



MFA Housing New Mexico
 May MFA Board of Directors Meeting
 May 18, 2022
 9:30 am-12:30 pm Mountain Time

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 4/20/22 Board Meeting Minutes – Board Action
- Executive Director Updates

Presentation

- 1 Annual Investment Report and Market Update (Luke Schneider, Director and Ellen Clark, Senior Managing Consultant (PFM Asset Management LLC) - NO

Consent Agenda

Board Action Items (Action Required?)

- 2 2022 Series D Bond Resolution (Cooper Hall) - Finance Committee - YES
- 3 2022 DOE State Plan (Troy Cucchiara, Dimitri Florez, and David Gutierrez) - Contracted Services - YES

Finance Committee

- 4 3/31/22 Quarterly Financial Statement (Lizzy Ratnaraj) - YES
- 5 3/31/22 Quarterly Investment Review (Cooper Hall) - YES

Allocation Review Committee

- 6 Proposed 2022 Low Income Housing Tax Credit (LIHTC) Awards (Jeanne Redondo) - YES

Contracted Services/Credit Committee & NM Housing Trust Fund Committee

- 7 Low Income Housing Tax Credit (LIHTC) Gap Financing Loan Requests (Jacobo Martinez, Sharlynn Rosales, Tim Martinez and George Maestas) - YES
 (Note: at the request of any Board Member, any of the four projects listed below may be removed from this combined agenda item and discussed and voted upon separately)
 - a. Felician Villa Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests (Jacobo Martinez and George Maestas)
 - b. The Three Sisters Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests (Tim Martinez and George Maestas)
 - c. Calle Cuarta – HOME, National Housing Trust Fund (NHTF), and New Mexico Housing Trust Fund (NMHTF) Loan Requests (Sharlynn Rosales and George Maestas)
- 8 Homeless and At Risk of Homelessness Rental Housing Program RFP (Kathryn Turner) - YES
- 9 2022 Legislative Session Capital Outlay and FRF II Short Term Funds Program Uses (Robyn Powell) - YES
- 10 Emergency Solution Grant Rapid Rehousing and Homeless Prevention Award Approvals (ESG -RR- HP) (Lucas Wylie, Shannon Tilseth) - YES

- 11 Eastern Regional Housing Authority – Woodleaf Property Sale Update
(Theresa Laredo-Garcia) - NO

Other

- 12 Updates to FY2021-2025 Strategic Plan (Rebecca Velarde) - YES

- 13 **Other Board Items (information Only)**
(Staff is available for questions)

- Staff Actions April 2022
- COVID Staff Actions
- Q2 Strategic Plan Benchmarks
- Quarterly Multifamily Construction Pipeline Report

- 14 **Quarterly Reports (No Action Required)**
Staff is available for Questions

- Quarterly Board Report

Announcements and Adjournment Discussion Only

Confirmation of Upcoming Board Meetings

- June 7, 2022 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- June 15, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)
- July 12, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- July 19-20, 2022 - Wednesday- Thursday 9:30 a.m. (MFA Board of Directors Meeting - Las Cruces)
- August 9, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- August 17-18, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting & Retreat)



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
344 4th St. SW, Albuquerque, NM
Wednesday, May 18, 2022, at 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 4/20/22 Board Meeting Minutes – Board Action
- Executive Director Updates

Board Action Items

Action Required?

Presentation

- | | |
|---|----|
| 1 Annual Investment Report and Market Update (Luke Schneider, Director and Ellen Clark, Senior Managing Consultant (PFM Asset Management LLC) | NO |
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Consent Agenda

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| 2 2022 Series D Bond Resolution (Cooper Hall) – Finance Committee | YES |
| 3 2022 DOE State Plan (Troy Cucchiara, Dimitri Florez, and David Gutierrez) – Contracted Services | YES |

Finance Committee

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| 4 3/31/22 Quarterly Financial Statement (Lizzy Ratnaraj) | YES |
| 5 3/31/22 Quarterly Investment Review (Cooper Hall) | YES |

Allocation Review Committee

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| 6 Proposed 2022 Low Income Housing Tax Credit (LIHTC) Awards (Jeanne Redondo) | YES |
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Contracted Services/Credit Committee & NM Housing Trust Fund Committee

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| 7 Low Income Housing Tax Credit (LIHTC) Gap Financing Loan Requests (Jacobo Martinez, Sharlynn Rosales, Tim Martinez and George Maestas) | YES |
| <i>(Note: at the request of any Board Member, any of the four projects listed below may be removed from this combined agenda item and discussed and voted upon separately)</i> | |
| a. Felician Villa Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests (Jacobo Martinez and George Maestas) | |
| b. The Three Sisters Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests (Tim Martinez and George Maestas) | |
| c. Calle Cuarta – HOME, National Housing Trust Fund (NHTF), and New Mexico Housing Trust Fund (NMHTF) Loan Requests (Sharlynn Rosales and George Maestas) | |
| 8 Homeless and At Risk of Homelessness Rental Housing Program RFP (Kathryn Turner) | YES |
| 9 2022 Legislative Session Capital Outlay and FRF II Short Term Funds Program Uses (Robyn Powell) | YES |
| 10 Emergency Solution Grant Rapid Rehousing and Homeless Prevention Award Approvals (ESG -RR- HP) (Lucas Wylie, Shannon Tilseth) | YES |
| 11 Eastern Regional Housing Authority – Woodleaf Property Sale Update (Theresa Laredo-Garcia) | NO |

Other

- | | |
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| 12 Updates to FY2021-2025 Strategic Plan (Rebecca Velarde) | YES |
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Other Board Items

Information Only

13 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- COVID Staff Actions
- Q2 Strategic Plan Benchmarks

- Quarterly Multifamily Construction Pipeline Report

Quarterly Reports

No Action Required

14 (Staff is available for questions)

- Quarterly Board Report

Announcements and Adjournment

Discussion Only

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- June 15, 2022 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)
- July 12, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
- July 19-21, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting-Silver City (tentative))
- 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)
- August 17-18, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Retreat)



NEW MEXICO MORTGAGE FINANCE AUTHORITY

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Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 4/20/22 Board Meeting Minutes – Board Action
- Executive Director Updates

Board Action Items

Action Required?

Presentation

- 1 Annual Investment Report and Market Update** (Luke Schneider, Director and Ellen Clark, Senior Managing Consultant (PFM Asset Management LLC) - Staff from PFM Asset Management LLC, MFA's contracted Investment Advisor, will be presenting a market and investment update. YES

Consent Agenda

- 2 2022 Series D Bond Resolution** (Cooper Hall) – Finance committee - To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2022 Series D Single Family Bond Resolution in the aggregate amount of not to exceed \$125 million. MFA anticipates providing funds for \$125 million of new loans. The timing of issuance has not been determined and will depend on actual reservation activity and bond market conditions. YES
- 3 2022 DOE State Plan** (Troy Cucchiara, Dimitri Florez, and David Gutierrez) – Contracted Services/Credit Committee - The NM EnergySmart program helps low-income New Mexicans save money on utility bills. Homeowners and renters who qualify for the program receive an average of \$8,070 in weatherization measures. The Department of Energy (DOE) is the primary funding source and they set the rules and regulations for the program. Additionally, DOE is the only funding source that provide for vehicles, equipment, and a training and technical assistance budget. In order to receive the funding from DOE, a State Plan must be submitted no later than May 1, 2022. Funding for the 2022/2023 State Plan totals \$2,601,117.43. With the DOE funding, we are projecting that ICAST will weatherize approximately 35 multifamily statewide units, Central New Mexico Housing will weatherize approximately 101 single family units, and Southwestern Regional Housing and Community Development Corporation will weatherize approximately 40 single family units for a total of 176 units. YES

Finance Committee

- 4 3/31/22 Quarterly Financial Statement** (Lizzy Ratnaraj) – ongoing. YES
- 5 3/31/22 Quarterly Investment Review** (Cooper Hall) – ongoing. YES

Allocation Review Committee

- 6 Proposed 2022 Low Income Housing Tax Credit (LIHTC) Awards** (Jeanne Redondo) - Staff, by and through MFA's Allocation Review Committee ("ARC"), requests approval of six LIHTC awards, attached as Table 7A and approval of a forward allocation of 2023 tax credits in the amount of \$2,829,965. YES

Contracted Services/Credit Committee & NM Housing Trust Fund Committee

- 7 Low Income Housing Tax Credit (LIHTC) Gap Financing Loan Requests** (Jacobo Martinez, Sharlynn Rosales, Tim Martinez and George Maestas) YES
- (Note: at the request of any Board Member, any of the three projects listed below may be removed from this combined agenda item and discussed and voted upon separately)*
- a. **Felician Villa Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests** (Jacobo Martinez and George Maestas) - A HOME loan request in the amount of \$1,000,000 and a National Housing Trust Fund (NHTF) loan request in the amount of \$400,000 for the Felician Villa Apartments, located in Rio Rancho, New Mexico. Felician Villa Apartments is a New Construction project that will create 65 one- and two-

bedroom units for households with seniors (55+). All units will be income-restricted. The income-restricted units will be for households earning 30% of the Area Median Income (AMI), 50% of the AMI, and 60% of the AMI.

- b. **The Three Sisters Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests** (Tim Martinez and George Maestas) - A HOME loan request in the amount of \$1,000,000 and a National Housing Trust Fund (NHTF) loan request in the amount of \$400,000 for The Three Sisters Apartments, located in Las Cruces, New Mexico. The Three Sisters Apartments is a New Construction project that will create 69 income-restricted units consisting of one-, two-, and three-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. The project will also target Households with Children.
- c. **Calle Cuarta – HOME, National Housing Trust Fund (NHTF), and New Mexico Housing Trust Fund (NMHTF) Loan Requests** (Sharlynn Rosales and George Maestas) - A HOME loan request in the amount of \$915,000, a National Housing Trust Fund (NHTF) loan request in the amount of \$400,000, and a New Mexico Housing Trust Fund loan request in the amount of \$1,000,000 for the Calle Cuarta Apartments, located in Albuquerque, New Mexico. Calle Cuarta Apartments is a New Construction project that will create 61 studio, one-, two-, and three-bedroom units for households with children. All units will be income-restricted. The income-restricted units will be for households earning 30% of the Area Median Income (AMI), 50% of the AMI, 60% of the AMI, and 80% of the AMI.
- 8 **Homeless and At Risk of Homelessness Rental Housing Program RFP** (Kathryn Turner) - Staff is recommending approval of the Homeless and At-Risk of Homelessness Rental Housing Program Request for Proposals (RFP) which would identify and fund eligible and impactful projects that would serve New Mexicans who are homeless and/or those at-risk of homelessness. YES
- 9 **2022 Legislative Session Capital Outlay and FRF II Short Term Funds Program Uses** (Robyn Powell) - Staff recommends the Board of Directors approve the proposed uses for: 1. 2022 Legislative Session American Rescue Plan Act Fiscal Recovery Funds II (FRF II) in the amount of \$10,000,000, and 2. 2022 Legislative Session Capital Outlay funds in the amount of \$9,000,000. Staff also recommends the Board provide flexibility to move funding between these proposed uses based on need and to ensure compliance with contractual deadlines. YES
- 10 **Emergency Solution Grant Rapid Rehousing and Homeless Prevention Award Approvals (ESG -RR- HP)** (Lucas Wylie, Shannon Tilseth) - Staff is requesting approval for the Emergency Solutions Grant Rapid Rehousing and Homeless Prevention (ESG RR-HP) awards in the amount \$898,412.44 to eight subrecipients. If approved, the subrecipients of this funding will receive an annual award for the next five program years beginning July 1, 2022. YES
- 11 **Eastern Regional Housing Authority – Woodleaf Property Sale Update** (Theresa Laredo-Garcia) - Staff is providing this update on ERHA's activities surrounding the sale of the Woodleaf Apartments to prepare for the presentation of sales offers in June. NO

Other

- 12 **Updates to FY2021-2025 Strategic Plan** (Rebecca Velarde) - Board approval is requested for changes to MFA's FY 2021-2025 Strategic Plan. MFA will complete the second year (FY 2022) of the plan on September 30, 2022. Strategic plan changes include amended benchmarks and initiatives. YES

Other Board Items

Information Only

- 13 **(Staff is available for questions)**
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Quarterly Reports

No Action Required

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- August 17-18, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Retreat)

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Board Meeting Minutes

344 4th St. SW, Albuquerque, NM

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

Chair Reyes convened the meeting on April 20, 2022 at 9:34 a.m. Secretary Hernandez called the roll. Members present: Chair Angel Reyes, Treasurer Tim Eichenberg, Martina C'de Baca, (designee for Lieutenant Governor Howie Morales), Sally Malavé (designee for Attorney General Hector Balderas), and Rebecca Wurzburger. Absent: Derek Valdo and Patricia Sullivan. Hernandez informed the Board that everyone has 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 stating that today's meeting is being webcast. He introduced everyone on the phone and reminded the members of the protocol for today's webcast 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 April 20, 2022 board agenda as recommended: Eichenberg Second: C'de Baca. Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzburger-yes. Vote: 5-0.

Approval of March 16, 2022, Board Meeting Minutes – Board Action. Motion to approve the March 16, 2022, Board Meeting Minutes as presented: Wurzburger. Second: Eichenberg Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzburger-yes. Vote: 5-0.

Approval of March 16, 2022, Board Meeting Minutes; Manufactured Housing – Board Action. Motion to approve the March 16, 2022, Board Meeting Minutes; Manufactured Housing as presented: Wurzburger. Second: Eichenberg Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzburger-yes. Vote: 5-0.

Hernandez provided his Executive Director updates: Program Updates: Delinquency rate at 11.6%, 2% drop since December. Homeownership production, averaging \$1mm/week less from 2021, if continued we will be \$50mm less at year end. Interest rates for First Home at is 4.75 3/8% below market compared to 3.375 in January '22. **Significant meetings/presentations:** 3/23: Hernandez thanked Lieutenant Governor for setting up a meeting with Aging and Long term services department to discuss affordable housing for seniors. 4/7: Meeting with Representative Sweetser, farm worker housing; researching models to address need. 4/22: Thanked staff for the 2022C Bond Pricing - \$100M **News:** referred to home sales prices/affordability with regards to the news articles shared via email with the Board. He further informed the Board that the July Board meeting will be out of town in Silver City and the Board retreat will be held in August.

Consent Agenda

- 1 Extension of external Audit Contract (Yvonne Segovia)** – Staff recommends 1) a third successive one-year extension for the External Audit Services contract and 2) an extension of the contract with CliftonLarsonAllen LLP for the fiscal year ending 9/30/2022 at the proposed rate. CLA is amenable to the extension.
- 2 Bond Resolution for Vista Mesa Villas (Christi Wheelock)** –Staff requests approval of the attached Bond Resolution for Vista Mesa Villa Apartments to pursue the issuance of up to \$13 million in tax exempt bonds that are expected to close in April 2022. Bond proceeds will fund the completion of the acquisition and rehabilitation of 100 units, all of which are rent restricted units, located in the City of Grants. Approval of the Bond Resolution will result in this property remaining affordable for the next 30 years.
- 3 Reissue FY2020/FY2021 Recovery Housing Program (RHP), RFP (Theresa Laredo-Garcia)** –Staff recommends approval of the Pilot Recovery Housing Program (RHP) Request for Proposal (RFP) for FY2020/FY2021 to provide much needed funding for Recovery Housing units in New Mexico.

MFA Regular Board Meeting Minutes

April 20, 2022

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Chair Reyes confirmed that all board members agree to approve the consent agenda items 1-3, seeing and hearing no objections he asked for a motion. Malavé made the motion to approve the consent agenda as presented: Second: Eichenberg. Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbürger-yes. Vote: 5-0.

Finance Committee

4 Cash Reserve Policy (Lizzy Ratnaraj and David Jones CSG Advisors). Ratnaraj began by informing the Board that today's presentation is a follow up from last year's presentation during the Board retreat. She and David Jones provided a comprehensive review of the slides provided behind tab four, which will become a part of the official board packet. Ratnaraj concluded by reviewing the conclusion slide listing the reasons the recommended revisions to the MFA General Cash Reserve policy will assist MFA. Motion to approve the Approval of Cash Reserve Policy as presented: C' de Baca. Second: Eichenberg. Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbürger-yes. Vote: 5-0. Consider not listing all the various slides and just say they discussed slides...

Contracted Services/Credit Committee & NM Housing Trust Fund

5 Request for Homeowner Rehab funding from the NM Housing Trust Fund (NMHTF) (Amy Gutierrez) Gutierrez began her presentation with a request for \$370,000 from the NMHTF for home rehabilitation projects that fall outside of the regular requirements of the HOME Rehab program funding. Due to program limits and extenuating circumstances, there are five projects that require regulation flexibility not afforded with regular HOME funding. The income qualifications for each project are also below the income levels established by the NMHTF. Gutierrez reviewed the background information which included a breakdown to each of the projects and their extenuating circumstances. Based on the site visits and needs assessments that were completed by both agencies on all of these projects, it has been determined that Southwestern Regional Housing and Community Development Corporation (SRHCDC) will need \$210,000 for all three Veterans projects and San Felipe Pueblo Housing Authority (SFPHA) will need \$160,000 for two projects. Motion to approve the Request of Homeowner Rehab funding from NM housing Trust Fund as presented: Wurzbürger. Second: Eichenberg. Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbürger-yes. Vote: 5-0.

6 Award for Legal Services as Bond Counsel RFP (Cooper Hall). Hall began his presentation by providing background information regarding the current bond counsels contract, stating that their contract was awarded in February 2017 and their contract expires 4/30/22. The current RFP was approved at the January board meeting. The RFP was sent electronically to 19 active bond counsel firms and posted on the MFA website. MFA received a total of six responses to the RFP from the following firms: Ballard Spahr, Gilmore & Bell Kutak Rock, Orrick Herrington, Dinsmore Shohl and Sherman & Howard (response only for multifamily contract). All six proposals met the minimum threshold. The contract begins on the date of the MFA Board Directors approval and ends on April 30, 2025 the contract may be extended for two, one (1) year periods under the same terms and conditions. Kutak Rock received the highest score in accordance with the evaluation criteria outlined in the RFP and is being recommended today for bond counsel legal services to both Single Family and Multifamily programs. Motion to approve the Award for Legal Services as Bond Counsel RFP for both single family and multifamily to Kutak Rock as presented: Malavé. Second: Wurzbürger. Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbürger-yes. Vote: 5-0.

7 State Tax Credit request-Clifton William (Greater Albuquerque Habitat for Humanity) (Justin Carmona). Carmona began his presentation with an award request of \$674,682 (13% of available balance) from the State Tax Credit Program for Clifton/Williams Project. It is a new construction project consisting of seven single-family homes located in Albuquerque, in the San Jose neighborhood. In addition, Carmona provided background information on the sponsor and developer for The Greater Albuquerque Habitat for Humanity (GAHFH). He further provided information on the requirements and qualifications for the buyers, including homeownership and financial literacy classes and contribute 350 hours of sweat equity. He further informed the Board that the balance in the State Tax Credit \$5.1mm available for 2022. Motion to approve the State Tax Credit request-Clifton William as presented: Wurzbürger. Second: Cde Baca. Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C'de Baca-yes, Malavé-yes, Wurzbürger-yes. Vote: 5-0.

- 8 Tax Credit Assistance Program (TCAP)NOFA Revision (Jacobco Martinez).** Martinez began his presentation with a request for the approval of the Tax Credit Assistance Program (TCAP) NOFA Revision. The intent of this revision is to include a new section for Program Income to define the guidelines for distributing the program income funds generated by our TCAP program. MFA staff is proposing certain requirements for eligibility projects to the 2020 LIHTC projects. These funds will be distributed in the form of a grant due to the COVID-19 related hardships. Also included is a \$1.1MM set -aside to assist 2020 LIHTC projects experiencing hardship related to COVID-19. He further provided background information stating that the American Recovery and Reinvestment Act (ARRA) of 2009 provided grant funding for capital investment in Low Income Housing Tax Credit (LIHTC, Housing Credit or Tax Credit) projects – known as the Tax Credit Assistance Program (TCAP). The intent of the program was to aid stalled affordable housing rental projects. The portion of this funding that was administered by MFA;\$13,876,558 under HUD TCAP Grant Number – M09-ES350100. The funds were established as loans with a 47 1/2 year term with an interest rate of 1% annum. Thus, MFA has been receiving program income from these loans since approximately 2012. Currently, MFA has \$2,074,096.97 in program income to be utilized for affordable housing. However, the approved TCAP NOFA does not define how the program money shall be utilized. Motion to approve the Tax Credit Assistance Program (TCAP) NOFA Revision as presented: Malavé Second: Wurzbürger Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C’de Baca–yes, Malavé-yes, Wurzbürger–yes. Vote: 5-0.
- 9 Emergency Housing Needs Pilot Program Framework and Funding Allocation (Robyn Powell and Sonja Unrau).** Powell began her presentation with a request for approval of the following: 1) The framework for implementation of the Emergency Housing Needs Pilot Program; and 2) An allocation of \$500,000 from MFA’s General Fund Housing Opportunities Fund to the Emergency Housing Needs Pilot Program. The Emergency Housing Needs Pilot will be a mechanism for MFA to quickly deploy assistance regarding housing needs and crisis along with emergency housing situations. MFA administers over 30 programs, and many of these programs are funded with state or federal funds. As these public funds are intended for specific activities, there are restrictions and limitations as to how they can be deployed, making it difficult for MFA to provide financial support in emergency situations. Further, the administrative requirements of MFA’s existing programs do not allow for urgent deployment of assistance. As the state housing finance authority, it is important that MFA have innovative solutions to respond quickly to emergency housing needs. Staff designed the Emergency Housing Needs Pilot Program to fill this programming gap. Powell further discussed background information, housing opportunity fund (HOF) general fund allocation, emergency housing needs program framework and eligibility costs, forms of assistance, eligibility applicants, eligible beneficiaries, and the application and awards process. Motion to approve the Emergency Housing Needs Pilot Program Framework and Funding Allocations as presented: Wurzbürger. Second: Eichenberg. Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C’de Baca–yes, Malavé-yes, Wurzbürger–yes. Vote: 5-0.
- 10 2022 Draft Annual Action Plan (Sherry Stephens).** Stephens began her presentation with a request for final approval and acceptance of the draft 2022 Annual Action Plan. Stephens provided a timeline and allocations informing the Board that it is due in May in order to meet HUD regulations prior to the July 1 program year. HUD regulations stipulate that all planning documents are submitted 45 days before the beginning of the program year. She further informed the Board that the formula allocations for HUD programs have not been released at this time. It is customary to enter into the phases of citizen participation plan and presentations to ensure timelines are met and then adjust funding percentages when allocations are public. She stated that MFA is currently in the 30 day public comment period which began March 20, 2022. Further stating that she had received four comments at yesterday’s public hearing. Motion to approve the 2022 Draft Annual Action Plan as presented: Wurzbürger Second: C’ de Baca. Roll call vote: Chair Reyes-yes, Treasurer Eichenberg-yes, C’de Baca–yes, Malavé-yes, Wurzbürger–yes. Vote: 5-0.
- 11 Bi-Annual Compliance Activities (Julie Halbig).** Halbig began her presentation by informing the Board the compliance activities report is intended to provide information to the Board regarding compliance management activities and the results of related oversight of MFA’s Homeownership and Servicing departments, including subservicing oversight. She further stated that the compliance officer is responsible for maintaining a comprehensive compliance program to address legal, regulatory, and internal requirements for MFA’s single

family mortgage lending and servicing functions, ensure MFA is meeting regulatory compliance requirements related to mortgage operations, and maintain oversight of MFA's contracted subservicer performance. She reviewed the memo located behind tab eleven which will be made a part of the official board packet. She stated the activities described in this report cover October 2021- March 2022 and will focus on the following areas: Vendor Management, Subservicing Oversight, Loan Quality Control and Regulatory Compliance. She reported that during this reporting period, no significant compliance concerns were identified. Non Action Item.

Other

- 12 Appointment of the Nominating Committee (Chair, Angel Reyes).** Chair Reyes informed the Board that he has appointed a Nominating Committee to Elect Officers, they are Lieutenant Governor Howie Morales, Attorney General Hector Balderas and himself. He further informed the board that (a) The Nominating Committee shall be responsible for presenting nominations for officers, other than the Chairman and the Executive Director, including without limitation the Vice Chairman, the Secretary, the Assistant Secretary, the Treasurer and the Assistant Treasurer. (b) The Chairman shall appoint a Nominating Committee during or prior to April of each year. The Nominating Committee shall consist of three members of the Authority. (c) The nominations shall be presented, and elections held no later than the June meeting of the board of directors held in such year. The vote for officers shall be held in such manner as the directors may determine. Non-Action Item.

- 13 Recognition-Senator Nancy Rodriguez (Chair, Angel Reyes, and Izzy Hernandez).** Chair Reyes welcomed Senator Rodriguez with great honor, humility and gratitude to be recognized at the MFA Board of Directors meeting for all she has done for affordable housing and the passage of Senate Bill 134. Hernandez introduced her to all the Board members. He mentioned the Senator did not want to be recognized and that her reward is the people who will benefit from this funding; that is the kind of heart she has. To put this major accomplishment in perspective he provided some background information stating that the HTF has been in existence for 17 years and in that time has received \$27mm; we will now receive funding between \$24-30mm every year beginning in 2024. He thanked her for all of the hard work and long hours she put in to make this happen. John Anderson spoke of her energy, tenacity and attitude of taking no prisoners. He talked about all of his experience with the sessions and had never seen a bill of this magnitude pass in a 30 day session and credits it to her hard work. Chair Reyes stated he was so happy to see everyone in the Board room and just has so much gratitude for what the Senator has done. It is something staff does every day; we do every day and have done for so many years creating this solid reputation, creating a vision of what it takes to make a difference in the lives of New Mexicans. Chair Reyes then presented the Senator with a Nambe plaque that read, "In recognition of Senator Nancy Rodriguez for her unwavering commitment to advancing affordable housing opportunities throughout the state of New Mexico. This award honors Senator Rodriguez for her contributions to the NM Housing Trust Fund and for championing Senate Bill 134, historic and transformational legislation that will create safe, quality, affordable housing opportunities for countless generations of New Mexicans." She thanked everyone for her plaque and accolades. She stated that she is just a conduit for the work MFA does, staff paved the way for this every day. She thanked the Board and Izzy for their leadership, hard work, loyalty, commitment, and public service they put into this work that makes this happen. She could not say enough about MFA staff, Izzy and Rebecca for providing the talking points and anticipating the questions legislators would have, Yvonne showing up to explain possible questions regarding the bonds. John for pulling out everyone. If she could use one word to summarize this whole scenario, its "respect", and this is why; It is the reputation of MFA that made it happen, it is the people you work with, who you are, how you do your work, how people see, how the legislature perceives you, how much trust and confidence they have in you that's what it's about. Every time she asks someone to sponsor a bill on MFA's behalf, they say that for MFA, yes, we need housing - they are good at what they do, they have so much confidence in your competence, ability and commitment. She went on to speak about this experience when legislators were willing to give up some of their capital outlay. The 27 years she has chaired/co-chaired this committee have been one of the greatest times of her life. She has gotten to see how this quasi-governmental agency functions, the hard work, honesty, families having a place to call home, kids waking up in a warm bed. Hernandez explained that she is way too humble, and explained that we have a great Board, staff and partners who are listening in and wanted to thank them all. She was then informed that the board room has been named the Senator Nancy Rodriguez Board Room in her honor and was escorted to view the plaque.

Other Board Items

- 14 There were no questions asked of staff**
- Staff Actions Requiring Notice to Board
 - Covid Staff Actions

Monthly Reports

- 15 There were no questions asked of staff**
- 2/28/22 Financial Statements

Announcements and Adjournment.

There being no further business the meeting was adjourned at 11:29 a.m.

Approved: May 18, 2022

Chair, Angel Reyes

Secretary, Isidoro Hernandez

New Mexico Mortgage Finance Authority Board Meeting

May 18, 2022 | pfmam.com

PFM Asset Management LLC

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Agenda

- ▶ **Market Update**
- ▶ **Current Allocation of General Fund**
- ▶ **Review of NMMFA Cash Flows**
- ▶ **Performance of State Investment Council Funds**
- ▶ **Allocation Recommendations**

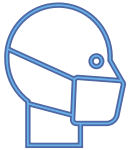
Current Market Environment



Current Market Themes



- ▶ Capital markets have been very volatile, due to
 - ▶ Russian invasion of Ukraine, resulting economic sanctions, impact on commodity prices
 - ▶ Anticipated rate hikes and evolving inflation
 - ▶ Repricing of assets based on valuations



- ▶ COVID-19 caseloads have decreased sharply in regions hit hard by the Omicron variant at the turn of the year



- ▶ The U.S. economy is characterized by:
 - ▶ Rapidly increasing inflation
 - ▶ Improved labor market conditions
 - ▶ Depressed consumer confidence



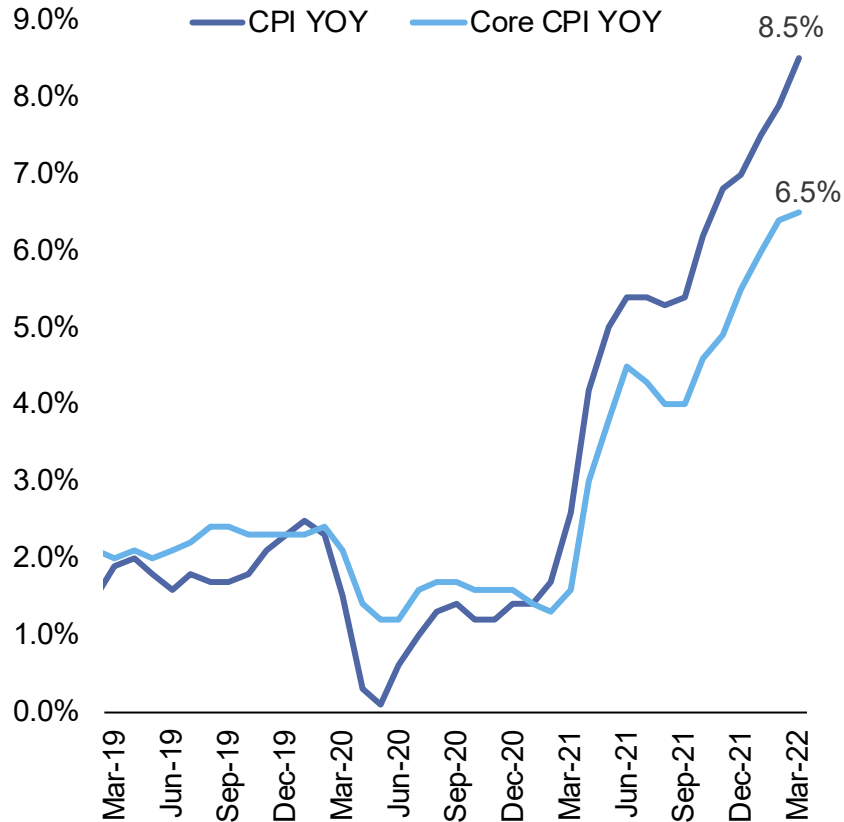
- ▶ The Federal Reserve is reducing monetary policy accommodation
 - ▶ Accelerated pace of asset purchase tapering
 - ▶ Fed expected to raise rates seven times in 2022
 - ▶ Changing composition of FOMC leadership

Geopolitical Risk is Elevated with Russia's Invasion of Ukraine

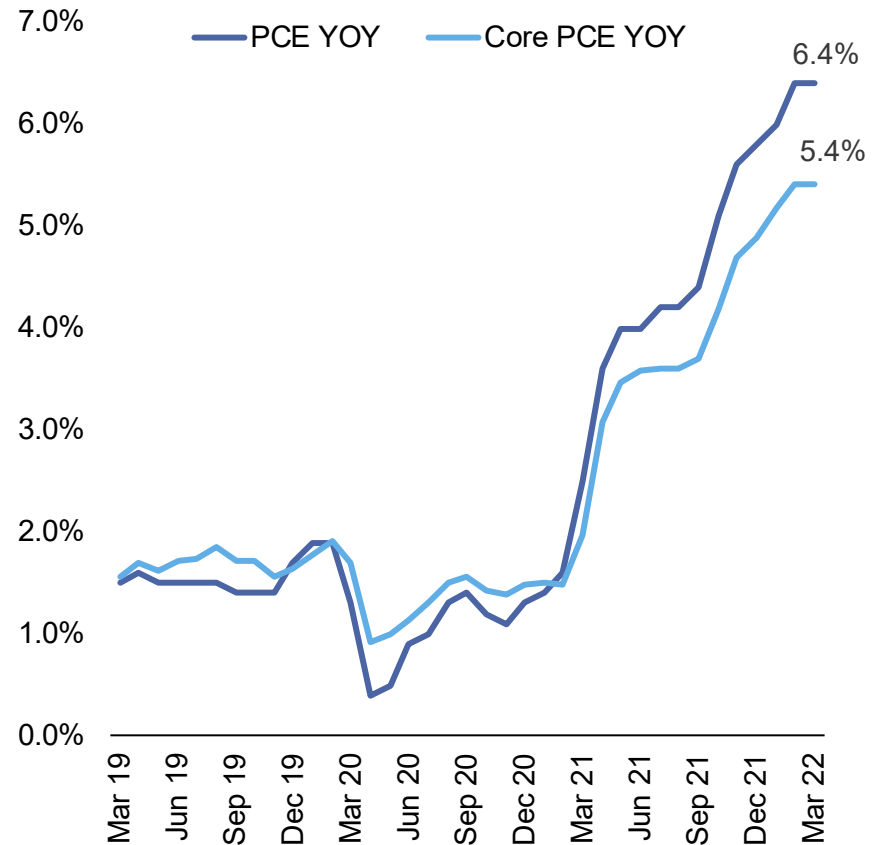


Inflation Continues to Soar in the US

U.S. Consumer Price Index
% Change YOY



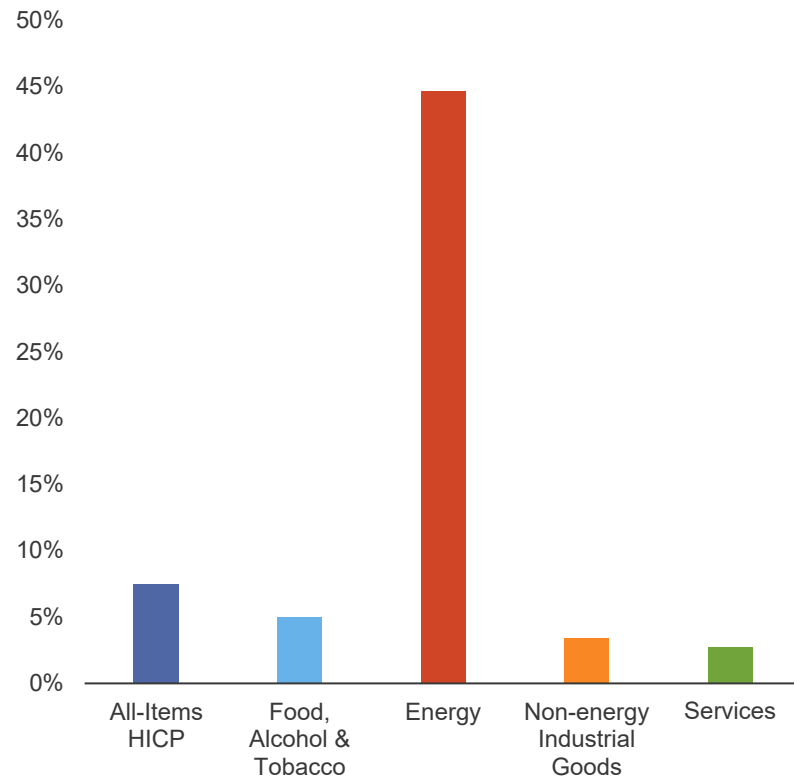
U.S. Personal Consumption Expenditures
% Change YOY



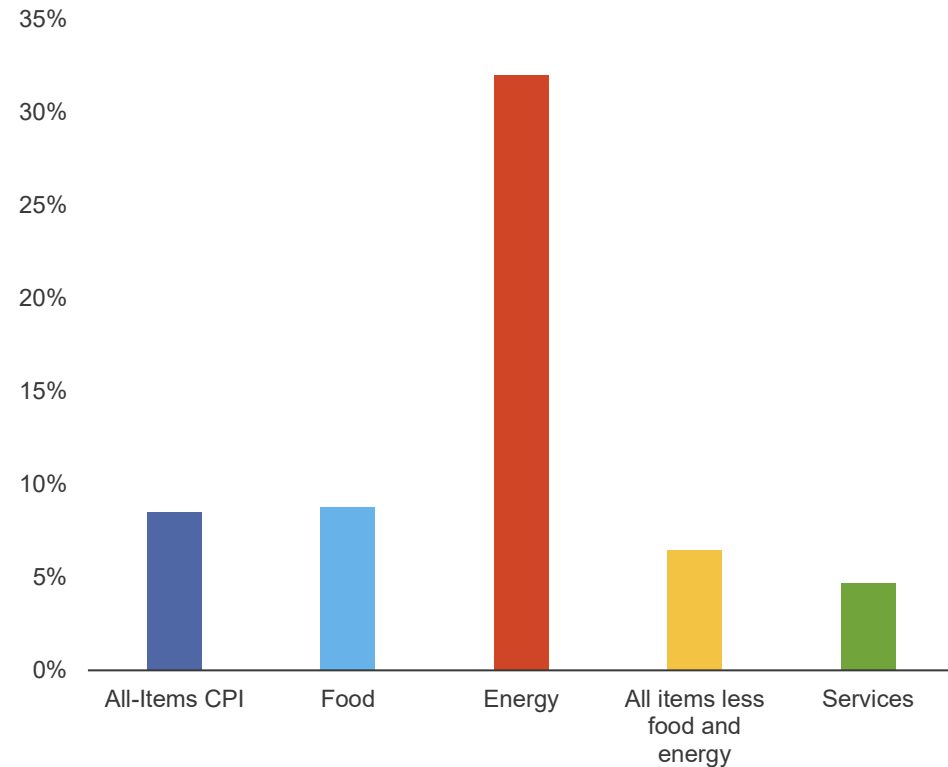
Source: Bloomberg, as of April 12, 2022

Energy continues be the driving force behind Inflation in Europe too

**March Euro Area Harmonized Index
of Consumer Prices**
% Change YOY



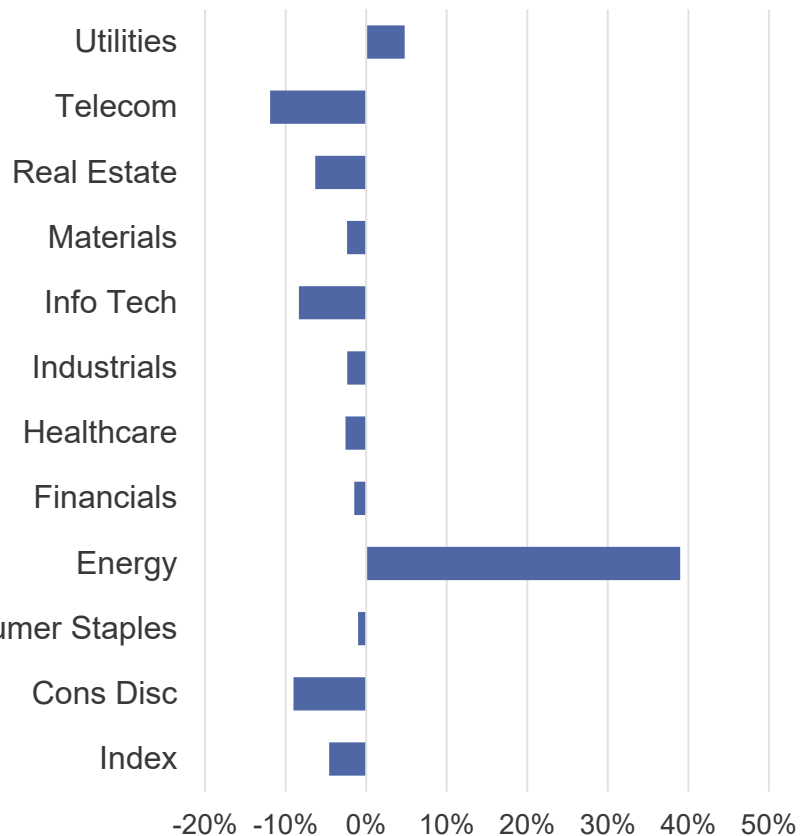
March U.S. Consumer Price Index
% Change YOY



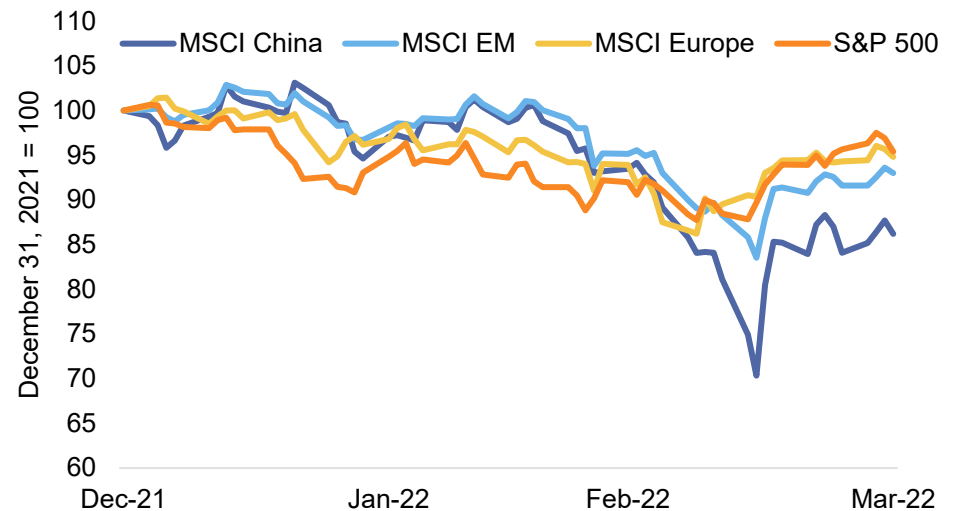
Source: Bloomberg, as of April 12, 2022

Muted Response by Capital Markets But Increased Volatility

**S&P 500 YTD Performance
As of 3/31/2022**



YTD Total Returns



Since Invasion of Ukraine (Feb 24 - Mar 31)

S&P 500	up 7.4%
MSCI Europe	down 1.0%
MSCI EM	down 5.1%
MSCI China	down 10.3%

Asset Class Performance

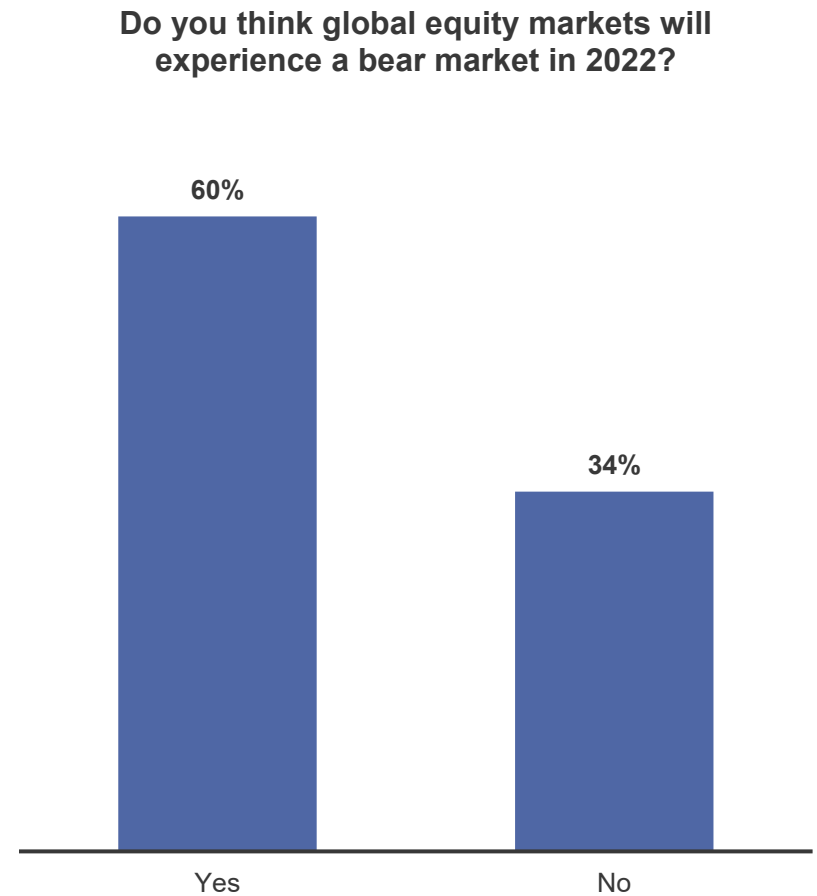
Market Indices <i>as of 3/31/2022</i>					
Domestic Equity	MTD	QTD	1 Year	3 Years	5 years
S&P 500	3.71%	-4.60%	15.63%	18.89%	15.97%
Russell 3000	3.24%	-5.28%	11.91%	18.21%	15.38%
Russell 2000	1.24%	-7.53%	-5.82%	11.70%	9.71%
Russell 1000	3.37%	-5.13%	13.27%	18.71%	15.82%
International Equity	MTD	QTD	1 Year	3 Years	5 years
MSCI ACWI ex US	0.16%	-5.44%	-1.48%	7.51%	6.76%
MSCI EAFE	0.64%	-5.91%	1.16%	7.78%	6.71%
MSCI Emerging Markets	-2.26%	-6.98%	-11.37%	4.93%	5.97%
Fixed Income	MTD	QTD	1 Year	3 Years	5 years
Bloomberg Barclays Aggregate	-2.78%	-5.93%	-4.15%	1.69%	2.14%
Bloomberg Barclays Global Agg	-3.05%	-6.16%	-6.40%	0.69%	1.70%
Bloomberg Barclays U.S. High Yield	-1.16%	-4.96%	-0.84%	4.83%	4.85%
Alternatives	MTD	QTD	1 Year	3 Years	5 years
FTSE NAREIT All Equity Index	6.51%	-3.89%	26.45%	11.10%	9.62%
Bloomberg Commodity Index Total Return	8.61%	25.45%	49.09%	15.32%	7.82%

Source: Bloomberg. As of 3/31/2022

Stock Market Slowly Recovers After Fed's Recent Meeting



60% Of Investors Expect an Equity Bear Market in 2022



Source: (Left) Bloomberg, as of 4/30/2022. (Right) BofA Global Fund Manager Survey, as of March 2022.

