38%

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Fiscal Year 2021-2022**  
**Approved 9/15/2021**

**BUDGET AMENDMENT**

	Proposed Amended Budget FY2022	Total Approved Budget FY2022	Proposed Amendment	% Change
				Variance %: Budget Amendment - Budget
	Budget FY2021-22 Amendment #1	Budget FY2021-22	Variance: Budget Amendment - Budget	
<b>2690 PURCHASED SERVICING RIGHTS</b>	5,369,388	4,193,250	1,176,138	28%
<b>2950 COMPUTER HARDWARE</b>	184,324	184,324	-	0%
<b>2960 SOFTWARE LICENSES</b>	-	-	-	
<b>2920 FURNITURE &amp; EQUIPMENT-10 YR</b>	83,900	83,900	-	0%
<b>2930 FURNITURE &amp; EQUIP, 5 YR.</b>	-	-	-	
<b>2860 BUILDING</b>	-	-	-	
<b>Capital Budget</b>	5,637,612	4,461,474	1,176,138	26%

Proposed Organization Chart  
7/20/22  
120.75 FTE



# Tab 7





# MEMO

TO: MFA Board of Directors

Through: Finance Committee (July 12, 2022)

Through: Policy Committee (June 28, 2022)

FROM: Isidoro Hernandez, Executive Director/CEO  
 Donna Maestas-DeVries, Chief Housing Officer  
 Jeff Payne, Chief Lending Officer  
 Lizzy Ratnaraj, Chief Lending Officer

DATE: July 20, 2022

SUBJECT: Approval of Resolution to Sell and Acquire Real Property

## Recommendation

The Executive Director/CEO of the New Mexico Mortgage Finance Authority requests approval of the attached Board Resolution authorizing the sale of MFA's existing office building located at 344 Fourth Street SW, Albuquerque, NM and to purchase a yet to be determined office building to better suit MFA's changing needs. The Executive Director/CEO requests Board approval to increase the capital budget by the purchase price amount and will request Board approval at a future time to approve a purchase agreement for the acquisition of an office building and to procure the professional services to sell the MFA building if a decision is made to relocate.

## Background

MFA purchased its first office building on Second Street in 1979. MFA's current building was built in 1941 for the YWCA. MFA moved into the current office building in 1985. It was renovated to accommodate a staff of 26. At that time, MFA's activities were limited to our single family program and limited multifamily bond issues. In 1997, state housing programs were transferred to MFA, and we became the state's housing authority. At that time, the building underwent a massive renovation that added more than 13,000 square feet, and by 2015 housed a staff of 65. The staff has grown significantly over the years and currently stands at 118 full-time employees. Upgrades and modifications to the building were made in recent years to meet the changing and increasing needs of the organization and our mission. Workspaces have been expanded and common areas improved. Most recently, improvements were made to secure the entrance, add office space for the Human Resources department, expand and modernize the break room, remodel the basement, and improve the atrium. Offices and cubicles have received frequent adjustments to accommodate increases in staff.

## Discussion

Prior to the COVID-19 pandemic, MFA implemented a telecommuting policy allowing some staff to work from home periodically. As the pandemic forced in-person work to cease, MFA was able to quickly move to remote work for all staff with a few exceptions. As time passed and the impact of COVID 19 began to moderate, a hybrid model has been implemented requiring many employees to work from the office for a few days a week, depending on the nature of their duties.

MFA was able to grow during the pandemic without a significant impact on workspaces due to many staff members working from home on a given day. As staff returns to more in-person work, parking has become an acute problem as parking is limited in the downtown area. MFA pays for additional parking spaces from the nearby churches, but it is inadequate on days when staff are in the office for various meetings, or when holding MFA Board or Legislative Oversight Committee meetings, as examples.

MFA has 58 parking spaces on site, has access to another six at the church adjacent to the north, and pays for 20 spaces owned by the church across the street to the south, about a block away near the mortuary. These additional spaces are at the discretion of the churches and MFA has no guarantee that we can continue to use them. If they determined that they needed the spaces, they could decide to limit or discontinue our access. Use of a parking garage a block to the north was lost soon after Bernalillo County moved into their location. We currently have access to a total of 84 spaces of which four are for disabled individuals.

We currently have 99 workstations consisting of 77 cubicles, five small telecommuting “pods” and 17 offices. The building has six conference rooms that range in capacity from 4 to 14 people. In addition, the Board room capacity is 75. Our peak day each week under our current schedule for staff to be in the building is 58 employees. Of course, there are many times when meetings for multiple departments or with outside guests are scheduled that become problematic for parking.

### Reasons for a Move:

- Increasing Concerns about Security
- Parking
  - Parking area is no longer adequate, and we must use spaces at the adjoining church and another parking lot a block away.
  - We are not able to make the parking lot secure. We researched the city regulations to determine if a fence and gate could be installed to provide security, but it is not allowed.
  - Parking off site is a perceived and actual risk when walking to and from the building
  - Inadequate parking limits meetings with external guests
  -
- Space and Adaptability to MFA’s needs
  - Lack of efficiency in floor plan as number of employees grow
  - Current building does not have a room with the capacity for all staff to come together

- The age of the original section of the building makes upgrades and renovations more difficult
  - Existing building layout limits the ability to reconfigure
  - MFA has been renting other venues when we need to meet in person. This has cut down on the number of meetings we plan.
  - If hybrid telecommuting changes to an in-person workforce, MFA would not be able to house all employees
  - MFA may need to expand in the future, and now appears to be an advantageous time in the market to do so
- Employee Recruiting and Retention

### **Benefits of Alternative Locations**

Selling MFA's existing building and moving to a new location is a matter that Policy Committee does not take lightly and has been given much thought and consideration. Real estate professionals have been consulted to understand the process and determine possible solutions including obtaining a broker's opinion of value of our existing building and touring several buildings that are currently on the market. The major positive benefits of a move and financial considerations could be summarized as follows:

- Improved security and safety for staff and visitors
- Newer and more efficient facilities that can be configured to meet current and future needs
- Significantly improved parking and control of those spaces
- Reduced vagrancy issues
- Ability to configure rooms large enough to accommodate staff meetings and activities
- Ability to grow if needed in the future with new programs and funding sources
- Financing options to explore
  - Issue general obligation bonds
  - Pay out of our reserves
  - Borrow from Federal Home Loan Bank
  - Obtain a traditional mortgage from a bank
  - Possibility to offset purchase price with lease income or a lease buyout

### **Summary**

The Executive Director/CEO of the New Mexico Mortgage Finance Authority requests approval of the attached Board Resolution authorizing the sale of MFA's existing office building located at 344 Fourth Street SW, Albuquerque, NM, and approval to purchase an office building at a yet to be determined location. The Executive Director/CEO also requests approval to increase the capital budget by the purchase price amount and will request Board approval at a future time to approve a purchase agreement for the acquisition of an office building and to procure the professional services to sell the MFA building.

## NEW MEXICO MORTGAGE FINANCE AUTHORITY A

## RESOLUTION

AUTHORIZING THE SALE, AND ACQUISITION OF REAL PROPERTY; AUTHORIZING THE BORROWING OF MONEY AND GRANT OF COLLATERAL; AUTHORIZING THE USE OF GENERAL FUNDS; AUTHORIZING THE PROCURMENT OF SERVICES AND TANGIBLE PERSONAL PROPERTY; AUTHORIZING A LIMITED EXCEPTION TO THE DELEGATIONS OF AUTHORITY OF THE AUTHORITY; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS

July 20, 2022

**WHEREAS**, the Legislature of the State of New Mexico (the “State”), at its 1975 regular session, adopted Chapter 303, Laws of New Mexico, 1975, known and cited as the Mortgage Finance Authority Act, NMSA 1978 §§ 58-18-1 through 58-18-27 (the “Act”);

**WHEREAS**, there was created by the Act, a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality known and identified as the “New Mexico Mortgage Finance Authority” (the “Authority”), said Authority being created and established to serve a public purpose and to act for the public benefit by improving the health, safety, welfare and prosperity of the State and the general public;

**WHEREAS**, the purposes of the Authority are to provide decent, safe and sanitary residential housing to persons of low or moderate income;

**WHEREAS**, the Authority is authorized by the Act (i) to acquire, hold, improve, mortgage, lease and dispose of real and personal property for it public purposes, (ii) to borrow money and to issue bonds and notes that may be negotiable and to provide for the rights of the holders thereof, (iii) to maintain an office at such place in the state as it may determine, (iv) to employ architects, engineers, attorneys (other than and in addition to the attorney general of the state), accountants, housing, construction and financial experts and such other advisors, consultants and agents as may be necessary in its judgment and to fix and pay their compensation, and (v) other powers enumerated under the Act;

**WHEREAS**, the Authority has determined that it requires a property better able to accommodate its current and future operations and desires therefore to identify and acquire real property from which to operate its business for the public purposes authorized under the Act;

**WHEREAS**, the Authority has determined that it desires to sell the property located at 344 Fourth Street SW, Albuquerque, New Mexico 87102 (its “Offices”);

**WHEREAS**, the Authority has determined that it will fund the acquisition of the real property with the best execution among the following (i) the issuance of general obligation bonds, (ii) general reserve fund, (iii) Federal Home Loan Bank loan, (iv) traditional commercial mortgage loan, or (v) a combination of one or more of the preceding with income from tenant leases or lease buyouts;

**WHEREAS**, the Authority wishes to authorize a task force committee, which shall be appointed by the Chair of the Authority in accordance with Article VI, Section 6.3 of the Bylaws and which shall include the Chair, Treasurer, State Treasurer and Executive Director/Chief Executive Officer, except as limited herein, to (i) sell its Offices, (ii) identify real property for the Authority to acquire, (iii) negotiate the terms of a purchase, and/or sale agreement(s), (iv) procure Services and Tangible Personal Property (as such terms are defined in the Authority's Policies and Procedures), (v) incur debt to acquire, renovate, and furnish the real property, (vi) use general funds, and (vii) execute those documents necessary to consummate the sale and acquisition of said real and tangible personal property; and

**WHEREAS**, the Authority recognizes the inherent complexity in commercial real estate transactions and wishes to authorize a limited exception to Line 10 of the Authority's Delegations of Authority to allow the Property Committee acting through the Executive Director/Chief Executive Officer to enter into contracts for Professional Services, as needed, related to the transactions contemplated hereunder, without prior Board approval, provided, that the Board is provided notice of any Professional Services contracts entered into by the Property Committee acting through the Executive Director/Chief Executive Officer on behalf of the Authority under this limited exception.

**NOW, THEREFORE, BE IT RESOLVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY, AS FOLLOWS:**

Section 1. The Chair of the Authority hereby appoints a task force committee, in accordance with Article VI, Section 6.3 of the Bylaws, whose members shall include the Chair, Treasurer, State Treasurer and Executive Director/Chief Executive Officer (the "Property Committee").

Section 2. The Property Committee is authorized to conduct a search for real property to acquire that will satisfy the Authority's current and reasonably foreseeable future needs for space from which to conduct its operations, and to list and sell its Offices.

Section 3. The Property Committee is authorized to negotiate the terms of letters of intent and/or purchase and/or sale agreements to sell or acquire real property, provided that: (i) any binding letter of intent, and any purchase or sale agreement must be contingent upon the approval of the Board, (ii) the debt incurred by the Authority must be approved by the Board, (iii) the Authority shall secure competent real estate appraisers to value the property that is proposed to be acquired, (iv) the Authority shall secure a survey, environmental reviews and a title commitment of and for the property proposed to be acquired, (v) the Authority shall secure any and all site approvals (including without limitation zoning approvals), as may be required by the locality, and any other local, state, or federal governmental agency or authority, (vi) the Authority shall conduct all other reasonable and customary due diligence, (vii) the Authority shall retain any and all professionals required to proceed with the proposed acquisition or leasing, (viii) the Authority shall retain any and all professionals required to proceed with the sale of the Authority's Offices, (ix) the Authority shall retain any and all professionals required to renovate the acquired property including consultants, architects, engineers, surveyors and construction managers, all in accordance with the Authority's Policies and Procedures, except as modified herein.

Section 4. An exception to Line 10 of the Authority's Delegations of Authority is hereby granted for the limited purposes contemplated under this resolution to allow the Property Committee acting through the Executive Director/ Chief Executive Officer to enter into contracts for Professional Services without prior Board approval, provided that the Property Committee acting through the Executive Director/Chief Executive Officer shall provide notice to the Board of all Professional Services contracts, related to the transactions contemplated hereunder, which the Property Committee acting through the Executive Director/Chief Executive Officer enters into on behalf of the Authority.

Section 5. The Property Committee is authorized to otherwise proceed with all necessary and reasonable preliminary steps to better determine the advisability of selling, acquiring, or leasing real

property and, if appropriate and advisable, proceeding to closing as set forth in a purchase, or sale agreement and, thereafter, to do and perform such acts as are reasonably necessary to consummate the transaction(s) contemplated by the purchase, or sale agreement.

Section 6. The Property Committee acting through the Executive Director/Chief Executive Officer is authorized (i) to borrow money in a principal amount that shall be approved by the Board of Directors of the Authority, (ii) to execute notes at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed, (iii) to mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to lender property now or hereafter belonging to the Authority as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed, (iv) to execute and deliver to a lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which a lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given, and (v) to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as the Property Committee may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this resolution.

Section 7. The Property Committee acting through the Executive Director/Chief Executive Officer is authorized to enter into, execute and deliver Services contracts, purchase, and sale documents related to the sale or acquisition of real and/or tangible personal property, property for and on behalf of the Authority, in such form as shall be satisfactory to the Authority.

Section 8. No member or employee of the Authority shall have any interest, direct or indirect, in the transactions contemplated by the Authority and authorized by this resolution.

Section 9. This resolution shall become effective immediately upon its adoption.

ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE  
AUTHORITY THIS     DAY OF     , 2022.

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Angel Reyes, Chair

## CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of the New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution duly and regularly adopted by the vote of the majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA bylaws in effect on April 15, 2002; that there is no provision in the articles of the MFA bylaws conflicting with said resolution; and that said resolution has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this            day of , 2022.

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Isidoro Hernandez, Secretary

(SEAL)

# Tab 8





# MEMO

TO: MFA Board of Directors

Through: Policy Committee

Through: Finance Committee

FROM: Laura Fuller, Lending Specialist and Rene Acuna, Director of Homeownership

DATE: July 20, 2022

SUBJECT: Proposed Changes to the HomeNow DPA Program

## Recommendation

1. Staff recommends restructuring the HomeNow program from the current limit (8% of sales price up to \$8,000) to provide a \$7,000 down payment assistance loan to eligible borrower(s).
2. When combined with additional funds managed by MFA (such as HomeNow, etc.), DPA funding not to exceed \$35,000 per loan.
  - a. This limit would allow for additional assistance above \$35,000 per transaction if funding is obtained outside of MFA such as local municipalities or housing authorities.
3. This proposed change would require MFA to inject no more than \$7,000 into the program from General Fund.
  - a. While these funds would initially come from General Fund, we expect that they would be reimbursed from program income derived from repayments received from CMF in 2018.

## Background

The HomeNow program presently provides down payment assistance as a second mortgage loan that is available to first-time homebuyers whose income is at or below 80 percent of Area Median Income (AMI). With rising housing costs and interest rates, it is becoming increasingly difficult for those borrowers in the lower income levels to realize the dream of homeownership.

MFA received two separate grants from the Department of Treasury's Capital Magnet Fund. Grant funds were used to develop and capitalize the HomeNow program. Program funds are exclusively available to borrower(s) whose household income is at or below 80 percent of AMI. Furthermore, the program restructure assures funds are allocated in a manner that assures MFA fulfills the requirements outlined in the Assistance Agreement with the Department of Treasury.

MFA successfully implemented the HomeNow program with Capital Magnet Funds awarded in 2018 and currently 2020. MFA received a Capital Magnet Fund Award in the sum \$2,500,000.00 in 2020. To date we have committed \$651,665.00 of those funds and allotted \$125,000.00 toward administrative fees as allowed in the agreement. We must disperse the funds across 333 units as required in our Assistance Agreement. To date we have funded 86 of the 333 loans. We have \$1,723,335.00 remaining to disperse across 247 units. The total that we could disperse to each loan successfully, using only CMF funds, is \$6,977.00. Our current average loan amount disbursed is \$7,577.50 (86 units). We are requesting additional funds from MFA to offer borrowers \$7,000.00 per loan through the HomeNow program. This proposed change would require MFA to inject no more than \$7,000 into the program from General Fund. While these funds would initially come from General Fund, we expect that they would be reimbursed from program income derived from repayments received from CMF in 2018.

#### Current Program

Presently the HomeNow DPA Program loan amounts are limited to the lesser of 8% of the purchase price or \$8,000. The second mortgage loan is non-amortizing bearing a zero percent interest rate. The loan is fully forgiven if the borrower fulfills the requirements outlined in the security agreement after 10 years.

## **Discussion**

#### Proposed Program

If approved, the program changes would provide a fixed \$7,000 loan to each eligible borrower. The loan will remain as a non-amortizing zero percent loan, that will be fully forgiven after 10 years if the borrower does not sell, refinance, or transfer ownership. Borrowers would be allowed to combine this program with other internal DPA programs.

Allowing borrowers to use the HomeNow funds in conjunction with the FirstDown DPA funds or any other assistance creates opportunities for the borrower(s) to access more funds for down payment assistance and closing costs. We would also allow the borrower(s) to use the HomeNow funds to bid over the asking price, thus allowing borrower(s) to compete in the current market environment.

FirstDown will remain in second lien position, while HomeNow will be in third position. The combination of both programs will provide borrower(s) whose income is below 80% of Area Median Income (AMI) the necessary assistance needed to purchase a home in the current rising cost and interest environment. For example, the current AMI for borrower(s) utilizing the existing program, is approximately \$32,842.89 for Calendar Year 2021. For the Fiscal Year, the Average Income is \$34,295.06. These cost burdened borrowers would greatly benefit from additional assistance.

Home values in the Albuquerque MSA have risen 18.9 percent in the past year. According to the Greater Albuquerque Association of Realtors (GAAR) the median sales price of a home as of April, is \$335,000. First mortgage interest rates are presently in the five percent range. The combination of rising costs and interest rates is forcing low- and moderate-income buyers out of the marketplace.

A possible scenario is shown in the example below:

- Assuming a purchase price of \$190,000 on an FHA loan.
  - 3.5 percent down \$6,650
  - 0.5 percent origination fee \$950
  - 2.5 percent for closing costs \$4,750
- *Total cash need to close \$12,350*
- HomeNow DPA \$7,000 - \$0 monthly payment
- FirstDown DPA \$8,000 - \$65 monthly payment at current mortgage rates.
- Total DPA and closing cost maximum assistance equals \$15,000 or roughly 8 percent of the purchase price.
- The borrower total monthly payment for the \$15,000 is a modest \$65.00.
- The combined HomeNow and FirstDown loans can provide more than the minimum down payment and closing costs associated with the transaction.

The proposed \$35,000 DPA maximum would also provide staff the flexibility to combine our DPA assistance with external funding sources and develop programs that fit our diverse state's needs. For example, staff is exploring the option of allowing a borrower to take advantage of both the FirstDown and HomeNow DPA programs. This has the potential to provide borrowers with incomes at or below 80% Area Median Income (AMI) with up to \$35,000 in DPA from MFA using both programs. Some examples:

Purchase Price	FirstDown 6% DPA	HomeNow	ARPA FRF Grant	Total Assistance	
<b>Above 80% AMI</b>					
\$ 440,480	\$ 26,429			\$ 26,429	Los Alamos

The example above reflects a borrower whose income is above 80 percent AMI. This borrower is solely eligible for the FirstDown program.

Purchase Price	FirstDown 6% DPA	HomeNow	ARPA FRF Grant	Total Assistance	
<b>Below 80% AMI</b>					
\$ 271,000	\$3,000	\$ 7,000	\$ 25,000	\$ 35,000	Taos
\$ 295,000		\$ 7,000	\$ 25,000	\$ 32,000	Santa Fe

In both examples the borrower's income is below 80 percent AMI and are eligible for all down payment assistance programs. In the first example the borrower took advantage of all the DPA programs up to MFA's \$35,000 internal limit. This loan structure provides the

borrower with \$35,000 in down payment assistance for \$30 per month(based on current rates).

In the second example, borrowers only took advantage of the HomeNow and ARPA programs. This structure provides \$32,000 in DPA without a monthly payment obligation.

*It's important to note that HomeNow funds would be used first, then FirstDown DPA funds or other assistance adjusted to meet the required assistance amount. All DPA assistance would be in subordinate lien positions.*

Staff confirmed with Capital Magnet that subordinate lien positions beyond second would not be problematic or outside of our agreement with them.

## Summary

In Summary staff recommends approval of the policy changes for the HomeNow program including:

1. Provide a flat \$7,000 down payment assistance loan to eligible borrowers. Furthermore, eligible borrower(s).
2. When combined with additional funds managed by MFA (such as HomeNow, etc.), DPA funding not to exceed \$35,000 per loan.
  - a. This limit would allow for additional assistance above \$35,000 per transaction if funding is obtained outside of MFA such as local municipalities or housing authorities
3. This change would require MFA to inject no more than \$7,000 into the program from General Fund.
  - a. While these funds would initially come from General Fund, we expect that they would be reimbursed from program income derived from repayments received from CMF in 2018.

## ~~HOMENewHomeNow~~ Down Payment Assistance Program Policy

~~July 22, XX/XX, June 21, 2022~~ June 1, 2021

### Program Description:

The ~~HOMENewHomeNow~~ Down Payment and Closing Cost Assistance Program (the “~~HOMENewHomeNow~~ DPA Program”) is designed to assist low-income first-time homebuyers in purchasing a home. The program promotes statewide partnerships among MFA Participating Lenders and non-profit/public housing agencies and will help in offering increased access to homeownership for borrowers in communities that typically have limited access to affordable financing options.

### Eligible Mortgage Lenders:

Mortgage Lenders must be approved by MFA (“Participating Lender”) to originate ~~HOMENewHomeNow~~ DPA Program loans. MFA maintains a list of Participating Lenders on the MFA website ([www.housingnm.org](http://www.housingnm.org)).

### Eligible ~~HOMENewHomeNow~~ DPA Program Loans:

~~HOMENewHomeNow~~ DPA Program loans may only be used to finance the minimum down payment and eligible closing costs. Eligible closing costs may include but are not restricted to “reasonable and customary” lender fees (underwriting, document preparation, processing, etc.), mortgage insurance premiums, pre-paid interest, property taxes, homeowners/flood insurance, title insurance policies/premiums, appraisals and home inspections. The ~~HOMENewHomeNow~~ Program loan must be made in conjunction with MFA’s *FIRSTHome*, federally insured (*FHA*, *VA*, and *USDA Rural Development Guarantee*) or privately insured (*FNMA’s HFA Preferred*™) first mortgage programs.

### Availability of Funds:

~~HOMENewHomeNow~~ DPA Program funds are limited and may be reserved on a first come, first served basis in conjunction with a *FIRSTHome* Program loan through an MFA approved participating lender. —A portion of these funds will be set aside for use in rural communities and economically distressed census tracts. Reservations of funds are made through MFA’s online reservation system, which can be accessed on MFA’s website ([www.housingnm.org/lenders\\_realtors/online-reservations](http://www.housingnm.org/lenders_realtors/online-reservations)). Program funds are exclusively available to borrower(s) whose household income is at or below 80 percent of AMI.

### Eligible Borrowers:

The Annual Household Income must not exceed the applicable maximum limit as detailed in the ~~HOMENewHomeNow~~ Income Limits (Exhibit A). The ~~HOMENewHomeNow~~ Income Limits are limited to eighty percent (80%) AMI in all areas of the state, adjusted for family size.

- The ~~HOMENewHomeNow~~ DPA Program requires the borrower to be a first-time homebuyer.
- The ~~HOMENewHomeNow~~ DPA Program is not eligible for any income limit waivers associated with other MFA programs as allowed in Target Area Census tracts, for example.

~~• Borrower contribution of at least \$500, which must be the borrowers' own funds and cannot be derived from any type of gift, grant or down payment assistance.~~

- Minimum credit score of 620.
- Homebuyers must occupy the property within 60 days of closing.

### Property Eligibility:

All areas of the state, including Federally Designated Tribal Land, are eligible for the program.

- Properties must be owner-occupied, Single family residences.
- Property types eligible for financing under the ~~HOMENowHomeNow~~ DPA Program include Single family detached properties, townhomes, condominiums, and homes in Planned Unit Developments and manufactured homes on permanent foundations.
- Properties financed with the ~~HOMENowHomeNow~~ DPA Program must not exceed the **lesser** of the purchase price limits set forth in Exhibit A or the acquisition cost limits set forth in Exhibit A of the FIRSTHome Program Policy .

### Interest Rate and Terms:

~~HOMENowHomeNow~~ DPA Program loans are zero percent (0%) interest rate, non-amortizing 10-year maturity loans due on sale, refinance, or transfer of the property. The principal loan balance is forgiven in the eleventh year from the date of the note. If the property is sold within the 10-year affordability period, the new borrower may qualify to receive a loan under the same program and terms. ~~HOMENowHomeNow~~ DPA Program loans do not carry a prepayment penalty.

### Fees:

Participating Lenders may charge the borrower an origination fee of one hundred dollars (\$100.00) in conjunction with ~~HOMENowHomeNow~~ DPA Program loan. Other allowable fees that may be charged in conjunction with this loan program include the recording fees, mortgagee title insurance policy premiums and settlement/closing fees.

MFA, as administrator, may charge additional fees to release the mortgage at time of payoff. No other fees may be charged in conjunction with the ~~HOMENowHomeNow~~ DPA Program loan.

### Maximum Loan Amount:

~~HOMENowHomeNow~~ DPA Program loan amount will be \$7,000 for each eligible household.s are limited to the lesser of 8% of the purchase price or \$8,000. When combined with additional funds managed by MFA (such as FirstDown, etc.), DPA funding is not to exceed \$35,000 per loan.

### Pre-Purchase Housing Counseling:

Homebuyer counseling is required for all first-time homebuyers (“FTHB”) including co-borrowers. FTHB must complete a homebuyer counseling course through eHomeAmerica or another HUD approved housing counseling agency. (Certificates from Mortgage Insurance Companies are not acceptable).

Homebuyer counseling is not required for Co-signers.

#### **Affordability Period:**

~~HOMENow~~HomeNow DPA Program loans require a minimum affordability period of 10 years. Homebuyers must agree to reside in the property for the duration of the period of affordability, or until there is a sale or other transfer of ownership of the property. Should the homebuyer cease to reside in the home as a principal residence (by vacating, selling, or renting the unit) during the period of affordability, then the full amount of the ~~HOMENow~~HomeNow DPA Program loan will be due and payable immediately. MFA, at its discretion, will take legal action to enforce the residency requirement.

<http://www.housingnm.org/>

#### **Loan Closing:**

The Mortgage Loan must close in the Lender’s name on MFA’s ~~HOMENow~~HomeNow DPA Program Note and Mortgage. The Lender must use MFA’s MERS #1013401 to assign the mortgage to MFA via MERS.

The Note must be endorsed to New Mexico Mortgage Finance Authority it’s successors and or assigns.

- The Lender must ensure that the ~~HOMENow~~HomeNow DPA Program loan meets all applicable program guidelines and has been Compliance Approved by MFA prior to the loan closing.

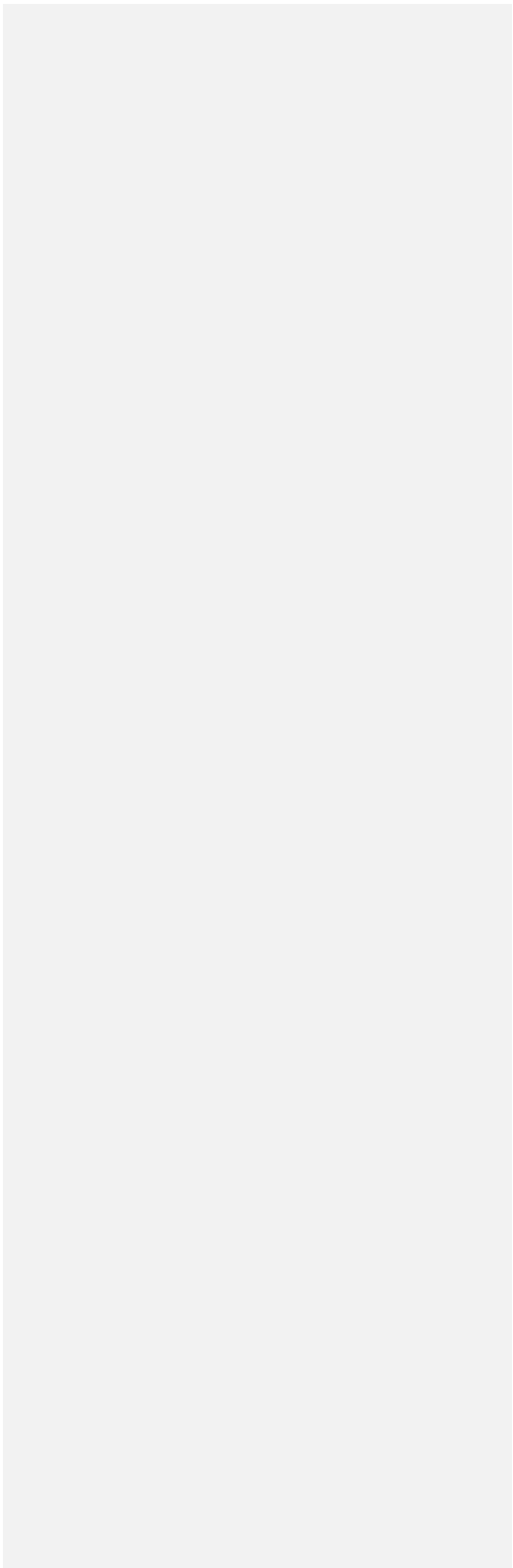
The ~~HOMENow~~HomeNow DPA Program loan must be closed according to the terms specified in the Compliance Approval/Purchase Commitment (“Commitment”) and the Closed Loan File delivered to the Contract Service Provider prior to the Final Mortgage Loan Purchase Date as specified on the Commitment. The Closed Loan Checklist outlines the documents that must be submitted by the Lender. Failure by the Lender to submit the required documentation prior to the purchase expiration date may result in MFA’s determination that the loan is not eligible for the program or MFA will charge a fee to the Lender for an extension or the loan may be purchased from the Lender on a worst case, Mark-to-Market basis. In these cases, MFA will not be obligated to authorize the Contract Service Provider to purchase the loan.

#### **Funding:**

~~HOMENow~~HomeNow DPA Program loans must be delivered to and purchased by the Contract Service Provider via Lender Connection prior ~~-to-~~ the ~~-Final Mortgage -Loan Purchase -Date -as -specified -on~~ the Commitment. The Closed Loan Checklist outlines the documents that must be submitted by the Lender. In addition, if at the time the Closed Loan File is reviewed, and the ~~HOMENow~~HomeNow DPA Program Loan is found to be ineligible MFA will not be obligated to authorize the purchase of the loan.

#### **Servicing:**

MFA will service all ~~HOMENow~~HomeNow DPA Program loans.



|



## EXHIBIT A

~~HOMENowHomeNow~~ DPA Program Income Limits (80% AMI)Effective ~~XX/XX, June 1, 2022~~

~~HOMENowHomeNow~~ DPA Program income eligibility is based on either HUD's HOME published income and purchase price program guidelines or MFA's Amended New Mexico Annual Action Plan limits. The ~~HOMENowHomeNow~~ DPA Program is reserved for families falling in the 80 percent or less area median income (AMI) for the respective county as published annually for the HOME program. HUD publishes the HOME income guidelines annually between May and June. The limits below reflect 202~~2~~<sub>1</sub> figures.