Domestic Equity Returns

Index	Apr'22	Q1 22	YTD	1 Yr	Since Vaccine	Since Bottom	Since Invasion
S&P 500	-8.72%	-4.60%	-12.92%	0.07%	18.84%	90.68%	-1.98%
S&P MidCap 400	-7.11%	-4.89%	-11.65%	-2.41%	22.32%	111.22%	-1.80%
S&P SmallCap 600	-7.81%	-5.64%	-13.01%	-2.96%	27.42%	109.58%	-3.37%
Russell 3000	-8.97%	-5.28%	-13.78%	-1.05%	16.79%	91.54%	-2.32%
Russell 1000	-8.91%	-5.13%	-13.59%	-0.71%	17.23%	91.71%	-2.22%
S&P 500 Growth	-12.48%	-8.60%	-20.00%	-1.09%	11.59%	88.68%	-4.08%
S&P 500 Value	-4.86%	-0.17%	-5.02%	1.06%	26.48%	88.38%	0.10%
Russell 2000	-9.91%	-7.53%	-16.70%	-5.98%	10.97%	90.30%	-3.89%
Russell 2500	-8.52%	-5.82%	-13.85%	-4.09%	15.97%	102.71%	-2.34%
Russell Midcap	-7.70%	-5.68%	-12.95%	-2.08%	16.55%	101.46%	-1.22%
Russell Microcap	-10.37%	-7.61%	-17.19%	-7.34%	17.71%	100.59%	-5.04%

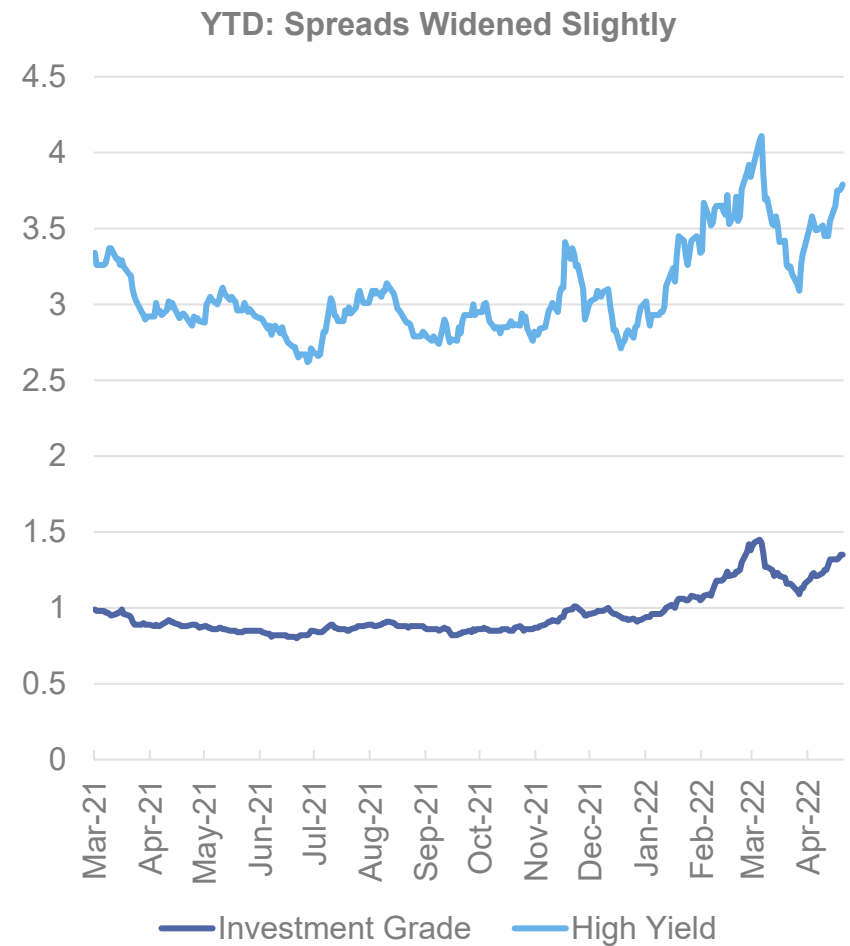
As of 4/30/2022; Start date for Since Vaccine: 11/10/2020; Since Bottom: 03/24/2020; Since invasion: 02/24/2022

International Equity Returns

Index	Apr' 22	Q1 22	YTD	1 Yr	Since Vaccine	Since Bottom	Since Invasion
MSCI ACWI ex US	-6.28%	-5.44%	-11.38%	-3.56%	4.15%	58.58%	-7.30%
MSCI World ex US	-6.57%	-4.81%	-11.06%	-2.27%	9.36%	63.06%	-5.98%
MSCI Emerging Markets	-5.56%	-6.98%	-12.15%	-6.53%	-7.09%	48.52%	-10.41%
MSCI ACWI ex US SC	-6.46%	-6.52%	-12.55%	-3.64%	10.62%	85.55%	-5.61%
MSCI EAFE	-6.47%	-5.91%	-12.00%	-2.79%	6.97%	58.06%	-6.67%
MSCI China	-4.08%	-14.19%	-17.70%	-13.90%	-35.87%	1.77%	-13.96%
MSCI Japan	-8.80%	-6.61%	-14.83%	-4.68%	-4.12%	35.25%	-9.24%
MSCI EM Asia	-5.08%	-8.69%	-13.33%	-7.70%	-11.28%	44.40%	-10.14%
MSCI EM LatAm	-12.98%	27.27%	10.74%	1.21%	19.07%	84.17%	-1.11%

As of 4/30/2022; Start date for Since Vaccine: 11/10/2020; Since Bottom: 03/24/2020; Since invasion: 02/24/2022

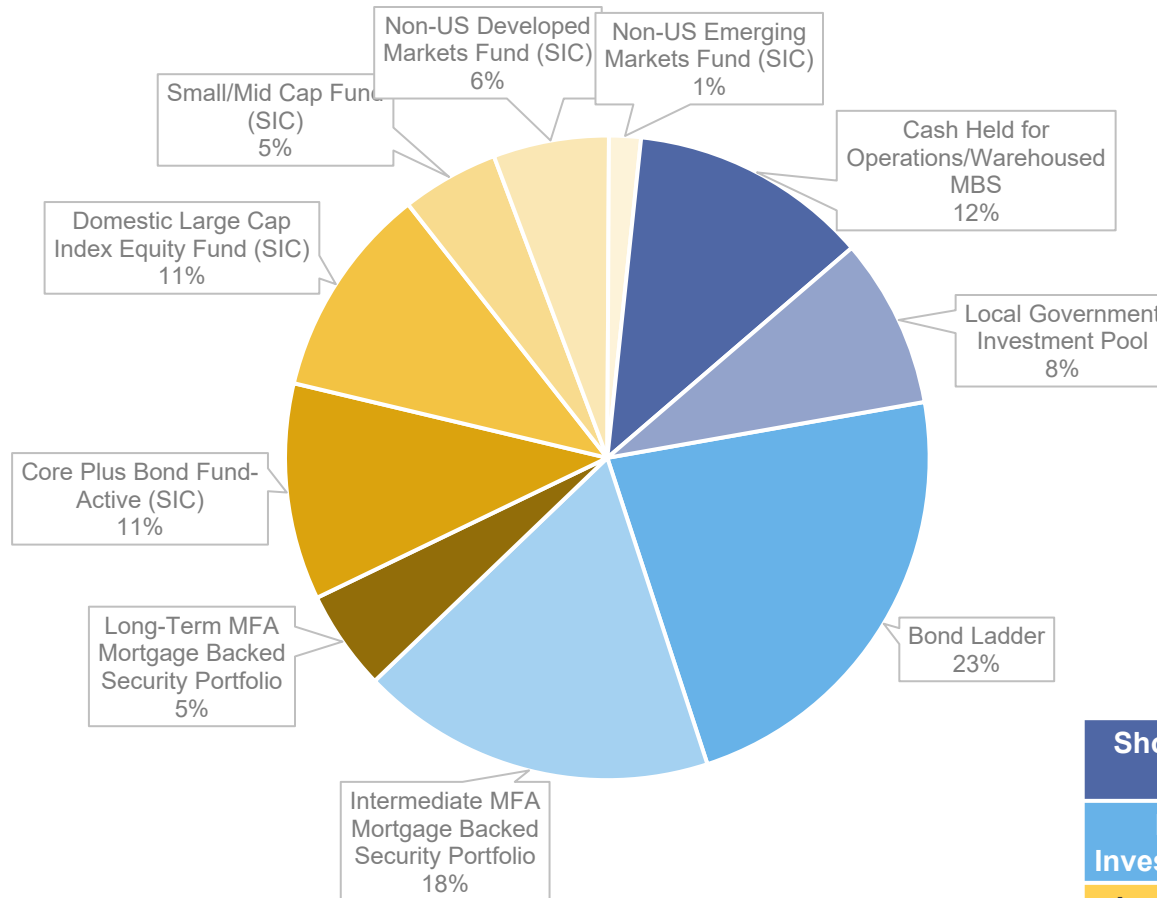
10Yr Yields Close to 3%



Current Allocation of General Funds

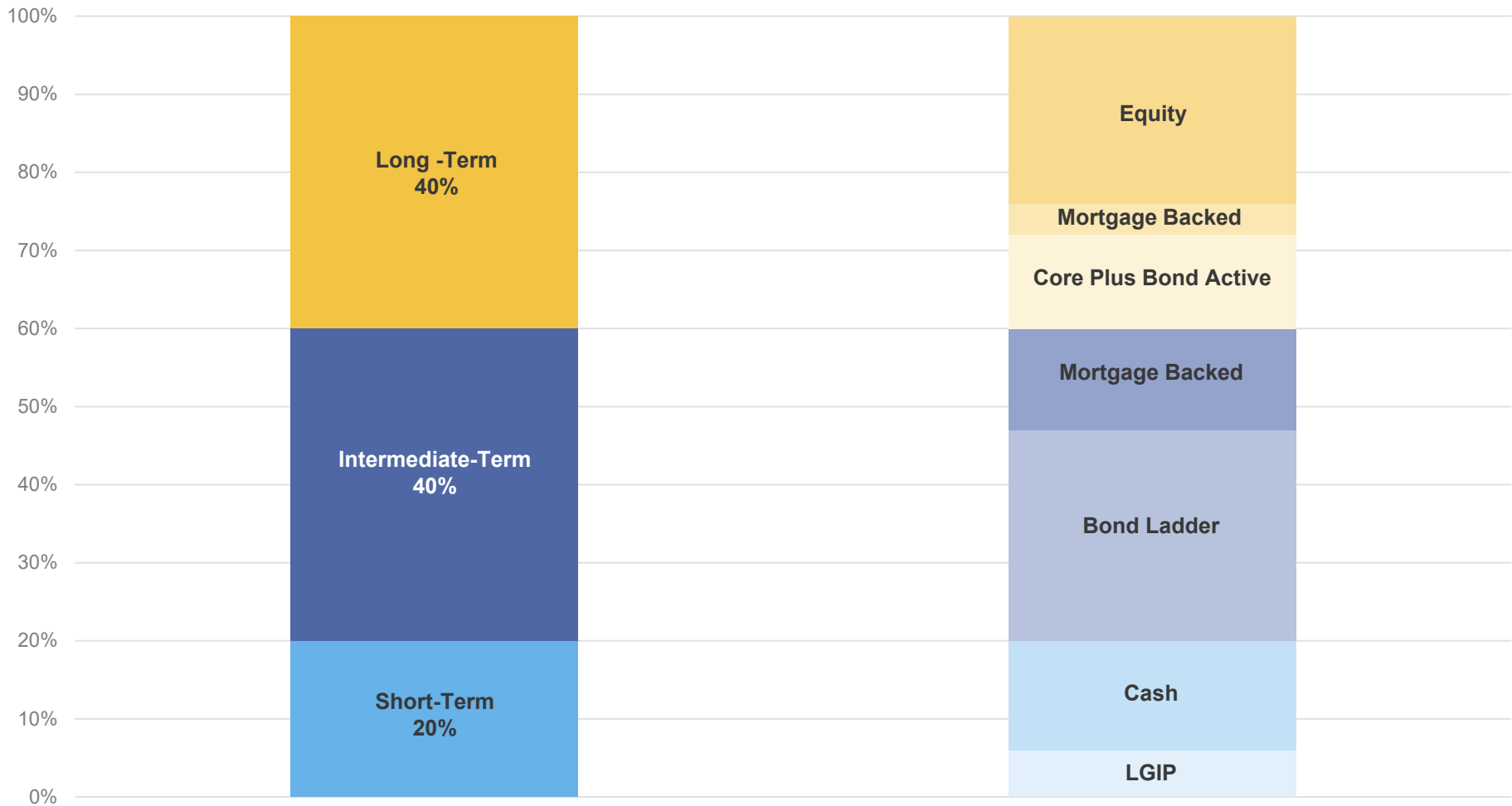


General Fund Investment Allocation as of March 31, 2022



Short-Term Investments (Less than 1 year)	\$13,564,154
Intermediate Term Investments (1 to 10 years)	\$26,811,918
Long-Term Investments (More than 10 years)	\$25,648,455
Total Investments	\$66,024,527

MFA Current Asset Allocation Targets



Source: Approved revision to MFA Investment Policy as of October 2017.

Review of NMMFA Cash Flows



PFMAM's Cash Flow Model

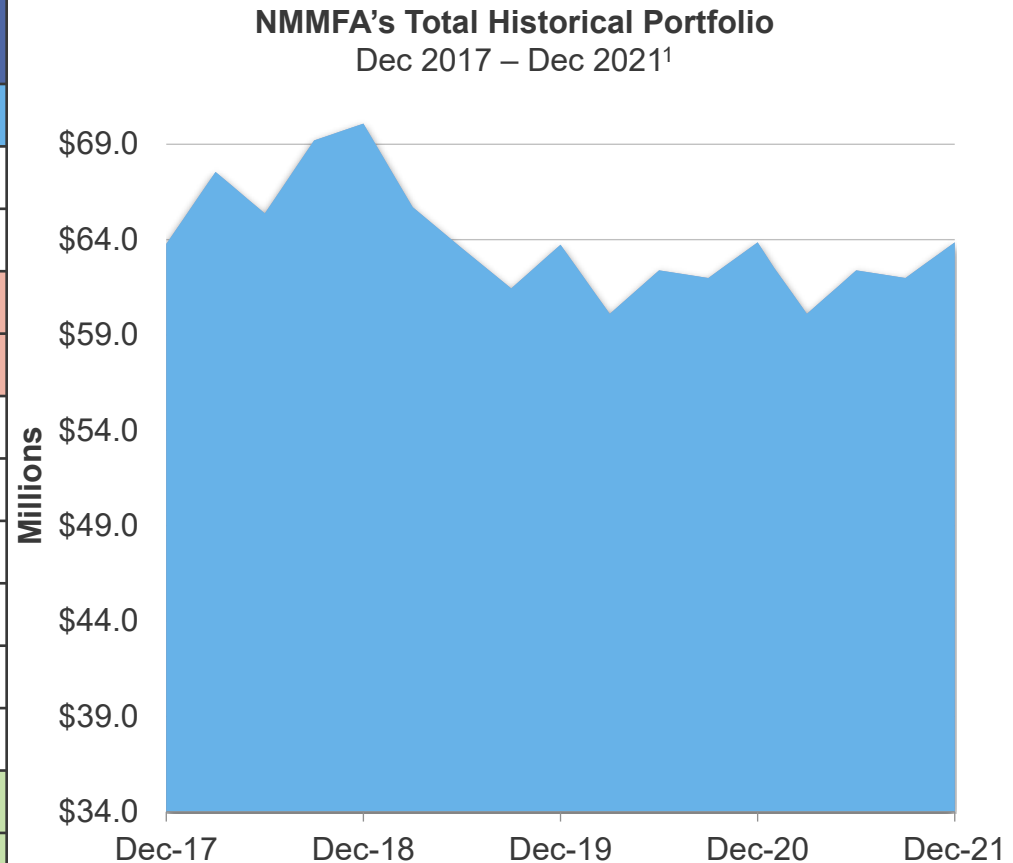
- Identifies Cash flow needs in the near term
- Determines “seasonality” and historical seasonal factors
- The cash flow model helps identify an appropriate allocation between assets invested short term (“liquidity”) to meet cash needs and assets that can be invested longer term (“core” portfolio).

Portfolio	Strategy	Uses
Liquidity/ Short-term	Overnight to 12 months	<ul style="list-style-type: none"> • Highly liquid for daily needs and unforeseen expenditures. • Funds are meant to cover specific, predictable cash flows (payrolls, debt service) • Can be lower during periods of net cash inflow • Comprised of short-term money market instruments; e.g. bank deposits, money market mutual funds and LGIP
Core	Longer Duration Strategy	<ul style="list-style-type: none"> • Funds not expected to be spent in the near-term • May be disbursed in extraordinary circumstances • Can be invested in longer-term securities

Historical Portfolio and Seasonal Factors

- ▶ The Portfolio generally demonstrates consistent seasonality with peak balances in November and December and minimum balances in March and April.

Month	Average Monthly Balance*	Historical Factor
Average	63,928,011	100.00%
January	64,677,341	101.17%
February	64,023,203	100.15%
March	63,369,066	99.13%
April	63,388,221	99.16%
May	63,407,376	99.19%
June	63,426,530	99.22%
July	63,503,258	99.34%
August	63,579,985	99.46%
September	63,656,712	99.58%
October	64,232,830	100.48%
November	64,808,947	101.38%
December	65,062,666	101.77%



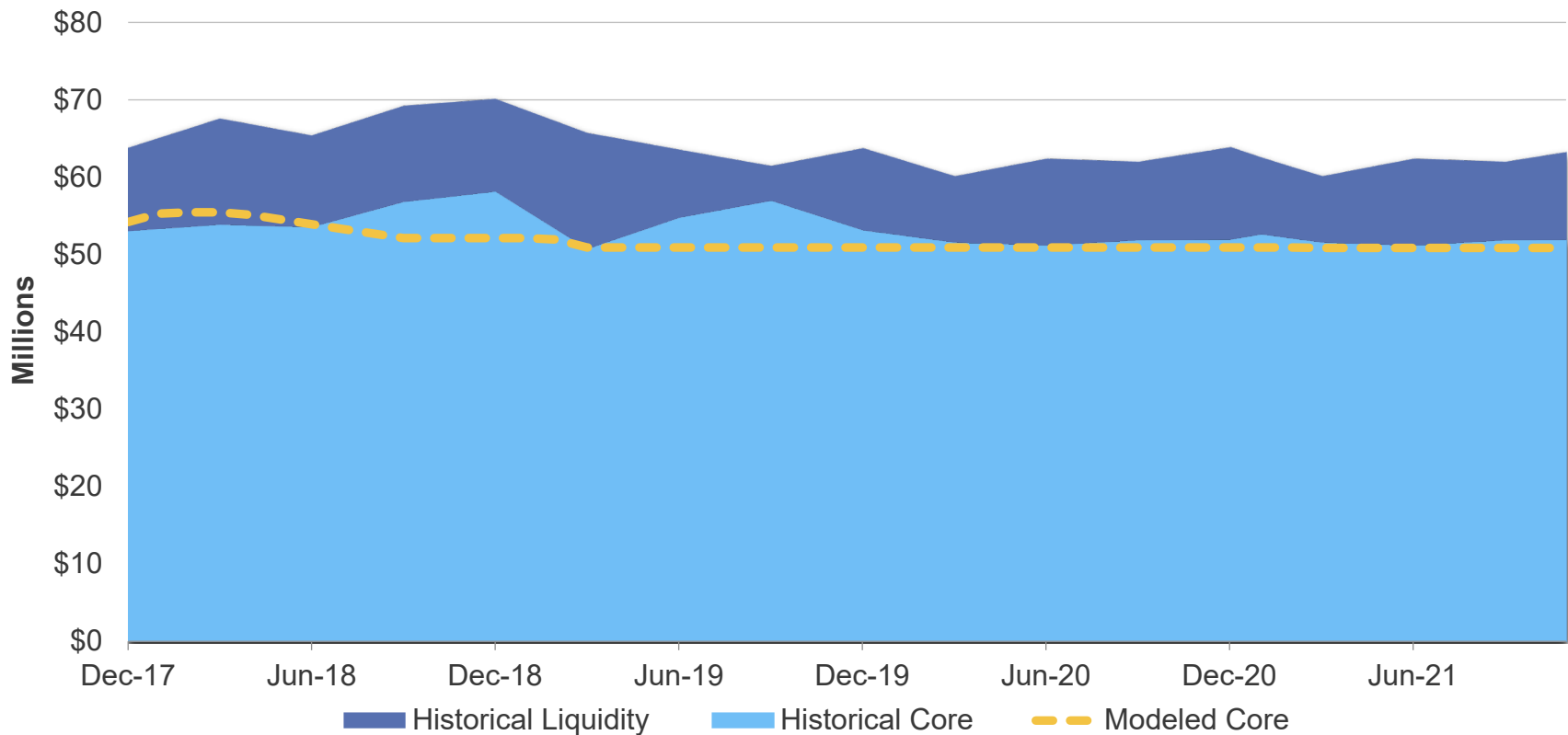
* This analysis represents average balances from the past 4 years.

1. Total historical portfolio includes Agency, MBS, SIC, LGIP, and Cash balances as of December 31, 2021.

Historical Analysis of Core Portfolio

- ▶ Throughout the past four years, the portfolio has been in line with a 15% liquidity target, and currently holds a core balance of \$51.9 million

**New Mexico MFA
Historical Analysis of Core Portfolio**



Estimated Portfolio Allocations at Various Liquidity Cushions

As of December 31, 2021

Liquidity Cushion	Modeled Liquidity*	Modeled Core*
10%	\$14,168,006	\$49,693,882
15%	\$17,047,451	\$46,814,437
20%	\$19,926,897	\$43,934,991

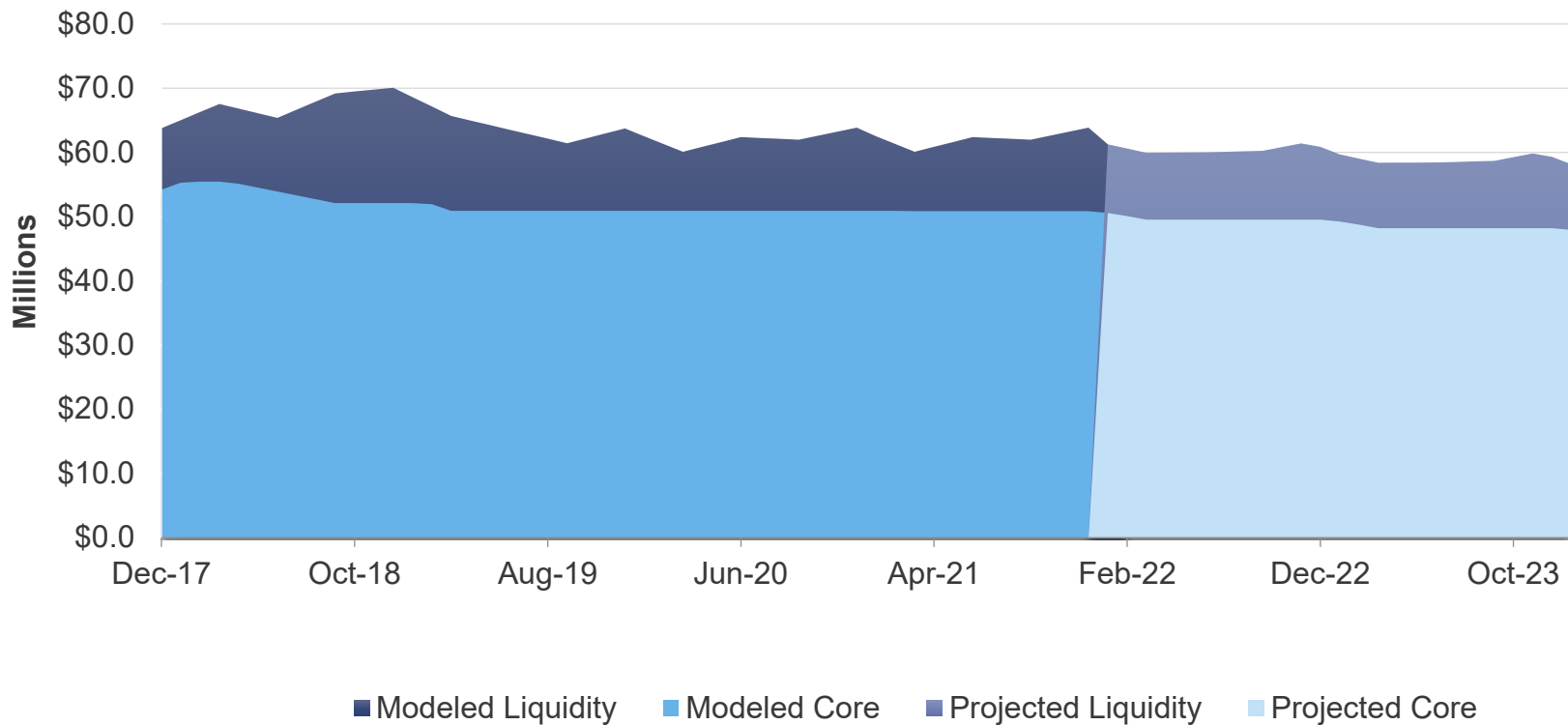
*Modeled Liquidity is calculated is based on the lowest projected balance over the next 12 months



Projected Cash Flows (Through December 2023)

- Over the past 4 years, the portfolio's annual growth rate has averaged -2.5%.

PERMA's Projected Portfolio Balances



Performance of State Investment Council Funds



Portfolio Performance

SIC – General Fund

Total Return as of March 31, 2022						
	Market Value	1 QTR	1 Year	3 Years	5 Years	Since Inception
General Fund¹	\$22,333,136	-5.76%	3.16%	10.53%	7.99%	6.66%
<i>Blended Benchmark²</i>		-5.57%	1.91%	10.12%	7.70%	6.22%
Domestic Large Cap Equity Index Fund¹	\$7,050,686	-5.00%	15.62%	19.20%	16.04%	13.48%
<i>Russell 1000 Index¹</i>		-5.13%	13.27%	18.71%	15.82%	13.33%
Small/Mid Cap Fund³	\$3,220,757	-7.88%	-5.26%	13.67%	N/A	9.19%
<i>Russell 2500 Index³</i>		-5.82%	0.34%	13.79%	11.57%	10.62%
Non-US Developed Markets Fund³	\$3,832,379	-4.94%	2.50%	9.47%	N/A	6.38%
<i>MSCI AC World ex USA (Net)³</i>		-5.44%	-1.48%	7.51%	6.76%	3.89%
Non-US Emerging Markets Fund³	\$1,053,932	-6.96%	-10.26%	6.98%	N/A	4.59%
<i>MSCI Emerging Markets Index³</i>		-6.92%	-11.08%	5.31%	6.35%	2.30%
Core Plus Bond Funds-Active¹	\$7,175,382	-5.83%	-2.46%	3.35%	3.73%	3.64%
<i>Bloomberg Barclays U.S. Aggregate¹</i>		-5.93%	-4.15%	1.69%	2.14%	2.15%

¹Since Inception as of 7/01/2014.

²Blended benchmark: July 2014 20% Russell 3000, 80% Bloomberg Barclays U.S. Aggregate Bond Index; Jan 2018 31% Russell 1000 Index, 14% Russell 2500 Index, 17% MSCI AC World ex USA (net) Index, 5% MSCI Emerging Markets Index, 33% Bloomberg Barclays U.S. Aggregate Bond Index.

³Since Inception 1/01/2018

Notes: Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Retained Earnings returns are net of mutual fund fees.

Total Return as of March 31, 2022						
Housing Trust Fund	Market Value	1 QTR	1 Year	3 Years	5 Years	Since Inception ²
Core Plus Bond Funds-Active	\$12,444,879	-5.75%	-2.56%	3.51%	3.75%	3.56%
<i>Bloomberg Barclays U.S. Aggregate¹</i>		-5.93%	-4.15%	1.69%	2.14%	2.15%

¹Benchmark: 100% Bloomberg Barclays U.S. Aggregate Index.

²Since Inception as of 07/01/2014

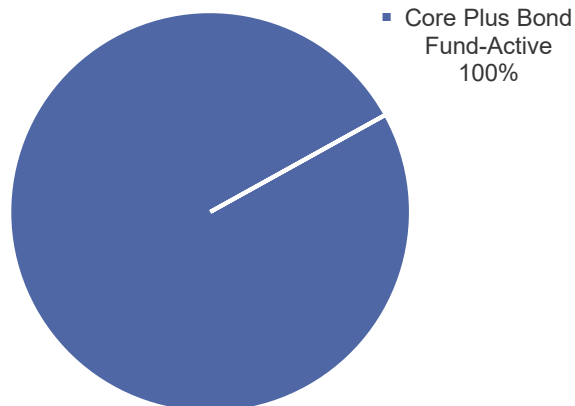
Notes: Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Retained Earnings returns are net of mutual fund fees.

Overview of SIC Funds

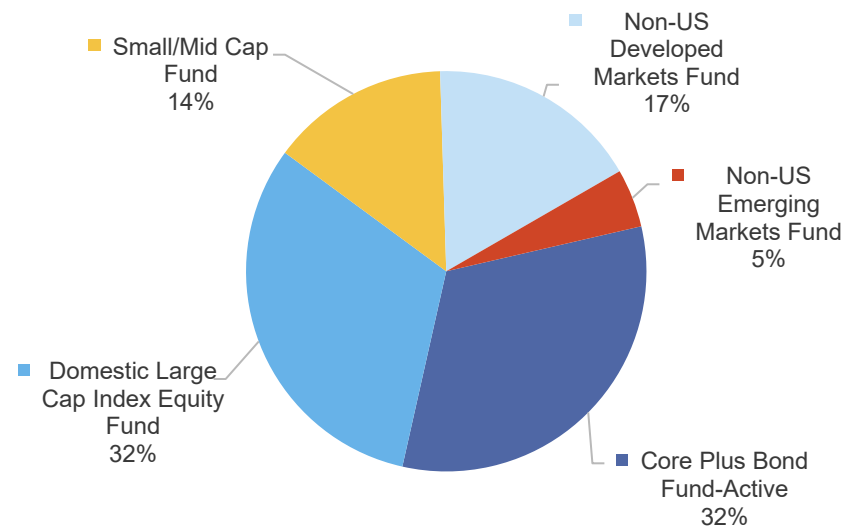
► State Investment Council (SIC) funds allocations:

- General Fund: \$22,333,136
- Housing Trust Fund: \$12,444,879

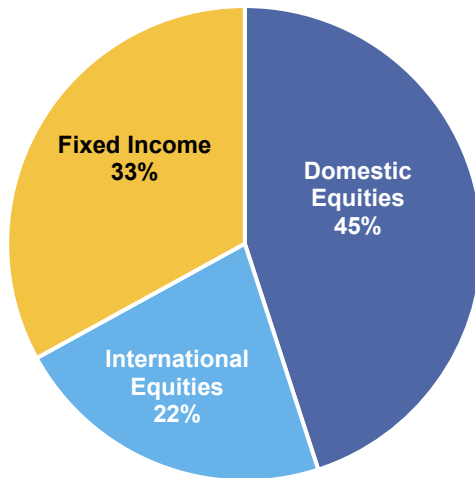
Housing Trust Fund



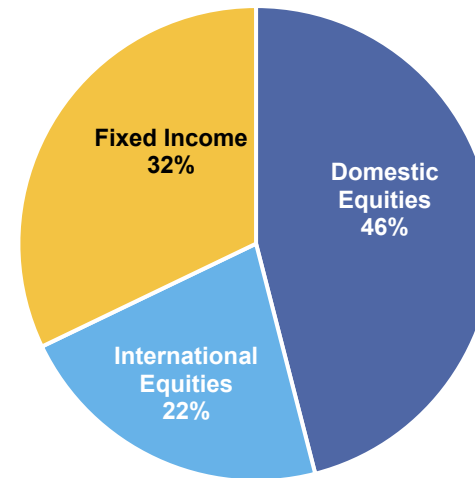
General Funds



SIC General Fund Target Allocation



SIC General Fund Current Allocation



	Market Value	Target Allocation	Current Allocation
Domestic Equities	\$10,271,443	45%	46%
International Equities	\$4,886,311	22%	22%
Fixed Income	\$7,175,382	33%	32%
General Fund	\$22,333,136	100%	100%

Allocation Recommendations



Rebalance Recommendations

- Favor equities over fixed income
- Mirror target split between large and small/mid (~2/3 to 1/3)

	3/31 Market Value	Current Allocation	Allocation Directive %	PFMAM Recommendation	Contribution / (Withdrawal)	Value After Contribution
Non-US Developed Markets Index Pool	3,832,378.82	17.2%	17.0%	17.0%		3,832,378.82
Non-US Emerging Markets Index Pool	1,053,931.65	4.7%	5.0%	5.0%		1,053,931.65
U.S. Core Plus Bonds Pool	7,175,382.12	32.1%	33.0%	30.0%	(475,441.33)	6,699,940.79
U.S. Large Cap Index Pool	7,050,686.31	31.6%	31.0%	33.0%	346,228.01	7,396,914.32
U.S. Small/ Mid Cap Pool	3,220,757.08	14.4%	14.0%	15.0%	129,213.32	3,349,970.40
Total	22,333,135.98	100%	100%	100%	22,333,135.98	22,333,135.98

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MEMO

TO: MFA Board of Directors

Through: Policy Committee-May 3, 2022

Through: Finance Committee-May 10, 2022

FROM: Cooper Hall, Finance Manager

DATE: May 18, 2022

SUBJECT: 2022 Series D Bond Resolution

Recommendation:

Staff is recommending the approval of the 2022 Series D Single Family Bond Resolution in the amount of not to exceed \$125 million. The resolution is anticipated to provide funds for \$125 million of new single family first-time homebuyer mortgage loans.

Background:

From FY2014 to FY2017, MFA relied mainly on the to be announced ("TBA") market to fund new single family mortgage loans. In FY2018 the bond market had improved to the point where it became more advantageous to fund all first-time homebuyer single family mortgage loans with tax-exempt bond proceeds than to utilize the TBA market.

The COVID-19 pandemic shifted markets making TBA funding more favorable. As a result, in fiscal year 2020, MFA issued only two bond issues which were used to originate new loans totaling approximately \$190 million. Markets have since shifted again, and in fiscal year 2021 MFA issued 2020 Series B, 2021 Series A, 2021 Series B and 2021 Series C which were used to originate approximately \$233 million of new single-family loans as well as refund \$16.3 million of outstanding bonds. So far in FY 2022 MFA has issued 2021 Series D, 2022 Series A and Series B which combined funded approximately \$200mm in new mortgages and refunded \$33.5 million in prior bonds outstanding. Staff continues to evaluate best execution options and is funding the program accordingly.

We will be closing the 2022 Series C issuance on May 24th, which will fund approximately \$90 million in new single-family mortgages. It is MFA's practice to keep a Board approved single family program bond resolution in place to allow staff to respond to market conditions as needed in order to provide beneficial funding executions for both MFA and first-time homebuyers.

Discussion:

The 2022 Series D bond issues is anticipated to be in the amount of \$125 million based on the current level of loan reservations and will fund new loans. The timing of issuance has not been determined and will depend on actual reservation activity and bond market conditions.

Summary:

To authorize future bonding activity and to ensure MFA can be responsive to market conditions, Staff is requesting approval of the 2022 Series D Single Family Bond Resolution in the aggregate amount of not to exceed \$125 million. MFA anticipates providing funds for \$125 million of new loans. The timing of issuance has not been determined and will depend on actual reservation activity and bond market conditions.

2022 Series D

CERTIFICATE REGARDING THE RESOLUTION
OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, Secretary of the New Mexico Mortgage Finance Authority (the “Authority”), DO HEREBY CERTIFY that: (i) the annexed Resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on May 18, 2022, at which meeting a quorum was present and acting throughout; (ii) the annexed Resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed Resolution has not been altered, amended or repealed; and (iv) the annexed Resolution is in full force and effect on the date of this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Authority this 18th day of May, 2022.