County	Number of People in the Household							
	1	2	3	4	5	6	7	8
Bernalillo County	\$ <u>42,337,800</u>	\$ <u>43,2008,350</u>	\$ <u>48,60054,400</u>	\$ <u>54,00060,400</u>	\$ <u>58,35065,250</u>	\$ <u>62,65070,100</u>	\$ <u>67,00074,900</u>	\$ <u>71,3009,750</u>
Catron County	\$ <u>30,60034,200</u>	\$ <u>35,0009,050</u>	\$ <u>39,35043,950</u>	\$ <u>43,7008,800</u>	\$ <u>47,20052,750</u>	\$ <u>50,7006,650</u>	\$ <u>54,20060,550</u>	\$ <u>57,70064,450</u>
Chaves County	\$ <u>34,20030,600</u>	\$ <u>35,0009,050</u>	\$ <u>39,35043,950</u>	\$ <u>43,7008,800</u>	\$ <u>47,20052,750</u>	\$ <u>50,7006,650</u>	\$ <u>54,20060,550</u>	\$ <u>57,70064,450</u>
Cibola County	\$ <u>30,60034,200</u>	\$ <u>35,0009,050</u>	\$ <u>39,35043,950</u>	\$ <u>43,7008,800</u>	\$ <u>47,20052,750</u>	\$ <u>50,7006,650</u>	\$ <u>54,20060,550</u>	\$ <u>57,70064,450</u>
Colfax County	\$ <u>30,60034,200</u>	\$ <u>35,0009,050</u>	\$ <u>39,35043,950</u>	\$ <u>43,7008,800</u>	\$ <u>47,20052,750</u>	\$ <u>50,7006,650</u>	\$ <u>54,20060,550</u>	\$ <u>57,70064,450</u>
Curry County	\$ <u>30,60034,200</u>	\$ <u>35,0009,050</u>	\$ <u>39,35043,950</u>	\$ <u>43,7008,800</u>	\$ <u>47,20052,750</u>	\$ <u>50,7006,650</u>	\$ <u>54,20060,550</u>	\$ <u>57,70064,450</u>
De Baca County	\$ <u>32,25036,050</u>	\$ <u>36,850,41,200</u>	\$ <u>41,4506,350</u>	\$ <u>46,05051,500</u>	\$ <u>49,75055,650</u>	\$ <u>53,45059,750</u>	\$ <u>57,15063,900</u>	\$ <u>60,80068,000</u>
Dona Ana County	\$ <u>30,60034,200</u>	\$ <u>35,0009,050</u>	\$ <u>39,35043,950</u>	\$ <u>43,7008,800</u>	\$ <u>47,20052,750</u>	\$ <u>50,70056,650</u>	\$ <u>54,20060,550</u>	\$ <u>57,70064,450</u>
Eddy County	\$ <u>40,85045,650</u>	\$ <u>46,65052,200</u>	\$ <u>52,50058,700</u>	\$ <u>58,30065,200</u>	\$ <u>63,00070,450</u>	\$ <u>67,65075,650</u>	\$ <u>72,30080,850</u>	\$ <u>77,000,86,100</u>
Grant County	\$ <u>30,90034,550</u>	\$ <u>35,30039,450</u>	\$ <u>39,70044,400</u>	\$ <u>44,10049,300</u>	\$ <u>47,650,53,250</u>	\$ <u>51,20057,200</u>	\$ <u>54,70061,150</u>	\$ <u>58,25065,100</u>
Guadalupe County	\$ <u>30,60034,200</u>	\$ <u>35,0009,050</u>	\$ <u>39,35043,950</u>	\$ <u>43,7008,800</u>	\$ <u>47,20052,750</u>	\$ <u>50,7006,650</u>	\$ <u>54,20060,550</u>	\$ <u>57,70064,450</u>
Harding County	\$ <u>30,60034,200</u>	\$ <u>35,0009,050</u>	\$ <u>39,35043,950</u>	\$ <u>43,7008,800</u>	\$ <u>47,20052,750</u>	\$ <u>50,7006,650</u>	\$ <u>54,20060,550</u>	\$ <u>57,70064,450</u>

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Hidalgo County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,0009</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,7008</u> <u>,800</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,70064</u> <u>,450</u>
Lea County	\$ <u>34,550</u> <u>38,600</u>	\$ <u>39,45044</u> <u>,100</u>	\$ <u>44,4009</u> <u>,600</u>	\$ <u>49,30055</u> <u>,100</u>	\$ <u>53,29,55</u> <u>0</u>	\$ <u>57,20063,9</u> <u>50</u>	\$ <u>61,15068,35</u> <u>0</u>	\$ <u>65,10072</u> <u>,750</u>
Lincoln County	\$ <u>33,45037</u> <u>,150</u>	\$ <u>38,20042</u> <u>,450</u>	\$ <u>43,00047</u> <u>,750</u>	\$ <u>47,75053</u> <u>,050</u>	\$ <u>51,67,30</u> <u>0</u>	\$ <u>55,40061,5</u> <u>50</u>	\$ <u>59,250</u> <u>65,800</u>	\$ <u>7063,050</u>
Los Alamos County	\$ <u>55,95062</u> <u>,600</u>	\$ <u>63,95071</u> <u>,550</u>	\$ <u>71,95080</u> <u>,500</u>	\$ <u>79,90089</u> <u>,400</u>	\$ <u>86,30096</u> <u>,600</u>	\$ <u>92,700103</u> <u>,750</u>	\$ <u>99,100110,9</u> <u>00</u>	\$ <u>105,5001</u> <u>8,050</u>
Luna County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,0009</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,7008</u> <u>,800</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,70064</u> <u>,450</u>
McKinley County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,0009</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,7008</u> <u>,800</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,700</u> <u>64,450</u>
Mora County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,0009</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,7008</u> <u>,800</u>	\$ <u>47,200</u> <u>52,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,70064</u> <u>,450</u>
Otero County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,0009</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,7008</u> <u>,800</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,70064</u> <u>,450</u>
Quay County	\$ <u>30,600</u> <u>34,200</u>	\$ <u>35,0009</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,7008</u> <u>,800</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,70064</u> <u>,450</u>
Rio Arriba County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,0009</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,7008</u> <u>,800</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,700</u> <u>64,450</u>
Roosevelt County	\$ <u>31,05034</u> <u>,650</u>	\$ <u>35,45039</u> <u>,600</u>	\$ <u>39,90044</u> <u>,550</u>	\$ <u>44,30049</u> <u>,500</u>	\$ <u>47,85053</u> <u>,500</u>	\$ <u>51,4007,45</u> <u>0</u>	\$ <u>54,95061,40</u> <u>0</u>	\$ <u>58,50065</u> <u>,350</u>
San Juan County	\$ <u>33,50035</u> <u>,750</u>	\$ <u>38,25040</u> <u>,850</u>	\$ <u>43,0505</u> <u>,950</u>	\$ <u>47,800</u> <u>51,050</u>	\$ <u>51,65055</u> <u>,150</u>	\$ <u>55,45059,2</u> <u>50</u>	\$ <u>59,30063,35</u> <u>0</u>	\$ <u>63,10067</u> <u>,400</u>
San Miguel County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,00039</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,7008</u> <u>,800</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,700</u> <u>64,450</u>
Sandoval County	\$ <u>37,80042</u> <u>,300</u>	\$ <u>43,2008</u> <u>,350</u>	\$ <u>48,60054</u> <u>,400</u>	\$ <u>54,00060</u> <u>,400</u>	\$ <u>58,35065</u> <u>,250</u>	\$ <u>62,650</u> <u>70,100</u>	\$ <u>67,00074,90</u> <u>0</u>	\$ <u>71,30079</u> <u>,750</u>
Santa Fe County	\$ <u>40,90045</u> <u>,150</u>	\$ <u>46,75051</u> <u>,600</u>	\$ <u>52,60058</u> <u>,050</u>	\$ <u>58,40064</u> <u>,500</u>	\$ <u>63,1009</u> <u>,700</u>	\$ <u>67,750</u> <u>74,850</u>	\$ <u>72,45080,000</u>	\$ <u>77,100</u> <u>85,150</u>
Sierra County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,00039</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>48,83,70</u> <u>0</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>60,550</u> <u>54,200</u>	\$ <u>57,70064</u> <u>,450</u>
Socorro County	\$ <u>30,60034</u> <u>,200</u>	\$ <u>35,00039</u> <u>,050</u>	\$ <u>39,35043</u> <u>,950</u>	\$ <u>43,78,80</u> <u>0</u>	\$ <u>47,20052</u> <u>,750</u>	\$ <u>50,7006,65</u> <u>0</u>	\$ <u>54,20060,55</u> <u>0</u>	\$ <u>57,70064</u> <u>,450</u>

Taos County	\$ <u>30,600</u> <u>34</u> <u>,200</u>	\$ <u>35,000</u> <u>39</u> <u>,050</u>	\$ <u>39,350</u> <u>43</u> <u>,950</u>	\$ <u>43,78</u> <u>,80</u> <u>0</u>	\$ <u>47,200</u> <u>52</u> <u>,750</u>	\$ <u>50,700</u> <u>6,65</u> <u>0</u>	\$ <u>54,200</u> <u>60,55</u> <u>0</u>	\$ <u>57,700</u> <u>64</u> <u>,450</u>
Torrance County	\$ <u>37,800</u> <u>42</u> <u>,300</u>	\$ <u>43,200</u> <u>48</u> <u>,350</u>	\$ <u>48,600</u> <u>54</u> <u>,400</u>	\$ <u>54,000</u> <u>60</u> <u>,400</u>	\$ <u>58,350</u> <u>65</u> <u>,250</u>	\$ <u>62,650</u> <u>70,100</u>	\$ <u>67,000</u> <u>74,90</u> <u>0</u>	\$ <u>71,300</u> <u>79</u> <u>,750</u>
Union County	\$ <u>31,000</u> <u>34</u> <u>,650</u>	\$ <u>35,400</u> <u>39</u> <u>,600</u>	\$ <u>39,850</u> <u>44</u> <u>,550</u>	\$ <u>44,250</u> <u>49</u> <u>,450</u>	\$ <u>47,800</u> <u>53</u> <u>,450</u>	\$ <u>51,350</u> <u>57,400</u>	\$ <u>54,900</u> <u>61,35</u> <u>0</u>	\$ <u>58,450</u> <u>65</u> <u>,300</u>
Valencia County	\$ <u>42,300</u> <u>37</u> <u>,800</u>	\$ <u>43,200</u> <u>48</u> <u>,350</u>	\$ <u>48,600</u> <u>54,400</u>	\$ <u>54,000</u> <u>60</u> <u>,400</u>	\$ <u>58,350</u> <u>65</u> <u>,250</u>	\$ <u>62,650</u> <u>70,1</u> <u>00</u>	\$ <u>67,000</u> <u>74,900</u>	\$ <u>71,300</u> <u>79</u> <u>,750</u>

\* In cases where the household exceeds eight persons, please contact MFA, for income figure

### **HOMENewHomeNow DPA Program Purchase Price Limits**

Effective ~~June 1, 2021~~ June 21, 2022

County	Existing Home	New Home
Bernalillo County	\$ <del>200,000</del> <u>225,000</u>	\$245 <u>23</u> ,000
Catron County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Chaves County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Cibola County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Colfax County	\$231 <u>23</u> ,000	\$251 <u>43</u> ,000
Curry County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
De Baca County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Dona Ana County	\$198 <u>76</u> ,000	\$251 <u>43</u> ,000
Eddy County	\$221,000	\$267 <u>50</u> ,000
Grant County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Guadalupe County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Harding County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Hidalgo County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Lea County	\$196 <u>87</u> ,000	\$251 <u>43</u> ,000
Lincoln County	\$271 <u>14</u> ,000	\$271 <u>43</u> ,000
Los Alamos County	\$366 <u>23</u> ,000	\$366 <u>23</u> ,000
Luna County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
McKinley County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Mora County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Otero County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Quay County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Rio Arriba County	\$197 <u>70</u> ,000	\$251 <u>43</u> ,000
Roosevelt County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
San Juan County	\$195 <u>81</u> ,000	\$251 <u>43</u> ,000
San Miguel County	\$193 <u>70</u> ,000	\$251 <u>43</u> ,000
Sandoval County	\$233 <u>00</u> ,000	\$254 <u>43</u> ,000

Santa Fe County	\$ <del>347</del> <u>295</u> ,000	\$ <del>347</del> <u>295</u> ,000
Sierra County	\$ <del>193</del> <u>70</u> ,000	\$ <del>251</del> <u>43</u> ,000
Socorro County	\$ <del>193</del> <u>70</u> ,000	\$ <del>251</del> <u>43</u> ,000
Taos County	\$ <del>298</del> <u>71</u> ,000	\$ <del>298</del> <u>71</u> ,000
Torrance County	\$ <del>223</del> <u>196</u> ,000	\$ <del>252</del> <u>43</u> ,000
Union County	\$ <del>193</del> <u>70</u> ,000	\$ <del>251</del> <u>43</u> ,000
Valencia County	\$ <del>223</del> <u>196</u> ,000	\$ <del>252</del> <u>43</u> ,000



**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**Contracted Services/Credit Committee Meeting**  
**Tuesday, July 12, 2022 @ 10:00 am**  
**MFA – Albuquerque**

WebEx join the meeting from the calendar or call 1-844-992-4726 (access code): 2496 234 4466

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<b><u>Consent Agenda Recommendation</u></b>	10:00 – 10:15	<b>Approved 3-0</b>	YES
<b>1</b> Recovery Housing Program (RHP) Amended Action Plan Approval (Theresa Laredo-Garcia, Matthew Meyer and Robyn Powell)			
<b>2</b> Recovery Housing Program (RHP) Notice of Fund Availability (NOFA) Approval (Theresa Laredo-Garcia, Matthew Meyer and Robyn Powell)	10:15 – 10:30	<b>Approved 3-0</b>	YES
<b><u>Agenda</u></b>	10:30-10:45	<b>Approved 3-0</b>	YES
<b>3</b> Amendment Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Emergency Repair Program (Troy Cucchiara)			
<b>4</b> Service Provider and funding allocation approval for Weatherization Assistance Program Coronavirus State and Local Fiscal Recovery Fund – (WAP FRF) (Troy Cucchiara)	10:45 – 11:00	<b>Approved 3-0</b>	YES
<b>5</b> Casa de Encantada NMHTF Loan Increase Modification (Jacobo Martinez/George Maestas)	11:00 – 11:15	<b>Approved 3-0</b>	YES
<b>6</b> Questions/comments from Committee	11:15-11:30		NO

**Committee Members present:**

Rebecca Wurzbarger, Chair	<input type="checkbox"/> present	<input type="checkbox"/> absent	✓ conference call
Attorney General Hector Balderas or Sally Malavé	<input type="checkbox"/> present	<input type="checkbox"/> absent	✓ conference call
Patricia Sullivan	<input type="checkbox"/> present	<input type="checkbox"/> absent	✓ conference call

7/12/2022

# Tab 9



# MEMO

**TO:** MFA Board of Directors

Contracted Services Committee on July 12, 2022

NMHTF Advisory Committee on July 11, 2022

Policy Committee on July 5, 2022

**FROM:** Troy Cucchiara, Green Initiatives Manager

**DATE:** July 20, 2022

**SUBJECT:** Amendment to Coronavirus State and Local Fiscal Recovery Fund (SLFRF) Allocation for Weatherization Activities

## Recommendation:

MFA staff recommend that the Board of Directors approve amending the SLFRF allocation for “emergency assistance to make homes ‘weatherization ready’ for participation in the New Mexico Energy\$mart Program” to “emergency repairs and weatherization” which we will refer to as WAP-FRF.

## Background:

On March 16, 2022, the Board of Directors approved allocating \$3.75M of the \$15M in SLFRF allocated to MFA during the December 2021 Special Legislative Session to make to make homes “weatherization ready” for participation in the NM Energy\$mart Program.

The initial intention of this appropriation was to address the urgent and unavoidable repair needs of homes in poor condition. Those homes would then be eligible for participation in the NM Energy\$mart Program.

## Discussion

MFA staff seek to expand the allocation language of the funding to allow for the emergency repair component to include activities eligible under the NM Energy\$mart Program. This expansion of uses would allow MFA and its service providers to address the beneficiaries’ housing condition issues more efficiently.

If the amendment were approved, service providers would be able to address both the emergency repair needs along with the full weatherization package at once. Separating these two activities would result in costly inefficiencies for contractors and also cause beneficiaries to enroll in two program waitlists.

## Summary:

MFA staff recommend that the Board of Directors approve amending the December 2021 Special Session SLFRF allocation language from making homes “weatherization ready” to “emergency repairs and weatherization” which we will refer to as WAP-FRF.



# MEMO

**TO:** Board of Directors

**Through:** Policy Committee on March 1, 2022  
 New Mexico Housing Trust Fund Advisory Committee on  
 March 2, 2022  
 Contracted Services Committee on March 8, 2022

**FROM:** Rebecca Velarde, Senior Director of Policy and Planning

**DATE:** March 16, 2022

**SUBJECT:** Proposed Uses of \$15 million Awarded During the Special Legislative  
 Session

## **Recommendation**

MFA staff recommend the MFA Board of Directors allocate \$15 million awarded during the Special Legislative Session as follows: 1) \$10.75 million for the development of energy efficient affordable rental housing; 2) \$3.75 million for emergency assistance to make homes “weatherization ready” for participation in the New Mexico EnergySmart Program; and 3) \$500,000 for housing programs based on emerging needs expressed by partners. MFA staff recommend the Board provide flexibility for MFA staff to move funding between these categories based on need and timing to ensure compliance with contractual deadlines.

## **Background:**

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by President Joseph R. Biden, Jr. This legislation provided additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals and businesses. ARPA included \$350 billion in Coronavirus State and Local Fiscal Recovery Funds (FRF) for eligible state, local, territorial and tribal governments to respond to the COVID-19 emergency and bring back jobs. The State of New Mexico, separate from tribal, county and local governments, received \$1,751,542,835.

Governor Michelle L. Lujan Grisham called the New Mexico State Legislature into a Special Session starting on December 6, 2021, to finalize and approve new legislative district maps and to appropriate outstanding ARPA funds to address the urgent needs of New Mexicans in communities large and small.

On December 21, 2021, the Governor signed into law House Bill 2 that included the following appropriation:



“Fifteen million dollars (\$15,000,000) to the department of finance and administration for disbursement to the New Mexico mortgage finance authority for expenditure for energy-efficient affordable housing pursuant to the New Mexico Housing Trust Fund Act; provided that the funding shall not be used to match federal funds but may be used to match private or local funds.”

MFA staff has made the assumption that the awarded funds are FRF, but there is a possibility that these awarded funds could be general funds. The State of New Mexico Department of Finance and Administration is currently researching the source of funds. MFA is planning on adhering to the most restrictive requirements but will be able to adjust as needed.

On January 19, 2022, MFA’s Board of Directors voted to accept the funds awarded at the Special Legislative Session.