Isidoro Hernandez, Secretary
New Mexico Mortgage Finance Authority

(SEAL)

Bond Resolution
Single Family Mortgage Program Class I Bonds, 2022 Series D

A RESOLUTION

OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE “AUTHORITY”) AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE BY THE AUTHORITY OF ITS SINGLE FAMILY MORTGAGE PROGRAM CLASS I BONDS, 2022 SERIES D IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED **\$125,000,000**; AUTHORIZING THE EXECUTION AND DELIVERY BY THE AUTHORITY OF A SERIES INDENTURE, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT, INVESTMENT AGREEMENTS, AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

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, being Sections 58-18-1 through 58-18-27, inclusive, NMSA 1978 and Section 2-12-5, NMSA 1978, as amended (collectively, the “Act”); and

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; and

WHEREAS, the purposes of the Authority are to provide decent, safe and sanitary residential housing to persons of low or moderate income, and the Authority has determined that it will serve and fulfill the purposes for which it was created by the establishment of a program to finance the purchase of mortgage loans made by eligible mortgage lenders for the financing of residential housing; and

WHEREAS, the Authority is authorized by the Act to purchase and contract to purchase, mortgage loans, or securities backed by mortgage loans, originated by mortgage lenders to finance residential housing for persons of low or moderate income under rules adopted by the Authority; and

WHEREAS, in furtherance of its Single Family Mortgage Program and to finance the purchase of housing by persons of low or moderate income within the State, it has been deemed appropriate and necessary that the Authority authorize the issuance of its Single Family Mortgage Program Class I Bonds, 2022 Series D (or such other or additional series/title designation(s) as the Authority may determine and including the issuance of MBS pass through program bonds) (the “Bonds”), and prescribe and establish conditions and other appropriate matters with respect to the issuance of the Bonds; and

WHEREAS, the Bonds shall be special obligations of the Authority payable solely from and secured by a lien on the proceeds, moneys, revenues, rights, interest and collections pledged therefor under a General Indenture of Trust dated as of November 1, 2005, as heretofore supplemented and amended (the "General Indenture") between the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"); and

WHEREAS, there has been presented to the Authority at this meeting a proposed form of Bond Purchase Contract relating to the Bonds (the "Purchase Contract") to be entered into among the Authority, and any of RBC Capital Markets LLC, Raymond James & Associates, Inc. (including any of their successors) or any other purchasers to be named therein (collectively, the "Underwriters"), a form of 2022 Series D Indenture (the "2022 Series D Indenture" and collectively with the General Indenture, the "Indenture") to be entered into between the Authority and the Trustee, and a form of a Preliminary Official Statement to be used by the Underwriters in marketing the Bonds.

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

Section 1. The Authority has determined and hereby determines that the supply of funds available in the private banking system in the State for residential mortgages is inadequate to meet the demand of persons of low or moderate income for residential mortgage financing, and that financing the making of loans by the Authority will alleviate such inadequate supply of residential mortgage money in the State's banking system.

Section 2. All other action heretofore taken (not inconsistent with the provisions of this resolution) by the Authority and by the officers of the Authority directed toward the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 3. The 2022 Series D Indenture in substantially the form presented to this meeting is in all respects authorized, approved and confirmed. The Chair, Vice Chair, Chief Executive Officer, Secretary, Chief Financial Officer and the Assistant Secretary of the Authority are hereby authorized to execute, attest, seal and deliver the 2022 Series D Indenture in the form and with substantially the same content as presented to this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 16 hereof.

Section 4. The mortgage loans shall be pooled and serviced pursuant to the Mortgage Loan Sub-servicing Agreements or Master Servicing Agreements each previously entered into or to be entered into by the Authority. The Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer or Secretary are hereby authorized to execute and deliver the Mortgage Loan Sub-servicing Agreements or Master Servicing Agreements (to the extent not previously executed and delivered) and any necessary supplement thereto to reflect the terms of the mortgage loans attributable to the Bonds, and the inclusion of any other loans approved by the governing board of the Authority thereunder.

Section 5. Employees of the Authority designated by the Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer or Secretary are hereby authorized to give

notice of the availability of funds from this issue (if applicable) and to enter into, execute and deliver program documents for and on behalf of the Authority.

Section 6. For the purpose of providing funds to finance the purchase of housing by persons of low or moderate income within the State, all as authorized under the Indenture, the Authority is authorized to issue the Bonds which shall be designated New Mexico Mortgage Finance Authority “Single Family Mortgage Program Class I Bonds, 2022 Series D” (or such other or additional Series/title designation as the Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer or Secretary shall determine). The Bonds shall be issued only in fully registered form.

Section 7. The Authority hereby declares its intention to reimburse itself from all or a portion of proceeds of the Bonds for expenditures for costs of making the mortgage loans. The Authority intends that the Bonds are to be issued and the reimbursements made, by the later of 18-months after the payment of the costs or after the project financed by each respective mortgage loan is placed in service, but in any event, no later than three years after the date the mortgage loan was made.

Section 8. The Authority hereby authorizes the issuance of the Bonds in the aggregate principal amount of not to exceed \$125,000,000. The Bonds shall mature on the dates and in the principal amounts and shall bear interest at rates and payable all as provided in the Indenture, within the parameters set forth in Exhibit A hereto.

Section 9. The form, terms and provisions of the Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, and number shall be as set forth in the Indenture. The Chair, Vice Chair, Secretary and Assistant Secretary of the Authority are hereby authorized to execute, attest and seal by facsimile the Bonds and to deliver the Bonds to the bond registrar for authentication. All terms and provisions of the Indenture are hereby incorporated in this resolution.

Section 10. The appropriate officials of the Authority are hereby authorized to execute and deliver to the bond registrar the written order of the Authority for authentication and delivery of the Bonds in accordance with the provisions of the Indenture.

Section 11. The Bonds shall be sold to the Underwriters at a purchase price of not less than 100% of the principal amount thereof plus accrued interest in accordance with the provisions of the Purchase Contract. Pursuant to the Purchase Contract the Authority may agree to pay an underwriting fee to the Underwriters in an amount not to exceed 1.0% of the principal amount of the Bonds. The Chair, the Vice Chair, the Chief Executive Officer, the Chief Financial Officer or the Secretary, of the Authority are hereby authorized to execute and deliver the Purchase Contract in substantially the form and with substantially the same content as presented at this meeting for and on behalf of the Authority with such alterations, changes or additions as may be authorized by Section 16 hereof. The Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer and Secretary are hereby authorized to specify and agree as to the principal amounts, interest rates, maturities, purchase price and underwriting fee with respect to the Bonds for and on

behalf of the Authority by the execution of the Purchase Contract and the Indenture, provided such terms are within the parameters set by this resolution.

Section 12. The Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer and Secretary are hereby authorized to approve the distribution of a Preliminary Official Statement (in substantially the form presented to the Authority at this meeting) and an Official Statement in substantially the form of the Preliminary Official Statement, with modifications determined at the time of the sale of the Bonds and to execute and deliver for and on behalf of the Authority an Official Statement in connection with the sale of the Bonds.

Section 13. The Trustee and the Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer or Secretary are hereby authorized to enter into investment agreements ("Investment Agreements"), in form and substance satisfactory to the Authority. Any and all proceeds of, and investment income attributable to, the Bonds may be loaned to or deposited from time to time pursuant to the Investment Agreements for the periods, and at the interest rates, specified therein.

Section 14. The appropriate officers of the Authority, including without limitation the Chair, Vice Chair, the Secretary, the Assistant Secretary, the Chief Executive Officer and Chief Financial Officer are authorized to take all action necessary or reasonably required by the Bonds, the Indenture, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement and the Purchase Contract to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act.

Section 15. Upon their issuance, the Bonds will constitute special obligations of the Authority payable solely from and to the extent of the sources set forth in the Bonds and the Indenture. No provision of this resolution, the Indenture, the Bonds or the Purchase Contract shall be construed as creating a general obligation of the Authority or as incurring or creating a charge upon the general credit of the Authority. No provision of this resolution or of the Purchase Contract, the Indenture or the Bonds shall be construed as creating a general or special obligation of the State of New Mexico or any political subdivision thereof.

Section 16. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Secretary, the Assistant Secretary, the Chief Executive Officer and the Chief Financial Officer are authorized to make any alterations, changes or additions in the Indenture, the Bonds, the Purchase Contract, the Preliminary Official Statement, the Official Statement, the Investment Agreements, the Mortgage Loan Sub-servicing Agreement, the Master Servicing Agreement or any other document herein authorized and approved which may be necessary to correct errors or omissions therein, to remove ambiguities therefrom, to permit the inclusion under the Indenture of any other loans approved by the governing board of the Authority, and maintain the expected rating on the Bonds, to conform the same to other provisions of said instruments, to the final terms established for the Bonds (within the parameters established herein), and the final agreement with the Underwriters, to the provisions of this resolution or any resolution

adopted by the Authority, or the provisions of the laws of the State of New Mexico or the United States.

Section 17. The operating budget of the Authority is hereby amended to provide funds to pay costs relating to the issuance of the Bonds, any negative carry costs, or other related expenses in amounts not to exceed amounts specified in Exhibit A. Such amounts may also be taken from the Surplus Fund under the Indenture. The Authority may also allocate mortgage backed securities and/or cash held by the Authority (in the Surplus Fund or otherwise) to provide additional collateral for the Bonds.

Section 18. If any provisions of this resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

Section 19. The appropriate officials of the Authority, including without limitation the Chair, the Vice Chair, the Secretary, the Assistant Secretary, the Chief Executive Officer and the Chief Financial Officer are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this resolution and the documents authorized and approved herein.

Section 20. After any of the Bonds are delivered by the Trustee to the Underwriters and upon receipt of payment therefor, this resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

Section 21. No member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority and authorized by this resolution.

Section 22. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency.

Section 23. 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 18TH DAY OF MAY, 2022.

Chair

(SEAL)

ATTEST:

Secretary

[Signature page to Authority Bond Resolution]

EXHIBIT A

Single Family Mortgage Program Class I Bonds, 2022 Series D

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Weighted Average Interest Rate of</u>	<u>Authority Funds Contribution:</u>
Not to extend beyond September 1, 2054	Not to exceed \$125,000,000	Not to exceed 6.00%	Not to exceed \$2,800,000



MEMORANDUM

TO: MFA Board of Directors

Through: Contract Services Committee – May 10, 2022

Through: Policy Committee – May 3, 2022

FROM: Troy Cucchiara, Dimitri Florez, and David Gutierrez

DATE: May 18, 2022

SUBJECT: Approval of 2022/2023 DOE Annual and Master State Plan

Recommendation

Approval of the NM EnergySmart 2022/2023 Department of Energy (DOE) Weatherization Assistance Program Annual and Master State Plans.

Background

State Plan Description

The State Plan is the annual application package that is submitted by MFA to the DOE prior to receiving funding for the Weatherization Assistance Program. DOE requires that the State Plan is submitted to them by May 1. The State Plan consists of two sections, the Annual Plan, and the Master Plan.

The Annual Plan includes a detailed breakdown of how the funds will be allocated. The Master Plan describes how the program will be managed overall by the NM EnergySmart Program.

Total Program Funding

For Program Year 2022/2023 the anticipated funding from all funding sources for the NM EnergySmart Program is **\$8,482,465.86**. The State Plan only includes the DOE funding and state funds.

Funding Source	2022-2023
Department of Energy (Added to State Plan)	\$2,529,186.00
State of New Mexico Capital Outlay 89200 (Added to State Plan)	\$71,931.43
LIHEAP	\$2,500,000.00
New Mexico Gas Co.	\$1,300,000.00
ARPA	\$1,330,000.00
State of New Mexico Capital Outlay 89200	\$143,533.43
Public Service Company of NM	\$600,000.00
Central Valley Electric Coop (CVE)	\$7,815.00
Total	\$8,482,465.86

Other than DOE, funding sources referred to as leverage are used to increase the amount of work each home receives and it allows the federal funds to stretch further to weatherize more homes. An explanation of those funding sources is the following:

- Utility funding such as NM Gas, PNM, and CVE are driven by energy savings and Public Regulation Commission requirements.
- Low Income Heating Energy Assistance Program (LIHEAP) funding is a federal source. Guidelines are based on DOE rules and regulations.
- 2020 Legislative State Funding 89200 Capital Appropriation; a portion is included in the State Plan and some of it is used to supplement the leveraged funding.
- American Rescue Plan Act (ARPA) will be used for emergency home repairs and full weatherization

Service Provider Breakdown

Category	MFA	Central NM Housing Corp.	Southwestern Regional Housing and CDC	ICAST (Multifamily)	Total
Administration	\$126,459.30	\$145,312.84	\$57,022.04	\$50,583.72	\$379,377.90
State Funds Admin	\$3,596.57	\$4,132.77	\$1,621.74	\$1,438.63	\$10,789.71
Leverage	\$9,000.00	-	-	-	\$9,000.00
Readiness Fund	-	\$86,952.05	\$34,120.75	\$30,268.20	\$151,341.00
Capital Outlay	\$135,000.00	-	-	-	\$135,000.00
Training & Technical Assistance	\$171,685.00	\$113,000.00	\$107,000.00	\$46,500.00	\$438,185.00
Program Operations	-	\$544,190.09	\$213,544.97	\$189,433.76	\$947,168.82
Health & Safety	-	\$202,601.42	\$79,502.58	\$70,526.00	\$352,630.00
Financial Audit	-	\$17,000.00	-	-	\$17,000.00
Liability Insurance	-	\$81,125.00	\$52,000.00	\$27,500.00	\$160,625.00
TOTAL	*\$445,740.87	\$1,194,314.17	\$544,812.08	\$416,250.31	\$2,601,117.43
Estimated DOE Units	-	101	40	35	176

**** The admin allocation is set at 15% total with MFA receiving 5% and the remaining 10% allocated to our Subgrantees.**

Process

The State Plan is subject to a 10-day public comment and review period. It was advertised in 16 statewide New Mexico newspapers and was posted on the MFA website on March 29, 2022. A Weatherization Assistance Program Policy Advisory Committee (WAP PAC) meeting and public hearing was virtually held on March 31, 2022. No comments were received.



Summary

The NM Energy\$mart program helps low-income New Mexicans save money on utility bills. Homeowners and renters who qualify for the program receive an average of \$8,070 in weatherization measures. The Department of Energy (DOE) is the primary funding source and they set the rules and regulations for the program. Additionally, DOE is the only funding source that provide for vehicles, equipment, and a training and technical assistance budget.

In order to receive the funding from DOE, a State Plan must be submitted no later than May 1, 2022. Funding for the 2022/2023 State Plan totals \$2,601,117.43. With the DOE funding, we are projecting that ICAST will weatherize approximately 35 multifamily statewide units, Central New Mexico Housing will weatherize approximately 101 single family units, and Southwestern Regional Housing and Community Development Corporation will weatherize approximately 40 single family units for a total of 176 units.



U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0009918, State: NM, Program Year: 2022)

This worksheet should be completed as specified in Section III of the Weatherization Assistance Program Application Package.

V.1 Eligibility

V.1.1 Approach to Determining Client Eligibility

Provide a description of the definition of income used to determine eligibility

Definition of income used to determine eligibility:

A unit shall be eligible for weatherization assistance under this part if it is occupied by a family unit whose income is at or below 200% of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable State or local law at any time during the 12 month period preceding the determination of eligibility for weatherization assistance.

The 2019 US Census American Community Survey year estimates identified 174,035 family households in the state with incomes at or below 200% of the poverty level, the WAP eligibility limit. These households are represent approximately 22% of the state's population of households.

Additionally, the 2019 US Census American Community Survey provides other significant findings about persons with incomes at or below the poverty level:

- 240,075 households contain one or more people under 18 years of age;
- Approximately 46,874 households contain children that were under six years of age;

From 2019 US Census American Community Survey regardless of poverty status:

- The number of units in which the elderly reside was estimated at 254,323;
- The number of units in which people with disabilities reside was estimated at 326,855.

To be eligible for New Mexico Weatherization Assistance Program services, clients must meet the income criteria outlined in 10 CFR 440.22 or meet a minimum of one of the following criteria as outlined in WPN 20-3:

- Have a gross household income (total annual cash receipts) at or below 200% of the federal poverty level as established by the Director of the Office of Management and Budget (OMB);
- Receive cash assistance payments under Title IV or Title XVI of the Social Security Act or in accordance with applicable State or local law, at any time during the past one year preceding the determination of eligibility. Acceptable programs include:
 - a. Temporary Aid to Needy Families (TANF)
 - b. Supplemental Security Income (SSI)
 - c. Social Security Disability Insurance (SSDI)
 - d. Aid to Needy Disabled (AND)
 - e. Old Age Pension (OAP)
 - f. Supplemental Nutrition Assistance Program (SNAP)
 - g. HUD means tested programs

Describe what household eligibility basis will be used in the Program

Eligibility Basis

Before a unit is qualified for weatherization, the client must be approved. This approval process begins with receipt of an application. A NM Energy\$mart intake staff member reviews applications to ensure that clients qualify for the program. A client will not be qualified unless the following items are provided for the file.

- A completed application
- Income verification criteria listed in WPN 20-3
- Proof of ownership and/or landlord sign off

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WEATHERIZATION ASSISTANCE PROGRAM (WAP)
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- A current utility bill for gas & electric service

Proof of income may be in the form of:

- Documented verification from income sources
- Current income tax return

WPN 22-5 Allows:

- HUD tested eligibly at 80% AMI and eligibility documents must be kept in client file

Multifamily Eligibility

Multifamily income eligibility can be verified by using four different methods:

1. Privately owned buildings receiving tenant-based assistance. Subrecipient must verify residents that hold Section 8 Housing Choice Vouchers through the property owners or residents themselves. Percentage of eligibility is determined by the ratio of these vouchers to total units. This process will show more than 67% of the tenants are Section 8 holders and the Property Owner certifies to that fact.
2. PHA operated buildings listed on the following web page to be 100% income eligible.
https://www.hud.gov/sites/dfiles/PIH/documents/PHA_Contact_Report_NM.pdf
3. Privately owned buildings receiving project-based assistance and confirmed by MFA.
4. Tennant by tenant verification by obtaining necessary documents from each individual tenant.

WPN 17-4 procedures must be followed to certify buildings. The property owner or authorized agent of the property must sign a Self-Certification form attesting that:

- The property owner or authorized agent maintains certified income records for households residing at the property.
- The property owner or authorized agent has reviewed its current certified income records.
- The property owner or authorized agent has determined that at least 66 percent of the units in each building (or at least 50 percent of the units for 2- and 4-unit buildings) have certified incomes that are at or below 200 percent of the current federal poverty level based on household size.
- The property owner or authorized agent certifies that all the information provided with the certification request is true and accurate.

All documentation of eligibility must be provided to MFA before project approval and kept in the project folder to be made available during monitoring, invoice payment, or inspections.

Single Family Eligibility

Proof of ownership may be in the form of:

- Evidence of mortgage payments
- Property deeds or proof of tax payment

For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement. Intake staff also reviews the documentation for demographic information such as:

- Proper identification of head of household
- Other household members are identified as applicable for disability or child status
- Proof of disability (Medical documentation is requested to ascertain disability status)

Documentation proving eligibility must be verified by the agency prior to weatherization, kept in the client file, and made available to MFA upon request.

Eligibility documentation is updated at least annually even if the client is on the waiting list.

Reweatherization: Units may be reweatherized if fifteen years have passed from the month of the final inspection. Units with higher ranking points that have never been weatherized, will have a higher preference over units that have been previously weatherized.

Notification:

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0009918, State: NM, Program Year: 2022)

Applicants are immediately notified of their eligibility status. Ineligible applicants are notified in writing, stating the reason for ineligibility.

Client Appeals Policy:

All Subrecipients shall establish and maintain a policy allowing a client to appeal a denial of service in the agency's weatherization program manual. In addition, the agency must post the policy on their website, so clients have access to submit a formal appeal for denial of services. The policy must clearly state how the client can initiate an appeal, who will make the determination and the timeline for review.

Steps that should be part of Subrecipient's policy include:

When the agency defers a unit or otherwise denies a client weatherization services, the agency must transmit a formal letter to the client indicating the specific reason(s) for the denial.

If an appeal is received, the agency should have a minimum of a one tier review of the client's application by a staff member in the organization with a supervisory position. The person reviewing the appeal must be someone other than the person who made the initial decision to deny the client services. The reviewer must also be familiar with the regulations regarding eligibility.

The person reviewing the appeal should compare the provisions of the relevant regulation(s) to the application, speak to the agency staff involved in the initial denial, and speak to the client before making a decision.

If a judgement is made that the original determination was correct, a formal letter must be sent to the client outlining the reason for the appeal and once again articulate why services were denied. The letter should include the process that took place to confirm the denial.

If the person reviewing the appeal determines the appeal is granted, the client should be provided a letter stating such and detailing when their unit will be weatherized. The letter should include the process that took place to confirm the approval.

Describe the process for ensuring qualified aliens are eligible for weatherization benefits

MFA requires Subrecipients to collect proof of a social security number/identity for at least one adult living in the residence. If a social security number is not available for the remaining members of the household, a Non-Citizen Immigrant Status for all other members of the household is required. Immigrants are eligible under the current law referenced on the U.S. Department of Health and Human Services website.

Multifamily property owners must certify that the residents have provided proof of a social security number/identity for at least one adult living in the residence from the clients in rental units. <http://aspe.hhs.gov/hsp/immigration/restrictions-sum.shtml>. MF property owners may provide the required demographics as an alternative to supplying individual birthdates for an entire project, otherwise a birthdate must be provided.

The Subrecipient passes the information through MFA's on-line system which has a secure server where the information is encoded. All data is redacted after it has been put into the online system. The online system scrambles the data for protection of the client.

V.1.2 Approach to Determining Building Eligibility

Procedures to determine that units weatherized have eligibility documentation

Procedures to determine that units weatherized have eligibility documentation

A unit is eligible for weatherization assistance if it is occupied by a family whose total income is at or below 200% of the poverty income level, HUD tested 80% AMI, or if the households contains a member who has received SSI for disability or TANF at any time during the 12-month period preceding the determination of eligibility for weatherization assistance.

In addition, the client must have evidence of mortgage payment, property deed or proof of tax payment to be qualified. For renters, rental agreements from landlords must be obtained and accompanied with a landlord agreement. Both of these documents must be kept in the client file and verified upon monitoring or Quality Control Inspections.

Describe Reweatherization compliance

Re-weatherization

New Mexico does not encourage reweatherization of units however, if a unit or project has not been weatherized with DOE, LIHEAP, or

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WEATHERIZATION ASSISTANCE PROGRAM (WAP)
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(Grant Number: EE0009918, State: NM, Program Year: 2022)

other federal funds prior to 15 years of the current date, reweatherization will be allowed under the below conditions.

- A DOE approved energy audit must be run on the unit
- All health and safety issues must be addressed
- When applicable leverage funding for any measure that qualifies will be allowed
- The Subrecipient must determine that the applicant is eligible
- There are no other applicants with higher ranking/priority residing in the same county

If federal funds have been used to improve the conditions of the structure, and the work included measures not specific to weatherization but the improvements save energy, that does not preclude the unit from receiving full weatherization services.

Households located in a disaster area would be considered a priority for weatherization as long as the households are eligible and meet one of the priorities established in regulation and are free and clear of any insurance claim resulting from damage incurred from the disaster.

All units that have received weatherization using any funding source since 2004, have been tracked by MFA's online system. All units are assigned a unique client number. When an application is received by intake, it is first entered into the online system to determine if the unit has been previously weatherized and if so, the date. If the online system shows the unit has been previously weatherized, the unit is deferred until 15 years has passed from the date of final inspection.

Describe what structures are eligible for weatherization

Eligible Structures

Housing types qualifying for weatherization include single family, multi-family, and mobile homes.

A dwelling unit is eligible for weatherization assistance if it is occupied by a family whose income is at or below 200% of the poverty level, contains a member who has received SSI or TANF at any time during the 12 month period preceding the determination of eligibility for weatherization assistance, or is eligible for assistance under the Low-Income Home Energy Assistance Act of 1981.

Non-traditional dwelling units such as shelters or dwelling units sharing a wall with a business will be discussed with the DOE project officer prior to commencement of the project and full caution will be exercised to be sure the particular units are eligible. Weatherization of non-stationary campers and trailers that do not have a mailing address associated with the eligible applicant are not eligible and will not be allowed.

Buildings should be deferred if they have a major deficiency in their structure or condition that makes it impractical to weatherize effectively.

Health and safety issues requiring more than what is allowed by WPN 22-7, or our Health and Safety Plan, will be deferred.

The current Health and Safety Plan lists conditions of deferral that include code violations, fuel leaks exceeding the threshold, incidental repairs that cause the cumulative SIR of the building to be less than one, roofing and other structural issues.

If the area is known to have redevelopment plans then weatherization will be deferred until redevelopment is complete.

All site built and multifamily units 50 years old or older will need SHPO clearance prior to weatherization. The SHPO programmatic agreement is uploaded as an attachment.

Describe how Rental Units/Multifamily Buildings will be addressed

Rental Units

Subrecipients must ensure that single family rentals follow the five points below:

1. Benefits of weatherization services accrue primarily to the low-income tenants;
2. The tenants have a way to appeal if they feel that the rent has increased as a result of these services and the landlords provide a statement notifying tenants of this procedure;
3. No undue or excessive enhancement shall occur to the unit;
4. Rent and permission of the building owners or authorized agents must be obtained before commencing work;
5. The owner or authorized agent must sign a statement that rent may not be increased for a minimum of one year unless increases are demonstrably related to matters other than weatherization work.

Single Family Rental units qualify for weatherization as long as the landlord agrees to the weatherization and signs a waiver stating that rents will not be raised on the units for a minimum of one year unless those increases are demonstrably related to matters other than the weatherization work performed.

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To ensure that no undue or excessive enhancements are made to the unit, a NEAT or MHEA audit must be run on the unit prior to the scope of work being outlined.

The necessary steps that must be taken to ensure proper documentation for weatherizing a single family rental unit include:

- An application must be completed by the client;
- Proof of income must be provided;
- Proof of a lease must be obtained;
- Current copies of the clients gas and electric bills must be obtained;
- Written permission must be obtained from the landlord/agent;
- Subrecipient must obtain certification from the landlord that the rent of the unit will remain the same for at least one year following performance of weatherization work;
- MFA will monitor compliance with this policy only to the extent of the 5% to 10% sample monitoring
- MFA's monitoring will include rental projects weatherized through the Program.

MultiFamily Rental Units

MultiFamily Rental units qualify for weatherization as long as the clients that are housed in the property qualify for weatherization. The owner/agent must agree to the weatherization, commit to a contribution of 20% of the weatherization materials and sign a waiver stating that they will not raise the rent on the units for a minimum of one year unless those increases are related to matters other than the weatherization work performed.

To ensure that no undue or excessive enhancements are made to the unit, a TREAT or NEAT audit, depending on the building structure must be run on the complex prior to the scope of work being outlined.

The necessary steps that must be taken to ensure proper documentation for weatherizing a multi-family rental unit include:

- Obtain written permission from the owner or authorized agent;
- Verify that no less than 66 percent (50 percent for duplexes and four-unit buildings, and certain eligible types of large multi-family buildings) of the units in the building are eligible units, or will become eligible units within 180 days;
- Ensure that the benefits of weatherization assistance in connection with such rental units including units where the tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in such units;
- By way of use of the energy audit, subrecipient must make certain that no undue or excessive enhancements are made to the units;
- Completed applications must be obtained from each of the clients in the rental units, or
- Customer (Property Owner or Manager) must fill out applications and all forms to sign for tenants since they have the information on file;
- Current copies of gas and electric bills must be obtained from some of the rental units or supplied by the management to prove the utility is serving the property;
- The multifamily audit process must be followed and include the detailed scope of work, photos, and regular meetings between MFA, subrecipient, and multifamily building management or owners.

Once the information above is in place an approval request, in the form of an approved energy audit, must be submitted to MFA in order to weatherize multifamily units larger than a 4-plex. A description of the process that determined the measures being installed must be provided with the audit.

Procedures for Owner Contributions are as follows:

- A 20% contribution commitment of the weatherization materials are required from the Owner prior to commencement of the weatherization project. The Owner contribution is based on the estimated costs from the energy audit. If the owner is unable to provide the 20% contribution, property maintenance logs may be used in place with waivers from MFA on a case-by-case basis.
- The 20% can be for an entire multifamily portfolio spanning three years.
- Owners have the option of buying down measures if it is determined by use of NEAT or TREAT energy audits that the cost is not a cost effective measure.
- Owners are not responsible for any additional costs over the written estimate. If the actual (final) cost of the project is higher than the estimate, then the Program will pay the difference;
- For large projects estimated cost for an engineer's estimate of HVAC costs is added to the energy audit costs;
- A memorandum of understanding will be executed between the Owner's representative and subrecipient prior to the commencement of work;
- The Contract will detail the amount of the Owner contribution;
- The Contract will commit the Owner to certify that he/she will maintain rent at the HUD designated affordable rent levels for a period of one year following performance of weatherization work;
- The subrecipient is responsible for obtaining the required landlord contribution. The amount of the contribution must be included in the project outline to MFA prior to project approval;
- Landlord 20% contribution received should be applied to supplement the cost of the Project;
- Landlord 20% contributions should be reported on the Statement of Expenditures for the month in which they are received;
- MFA will monitor compliance with this policy as needed. This may include monitoring during unit inspections, technical monitoring, programmatic monitoring, desk monitoring, and upon initial project submittal.

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Describe the deferral Process

Deferral Process

There are some situations in which an agency or contractor should not, or may choose not to, weatherize an otherwise eligible unit. In these cases, MFA implements the deferral policy for all agencies administering the NM EnergySmart Program. This policy allows weatherization staff to defer services when certain conditions or circumstances exist. Under no circumstances will partial weatherization be allowed. All units reported must be inspected by a Quality Control Inspection (QCI) and determined to be complete. Deferral is allowed under certain conditions; however, an agency should define its intentions at the time a condition occurs. The agency/contractor deferral policy must contain these elements:

Deferral of weatherization services -If it has been determined that Weatherization Readiness Funds (WRF), can't be used to remedy the situation, an agency or contractor may postpone weatherization services under the following conditions:

- A unit received weatherization with federal funds (DOE, LIHEAP) within the 15 year period prior to the date of application;
- A unit is vacant;
- A unit is for sale;
- A unit is scheduled for demolition;
- A unit proves to be dilapidated or structurally unsound and unsafe. Dilapidated units are classified as those which do not provide decent, safe, and sanitary shelter in their present state and have defects so serious and numerous that the repairs required to revive the structure to standard condition would not be economically feasible;
- A unit is deemed by the auditor to pose a threat to the health or safety of the crew or contractor;
- A mobile home is improperly installed (for example, without adequate supports);
- A unit is uninhabitable (for example, a burned-out apartment);
- A unit is affected by mold and mildew and the area affected is too large for the weatherization crew or contractor to remediate;
- The client is uncooperative with the weatherization agency or its contracted agent, either in demanding that certain work be done, refusing higher priority work which is needed, being abusive to the work crew or contractor, or by being unreasonable in allowing access to the unit. Every attempt should be made to explain the program and the benefits of the work. If this fails, work should be suspended and MFA should be consulted. In such cases, documentation is required;
- Obvious discrepancies are found between the information supplied by the client on the application and observed conditions at the time of weatherization. The agency or contractor must resolve these discrepancies before weatherization work can continue;
- If at any time prior to the beginning of work (work officially begins when the audit is performed) the agency or contractor determines that the client is no longer eligible or personnel believe that circumstances may have changed, the unit shall not be weatherized until updated information can be obtained from the client.

There are health or safety hazards that must be corrected before weatherization services may begin including, but not limited to:

- The presence of animal feces and/or other excrement;
- There are rats, bats, roaches, reptiles, insects, or other animals/varmints that are present or not properly contained on the premises that could cause harm to the crew or contractor;
- Loose dogs;
- Disconnected wastewater pipes;
- Hazardous electrical wiring where the cost to repair exceeds the SIR threshold of the unit;
- Unvented combustion appliances or actionable levels of ambient carbon monoxide;
- There are illegal drugs or illegal activities occurring on the premises;
- One or more occupants in a unit have been diagnosed with a contagious and life threatening disease;
- When a person's health may be at risk and/or the work activities could constitute a health and safety hazard, the occupant at risk will be required to take appropriate action based on the severity of the risk;
- There are occupants within the household that have identified as being COVID positive, or suspected of COVID related symptoms, or have been in close contact with another that is COVID positive, or refuses to cooperate with the agency's pandemic response policies.

Failure or the inability to take appropriate actions must result in deferral of the weatherization work.

In unusual situations not covered above or where other problems of a unique nature exist, MFA should be consulted.

Procedure:

If an agency or contractor cannot, or chooses not to, weatherize a unit it must notify the client or owner/authorized agent by use of the Deferral of Services Form which should include:

- The nature and extent of the problem(s) and how the problem(s) relate(s) to the determination not to weatherize the unit;
- Any corrective action required before weatherization services can be initiated;

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- A time limit for correcting problems so that weatherization services may be rescheduled;
- If MFA has been contacted by the client, agencies must send the date of anticipated follow-up in writing to MFA;
- The name of the person or entity responsible for correcting the problem(s);
- The right of appeal;
- All documentation justifying the decision to defer services must be kept in the client file;
- Agencies must also keep an updated spreadsheet to track all referrals and deferrals.

V.1.3 Definition of Children

Definition of children (below age): **19**

V.1.4 Approach to Tribal Organizations

☐ Recommend tribal organization(s) be treated as local applicant?

If YES, Recommendation. If NO, Statement that assistance to low-income tribe members and other low-income persons is equal.

Low-income members of an Indian Tribe are eligible to apply for services under this plan. MFA has a staff member dedicated to Indian Housing issues who has been instrumental in weatherizing more units on native lands. Low income members of an Indian Tribe will receive benefits equivalent to the assistance provided to other low-income persons within the state.

V.2 Selection of Areas to Be Served

The NM EnergySmart Program is a statewide program serving the 33 counties of New Mexico:

San Juan; McKinley; Cibola; Rio Arriba; Taos; Colfax; Los Alamos; Santa Fe; Mora; San Miguel; Union; Harding; Quay; Curry; Guadalupe; DeBaca; Roosevelt; Sandoval; Bernalillo; Valencia; Torrance; Catron; Grant; Hidalgo; Luna; Socorro; Sierra; Dona Ana; Lincoln; Chaves; Otero; Eddy; and Lea.

The Program also serves the Pueblos of Zuni, Acoma, Laguna, Santa Clara, Ohkay Owingeh, Taos, Picuris, Nambe, Tesuque, Pojoaque, Cochiti, Isleta, Jemez, San Felipe, San Ildefonso, Sandia, Santa Ana, Santo Domingo, Zia, Jicarilla Apache Reservation, the Mescalero Apache Reservation, and the Navajo Nation.

The 2019 US Census American Community Survey was used to compile the data used for the distribution formula. The funding allocations for each county and tribe are arrived by using a formula that is based on the number of households with elderly, young children, disabled and low income occupants, weighted by heating and cooling degree days. This formula follows a similar method as the 10 CFR 440.10 that describes state allocations. The at-risk population segments are averaged with the amount of low income households to determine the allocations for each county and tribe.

DOE, LIHEAP and State funds will be allocated statewide based on the allocation formula. Utility funds will be allocated to the areas served by the participating utility companies using the same formula.

All subrecipients that serve the above areas must be a CAA, public, or nonprofit entity.

V.3 Priorities

Subrecipients will be required to disseminate information to the public about the availability of services within 30 days of receipt of the contractual agreement and shall retain proof of such dissemination in their records.

Subrecipients are encouraged to update the waiting lists annually to include written notification to individuals on the waiting list to determine if they still desire services.

Updating the waiting list will allow the subrecipients to identify the higher-ranking clients regardless of the amount of time they have been on the waiting list.

Priority among eligible applicants for the receipt of NM EnergySmart services is established by the NM EnergySmart Online system, which follows the requirements specified in CFR 440.16 (b).

Priority is given by assigning points to each of the four categories:

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1. Elderly persons (a person who is 60 years of age or older) are assigned one to five points for each member based on the age;
2. Persons with disabilities are assigned one point for each member of the household with a disability;
3. Families with children (households with dependents not exceeding 18 years of age) are assigned one to five points for each member based on the age;
4. Households with high energy burden are assigned points in the following breakdown:

Energy Burden Percentage	Points
Between 6% and 10%	3
Between 11% and 15%	6
Between 16% and 20%	9
Over 20%	12

Households with a "high energy burden", defined as 15% or more of the household income going towards energy, is used as a priority for weatherization and receive priority points.

Ranking of "high residential energy users" is not used to determine priority for weatherization and do not receive priority points.

These categories are the only allowable priorities for the NM EnergySmart Program. Applicants that have the oldest certification date within the same ranking category may be serviced before other applicants within the same ranking category.

All housing types allowable within this Master Plan are included in the ranking system, however, housing type is not used as a priority.

V.4 Climatic Conditions

New Mexico is the 5th largest of the 50 United States with a total area of 121,599 square miles (121,365 square miles land and 234 square miles covered by water). Within the state's boundaries, elevations reach as high as 13,161 feet above sea level (Wheeler Peak in Taos County) and as low as 2,842 feet above sea level (Red Bluff Reservoir in Eddy County). The vast land area, variations in local topography and elevation disparities cause measurable differences in climate even within each of the two identified regions.

Likewise, Lawrence Berkley National Laboratories (LBNL) has identified three distinct climactic zones that are independent of the particular heating and cooling demand associated with the region, but still significantly affect the performance of units within each zone. The Department of Energy has defined three distinct climate zones that cover parts of New Mexico. These climate zones help approximate the performance of a building within each zone due to the effects of heating cooling demand, precipitation, and relative humidity.

The three zones identified in NM are three (hot dry), four (mixed dry), and five (cold). For the purpose of this analysis, the county seat or most populous city was used to determine the average degree days for each county where available. Data was collected for 12 months to arrive at annual totals.

HEATING DEGREE DAYS Base 68: Zone three has an average of 4,044 HDD; Zone four has 5,443 average HDD; and Zone five has an average of 6,490 HDD.

COOLING DEGREE DAYS Base 70: Zone three has an average of 1,721 CDD; Zone four has 985 average CDD; and zone five has 743 average CDD.

Air conditioning system replacement, repair, or installation is allowed in units of at risk occupants or where climate conditions warrant. At risk occupants are defined as an occupant that is over the age of 60, has respiratory ailments, allergies, pregnant, or other unique health concerns. Climate conditions that would warrant this allowance are areas that have an average of 800 Cooling Degree Days (CDDs) using a base 70. Climate Zone 3, has an average of 1,721 CDDs, and in Climate Zone 4, there is an average of 985 CDDs; in these climate zones, cooling replacement is allowed using health and safety funds. For the remaining climate zone, medical eligibility from a third party medical professional proving at risk is required for any occupant.

Some counties are very large in square footage and may have a vast variance in elevation and both heating and cooling degree days. Therefore it is necessary to modify the weather files to a climate that most closely resembles the local area of the individual buildings receiving the weatherization work, and not just the closest city. Due to the variations in climate throughout the state, each energy audit shall be adjusted to most accurately model the climactic conditions of the individual location. Likewise, each energy audit shall indicate the model climate used (either a location included in the DOE approved auditing software, or the HDD base 68 /CDD base 70 factors). There are 26 different weather stations used throughout New Mexico for the energy audit. Two maps have been uploaded that describe the different climatic zones that are used in New Mexico.

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V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

The NM EnergySmart Program is committed to full compliance with 10 CFR 440.21(i) and WPN 19-4 for energy audit procedures. All installations are using materials that are listed in Appendix A of 10 CFR 440.

The NM EnergySmart Program has approached the goal of meeting the specifications, desired outcomes, and objectives of the Standard Work Specifications (SWS) with several successful methods. Our Subrecipients have been in the practice of utilizing the SWS at full implementation since PY 2014. Below is a list of manuals and guides with dates of issue. Each of these have been uploaded with the State Plan in addition to the links provided below.

- NM EnergySmart Administrative Manual http://www.housingnm.org/community_development/energysmart
 - Re-issued 02/11/2021, updated 02/11/2021
- NM EnergySmart Technical Standards http://www.housingnm.org/community_development/energysmart
 - Re-issued 09/25/20, updated 09/25/20
- Field Guide Single Family
 - Issued 02/16/2021, updated 02/16/2021
- Field Guide Mobile Homes
 - Issued 02/16/2021, updated 02/16/2021
- Field Guide Multifamily
 - Issued 01/08/2020, updated 01/08/2020

There are four ways the documents are made available to our subrecipients:

1. We communicate with our subrecipients on a regular basis referencing the necessary materials. This communication is either triggered by a conversation, email, monitoring or new regulations.
2. Technical Committee calls are held bi-weekly. During these calls, the Technical Standards and SWS may be discussed with challenges, successes, and innovative approaches to compliance. Pandemic or COVID-19 procedures are also discussed. The attendees for these meetings are the Energy Auditors, Program Managers, Quality Control Inspectors and the staff from the Energy Smart Academy.
3. During any WAP RFP process, the links to the manuals are provided with the RFP package.
4. Subrecipient use of the documents are verified through the monitoring process. This includes monthly desk monitoring when invoices are submitted.

All NM EnergySmart contracts between subrecipients and MFA reference compliance to the SWS. The contracts contain the following statement:

Subrecipients will be responsible for providing services as required by the Department of Energy (DOE) Standard Work Specifications (SWS). The SWS requirements for Single Family Homes & Manufactured Housing can be accessed at <https://sws.nrel.gov>. If these specifications are not followed, reimbursement will not be made.

All subrecipients have incorporated language in their contracts with their subcontractors requiring compliance to the SWS. Subrecipients will incorporate language into their contracts that require all materials used must be listed in the 10 CFR 440 Appendix A. All contracts between any entities using WAP funds have signatures from both parties verifying acknowledgement of the aforementioned expectations.

Field guide types approval dates

Single-Family: 2/16/2021
Manufactured Housing: 2/16/2021
Multi-Family: 2/16/2021

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure: Single-Family

Audit Name: NEAT

Approval Date: 11/7/2018

Audit Procedure: Manufactured Housing

Audit Name: MHEA

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Approval Date: 11/7/2018

Audit Procedure: Multi-Family

Audit Name: TREAT

Approval Date: 10/20/2017

Comments

New Mexico's single family site built energy audit procedures have been approved by DOE to use NEAT on November 7, 2018.

New Mexico's single family manufactured home energy audit procedures have been approved by DOE to use MHEA on November 7, 2018.

NM EnergySmart was approved to use TREAT for large multifamily buildings and NEAT for small multifamily buildings October 20, 2017. TREAT Re-approval is due October 2022, and NM intends on complying with WPN 19-4.