The Treasury Department issued its Final Rule for ARPA FRF on January 6, 2022, and the Final Rule’s effective date is April 1, 2022. However, MFA can choose to take advantage of the Final Rule’s flexibilities now. According to the Final Rule, MFA must obligate its funds by December 31, 2024 and expend them by December 31, 2026. A draft contract from the State has an expenditure deadline for these funds of June 30, 2025.

#### **Discussion:**

##### ***ARPA FRF Final Rule Analysis***

The purpose of ARPA FRF is to ensure that governments have the resources needed to:

- Fight the pandemic and support families and businesses struggling with its public health and economic impacts;
- Maintain vital public services, even amid declines in revenue; and
- Build a strong, resilient and equitable recovery by making investments that support long-term growth and opportunity.

Affordable housing generally falls under “support[ing] families and businesses struggling with its public health and economic impacts.”

The Final Rule defines households and communities that are presumed to be “impacted” versus “disproportionately impacted” by the pandemic and states certain activities are eligible for each population. Impacted classes experienced the general, broad-based impacts of the pandemic, while disproportionately impacted classes faced meaningfully more severe impacts, often due to preexisting disparities.

The households or communities presumed to be impacted include:

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

The households or communities presumed to be disproportionately impacted include:

- Low-income households or communities (defined as: 1) income at or below 185% of the Federal Poverty Guidelines for the household size; or 2) income at or below 40% of area median income)<sup>2</sup>
- Households residing in Qualified Census Tracts (QCTs)
- Households that qualify for certain federal benefits<sup>3</sup>
- Households receiving services provided by Tribal governments
- Households residing in the U.S. territories or receiving services from these governments

The following housing-related items were specifically enumerated as eligible in the Final Rule by beneficiary type:

Enumerated Use	Class	Final Rule Page No.
Remediation of lead paint or other hazards	DI	80, 126-127
Housing vouchers	DI	80, 128, 420
Assistance relocating to neighborhoods with higher levels of economic opportunity	DI	80, 128, 420
Housing stability services (e.g. – housing counseling, case management related to stability, legal aid, court-based eviction prevention)	I	82-83, 419
Emergency housing assistance (e.g. - rent, mortgage and utility assistance, delinquent property tax assistance, rapid rehousing)	I	83, 418
Transitional Shelters	DI <sup>4</sup>	83
Development of high-quality affordable housing (production, rehabilitation, repair and preservation of affordable rental housing and, in some cases, affordable homeownership units as well as operating expenses and capitalized operating reserves)	I	103, 105-109, 419

<sup>1</sup> MFA can measure income for a specific household or the median income for the community, depending on whether the response we plan to provide serves specific households or the general community.

<sup>2</sup> MFA can measure income for a specific household or the median income for the community, depending on whether the response we plan to provide serves specific households or the general community.

<sup>3</sup> A list can be found on page 19 on the [Overview of the Final Rule](#).

<sup>4</sup> Assumption by MFA staff; not explicitly stated in the Final Rule. More research is needed.....

Supportive housing and other services for individuals experiencing homelessness (development operating subsidies and wraparound services)	I	103, 105, 107-108, 419
Homeownership assistance (down payment assistance, mortgage reserve account for missed payments, or homeownership assistance eligible under CDBG)	I <sup>5</sup>	107
Vacant or abandoned properties (rehabilitation, renovation, maintenance, costs to secure, acquisition, removal and remediation of environmental contaminants, demolition when paired with greening or lot improvement, greening or cleanup, conversion to affordable housing, inspection fees and other administrative costs) <sup>6</sup>	DI	133-137, 420
Support for prevention, mitigation or other services in congregate living facilities (adaptations, ventilation improvements, mitigation and prevention practices) <sup>7</sup>	DI <sup>8</sup>	56, 60-61, 190, 200, 417
Emergency assistance for home repairs and weatherization	I	80, 84-85, 418

The Final Rule provides flexibility for other uses beyond the enumerated uses and presumed eligible populations. The following table illustrates the steps needed to be taken by MFA to determine if a separate use is eligible under ARPA FRF:

1. Identify COVID-19 public health or economic impact	2. Design a response that addresses or responds to the impact
<ul style="list-style-type: none"> <li>• Can identify impact to a specific household, business or nonprofit or to a class of households, businesses, or nonprofits (i.e., group)</li> <li>• Can also identify disproportionate impacts, or more severe impacts, to a specific beneficiary or to a class</li> </ul>	<ul style="list-style-type: none"> <li>• Types of responses can include a program, service or capital expenditure</li> <li>• Response should be related and reasonably proportional to harm</li> <li>• Response should also be reasonably designed to benefit impacted individual or class</li> </ul>

Any activity chosen by MFA may be subject to specific caveats as described in the Final Rule. For example, if FRF funding is used as a short-term loan that matures or is forgiven on or before December 31, 2026, then MFA may use FRF to fund the loan principal. However, if it is a longer-term loan, then MFA can only use FRF for the projected cost of the loan.

### State Statute Analysis

In addition to the FRF Final Rule, it is necessary to examine applicable state statutes. House Bill 2 from the Special Session in December 2021 appropriated the funding through the New Mexico

<sup>5</sup> Assumption by MFA staff; not explicitly stated in the Final Rule. More research is needed.

<sup>6</sup> Treasury encourages recipients to undertake these activities as part of a strategy for neighborhood revitalization and to consider how the cleared property will be used to benefit the disproportionately impacted community. Treasury also encourages recipients to be aware of potential impacts of demolition on vacant or abandoned properties. Demolition activities that exacerbate the pandemic's impact on housing insecurity or lack of affordable housing are not eligible uses of funds.

<sup>7</sup> Construction of new congregate facilities would generally not be a proportional response to mitigate or prevent COVID-19.

<sup>8</sup> Assumption by MFA staff; not explicitly stated in the Final Rule. More research is needed.

Housing Trust Fund (NMHTF), and MFA will need to ensure compliance with the NMHTF Rules and Statute. As this is one of MFA's most flexible funding sources, this requirement likely will not be difficult to meet. The NMHTF Rules allow MFA to "retain up to five percent (5%) of the funds disbursed from the Fund annually for its actual expenses in administering the Fund."

House Bill 2 also requires the funding to be spent on "energy-efficient affordable housing." This language was added to the bill following an inquiry by Representative Nathan Small, who was one of the bill's sponsors, into MFA's energy efficiency requirements. In responding to this inquiry, MFA sent the Housing Development Department's most recent Design Standards and pointed out all energy efficiency requirements. In order to meet the intent of this language, MFA must ensure all units that MFA funds with these funds are energy efficient.

### ***Analysis of Proposed Uses***

MFA staff have analyzed an array of potential uses and have proposed the following allocations<sup>9</sup>:

Proposed Use	FRF Eligible? (Enumerated Use)	Class	Eligible Per State Statute ?	Proposed Allocation	Caveats, Concerns or Other Notes
Emergency Assistance to Make Homes "Weatherization Ready"	Yes (Emergency assistance for home repairs)	I	Yes	\$3,750,000	
Affordable Rental Development	Yes (Affordable housing development)	I	Yes	\$10,750,000	Funding would be used to provide additional funding for 2020 LIHTC projects affected by construction cost increases and could be used to finance rental housing for individuals experiencing homelessness or at risk of homelessness (where it could be paired with HOME-ARP).
Housing Programs Based on Emerging Needs Expressed by Partners	Yes (TBD)	TBD	Yes	\$500,000	MFA would create a process so new, innovative programs could be proposed by MFA and its partners to meet affordable housing needs of the State. MFA would ensure

<sup>9</sup> Please note the NMHTF Rules allow MFA to take 5% funds disbursed from the Fund annually for administrative expenses; the admin percentage from each of these categories may vary:.....

					all proposals meet applicable federal and state requirements.
<b>TOTAL</b>				<b>\$15,000,000</b>	

MFA staff recommend the Board provide flexibility for MFA staff to move funding between these categories based on need and timing to ensure compliance with contractual deadlines. Additionally, MFA may take advantage of any additional or new flexibilities in the requirements provided by the State of New Mexico or the federal government, but MFA staff will always maintain the intent of the uses described above.

**Summary:**

MFA staff recommend the MFA Board of Directors allocate \$15 million awarded during the Special Legislative Session as follows: 1) \$10.75 million for the development of energy efficient affordable rental housing; 2) \$3.75 million for emergency assistance to make homes “weatherization ready” for participation in the New Mexico Energy\$mart Program; and 3) \$500,000 for housing programs based on emerging needs expressed by partners. MFA staff recommend the Board provide flexibility for MFA staff to move funding between these categories based on need and timing to ensure compliance with contractual deadlines. Additionally, MFA may take advantage of any additional or new flexibilities in the requirements provided by the State of New Mexico or the federal government, but MFA staff will always maintain the intent of the uses described above. If these allocations are approved by the Board of Directors, MFA staff will come back separately for approval of specific contract amounts for these funds.

# Tab 10



# MEMO

**TO:** MFA Board of Directors

**Through:** Policy Committee – July 5, 2022  
**Through:** New Mexico Housing Trust Fund – July 11, 2022  
**Through:** Contract Services Committee – July 12, 2022

**FROM:** Troy Cucchiara, Green Initiatives Manager

**DATE:** July 20, 2022

**SUBJECT:** Service Provider and Funding Allocation approval for  
 Coronavirus State and Local Fiscal Recovery Funds  
 (WAP-FRF) Emergency Repair and Weatherization Program

## Recommendation:

Staff requests approval to fund four service providers to provide services using the WAP-FRF Emergency Repair and Weatherization funding in the amount of \$3.75M.

## Background:

The NM EnergySmart Program is funded by U.S. Department of Energy (DOE), Low Income Housing Energy Assistance Program (LIHEAP), New Mexico Gas Company, Public Service Company of NM (PNM), and State Funding. The program's purpose is to help low-income households reduce their energy consumption, reduce their energy costs, and improve their health and safety by implementing a variety of measures in their homes. MFA administers the program through community-based nonprofit organizations statewide.

MFA has three existing service providers that have successfully implemented the weatherization assistance program over the last several years. The current plan is to expand the program to include one more service provider to serve the Navajo Nation territory

- June 2018, MFA issued an RFP that resulted in two service providers being awarded funding through June 2023 upon successful renewals.
- In July 2019, MFA issued an RFP for a multifamily service provider that resulted in one new service provider being awarded funding through program year 2023/2024 upon successful renewals.
- MFA will issue an RFP for program years 2023-2028 in the fall of 2022. Within that RFP we will be soliciting for a fourth service provider to provide services in the Navajo Nation territory.

The WAP-FRF funding will be allocated according to a formula that determines funding for each county, tribal entity, and corresponding service provider. For each area, the formula uses the following categories per county: climate, total number of households, number of households at or below the 200% U.S. poverty level, number of households with children, elderly, and disabled

people.

The chart below shows the amounts that will be awarded to each service provider. If service providers are not demonstrating within a reasonable time frame that the funds are being used in their territory, MFA will re-allocate the funds to service providers that are showing timely production.

Agency	Budget	Approximate Units
Southwestern Regional Housing Corporation and CDC- Southern NM	\$738,540.77	20
Central NM Housing Corporation - Northern NM	\$1,858,512.55	50
International Center for Appropriate & Sustainable Technologies (ICAST) -Multifamily	\$750,000.00	20
New Provider (TBD)- Navajo Nation Territory	\$402,946.68	10
<b>Total</b>	<b>\$3,750,000.00</b>	<b>100</b>

**Summary:**

Staff is requesting approval to award \$3.75M of Service Provider and Funding Allocation for Coronavirus State and Local Fiscal Recovery Funds (WAP-FRF) Emergency Repair and Weatherization Program funding to four service providers statewide. Three of the four service providers are existing with an RFP being released in the fall of 2022 to solicit one more in the Navajo Nation territory.



# Tab 11

**FIRST MODIFICATION  
2021 NMHTF Loan Request  
Casa de Encantada**

<b>HOME Loan</b>	<b>As approved</b>	<b>This Request</b>
<b>Borrower</b>	Casa de Encantada Apartments (LLLP)	Unchanged
<b>Loan Amount</b>	<b>NMHTF: \$2,000,000</b>	<b>NMHTF: \$3,500,000</b>
<b>Term</b>	24-month Const. term/30-year Permanent term	Unchanged
<b>Amortization</b>	30-year amortization	Unchanged
<b>Fee</b>	None	Unchanged
<b>Affordability Period</b>	Households earning 60% AMI or less, equaling 152 units in the project, for which a Land Use Restriction Agreement (LURA) is to be filed in Sandoval County. The NMHTF affordability period is 30 years; 20 as required by Affordable Housing Act Rules and 10 for MFA's extended affordability period (i.e., in concurrence with the loan term) and starts on the date the Certificate of Occupancy is issued.	Unchanged
<b>Interest Rate</b>	1%	Unchanged
<b>Repayment &amp; Disbursement</b>	<p><u>Payments:</u> Interest only monthly during the construction period not to exceed 24 months; 360 equal principal &amp; interest payments during the permanent loan period. All outstanding principal and interest due at the earlier of maturity, refinance or sale of the project.</p> <p><u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p>	Unchanged

**FIRST MODIFICATION**  
**2021 NMHTF Loan Request**  
**Casa de Encantada**

Acquisition	\$974,000	\$1,291,606
Construction	\$20,944,837	\$23,207,266
Professional	\$957,500	\$997,500
Financing Costs	\$3,083,134	\$3,248,848
Syndication	\$90,000	\$75,000
Soft Costs	\$222,721	\$229,013
Reserves	\$743,484	\$769,199
<u>Developer Fee</u>	<u>\$3,690,676</u>	<u>\$3,704,995</u>
<b>Total Development Costs:</b>	<b>\$ 30,690,676</b>	<b>\$ 33,523,427</b>
Sterling Bank	\$23,000,000	\$23,000,000
MFA NMHTF loan	\$2,000,000	\$3,500,000
Deferred Developer Fee	\$3,123,388	\$3,704,995
Operating Reserves	\$652,919	\$688,799
Sterling Bridge Loan		\$526,960
GP Equity	\$100	\$100
<u>LIHTC Equity</u>	<u>\$1,914,269</u>	<u>\$2,102,573</u>
<b>Total Construction Sources:</b>	<b>\$30,690,676</b>	<b>\$33,523,427</b>
Sandoval County	\$11,150,000	\$13,000,000
MFA NMHTF loan	\$2,000,000	\$3,500,000
Deferred Developer Fee	\$2,817,979	\$3,637,175
Operating Reserves	\$250,000	
Sterling Bridge Loan	\$1,710,902	
Operating Conversion		\$230,005
GP Equity		\$100
<u>LIHTC Equity</u>	<u>\$12,761,795</u>	<u>\$13,156,147</u>
<b>Total Permanent Sources:</b>	<b>\$30,690,676</b>	<b>\$33,523,427</b>
<b>Collateral</b>	3rd position mortgage on the subject 152-unit apartment complex located in Rio Rancho, Sandoval County, NM	Unchanged

# FIRST MODIFICATION

## 2021 NMHTF Loan Request

### Casa de Encantada

#### **Summary**

The Casa de Encantada project is requesting a \$1.5 million increase to their existing \$2 million NMHTF loan award.

#### **Background**

##### **2021 LIHTC AWARD**

The Casa de Encantada project is the recipient of a 2021 4% LIHTC award, and, along with the LIHTC, MFA's Board of Directors also awarded the project a \$2,000,000 New Mexico Housing Trust Fund (NMHTF) construction/permanent loan.

Casa de Encantada Apartments is a proposed new construction senior oriented project located south of US Highway 550 at Safelite Blvd. NE in Rio Rancho New Mexico. The project is financed with 4% low-income housing tax credits (LIHTC) and Multifamily Private Activity Bonds to be issued by Sandoval County. The project will serve persons 55 years of age or older (in compliance with the Housing for Older Persons Act (HOPA) 24 CFR Part 100 Final Rule) at or below 60% AMI. There will be 114 one-bedroom units and 38 two-bedroom units. In addition, at least 80% of all units are reserved for households with seniors (age 55+).

The NMHTF loan for Casa de Encantada was approved along with the 4% LIHTC award on July 20, 2021. An exception was made for the loan approval to allow for a \$2,000,000 within the permanent sources. The NMHTF allows for a \$2,000,000 loan during construction to be paid down to \$1,000,000 during permanent. Since the Board approval on July 20, 2021, the borrower closed on the loans in October of 2021 and has begun construction. As of the end of March 2022, the project was 5% complete. Estimated completion of the project is projected to occur by December 2023. Over the last 6 months the project has experienced significant construction cost increases. Currently, the project is more than 10% over-budget, after utilizing the contingency. After value-engineering the design and materials, the total development cost is approximately \$3 million over initial estimates. Citing the unprecedented disruption to the construction supply chain due to COVID-19, the borrower has submitted a request for an increase in the amount of \$1,500,000 which will increase the initial \$2,000,000 NMHTF award to \$3,500,000 during the permanent term. The requested increase will require an exception to MFA's NMHTF policy of a \$1,000,000 loan during the permanent term.

#### **Analysis**

The Casa de Encantada project has experienced construction cost overruns and is now only feasible with additional funding. The Debt Service Coverage Ratio (DSCR) on all hard debt is projected to begin at 1.16 to 1.00 in year one and improves to 1.42 to 1.00 by year 15. The DSCR improves to 1.21 to 1.00 in year four which falls within MFA's underwriting standards of 1.20-1.40 to 1.00 from years four through 14. The first mortgage has a 4.44% interest rate.

Operating expenses for the Subject are projected at \$3,350 per unit, per annum (PUPA), after reducing for Replacement Reserves (\$250 PUPA) and Social Services. These operating expenses are below the MFA Standards range of \$4,300 to \$5,800, however, the market study confirms their reasonableness. A 5% vacancy (MFA standard for senior housing) was applied which reduces overall expenses. It should be noted that the developer has received confirmation that property taxes for the project will be abated, which reduces expenses. Additionally, the property will be managed by a related property management company, at a rate of 4% (of net revenue), which also reduces overall expenses.

## FIRST MODIFICATION 2021 NMHTF Loan Request Casa de Encantada

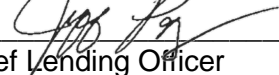
Currently, 98% (i.e., \$3,637,175 of the \$3,704,995) of the developer fee will be deferred. The deferred developer of the original approved application was 76% of the developer fee, therefore, the proposed request has increased the deferred development fee by over 20%. Generally, a deferral in fee could 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 project cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Lender projections indicate that the Subject would fully repay the deferred developer fee by the end of the 13<sup>th</sup> year.

### Recommendation

Staff believes the borrower has made good faith efforts in value engineering the project by making plans to purchase supplies in bulk when appropriate. Additionally, the dramatic increase in construction costs and the delays in the supply chain has been observed nearly universally for other 2021 LIHTC projects. The borrowers have increased their deferred development fee which also shows a good faith effort to maximize their resources to complete the project. Based on extensive underwriting analysis, staff recommends approval of the NMHTF loan modification request for the project to remain feasible.

Recommend:   
 Jacobo Martinez, Development/Loan Manager, Team Lead

Concur:   
 Kathryn Turner, Assistant Director of Housing Development for George Maestas, Director of Housing Development

Approve:   
 Jeff Payne, Chief Lending Officer

Date: 6/23/2022

# Tab 12



**MFA BOARD COMPENSATION COMMITTEE**  
**JULY 20, 2022**

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Angel Reyes (Chairman)

Rebecca Wurzbarger

Patricia Sullivan



## NEW MEXICO MORTGAGE FINANCE AUTHORITY

### COMPENSATION AND BENEFIT COMMITTEE CHARTER

The Compensation and Benefit Committee (“Committee”) is a standing committee of the New Mexico Mortgage Finance Authority (“MFA”).

#### **PURPOSE:**

The purpose of the Committee is to ensure the appropriate oversight and transparency over MFA’s compensation and benefits. The Committee will review compensation and benefits between June and August of each calendar year. The Committee will report the results of its assessment back to the full Board in conjunction with the annual General Fund budget approval.

#### **ORGANIZATION:**

The Committee is structured as follows:

- Committee shall be composed of a maximum of three voting members, appointed by the Chair of the Board of Directors, including appointment of a Committee Chair.
- With the exception of the Committee Chair, the other members may be rotated annually. This will facilitate different perspectives while maintaining consistency.
- Committee will meet once per year between June and August, unless otherwise required due to scheduling conflicts or emergency committee business.
- The Committee agenda will normally be set by staff; however, the Committee Chair will manage the meeting.
- The MFA Executive Director or his/her designee shall maintain the record of the Committee’s actions which will be attached to the minutes of the regular meeting of the MFA Board when the General Funds budget is approved.
- Special meetings of the Committee may be called at any time and place by the chair of the Standing Committee, or by the Chair of the Board of Directors.
- The Committee must have a quorum, comprised of the majority of the Committee members, present either in person or by means of telephone or other electronic device permitting audio communication, for a vote to be taken on a recommendation to the full Board of Directors.
- There shall be no proxy voting except on behalf of the ex-officio members of the MFA.



**AUTHORITY AND RESPONSIBILITIES:**

The Committee shall be responsible to review and provide recommendations to the Board of Directors for matters involving MFA's compensation and benefits. The committee will be assessing the reasonableness, fairness and market competitiveness of the compensation and benefit programs at MFA.

At a minimum, the following items will be reviewed:

1. Salary Levels
2. Salary Market Survey Results
3. Incentive Compensation
4. Benefits

The recommendation of the Committee shall not deter review and determination of the matter by the full Board of Directors. A majority vote of the Committee is required to approve recommendations. The Committee may not take any action which shall establish policy for MFA or make any decision which shall be binding upon MFA.

# Tab 13

# **New Mexico Affordable Housing Tax Credit (State Tax Credit) Program**

**by Justin Carmona**



**July 20, 2022**

# Table of Contents

- What is it?
- Who can use State Tax Credits to develop affordable housing?
  - ☐ How much funding is available?
  - ☐ How do developers get State Tax Credits?
  - ☐ What can developers use State Tax Credit funding for?
  - ☐ What does it mean for developers to receive State Tax Credits?
  - ☐ When can they use the Credits?
- Who is eligible to receive State Tax Credits?
  - ☐ How do you get State Tax Credits?
  - ☐ Benefits of State Tax Credits
- Program accomplishments
- Program limitations
- Past Issue

# WHAT IS IT?

- **New Mexico Affordable Housing Tax Credit (“State Tax Credit” or “STC”)**
  - ☐ **State tax credit to incentivize development of affordable housing in New Mexico**
  - ☐ **Directly reduces a donor’s state tax liability by 50% of the value of their donation**

# WHAT IS IT? (CONTINUED)

## ➤ Origins

- ❑ Created by the Affordable Housing Tax Credit Act of 2005
  - Passed by the state legislature, signed by Gov. Richardson
  - Designated MFA as the issuer of investment vouchers used to claim State Tax Credits
  - Allowed MFA to create a trust fund
- ❑ New Mexico Affordable Housing Charitable Trust Fund (Charitable Trust)
  - Created by MFA, received 501(c)(3) status in 2008
  - Able to issue investment vouchers for donations to fund future projects and other affordable housing activities

# WHO CAN USE STATE TAX CREDITS TO DEVELOP AFFORDABLE HOUSING?

## Eligible Applicants:

- Nonprofit developers
- For-profit developers
- Governmental and Tribal Instrumentalities

## Eligible Projects:

- Single family homes
- Multifamily rental projects
- Transitional housing
- Emergency shelters



# HOW MUCH FUNDING IS AVAILABLE?

**\$5,115,454** in State Tax  
Credits available for  
reservation as of January  
2022



# HOW DO DEVELOPERS GET STATE TAX CREDITS?

- Apply for a State Tax Credit reservation or Trust Fund allocation from MFA
- Meet MFA threshold requirements to receive a reservation or allocation:
  - ☐ Providing documentation including:
    - Resumes
    - Organizational financial statements
    - Complete MFA schedules
  - ☐ Scoring high enough to be eligible for an award
- Awards must receive approval

# WHAT CAN DEVELOPERS USE STATE TAX CREDIT FUNDING FOR?

Page 1 of 206



- Land and building acquisition
- Construction
- Remodeling
- Rehabilitation
- Conversion
- Weatherization

# WHAT DOES IT MEAN FOR DEVELOPERS TO RECEIVE STATE TAX CREDITS?

## ➤ A State Tax Credit Reservation

- ☐ Awarded reservation of Affordable Housing Credits for the project
- ☐ The developer can then solicit donations eligible for those State Tax Credits

## ➤ A Charitable Trust Allocation

- ☐ Awarded allocation of earmarked Charitable Trust funds for the project
- ☐ State Tax Credits are given to the donor at the time they donate to the Charitable Trust

# WHEN CAN DEVELOPERS USE STATE TAX CREDIT FUNDING?

## ➤ Start once

1. Reservation Contract has been executed
2. Master LURA has been executed
3. Other financing commitments have closed

## ➤ Reservation Contract enables the developer to solicit donations eligible for State Tax Credits

- ☐ Lasts until the Certificate of Occupancy for the last unit or home is issued

# WHO IS ELIGIBLE TO RECEIVE STATE TAX CREDITS?

➤ Any of the following donating to a project with a State Tax Credit Reservation or the Charitable Trust:

☐ Individuals

☐ Business entities

- Corporations
- Companies
- Partnerships
- Pass-through entities

# HOW DO YOU GET STATE TAX CREDITS?

- Donate any of the following to a project with a State Tax Credit reservation
  - ☐ Buildings
  - ☐ Land
  - ☐ Materials
  - ☐ Money
  - ☐ Services
- The Charitable Trust can only accept monetary donations
- Find these projects or how to donate to the Charitable Trust on our website: [housingnm.org](http://housingnm.org)



# HOW DO YOU GET STATE TAX CREDITS?

## (CONTINUED)

- Minimum accepted donation is \$200; maximum is \$2,000,000
- Developer reaches out to you with an Investment Voucher Form to fill out to claim state tax credits
- That form and donation proof are sent to MFA
- MFA processes the form and sends it back to the donor

# HOW DO YOU GET STATE TAX CREDITS?

## (CONTINUED)

- State Tax Credits received equal 50% of the value of the donation
- When you file your taxes, you use the Investment Voucher Form, along with the appropriate state tax forms to claim the credits
- Donor may transfer all or a fraction of the amount of the credits to an eligible individual or entity



# BENEFITS OF STATE TAX CREDITS

- Credits cover liability associated with taxes imposed by the state government in the amount of 50% of your donation
- Your donation may be eligible for a federal tax deduction
- The whole tax credit or a fraction thereof may be redeemed the 1st year or carried forward for up to 5 years

# PROGRAM ACCOMPLISHMENTS

- Credits issued since 2006 = \$7.3MM
- Total funding provided by donations = ***\$14.6MM***

## ***WHICH TRANSLATES INTO...***

- 57 total projects\*
- 365 single-family homes
- 380 multifamily units



\*see Appendix A for a full list of project and locations

# PROGRAM LIMITATIONS

- Doesn't fund operating costs
- Funds up to a maximum of \$2MM of development

# PAST ISSUE

➤ MFA received a request to donate land for a future project

❑ There are issues with the Charitable Trust accepting non-monetary donations

- We're still evaluating how MFA might receive and hold property
- There are potential liability issues with MFA holding real estate

❑ NMTRD advised us against issuing credits for donations that have no demonstrable benefit to affordable housing in the year they are issued.

**I'd be happy to answer your questions. Thank you.**



# Appendix A: STC Projects & Locations

No of Awards	Name of Project	Project Location	No of Awards	Name of Project	Project Location
1	Habitat Statewide	Scattered	30	Tularosa and Rathgeber	Tularosa & Alamogordo
2	Pasitos- Habitat Valencia	Los Lunas	31	Sunshine Addition	Albuquerque
3	Trumbull Infill	Albuquerque	32	Villa de la Paz	Santa Fe
4	Chuska Apartments	Gallup	33	Owe'neh Bupingeh Rehab Project	Ohkay Owingeh
5	Nehemiah 1	Albuquerque	34	Townsend Place	Albuquerque
6	Nehemiah 2	Albuquerque	35	Villa de la Paz Phase II	Santa Fe
7	Scattered Sites-HFHN	Scattered	36	517 Delaware	Alamogordo
8	Oshara Blvd.	Santa Fe	37	Las Palomas-Homewise	Santa Fe
9	Rancho Valerio	Albuquerque	38	Mesa del Rio-GAHFH	Albuquerque
10	Socorro Village	Socorro	39	Oshara Village 2015 Project	Santa Fe
11	Monterey Addition	Tularosa	40	Villa de la Paz Phase III	Santa Fe
12	Old Las Vegas Place	Santa Fe	41	White Sands HFH 2015 SFH Project	Alamogordo
13	Scattered Sites-Santa Fe Habitat for Humanity	Santa Fe	42	Oshara Village 2015 Phase II	Santa Fe
14	Trumbull	Albuquerque	43	Las Soleras 2017	Santa Fe
15	Oppurtunity Homes Belen	Belen	44	Mesa del Rio Phase II	Albuquerque
16	Townsend Place	Albuquerque	45	Crosstown Home	Las Cruces
17	Villa Alegre Family	Santa Fe	46	Crosstown MF	Las Cruces
18	Villa Alegre Senior	Santa Fe	47	Las Soleras 2019	Santa Fe
19	Crouch Mesa	Aztec	48	Oshara Village Phase III	Santa Fe
20	Greenwood Lane	Alamogordo	49	Silver Yard: Arts + Creativity Center	Santa Fe
21	El Nido-Tierra Contenta	Santa Fe	50	Soleras Station	Santa Fe
22	Pueblo de la Luz-Tierra Contenta	Santa Fe	51	Hope Village	Albuquerque
23	Tierra Vista	Santa Fe	52	Oshara Village Phase IV	Santa Fe
24	Aldea de Santa Fe	Santa Fe	53	Crosstown Re-Entry House	Las Cruces
25	El Nido Phase II	Santa Fe	54	Estancias del Norte	Santa Fe
26	Oshara Village	Santa Fe	55	Plaza Bonita	Santa Fe
27	Rincon del Sol	Santa Fe	56	Clifton/Williams Project	Albuquerque
28	Southside	Santa Fe	57	Achison House	Las Cruces
29	Trujillo Road	Albuquerque			

# Tab 14a

**Staff Actions Requiring Notice to Board  
During the Period of June 2022**

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>
Community Development - Linkages	Linkages Award Reallocations	Staff is recommending contract amendments due to increased rents as the Linkages Housing Administrators are experiencing a shortage of funding to finish out the program year. Staff has been closely monitoring expenditures and a determination has been made that five of the agencies will need additional funds to pay July rents.	Memo approved by Donna Maestas De-Vries on June 1, 2022
Community Development - WAP	Approval to amend Central NM Housing Corporation's 2022 PNM Funding Source Agreement	Staff recommends approval to decrease Central NM Housing Corporation (CNMH) 2022 PNM Funding Source Agreement in the amount of \$4,750 to account for five backlogged refrigerators that were billed to MFA in 2021 but could not be billed to PNM until they were delivered in 2022.	Memo approved by Donna Maestas De-Vries on June 1, 2022
Servicing	Quarterly Quality Control Loan Servicing for March 2022	Approval of audit report issued by REDW – no findings	Approved by Policy Committee on June 6, 2022
Servicing	Monthly Quality Control Loan Servicing for April 2022	Approval of audit report issued by REDW – no findings	Approved by Policy Committee on June 6, 2022
Community Development - EHAP	EHAP Program 2022-2023 Award Recommendations	Approval of the preliminary awards to 17 shelters in the amount of \$941,768.00 for the Emergency Homeless Assistance Program.	Approved by Policy Committee on June 14, 2022
Community Development – EHAP/HMIS	New Mexico Coalition to End Homelessness Limited Source Procurement Award Approval	Approval for an award in the amount of \$88,000 through Limited Source Procurement to the New Mexico Coalition to End Homelessness for the 2022-2023 program year.	Approved by Policy Committee on June 14, 2022



Department and Program	Project	Action Taken	Comments / Date Approved
Community Development – Youth Homelessness Demonstration Project (YHDP)	YHDP 2022-2023 Limited Source Procurement and Award	Approval to allocate \$413,000 of the State of New Mexico, Human Services Department award to be used as a match award for the HUD Youth Homeless Demonstration Project (YHDP) allocations as follows: \$392,350 to the five HUD approved service providers and \$20,650 to MFA for administrative costs.	Approved by Policy Committee on June 21, 2022
Community Development – Housing Opportunities for People with Aids (HOPWA)	HOPWA 2022-2023 Award Recommendations	Approval to award funding to the Housing Opportunities for Persons with AIDS Program (HOPWA) in the amount of \$1,190,418.92 to three service providers and \$36,817.08 in admin to MFA, for a total of \$1,227,236.	Approved by Policy Committee on June 28, 2022
Programs - Recovery Housing Program (RHP)	New Program Development	RHP grant Acceptance from DFA for FY 2022 in the amount of \$1,013,918	Approved by Policy Committee on June 28, 2022

Tab 14b

**COVID-19**  
**Staff Actions Requiring Notice to Board**  
**During the Period of June 15, 2022 - current**

<b>Department and Program</b>	<b>Project</b>	<b>Action Taken</b>	<b>Comments / Date Approved</b>

# Tab 14c



# MEMO

TO: MFA Board of Directors

FROM: Cooper Hall

DATE: July 20, 2022

SUBJECT: Single Family Mortgage Bonds 2022 Series C– Pricing Summary

## 2022 Series C

The 2022 Series C transaction is a new money bond issue which closed on May 24, 2022. The following is a summary of the bond sale:

**Structure:** The bond issue is a \$90.0 million tax-exempt traditional bond issue which provides for non-AMT serial bonds, term bonds and a premium planned amortization class (“PAC”) bond.