Below is the timeline with goals and target dates:

Goal Dates	Benchmark
2/15/2022	Projects Identified
3/15/2022	Audits Complete and Submit to MFA for Review with all Notes and Required Documents
4/15/2022	MFA Reviewed
4/20/2022	Project Package Submitted to DOE (Met)

Audit Procedures

This section summarizes the protocol that is detailed in the single family and multifamily energy audit procedures submitted with the energy audit review packages.

- Pre-visit planning and desk viewing;
- A certified energy auditor performs an in-person meeting, including client education, and completes a full building screening for weatherization viability and hazards;
- Thorough exterior envelope inspection for SWS requirements, Health and Safety, TREAT, NEAT or MHEA entry, and BPI standards;
- Interior inspection for data entry, Health and Safety, lead tests, baseload usage measures (lighting, refrigeration, etc.), number and location of appliances, and diagnostic testing arrangements;
- Diagnostic tests are performed on all required appliances for efficiency, safety, and operating condition outlined in the NM EnergySmart Technical Standards;
- Blower door testing procedures are performed including air leakage and barrier assessments, zonal tests, ASHRAE 62.2-2016 determinations, and duct leakage tests;
- Final walk through with recap on client education, double check on field notes, pilot lights, house condition, additional tests if needed;
- All information is reviewed and entered into energy audit software. This includes verifying input reports against actual notes, comparing audit results with preliminary scope of work, review of measure and SIR ranking, incidental repair and health and safety items.
- The energy audit assumptions are checked against the assessor's knowledge, photos, and videos of the unit for accuracy.
- Energy Auditors will comply fully with the NM EnergySmart COVID Safety Response Plan by wearing all the required PPE, washing hands, spraying down surfaces, post cleaning of tools, and pre-client screening.

Fuel Switching

MFA is currently pursuing DOE approval for grantee administered fuel switching. If approved, fuel switching will be allowable when the site-specific energy audit demonstrates the cost effectiveness of the fuel switch over the life of the measure as indicated by a positive SIR above one(1). Energy Auditors will look for fuel switch opportunities from propane to electric heating and model the unit appropriately to determine if it is cost effective.

Asbestos

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In the event that dangerous friable materials (e.g. Lead-based paint dust, disturbed asbestos, or hazardous organic materials such as mold) may become air-borne due to depressurization testing, any testing requiring the use of a blower door may be omitted. Such conditions must be documented including photographs, and included in the unit file. For the purposes of energy auditing and air-sealing specification, the Energy Auditor will assume a .5 cfm 50 square feet of exposed envelope area.

Software Used

To ensure eligible occupants of multi-family housing will receive cost effective weatherization services, each weatherized building will have a computerized energy audit which complies with 10 CFR 440.21(b) completed prior to the installation of any weatherization measures. This energy audit will be included in each unit file. For single-family units a NEAT audit will be completed. For mobile home units, a MHEA, or if the mobile home is structured more like a site built unit, a NEAT audit, will be completed.

Multifamily units may be audited using TREAT. With prior written permission from MFA, a NEAT audit may be completed for specific types of multifamily buildings that are up to 25 units and individually heated and cooled, .

Multifamily Air Sealing

Multifamily air sealing procedures previously approved by DOE are as follows:

- Infiltration rates at time of audit will be assumed at 2.1 CFM/50 per square foot of living space;
- Improved condition will assume a 42% reduction in infiltration (.9 CFM/50 Per square foot) ;
- ASHRAE compliance will include assumed infiltration rates in the calculations;
- Standard air sealing processes will be followed to reduce infiltration and include:
 - Sealing the combustible appliance zone from the interior of the unit (where applicable)
 - Front door jamb up and general sealing
 - Duct return cavity sealing
 - Duct plenum, boots, and other accessible location sealing
 - Damper for shared evaporative cooler/furnace systems
 - Outlet and switch foam gaskets
 - Areas of infiltration that are visually obvious or seen with Infra-red guided air sealing when possible

This approval expires June, 2022. It is the opinion of the network that it is still not safe to operate blower doors in multifamily units. MFA is seeking re-approval to continue with the above methods.

All other multifamily audit procedures and methods will not change, including diagnostic and safety testing. The method above is only to be used with pre-1990 frame built properties.

V.5.3 Final Inspection

Subrecipient's may not report a unit as having been weatherized until all weatherization materials identified for installation at said unit have been installed and the subrecipient, or authorized representative, has performed a final inspection(s) of said unit, and certified that the work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures required by 10 CFR 440.21. All final inspections will meet the requirements of the Standard Work Specifications, Technical Standards, and the NM Field Guide. Local code requirements for mechanical appliance installation are included.

All subrecipient's final inspections will continue to be performed by a certified Quality Control Inspector (QCI) independent from the initiation of the work order, assessment, or work completed. All three of New Mexico's subrecipients have certified Quality Control Inspectors and Energy Auditors on staff. The NM EnergySmart Program continues to encourage each agency to pursue more QCI Inspectors and Energy Auditors.

The subrecipient must verify that all weatherization materials identified for installation at the particular unit have been installed in a workmanlike manner and in accordance with the priority determined by the auditing procedure as required by 10 CFR 440.21, meet the requirements of SWS, Scope of Work, and our Field Guides prior to reporting the completed unit. Said verification must include, at a minimum, the following verifications and tests:

- Evaluation of the original assessment, the original audit, work order, invoices, and contents of the file;
 - The original field data collection, field notes, and input report must be reviewed to ensure the energy audit called for the correct measures. Missed opportunities must be addressed prior to unit passing inspection.
- All weatherization measures completed by agency's crew(s) or procured contractors;

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- All mechanical work performed including: verification of new equipment size and rating; state inspection completion, and required diagnostic testing;
- Combustion Appliance Zone(CAZ) Required testing under worse case conditions (BPI Protocol)- Required SWS tests must be completed or verified that HVAC contractor has completed;
- Post-Retrofit Blower Door Depressurization Test, Zone Pressure Diagnostics (See Energy Audit Section for more detail); Minimum Ventilation Compliance Verification

If Duct-sealing was performed:

- Worse-case depressurization test with air handler on and off;
- Pressure Pan Testing;
- System Balance Testing between rooms with ducts and unit (maximum 3pa pressurization);
- Visual inspection for plenum and end of leg boot sealing;
- Visual inspection for applied field guide methods
- If Mechanical Ventilation has been installed, then the inspector shall verify continuous and peak flow output of the unit through Flow Hood Testing. NOTE: For HRV/ERV installations which use the central supply and return ductwork, Flow Hood Tests may be required at all supply and return register locations. All mechanical ventilation must comply with ASHRAE 62.2 2016;
- Client satisfaction interview and dialogue that includes review of client education;
- Visual inspection of all work completed for quality;
- Detailed and thorough file inspection compared with work for consistency.

The final inspection for each weatherized unit shall be performed by a certified subrecipient QCI, or a contracted MFA approved certified QCI within 30 working-days of the final day of weatherization work being completed by agency crew(s) or contractors. Any required rework shall be completed in a timely manner and must be verified by the original inspector.

In the event an Energy Auditor also needs to inspect the units due to the QCI requirement, MFA's Program Manager will inspect 10% of the completed units for that subrecipient.

The final inspector may perform minor adjustments to previously installed retrofits in order to obtain satisfactory inspection results. Such adjustments must not exceed one working hour per unit or within a reasonable time frame depending on the distance, and will not be considered a "weatherization retrofit" as noted above.

Once completed, subrecipients must ensure that the client file contains a form that certifies the unit has had a final inspection, and that all work meets the required standards. The subrecipient then uploads detailed information on each measure installed in the unit, including final inspector name, estimated & actual cost, energy savings and SIR into MFA's online system. During the invoicing process, MFA's Green Initiatives Managers review the information on the units to determine the accuracy and technical implications of the data. If the entries raise questions or concerns, then the unit is not eligible for reimbursement until all questions and concerns are answered to MFA's satisfaction. The said units may be flagged to be included in MFA's QCI inspections.

Disciplinary actions for inadequate inspection processes determined by 100% desk monitoring or the required 5% to 10% field monitoring will first involve exploring the options of QCI re-training for the inspector. If training is not a viable option or does not remedy the problem, the inspector will not be allowed to perform inspections for a specified period, depending on the severity of the infraction, until proof of adequacy is obtained.

Continued inspector inability or refusal to comply with policies is grounds for MFA to recommend suspension, termination, or otherwise apply special conditions to the inspector performing further QCI inspections for the program. The agency will be required to utilize other QCI inspectors to verify completed units.

During the technical monitoring process, the Program Managers verify the certificates of each QCI and Energy Auditor of the agency being monitored. The Energy Smart Academy and the Green Initiatives Managers are in communication as needed about upcoming certification expirations and the need for training review prior to re-certification.

The monitoring process also observes the procedures of the QCI during a final inspection. Suggestions, comments, and best practice observations are communicated to the QCI and an official letter is sent to the agency after review.

Final Inspectors will comply with the NM EnergySmart COVID Safety Response Plan by wearing all the required PPE, washing hands, spraying down surfaces, and client interviews.

Attached are final inspection forms, final diagnostic testing forms, and technical field monitoring forms.

V.6 Weatherization Analysis of Effectiveness

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MFA qualified staff, our in-house on-line reporting system and the Energy Smart Academy provide long-term stability of the program. The Academy, developed in partnership with Santa Fe Community College, has earned a growing reputation as one of the premier training centers in the Weatherization Assistance Program. The Academy is IREC accredited in the four training job categories of Retrofit Installer, Crew Leader, Energy Auditor, and QCI. MFA and our partners use these pieces to enhance communication and target resources where they are needed. Our process for communication will remain in place going forward and will be used to help align with the announced DOE program requirements.

In order to assess effectiveness, the NM EnergySmart Online System (System) captures the unit production data on a monthly basis. The completed unit data is captured for each agency and shows the projected energy savings in MMBTUs for each auditor in the network. The System also shows the frequency with which each agency and auditor installs individual measures and also allows MFA to assess each Agency's performance in a number of areas. The system-level assessment allows MFA to select individual units for inspection. A separate unit inspection database collects information from inspected units. Monitoring data follows the path of information sharing that occurs through the online system.

MFA will be using this online system to increase the value of energy burden in relation to the other priority categories to place emphasis on underrepresented groups that tend to have a greater energy burden than populations that are not underserved. MFA is also working with the training academy to recruit and hire individuals from all communities, including the underrepresented communities as part of a workforce solutions plan.

MFA uses the System to conduct a 100% desk audit of all units completed prior to paying subrecipient invoices. Prior to invoices being paid, the following is reviewed by the Green Initiatives Managers:

- Measures installed on each unit are compared to determine the relationship between estimated costs and actual costs.
- Energy saving measures are confirmed to have SIRs and corresponding MMBTU savings.
- The SIRs and MMBTU savings are compared with averages. If a particular measure appears to be unusually high, the agency is asked to provide back up.
- Total cost and projected energy savings are tracked for each measure and for the unit as a whole.
- Year the unit was built to determine if additional information is needed from the agency for compliance with lead based paint and SHPO.
- Square footage and structure type.
- For some measures more detailed information is collected including R values of added insulation, Manual J calculations of new heating systems, and air reductions relative to the initial blower door reading, air sealing target and the achieved reduction.

This System is also used to flag units that need additional unit inspection monitoring. Any unusual numbers, costs, or circumstances may trigger the inspection. These unit inspections become a portion of the required 5% to 10% Quality Control Inspections. During the unit inspection, the entire client file is compared to the entries for accuracy along with client interview regarding utility bill savings.

During the MFA unit inspection process of completed units, the techniques used to achieve such reductions, efficacy of installation methods, baseload measure assumptions, and other energy saving measures are observed and any findings, concerns, comments, and best practices are noted.

The data generated by the System or during technical monitoring and unit inspections stimulates dialogue between agency management, Green Initiatives Managers and the Energy Smart Academy. Stakeholders can quickly determine additional training where needed. Due to the specific nature of the System's reporting capability, specific training can be directed for specific auditors, inspectors and/or weatherization crews in order to resolve deficiencies in their skill set, and showcase best practices.

Upon request a monthly report may be sent out to of the Energy Auditors detailing MMBTU savings, client monetary savings on average and total numbers. This will enable the team to see how they compare with others and the national number of 29.3 MMBTUs per unit.

Energy Auditors are encouraged to practice the comparing of energy auditing estimates with utility bill usage. This helps the team realize how accurate their models are in comparison to actual usage and helps to spawn training where needed.

Over the last year, the costs of materials have been observed to be increasing when reviewing invoices in the System. The costs of measures are reviewed on a regular basis prior to invoices being processed to compare with market costs of those particular measures. If something appears to be high, a detailed explanation is requested from the agency, or the agency's procurement may be examined for that item.

Continuous process and improvement is the goal of the combined training and monitoring programs. Through comprehensive training, staff continues to be cross trained and the basics are reviewed to widen the capabilities in addition to ensuring the existing staff understands the basics of the program on the most fundamental levels. Technical monitoring and regular conversation with the agencies help determine additional training needs.

MFA now has multiple staff members that use this system to generate multiple reports for the purpose of agency education, training, monitoring, and funder requests. These reports will be reviewed by the Green Initiatives Managers and dispersed to the agencies regularly. In addition to reports being made available to agencies and funders, the data will be used to target areas that can benefit from outreach to increase knowledge of the program.

If not already located in the Technical Standards or Administration Manual, the agencies answers to questions are reviewed by the Technical Review Committee that meets twice a month. These responses are entered into the appropriate manual and section during the normal updating process.

V.7 Health and Safety

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See attached Health and Safety Plan.

V.8 Program Management

V.8.1 Overview and Organization

The New Mexico Mortgage Finance Authority (MFA) was created by the New Mexico State Legislature in 1975 as a statewide government "enterprise" to provide financing for affordable housing to medium and low-income persons and receives no money from the state to operate. MFA is governed by a board of seven members. Four members are appointed by the Governor and three members serve by virtue of their state office: the State Attorney General, the Lt. Governor and the New Mexico State Treasurer. The Chairman of the Board is appointed by the Governor. Rules and regulations formulated by the MFA are approved by a Legislative Oversight Committee of the State Legislature. The committee is comprised of eighteen members.

By Executive Order 97-01, the State Governor transferred all federally funded housing programs to MFA on January 14, 1997. The Weatherization Assistance Program (WAP) was included in this transfer. Consequently, MFA took over the administration of WAP during the ongoing plan for 1996-97. Shortly thereafter, MFA staff produced its first plan (1997-98). MFA does not administer the State Energy Plan nor LIHEAP.

MFA has assigned significant managerial resources to the Weatherization Assistance Program to ensure its successful administration. A list of MFA personnel with direct WAP responsibilities is provided below. MFA has integrated WAP as a core activity throughout its organization; e.g. Information Technology. The Accounting, Human Resource, Legal, and Marketing Departments are available to act on WAP activities and issues.

Weatherization Program and Support Staff:

Our Green Initiatives Manager, Troy Cucchiara manages the NM EnergySmart Program. He has been with MFA in this capacity since March 2014 managing the technical aspects of the program and in October 2019 he took on the responsibility of the administrative side of the program as well. Troy came to the position with over 14 years of weatherization experience with a technical background. He is responsible for overall direction and supervision of the program, leverage efforts, coordination with grantee staff; and the overall management of Subrecipients. His responsibilities for the technical aspects of the program include training and technical assistance as well as health and safety issues and program compliance with all DOE technical requirements. His qualifications include 10 years of field experience and he holds certificates for several areas in the field of weatherization including Energy Auditor, QCI and Multifamily QCI Certification.

For succession planning purposes MFA has assigned Green Initiatives Manager Dimitri Florez to work full time in the NM EnergySmart Program. Since January 2020, he has been assisting MFA's Green Initiative Program Manager, Troy Cucchiara with managing the NM EnergySmart Program. Dimitri assists with conducting financial and operation monitoring visits, technical monitoring visits and on-site unit inspections. Dimitri's qualifications include 3 years of field experience and holds the Building Analyst Certification in the field of weatherization. Dimitri is learning all aspects of the program working closely with Troy. Mr. Florez is close to obtaining his Energy Auditor and QCI certifications.

Troy and Dimitri will work closely to monitor Subrecipients' activities. They will conduct a minimum of one financial and operations monitoring visit and one technical monitoring visit per year for each agency. They will also monitor a minimum of 5% of files and provide on-site unit inspections of the files reviewed. On a monthly basis the two will conduct 100% of desk monitoring through our online system for all funding sources. A prescribed monitoring tool is used for all monitoring visits. The team will provides training and technical assistance to our subrecipients as needed throughout the program year.

David Gutierrez is the newest addition to the program with three years of experience in code enforcement, zoning, and housing inspections with the City of Albuquerque. He has 15 years of housing experience including property management, LIHTC, HUD, HMIS, CoC. RAP, FEMA, Motel Vouchers, Displaced Tenants, and Rental Assistance.

Mathew Meyer is a Management Trainee that has been hired by MFA and will be devoting half of his time to Weatherization.

Managers and Staff:

Gina Bell, Director of Community Development, is responsible for the successful implementation of the weatherization program. She also provides direction to staff and promotes the weatherization efforts externally. Her oversight includes directing the activities and acceptable performance of the weatherization Subrecipients and ensures that MFA and Subrecipients are in compliance with all regulatory and contractual requirements of the program. She ensures the monitoring of Subrecipients is in compliance with their contracted programs in accordance with regulations outlined in federal/state contractual agreements and MFA's Compliance Manuals. Ms. Bell works with staff in assisting the efforts to build their capacity through training and providing technical assistance on the program development. Ms. Bell also oversees the efforts to increase funding for the program.

John Garcia is the Assistant Director of Community Development. Mr. Garcia will assist Ms. Bell as needed, and will take over her duties in the case of her absence. John currently holds the position of Assistant Director of Community Development at MFA. He is responsible for managing the program managers for the HOME Homeowner Rehabilitation program, Emergency Homeless Assistance program, Housing Opportunities for People with Aids program and the Youth Homeless Demonstration project. John has 25 years of experience working for the state of New Mexico. His last position with the state was the Grants Management Bureau Chief for the Human Services Department. Over his career at the state, he has held the positions of EST Program Manager, Benefit Management Track Lead, Management Analyst, Child Support Enforcement Officer and Income Support Specialist. He has a Master's in Business Administration and holds a certificate in Project Management.

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Administrative Support:

Indirect costs will be charged using the de minimus rate of 10% of Modified Total Direct Costs. Included indirect costs include the support of administrative staff.

The Controller and accountants, are responsible for reviewing monthly fiscal reports, preparing reimbursements, and maintaining all required financial records to account for Grantee and Subrecipient expenditures and balances. They are also responsible for Subrecipient financial management and quarterly reporting to DOE.

The Administrative Support staff provides Marketing and Information Technology support to weatherization staff necessary to carry out the functions of the weatherization program. MFA will comply with the record keeping requirements prescribed on section 10 CFR 440.24, and with the reporting requirements on section 10 CFR 440.25.

The Executive Director along with the Chief Housing Officer, the Chief Financial Officer and the Chief Lending Officer are responsible for overall management of the weatherization program. They provide oversight and effective and efficient management of the weatherization program and provide direction to weatherization staff along with the Director of Community Development. They promote the weatherization efforts externally.

V.8.2 Administrative Expenditure Limits

New Mexico's admin is set at 15% with MFA receiving 5% and the remaining 10% allocated to our Subrecipients. MFA will NOT be requesting the additional admin funds for our existing Subrecipients as Central New Mexico Housing Corporation, Southwestern Regional Housing and Community Development Corporation and ICAST all exceed the \$350,000 threshold.

V.8.3 Monitoring Activities

Monitoring Approach

MFA assists its Subrecipients with their efforts to resolve problems encountered in the administration and operation of the NM EnergySmart Program and to ensure compliance with all applicable Federal and State laws, rules, and regulations. To achieve this goal, Green Initiatives Managers Troy Cucchiara and Dimitri Florez will conduct the programmatic and technical monitoring. For the program year 2022-2023, training and technical assistance funding in the amount of \$464 will be used for monitoring and \$53 of leveraging will be used. Administration funds used for monitoring are \$5,205 and will be 100% of the monitoring budget.

The primary areas of oversight include:

Desk Monitoring

- All units part of invoicing are viewed in detail for compliance
- Total costs for labor and materials are viewed for reasonableness
- SIR and energy savings in MMBTUs
- Geographical patterns compared with production plan submitted by agency
- Age of unit is viewed, and random units are selected for Lead Based Paint compliance SHPO compliance selected from units older than 50 years
- Input reports and recommended measures for energy audits are requested from units that have unusual circumstances or random units

Unit Inspections

- Units are selected based off desk monitoring, or geography
- Files are inspected from front to back for full program compliance
- Complete inspections are conducted on the unit following BPI QCI protocol
- Minimum of 5% for all three agencies
- Minimum of 10% when the QCI final inspector is the same person as the assessor/energy auditor

Technical Monitoring

- Review of Scheduling Unit Procedures
- Eligibility and Intake
- Rental Audit Procedures
- Multifamily Audit Procedures
- Energy Audits for Single Family
- Qualifications & Training of Agency Staff (Includes New Hires)
- T and TA Progress
- Weatherization of Units

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- Field Work Methods/Job in Progress Monitoring
- QCI Methods (Agency)
- Health & Safety Procedures and OSHA compliance
- Equipment/Inventory/Materials
- Training & Technical Assistance Progress
- Feedback & Reporting
- Unit Inspections

Programmatic Monitoring

- Program Overview (Client File Review, Work Orders, etc.)
- Financial/Administrative Process
- Expenditures and Admin
- Financial/Administration
- Quality Management Assurance
- Vehicles & Equipment Inventory and Maintenance
- Procurement Procedures and Packages

Financial Monitoring

- Financial Management/Accounting Systems and Operations
- Financial Audits and Audit Compliance
- Fiscal Tests Including Tracing Item on GL to Source
- Fiscal Tests on Each Funding Source to all Costs Eligible
- Payroll/Personnel

MFA staff coordinates all activities and provides clear and concise direction to comply with the applicable standards and regulations. Staff conducts field monitoring of subrecipient financial activities including financial audits, production and reporting requirements. Program staff also assists subrecipients to improve operations through training and technical assistance to correct noted problem areas. In addition to the staff that conducts the monitoring, MFA's Accounting Department and Internal Auditor are available when needed to review subrecipient financial operations. Subrecipients financial audits are reviewed as part of their onsite monitoring. Financial audits are also reviewed at the time of audit submission when the financial audit is due for that year.

At a minimum, MFA staff conducts one onsite or virtual programmatic monitoring visit, one financial visit, and one in field technical monitoring visit each year. A comprehensive monitoring tool is used as part of a thorough review of each subrecipient. If necessary, a follow up monitoring visit will be conducted to verify that corrective action has been initiated or completed. Through our online reporting system, for a more thorough review, staff conducts monthly checks of work done in completed units as well as financial reporting.

The intention is for Staff to perform field onsite technical monitoring visits to Southwestern Regional Housing Community Development Corporation (SRHCDC), Central New Mexico Housing Corporation (CNMHC) and International Center for Appropriate and Sustainable Technology (ICAST) in the 2022/2023 Program Year.

These technical monitoring visits may need to be conducted virtually consistent with the approved virtual monitoring plan during times when travel is not allowed.

In addition to the monitoring, MFA staff has developed their own QCI inspection policies. The team will perform certified QCI reviews of client files and inspect the corresponding units of 5% to 10%. This will occur on a continual basis to ensure that SWS, DOE guidance, and NM Standards are being followed. The team also looks at missed opportunities, Health and Safety approach with the best practice possible, and if the quality work plan is being managed properly. In the event quality is not up to standards, and it is determined that there is a pattern, comprehensive or specific training will be scheduled to correct the issues. Health and Safety deficiencies, depending on the severity, are corrected immediately, and in some cases the same day.

Quality Control Review of units and files consists of reviewing every detail for each file prior to the unit visit. The file should accurately tell the story of the weatherization work that took place at the unit. If one thing is out of place, it serves as an indicator to look for additional related items.

In the event subrecipients fail QCI inspections; they are given the opportunity to remedy the problem within a reasonable time period. This rework is not eligible for reimbursement. The unit may be reinspected by MFA's QCI, depending on the nature of the failure. The training Academy is notified of the area of weakness and modifies the classes if needed. In extreme cases, additional classes are scheduled for the agency.

When there are findings or concerns that surface during inspections, the subrecipient is asked to explain how they will improve. This may entail updating their policies and procedures, more frequent monitoring by MFA, or training to help the subrecipient understand how the problem occurred and how to prevent it.

MFA also requires Subrecipients be audited in accordance with section 10 CFR 440.23(d). For program year 2022/2023 only one of the NM EnergySmart subrecipients met the 2 CFR 200 threshold amount of \$750,000.00.

To complete the approval of the annual external financial audits, the first layer of review is by the Program Manager. The second layer of review and approval is either done by the Assistant Director of MFA's Community Development Department or MFA's Controller.

As a follow up to each visit, MFA staff provides the subrecipient with a written report that describes noncompliance or problem areas, suggested comments and best practices. The report is submitted to the subrecipient within 30 days of the visit and the subrecipient is required to respond within 30 days to MFA with a Corrective Action Plan addressing any findings, concerns, and recommendations. This Corrective Action Plan must include an identified target date for each deficiency. This is tracked by an online tracking system. Follow up communication through phone conversations, email, and necessary onsite visits is continual until the problem is resolved.

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The subrecipients are sent the updated monitoring instruments prior to the visit that will be used, since they are accountable for implementation of the program in accordance with the standards and procedures.

In all instances, MFA is committed to working closely with subrecipients to succeed. However, if after numerous attempts have been made towards compliance or if a subrecipient is either unwilling or unable to resolve a noncompliance issue, MFA would start to work toward defunding the agency.

When a problem is resolved to the mutual satisfaction of the subrecipient and MFA, MFA staff will send a follow-up letter to close the finding.

When a problem is resolved to the mutual satisfaction of the subrecipient and MFA, MFA staff will send a follow-up letter to close the finding.

If there is any suspicion of mismanagement, fraud, waste or abuse or if any significant problems are found, MFA will immediately notify the DOE Project Officer, in Washington D.C.

MFA will submit annual reports to the DOE Project Officer describing its monitoring efforts to date. The report will include at least the following:

- Number of monitoring visits to each subrecipient;
- General nature of the findings;
- A discussion of significant corrective actions;

MFA will also have all monitoring reports available, upon request, for DOE inspection.

MFA will summarize and review its monitoring activities and findings for internal assessment of subrecipient needs, strengths and weaknesses and annual planning. This data will be incorporated in the New Mexico Consolidated Plan and Annual Performance report.

Credentials

MFA staff has substantial experience in monitoring NM EnergySmart and other Federal and State programs.

Troy Cucchiara is the Green Initiatives Manager and a QCI for MFA. Troy oversees all aspects of the weatherization program including the programmatic, fiscal, technical, and QCI monitorin. He has been involved with the home retrofit industry for 22 years and has been an integral part of the Weatherization Assistance Program for different agencies since 2006. He has earned numerous certifications including Commercial Energy Auditor, Water Specialist IV, CBI Thermographer, Lead Certified Renovator, Lead Dust Sampling Technician, AHERA, OSHA 30, Building Analyst, Building Envelope, and Home Energy Professional Quality Control Inspector, MultiFamily QCI, Energy Auditor, and has been a BPI Proctor for the Santa Fe Community College. Technical experience includes energy auditing, unit inspections, program management, water treatment design, inventory control, public speaking, staff training, and client education.

Dimitri Florez is the Green Initiatives Manager for MFA. Since January 2020, he has been assisting MFA's Green Initiative Manager, Troy Cucchiara with managing the NM EnergySmart Program. Dimitri assists with conducting financial and operation monitoring visits, technical monitoring visits and on-site unit inspections. Dimitri's qualifications include 3 years of field experience and holds the Building Analyst Certification in the field of weatherization. Dimitri is learning all aspects of the program working closely with Troy. Mr. Florez is close to obtaining his Energy Auditor and QCI certifications.

David Gutierrez is the newest addition to the team and will be assisting with the administrative and fiscal monitoring. He has extensive experience in program management, administration, tax credits, and code enforcement.

Levels of Agency Performance

High Performance or Exemplary Agencies

By way of monitoring review, an agency has demonstrated performance standards that meet or exceed standards that are commonly observed in the following areas:

Program operations:

No Health and Safety findings are identified in previous monitoring report. No procedural findings related to program rules, policies or procedures.

Fiscal:

No annual program specific audit findings.

No material findings in the agency external audit.

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Technical:

Provide comprehensive service utilizing the latest building science and renewable technology, in a cost effective manner in accordance with NM EnergySmart Weatherization Assistance Program guidelines.

Production:

In general an agency's production is high relative to funding.

Qualified staff:

Agency will receive higher credit for exemplary status with NM EnergySmart Training Academy staff through participation in the NM EnergySmart Training Plan.

Risk:

No "at risk" elements are found in major categories for an agency.

If the above is met a final visit may be made by NM EnergySmart staff for final confirmation of achievement.

Stable Agency Performance:

Typically, the frequency of monitoring will be (1) fiscal/operational visit and (1) technical visit per year by NM EnergySmart staff. The need for additional visits within the same year will be determined by the agency's program funding and production level and the timely responses to any outstanding monitoring findings. MFA expects every agency to meet these standards of performance:

- Has a well established systems for program administration and operations, with no more than one finding in the following areas.
- Compliance with major program requirements, such as, leadbased paint procedures, cost allocation.
- No more than one program specific finding in the annual monitoring visit.
- No more than one fiscal specific finding in the annual monitoring visit.
- Staff is well trained in performance of specific job duties.
- Agency has complete and organized files.
- Evidence of prudent decision making as to the use of program resources.
- Complete scopes of work.
- NEAT/MHEA/TREAT documentation is current and consistent with billing.
- Staff is proficient in the use of auditing software.
- Evidence that NEAT/MHEA/TREAT is used with actual and true pre audit data (including costs).
- Evidence that NEAT/MHEA/TREAT is used effectively and thoughtfully in determining cost effective measures.
- Staff and contractors have demonstrated proficiency in technical applications, including diagnostics.
- Agency has a minimal number of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report.
- Agency complies with OSHA and MFA safety rules, as applicable.
- The agency maintains a professional working relationship with MFA.
- Past corrections are made and reported in a timely manner.
- Participate in NM EnergySmart Peer Exchange meetings.
- No "at risk" elements are found in major categories for an agency.

Vulnerable Agency Performance

If an agency's performance is deficient in some or all of the following levels of performance MFA will prepare a plan to help the agency clear the deficiencies and will provide additional monitoring within the same year:

- Has a well established systems for program administration and operations, with no more than one finding in the following areas.
- Compliance with major program requirements such as leadbased paint procedures, cost allocation plan/indirect cost rate, required contractor information.
- No more than one program specific finding in the annual monitoring visit.
- No more than one fiscal specific finding in the annual monitoring visit. Staff is well trained in performance of specific job duties.
- Lack of prudent decision making as to use of program resources.
- Completes scope of work.
- NM EnergySmart online reporting is current and consistent with billing.
- Staff is proficient in its use of the NM EnergySmart online payment system.

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- Evidence of the NM Energy\$mart online payment system is used with actual and true prepost data (including costs).
 - Evidence of the NM Energy\$mart online payment system is used effectively and thoughtfully in determining cost effective measures.
 - Staff and contractors have not demonstrated proficiency in technical applications, including diagnostics.
 - Agency has a number of and severity of procedural findings (as related to programs rules, policies and procedures) and health and safety findings from previous monitoring report.
-
- Agency does not comply with OSHA and MFA safety rules, as applicable.
 - The agency does not maintain a professional working relationship with MFA.
 - Past corrections were not made and reported in a timely manner.
 - Agency does not participate in NM Energy\$mart Exchange meetings.
 - Agency does not report as outlined in program manual.
 - Several “at risk” elements are found in major categories for an agency.

AtRisk Agency Performance

At risk agencies may be identified as a result of a variety of factors that may include:

- Agency’s probation, i.e. an agency’s first year with the program.
- There is evidence of significant administrative or program substandard performance; for example, repetitive pattern of findings, failure to have copies of permits on file or lack of compliance with historical preservation rules.
- Agency is not in compliance with program policies, procedures and specifications.
- Agency has repeated health and safety findings.
- Agency staff members/crew has deficient technical skills.
- There has been a change in key staff.
- There has been a change in key weatherization subrecipients.
- Agency has deficient scopes of work (work plan is insufficient).
- Agency has program specific audit findings.
- Agency has fiscal specific findings.
- Agency files are incomplete or disorganized.
- Agency staff is unresponsive to MFA requests and deadlines. For example, the agency consistently fails to provide monthly reports and contract closeouts in a timely manner.
- Agency production is low relative to funding.

At risk agencies will be monitored no less than twice annually. Other factors in the frequency of monitoring visits may be based upon the requirements of specific funding sources.

V.8.4 Training and Technical Assistance Approach and Activities

See Attached T and TA Plan

Percent of overall trainings

Comprehensive Trainings: 40.0

Specific Trainings: 60.0

Breakdown of T&TA training budget

Percent of budget allocated to Auditor/QCI trainings: 47.0

Percent of budget allocated to Crew/Installer trainings: 41.0

Percent of budget allocated to Management/Financial trainings: 12.0

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V.9 Energy Crisis and Disaster Plan

Objective: The objective of the New Mexico disaster response plan is to implement response activities that ameliorate the effects of the disaster to affected low-income persons with due consideration to the limited funds available during the program year.

Definition: A disaster is an event or development in the State declared by a Presidential or Gubernatorial order to be either a Federal or State emergency.

Procedures: Declaration of an energy crisis enables a subrecipient to place households affected by the crisis at the top of the weatherization waiting list. subrecipient must follow WPN 12-7 and complete all allowed measures by the energy audit. Partial weatherization is not allowed. Once a QCI has approved the work, the crews can move to the next identified unit that qualifies.

If at all possible, the subrecipient should complete the emergency units within the current program year.

The subrecipients must maintain a list of the units served during the crisis and provide the list of measures for each unit and the proposed date for full weatherization during invoice submission.

Criteria include:

1. Households must meet current income guidelines.
2. Priority will be given to elderly person, persons with disabilities, families with children, high residential energy users, and household with high energy burdens.
3. Priority will be determined through the program priority list for the particular disaster area.
4. Units weatherized 15 years before the present date, can receive additional assistance under "Energy Crisis".
5. Incidental repairs to an eligible unit will be allowed if the repairs are necessary to make the installation of weatherization materials effective.
6. Elimination of health and safety hazards will be allowed when it is necessary before the installation of weatherization materials.

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IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Central NM Housing Corporation (Albuquerque)	\$1,194,314.18 101
ICAST (International Center for Appropriate and Sustainable Technology (Lakewood)	\$416,250.33 35
Southwest Regional Housing Community Development Corporation (Deming)	\$544,812.07 40
Total:	\$2,155,376.58 176

IV.2 WAP Production Schedule

Planned units by quarter or category are no longer required, no information required for persons.

Weatherization Plans	Units
Total Units (excluding reweatherized)	176
	176
Rewatherized Units	0
	0

Average Unit Costs, Units subject to DOE Project Rules

VEHICLE & EQUIPMENT AVERAGE COST PER DWELLING UNIT (DOE RULES)

A Total Vehicles & Equipment (\$5,000 or more) Budget	\$135,000.00
B Total Units Weatherized	176
C Total Units Rewatherized	0
D Total Dwelling Units to be Weatherized and Rewatherized (B + C)	176
E Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	\$767.05

AVERAGE COST PER DWELLING UNIT (DOE RULES)

F Total Funds for Program Operations	\$947,169.00
G Total Dwelling Units to be Weatherized and Rewatherized (from line D)	176
H Average Program Operations Costs per Unit (F divided by G)	\$5,381.64
I Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	\$767.05
J Total Average Cost per Dwelling (H plus I)	\$6,148.69

IV.3 Energy Savings

Method used to calculate savings: ☒ WAP algorithm ☐ Other (describe below)

	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	176	29.3	5157
Prior Year Estimate	342	29.3	10021
Prior Year Actual	287	29.3	8409

Method used to calculate savings description:

New Mexico uses the DOE WAP algorithm to estimate energy savings. For program year 2022-2023 we estimate 5,157 MBTUs will be saved in 176 homes.

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IV.4 DOE-Funded Leveraging Activities

Leveraging Activities

DOE's annual funding helps only a portion of New Mexico's low-income homes in need of weatherization. MFA recognizes that increasing the number of weatherized homes requires additional funding and pursues other funding sources accordingly. Leveraging funds from other local partners has become crucial to maintaining the service level in New Mexico. We use these funds to defray costs from DOE by utilizing multiple funding sources in each home when applicable which frees up funding from DOE so that more homes can be weatherized across the state.

When leveraged funds are combined with DOE funds in any given house, all the rules of the program must be followed. All energy saving measures must rank with the approved energy audit, incidental repairs must be within the scope and cost of the program, and all required eligible health and safety measures must be installed.

For PY 2022-2023, MFA is requesting leveraging funding in the amount of \$9,000. The NM EnergySmart Program Managers will spend a substantial amount of time on leveraging funding sources ensuring that MFA complies with all contractual requirements, reporting and monitoring. Our leveraging funding sources are approximately \$6,313,319. The program's efforts for leveraging funding sources are fruitful and have created a strong weatherization program for New Mexico. Our current subrecipients are structured in a way that they can increase staff levels by using available T and TA funding without jeopardizing their programs. We work very closely with our agencies to ensure that not only is our leverage funding expended but that the additional weatherization services provided are done in the most efficient manner possible.

For the 2021/2022 program year MFA received \$2.5M from the New Mexico Income Support Division, LIHEAP. For this year, the amount that will be received from LIHEAP will be the same amount of \$2,500,000. This program year, we intend to continue leveraging LIHEAP funds with DOE funds.

Pending PRC approval, we will be entering into a \$432,693.92 contract with El Paso Electric Co-op which ends on December 31, 2022 and resumes January 1, 2023 in the amount of \$543,805.03.

The New Mexico legislature passed the Efficient Use of Energy Act (the Act) in 2005, which required public utility companies to place a tariff on their customers' utility bills. Both the electric and gas utility companies must redistribute the funds to the customers in the form of energy efficiency programs. MFA's receipt of these funds continues to be contingent upon award of DOE funds.

In February of 2022, MFA signed a renewal contract with the Public Service Company of New Mexico in the amount of \$600,000. Reimbursements are provided to the subrecipients based on actual kWh savings determined by a calibrated energy audit and deemed savings.

The New Mexico Gas Company (NMGC) funding remains at \$1,300,000. This utility funding will be used to achieve therm saving measures in homes being weatherized with other NM EnergySmart funding. Subrecipients will be reimbursed based on the lifetime savings of the measure at .40 cents per therm.

MFA received \$1,000,000 in State funds from the 2020 legislature and will continue using a portion of that funding to increase units and follow DOE regulations. Staff will continue to pursue State agencies and the State legislature for additional funding, while remaining with the proposals submitted by other public utility companies to the PRC in order to receive more funding under the Act. We have budget administration for this portion of the funding.

MFA received \$15M from ARPA and will be using \$4M for emergency home repair needs. All homes that receive this service will also receive full weatherization, but not all homes using this funding will be leveraged with DOE funds.

IV.5 Policy Advisory Council Members

☐ Check if an existing state council or commission serves in this category and add name below

Cyndi Hazzard	Type of organization: Non-profit (not a financial institution) Contact Name: Phone: 5053454949 Email: chazzard@centralnmhousing.org
Ferdinand Garcia	Type of organization: Non-profit (not a financial institution) Contact Name: Phone: (575)374-6207 Email: fgarcia.gs@plateautel.net
Isaac Perez	Type of organization: Indian Tribe Contact Name: Phone: (505)771-9291 Email: iperez@sfpba.org
	Type of organization: For-profit or Corporate (not a financial institution or utility)

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0009918, State: NM, Program Year: 2022)

Jack MacGillivray, CPM	Contact Name: Phone: (505)681-7778 Email: jmacg@monarchnm.com
Jaime Apodaca	Type of organization: Utility Contact Name: Phone: 5052414420 Email: jaime.apodaca@pnm.com
Marilyn Newton-Wright	Type of organization: Unit of State Government Contact Name: Marilyn Newton-Wright Phone: 5058277266 Email: Marilyn.Wright@state.nm.us
Page Olice	Type of organization: For-profit or Corporate (not a financial institution or utility) Contact Name: Phone: 5059239607 Email: pollice@yeshousing.org
Priscilla Lucero	Type of organization: Unit of Local Government Contact Name: Phone: (575)388-1509 Email: priscillalucero@gilanet.com
Stan Ross	Type of organization: Unit of State Government Contact Name: Phone: 5054760412 Email: stan.ross@state.nm.us
Steve Casey	Type of organization: Utility Contact Name: Phone: 5056973568 Email: SLCASEY@TECOENERGY.COM
Veronika Molina	Type of organization: Non-profit (not a financial institution) Contact Name: Phone: (575)546-4181 Email: veronika@swnm.org

IV.6 State Plan Hearings (Note: attach notes and transcripts to the SF-424)

Date Held Newspapers that publicized the hearings and the dates the notice ran

03/31/2022 March 6, 2022 - Rio Rancho Observer, Farmington Daily Times, Roswell Daily Record, Carlsbad Current Argus, Hobbs News Sun, Las Cruces Sun News, Alamogordo Daily News, Albuquerque Journal March 9, 2022– Clayton Union County Leader, Las Vegas Optic, Deming Headlight, Silver City Sun News, Santa Fe New Mexican, Gallup Independent, Eastern New Mexico News. March 10, 2022 – Lovington Leader, Valencia County News-Bulletin

IV.7 Miscellaneous

Business Recipient Business Officer

Donna Maestas-DeVries
dmaestas-devries@housingnm.org
 344 4th Street SW
 Albuquerque, NM 87102
 (505) 767-2225

Recipient Principal Investigator

Troy Cucchiara
tcucchiara@housingnm.org
 344 4th Street SW
 Albuquerque, NM 87102
 (505) 767-2256

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0009918, State: NM, Program Year: 2022)

Composition of WAP PAC

Stan Ross- Disabled (Employed by the State of NM)
 Isaac Perez - Native American Representation (Employed and Member of the San Felipe Pueblo)
 Jack MacGillvary - Multi-Family Property Management Company for low income properties

Michelle DenBleyker, Ferdinand Garcia, Priscilla Lucero, Veronika Molina and Cyndi Hazzard are all employed by Housing Agencies that provide services directed to low income families which include children, elderly and disabled members.