**Marketing:** In order to enhance the marketing of bonds to retail investors, our selling group members participated in the underwriting syndicate, namely, D.A. Davidson & Co., Fidelity Capital Markets, Drexel Hamilton, Inc. and UBS Financial Services Inc. New Mexico retail investors had first priority followed by national retail investors. The underwriting syndicate submitted \$9.725 million in orders and was allotted \$9.290 million of bonds. There was significant demand from retail investors in general; a total of \$18.5 million in retail orders were received of which \$9.1 million was New Mexico retail. This is a slight increase in retail orders compared to the 2022 Series A issuance which priced in January of 2022.

As a result of strong demand overall from investors, the PAC bonds were oversubscribed 2.97 times and we were able to lower the yield by 2 basis points. Term bonds were also oversubscribed, and yields were lowered by 5 basis points.

Total orders for the bond issue were \$182.5 million for both retail and institutional investors.

**Use of Bond Proceeds:** The \$90.0 million is being used to originate new mortgage loans and to roll forward a subsidy generated from prior bond issues which helped maintain competitive mortgage rates. The weighted average mortgage rates are as follows:

<u>Program</u>	<u>Government</u>	<u>Conventional &lt;80% AMI</u>	<u>Conventional &gt;80% AMI</u>
FIRST HOME	4.650%	4.674%	5.051%

**Spread:** The spread on the transaction is 1.120%. Spread is the difference between the mortgage yield and the bond yield. The maximum spread permitted by federal tax law is 1.125%. The net present value benefit of the transaction is \$2.7 million or approximately 3.00% of the bonds issued.

**Investment of Bond Proceeds:** Funds from the bond issue are invested in Federal Government Obligations Fund Institutional Shares through Zions Bank, the General Indenture Trustee.

The attached Exhibit 1 contains a table summarizing more detailed information about the 2022 Series C bond issue as well as bond issue characteristics from other recent single-family issuances for comparative purposes.

Following Exhibit 1 is a comprehensive in-depth “Post Sale Analysis” for 2022 Series C, prepared by MFA’s Financial Advisor, CSG Advisors.

## EXHIBIT 1

**New Mexico Mortgage Finance Authority**  
**Summary of Recent Bond Issue Characteristics**

	For Info Only	For Info Only	For Info Only	For Info Only	
	2021C	2021D	2022A	2022B	2022C
<b>Type of Structure</b>	New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt	Refunding Federally Taxable	New Money Tax-Exempt
	Traditional	Traditional	Traditional	Pass-Through	Traditional
1 Tax Exempt Bonds	\$100,000,000	\$99,990,000	\$100,000,000	n/a	90000000
Taxable Bonds	n/a	n/a	n/a	n/a	n/a
Tax-Exempt Refunding Bonds	n/a	n/a	n/a	n/a	n/a
Taxable Refunding Bonds	n/a	n/a	n/a	\$33,467,202	n/a
Total Amount of Bonds Issued	\$100,000,000	\$99,990,000	\$100,000,000	\$33,467,202	\$90,000,000
2 Bond Issue(s) Refunded	n/a	n/a	n/a	2011 Series A/ 2015 Series C, 2012 Series A and 2012 Series B	n/a
3 MFA Subsidy*/Benefit-(New Available)/ Present Value Economic Benefit	\$2.9 million/\$2.9 million	\$2.6 million/\$1.4 million	\$2.6 million/\$2.7 million	\$1.055 million	\$2.7 million/\$2.0 million
4 Original Bond Ratings: Standard & Poor's Moody's	None Aaa	None Aaa	None Aaa	None Aaa	None Aaa
5 Pricing Date(s)	7/8/2021	10/13/2021	1/13/2022	1/13/2022	4/12/2022
6 Bond Closing Date	8/19/2021	11/18/2021	2/23/2022	2/23/2022	5/24/2022
7 Serial Bond Maturities AMT Non-AMT Taxable	None 7/1/22-7/1/33 None	None 7/1/23-7/1/33 None	None 3/1/23-9/1/34 None	None None None	None 3/1/23-9/1/33 None
8 Term Bond Maturities	7/1/36,7/1/41 7/1/46,7/1/51	7/1/36,7/1/41 7/1/46,7/1/51	9/1/37,9/1/42 9/1/47,9/1/52	1/1/44	9/1/37,9/1/42 9/1/47,9/1/52
9 Premium PAC Maturity	1/1/52	1/1/52	3/1/53	None	3/1/53
10 Split Between FIRST HOME Government and Conventional Loans Government Conventional	85% 15%	84% 16%	84% 16%	n/a n/a	85% 15%
11 Weighted Average Loan Rates+ FIRST HOME - Government FIRST HOME - Conventional <80% FIRST HOME - Conventional >80%	3.001% 3.120% 3.500%	3.101% 3.167% 3.548%	3.471% 3.538% 3.934%	n/a n/a n/a	4.650% 4.674% 5.051%
12 10-Year Treasury Rate at Pricing	1.30%	1.54%	1.70%	1.70%	2.72%
13 GIC Rates** Acquisition Fund Rate Float Fund Rate	n/a n/a	n/a n/a	n/a n/a	n/a n/a	n/a n/a
14 MFA Contribution at Closing Cost of Issuance (COI) COI as a % of Bonds Issued Negative Arbitrage Deposit	\$890,000 0.89% \$1,000,000	\$870,000 0.87% \$1,000,000	\$835,000 0.84% \$1,000,000	\$260,000 0.78% \$0	\$800,000 0.89% \$100,000
15 Yield Spread	1.122%	1.123%	1.121%	n/a	n/a
16 Administrative Fee (to MFA)	0.180%	0.180%	0.180%	1.618%	0.180%
17 Bond Allocation System Followed***	Yes	Yes	Yes	Yes	Yes

\*Subsidy was generated by a prior bond issue.

+Weighted average rate of loans in the pipeline.

\*\*The Guaranteed Investment Contract is competitively bid.

\*\*\*The bond allocation system that is followed is common in the investment banking industry and is as follows:

The lead manager keeps track of when the orders are received which is referred to as an order flow tracking system.

The bond allocation system also dictates that Bonds are awarded to managers prior to any selling group members

even though group members may have entered orders first. In-state retail orders receive first priority,

followed by orders for the benefit of the group which are allocated by management fee percentage;

next are net designated orders placed through the senior manager where the buyer designates the sales credit

to specific managers, and finally, member orders receive the lowest priority.

**\$90,000,000**  
**New Mexico Mortgage Finance Authority**  
**Single Family Mortgage Program Class I Bonds**  
**2022 Series C (Tax-Exempt) (Non-AMT)**

**POST-SALE ANALYSIS**

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***KEY RESULTS FOR MFA***

***Purpose.*** This transaction is a traditional single-family bond issue with semi-annual interest and principal, though bonds can be redeemed quarterly from excess revenues. Its purpose, like similar prior new money transactions is to:

1. Finance new loan production at attractive interest rates for homebuyers,
2. Provide beneficial economics to MFA with as close to the maximum yield spread permitted by the IRS as possible,
3. Use as few of MFA's zero participation loans as needed, and
4. Keep negative arbitrage to a minimum.

Additionally, this transaction reallocates zero participation loans from prior series (2022 Series A) well within the required time of 18 months for which to reallocate loans.

***Approach and Strategy.*** Over the past three years, MFA has used traditional bond structures to finance new production that did not need a refunding component in order to generate full spread economics. Since the beginning of 2018, MFA has issued multiple all new-money transactions that did not include a refunding component, providing MFA with a balance sheet solution for new production without a form of subsidy such as refundings. Zero participation loans will be used in this transaction to bring it to full spread.

From a strategic point of view, MFA has been:

1. Building a loan pipeline by reserving loans, while reviewing expected rates on a traditional bond structure,
2. Issuing bonds to begin financing mortgage-backed securities at bond closing through an approximate 3-month origination period, and
3. Protecting itself against rates rising before bonds are sold, by using zero participation interest subsidies it has earned from past transactions.

***Primary Objectives.*** MFA therefore has three primary objectives:

1. Finance existing production at the lowest yield possible,
2. While keeping mortgage loan rates low, use as little of MFA's approximately \$22.70 million of zero participations (prior to issuing 2022C) as possible to achieve full spread, thus preserving more zero participations for future production, and,
3. Raise bond premium in order to generate proceeds to help fund the purchase of the MBS from the servicer at 101%, to fund cash flow lag, and to fund a portion of the costs of issuance of the transaction.
  - Given much higher PAC bond yields than in prior transactions, resulting in less bond premium raised, MFA will cover a portion of the costs of issuance for this issuance. We intended to find alternative ways to raise bond premium in future transactions (premium non-callable serials, for example), such that all costs of issuance would be funded with bond proceeds as has been the case historically.



**Structure.** The 2022C bonds:

- Included bond proceeds sufficient to finance \$90 million of new pipeline production and provide sufficient proceeds to use and store zero participations,
- Were structured with serials bonds, term bonds and Planned Amortization Class (PAC) bonds,
- Sold the PAC bonds with a total premium of \$2.19 million which provides additional funds to purchase \$90 million of MBS and fund \$388k of the costs of issuance.
- Were priced 6 weeks prior to closing, enabling MFA to lock in its borrowing cost sooner as well as finance more of its pipeline production prior to closing; thus reducing both interest rate risk and negative arbitrage,
- Allowed for either GNMA, Fannie Mae (FNMA), or Freddie Mac (FHLMC) MBS depending on MFA's loan pipeline,
- Provided MFA with an optional par call in just more than 9 years if it proves profitable to redeem the bonds in the future,
- Deposited \$1.0 million of Authority funds in a negative arbitrage account for securities – including those to be financed by the zero participations – that had not yet been originated by bond closing. We expect most or all of MFA's funds to be transferred back to MFA within 12 to 18 months.

**Results.** The bond structure consisted of three major components: non-AMT serial bonds, term bonds and a premium PAC bond.

1. **Yields.** The bond yield (true interest cost) was 3.57% assuming 100% FHA prepayments (compared to 2.25% for the 2022A bonds sold in January, illustrating the rapid rise in bond rates experienced over the last 3 months).
2. **Use of Zero Participations.** In order to achieve full spread, 2022C consumed \$9.6 million in zeros (\$5.1 million on a rate adjusted basis) resulting in \$13.2 million in zeros for future bond issues (assuming participation with a future issue in 3 months).
3. **Net Economic Benefits.** The transaction's projected net present value was \$2.7 million at 150% PSA prepayment speed, or approximately 3.0% of the bonds issued. Including the impact of zeros consumed, the net present value was \$2.0 million.

**Bond Results.** Following are key highlights:

1. **Timing.** The bonds were priced on Tuesday, April 12<sup>th</sup> with a retail order period in the morning followed by an institutional order period that afternoon.

Single family issuance was moderate during the week that 2022C was priced. Including MFA's sale, two single family bond issues were priced the week of April 11<sup>th</sup>, but only Georgia's sale on Monday April 11<sup>th</sup> was tax-exempt, while Minnesota's sale on Wednesday, April 13<sup>th</sup> was taxable.

On the pricing date of April 12<sup>th</sup>, the 10-year Treasury was lower by 0.07% from the prior day to a 2.72% yield. The municipal market in terms of MMD rates was up by 0.02% to 0.04% through 2025, while unchanged longer out on the yield curve. See "Market Details" below for a full description of the market leading up to the pricing date.

**Retail Interest.** A separate 2-hour retail order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in a total of \$18.5 million of retail orders (\$9.1 million of New Mexico retail); a slight increase in retail orders compared to 2022 Series A. \$9.2 million of the 2022C retail orders were for serial bonds, which combined with \$2.1 million in institutional orders left 14 out of 24 serial bonds with unsold balances. As such, 13 of the serial bonds were repriced higher by 0.05%, leaving \$9.3 million of unsold serial bond balances underwritten by the senior managers.

2. **Institutional Interest.** In all, institutions put in orders totaling \$164 million, \$60 million of which were for the (4) term bonds (maturing in 2037, 2042, 2047 and 2052). Investor interest for the \$34 million in PAC bonds was also strong, with \$101 million in orders. Given oversubscription, the 2052 term bond was lowered by 0.05%, while the PAC bond was lowered by 0.02%.
3. **Selling Group.** To enhance the order flow particularly with retail investors, four selling group members were included in the underwriting syndicate for 2022C, continuing the same group from the last six transactions as well. Selling group members included D.A. Davidson, Drexel Hamilton, Fidelity Capital Markets, and UBS. See below for orders and allotments from the selling group, of which UBS brought the most orders to the pricing:

***RETAIL ORDERS BY SELLING GROUP MEMBER (THOUSANDS):***

Selling Group Member	Orders	Allotments
D.A. Davidson & Company*	\$ 8,015	\$ 7,950
Drexel Hamilton	-	-
Fidelity Capital Markets	1,110	990
UBS	600	350
<b>TOTAL</b>	<b>\$ 9,725</b>	<b>\$ 9,290</b>

*\*Includes \$6,890 in member orders and allotments for bonds otherwise unsold.*

The selling group was very useful to the issuance in terms of generating additional retail interest as well as the \$6.89 million member order and allotment from D.A. Davidson; a rare fulfilled member order from a member of the selling group. D.A. Davidson led the selling group in orders, followed by Fidelity.

4. **Comparable Transactions.** The 2022C bonds priced similarly compared to the \$112 million non-AMT Georgia HFA issue (-/AAA) that priced the day prior. MFA's serial bonds were largely within 5 bps of yield across comparable maturities (Georgia sold locked-out serial bonds from 2025-2029 which are not comparable), while its 2037 and 2042 term bonds priced at the same yields and spreads to MMD. MFA's PAC bonds priced at a 4 bps lower yield and spread to MMD than Georgia's due to stronger demand for MFA's PAC bond. In summary, even in a significantly more challenging bond market than in prior months, MFA continues to receive good interest for its term bonds and PAC bonds, in part due to investors preference for MBS collateral as opposed to whole loans. Serial bonds have been challenging to sell for a variety of HFAs.

See **Section 3** for detailed pricing comparables of all recent tax-exempt traditional bond issues priced around 2022 Series C.

## MARKET DETAILS

**Key Dates:** Institutional Order Period: Tuesday, April 12, 2022  
Closing Date: Tuesday, May 24, 2022

**Economic News.** Economic news year-to-date has largely been dominated by rapidly escalating concerns about inflation as evidenced by March CPI increasing by 8.5% from prior year; its highest level in 40 years. Driving markets is the expectation that the Federal Reserve will accelerate the pace of its increases to the Federal Fund rates and lightening its balance sheet holdings of US Treasuries and MBS.

**Treasuries.** As of the market close on the day of pricing, 10-year and 30-year US Treasury yields were 2.72% and 2.82%, respectively. These yields are 1.02% and 0.78% higher than at the time MFA priced its last single family bonds on January 13<sup>th</sup>, when the 10-year closed at 1.70% and the 30-year was 2.04%. (See rate graphs in Appendix 2.)

Treasury yields rose rapidly since the beginning of 2022 based on continued inflation and a more hawkish Federal Reserve policy. The 10-year Treasury yield was as low as 1.41% in mid-December but rose quickly throughout January and the first half of February rising to a high of 2.05% as the Omicron variant began to seem less dangerous and investors increasingly expected tougher Fed action to deal with inflation. The invasion of Ukraine in late February quickly reversed this rise in rates as investors globally rushed to the safety of Treasuries driving the 10-year UST yield to 1.73%. Since that time, the 10-year UST increased in yield by 100 bps as the March Fed meeting and subsequent Fed speeches indicated a much more aggressive Fed policy of raising rates in upcoming Fed policy meetings. During the days leading up to the sale, yields were largely on the rise.

**Municipals.** Demand for municipal bonds throughout 2021 was very strong, resulting in 45 straight weeks of inflows to municipal bond funds, relatively limited supply of bonds, and near historic low MMD to Treasury ratios. So far in 2022, however, as Treasury yields rose dramatically during the first quarter, municipal bond investors pulled back from new purchases, and municipal bond funds posted a 7% loss year-to-date. As a result, municipal bond investors withdrew over \$21.9 billion from bond funds during 1Q 2022, the fourth-worst period on record, putting stress on new issues looking to price. Year to date, the 10-year MMD Index has increased by an extraordinary 117 basis points.

Far from the historically low 10-year MMD to Treasury ratios of 60% throughout much of 2021, the ratio rose to 89.0% as of the date of the sale. Despite the selloff, new issues are still being sold in an orderly fashion, and the decreased demand for bonds has been met with a modest decrease in new issuance compared to 2021.