Steve Casey, Jaime Apodaca and Marilyn Wright-Newton are all representative of our leverage funders. MFA works closely with these entities to ensure present and future funding in order to provide services through our Subrecipients that are directed to low income families which include children, elderly and disabled members.

Weatherization Readiness Fund (WRF)

WRF will be used to prevent deferral of units when the work needed before a home can receive services is beyond the scope of weatherization. This falls one or more of four categories:

- Health and Safety measures that exceed the threshold
- Health and Safety measures that are not eligible costs under current guidance
- Incidental Repairs that if included in the SIR calculations, would cause a unit to not be cost effective
- Repairs not previously listed as incidental repair because of high cost or other reasons

Distribution of Funds

Funds will be distributed to each agency using the same agency ratios as program funding. The agencies will prioritize deferred households using our ranking system described in Section V.3 of the Master File for each county. Homes that have been previously deferred and currently meet eligibility requirements, will receive WRF services before other homes in the same county.

Restrictions

The following restrictions will apply to the use of WRF funding:

- All units must receive approval from MFA prior to commencement of work
- Must only be used for homes that will receive full weatherization with the 2022-2023 DOE grant.
- Roof replacements will not be allowed with this funding

Monitoring

MFA will monitor the use of this funding in accordance with the regular monitoring routine. This includes desk monitoring before an invoice is paid, and QCI when a unit is selected for inspection. Agencies will include the weatherization readiness scope of work in their final QCI inspection.

Maximum ACPU

Agencies must keep the ACPU for this category at or below \$19,000. This is kept separate from the weatherization and H&S ACPUs.

Tracking and Reporting

The following items are currently tracked and will continue to be tracked:

- Location
- Client Ranking
- House type
- Year built
- Specific nature of repairs
- Per unit average
- Other funds used

U.S. Department of Energy
WEATHERIZATION ASSISTANCE PROGRAM (WAP)
WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0009918, State: NM, Program Year: 2022)

Process

- Homes that have been previously deferred that are still eligible will be the first to receive services. For all other WRF needs, the agencies must follow the same priority and ranking used for weatherization.
- When it is identified by the agency that a home is in need of WRF, the agency must send MFA's program manager a scope of work, photos, and estimated costs of the unit.
- If request is reasonable, MFA issues an approval and the agency schedules the work.
- All state and local codes must be followed with required permits pulled, and final code enforcement inspections must be scheduled.
- Weatherization work is expected to occur as close to completion of WRF work as possible.
- Final QCI for the weatherization work includes final inspection of the WFR work. If deficiencies are present, a punch list for the contractor is generated and the contracting party does not receive final payment until the work is satisfactory.
 - Both the client and final inspector must sign off on the scope of work for both WRF and weatherization (two signatures are required).
- Completed units are reported to MFA during invoicing. WRF will be treated as a separate billing category in the agency's invoice.
- Units that received WRF are tracked separate with their own ACPU
- MFA will include a sample of units that received WRF as part of the minimum 5% QCI.
- Units that need work that is beyond what WRF, other funding sources, and weatherization can provide will be deferred following the regular deferral policy (Section V.1.2 Master File) and tracked.


MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday May 10, 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
<u>Recommended for Consent Agenda</u>		YES
1 2022 Series D Bond Resolution (Cooper Hall)	3-0	
<u>Agenda</u>		YES
2 3/31/22 Quarterly Financial Statement (Lizzy Ratnaraj)	3-0	
3 3/31/22 Quarterly Investment Review (Cooper Hall)	3-0	
<u>Information items</u>		NO
4 March 2022 Wire Transfers	✓	
5 March 2022 Check Register	✓	

Committee Members present:

Angel Reyes, Chair

State Treasurer Tim Eichenberg

Lt. Governor Howie Morales or

 Proxy Martina C'de Baca
☐ present

☐ absent

☒ conference call

☐ present

☐ absent

☒ conference call

☐ present

☐ absent

☒ conference call

New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

March 31, 2022

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the six-month period ended March 31, 2022

COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):		5 month 3/31/2022	5 month 3/31/2021	% Change Year / Year	Forecast 3/31/2022	Actual to Forecast	Forecast/Target 9/30/22
PRODUCTION							
1	Single family issues (new money):	\$199.9	\$55.0	263.5%	\$199.9	0.0%	\$225.0
2	Single family loans sold (TBA):	\$57.3	\$218.4	-73.8%	\$57.3	0.0%	\$150.0
3	Total Single Family Production	\$257.2	\$273.4	-5.9%	\$257.2	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:	\$82.0	\$75.5	8.7%	\$70.5	16.4%	\$140.9
STATEMENT OF NET POSITION							
6	Avg. earning assets:	\$1,499.2	\$1,415.8	5.9%	\$1,528.1	-1.9%	\$1,528.1
7	General Fund Cash and Securities:	\$93.0	\$82.2	13.1%	\$84.8	9.7%	\$84.8
8	General Fund SIC FMV Adj.:	(\$1.5)	\$2.3	-164.5%	\$0.0	N/A	\$0.0
9	Total bonds outstanding:	\$1,275.5	\$1,088.6	17.2%	\$1,241.1	2.8%	\$1,241.1
STATEMENT OF REVENUES, EXPENSES AND NET POSITION							
10	General Fund expenses (excluding capitalized assets):	\$11.6	\$10.7	8.4%	\$12.4	-6.5%	\$24.9
11	General Fund revenues:	\$13.4	\$24.1	-44.4%	\$14.8	-9.5%	\$30.0
12	Combined net revenues (all funds):	(\$0.9)	\$16.0	-105.5%	\$1.3	-168.7%	\$2.6
13	Combined net revenues excluding SIC FMV Adj. (all funds):	\$1.4	\$13.9	-89.7%	\$1.3	12.2%	\$2.6
14	Combined net position:	\$285.0	\$279.3	2.0%	\$288.5	-1.2%	\$288.5
15	Combined return on avg. earning assets:	-0.12%	2.27%	-105.1%	0.17%	-168.7%	0.17%
16	Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	0.19%	1.96%	-90.3%	0.17%	12.2%	0.17%
17	Net TBA profitability:	0.76%	2.33%	-67.6%	0.50%	51.1%	0.50%
18	Combined interest margin:	0.49%	0.68%	-28.6%	0.55%	-11.1%	0.55%
MOODY'S BENCHMARKS							
19	Net Asset to debt ratio (5-yr avg):	27.83%	29.34%	-5.1%	26.82%	3.8%	26.82%
20	Net rev as a % of total rev (5-yr avg):	11.39%	13.70%	-16.9%	11.25%	1.2%	11.25%
SERVICING							
21	Subserviced portfolio	\$1,811.5	\$1,609.8	12.5%	\$1,930.4	-6.2%	\$1,930.4
22	Servicing Yield (subserviced portfolio)	0.42%	0.40%	3.9%	0.41%	1.3%	0.41%
23	Combined average delinquency rate (MFA serviced)	8.40%	8.77%	-4.2%	9.00%	-6.7%	9.00%
24	DPA loan delinquency rate (all)	6.98%	6.88%	1.5%	N/A	N/A	N/A
25	Default rate (MFA serviced-annualized)	0.60%	0.52%	15.4%	2.00%	-70.0%	2.00%
26	Subserviced portfolio delinquency rate (first mortgages)	11.60%	15.68%	-26.0%	N/A	N/A	N/A
27	Purchased Servicing Rights Valuation Change (as of 3/31/22)	\$8.1	\$3.2	153.1%	N/A	N/A	N/A

Legend:

Positive Trend Caution Negative Trend Known Trend/Immaterial

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the six-month period ended March 31, 2022

SUMMARY OF BOND ISSUES:

Single Family Issues:

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

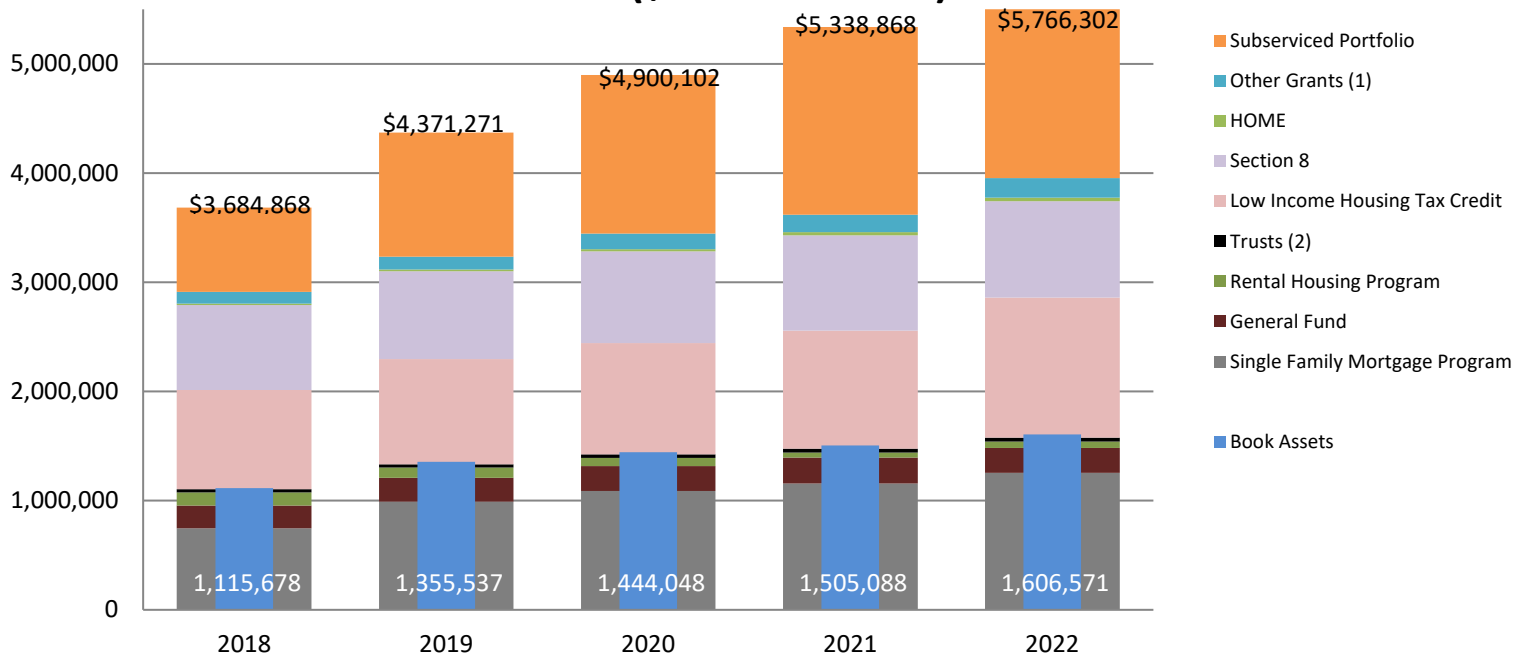
Multi-family Issues:

\$11.0 mm Series 2021 JLG Central (October)

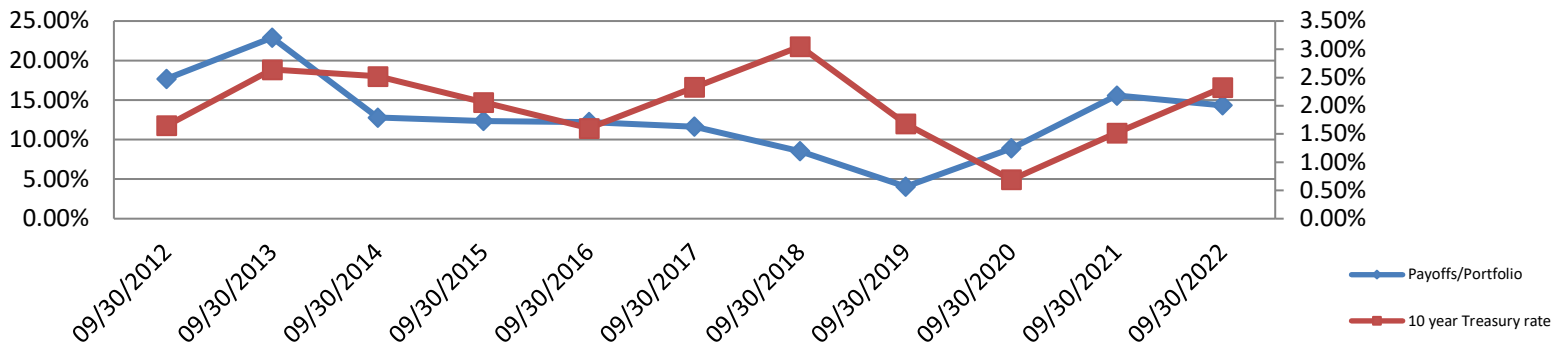
CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

- The single-family production has decreased and lower by 5.9% through March than the same period last year. TBA loans sold to date were 73.8% lower than last year since the Bond execution was more favorable than it was at the beginning of FY21, and MFA issued the 2021D Series for \$99.9 million in November and 2022 A Series for \$100.00 mm in February 2022. Payoffs remain stronger than this time last year, an 8.7% increase, although less than the year-over-year change for the end of FY21 of 78.9%. MFA also issued Series B refunding for \$33.5 million in February and is scheduled to close the 2022 C Series bond on May 24th. MFA continues to monitor market situations closely in consultation with its financial advisors, and it appears more favorable conditions persist for the issuance of bonds than TBA.
- The multifamily JLG Central bond issue closed in October for \$11 million. MFA is also working on a bond issue for the Vista Mesa Villa Apartments project for \$13m and EMLI at Wells of Artesia project for \$33m.
- In half a year of activities, the Return on Average earnings assets was at negative 0.12% which is lower than last year, because of HAF awards made through the NM Housing Trust Fund on consolidated revenues (\$1m). This, along with the Cost of Issuance of 2021D and 2022 A&B Series bonds (\$2.0 m) and YTD FMV adjustments (\$2.3m) of SIC Investments and lower TBA profitability resulting from market changes, has also affected general fund revenues and Moody's net revenue benchmark.
- Interest margins are lower compared to last year at this same time, and there has been significant volatility in the market given seven anticipated increases in interest rates at the federal level for the year. The combined interest margin of 0.49% is a decrease from the FY21 year-end mark of 0.62%. The State Investment Council (SIC) General Fund portfolio valuation decreased by \$1.5m. While the FMV changes are non-operating, they do impact General Fund revenues, combined net revenues, and Return on Average Earning Assets.
- The Servicing Department continues to monitor delinquencies and defaults to identify reduction strategies and refer borrowers to available loss mitigation programs. Of the 11.60% Sub-serviced Portfolio delinquency rate, 4.29% represents loans in forbearance; and of these 3.71% are delinquent forbearance loans. The sub-serviced portfolio is approximately 85% FHA insured loans. The Mortgage Bankers Association quarterly survey as of December 31, 2021, indicates that the delinquency rate for FHA loans nationally is 10.76% and for New Mexico 9.14%. FHA Single Family Loan Performance Trends for February 2022 showed 13.67% delinquency (for purchase loans only) down from 17.04% in March 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'. Sharp increase over last quarter in FMV related to decreased prepayment speed projections and increased earnings rates impacted positively portfolio value. The current recorded cost of the asset is \$18.5 million. Valuations are obtained on a quarterly basis.
- Based on Moody's issuer credit rating scorecard, MFA's 27.84% 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 11.39% ratio (5-year average) is at lower end within the optimal range (10-15%) because of varied reasons including the NMHTF activity for consolidated revenues, cost of issuance of 2021 D, 2022 A&B series bonds and decreased FMV of SIC investments.
- 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.

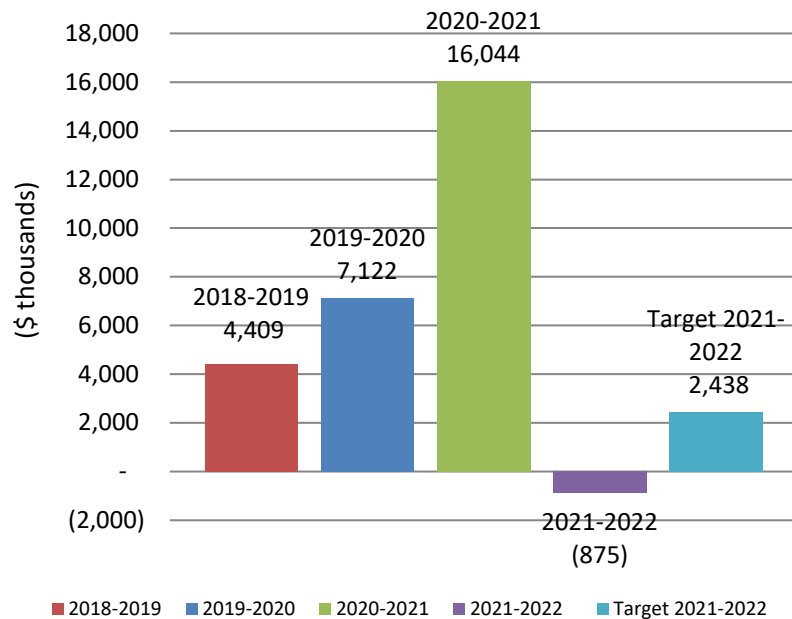
Assets Under Management as of 9/30/2022 (\$ in thousands)



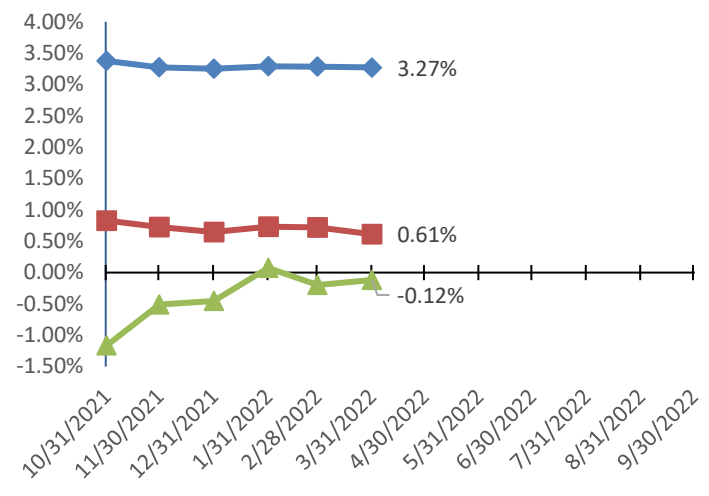
YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2022



YTD Excess Revenues over Expenses as of 3/31/2022



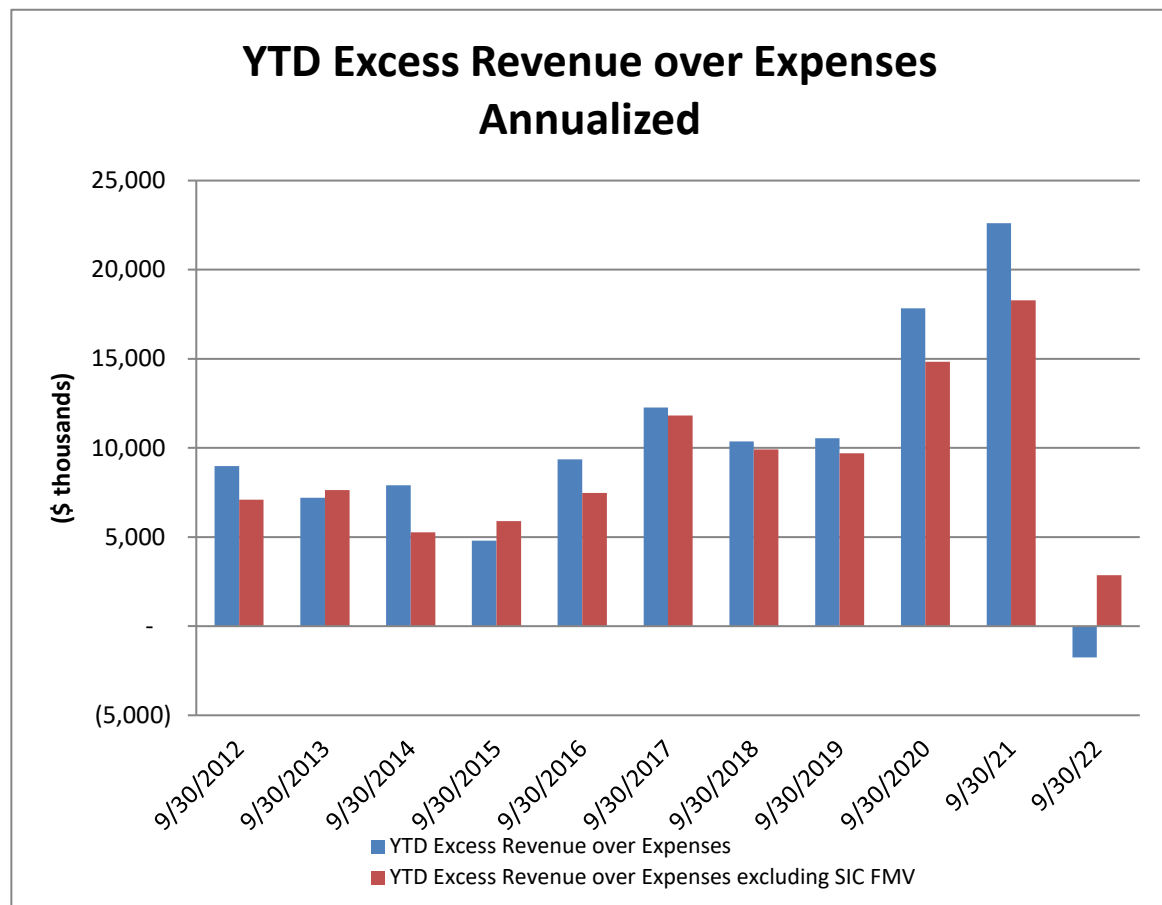
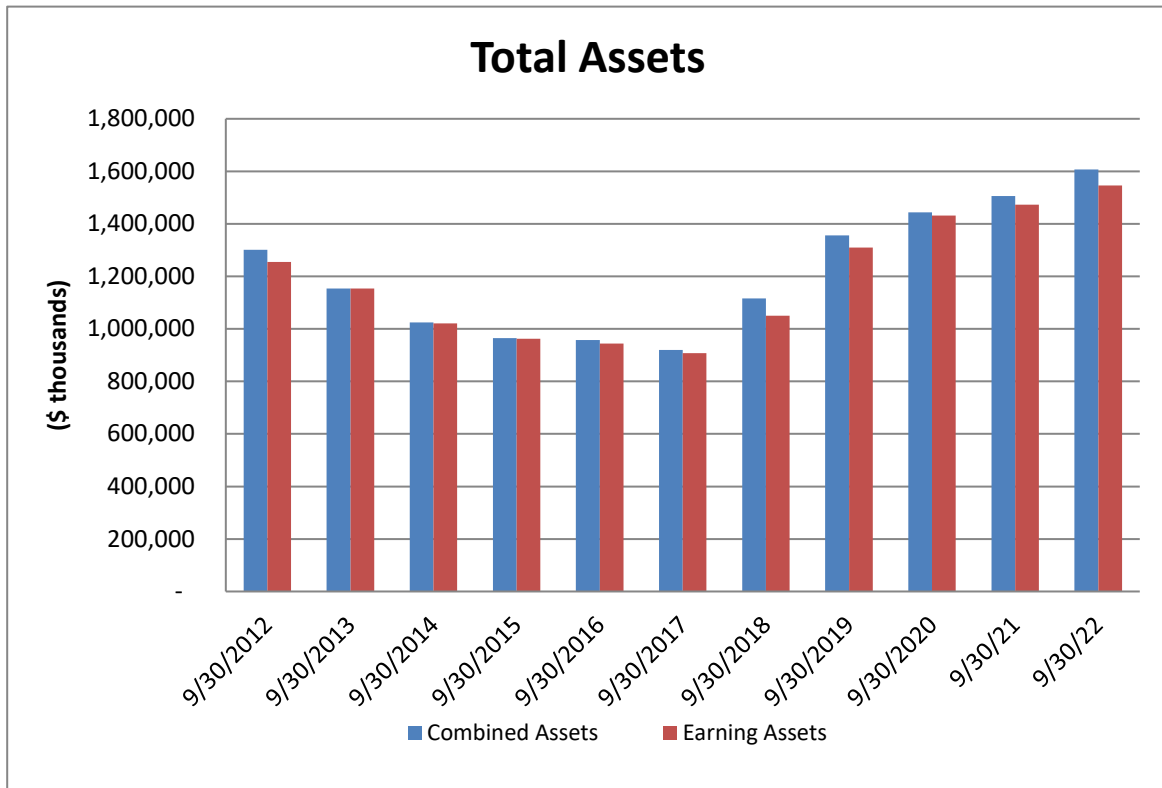
Yield Targets 9/30/2022



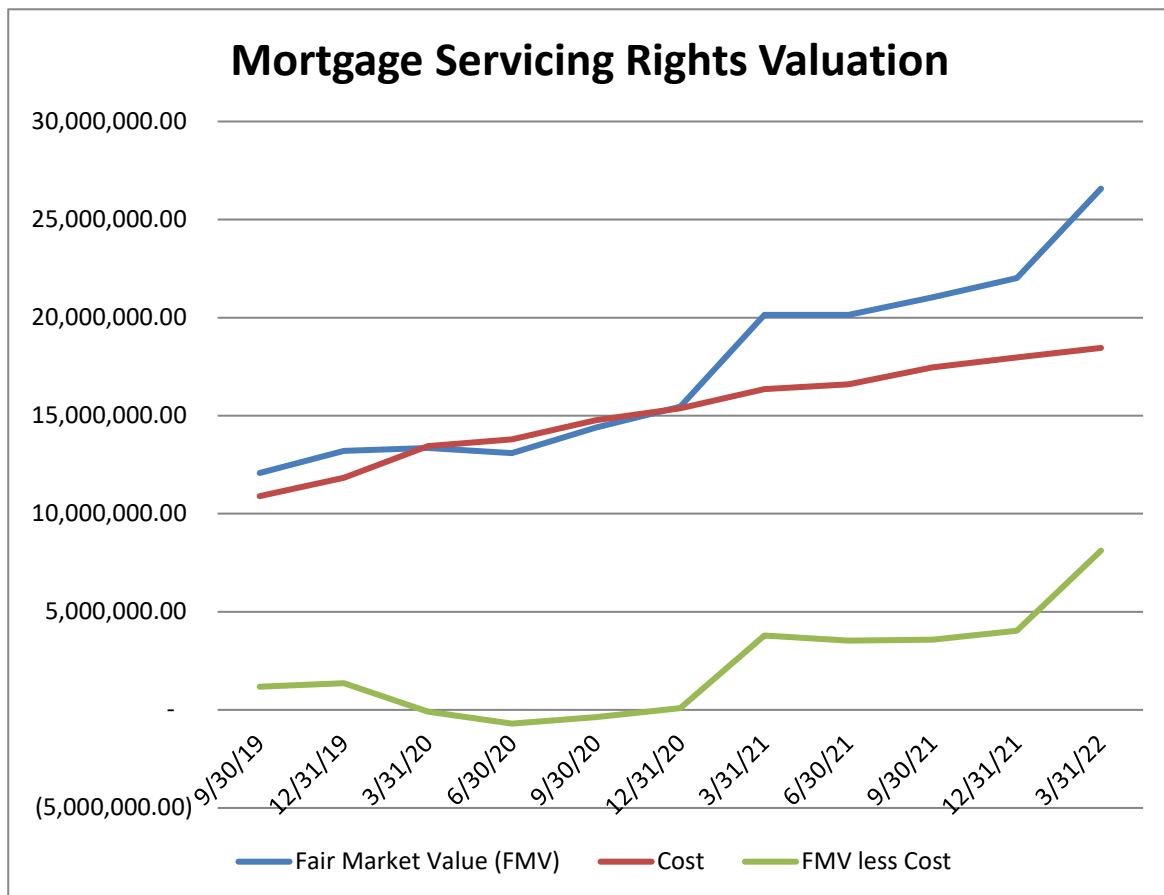
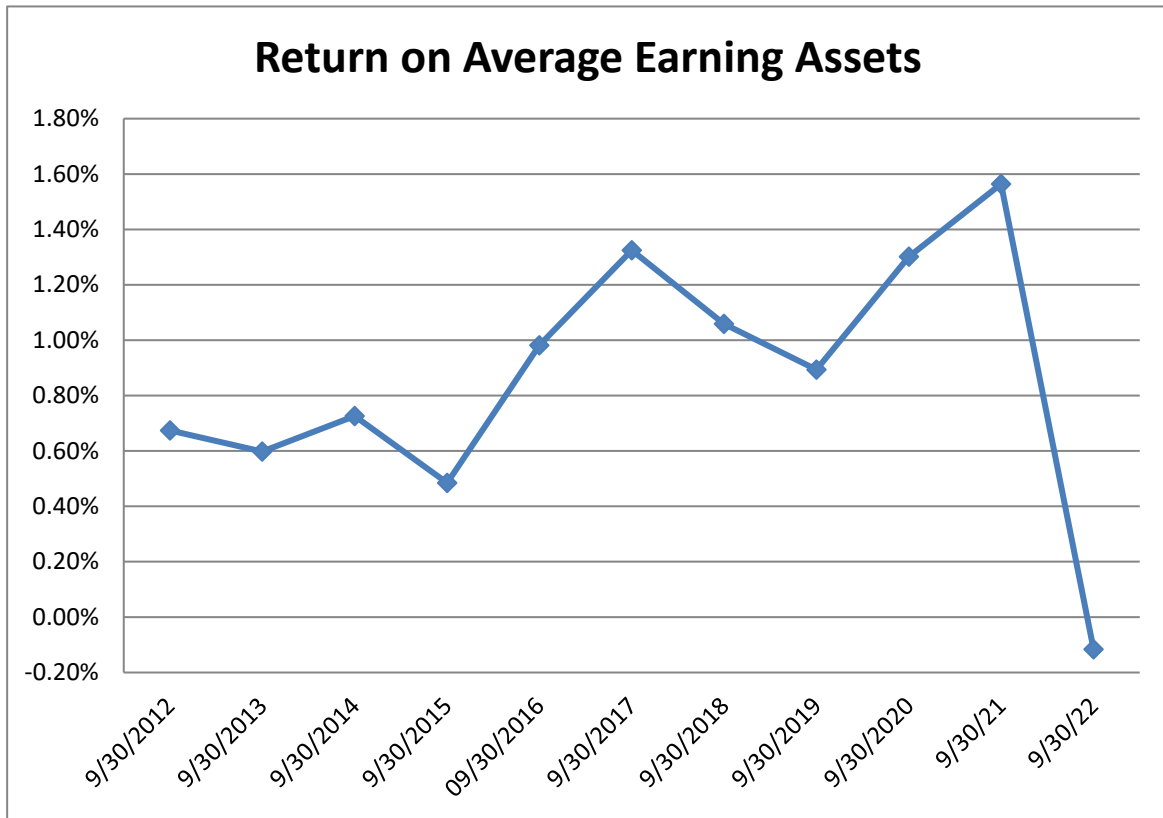
	2021	Target 2022
Loans Effective yield	3.58%	3.50%
Cash & Investments Effective yield	0.88%	1.20%
Rate of Return on Average Earning Assets	1.56%	0.17%

(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

QUARTERLY FINANCIAL GRAPHS



QUARTERLY FINANCIAL GRAPHS



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

	<u>YTD 3/31/22</u>	<u>YTD 03/31/21</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$43,137	\$33,089
RESTRICTED CASH HELD IN ESCROW	9,433	9,124
SHORT-TERM INVESTMENTS	(100)	1,758
ACCRUED INTEREST RECEIVABLE	4,309	4,119
OTHER CURRENT ASSETS	6,703	4,663
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	-	-
TOTAL CURRENT ASSETS	<u>63,483</u>	<u>52,753</u>
 CASH - RESTRICTED	 117,306	 59,094
LONG-TERM & RESTRICTED INVESTMENTS	65,085	66,280
INVESTMENTS IN RESERVE FUNDS	11,001	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,135,266	1,002,072
MORTGAGE LOANS RECEIVABLE	200,717	220,178
ALLOWANCE FOR LOAN LOSSES	(9,648)	(7,164)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,818	1,988
OTHER REAL ESTATE OWNED, NET	2,869	787
OTHER NON-CURRENT ASSETS	-	-
INTANGIBLE ASSETS	18,471	16,363
TOTAL ASSETS	<u>1,606,367</u>	<u>1,412,351</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	205	240
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>1,606,571</u>	<u>1,412,592</u>
 <u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$7,586	\$6,938
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	14,976	9,176
ESCROW DEPOSITS & RESERVES	9,325	8,932
TOTAL CURRENT LIABILITIES	<u>31,887</u>	<u>25,046</u>
 BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	 1,275,462	 1,088,628
MORTGAGE & NOTES PAYABLE	13,765	19,441
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	133	145
TOTAL LIABILITIES	<u>1,321,247</u>	<u>1,133,260</u>
DEFERRED INFLOWS	300	-
TOTAL LIAB/DEFERRED INFLOWS	<u>1,321,547</u>	<u>-</u>
 <u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	1,818	1,988
UNAPPROPRIATED NET POSITION (NOTE 1)	61,810	68,083
APPROPRIATED NET POSITION (NOTE 1)	221,397	209,261
TOTAL NET POSITION	<u>285,025</u>	<u>279,332</u>
TOTAL LIABILITIES & NET POSITION	<u>1,606,571</u>	<u>1,412,592</u>

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

	<u>YTD 3/31/22</u>	<u>YTD 3/31/21</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$21,294	\$22,937
INTEREST ON INVESTMENTS & SECURITIES	713	896
LOAN & COMMITMENT FEES	1,831	630
ADMINISTRATIVE FEE INCOME (EXP)	3,779	10,793
RTC, RISK SHARING & GUARANTY INCOME	151	82
HOUSING PROGRAM INCOME	779	755
LOAN SERVICING INCOME	4,096	4,029
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>32,642</u>	<u>40,122</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(2,117)	2,873
OTHER NON-OPERATING INCOME	13	11
GRANT AWARD INCOME	30,112	52,312
SUBTOTAL NON-OPERATING REVENUES	<u>28,008</u>	<u>55,196</u>
TOTAL REVENUES	<u>60,649</u>	<u>95,318</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	10,919	9,500
INTEREST EXPENSE	18,367	19,015
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(1,566)	(1,469)
PROVISION FOR LOAN LOSSES	231	(118)
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	77	68
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,582	1,274
BOND COST OF ISSUANCE	2,021	535
SUBTOTAL OPERATING EXPENSES	<u>31,631</u>	<u>28,806</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	38	43
GRANT AWARD EXPENSE	29,856	50,182
OTHER NON-OPERATING EXPENSE	-	243
SUBTOTAL NON-OPERATING EXPENSES	<u>29,894</u>	<u>50,468</u>
TOTAL EXPENSES	<u>61,525</u>	<u>79,273</u>
NET REVENUES	(875)	16,044
OTHER FINANCING SOURCES (USES)	-	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	(875)	16,044
NET POSITION AT BEGINNING OF YEAR	<u>285,900</u>	<u>263,288</u>
NET POSITION AT 3/31/22	<u>285,025</u>	<u>279,332</u>

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

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

UNAPPROPRIATED NET POSITION:

\$ 26,902	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 33,975	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 933	is held for New Mexico Affordable Housing Charitable Trust.
<u>\$ 61,810</u>	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:

\$ 116,629	for use in the Housing Opportunity Fund (\$107,144 in loans plus \$9,485 unfunded, of which \$4,729 is committed).
\$ 51,746	for future use in Single Family & Multi-Family housing programs.
\$ 1,163	for loss exposure on Risk Sharing loans.
\$ 1,818	invested in capital assets, net of related debt.
\$ 18,455	invested in mortgage servicing rights.
\$ 15,224	for the future General Fund Budget year ending 09/30/22 (29,325 total budget less 14,101 expended budget through 03/31/22.)
<u>\$ 205,035</u>	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

\$ 18,180	for use in the federal and state housing programs administered by MFA.
<u>\$ 18,180</u>	Subtotal - Housing Program
<u>\$ 223,215</u>	Total Appropriated Net Position
<u>\$ 285,025</u>	Total Combined Net Position at March 31, 2022

Total combined Net Position, or reserves, at March 31, 2022 was \$285.0 million, of which \$61.8 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$223.2 million of available reserves, with \$93.0 million primarily liquid in the General Fund and in the federal and state Housing programs and \$130.2 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 six months ended 3/31/2022

	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 %
Revenue							
Interest Income	587,416	3,373,154	3,722,128	7,444,257	348,974	4,071,102	45.31%
Interest on Investments & Securities	91,325	557,800	592,307	1,184,614	34,508	626,815	47.09%
Loan & Commitment Fees	12,540	86,765	91,269	182,537	4,503	95,772	47.53%
Administrative Fee Income (Exp)	883,955	5,634,629	5,780,271	11,560,542	145,642	5,925,913	48.74%
Risk Sharing/Guaranty/RTC fees	4,864	146,771	41,603	83,207	(105,167)	(63,564)	176.39%
Housing Program Income	23,220	778,680	484,387	1,332,863	(294,293)	554,183	58.42%
Loan Servicing Income	703,360	4,095,504	4,086,495	8,172,989	(9,010)	4,077,485	50.11%
Other Operating Income			-	-	-	-	
Operating Revenues	2,306,678	14,673,303	14,798,460	29,961,009	125,156	15,287,706	48.97%
Gain (Loss) Asset Sale/Debt Ex	(370,622)	(1,300,408)	-	-	1,300,408	1,300,408	
Other Non-operating Income			50	100	50	100	
Non-Operating Revenues	(370,622)	(1,300,408)	50	100	1,300,458	1,300,508	-1300408.07%
Revenue	1,936,056	13,372,895	14,798,510	29,961,109	1,425,614	16,588,214	44.63%
Salaries	515,969	2,986,745	3,501,598	7,090,697	514,854	4,103,952	42.12%
Overtime	764	5,284	14,831	30,181	9,547	24,898	17.51%
Incentives	130,390	295,884	294,250	595,931	(1,633)	300,047	49.65%
Payroll taxes, Employee Benefits	263,341	1,421,525	1,734,038	3,529,179	312,513	2,107,653	40.28%
Compensation	910,464	4,709,438	5,544,718	11,245,988	835,281	6,536,550	41.88%
Business Meals Expense	455	1,131	2,435	4,870	1,304	3,739	23.23%
Public Information	25,000	74,770	183,438	366,875	108,667	292,105	20.38%
In-State Travel	3,759	30,865	65,706	131,412	34,841	100,547	23.49%
Out-of-State Travel	4,018	6,370	94,417	188,834	88,047	182,464	3.37%
Travel & Public Information	33,232	113,136	345,995	691,991	232,859	578,855	16.35%
Utilities/Property Taxes	7,415	41,186	38,156	76,311	(3,030)	35,125	53.97%
Insurance, Property & Liability	16,865	101,191	102,097	204,194	906	103,003	49.56%
Repairs, Maintenance & Leases	120,761	872,353	618,663	1,237,325	(253,691)	364,972	70.50%
Supplies	5,199	14,237	19,100	38,200	4,863	23,963	37.27%
Postage/Express mail	3,000	21,713	27,500	55,000	5,787	33,287	39.48%
Telephone	(888)	3,830	11,351	22,701	7,521	18,871	16.87%
Janitorial	3,362	18,840	18,250	36,500	(590)	17,660	51.62%
Office Expenses	155,321	1,069,613	833,576	1,667,152	(236,037)	597,540	64.16%
Dues & Periodicals	2,941	24,474	29,010	58,020	4,536	33,546	42.18%
Education & Training	5,201	29,066	74,929	149,859	45,863	120,793	19.40%
Contractual Services	99,084	521,247	794,002	1,588,004	272,756	1,066,758	32.82%
Professional Services-Program	10,464	39,371	34,200	68,400	(5,171)	29,029	57.56%
Direct Servicing Expenses	577,876	3,057,470	2,520,943	5,041,886	(536,527)	1,984,416	60.64%
Program Expense-Other	4,643	24,724	31,509	63,019	6,786	38,295	39.23%
Rebate Analysis Fees			-	-	-	-	
Other Operating Expense	700,209	3,696,351	3,484,594	6,969,188	(211,757)	3,272,837	53.04%

GENERAL FUND
Fiscal Year 2021-2022 Budget
For the six months ended 3/31/2022

	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	6,326	37,798	208,912	417,824	171,114	380,026	9.05%
Non-Cash Expenses	382,617	1,811,316	1,691,127	3,382,254	(120,189)	1,570,938	53.55%
Expensed Assets	20,849	144,910	59,925	119,850	(84,985)	(25,060)	120.91%
Operating Expenses	2,209,018	11,582,562	12,168,848	24,494,247	586,286	12,911,686	47.29%
Program Training & Tech Asst	238	7,712	82,450	164,900	74,738	157,188	4.68%
Program Development	14,361	29,814	102,251	204,502	72,437	174,688	14.58%
Capacity Building Costs	14,599	37,526	184,701	369,402	147,175	331,876	10.16%
Non-Operating Expenses	14,599	37,526	184,701	369,402	147,175	331,876	10.16%
Expenses	2,223,617	11,620,088	12,353,549	24,863,649	733,461	13,243,562	46.74%
Excess Revenue over Expenses	(287,560)	1,752,807	2,444,961	5,097,459	692,153	3,344,652	34.39%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2021-2022 Budget
For the six months ended 3/31/2022