**TABLE 1: COMPARISON OF RATES IN RECENT TRANSACTIONS**

Issue	Date	10 Year MMD	10 Year Treasury	MMD to Treasury Ratio	30 Year MMD	30 Year Treasury	MMD to Treasury Ratio
2020 A	1/22/20	1.28%	1.77%	72.3%	1.93%	2.22%	86.9%
2020 B	9/24/20	0.82%	0.67%	122.4%	1.58%	1.41%	112.1%
2021 A	4/13/21	1.01%	1.64%	61.6%	1.62%	2.32%	69.8%
2021 C	7/8/21	0.81%	1.30%	62.3%	1.33%	1.93%	68.9%
2021 D	10/13/21	1.19%	1.54%	77.2%	1.69%	2.03%	83.2%
2022 A	1/13/22	1.18%	1.70%	69.4%	1.64%	2.04%	80.4%
<b>2022 C</b>	<b>4/12/22</b>	<b>2.42%</b>	<b>2.72%</b>	<b>89.0%</b>	<b>2.77%</b>	<b>2.82%</b>	<b>98.2%</b>
<i>Change from 2022A to 2022C</i>		+ 124 bps	+ 102 bps	+19.6%	+113 bps	+ 78 bps	+17.8%

## ***UNDERWRITING***

***Underwriter.*** RBC Capital Markets served as senior managing underwriter and Raymond James as co-manager. As described above, we also had a four-firm selling group.

***Underwriting Fees.*** The underwriter discount of \$6.61 per \$1,000 bonds is reasonable compared to other similarly sized issues in the market.

***Performance.*** RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved good order flow as described above. The strong order flow was evidenced by the ability to generate \$183 million in total orders (excluding stock member orders) in a very challenging bond market, including sufficient oversubscription to lower the PAC bond and the 2052 term bonds.

The four-firm selling group modestly enhanced the sale of the bonds. We recommend that MFA use a selling group on the next traditional bond issuance as well.

# Tab 14d



# MEMO

**TO:** MFA Board of Directors

**FROM:** Cooper Hall

**DATE:** July 20, 2022

**SUBJECT:** Multifamily Housing Revenue Tax-Exempt Bonds Vista Mesa Villa  
Apartment Projects Series 2022– Pricing Summary

## Vista Mesa Villa Apartment Projects

The Vista Mesa Villa Apartment Projects transaction closed on June 29, 2022. The proceeds from the bonds will be used for the acquisition, rehabilitation and equipping of the following multifamily project:

Name of Apartments	Location	Number of Housing Units
Vista Mesa Villa Apartments	Grants, NM	100

The following is a summary of the bond sale:

~*Structure:* The bonds were initially issued and delivered as term bonds with a stated principal amount of \$13,000,000. The bonds carry an interest rate of 4.25% and mature on July 1, 2062.

~*Bond Placement:* The bonds were sold.

~*Investment of Funds:* The bonds were privately placed with the permanent lender which is a qualified institutional buyer under Rule 144A of the Securities Act of 1933.

The attachment provides more detailed information about the Vista Mesa Villa bond issue along with the JLG Central Apartment Projects which were issued in 2021 and the JLG North Apartment Project and JLG South Apartment Project both of which were issued in 2019, refunded in 2020 and are presented for information purposes only.



**New Mexico Mortgage Finance Authority**  
**Summary of 2022 Bond Issue Characteristics**

	For Information Only	For Information Only	For Information Only	For Information Only
	<b>JLG South Apartment Projects Series 2019</b>	<b>JLG North Apartment Projects Refunding Series 2020</b>	<b>JLG South Apartment Projects Refunding Series 2020</b>	<b>JLG Central Apartment Projects Series 2021</b>
<b>Type of Structure</b>				
1 Tax Exempt Bonds	\$9,000,000	\$3,339,807	\$4,229,890	\$11,000,000
Taxable Bonds	0	0	0	0
Refunding Bonds	0	6,310,193	4,770,110	0
Total Amount of Bonds Issued	\$9,000,000	\$9,650,000	\$9,000,000	\$11,000,000
2 Type	Conduit	Conduit	Conduit	Conduit
3 Purpose	Acquisition/ Rehabilitation/ Equipping	Acquisition/ Rehabilitation/ Equipping	Acquisition/ Rehabilitation/ Equipping	Acquisition/ Rehabilitation/ Equipping
4 Credit Enhancement	N/A	N/A	N/A	N/A
5 Bond Ratings: Standard & Poor's Moody's	N/A N/A	N/A N/A	N/A N/A	N/A N/A
6 Bond Closing Date	8/15/2019	10/30/2020	10/30/2020	10/28/2021
7 Public Sale/Private Placement	Private Placement	Private Placement	Private Placement	Public Sale
8 Bond Structure Serial Bonds	N/A	N/A	N/A	N/A
Term Bonds	\$9,000,000	\$9,650,000	\$9,000,000	\$11,000,000
9 Fixed Rate/Variable Rate	Fixed	Fixed	Fixed	Fixed
10 Cash Flow Verification	N/A	N/A	N/A	N/A
11 GIC Rates, if applicable* Construction Fund Float Fund Rate	N/A N/A	N/A N/A	N/A N/A	N/A N/A
12 Administrative Fee (to MFA) Service Fee (to MFA)	0.15% N/A	0.15% N/A	0.15% N/A	0.15% N/A

\*The Guaranteed Investment Contract ("GIC") is competitively bid.

# Tab 15



New Mexico Mortgage Finance Authority

Combined Financial Statements  
and Schedules

May 31, 2022

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
**For the eight-month period ended May 31, 2022**

<b>COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):</b>		8 months <u>5/31/2022</u>	8 months <u>5/31/2021</u>	% Change <u>Year / Year</u>	Forecast <u>5/31/2022</u>	Actual to <u>Forecast</u>	Forecast/Target <u>9/30/22</u>
<b>PRODUCTION</b>							
1	Single family issues (new money):	\$289.9	\$133.0	118.0%	\$289.9	0.0%	\$225.0
2	Single family loans sold (TBA):	\$72.7	\$284.3	-74.4%	\$72.7	0.0%	\$150.0
3	Total Single Family Production	\$362.6	\$417.3	-13.1%	\$362.6	0.0%	\$375.0
4	Multifamily issues (new money):	\$11.0	\$0.0	0.0%	\$10.0	10.0%	\$20.0
5	Single Family Bond MBS Payoffs:	\$109.7	\$107.0	2.7%	\$93.9	16.8%	\$140.9
<b>STATEMENT OF NET POSITION</b>							
6	Avg. earning assets:	\$1,521.8	\$1,456.0	4.5%	\$1,528.1	-0.4%	\$1,528.1
7	General Fund Cash and Securities:	\$84.8	\$88.0	-3.7%	\$84.8	-0.1%	\$84.8
8	General Fund SIC FMV Adj.:	(\$3.0)	\$3.3	-191.1%	\$0.0	N/A	\$0.0
9	Total bonds outstanding:	\$1,336.2	\$1,140.8	17.1%	\$1,241.1	7.7%	\$1,241.1
<b>STATEMENT OF REVENUES, EXPENSES AND NET POSITION</b>							
10	General Fund expenses (excluding capitalized assets):	\$15.7	\$14.5	8.3%	\$16.8	-6.5%	\$24.9
11	General Fund revenues:	\$16.5	\$32.0	-48.4%	\$19.7	-16.2%	\$30.0
12	Combined net revenues (all funds):	(\$2.9)	\$18.9	-115.5%	\$1.7	-272.3%	\$2.6
13	Combined net revenues excluding SIC FMV Adj. (all funds):	\$1.8	\$15.9	-88.8%	\$1.7	4.4%	\$2.6
14	Combined net position:	\$283.0	\$282.2	0.3%	\$288.5	-1.9%	\$288.5
15	Combined return on avg. earning assets:	-0.29%	1.95%	-114.8%	0.17%	-269.8%	0.17%
16	Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	0.18%	1.64%	-89.3%	0.17%	3.0%	0.17%
17	Net TBA profitability:	0.61%	2.19%	-72.1%	0.50%	22.0%	0.50%
18	Combined interest margin:	0.52%	0.64%	-19.7%	0.55%	-5.5%	0.55%
<b>MOODY'S BENCHMARKS</b>							
19	Net Asset to debt ratio (5-yr avg):	26.76%	28.64%	-6.6%	26.82%	-0.2%	26.82%
20	Net rev as a % of total rev (5-yr avg):	9.59%	12.19%	-21.3%	11.25%	-14.7%	11.25%
<b>SERVICING</b>							
21	Subserviced portfolio	\$1,840.6	\$1,638.7	12.3%	\$1,930.4	-4.7%	\$1,930.4
22	Servicing Yield (subserviced portfolio)	0.41%	0.41%	1.4%	0.41%	1.1%	0.41%
23	Combined average delinquency rate (MFA serviced)	8.21%	8.26%	-0.6%	9.00%	-8.8%	9.00%
24	DPA loan delinquency rate (all)	7.93%	7.53%	5.3%	N/A	N/A	N/A
25	Default rate (MFA serviced-annualized)	0.74%	0.71%	3.5%	1.30%	-43.5%	1.30%
26	Subserviced portfolio delinquency rate (first mortgages)	11.33%	15.00%	-24.5%	N/A	N/A	N/A
27	Purchased Servicing Rights Valuation Change (as of 3/31/22)	\$8.1	\$3.2	154.7%	N/A	N/A	N/A

**Legend:**

Positive Trend    Caution    Negative Trend    Known Trend/Immaterial

**NEW MEXICO MORTGAGE FINANCE AUTHORITY**  
**FINANCIAL REVIEW**  
**For the eight-month period ended May 31, 2022**

**SUMMARY OF BOND ISSUES:**

Single Family Issues:

\$99.99 mm Series 2021D (November)  
 \$100.00 mm Series 2022A (February)  
 \$90.00 mm Series 2022C (May)

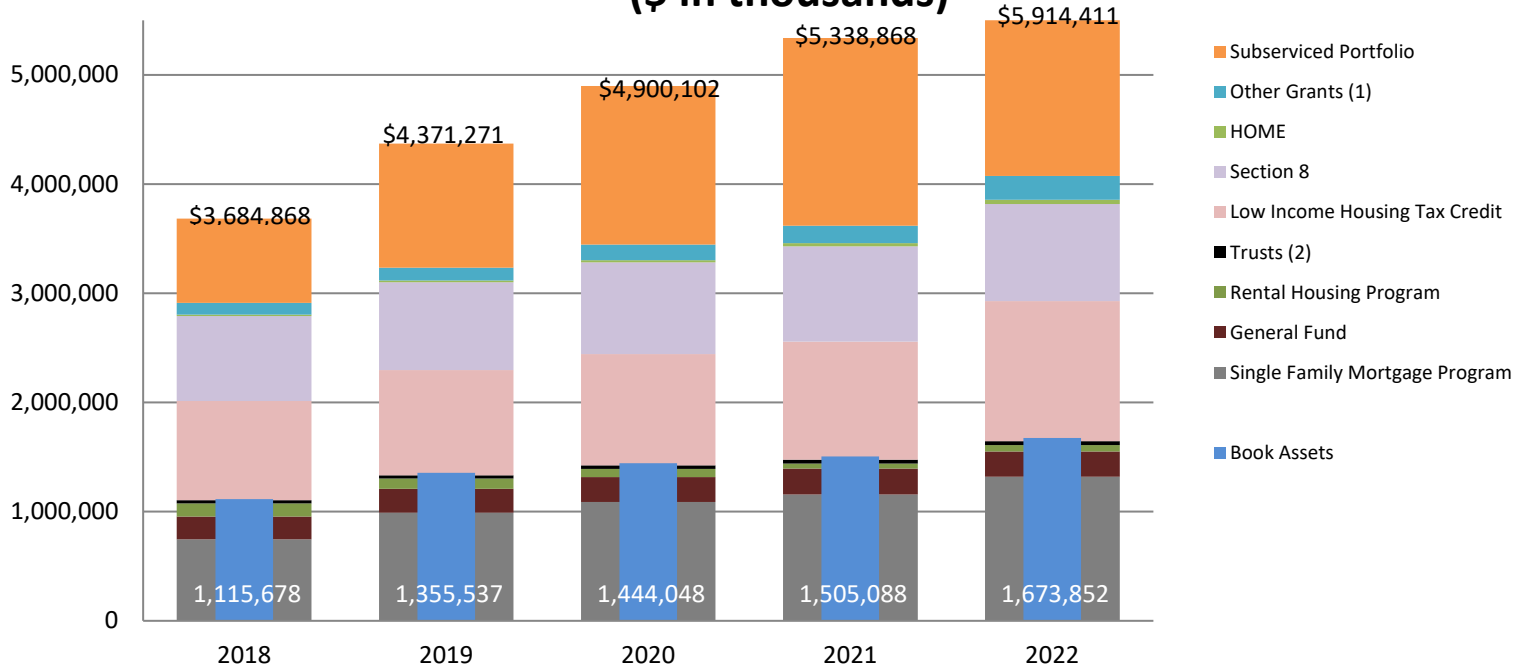
Multi-family Issues:

\$11.0 mm Series 2021 JLG Central (October)

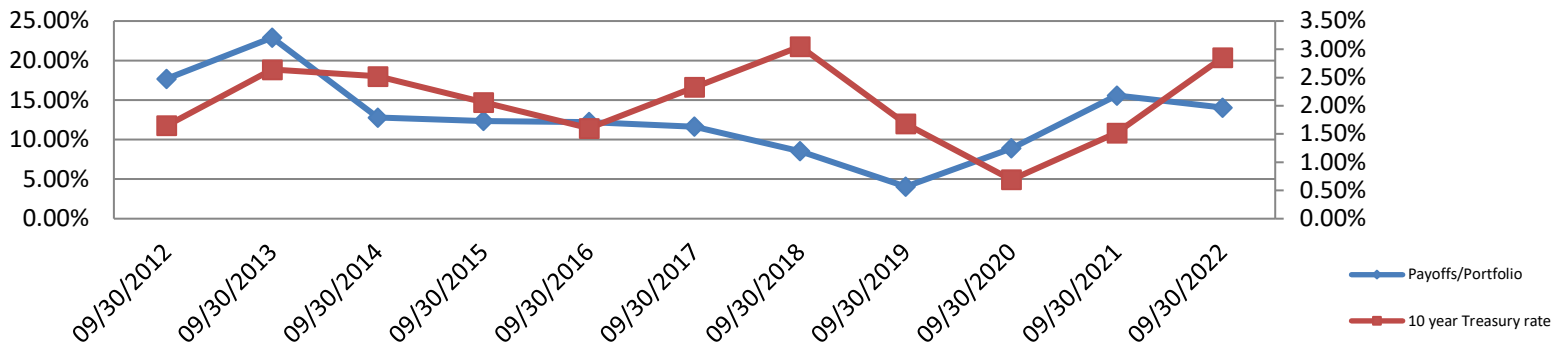
**CURRENT YEAR FINANCIAL TRENDS & VARIANCES:**

- The single-family production has decreased by 13.1% from May last year. TBA loans sold to date were 74.4% lower than last year since the execution of the bonds was more favorable than at the beginning of FY21. MFA issued the 2021D Series for \$99.9 million in November, the 2022 A Series for \$100.00 mm in February 2022, and the 2022 C Series bond for \$90 mm closed on May 24th. We plan to close the 2022 D Series bond for \$99.90 mm in August. MFA also issued Series B refunding for \$33.5 million in February. Payoffs remain more robust than last year, an 2.7% increase, although less than the year-over-year change for the end of FY21 of 78.9%. MFA monitors market situations closely in consultation with its financial advisors, and favorable conditions continue to persist for the issuance of bonds than TBA.
- The multifamily JLG Central bond issue closed in October for \$11 million. The bond issue for the Vista Mesa Villa Apartments project for \$13m was closed on June 29th, and we are working on the EMLI at Wells of Artesia project for \$33m.
- In eight months of activities, the Return on Average earnings assets was negative 0.29%, lower than last year, because of award made to Homeowner Assistance Fund (HAF) program from the NM Housing Trust Fund on consolidated revenues (\$1.1m). This, along with the Cost of Issuance of 2021D and 2022 A, B & C Series bonds (\$2.8 m) and YTD SIC Investments losses (\$4.7m) and lower TBA loan production curtailing immediate recognition of revenue have also affected general fund revenues and Moody's net revenue benchmark.
- The General Fund expenses increased by 8.3% due to increased compensation, technology system and services contract for HAF program, and increased purchase of Mortgage Servicing Rights (MSR), while the General Fund revenue decreased by 48.4% due to administrative fee income from TBA activities significantly lower compared to last year. The State Investment Council (SIC) General Fund portfolio valuation decreased by \$3.0m. While the investment losses are non operational, they impact General Fund revenues, combined net revenues, and Return on Average Earning Assets.
- Interest margins are lower compared to last year at this same time, and there has been significant volatility in the market given four more anticipated increases in interest rates at the federal level for the year. The combined interest margin of 0.52% is a decrease from the FY21 year-end mark of 0.68% due to lower income from interest on loans and investments. The interest income is lower as some of the MBS portfolios acquired earlier in the year have lower interest rates and faster prepayments as borrowers refinanced when the mortgage rates were lower. Also, we recently had some of the large multifamily loans paid off.
- Based on Moody's issuer credit rating scorecard, MFA's 26.76% 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 %). The net revenue as a percent of total revenue measures performance and profitability; we take caution as MFA's 9.59% ratio (5-year average) is below the optimal range (10-15%) because of varied reasons, including the NMHTF award to HAF program, cost of issuance of 2021 D, 2022 A, B & C series bonds, decreased FMV of SIC investments, lower TBA profitability resulting from market changes and increased expense in the purchase of MSR .
- Moody's Investor Services completed an updated credit opinion on MFA's Issuer Rating in June 2020. They reaffirmed the Aa3/stable rating. Comments included high asset-to- debt ratio good profitability, and low-risk profile due to mortgage-backed security structure, multifamily Risk Sharing Program, and no exposure to variable-rate debt. Additionally, Moody's reaffirmed the Aaa/stable rating on the single-family indenture in April 2021, noting a growing asset to debt ratio and stabilizing profitability.
- The Servicing Department monitors delinquencies and defaults to identify reduction strategies and refer borrowers to available loss mitigation programs. Sub-serviced Portfolio delinquency rate is 11.33%. The sub-serviced portfolio is approximately 85% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of March 31, 2022, indicates that the delinquency rate for FHA loans nationally is 9.58%, and for New Mexico is 7.15%. FHA Single Family Loan Performance Trends for March 2022 showed 12.60% delinquency (for purchase loans only), down from 14.51% in December 2021.
- The fair market value for purchased servicing rights as of March 2022 is \$26.6 million, an increase of about \$8.1 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. A sharp increase over the last quarter in FMV related to decreased prepayment speed projections and increased earnings rates impacted portfolio value positively. The current recorded cost of the asset is \$18.5 million. Valuations are obtained every quarter.