	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 %
2690 PURCHASED SERVICING RIGHTS	360,642	2,470,997	2,096,625	4,193,250	(374,372)	1,722,253	58.93%
2950 COMPUTER HARDWARE	15,721	9,752	92,162	184,324	82,410	174,572	5.29%
2960 SOFTWARE LICENSES	-	-	-	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	41,950	83,900	41,950	83,900	0.00%
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	-	-	-	-	-	-	
Capital Budget	376,364	2,480,749	2,230,737	4,461,474	(250,012)	1,980,725	55.60%

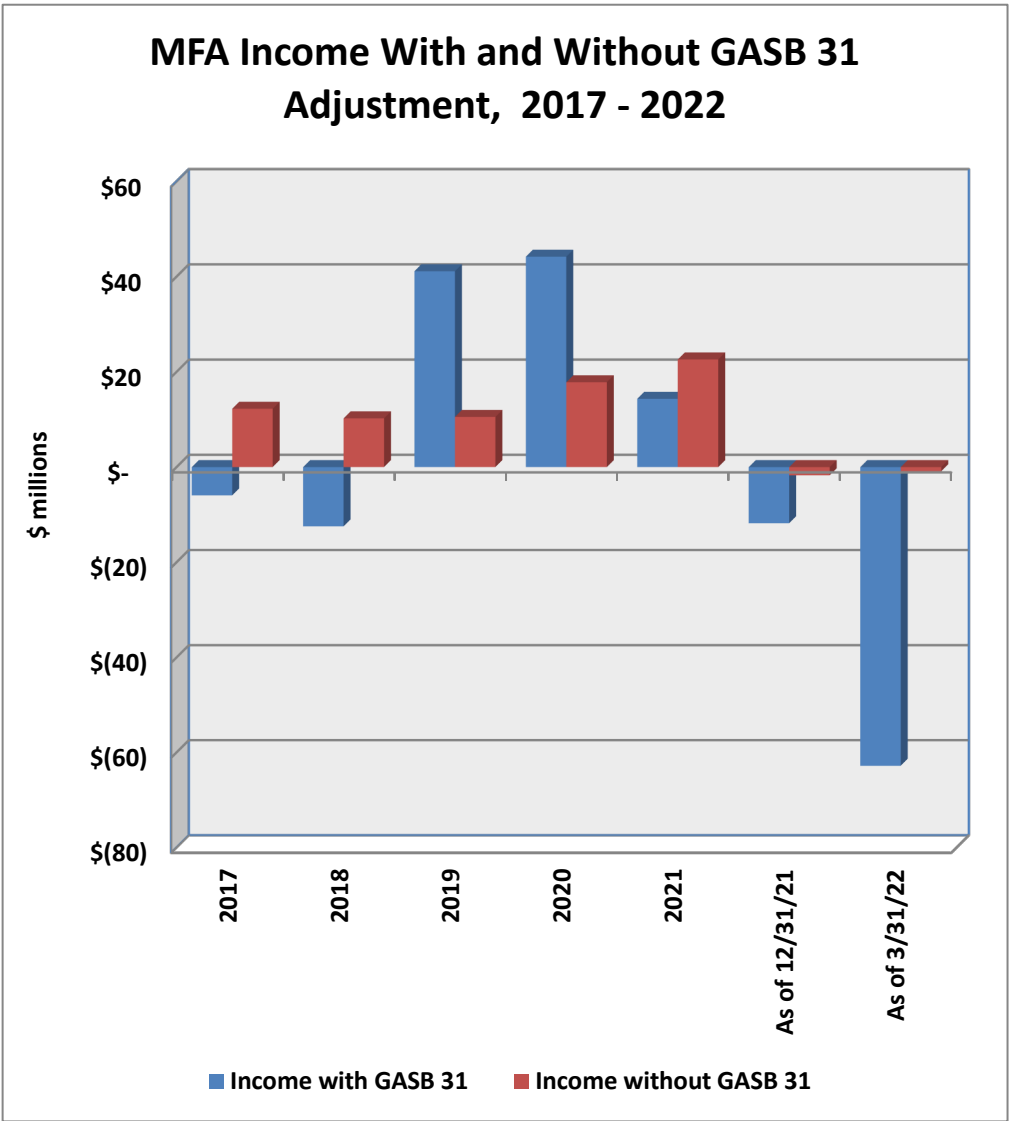
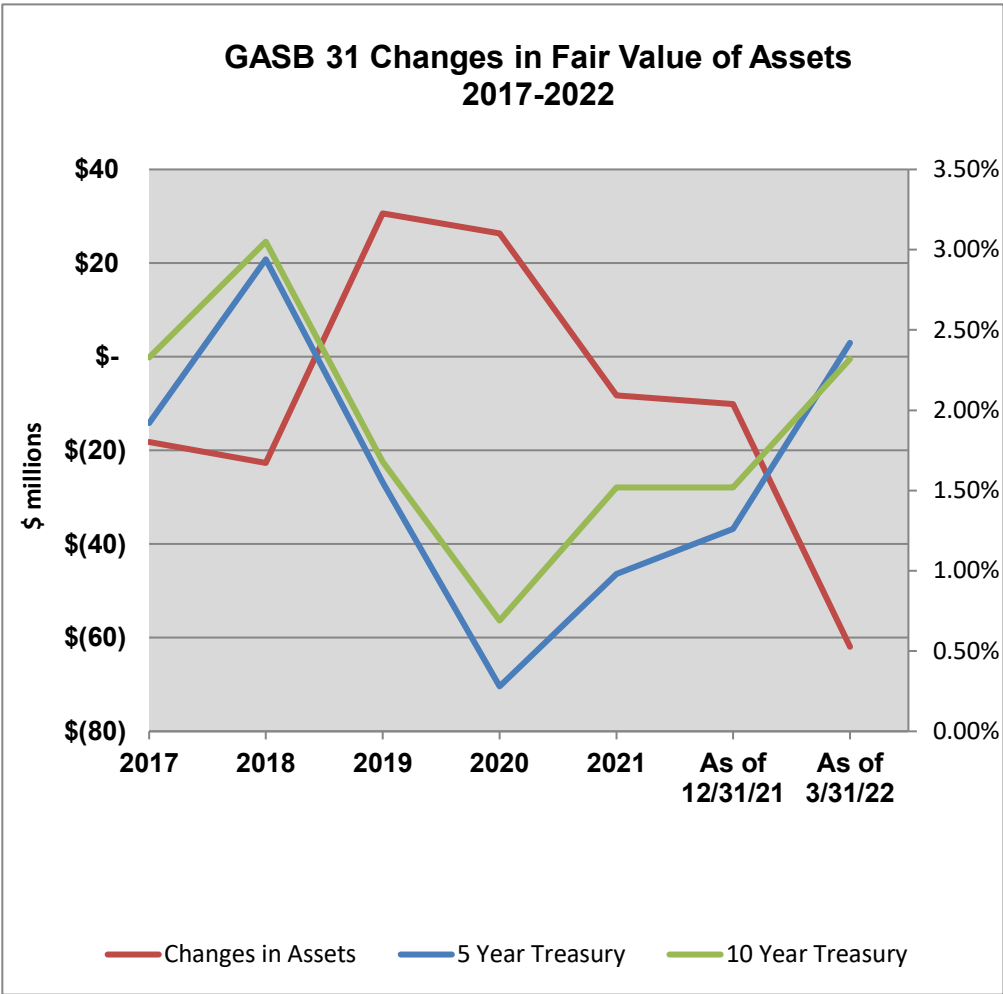
HOUSING OPPORTUNITY FUND

March 31, 2022

TOTAL General Fund Dollars Allocated: \$ 116,629,194 Outstanding: at an average yield of 5.17%

	Primero	Primero PRLF	Primero Working Capital	Partners SF 1st Mortgage	Build It Guaranty	DPA Mortgages	HERO 1st Mortgages	Emerging Markets	MF Access	Total
Original Allocation	\$5,824,041	\$0	\$350,000	\$6,838,000	\$2,500,000	\$38,478,739	\$10,000,000	\$1,550,000	\$32,143,000	\$97,683,781
Transfers	(\$4,877,000)	\$925,000	(\$350,000)	(\$4,240,000)	(\$2,500,000)	\$27,310,801	(\$8,517,801)	(\$1,550,000)	(\$6,201,000)	\$0
3rd Party Award	\$3,363,000	\$4,125,000				\$11,457,413				\$18,945,413
Current Allocation	\$4,310,041	\$5,050,000	\$0	\$2,598,000	\$0	\$77,246,953	\$1,482,199	\$0	\$25,942,000	\$116,629,194
Funded/ Committed	3,511 \$19,552,318	210 \$5,050,000	n/a \$35,000	253 \$13,633,200	105 units \$0	22,037 \$145,805,423	63 \$9,258,705	None \$0	1,649 \$31,522,224	27,723 \$224,856,870
Repayments	\$18,423,549	\$292,839	\$35,000	\$10,867,634	\$0	\$69,755,454	\$7,776,505	0	\$5,833,522	\$112,984,503
Available	\$3,181,272	\$292,839	\$0	(\$167,567)	\$0	\$1,196,985	(\$0)	\$0	\$253,298	\$4,756,827
Subsidy/ Unit	\$5,569	\$24,047.62	n/a	\$53,886	\$0	\$6,616	\$146,964	n/a	\$19,116	\$8,605
Outstanding & Yield	103 \$628,769 3.58%	136 \$1,643,126 3.00%	0 \$0 0.00%	118 \$2,664,767 0%	None \$0 0%	12,403 \$75,036,279 5.15%	14 \$1,482,200 5.20%	None \$0 n/a	1,575 \$25,688,702 5.95%	14,349 \$107,143,842 5.17%
Collateral	1st or 2nd mtg on SF or MF development	1st or 2nd mortg on MF development	1st mortgage on SF rentals	1st mortgage on SF homes	2nd mortgage on SF or MF development	2nd mortgage on SF homes	1st mortgage on SF homes	n/a	1st mortgage on MF development	
AMI Served	52% at 60% or below 48% at 80% or above	Up to 120%	n/a	60% statewide	54% at 60% or below 46% at 80% or above	Until 2003: Up to 80% & 95% Since 2003: M\$VR limits	Up to 140%	n/a	91% at 60% or below 9% at market	
Geographic Distribution	27% Albuquerque, SF & LC MSAs 73% Tribal & Rural	100% Rural	n/a	60% Albuquerque, SF & LC MSAs 40% Rural	15% Albuquerque 85% Rural	83% Albuquerque, SF & LC MSAs 17% Rural	Teachers, Police, Firefighters, Nurses, Military 81% MSA 19% Rural	n/a	43% Albuquerque, SF & Las Cruces MSA 57% Tribal & Rural	
Delinquency Rate	11.14%	0.00%	0.00%	8.47%	0.00%	7.01%	0.00%	n/a	0.00%	5.29%
Default Rate	3.23%	0.00%	0.00%	0.00%	0.00%	7.06%	0.00%	n/a	0.00%	6.94%
Loan Loss Allowance	221,000	-	-	-	-	9,416,000	-	n/a	-	9,637,000

New Mexico Mortgage Finance Authority
Effect of GASB31 on Financials



New Mexico Mortgage Finance Authority
Loan and Credit Line Activity
As of 3/31/2022

Lender	Purpose	Collateral	Date of Incurrence (after 2/27/2019)	Board Authorization Date	Authority Limit	Outstanding 12/31/21	Advances	Repayments	Outstanding 3/31/22	Maturity	Interest Rate as of 3/31/22	Interest Payments this quarter
Community Banks	Fund DPA program and assist financial institutions meet CRA requirements	DPA portfolio		March 2018	5,000,000	-	-	-	-	n/a	n/a	
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program	Mortgage loan pipeline		October 2017	60,000,000	22,500,000	10,500,000	22,500,000	10,500,000	3/10/2022	0.395%	5,155
FHLB	Mortgage Backed Security Warehouse, Loans Held for Sale Program & operations	Securities		October 2017	25,000,000	-	-	-	-	n/a	n/a	-
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans		September 2015	2,125,000	-	-	-	-	n/a	n/a	
SBIC	Capitalize Primero Loan Fund	None		April 2014, March 2019	2,500,000	1,000,000	-	-	1,000,000	11/30/2023	2.00%	5,111
FHLB	Mortgage Revenue Bond (MRB) Warehousing	MRB Mortgage backed securities		June 2013	30,000,000	-	-	-	-	n/a	n/a	
Wells Fargo	Capitalize Primero Loan Fund	None		October 2011	850,000	850,000	-	106,250	743,750	11/15/2023	2.00%	4,510
USDA-RD	Preservation Revolving Loan Fund Demonstration Program	PRLF mortgage loans		May 2011	2,000,000	1,590,819	-	69,463	1,521,355	1/20/2042	1.00%	15,429
TOTAL					122,475,000	25,940,819	10,500,000	22,675,713	13,765,105			30,204

March 31, 2022 Quarterly Investment Review
Agenda for Discussion at Board Meeting
Meeting Date: May 18, 2022

For reference:

Minutes of the May 10, 2022 investment discussion during the Finance Committee meeting.

For discussion:

Quarterly Investment Review of MFA General Fund and Housing Trust Fund investments:

- Executive Summary
- Portfolio Reports:
 1. General Fund Investment Policy Compliance Report
 2. General Fund Short and Intermediate-term Portfolio Summary
 3. General Fund Long-term Portfolio Summary
 4. Housing Trust Fund Portfolio Summary
 5. Portfolio Metrics
 6. Economic Indicators

**New Mexico Mortgage Finance Authority
Minutes of Quarterly Investment Review
(Taking place during the Finance Committee May 10, 2022)**

Present: Chair Angel Reyes, Member Tim Eichenberg, and Proxy Member Martina C'de Baca

MFA Staff Present: Jeff Payne, Donna Maestas-De Vries, Cooper Hall, Lizzy Ratnaraj, Izzy Hernandez, Yvonne Segovia

- Report being presented is as of March 31, 2022.
- Compliance Report (Diversification and Asset Allocation): Hall reviewed the General Fund Investment Compliance Report. He informed the committee that all asset classes and asset class time horizons were compliant with policy.
- Portfolio Summary- Short & Intermediate Term Investments: Hall reviewed asset classes and yield/returns.
- Portfolio Summary- Long Term Investments Including State Investment Council Investments: Hall reviewed market values, rates of returns and realized gain/loss data for the mortgage-backed securities and the State Investment Council (SIC) funds.
- Portfolio Summary- Housing Trust Fund: Hall reminded the committee that the Housing Trust Fund is 100% invested in the SIC Core Plus Bond Fund. He also informed the committee of the Funds market value, rate of return and realized gain/loss data.
- Hall reviewed interest income detail, benchmarks and noted changes in economic indicators.
- Changes in the interest rate environment and related impacts were discussed during the presentation.

General Fund:

Asset Class	3/31/22 Balance	Yield/Rate of Return	Benchmark Rate of Return
Cash Held for Operations/Warehoused MBS	\$7,940,828	Various	n/a
Local Government Investment Pool	5,623,326	0.13%	n/a
Bond Ladder	15021,036	0.33%	0.43%
MFA's Mortgage Backed Securities-Intermediate Term	11,790,881	5.22%	n/a
MFA's Mortgage Backed Securities-Long Term	3,315,319	3.09%	n/a
Core Plus Bond Fund-Active (SIC)	7,175,382	-6.17%	-5.92%
Large Cap Index Equity Fund (SIC)	7,050,686	4.06%	4.13%
Small/Mid Cap Fund (SIC)	3,220,757	-5.45%	-1.13%
Non-US Developed Markets Fund (SIC)	3,832,379	-2.32%	-2.74%
Non-US Emerging Markets Fund (SIC)	1,053,932	-8.57%	-8.92%

Housing Trust Fund:

Asset Class	3/31/22 Balance	Yield/Rate of Return	Benchmark Rate of Return
Core Plus Bond Fund-Active (SIC)	\$12,444,879	-5.37%	-5.92

INVESTMENT REPORT – EXECUTIVE SUMMARY FOR THE SECOND QUARTER OF FISCAL YEAR 2022

1. MFA made no liquidations from the State Investment Council (SIC) portfolio in the second quarter of FY 2022. Currently all asset allocations are compliant with the investment policy by asset class and time horizon. Staff is evaluating needs to rebalance each month to maintain compliance with Policy ranges.
2. During the second quarter of FY 2022, staff made no bond purchases. One bond matured in January. A purchase was made in Early April to re-invest this maturity.
3. In March of 2022 the Federal Open Market Committee raised the targeted range of the federal funds rate to 0.25%-0.50%. Yields in our fixed income portfolios have begun to increase. The bond ladder has performed in line with its benchmark.
4. The State Investment Council portfolio has performed relatively in line with its benchmarks in the first two quarters of FY 2022. It is currently yielding -2.26% (—4.51% annualized) as of March 31, 2022. Fair market value losses for the first two quarters were -\$738,247. These losses in the portfolio were spread out across the Core Plus Bond Fund, the Non-US Developed Fund, the Small/Mid-cap Fund, and the Non-US Emerging Market fund. The Domestic Large Cap Fund is the only fund this quarter with a positive return. It returned of 4.06% FYTD.
5. The Housing Trust Fund State Investment Council portfolio, which is 100% invested in a core bond fund has experienced a rate of return of -5.37% and has performed in line with its benchmark which has a rate of return of -5.92% FYTD.
6. As of the second quarter of FY2022 interest income is 49% of the total annual budgeted interest income.
7. Historically the State Investment Council portfolio has performed well when compared to established benchmarks. In the second quarter of FY 2022, the Small/Mid Cap Fund has underperformed its benchmark. All other SIC funds are in line with their benchmarks.
8. As of March 31, 2022, MFA's General Fund and Housing Trust Fund balances are as follows:

General Fund:

Asset Class	3/31/22 Balance	Yield/Rate of Return	Benchmark Rate of Return
Cash Held for Operations/Warehoused MBS	\$7,940,828	Various	n/a
Local Government Investment Pool	5,623,326	0.13%	n/a
Bond Ladder	15021,036	0.33%	0.43%
MFA's Mortgage-Backed Securities-Intermediate Term	11,790,881	5.22%	n/a
MFA's Mortgage-Backed Securities-Long Term	3,315,319	3.09%	n/a
Core Plus Bond Fund-Active (SIC)	7,175,382	-6.17%	-5.92%
Large Cap Index Equity Fund (SIC)	7,050,686	4.06%	4.13%
Small/Mid Cap Fund (SIC)	3,220,757	-5.45%	-1.13%
Non-US Developed Markets Fund (SIC)	3,832,379	-2.32%	-2.74%
Non-US Emerging Markets Fund (SIC)	1,053,932	-8.57%	-8.92%

Housing Trust Fund:

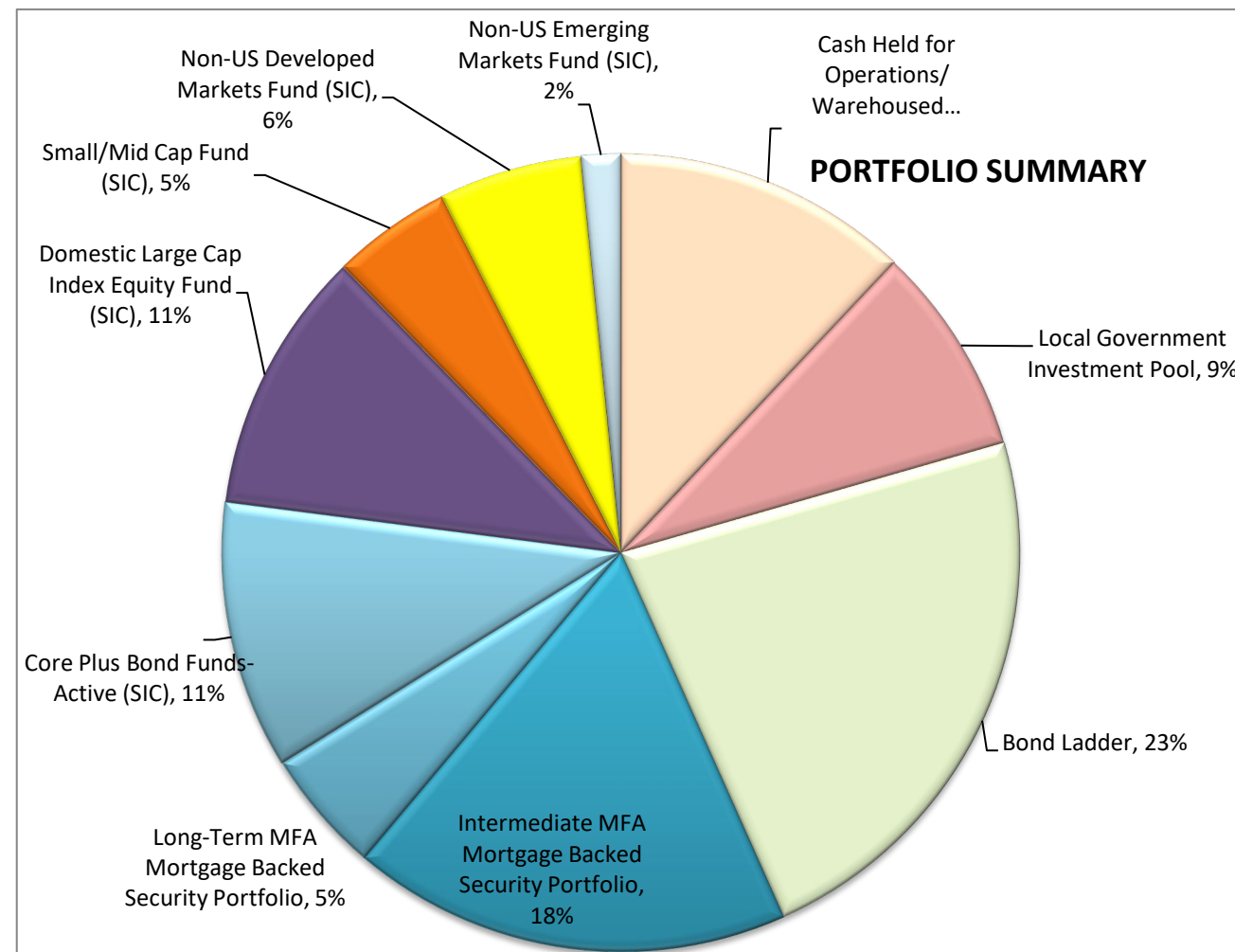
Asset Class	3/31/22 Balance	Yield/Rate of Return	Benchmark Rate of Return
Core Plus Bond Fund-Active (SIC)	\$12,444,879	-5.37%	-5.92



GENERAL FUND INVESTMENT COMPLIANCE REPORT FOR QUARTER 2 (AS OF March 31, 2022)

ASSET CLASS	Policy Requirement Target	Policy Requirement Range	Current Portfolio Carrying Value	Portfolio Weighting by Investment Horizon	Portfolio Weighting by Asset Class	Within \$ Limit Range	Action Plan
Short-Term Investments (Less than 1 year)	20%	15%-25%	\$ 13,564,154	21%		Yes	No withdrawals from the SIC were made in the second quarter of FY 2022. One bond matured in January and was re-invested in early April. On February 23rd \$3.5MM of excess MBS was released from the 2022 Series B refunding to the MFA General Fund.
Cash Held for Operations/Warehoused MBS*	14%	9%-19%	\$ 7,940,828		12%	Yes	
Local Government Investment Pool	6%	1%-11%	\$ 5,623,326		9%	Yes	
Intermediate-Term Investments (1 to 10 years)	40%	35%-45%	\$ 26,811,918	41%		Yes	
Bond Ladder	27%	22%-32%	\$ 15,021,036		23%	Yes	
Intermediate MFA Mortgage Backed Security Portfolio	13%	8%-18%	\$ 11,790,881		18%	Yes	
Long-Term Investments (More than 10 years)	40%	35%-45%	\$ 25,648,455	39%		Yes	
Long-Term MFA Mortgage Backed Security Portfolio	4%	0%-9%	\$ 3,315,319		5%	Yes	
Core Plus Bond Funds-Active (SIC)	12%	7%-17%	\$ 7,175,382		11%	Yes	
Domestic Large Cap Index Equity Fund (SIC)	11%	6%-16%	\$ 7,050,686		11%	Yes	
Small/Mid Cap Fund (SIC)	5%	0%-10%	\$ 3,220,757		5%	Yes	
Non-US Developed Markets Fund (SIC)	6%	1%-11%	\$ 3,832,379		6%	Yes	
Non-US Emerging Markets Fund (SIC)	2%	0%-7%	\$ 1,053,932		2%	Yes	
			\$ 66,024,527		100.00%		

*Does not include capital borrowed for loan operations or restricted funds.



SIC FUND ALLOCATION

	Policy	Actual
SIC Core Plus Bond-Active	33%	32%
SIC Large Cap Index Equity	31%	32%
Small/Mid Cap Index	14%	14%
Non-US Developed Markets	17%	17%
Non-US Emerging Markets	5%	5%

BOARD ACTIONS

August 2005 - approved General Fund Investment
 February 2008 - approved new Large Cap Index ETF Pool
 January 2009 - approved Revision to Investment Policy
 October 2010 - Approved Revision to Investment Policy
 May 2011 - Approved revision to Investment Policy
 April 2012 - Approved revision to Investment Policy
 April 2013 - Approved revision to Investment Policy
 April 2016 - Approved revision to Investment Policy
 October 2017 - Approved revision to Investment Policy
 December 2020-Board affirmed current Investment Policy



PORTFOLIO SUMMARY - Short & Intermediate Investments

General Fund	Book Value YTD/Quarter 2 as of 3/31/2022	Book Value YTD/Quarter 2 as of 3/31/2021	Unrealized Gain/Loss YTD/Quarter 2 as of 3/31/2022	Yield to Maturity YTD/Quarter 2 as of 3/31/2022	Yield to Maturity YTD/Quarter 2 as of 3/31/2021
Short-Term					
Cash Held for Operations/Warehoused MBS*	\$ 7,940,828	\$ 3,959,894	N/A	Various	Various
Local Government Investment Pool	\$ 5,623,326	\$ 4,618,957	N/A	0.13%	0.12%
Intermediate-Term					
Bond Ladder	\$ 15,021,036	\$ 15,032,796	\$ (398,036)	0.33%	0.99%
MFA Mortgage Backed Security Portfolio	\$ 11,790,881	\$ 7,615,446	\$ 591,497	5.22%	5.21%
Yield to Maturity for Intermediate-Term Investments				2.48%	2.83%
Total Short & Intermediate-Term	\$ 40,376,072	\$ 31,227,093	\$ 193,461		

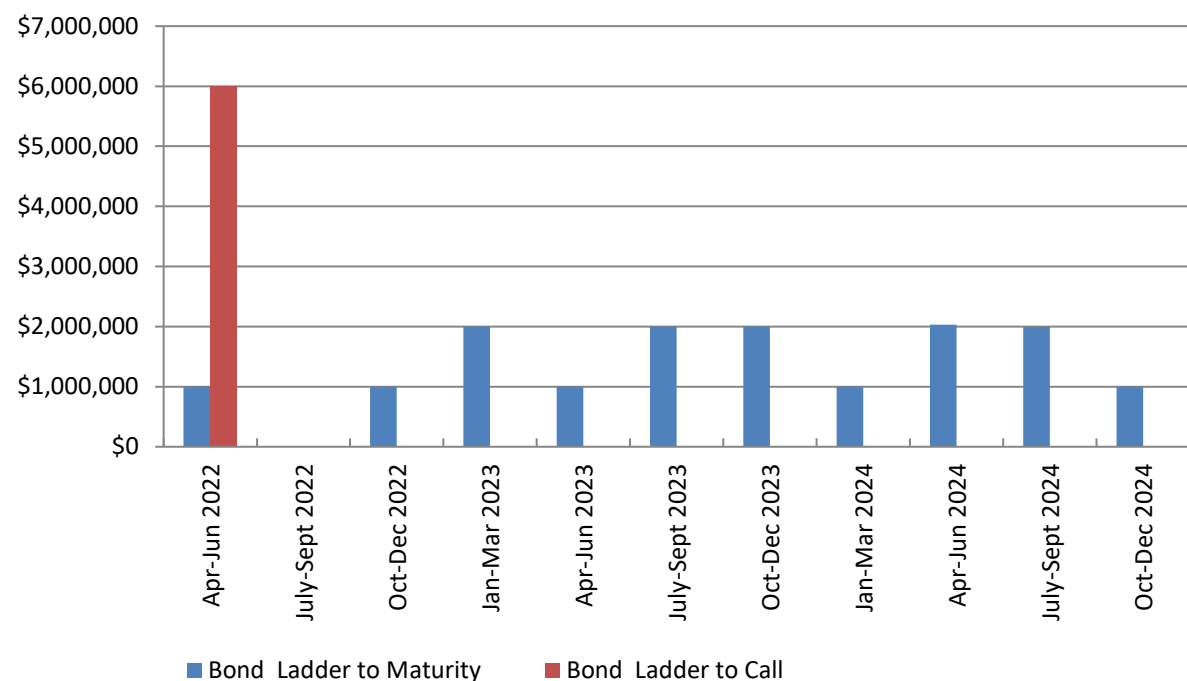
*Does not include capital borrowed for loan operations or restricted funds.

**Weighted average maturity.

BOND LADDER SECTOR ALLOCATION

	Book Value	% of Total Dollars
Fannie Mae	\$ 1,001,211	7%
Federal Farm Credit Bank	\$ 4,997,054	33%
Federal Home Loan Bank	\$ 4,000,002	27%
Freddie Mac	\$ 1,030,003	7%
US Treasury	\$ 3,992,766	27%
Total	\$ 15,021,036	100%

BOND LADDER TO CALL AND MATURITY AS OF March 31, 2022



INVESTMENTS PURCHASED IN THE SECOND QUARTER OF FY 2022

Date Purchased	Security	Interest Rate	YTM/YTC	Dollar Amount
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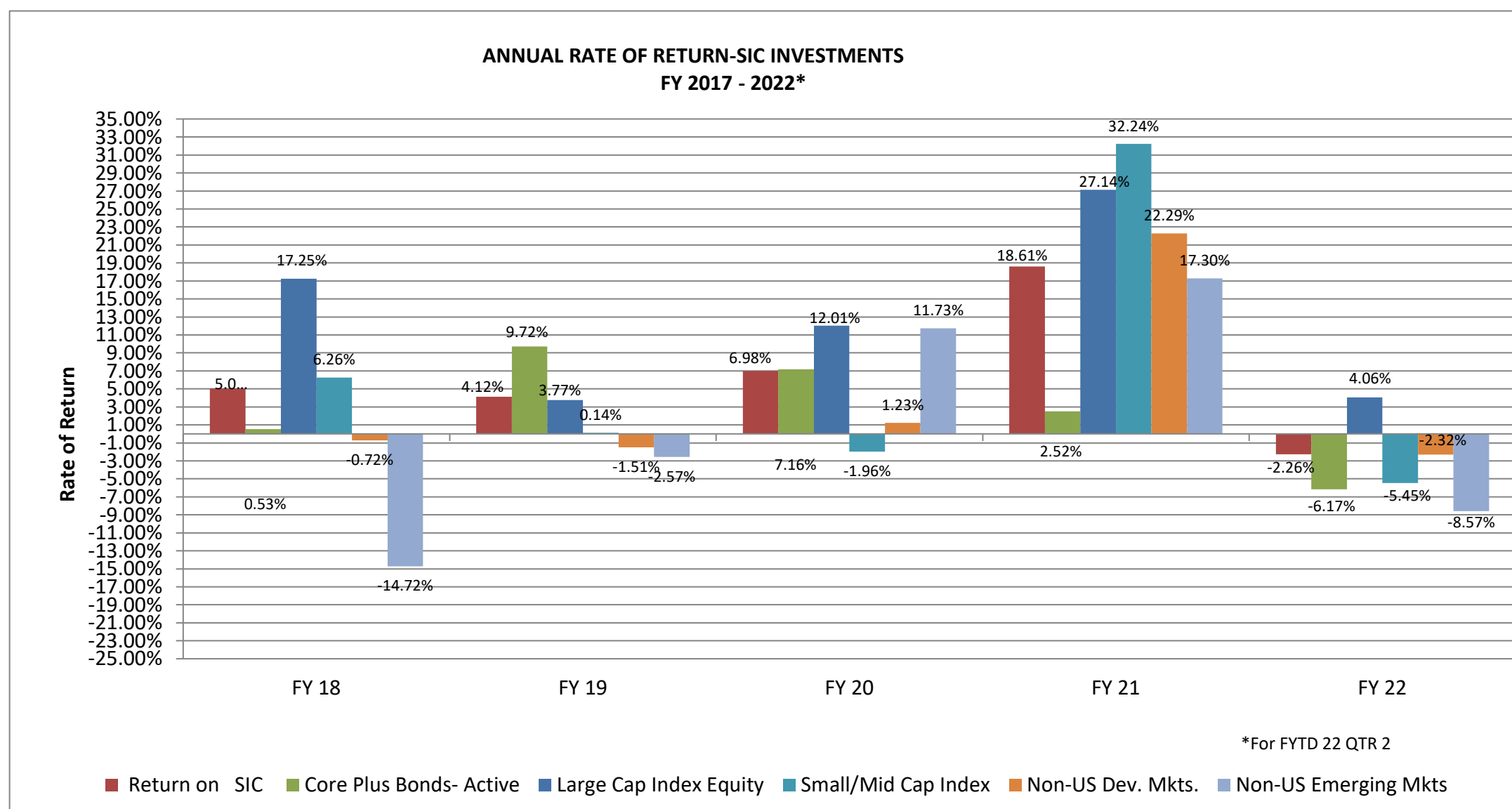


PORTFOLIO SUMMARY - Long Term Investments Including State Investment Council Investments

General Fund Long Term	Book/Market Value YTD/Quarter 2 as of 3/31/2022	Book/Market Value YTD/Quarter 2 as of 3/31/2021	Unrealized/Realized** Gain/Loss YTD/Quarter 2 as of 3/31/2022	Rate of Return YTD/Quarter 2 as of 3/31/2022 *	Rate of Return YTD/Quarter 2 as of 3/31/2021 *
MFA's Mortgage Backed Securities Portfolio	\$ 3,315,319	\$ 3,688,330	\$ (122,049)	3.09%	3.14%
State Investment Council (SIC):					
Core Plus Bond Fund-Active	\$ 7,175,382	\$ 7,846,062	\$ (538,996)	-6.17%	-0.44%
Domestic Large Cap Index Equity Fund	\$ 7,050,686	\$ 8,137,524	\$ 243,590	4.06%	19.16%
Small/Mid Cap Fund	\$ 3,220,757	\$ 3,646,713	\$ (195,664)	-5.45%	29.95%
Non-US Developed Markets Fund	\$ 3,832,379	\$ 4,341,600	\$ (130,437)	-2.32%	14.82%
Non-US Emerging Markets Fund	\$ 1,053,932	\$ 1,225,209	\$ (116,741)	-8.57%	18.07%
Total State Investment Counsel	\$ 22,333,136	\$ 25,197,108	\$ (738,248)	-2.26%	13.50%
Total Long-Term Investments	\$ 25,648,455	\$ 28,885,438	\$ (860,297)		

*SIC rate of returns are year to date, not annualized.

** Fair Market Value adjustments on the mortgage backed security portfolio are unrealized, however, they are realized on the SIC portfolio.



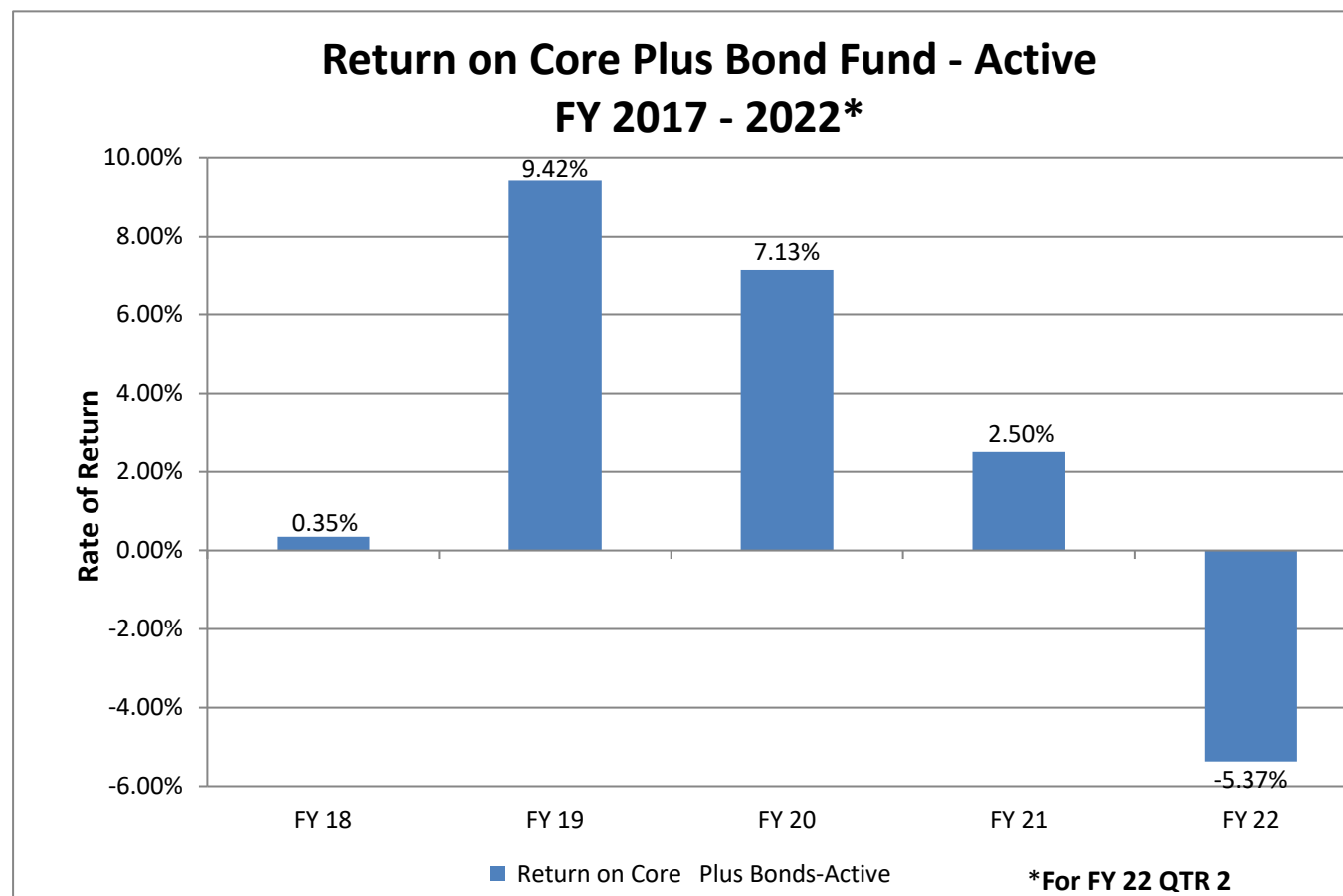


PORTFOLIO SUMMARY - New Mexico Housing Trust Fund

	Market Value YTD/Quarter 2 as of 3/31/2022	Market Value YTD/Quarter 2 as of 3/31/2021	Realized Gain/Loss YTD/Quarter 2 as of 3/31/2022	Rate of Return YTD/Quarter 2 as of 3/31/2022	Rate of Return YTD/Quarter 2 as of 3/31/2021
Housing Trust Fund					
State Investment Council (SIC): Core Plus Bond Fund-Active	\$ 12,444,879	\$ 14,922,707	\$ (314,939)	-5.37%	-0.49%
Total State Investment Council	\$ 12,444,879	\$ 14,922,707	\$ (314,939)	-5.37%	-0.49%

SIC FUND ALLOCATION

SIC Core Plus Bond-Active	100%	100%
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GENERAL FUND INVESTMENT PORTFOLIO - METRICS

Asset Class	S&P Rating	Moody's Rating	Annual Interest Income (Budget) FY2021	Actual Annual Interest Income YTD/Quarter 2 3/31/2022	Interest Income Earned of Total Budget YTD/Quarter 2 3/31/2022
Cash Held for Operations/Warehoused MBS	N/R	N/R	\$ 1,567	\$ 21,338	1362%
Local Government Investment Pool	AAAm	N/R	\$ 5,295	\$ 4,001	76%
Bond Ladder			\$ 89,100	\$ 15,984	18%
Fannie Mae	N/R	Aaa/Stable			
Federal Farm Credit Bank	N/R	Aaa/Stable			
Federal Home Loan Bank	N/R	Aaa/Stable			
Freddie Mac	N/R	Aaa/Stable			
MFA Mortgage Backed Security Portfolio	N/R	Aa3/Stable	\$ 372,793	\$ 241,063	65%
Intermediate Term	AA+	Aa3/Stable			
Long-Term	AA+	Aa3/Stable			
State Investment Council			\$ 548,226	\$ 217,668	40%
Core Plus Bond Fund-Active	N/R	N/R			
Large Cap Index Equity Fund	N/R	N/R			
Small/Mid Cap Fund	N/R	N/R			
Non-US Developed Markets Fund	N/R	N/R			
Non-US Emerging Markets Fund	N/R	N/R			
			\$ 1,016,981	\$ 500,055	49%

Asset Class Benchmarks	Yield to Maturity/ Rate of Return YTD/Quarter 2 3/31/2022	Benchmark Yield/Rate of Return	
State Investment Council			
Core Plus Bond Fund-Active	-6.17%	-5.92%	Barclays US Agg Total Return Value
Large Cap Index Equity Fund	4.06%	4.13%	Russell 1000 Index-US Large Cap Equity
Small/Mid Cap Fund	-5.45%	-1.13%	Average ⁽¹⁾
Non-US Developed Markets Fund	-2.32%	-2.74%	Average ⁽²⁾
Non-US Emerging Markets Fund	-8.57%	-8.92%	MSCI Emerging Markets Index (Net)
Cash Held for Operations/Warehoused MBS	Various	N/A	
Local Government Investment Pool	0.13%	N/A	
Bond Ladder	0.33%	0.43%	(1) Average of the following benchmarks: Russell Mid Cap Index Russell 2000 Value Index Russell 2000 Index
MFA Mortgage Backed Security Portfolio			
Intermediate Term	5.22%		
Long-Term	3.09%		(2) Average of the following benchmarks: MSCI EAFE Net Total Return US Index MSCI AC World Index EX USA Value Net Total Re MSCI ACW EX US Small Cap Index MSCI World Ex US IMI Index (net)
1% or more under benchmark			
In line with Benchmark			
1% or more above benchmark			

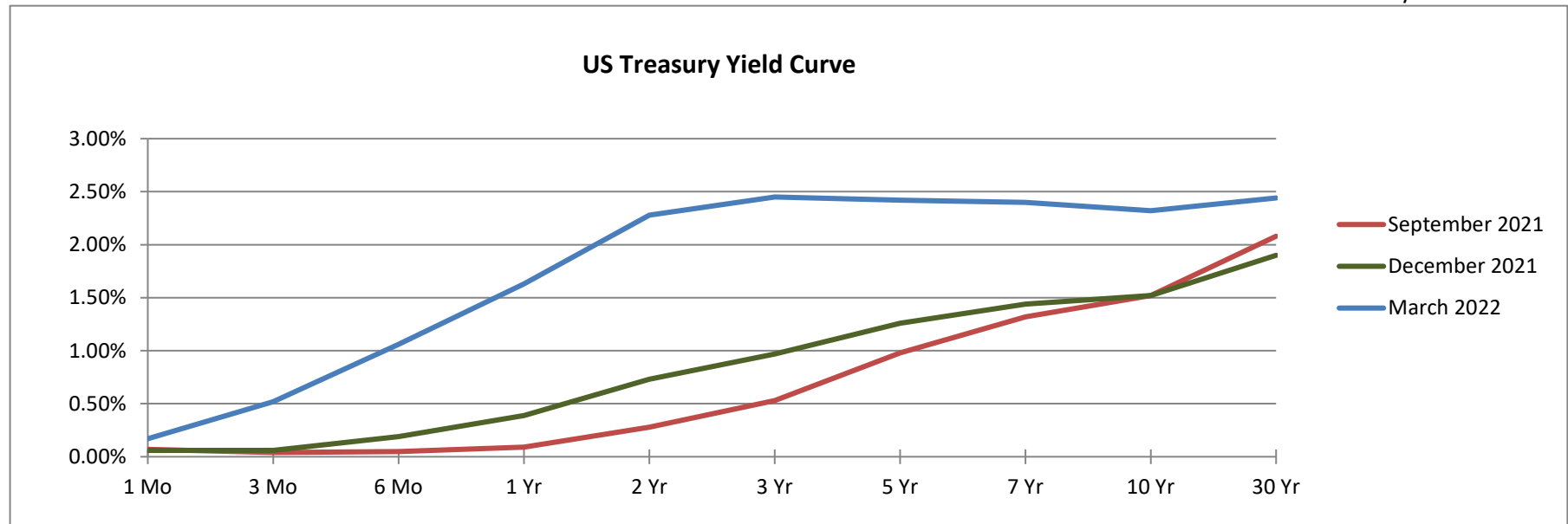


Economic Indicators

3/31/2022 3/31/2021

Federal Funds Rate	0.33%	0.06%
Consumer Price Index (yoy)	8.50%	2.60%
Unemployment Rate	3.60%	6.00%
Real GDP (yoy)	3.60%	0.40%
DJIA*	3.87%	8.29%

*Cumulative return for the period 10/1 through 3/31 which is two quarters of each respective fiscal year.



	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	30 Yr
September 2021	0.07%	0.04%	0.05%	0.09%	0.28%	0.53%	0.98%	1.32%	1.52%	2.08%
December 2021	0.06%	0.06%	0.19%	0.39%	0.73%	0.97%	1.26%	1.44%	1.52%	1.90%
March 2022	0.17%	0.52%	1.06%	1.63%	2.28%	2.45%	2.42%	2.40%	2.32%	2.44%

Source: U.S. Department of the Treasury



MEMO

TO: MFA Board of Directors

Through: Special Policy Committee – February 23, 2022

Through: Allocation Review Committee – March 22, 2022

Through: Contracted Services Committee – May 10, 2022 (discussion only)

FROM: Jeanne Redondo, Tax Credit Program Manager

DATE: May 18, 2022

SUBJECT: LIHTC Award Recommendations

Recommendation

Staff, by and through MFA's Allocation Review Committee ("ARC"), requests approval of six LIHTC awards, attached as Table 7A, and approval of a forward allocation of 2023 tax credits in the amount of up to \$2,829,965.¹

Background

In accordance with the 2022 *State of New Mexico Low-Income Housing Tax Credit Program Qualified Allocation Plan* (QAP), MFA accepted applications for the competitive 9% Tax Credit round submitted by January 28, 2022. Each application was reviewed for threshold requirements², scored, and underwritten to test financial feasibility and determine the maximum allowable tax credit award.

Threshold issues were discussed with legal counsel and, pursuant to Section IV.C.5 of the QAP, Applicants were allowed a deficiency correction period to remedy correctable threshold issues. All correctable threshold deficiencies identified were remedied. In

¹ National Pool credits are allocated under Internal Revenue Code Section 42(h)(3)(D) in the fourth quarter of each calendar year to states that do not have unused housing credit ceiling. These credits are added to that calendar year's housing credit ceiling. The \$2,829,965 would be reduced by any National Pool credits received for 2022. The \$72,644 National Pool credit amount received in 2021 is approximately \$50,000 higher than the average annual allocation received since 2017. (Attached Table 1 reflects how the National Pool factors into the tax credit ceiling calculation for the year.)

² Threshold requirements are discussed in Section III.C. of the QAP and include the following: (i) site control; (ii) appropriate zoning; (iii) all fees current; (iv) market study; (v) applicant eligibility; (vi) financial feasibility; and (vii) pre-application requirements.

addition, supplemental information requests were made pursuant to Section IV.C.6 of the QAP. The information provided in connection with these supplemental information requests was satisfactory. The results of staff's rating and ranking were reviewed and approved by the ARC at their meeting on March 22, 2022. The ARC approved a motion to recommend six projects for award, including forward allocations, as presented herein to the Board of Directors. Preliminary award, waitlist, and rejection letters were mailed on March 25, 2022 outlining MFA's appeal process as described in Section IV.F.4 of the QAP. MFA received one appeal for the 2022 round from Laguna #3. The request was subsequently withdrawn, so there were no appeals for ARC to hear.

As detailed in the attached Table 1, *2022 Housing Tax Credit Ceiling*, MFA began the tax credit round with an estimated balance of \$3,263,900 after deducting the forward allocations from last year's round. As discussed below, staff recommends the allocation of all remaining 2022 tax credits plus a forward allocation of up to \$2,829,965 of 2023 tax credits to fully fund the top four ranking new construction projects and the top two ranking rehabilitation projects.

Discussion

A. Overview

- Demand for Tax Credits in 2022 was up in comparison to 2021. MFA received 10 applications this year requesting a total of \$10,403,899 in annual tax credits vis-à-vis 2021 applications totaling \$7,951,972.
- Average cost per unit (new construction) this year is \$248,930, up significantly from \$203,206 in 2021 and \$202,888 in 2020. Of the seven new construction projects submitted, only Laguna #3 submitted exceeded MFA's new construction cost limits as defined in Section IV.C.2 of the QAP. MFA granted a waiver for that project based upon a satisfactory supplemental information request, as permitted by Section IV.C.2 when the increased expenditure is primarily due to construction costs.
- Average cost per unit (acquisition/rehab projects) this year is \$253,058, which is up from \$169,915 in 2021 and \$175,116 in 2020. Two of the three acquisition/rehabilitation projects submitted exceeded 100% of the average Total Development Cost per Unit for all new construction projects (see MFA's cost limits in Section IV.C.2.b of the QAP). Amounts over the cost limits were excluded when calculating the tax credit amount in accordance with the QAP Section IV.C.2.
- Average project size went down; 52.4 units as compared with 58.22 units in 2021 and 60.69 in 2020.
- Eight projects were determined to be "Eligible" for tax credit awards; two applications were rejected, due to financial infeasibility.

- At the conclusion of the ARC meeting held on March 22, 2022, ARC passed a motion recommending approval of six proposed awards as presented in Table 7A. ARC recommended approval of a forward allocation in the amount of \$2,829,965 in 2023 tax credits to fully fund the six proposed awards.
- Two of the four projects not recommended for an award were added to the waitlist.
- The remaining two projects not recommended for an award were rejected due to financial feasibility; one of them also would not have scored high enough to be eligible for an award.
- The 10% Non-Profit Set-Aside was achieved and the sole application received under the Underserved Population Set-Aside was recommended for an award.
- All six of the recommended projects have a sponsor or co-sponsor that is a nonprofit entity, local housing authority or local tribally designated housing entity (TDHE).
- Of the six recommended projects, one project will serve senior households and five projects will serve households with children.
- The six recommended projects are located in the following counties: Bernalillo, Cibola, Doña Ana and Sandoval. Five projects are located in urban areas (Albuquerque, Las Cruces and Rio Rancho) and one projects is located in a rural area (Laguna).
- The six recommended projects contain unit sizes ranging from 20 to 70 units.
- Four of the six recommended projects involve new construction (projects contain 20, 61, 66 and 70 units, for a total of 217 units, 215 of which are affordable units), and two of the six recommended projects involve rehabilitation (32 and 35 units, for a total of 67 units, all of which are affordable).
- A total of 284 units will be constructed or rehabilitated and all of these will be low income units. The table below details the unit rental restrictions for the units to be constructed or rehabilitated.

Unit Rental Restrictions for Recommended Projects

30% AMI	40% AMI	50% AMI	60% AMI	70% AMI	80% AMI	Not Restricted
24	-	108	143	7	-	-
9%	0%	38%	51%	2%	0%	0%

B. Tax Credit Efficiency

Three of the six projects recommended for award qualified for points under the project selection criterion no. 18 for Efficient Use of Tax Credits. Calle Cuarta qualified for five points. The Three Sisters and Felician Villa qualified for three points. The table below outlines the tax credit efficiency for each of the six projects.

New Construction:

Project Name:	Gross Sq. Ft.	Applicable Fraction	Low Income Units	Tax Credit Request	Tax Credits/Adj. Sq. Ft.	Tax Credits/Low Income Unit
Laguna #3	29,380	100%	20	\$936,397	\$31.87	\$46,819.85
Calle Cuarta	65,241	100%	61	\$1,078,540	\$16.53	\$17,680.98
The Three Sisters	76,294	100%	69	\$1,341,912	\$17.59	\$19,448.00
Felician Villa	61,436	100%	65	\$1,228,760	\$20.00	\$18,904.00

Rehabilitation:

Project Name:	Gross Sq. Ft.	Applicable Fraction	Low Income Units	Tax Credit Request	Tax Credits/Adj. Sq. Ft.	Tax Credits/Low Income Unit
120 La Plata	36,811	100%	32	\$796,000	\$21.62	\$24,875.00
9000 Veranda	40,442	100%	35	\$843,000	\$20.84	\$24,085.71

C. Total Development Costs-

The Total Development Cost Analysis (cost/gross square foot) for each of the recommended Projects is as follows:

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Laguna #3, Laguna, New Construction	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$0	0.0%	\$ -
Construction Hard Costs	\$5,438,400	63.9%	\$ 185.11
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings)	\$1,606,549	18.9%	\$ 54.68
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$595,422	7.0%	\$ 20.27
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$16,540	0.2%	\$ 0.56
Permanent Financing Costs (fees, title/recording, etc)	\$0	0.0%	\$ -
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$222,471	2.6%	\$ 7.57
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$22,500	0.3%	\$ 0.77
Reserves (rent-up, operating, replacement, escrows, etc)	\$163,538	1.9%	\$ 5.57
Developer Fees (inc consultant fees)	\$450,000	5.3%	\$ 15.32
Total Development Costs (TDC)	\$8,515,420	100.0%	\$ 289.84
TDC w/o Land, Reserves & Commercial	\$8,351,882	98%	\$ 284.27

*Gross square footage: 29,380

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Calle Cuarta, Albuquerque, New Construction**	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$546,910	3.3%	\$ 8.38
Construction Hard Costs	\$9,244,043	56.4%	\$ 141.69
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings)	\$3,211,081	19.6%	\$ 49.22
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$717,873	4.4%	\$ 11.00
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$877,323	5.4%	\$ 13.45
Permanent Financing Costs (fees, title/recording, etc)	\$56,450	0.3%	\$ 0.87
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$161,798	1.0%	\$ 2.48
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$30,000	0.2%	\$ 0.46
Reserves (rent-up, operating, replacement, escrows, etc)	\$244,561	1.5%	\$ 3.75
Developer Fees (inc consultant fees)	\$1,292,500	7.9%	\$ 19.81
Total Development Costs (TDC) w/o Commercial	\$16,382,539	100.0%	\$ 251.11
TDC w/o Land, Reserves & Commercial	\$15,596,068	95%	\$ 239.05

*Gross square footage: 65,241

**Residential Areas Only

3

³ Calle Cuarta: To provide more information regarding how the 17,383 square feet of commercial space impacts costs, including cost per square foot, tables with and without the commercial space have been presented here. The table with residential areas only does not include commercial space costs. The table with both residential and commercial square footage includes the total development costs of the project, including the cost of commercial space that is not paid for with tax credit equity.....

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Calle Cuarta, Albuquerque, New Construction**	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$546,910	2.9%	\$ 6.62
Construction Hard Costs	\$10,824,105	57.1%	\$ 131.00
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$3,777,994	19.9%	\$ 45.73
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$908,700	4.8%	\$ 11.00
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$1,092,393	5.8%	\$ 13.22
Permanent Financing Costs (fees, title/recording, etc)	\$57,500	0.3%	\$ 0.70
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$173,873	0.9%	\$ 2.10
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$30,000	0.2%	\$ 0.36
Reserves (rent-up, operating, replacement, escrows, etc)	\$244,561	1.3%	\$ 2.96
Developer Fees (inc consultant fees)	\$1,292,500	6.8%	\$ 15.64
Total Development Costs (TDC)	\$18,948,536	100.0%	\$ 229.33
TDC w/o Land & Reserves	\$18,162,065	96%	\$ 219.82

*Gross square footage: 82,624

**Residential + Commercial GSF

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: 120 La Plata, Albuquerque, Acquisition/Rehab	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$2,470,000	23.2%	\$ 67.10
Construction Hard Costs	\$4,419,617	41.5%	\$ 120.06
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$1,644,031	15.5%	\$ 44.66
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$325,000	3.1%	\$ 8.83
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$471,113	4.4%	\$ 12.80
Permanent Financing Costs (fees, title/recording, etc)	\$100,000	0.9%	\$ 2.72
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$278,190	2.6%	\$ 7.56
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$40,000	0.4%	\$ 1.09
Reserves (rent-up, operating, replacement, escrows, etc)	\$175,000	1.6%	\$ 4.75
Developer Fees (inc consultant fees)	\$715,000	6.7%	\$ 19.42
Total Development Costs (TDC)	\$10,637,951	100.0%	\$ 288.99
TDC w/o Land, Reserves & Commercial	\$10,012,951	94%	\$ 272.01

*Gross square footage: 36,811

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: The Three Sisters, Las Cruces, New Construction	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$400,000	2.3%	\$ 5.24
Construction Hard Costs	\$10,474,078	60.1%	\$ 137.29
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$3,528,326	20.3%	\$ 46.25
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$444,000	2.5%	\$ 5.82
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$556,392	3.2%	\$ 7.29
Permanent Financing Costs (fees, title/recording, etc)	\$45,900	0.3%	\$ 0.60
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$324,387	1.9%	\$ 4.25
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$0	0.0%	\$ -
Reserves (rent-up, operating, replacement, escrows, etc)	\$217,747	1.2%	\$ 2.85
Developer Fees (inc consultant fees)	\$1,432,500	8.2%	\$ 18.78
Total Development Costs (TDC)	\$17,423,330	100.0%	\$ 228.37
TDC w/o Land, Reserves & Commercial	\$16,805,583	96%	\$ 220.27

*Gross square footage: 76,294

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: Felician Villa, Rio Rancho, New Construction	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$543,206	3.3%	\$ 8.84
Construction Hard Costs	\$9,389,391	57.5%	\$ 152.83
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$3,138,479	19.2%	\$ 51.09
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$588,000	3.6%	\$ 9.57
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$653,394	4.0%	\$ 10.64
Permanent Financing Costs (fees, title/recording, etc)	\$65,572	0.4%	\$ 1.07
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$342,281	2.1%	\$ 5.57
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$0	0.0%	\$ -
Reserves (rent-up, operating, replacement, escrows, etc)	\$239,969	1.5%	\$ 3.91
Developer Fees (inc consultant fees)	\$1,362,500	8.3%	\$ 22.18
Total Development Costs (TDC)	\$16,322,792	100.0%	\$ 265.69
TDC w/o Land, Reserves & Commercial	\$15,539,617	95%	\$ 252.94

*Gross square footage: 61,436

TOTAL DEVELOPMENT COST INFORMATION SUMMARY			
Project: 9000 Veranda, Albuquerque, Acquisition/Rehab	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)	\$3,870,000	31.7%	\$ 105.13
Construction Hard Costs	\$4,459,871	36.5%	\$ 121.16
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)	\$1,658,230	13.6%	\$ 45.05
Professional Services/Fees (architect, engineer, real estate legal, etc)	\$325,000	2.7%	\$ 8.83
Construction Financing Costs (interest, insurance, inspections, fees, etc)	\$525,540	4.3%	\$ 14.28
Permanent Financing Costs (fees, title/recording, etc)	\$100,000	0.8%	\$ 2.72
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)	\$281,833	2.3%	\$ 7.66
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)	\$40,000	0.3%	\$ 1.09
Reserves (rent-up, operating, replacement, escrows, etc)	\$175,988	1.4%	\$ 4.78
Developer Fees (inc consultant fees)	\$775,000	6.3%	\$ 21.05
Total Development Costs (TDC)	\$12,211,462	100.0%	\$ 301.95
TDC w/o Land, Reserves & Commercial	\$11,435,474	94%	\$ 282.76

*Gross square footage: 40,442

Summary

Staff and the ARC recommend approval of the following, all in accordance with ARC recommendations:

- I. Approval of the following four new construction and top two rehabilitation projects, as follows:
 1. Laguna #3, new construction, Laguna \$928,988
 2. Calle Cuarta, new construction, Albuquerque 1,078,540
 3. 120 La Plata, acquisition/rehabilitation, Albuquerque 749,825
 4. The Three Sisters, new construction, Las Cruces 1,341,912
 5. Felician Villa, new construction, Rio Rancho 1,228,760
 6. 9000 Veranda, acquisition/rehabilitation, Albuquerque 765,840

Total \$6,093,865

- II. Approval of a forward allocation of 2023 tax credits in the amount of \$2,829,965 so that The Three Sisters, Felician Villa, and 9000 Veranda may be fully funded.

Attachments:

- 1. Table 1 – 2022 LIHTC Ceiling
- 2. Table 2 - Summary of Proposed 2022 LIHTC & Loan Allocations
- 3. Table 4 – Scoring Summary
- 4. Tables 7A and 7B – 2022 Proposed Initial LIHTC Awards and Waitlist/Ineligible/Rejected Projects
- 5. Photos with Brief Summaries⁴

⁴ The costs per unit and per square foot in the summaries are calculated based upon the definitions to calculate Cost Limits described in the QAP Glossary and Section IV.C.2.

Table 1
2022 Housing Tax Credit Ceiling

Component	Population	Credit \$ Per Capita	Amount	Balance
Population Allocation	2,115,877	2.6000	\$ 5,501,280	\$ 5,501,280
2021 Forward Allocations			\$ 2,237,380	\$ 3,263,900
National Pool (2022) - To be Determined			\$ -	\$ 3,263,900
Returned or Unused Credits from Prior Years			\$ -	\$ 3,263,900
			Set Aside	Achieved
Nonprofit Set Aside		10.00%	\$ 550,128	\$ 550,128
Underserved Populations Set Aside*		20.00%	\$ 1,100,256	\$ 928,988

* if QAP set aside requirements satisfied

SUMMARY OF PROPOSED 2022 LIHTC & LOAN ALLOCATIONS

Project	NC, AR, or NC/AR ¹	Total # of Units ²	Location	Total Development Cost	Total Development Cost w/o Land, Reserves, & Commercial Costs	Cost w/o Land, Reserves, & Commercial Costs		LIHTC Investor Equity ³	9% LIHTC Allocation	HOME Loan (inc CHDO ⁴)	NM HTF ⁵	Primero	Ventana	Risk Share	Nat'l HTF ⁶	PRLF ⁷	Total 9 % LIHTC Allocation & MFA Loans
						Per Unit	Per Gross Square Foot (GSF)										
Laguna #3	NC	20	Laguna	\$ 8,515,420	\$ 8,351,882	\$ 417,594.10	\$ 284.27	\$ 7,594,477	\$ 928,988								\$ 928,988
Calle Cuarta	NC	61	Albuquerque	\$ 18,948,536	\$ 15,596,068	\$ 255,673.25	\$ 239.05	\$ 9,490,203	\$ 1,078,540	\$ 915,000	\$ 1,000,000				\$ 400,000		\$ 3,393,540
120 La Plata	AR	32	Albuquerque	\$ 10,637,951	\$ 10,012,951	\$ 312,904.72	\$ 272.01	\$ 6,597,800	\$ 749,825				\$ 1,000,000				\$ 1,749,825
The Three Sisters	NC	70	Las Cruces	\$ 17,423,330	\$ 16,805,583	\$ 240,079.76	\$ 220.27	\$ 11,941,822	\$ 1,341,912	\$ 1,000,000					\$ 400,000		\$ 2,741,912
Felician Villas	NC	66	Rio Rancho	\$ 16,322,792	\$ 15,539,617	\$ 235,448.74	\$ 252.94	\$ 10,812,007	\$ 1,228,760	\$ 1,000,000					\$ 400,000		\$ 2,628,760
9000 Veranda	AR	35	Albuquerque	\$ 12,211,462	\$ 11,435,474	\$ 326,727.83	\$ 282.76	\$ 6,738,718	\$ 765,840				\$ 1,000,000				\$ 1,765,840
Total																	\$ 13,208,865

Average Costs for all 2022 Awards w/o Land, Reserves, and Commercial Costs		
Type of Project	Cost per Unit	Hard cost per GSF
New Construction	\$ 287,199	\$ 249.13
Acquisition/Rehab	\$ 319,816	\$ 277.39

¹ New Construction = NC
Acquisition/Rehab = AR

² Includes employee units

³ Low Income Housing Tax Credit Equity - Not included in Total 9% LIHTC Allocation & MFA Loans column

⁴ Community Housing Development Corporation

⁵ New Mexico Housing Trust Fund

⁶ National Housing Trust Fund

⁷ Preservation Revolving Loan Fund

Table 4
Project Scoring Summary

Project Name	Self Score	MFA Score	Score Change
Laguna #3	79	68	-11
Calle Cuarta	83	81	-2
The Three Sisters Apartments	76	76	0
120 La Plata	80	73	-7
9000 Veranda	82	73	-9
Felician Villa Apartments	79	71	-8
Vista Montano Apartments	86	70	-16
Ocate Apartments	75	70	-5
<i>Alameda Flats</i>	<i>74</i>	<i>Rejected</i>	
<i>Elk Meadows</i>	<i>72</i>	<i>Rejected</i>	
<i>project did not meet threshold</i>			

Table 7A
2022 LIHTC Awards - reduced by 2021 forward allocations

New Construction

Total Ceiling after 2021 forward allocations: \$3,263,900

Acq/Rehab

Rank	Score	Project	Developer	Units	Threshold	Amount	Tax Credit Balance	Tie Breaker Calculation	Proposed Status*
1	68	Laguna #3	LDHME	20	Yes	\$928,988	\$2,334,912	N/A	2022 Award
2	81	Calle Cuarta	YES Housing, Inc.	61	Yes	\$1,078,540	\$1,256,372	N/A	2022 Award
1	73	120 La Plata	Albuquerque Housing Authority	32	Yes	\$749,825	\$506,547	\$332,435.94	2022 Award
3	76	The Three Sisters	Chelsea Investment Corporation & CC Housing, Inc.	70	Yes	\$1,341,912	-\$835,365	N/A	Split
4	71	Felician Villas	Chelsea Investment Corporation & CC Housing, Inc.	66	Yes	\$1,228,760	-\$2,064,125	N/A	Full Forward 2023 Award
2	73	9000 Veranda	Albuquerque Housing Authority	35	Yes	\$765,840	-\$2,829,965	\$348,988.54	Full Forward 2023 Award
284 Subtotal						\$6,093,865			

Grand Total	\$6,093,865	2023 Forward Allocations	-\$2,829,965
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**The 2022 QAP states: In order to serve both the purpose of building new affordable housing units and rehabilitating existing structures to create or preserve affordable housing units, MFA will allocate the tax credits awarded in the 9% Application round based on project type. As such, new construction Applications, including Adaptive reuse Applications, will be scored against other new construction Applications and rehabilitation Applications will be scored against other rehabilitation Applications; thus creating two separate tracks or categories for purposes of scoring and reserving tax credits for specific Projects. An Adaptive reuse Project shall be categorized as a new construction Project for these purposes. From those tracks, the two highest scoring new construction Projects will be awarded first, followed by the highest scoring rehabilitation Project. The target pattern of two new construction Projects followed by one rehabilitation Project will be followed until all credits are allocated, or until the last Project in a track has been awarded. Projects awarded in the Nonprofit or Underserved Population set-asides will be considered in achieving this target. Forward allocations may be made following the same process, however any decision to forward allocate tax credits lies solely within MFA's inherent discretion and is not subject to further review.*

MFA will use the same process to select Projects that have been placed on the waiting list for an allocation of tax credits. For example, if a rehabilitation Project is initially awarded tax credits but later fails to move forward in the allocation process, the next highest-scoring rehabilitation Project may be given an award of tax credits. If no similarly categorized Project is available (e.g. if no rehabilitation Project is available for purposes of this example), then MFA may choose the next highest-scoring Project in the other track/category from the waiting list (e.g. new construction for purposes of this example.)

Table 7B
2022 LIHTC Waitlist / Ineligible Projects / Rejected Projects

New Construction

Acq/Rehab

Rank	Score	Project	Developer	Units	Threshold	Amount	Tax Credit Balance	Tie Breaker Calculation	Proposed Status*
5	70	Ocate Apartments	Santa Fe Civic Housing Authority, Inc.	60	Pending	\$1,060,800	-\$3,890,765	N/A	Eligible for Waitlist
3	70	Vista Montano	NMHDC	56	Yes	\$657,130	-\$4,547,895	N/A	Eligible for Waitlist
6	NS*	Alameda Flats	Tierra Realty Trust / Catholic Charities	70	No	\$1,361,360	-\$5,909,255	N/A	Rejected
7	NS*	Elk Meadows	Mesa Apartments/ NMHDC/ Village of Ruidoso	56	No	\$1,100,000	-\$5,647,895	N/A	Rejected
				242	Subtotal	\$4,179,290			

Grand Total Tax Credits

\$10,273,155

**The 2022 QAP states: In order to serve both the purpose of building new affordable housing units and rehabilitating existing structures to create or preserve affordable housing units, MFA will allocate the tax credits awarded in the 9% Application round based on project type. As such, new construction Applications, including Adaptive reuse Applications, will be scored against other new construction Applications and rehabilitation Applications will be scored against other rehabilitation Applications; thus creating two separate tracks or categories for purposes of scoring and reserving tax credits for specific Projects. An Adaptive reuse Project shall be categorized as a new construction Project for these purposes. From those tracks, the two highest scoring new construction Projects will be awarded first, followed by the highest scoring rehabilitation Project. The target pattern of two new construction Projects followed by one rehabilitation Project will be followed until all credits are allocated, or until the last Project in a track has been awarded. Projects awarded in the Nonprofit or Underserved Population set-asides will be considered in achieving this target. Forward allocations may be made following the same process, however any decision to forward allocate tax credits lies solely within MFA's inherent discretion and is not subject to further review.*

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Laguna #3

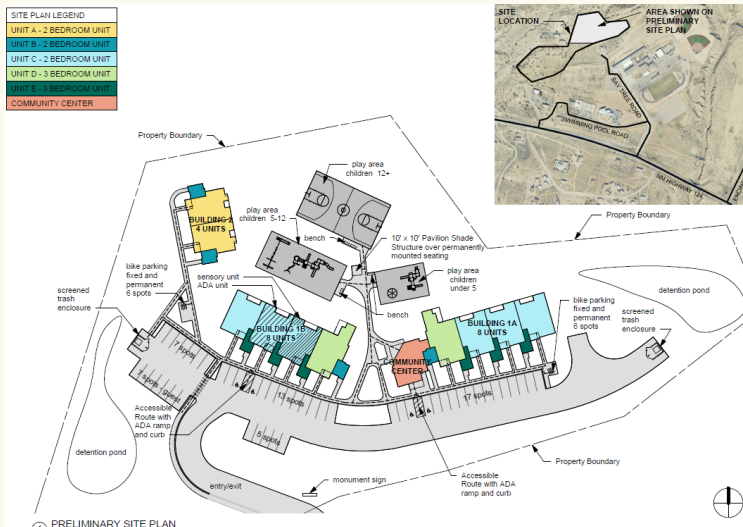
Pueblo of Laguna

Hard construction costs:	\$7,044,949 (82.7% of TDC)
Soft costs:	\$856,933 (10.1% of TDC)
Acquisition costs:	\$0 (0% of TDC)
Reserves:	\$163,538 (1.9% of TDC)
Developer fees:	\$450,000 (5.3% of TDC)

New, Households with Children, 20 units, \$8,515,420 TDC, \$417,594/unit, \$213.52/sq ft, \$936,397 LIHTC request

Features:

- 1 – Two- and three-bedroom townhomes for multigenerational large families;
- 2 – Community Center;
- 3 – Within the K'awaika Center Master Plan;



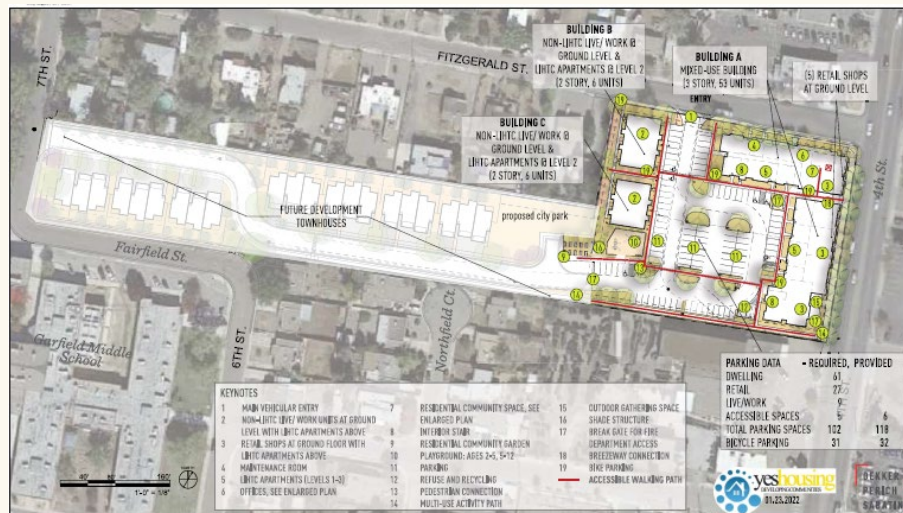
Calle Cuarta Albuquerque

Hard construction costs:	\$14,602,099 (77.1% of TDC)
Soft costs:	\$2,262,466 (11.9% of TDC)
Acquisition costs:	\$546,910 (2.9% of TDC)
Reserves:	\$244,561 (1.3% of TDC)
Developer fees:	\$1,292,500 (6.8% of TDC)

New, Households with Children, 61 units, \$18,948,536 TDC, \$255,673/unit, \$224.60/sq ft, \$1,078,540 LIHTC request

Features:

- 1 – Mixed use development includes live/work and storefront retail;
- 2 – Community amenities include a demonstration kitchen, laundry on each floor, computer lab, social services office and fitness room;
- 3 – City of Albuquerque contributing Workforce Housing funding and land donation;



BUILDING B & C - NON-LIHTC LIVE/WORK AT GROUND LEVEL AND LIHTC APARTMENTS ON SECOND LEVEL

120 La Plata Albuquerque

Hard construction costs:	\$6,063,648 (57.0% of TDC)
Soft costs:	\$1,214,303 (11.4% of TDC)
Acquisition costs:	\$2,470,000 (23.2% of TDC)
Reserves:	\$175,000 (1.6% of TDC)
Developer fees:	\$715,000 (6.7% of TDC)

Rehab, Households with Children, 32 units, \$10,637,951
TDC, \$312,905/unit, \$135.36/sq ft, \$796,000 LIHTC request

Major Building System Concerns:

- 1 - Building Site – accessibility issues addressed; repair parking lots; new landscape irrigation system and plants; new community building
- 2 - Mechanical Systems- new evaporative coolers, water heaters, furnaces
- 3 - Unit Interiors –new kitchen appliances, bath fixtures and surrounds, bath exhaust fans to exterior; cabinets, countertops, lighting, and flooring;
- 4 - Exterior envelope – replace windows and exterior doors; add insulation and re-stucco exterior walls



The Three Sisters Las Cruces

Hard construction costs:	\$14,002,404 (80.4% of TDC)
Soft costs:	\$1,370,679 (7.9% of TDC)
Acquisition costs:	\$400,000 (2.3% of TDC)
Reserves:	\$217,747 (1.2% of TDC)
Developer fees:	\$1,432,500 (8.2% of TDC)

New, Households with Children, 70 units, \$17,423,330 TDC, \$243,559/unit, \$148.64/sq ft, \$1,341,912 LIHTC request

Features:

- 1 - Eight breezeway-connected residential buildings and community building
- 2 - Outdoor amenities include playgrounds, garden areas, walking paths.
- 3 - Adjacent to recreational areas and close to shopping
- 4 - Vapor barriers will add additional protection against PCE (remediated)



Felician Villas

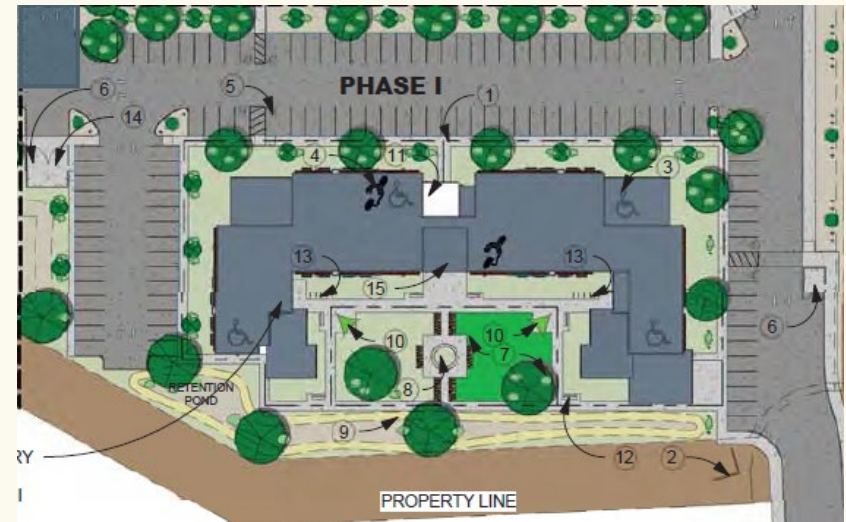
Rio Rancho

Hard construction costs:	\$12,527,870 (76.8% of TDC)
Soft costs:	\$1,649,247 (10.1% of TDC)
Acquisition costs:	\$543,206 (3.3% of TDC)
Reserves:	\$239,969 (1.5% of TDC)
Developer fees:	\$1,362,500 (8.3% of TDC)

New, Seniors, 66 units, \$16,322,792 TDC, \$239,071/unit, \$171.73/sq ft, \$1,228,760 LIHTC request

Features:

- 1 – One 3-story building with community spaces
- 2 – Sixteen Project Based Vouchers for Rental Assistance
- 3 – Meadowlark Senior Center within 500 feet of project



9000 Veranda Albuquerque

Hard construction costs:	\$6,118,101 (50.1% of TDC)
Soft costs:	\$1,272,373 (10.4% of TDC)
Acquisition costs:	\$3,870,000 (31.7% of TDC)
Reserves:	\$175,988 (1.4% of TDC)
Developer fees:	\$775,000 (6.3% of TDC)

Rehab, 35 units, \$12,211,462 TDC, \$326,728/unit,
\$123.66/sq ft, \$843,000 LIHTC request

Major Building System Concerns:

- 1 - Building Site – accessibility issues addressed; repair parking lots; new landscape irrigation system, ground cover and trees; new community building
- 2 - Mechanical Systems- new evaporative coolers, furnaces, water heaters;
- 3 - Unit Interiors –new kitchen appliances, bath fixtures and surrounds, bath exhaust fans to exterior; cabinets, countertops, lighting, and flooring;
- 4 - Exterior envelope – replace windows and exterior doors; add insulation and re-stucco exterior walls



constructed in 1975





**NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)
HOUSING TAX CREDIT ALLOCATON REVIEW COMMITTEE RESOLUTION**

Resolution:

Be it resolved, the Allocation Review Committee recommends to the MFA Board of Directors the following:

1. Approval of six (6) proposed initial awards to those 2022 9% Low Income Housing Tax Credit (LIHTC) Projects presented in Table 7A; and
2. Approval of the 2022 9% LIHTC Wait List, Ineligible Projects, and Rejected Projects as presented in Table 7B; and
3. Approval of a forward allocation in an amount not to exceed \$2,829,965 in 2023 Tax Credits minus the amount of National Pool tax credits received by New Mexico pursuant to Internal Revenue Code §42(h)(3)(D) when they are allocated in the fourth quarter of 2022.

Approved this 2nd day of May 2022 by a vote of 4 in favor and 0 opposed:

DocuSigned by:

By: F44E19EDA3E94DC
Patricia Sullivan, Allocation Review Committee Chair



NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, May 10, 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
<u>Recommended for Consent Agenda</u>	10:00 – 10:15		YES
1 2022 Department of Energy (DOE) State Plan (Troy Cucchiara, Dimitri Florez, and David Gutierrez)		3-Ø	
<u>Agenda</u>	10:15 – 10:30	N/A (Info. only)	YES
<u>Allocation Review Committee</u>			
2 Proposed 2022 Low Income Housing Tax Credit (LIHTC) Awards (Jeanne Redondo)		3-Ø	
3 Low Income Housing Tax Credit (LIHTC) Gap Financing Loan Requests (Jacobo Martinez, Sharlynn Rosales, Tim Martinez and George Maestas) a. Felician Villa Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests (Jacobo Martinez and George Maestas) b. The Three Sisters Apartments HOME and National Housing Trust Fund (NHTF) Loan Requests (Tim Martinez and George Maestas) c. Calle Cuarta – HOME, National Housing Trust Fund (NHTF), and New Mexico Housing Trust Fund (NMHTF) Loan Requests (Sharlynn Rosales and George Maestas)	10:30-10:45	3-Ø	YES
4 Homeless and At Risk of Homelessness Rental Housing Program RFP (Kathryn Turner)	10:45-11:00	3-Ø	YES
5 2022 Legislative Session Capital Outlay and FRF II Short Term Funds Program Uses (Robyn Powell)	11:00 – 11:10	3-Ø	YES
6 Emergency Solution Grant Rapid Rehousing and Homeless Prevention Award Approvals (ESG - RR- HP) (Lucas Wylie and Shannon Tilseth)	11:10-11:20	3-Ø	YES
7 Eastern Regional Housing Authority – Woodleaf Property Sale (Theresa Laredo-Garcia)	11:20-11:25	N/A (Info. only)	NO
8 Questions/comments from Committee	11:25-11:30	✓	NO

Committee Members present:

Rebecca Wurzbarger, Chair

☐ present☐ absent☒ conference callAttorney General Hector Balderas or
Sally Malavé☐ present☐ absent☒ conference call

Patricia Sullivan

☐ present☐ absent☒ conference callA handwritten signature in black ink, appearing to read "Hector Balderas", with a stylized flourish at the end.