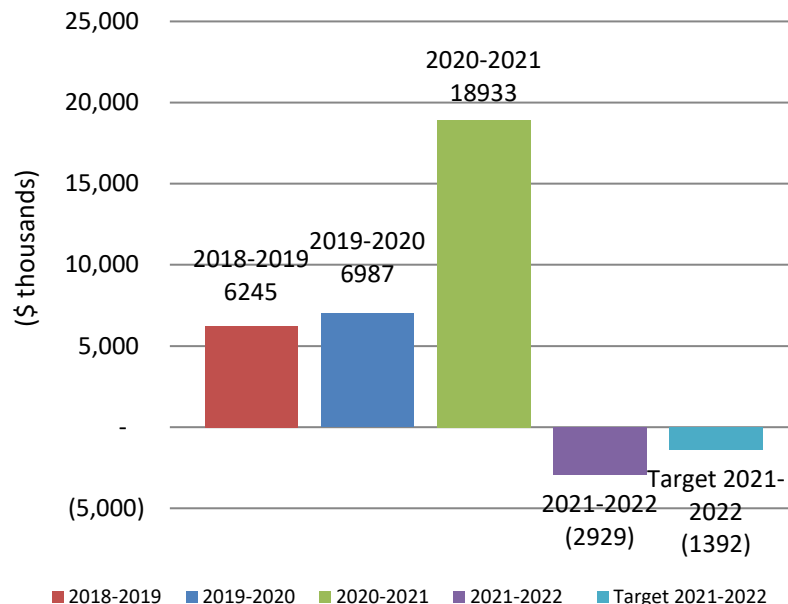
## Assets Under Management as of 9/30/2022 (\$ in thousands)



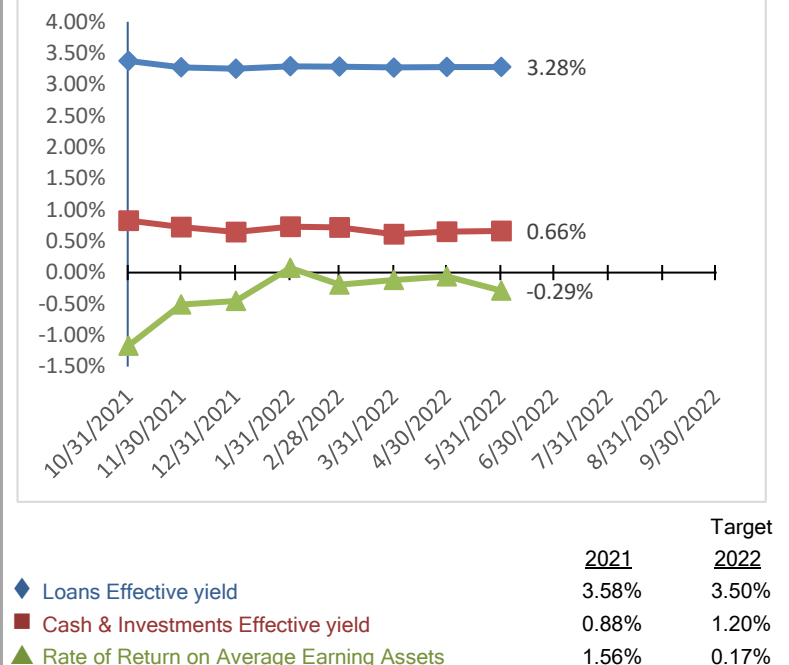
## YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2022



## YTD Excess Revenues over Expenses as of 5/31/2022



## Yield Targets 9/30/2022



(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

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NEW MEXICO MORTGAGE FINANCE AUTHORITY  
COMBINED STATEMENT OF NET POSITION  
MAY 2022  
(THOUSANDS OF DOLLARS)

	<u>YTD 5/31/22</u>	<u>YTD 05/31/21</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$35,577	\$36,777
RESTRICTED CASH HELD IN ESCROW	9,597	9,168
SHORT-TERM INVESTMENTS	(100)	-
ACCRUED INTEREST RECEIVABLE	4,312	3,994
OTHER CURRENT ASSETS	5,175	5,493
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	(0)	(0)
TOTAL CURRENT ASSETS	<u>54,561</u>	<u>55,432</u>
 CASH - RESTRICTED	 162,567	 140,137
LONG-TERM & RESTRICTED INVESTMENTS	65,095	69,516
INVESTMENTS IN RESERVE FUNDS	11,001	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,156,578	979,784
MORTGAGE LOANS RECEIVABLE	210,540	218,792
ALLOWANCE FOR LOAN LOSSES	(9,911)	(7,699)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,788	1,961
OTHER REAL ESTATE OWNED, NET	2,643	631
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	18,792	16,522
TOTAL ASSETS	<u>1,673,654</u>	<u>1,475,078</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	198	229
 TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	 <u>1,673,852</u>	 <u>1,475,306</u>
 <u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$12,668	\$11,585
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	14,996	12,066
ESCROW DEPOSITS & RESERVES	9,342	9,004
TOTAL CURRENT LIABILITIES	<u>37,006</u>	<u>32,656</u>
 BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	 1,336,196	 1,140,851
MORTGAGE & NOTES PAYABLE	17,159	19,441
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	225	138
TOTAL LIABILITIES	<u>1,390,585</u>	<u>1,193,086</u>
DEFERRED INFLOWS	295	-
TOTAL LIAB/DEFERRED INFLOWS	<u>1,390,881</u>	<u>1,193,086</u>
 <u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	1,788	1,961
UNAPPROPRIATED NET POSITION (NOTE 1)	61,104	68,160
APPROPRIATED NET POSITION (NOTE 1)	220,079	212,099
TOTAL NET POSITION	<u>282,971</u>	<u>282,220</u>
 TOTAL LIABILITIES & NET POSITION	 <u>1,673,852</u>	 <u>1,475,306</u>

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NEW MEXICO MORTGAGE FINANCE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE EIGHT MONTHS ENDED MAY 2022  
(THOUSANDS OF DOLLARS)

	<u>YTD 5/31/22</u>	<u>YTD 05/31/21</u>
<b><u>OPERATING REVENUES:</u></b>		
INTEREST ON LOANS	\$28,767	\$30,047
INTEREST ON INVESTMENTS & SECURITIES	1,038	1,197
LOAN & COMMITMENT FEES	2,386	839
ADMINISTRATIVE FEE INCOME (EXP)	4,771	14,026
RTC, RISK SHARING & GUARANTY INCOME	151	85
HOUSING PROGRAM INCOME	949	786
LOAN SERVICING INCOME	5,484	5,299
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>43,546</u>	<u>52,278</u>
<b><u>NON-OPERATING REVENUES:</u></b>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(4,480)	3,781
OTHER NON-OPERATING INCOME	13	11
GRANT AWARD INCOME	39,862	65,281
SUBTOTAL NON-OPERATING REVENUES	<u>35,396</u>	<u>69,073</u>
<b>TOTAL REVENUES</b>	<u><u>78,942</u></u>	<u><u>121,351</u></u>
<b><u>OPERATING EXPENSES:</u></b>		
ADMINISTRATIVE EXPENSES	13,401	12,811
INTEREST EXPENSE	24,571	25,007
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,090)	(1,970)
PROVISION FOR LOAN LOSSES	209	(93)
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	103	91
AMORT. OF SERV. RIGHTS & DEPRECIATION	2,069	1,792
BOND COST OF ISSUANCE	2,764	1,334
SUBTOTAL OPERATING EXPENSES	<u>41,027</u>	<u>38,971</u>
<b><u>NON-OPERATING EXPENSES:</u></b>		
CAPACITY BUILDING COSTS	58	82
GRANT AWARD EXPENSE	40,787	63,123
OTHER NON-OPERATING EXPENSE	-	243
SUBTOTAL NON-OPERATING EXPENSES	<u>40,844</u>	<u>63,448</u>
<b>TOTAL EXPENSES</b>	<u><u>81,871</u></u>	<u><u>102,419</u></u>
<b>NET REVENUES</b>	(2,929)	18,933
<b>OTHER FINANCING SOURCES (USES)</b>	-	(0)
<b>NET REVENUES AND OTHER FINANCING SOURCES(USES)</b>	<u>(2,929)</u>	<u>18,933</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>285,900</u>	<u>263,288</u>
<b>NET POSITION AT 5/31/22</b>	<u><u>282,971</u></u>	<u><u>282,220</u></u>

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

(Note 1) MFA Net Position as of May 31, 2022:

UNAPPROPRIATED NET POSITION:

\$ 26,999	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 33,223	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 882	is held for New Mexico Affordable Housing Charitable Trust.
<b>\$ 61,104</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:

\$ 117,129	for use in the Housing Opportunity Fund (\$107,096 in loans plus \$10,033 unfunded, of which \$4,792 is committed).
\$ 54,337	for future use in Single Family & Multi-Family housing programs.
\$ 1,159	for loss exposure on Risk Sharing loans.
\$ 1,788	invested in capital assets, net of related debt.
\$ 18,683	invested in mortgage servicing rights.
\$ 10,451	for the future General Fund Budget year ending 09/30/22 (29,325 total budget less 18,874 expended budget through 05/31/22.)
<b>\$ 203,547</b>	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

\$ 18,320	for use in the federal and state housing programs administered by MFA.
<b>\$ 18,320</b>	Subtotal - Housing Program
<b>\$ 221,867</b>	Total Appropriated Net Position
<b>\$ 282,971</b>	Total Combined Net Position at May 31, 2022

Total combined Net Position, or reserves, at May 31, 2022 was \$283.0 million, of which \$61.1 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$221.9 million of available reserves, with \$84.8 million primarily liquid in the General Fund and in the federal and state Housing programs and \$137.1 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 2021-2022 Budget**  
**For the eight months ended 5/31/2022**

	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>Revenue</b>							
Interest Income	604,797	4,573,283	4,962,838	7,444,257	389,555	2,870,974	61.43%
Interest on Investments & Securities	109,726	781,743	789,743	1,184,614	8,000	402,871	65.99%
Loan & Commitment Fees	10,501	112,562	121,691	182,537	9,129	69,975	61.67%
Administrative Fee Income (Exp)	768,519	7,278,364	7,707,028	11,560,542	428,664	4,282,178	62.96%
Risk Sharing/Guaranty/RTC fees	(5,250)	144,534	55,471	83,207	(89,063)	(61,328)	173.71%
Housing Program Income	98,187	949,107	565,621	1,332,863	(383,486)	383,756	71.21%
Loan Servicing Income	689,573	5,483,771	5,448,660	8,172,989	(35,112)	2,689,218	67.10%
Other Operating Income			-	-	-	-	
<b>Operating Revenues</b>	2,276,052	19,323,365	19,651,052	29,961,009	327,686	10,637,644	64.50%
Gain (Loss) Asset Sale/Debt Ex	(1,525,686)	(2,785,613)	-	-	2,785,613	2,785,613	
Other Non-operating Income	-	10	67	100	57	90	10.00%
<b>Non-Operating Revenues</b>	(1,525,686)	(2,785,603)	67	100	2,785,670	2,785,703	-2785603.04%
<b>Revenue</b>	750,366	16,537,762	19,651,118	29,961,109	3,113,356	13,423,347	55.20%
Salaries	531,543	4,304,469	4,882,021	7,090,697	577,552	2,786,228	60.71%
Overtime	1,154	8,390	20,735	30,181	12,345	21,792	27.80%
Incentives	4,346	309,751	410,190	595,931	100,439	286,180	51.98%
Payroll taxes, Employee Benefits	235,790	1,954,538	2,382,295	3,529,179	427,757	1,574,641	55.38%
Compensation	772,833	6,577,147	7,695,240	11,245,988	1,118,093	4,668,841	58.48%
Business Meals Expense	228	1,408	3,247	4,870	1,839	3,462	28.91%
Public Information	2,616	78,653	244,583	366,875	165,930	288,222	21.44%
In-State Travel	2,554	35,883	87,608	131,412	51,725	95,529	27.31%
Out-of-State Travel	21,435	31,388	125,889	188,834	94,501	157,446	16.62%
Travel & Public Information	26,834	147,332	461,327	691,991	313,995	544,659	21.29%
Utilities/Property Taxes	4,156	50,922	50,874	76,311	(48)	25,389	66.73%
Insurance, Property & Liability	16,865	134,921	136,129	204,194	1,208	69,273	66.08%
Repairs, Maintenance & Leases	87,697	1,049,553	824,883	1,237,325	(224,670)	187,772	84.82%
Supplies	1,933	18,300	25,467	38,200	7,166	19,900	47.91%
Postage/Express mail	790	30,042	36,667	55,000	6,625	24,958	54.62%
Telephone	260	4,350	15,134	22,701	10,784	18,351	19.16%
Janitorial	3,319	25,615	24,333	36,500	(1,282)	10,885	70.18%
Office Expenses	114,202	1,308,614	1,111,435	1,667,152	(197,179)	358,539	78.49%
Dues & Periodicals	3,539	31,562	38,680	58,020	7,118	26,458	54.40%
Education & Training	7,797	43,347	99,906	149,859	56,559	106,512	28.92%
Contractual Services	158,783	769,955	1,058,669	1,588,004	288,715	818,050	48.49%
Professional Services-Program	5,933	52,813	45,600	68,400	(7,213)	15,587	77.21%
Direct Servicing Expenses	533,633	4,205,933	3,361,257	5,041,886	(844,676)	835,953	83.42%
Program Expense-Other	(1,185)	31,656	42,013	63,019	10,357	31,363	50.23%
Rebate Analysis Fees			-	-	-	-	
Other Operating Expense	708,499	5,135,265	4,646,125	6,969,188	(489,139)	1,833,924	73.69%



**GENERAL FUND**  
**Fiscal Year 2021-2022 Budget**  
**For the eight months ended 5/31/2022**

	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 Expense	13,193	58,877	278,549	417,824	219,672	358,947	14.09%
Non-Cash Expenses	301,700	2,275,945	2,254,836	3,382,254	(21,109)	1,106,309	67.29%
Expensed Assets	10,338	166,964	79,900	119,850	(87,064)	(47,114)	139.31%
<b>Operating Expenses</b>	1,947,598	15,670,144	16,527,413	24,494,247	857,270	8,824,104	63.97%
Program Training & Tech Asst	-	10,188	109,933	164,900	99,745	154,712	6.18%
Program Development	529	47,314	136,335	204,502	89,020	157,188	23.14%
Capacity Building Costs	529	57,503	246,268	369,402	188,765	311,899	15.57%
<b>Non-Operating Expenses</b>	529	57,503	246,268	369,402	188,765	311,899	15.57%
<b>Expenses</b>	1,948,127	15,727,646	16,773,681	24,863,649	1,046,035	9,136,003	63.26%
<b>Excess Revenue over Expenses</b>	(1,197,761)	810,116	2,877,437	5,097,459	2,067,321	4,287,343	15.89%

**GENERAL FUND CAPITAL BUDGET**  
**Fiscal Year 2021-2022 Budget**  
**For the eight months ended 5/31/2022**

	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>	292,234	3,136,327	2,795,500	4,193,250	(340,827)	1,056,923	74.79%
<b>2950 COMPUTER HARDWARE</b>	-	9,752	122,883	184,324	113,131	174,572	5.29%
<b>2960 SOFTWARE LICENSES</b>	-	-	-	-	-	-	
<b>2920 FURNITURE &amp; EQUIPMENT-10 YR</b>	-	-	55,933	83,900	55,933	83,900	0.00%
<b>2930 FURNITURE &amp; EQUIP, 5 YR.</b>	-	-	-	-	-	-	
<b>2860 BUILDING</b>	-	-	-	-	-	-	
<b>Capital Budget</b>	292,234	3,146,079	2,974,316	4,461,474	(171,763)	1,315,395	70.52%