2022 RENTAL AWARD SUMMARY

Project Name & Address	Felician Villa Apartments 4210 Meadowlark Ln. SE Rio Rancho, NM 87124			
Proposed Awards	\$1,000,000	HOME CHDO	Rate	0%
	\$400,000	NHTF	Rate	0%
Borrowers	<p>HOME Felician Villa CIC, LLLP, a to-be-formed Limited Liability Limited Partnership, owned by CC Housing, Inc. (0.0051%), as Co-General Partner, and CIC Felician Villa, LLC, an affiliate of Chelsea Investment Corporation (0.0049%), as Managing General Partner; and 99.99% by a to-be-formed subsidiary of The Richman Group, the tax credit investor, as Limited Partner</p> <p>NHTF Sponsor Loan CC Housing, Inc., a New Mexico non-profit 501(c)(3).</p>			
Management	<p>Monarch Properties, Inc. is a privately held Texas corporation chartered in 1982. Monarch provides third-party, full-service management of multifamily apartment communities throughout Texas, New Mexico and Oklahoma. The corporate office is located in Albuquerque, New Mexico. The total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.</p>			
Developer	<p>Chelsea Investment Corporation ("Chelsea") is a for-profit organization incorporated in 1986 by James J. Schmid, its CEO. Chelsea is a real estate company focused on the financing and development of affordable housing through its asset management, construction, and community investment affiliates. To date, Chelsea has developed over 100 affordable communities throughout California, New Mexico and Arizona and nearly 10,000 units throughout the Western United States. Chelsea has developed a variety of rental homes within both urban and suburban locations. Some of these developments are obligated to senior housing and/or are supportive housing. The company has developed approximately 1,000 units through acquisition and rehabilitation.</p> <p>Consolidated (i.e., includes affiliates) audited financial statements for FYE 12/31/2020 show Unrestricted Cash of \$8.4M, Total Assets of \$28.9M, a Net Worth of \$18.9M, a Debt-to-Worth ratio of 0.53 : 1.00, strong profit and positive traditional cash flow (i.e. net earnings plus non-cash charges). Consolidated financial statements for FYE 12/31/19 show Unrestricted Cash of \$1.7M, Total Assets of \$22M, a Net Worth of \$16.5M, a Debt-to-Worth ratio of 0.31 : 1.00, strong profit and positive traditional cash flow (i.e. net earnings plus non-cash charges). Consolidated internally-prepared statements for the 11 months ended on 11/30/21 show Unrestricted Cash of \$7M, Total Assets of \$40M and a Net Worth of \$21M, resulting in a Debt-to-Worth Ratio of 0.85 : 1.00. Chelsea's borrowing and repayment history with MFA has been good. Chelsea is an experienced developer that has a proven history of obtaining LIHTC investors at good prices and large bank financing at favorable rates.</p> <p>CC Housing, Inc., a New Mexico non-profit 501 (c)(3), has as its mission to provide housing to individuals in a safe and affordable housing facility, at a reduced rate in which individuals may not be otherwise able to afford, putting them at risk for homelessness. The organization promotes self-sufficiency through low-income housing, strengthening families through education and counseling services, fighting poverty and building community through financial budgeting and education and engagement through community-based activities. CC Housing works very closely with Catholic Charities of Albuquerque (CC Housing's board members are all full-time employees of Catholic Charities) to provide social services and develop affordable housing. CC Housing, Inc. is a subsidiary of Catholic Charities of Albuquerque.</p> <p>Catholic Charities' consolidated audited financial statements for FYE 6/30/21 reflect Unrestricted Cash of \$3.0M, Total Assets of \$13.6M, a Net Worth of \$5.8M, a Debt-to-Worth ratio of .56 : 1.00 and positive operating cash flow of \$614K. FYE 6/30/20 Unrestricted Cash of \$3.7M. Total Assets of \$13.7M, a Net Worth of \$6M, a Debt-to-Worth ratio of .53 : 1.00, and positive operating cash flow of \$570K.</p>			

Felician Villa Apartments – 66 units, Rio Rancho, Sandoval County, NM

Project Type & Size	New construction of a 66-unit multifamily project to be located in Rio Rancho, NM. The project will target seniors 55 years and older and will give preference to active and retired military members. Four of the units will be income restricted to households earning 30% or less of Area Median Income (AMI). Thirty-Seven of the units will be income-restricted to households earning 50% or less of AMI. Twenty-four units will be income restricted to households earning 60% or less of AMI. The additional unit will be a non-revenue producing management unit.
Project Description	<p>Felician Villa Apartments will be located on approximately 3.56 acres of a 7.96-acre parcel of land once owned by the Felician Sisters of the Southwest, Inc. and donated to CC Housing, Inc., the non-profit co-general partner. The 3.56 acre project represents Phase 1 of two proposed affordable housing developments on the site. The entire site will be re-platted and, eventually, a Phase 2 development will be proposed for the remaining 4.40 acres, with Households with Children as its target market.</p> <p>The Subject building will be fully enclosed with controlled access. There will be 2 elevators serving the property. A community room with TV lounge area, library, kitchen, a computer center, offices, exercise room, storage/maintenance area and laundry center will be housed within the interior building floor plan. The total building area will be approximately 61,436 gross square feet including the common areas, hallways, storerooms, and units. There will be a total of 66 units comprised of 54 one-bedroom units and 11 two-bedroom one-bathroom units (with an additional two-bedroom unit that will serve as a non-revenue producing manager's unit). The one-bedroom units will average 563 net square feet and the two-bedroom units will average 750 net square feet.</p> <p>Outdoor amenities will include bicycle racks, garden areas, walking paths, a meditation garden, and onsite parking. The project is close to a Walmart Supercenter, medical facilities, senior residential facilities with various levels of care, several retail centers, grocery stores, banks, worship centers and restaurants. The Meadowlark Senior Center is located within 500 feet of the proposed project. It provides meal service for a nominal fee as well as education, health and wellness seminars and other activities. Presbyterian Rust Medical Center and UNM Sandoval Regional Medical Center are situated nearby. The proximity to Albuquerque (13 miles) provides additional medical, shopping, services, cultural and entertainment venues, and job opportunities. The Rio Metro buses, Dial-a-Ride/Paratransit, Bike Share and New Mexico Rail Runner Express provide transportation throughout the County and Rio Rancho and service to Albuquerque.</p> <p>The application provided information from the Kinetic Valuation Group, Inc (KVG) market study, dated 1/25/2022. The market study established a Primary Market Area (PMA), the geographic area where the majority of support for the proposed subject site is expected to originate, where the community services that site residents will likely utilize are located, and where comparable housing alternatives exist.</p> <p>The Subject development is located in the southern portion of the City of Rio Rancho. The primary market area (PMA) for the development consists of Rio Rancho, NM and a portion of Albuquerque, NM. The boundaries of the PMA are:</p> <p>North: U.S. Highway 550 East: Rio Grand River/Railroad South: Interstate 40 West: Arroyo de las Montoya River/Rainbow Boulevard/Unser Boulevard</p> <p>A Kenetic Valuation Group, Inc. (KVG) market study, dated January 25, 2022, advises that a survey of a representative sample of comparable apartment developments indicates the multifamily market in the PMA is good. The area is experiencing stable occupancy levels for both affordable and market rate developments. Analysis of comparable rents indicates that the development's proposed rents are achievable and provide a strong tenant rent advantage over market rate properties. Affordable housing alternatives such as home or condominium ownership do not pose a major threat due to the cost savings affordable housing provides. The markets study states that the development, which will provide good quality affordable housing, will positively enhance the local market area.</p>


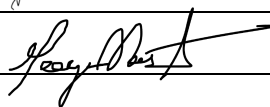
	<p>The market study further advises that the development will provide excellent quality affordable housing that is in demand in the area. The property is within close proximity to employment, retail, and related amenities. The development's unit mix, unit sizes, and unit amenities are considered competitive. Affordable units are in demand, as evidenced by the rental activity of comparable market and affordable properties.</p>
Environmental & Site	<p>Phase I, II and/or Phase I II Environmental Assessments Performed:</p> <p>The Phase I ESA performed by REESCO revealed no evidence of any recognized environmental conditions (REC), including historic RECs (HREC) and/or controlled RECs (CREC), in connection with the Property. REESCO believes that additional environmental investigations regarding hazardous substances or petroleum products at the Property are not warranted.</p> <p>A HUD Part 58 Environmental Review is required for HOME loans and must be completed prior to the acquisition of the property.</p>
Site and Neighborhood Standards (HOME New Construction only)	<p>The area surrounding the development is a mixed-use area. The site is zoned R-6, Multi-Family Residential District. Per the zoning code for the city of Rio Rancho, the multifamily zone permits a high density of population in which the principal use is multi-family dwelling units. The site was rezoned from SU, Special Use District to R-6, Multi-Family Residential District on December 10, 2020. According to the municipal code for the city of Rio Rancho, the R-6, Multi-Family Residential District allows for a maximum of 50 units per acre, which would allow 178 units. Current parking requirements are 1.5 parking spaces per one-bedroom dwelling unit and 1.75 parking spaces per two-bedroom dwelling unit, which would require 102 spaces.</p> <p>Felician Village will have 66 units and 119 parking spaces and represent a legal conforming use. Zoning information was confirmed with a letter provided by the Planning and Zoning Manager for Rio Rancho.</p> <p>A Site and Neighborhood Standards form must be completed and reviewed by MFA as the project does include new construction of residential units that will utilize HOME and NHTF funding.</p>
Project Financials, Projections and Assumptions, and Subsidy Layering Review (HOME only)	<p>Projections and Assumptions:</p> <p>A 5% vacancy (MFA standard for senior housing) was applied, and operating expenses were estimated at \$4,293 per unit per annum (PUPA) after reducing for Replacement Reserves (\$250 PUPA) and Social Services. Operating expenses are just below MFA guidelines of \$4,300 to \$5,800. KVG, Inc. provided an analysis of the operating expenses in comparison with LIHTC properties in the region. KVG, Inc. concluded that the Subject's budget is within the range of the expense comparables and appears reasonable.</p> <p>The Debt Service Coverage Ratio (DSCR) on all hard debt is projected to begin at 1.23 : 1 in year 1 and improves to 1.28 : 1.00 by year 15. This range falls within MFA's underwriting standards of 1.20 to 1.40 : 1.00. The first mortgage loan is assumed to be at a 4.75% interest rate, adjusted upwards by 50 basis points for underwriting.</p> <p>Currently, 14% (i.e., \$185,379 of the \$1,362,500) of the developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that 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 6th year.</p>

	<p>The developer is assuming that credits can be sold to an investor at .88 cents on the dollar (i.e., the low end of the 2022 MFA 88 to 95 cents guideline). Every one-cent drop in that price would create the need for additional \$122,864 in capital to be filled by either deferring developer fee or a cash-flow-only loan from Rocky Mountain Community Reinvestment Corporation (RMCRC).</p> <p>Subsidy Layering Reviews:</p> <p><u>HOME</u>- MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.</p> <p><u>National HTF</u>- MFA's Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.</p>
Affordability Requirements	<p>HOME Requirements: Five HOME units consisting of: Three 1-bedroom apartments, and one 2-bedroom apartment for households at or below 60% AMI and restricted to High HOME rents and one 1-bedroom for households earning at or below 50% and restricted to Low HOME rents for which a Land Use Restriction Agreement (LURA) will be filed in Sandoval County. The affordability period is 40 years: 20 years as required by HOME rules standards and 20 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.</p> <p>NHTF Requirements: Two NHTF units consisting of: One 1-bedroom apartment, and one 2-bedroom apartment to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Sandoval County. The affordability period is 35 years, 30 years as required by NHTF rules standards and 5 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later.</p>
Repayment and Disbursement	<p>HOME Loan: <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, 479 equal principal payments during the permanent loan period, based on an 80-year amortization, and one final balloon payment of all outstanding principal. Outstanding principal due at the earlier of maturity, refinance, or sale of the project.</p> <p>Disbursement: Allow three draws, one at construction closing, one during the construction period, and final disbursement upon submission of a HUD project completion report.</p> <p>NHTF Loan: <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, annual payments, as determined from available cash flow, or fixed at \$500, maturing in 35 years.</p> <p>Disbursement: Allow up to three draws: two during the construction period, and the third upon submission of a final NHTF project completion report to HUD.</p>

Special Conditions	<ol style="list-style-type: none"> 1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect; 3. Financing commitments acceptable to MFA prior to funding on all funding sources; 4. Acceptance of 2022 award of Low-Income Housing Tax Credits (LIHTC); 5. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative, or a third party acceptable to MFA (i.e., hired by MFA, investor or primary construction lender) and shared with MFA, Cost to be paid by applicant; 6. Other conditions as may be determined by staff; and 7. Subject to availability of funds. <p>Additional Conditions: HOME Loan</p> <ol style="list-style-type: none"> 8. Loan to be in second lien position; 9. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; 10. Chelsea Investment Corporation ("Chelsea") must provide a guarantee during the construction period; 11. If HOME CHDO (Community Housing Development Organization) funds are to be used, CC Housing, Inc. (CC) must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules. <p>Additional Conditions: NHTF Loan</p> <ol style="list-style-type: none"> 12. Loan to be in third lien position; 13. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; and 14. Project building plans must meet NHTF Rehabilitation Standards prior to acquisition and construction start; and 15. Chelsea Investment Corporation ("Chelsea") must provide a guarantee during the construction period.
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MFA Commitments to Other Projects	<p><u>Chelsea Investment Corporation</u></p> <p><u>2012 HOME – Park Place (fka Casa Hermosa) – \$556,546</u></p> <p><u>2012 Primero Grant – Park Place (fka Casa Hermosa) – \$75,000</u></p> <p><u>2012 9% Tax Credit – Park Place (fka Casa Hermosa) – \$896,512</u></p> <p><u>2013 Primero Grant – Cottonwood Apartments Artesia – \$50,000</u></p> <p><u>2013 Primero Grant – The Elms Apartments – \$50,000</u></p> <p><u>2014 Primero Grant – Roselawn Manor – \$50,000</u></p> <p><u>2015 9% Tax Credit – Parkside Terrace – \$1,087,936</u></p> <p><u>2015 9% Tax Credit – Roselawn Manor – \$1,150,000</u></p> <p><u>2015 HOME – Roselawn Manor – \$371,667</u></p> <p><u>2015 Risk Share – Roselawn Manor – \$1,074,556</u></p> <p><u>2018 9% Tax Credit – Mission la Posada – \$800,000</u></p> <p><u>2018 HOME – Mission la Posada – \$397,500</u></p> <p><u>2018 NHTF – Mission la Posada – \$1,275,000</u></p> <p><u>2019 9% Tax Credit – Sunray Lobo Canyon – \$1,232,333</u></p> <p><u>2019 HOME – Sunray Lobo Canyon – \$243,953</u></p> <p><u>2019 NHTF – Sunray Lobo Canyon – \$360,000</u></p> <p><u>2020 9% Tax Credit – Encantada Apartments – \$633,630</u></p>
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Felician Villa Apartments – 66 units, Rio Rancho, Sandoval County, NM

	<p> <u>2020 HOME – Encantada Apartments – \$400,000</u> <u>2020 NHTF – Encantada Apartments – \$400,000</u> <u>2021 9% Tax Credit- Belen Vista- \$787,639</u> <u>2021 HOME- Belen Vista- \$400,000</u> <u>2021 NHTF- Belen Vista- \$400,000</u> <u>2021 9% Tax Credit- Mariposa0- \$801,704</u> <u>2021 HOME- Mariposa- \$400,000</u> <u>2021 NHTF- Mariposa- \$400,000</u> </p> <p> <u>CC Housing, Inc.</u> <u>2017 9% Tax Credit – Generations at West Mesa – \$674,999</u> <u>2017 NMHTF – Generations at West Mesa – \$492,200</u> <u>2017 NHTF – Generations at West Mesa – \$400,000</u> <u>2019 9% Tax Credit – Sunray Lobo Canyon – \$1,232,333</u> <u>2019 HOME – Sunray Lobo Canyon – \$243,953</u> <u>2019 NHTF – Sunray Lobo Canyon – \$360,000</u> <u>2020 9% Tax Credit – Encantada Apartments – \$633,630</u> <u>2020 HOME – Encantada Apartments – \$400,000</u> <u>2020 NHTF – Encantada Apartments – \$400,000</u> <u>2021 9% Tax Credit- Belen Vista- \$787,639</u> <u>2021 HOME- Belen Vista- \$400,000</u> <u>2021 NHTF- Belen Vista- \$400,000</u> <u>2021 9% Tax Credit- Mariposa- \$801,704</u> <u>2021 HOME- Mariposa- \$400,000</u> <u>2021 NHTF- Mariposa- \$400,000</u> </p> <p>Notes: Risk Share loans carry 10% MFA risk - loan balances as of 04/08/2022</p>		
MFA Exposure	Total MFA Exposure: \$7,571,422 (excludes LIHTC, grants and loans pending approval).		
<u>Risk Factors</u>	<ol style="list-style-type: none"> 1. Market – Low (Strong demand for proposed property in PMA) 2. Construction – Medium (construction material pricing remains volatile, however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls) 3. Developer – Low 4. Guarantor – Low 5. General Partner/Managing Member – Low (i.e., the developer) 6. Community Opposition – Low (Approved Zone Change) 7. Financing – Medium (as long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. MFA's final underwriting is required before loan closing to ensure viability before final commitment) 		
Summary & Recommendation	The proposed project presents a favorable risk profile and is recommended for approval.		
Prepared by	Jacobo Martinez, Development Loan Manager, Team Lead		5/3/2022
Reviewed by	George Maestas, Director of Housing Development		5/3/2022

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
Felician Villa Apartments		Rio Rancho NM				
Total Development Cost	\$ 16,322,792		NC	66	1-BED, 2-BED	60%, 50% & 30%
Borrower	Felician Villa CIC, LLLP (HOME) CC Housing, Inc. (Natl HTF) Sponsor loan					
Management	Monarch Properties, Inc.		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Chelsea Investment Corp.				\$ 1,228,760	9%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
HOME LOAN INFORMATION			NUMBER OF HOME UNITS:			5
Funds Available as of:	3/31/2022	Rental: \$3,096,828*				
includes 2022 allocation		CHDO: (1,248,064)				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$1,000,000	\$1,000,000	Max HOME CHDO loan			
Rates	0.0% to 3.0%	0.0%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	20 to 80 years	80 years				
Lien Position	Subordinate allowed	2nd lien position	2nd lien position during construction			
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 60% AMI	High-HOME and Low-HOME rents			
DSCR	1.2 to 1.4 to 1 on all must-pay debt*	within guidelines	DSCR starts at 1.23, increasing to 1.28 in year 15 with 50 point basis added by underwriting guidelines.			
Scoring Criteria	N/A	N/A				
NATIONAL HOUSING TRUST FUND LOAN INFORMATION			NUMBER OF NHTF UNITS:			2
Funds Available as of:	03/31/22	\$1,013,129*				
*includes 2021 allocation	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$400,000	\$400,000	Max loan with 9% LIHTC			
Rates	0.0%	0.0%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, no max on perm	2 yr construct, 35 yr perm				
Loan Amortization	Cash- flow or Forgiveable	Cash-flow	Cash flow or \$500 fixed based on investors preference			
Lien Position	Subordinate allowed	3rd lien position	3rd lien position during construction			
Affordability Requirements	Min 30 years, NHTF units restricted to 30% AMI	35 years, NHTF units at 30% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt*	within guidelines	DSCR starts at 1.23, increasing to 1.28 in year 15 with 50 point basis added by underwriting guidelines.			
Scoring Criteria	40-100 points	94				

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	Felician Villa Apartments	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 543,206	3%	\$ 8.84
Construction Hard Costs		\$ 9,389,391	58%	\$ 152.83
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 3,138,479	19%	\$ 51.09
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 588,000	4%	\$ 9.57
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 653,394	4%	\$ 10.64
Permanent Financing Costs (fees, title/recording, etc)		\$ 65,572	0%	\$ 1.07
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 342,281	2%	\$ 5.57
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ -	0%	\$ -
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 239,969	1%	\$ 3.91
Developer Fees (inc consultant fees)		\$ 1,362,500	8%	\$ 22.18
Total Development Costs (TDC)		\$ 16,322,792	100%	\$ 265.69
TDC w/o Land, Reserves & Commercial		\$ 15,539,617	95%	\$ 252.94

*Gross square footage: 61,436

CONSTRUCTION SOURCES				
Project:	Felician Villa Apartments	Total	% of Total	Per Unit
Construct. Lender - 1st Lien	Key Bank	\$ 11,371,367	69.7%	\$ 172,293
2nd Lien holder	MFA HOME Loan	\$ 900,000	5.5%	\$ 13,636
3rd Lien holder	MFA NHTF Loan	\$ 360,000	2.2%	\$ 5,455
4th Lien holder	FHLB AHP	\$ 750,000	4.6%	\$ 11,364
Other source	CC Land Value	\$ 543,206	3.3%	\$ 8,230
Deferred Costs	Deferred Costs During Construction	\$ 369,257	2.3%	\$ 5,595
Deferred Developer Fee	Deferred Development Fee	\$ 947,761	5.8%	\$ 14,360
LIHTC Equity	The Richman Group	\$ 1,081,201	6.6%	\$ 16,382
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Total Construction Sources		\$ 16,322,792	100.0%	\$ 247,315

PERMANENT SOURCES				
Project:	Felician Villa Apartments	Total	% of Total	Per Unit
Perm Lender - 1st Lien	RMCR	\$ 2,632,200	16.1%	\$ 39,882
2nd Lien holder	MFA HOME Loan	\$ 1,000,000	6.1%	\$ 15,152
3rd Lien holder	MFA NHTF Loan	\$ 400,000	2.5%	\$ 6,061
4th Lien holder	FHLB AHP	\$ 750,000	4.6%	\$ 11,364
Other source	CC Land Value	\$ 543,206	3.3%	\$ 8,230
Deferred Developer Fee	Deferred Development Fee	\$ 185,379	1.1%	\$ 2,809
LIHTC Equity	The Richman Group	\$ 10,812,007	66.2%	\$ 163,818
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Total Permanent Sources		\$ 16,322,792	100.0%	\$ 247,315

Appendix A: Development Cost Budget		
Felician Villa Apartments	Gross Sq. Footage:	61,436
Rio Rancho NM	TOTAL COST	COST/GSF
ACQUISITION COSTS		
Land Acquisition	\$ 543,206	\$ 8.84
Building Acquisition	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 543,206	\$ 8.84
CONSTRUCTION HARD COSTS		
Demolition	\$ -	\$ -
Accessory Structures	\$ -	\$ -
Site Construction	\$ 1,493,970	\$ 24.32
Buildings and Structures	\$ 7,895,421	\$ 128.51
Off-Site Improvements	\$ -	\$ -
Other Costs:	\$ -	\$ -
SUBTOTAL	\$ 9,389,391	\$ 152.83
OTHER CONSTRUCTION COSTS		
Contractor Overhead	\$ 751,090	\$ 12.23
Contractor Profit	\$ -	\$ -
General Requirements	\$ 563,097	\$ 9.17
Construction Contingency	\$ 594,422	\$ 9.68
Gross Receipts Tax (GRT)	\$ 849,214	\$ 13.82
Landscaping		\$ -
Furniture, Fixtures, & Equipment	\$ 45,000	\$ 0.73
Other:	\$ 335,656	\$ 5.46
SUBTOTAL	\$ 3,138,479	\$ 51.09
PROFESSIONAL SERVICES/FEEES		
Architect (Design)	\$ 363,403	\$ 5.92
Architect (Supervision)	\$ 86,597	\$ 1.41
Attorney (Real Estate)	\$ 110,000	\$ 1.79
Engineer/Survey	\$ 28,000	\$ 0.46
Other:	\$ -	\$ -
SUBTOTAL	\$ 588,000	\$ 9.57
CONSTRUCTION FINANCING		
Hazard Insurance	\$ -	\$ -
Liability Insurance	\$ 60,000	\$ 0.98
Performance Bond		\$ -
Interest	\$ 328,628	\$ 5.35
Origination\Discount Points	\$ 111,744	\$ 1.82
Credit Enhancement	\$ -	\$ -
Inspection Fees	\$ 43,400	\$ 0.71
Title and Recording	\$ 30,000	\$ 0.49
Legal	\$ 60,000	\$ 0.98
Taxes	\$ 19,622	\$ 0.32
Other:	\$ -	\$ -
SUBTOTAL	\$ 653,394	\$ 10.64

Project: Felician Villa Apartments		
PERMANENT FINANCING COSTS		
Bond Premium	\$ -	\$ -
Credit Report	\$ -	\$ -
Origination\Discount Points	\$ 40,572	\$ 0.66
Credit Enhancement	\$ -	\$ -
Title and Recording	\$ 15,000	\$ 0.24
Legal	\$ 10,000	\$ 0.16
Pre-Paid MIP	\$ -	\$ -
Reserves and Escrows	\$ -	\$ -
Other	\$ -	\$ -
SUBTOTAL	\$ 65,572	\$ 1.07
SOFT COSTS		
Market Study	\$ 10,000	\$ 0.16
Environmental	\$ 25,000	\$ 0.41
Tax Credit Fees	\$ 137,207	\$ 2.23
Appraisal	\$ 8,000	\$ 0.13
Hard Relocation Costs	\$ -	\$ -
Accounting/Cost Certification	\$ 62,500	\$ 1.02
Other: Marketing, Permits, Soft Cost Contin	\$ 99,574	\$ 1.62
SUBTOTAL	\$ 342,281	\$ 5.57
SYNDICATION		
Organization	\$ -	\$ -
Bridge Loan	\$ -	\$ -
Tax Opinion	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ -	\$ -
TDC before Dev. Fees & Reserves	\$ 14,720,323	\$ 239.60
RESERVES		
Rent Up	\$ -	\$ -
Operating	\$ 239,969	\$ 3.91
Replacement (inc. only if capitalized)	\$ -	\$ -
Escrows/Working Capital	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 239,969	\$ 3.91
DEVELOPER FEES		
Developer Fee	\$ 1,362,500	\$ 22.18
Consultant Fee	\$ -	\$ -
Relocation Consultant	\$ -	\$ -
SUBTOTAL	\$ 1,362,500	\$ 22.18
Total Development Cost (TDC)	\$ 16,322,792	\$ 265.69
TDC w/o Land, Reserves & Commercial	\$ 15,539,617	\$ 252.94

2022 RENTAL AWARD SUMMARY

Project Name & Address	The Three Sisters Apartments 130 N. Walnut, Last Cruces, NM			
Proposed Awards	\$1,000,000	HOME CHDO	Rate	0%
	\$400,000	NHTF	Rate	0%
Borrowers	<p>HOME</p> <p>A to-be-formed Limited Liability Limited Partnership (LLLP), owned by CC Housing, Inc. (0.0051%), as Co-General Partner, and a to-be-formed, LLC, an affiliate of Chelsea Investment Corporation (0.0049%), as Managing General Partner; and 99.99% by a to-be-formed subsidiary of The Richman Group, the tax credit investor, as Limited Partner.</p> <p>NHTF Sponsor Loan CC Housing, Inc., a New Mexico non-profit 501(c)(3).</p>			
Management	<p>Monarch Properties, Inc. is a privately held Texas corporation chartered in 1982. Monarch provides third-party, full-service management of multifamily apartment communities throughout Texas, New Mexico and Oklahoma. The corporate office is located in Albuquerque, New Mexico. The total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.</p>			
Developer	<p>Chelsea Investment Corporation ("Chelsea") is a for-profit organization incorporated in 1986 by James J. Schmid, its CEO. Chelsea is a real estate company focused on the financing and development of affordable housing through its asset management, construction, and community investment affiliates. To date, Chelsea has developed over 100 affordable communities throughout California, New Mexico and Arizona and nearly 10,000 units throughout the Western United States. Chelsea has developed a variety of rental homes within both urban and suburban locations. Some of these developments are obligated to senior housing and/or are supportive housing. The company has developed approximately 1,000 units through acquisition and rehabilitation.</p> <p>Consolidated (i.e., includes affiliates) audited financial statements for FYE 12/31/2020 show Unrestricted Cash of \$8.4M, Total Assets of \$28.9M, a Net Worth of \$18.9M, a Debt-to-Worth ratio of 0.53 : 1.00, strong profit and positive traditional cash flow (i.e. net earnings plus non-cash charges). Consolidated financial statements for FYE 12/31/19 show Unrestricted Cash of \$1.7M, Total Assets of \$22M, a Net Worth of \$16.5M, a Debt-to-Worth ratio of 0.31 : 1.00, strong profit and positive traditional cash flow (i.e. net earnings plus non-cash charges). Consolidated internally-prepared statements for the 11 months ended on 11/30/21 show Unrestricted Cash of \$7M, Total Assets of \$40M and a Net Worth of \$21M, resulting in a Debt-to-Worth Ratio of 0.85 : 1.00. Chelsea's borrowing and repayment history with MFA has been good. Chelsea is an experienced developer that has a proven history of obtaining LIHTC investors at good prices and large bank financing at favorable rates.</p> <p>CC Housing, Inc., a New Mexico non-profit 501 (c)(3), has as its mission to provide housing to individuals in a safe and affordable housing facility, at a reduced rate in which individuals may not be otherwise able to afford, putting them at risk for homelessness. The organization promotes self-sufficiency through low-income housing, strengthening families through education and counseling services, fighting poverty and building community through financial budgeting and education and engagement through community-based activities. CC Housing works very closely with Catholic Charities of Albuquerque (CC Housing's board members are all full-time employees of Catholic Charities) to provide social services and develop affordable housing. CC Housing, Inc. is a subsidiary of Catholic Charities of Albuquerque.</p> <p>Catholic Charities' consolidated audited financial statements for FYE 6/30/21 reflect Unrestricted Cash of \$3.0M, Total Assets of \$13.6M, a Net Worth of \$5.8M, a Debt-to-Worth ratio of .56 : 1.00 and positive operating cash flow of \$614K. FYE 6/30/20 Unrestricted Cash of \$3.7M. Total Assets of \$13.7M, a Net Worth of \$6M, a Debt-to-Worth ratio of .53 : 1.00, and positive operating cash flow of \$570K.</p>			

The Three Sisters Apartments – 70 units, Las Cruces, Doña Ana County, NM

Project Type & Size	<p>New construction of a 70-unit multifamily project to be located in Las Cruces, NM. The project will target Households with Children. In addition, the project will give preference to active and retired military members. Four of the units will be income restricted to households earning 30% or less of Area Median Income (AMI). Twenty-four of the units will be income-restricted to households earning 50% or less of AMI. Forty-one units will be income restricted to households earning 60% or less of AMI. One additional unit will be a non-revenue generating management unit, for a total of 70 units.</p>
Project Description	<p>The Three Sisters Apartments will be located on an approximately 4.13-acre parcel of land. There will be eight residential dwelling buildings and one community building. The community building will include a community room, a computer center, two offices (one for management and another for the Social Service Coordinator), a storage/maintenance area and a laundry center. There will be six three-story residential buildings and two two-story residential buildings. The community building will be one-story. The total building area will be approximately 76,294 square feet including the common areas, hallways, storerooms, and units. The 69 rent-restricted units are comprised of 30 one-bedroom units; 19 two-bedroom two bathroom (with an additional two-bedroom unit that will serve as a non-revenue manager's unit) and 20 three-bedroom, two-bathroom units. The one-bedroom units will average 579 net square feet, the two-bedroom units will average 881 square feet, and the three-bedroom units will average 1,048 square feet. Outdoor amenities will include bicycle racks, benches, tables, BBQ areas, two age-appropriate playgrounds, garden areas, walk paths, onsite parking, etc.</p> <p>The project is in close proximity to the Walmart Supercenter, Target, Mesilla Valley Shopping Mall, and other retailers. Sprouts Farmers Market, Walmart Neighborhood Market and Albertson's are some of the larger grocery stores offering fresh produce. The Mesilla Valley Shopping Mall is a major regional mall with JC Penney, Dillard's, the Cineport 10 Theater, Barnes & Noble and a variety of other retailers. There are numerous restaurants such as Applebee's as well as fast-food chains such as McDonald's nearby. For recreation, there are the Young, Hermosa Height and the San Jose Parks, the Horseshoe Courts, and the Meersheidt Recreation Center. The New Mexico State University and schools such as Hermosa Height Elementary, Sierra Middle and Centennial High School are minutes away. There are cultural opportunities nearby such as the Museums of Art, Nature and Science and Railroad and the Thomas Branigan Library. There are several senior centers serving seniors at the Project and many provide lunch service. The Roadrunner Transit serves Las Cruces and has specific schedules for busses via Bus Routes 6 and 7 serving Walnut Street and a Dial-a-Ride/Paratransit program. In addition, bike repairs are offered at the Mesilla Valley Intermodal Transit Terminal to assist bus riders who want to use their bikes at their destination.</p> <p>The application provided information from the Kinetic Valuation Group, Inc (KVG) market study, dated 1/24/2022. The market study established a Primary Market Area (PMA), the geographic area where the majority of support for the proposed subject site is expected to originate, where the community services that site residents will likely utilize are located and/or where comparable housing alternatives exist.</p> <p>The Subject development is located in the central portion of the city of Las Cruces. The primary market area (PMA) for the development consists of the city of Las Cruces.</p> <p>The market study advises that a survey of a representative sample of comparable apartment developments indicates the multifamily market in the PMA is good. The area is experiencing stable occupancy levels for both affordable and market rate developments. Analysis of comparable rents indicates that the development's proposed rents are achievable and provide a strong tenant rent advantage over market rate properties. Affordable housing alternatives such as home or condominium ownership do not pose a major threat due to the cost savings affordable housing provides. The markets study states that the development, which will provide good quality affordable housing, will positively enhance the local market area.</p>

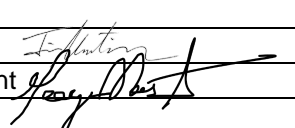

	<p>The market study further advises that the development will provide excellent quality affordable housing that is in demand in the area. The property is within close proximity to employment, retail, and related amenities. The development's unit mix, unit sizes, and unit amenities are considered competitive. Affordable units are in demand, as evidenced by the rental activity of comparable market and affordable properties.</p>
Environmental & Site	<p>Phase I, II and/or Phase I II Environmental Assessments Performed:</p> <p>Initial environmental assessment of the site began on February 20, 1998, and the parcel was placed on the EPA National Priorities List due to the PCE contaminant. Remedial investigation started January 31, 2001, with a final remedy selected in June 2007. Remedial action started May 2011 with completion in July 2012. The parcel achieved sitewide ready approval for anticipated reuse March 2021. The development budget in the project application includes the costs of a vapor barrier that will be installed between the soil pad and poured slab.</p> <p>A HUD Part 58 Environmental Review is required for HOME loans and must be completed prior to the acquisition of the property.</p>
Site and Neighborhood Standards (HOME New Construction only)	<p>The area surrounding the development is a mixed-use area. The Subject is zoned R-3, Multi-Dwelling Medium Density. Per the zoning code for the city of Las Cruces, the multifamily zone permits a medium density of population in which the principal use is multifamily dwelling units.</p> <p>According to the municipal code for the city of Las Cruces, the R-3 zone allows for a maximum of 20 units per acre, which would allow 82 units at the Subject site. Current parking requirements are 1.5 parking spaces per unit, which would require 105 spaces. The Three Sisters Apartments will have 70 units and 120 parking spaces and represent a legal conforming use. Zoning information was confirmed with Vincent Banegas, In Room Planner for the city of Las Cruces.</p> <p>The project will be required to meet HUD's Site and Neighborhood Standards prior to the acquisition of the property.</p>
Project Financials, Projections and Assumptions, and Subsidy Layering Review (HOME only)	<p>Projections and Assumptions:</p> <p>A 5% vacancy rate was utilized in MFA's underwriting. MFA's underwriting guidelines generally require projects to be underwritten at a 7% vacancy, however, the vacancy rate may be lowered to as low as 5% if the Market Study supports it. The Kinetic Valuation Group (KVG) market study provided at application projects a vacancy rate of five percent or less, based on the vacancy rates and active waiting lists of comparable properties. Operating expenses were estimated at \$4,267 per unit per annum (PUPA) after reducing for Replacement Reserves (\$250 PUPA) and Social Services. Operating expenses are just below MFA guidelines of \$4,300 to \$5,800. KVG, Inc. provided an analysis of the operating expenses in comparison with LIHTC properties in the region. KVG, Inc. concluded that the Subject's budget is within the range of the expense comparables and appears reasonable.</p> <p>The Debt Service Coverage Ratio (DSCR) on all hard debt is projected to begin at 1.41 : 1.00 in year 1 and decreases to 1.18 : 1.00 by year 15. This range falls slightly above MFA's underwriting standards of 1.20 to 1.40 : 1.00 in year 1 and slightly below 1.20 to 1.40 : 1.00 in year 15; however, the DSCR remains within MFA's underwriting standards from years 2-14. The first mortgage loan is assumed to be at a 4.75% interest rate (4.25% as per the LOI adjusted upwards by 50 basis points for underwriting).</p> <p>Currently, 20% (i.e. \$291,508 of the \$1,432,500) of the developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Lender projections indicate that the Subject would fully pay the deferred developer fee by the end of year 9.</p> <p>The developer is assuming that credits can be sold to an investor at .89 cents on the dollar (i.e. the low end of the 2022 MFA 88 to 95 cents guideline). Every one-cent drop in that price would create</p>

	<p>the need for additional \$134,177 in capital to be filled by either deferring developer fee or a cash-flow-only loan from Rocky Mountain Community Reinvestment Corporation (RMCRC).</p> <p>Subsidy Layering Review: <u>HOME</u>- MFA's Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.</p> <p><u>National HTF</u>- MFA's Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.</p>
Affordability Requirements	<p>HOME Requirements: Five HOME units consisting of: Two 1-bedroom apartment units, one 2-bedroom apartment unit, and one 3-bedroom apartment unit for households at or below 60% AMI and restricted to High HOME rents; and, one 1-bedroom apartment unit for households earning at or below 50% and restricted to Low HOME rents for which a Land Use Restriction Agreement (LURA) will be filed in Doña Ana. The affordability period is 40 years: 20 years as required by HOME rules standards and 20 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.</p> <p>NHTF Requirements: Two NHTF units consisting of: One 1-bedroom apartment, and one 3-bedroom apartment to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Sandoval County. The affordability period is 35 years, 30 years as required by NHTF rules standards and 5 years for MFA's extended affordability period (i.e. in concurrence with the loan term). The affordability period starts on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later.</p>
Repayment and Disbursement	<p>HOME Loan: <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, 479 equal principal payments during the permanent loan period, based on an 80-year amortization, and one final balloon payment of all outstanding principal. Outstanding Principal due at the earlier of maturity, refinance, or sale of the project.</p> <p>Disbursement: Allow three draws, one at construction closing, one during the construction period, and final disbursement upon submission of a HUD project completion report.</p> <p>NHTF Loan: <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, annual payments, as determined from available cash flow, or fixed at \$500, maturing in 35 years.</p> <p>Disbursement: Allow up to three draws: two during the construction period, and the third upon submission of a final NHTF project completion report to HUD.</p>
Special Conditions	<ol style="list-style-type: none"> 1. All loans are subject to MFA's final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing; 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect; 3. Financing commitments acceptable to MFA prior to funding on all funding sources; 4. Acceptance of 2022 award of Low-Income Housing Tax Credits (LIHTC);

	<ol style="list-style-type: none"> 5. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative, or a third party acceptable to MFA (i.e., hired by MFA, investor or primary construction lender) and shared with MFA, Cost to be paid by applicant; 6. Other conditions as may be determined by staff; and 7. Subject to availability of funds. <p>Additional Conditions: HOME Loan</p> <ol style="list-style-type: none"> 8. Loan to be in second lien position; 9. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; 10. Chelsea Investment Corporation ("Chelsea") must provide a guarantee during the construction period; 11. If HOME CHDO (Community Housing Development Organization) funds are to be used, CC Housing, Inc. (CC) must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules. <p>Additional Conditions: NHTF Loan</p> <ol style="list-style-type: none"> 12. Loan to be in third lien position; 13. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; and 14. Project building plans must meet NHTF Rehabilitation Standards prior to acquisition and construction start; and 15. Chelsea Investment Corporation ("Chelsea") must provide a guarantee during the construction period.
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MFA Commitments to Other Projects	<p><u>Chelsea Investment Corporation</u></p> <p><u>2012 HOME – Park Place (fka Casa Hermosa) – \$556,546</u></p> <p><u>2012 Primero Grant – Park Place (fka Casa Hermosa) – \$75,000</u></p> <p><u>2012 9% Tax Credit – Park Place (fka Casa Hermosa) – \$896,512</u></p> <p><u>2013 Primero Grant – Cottonwood Apartments Artesia – \$50,000</u></p> <p><u>2013 Primero Grant – The Elms Apartments – \$50,000</u></p> <p><u>2014 Primero Grant – Roselawn Manor – \$50,000</u></p> <p><u>2015 9% Tax Credit – Parkside Terrace – \$1,087,936</u></p> <p><u>2015 9% Tax Credit – Roselawn Manor – \$1,150,000</u></p> <p><u>2015 HOME – Roselawn Manor – \$371,667</u></p> <p><u>2015 Risk Share – Roselawn Manor – \$1,074,556</u></p> <p><u>2018 9% Tax Credit – Mission la Posada – \$800,000</u></p> <p><u>2018 HOME – Mission la Posada – \$397,500</u></p> <p><u>2018 NHTF – Mission la Posada – \$1,275,000</u></p> <p><u>2019 9% Tax Credit – Sunray Lobo Canyon – \$1,232,333</u></p> <p><u>2019 HOME – Sunray Lobo Canyon – \$243,953</u></p> <p><u>2019 NHTF – Sunray Lobo Canyon – \$360,000</u></p> <p><u>2020 9% Tax Credit – Encantada Apartments – \$633,630</u></p> <p><u>2020 HOME – Encantada Apartments – \$400,000</u></p> <p><u>2020 NHTF – Encantada Apartments – \$400,000</u></p> <p><u>2021 9% Tax Credit- Belen Vista- \$787,639</u></p> <p><u>2021 HOME- Belen Vista- \$400,000</u></p> <p><u>2021 NHTF- Belen Vista- \$400,000</u></p> <p><u>2021 9% Tax Credit- Mariposa0- \$801,704</u></p> <p><u>2021 HOME- Mariposa- \$400,000</u></p> <p><u>2021 NHTF- Mariposa- \$400,000</u></p>
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The Three Sisters Apartments – 70 units, Las Cruces, Doña Ana County, NM

	<u>CC Housing, Inc.</u> <u>2017 9% Tax Credit – Generations at West Mesa – \$674,999</u> <u>2017 NMHTF – Generations at West Mesa – \$492,200</u> <u>2017 NHTF – Generations at West Mesa – \$400,000</u> <u>2019 9% Tax Credit – Sunray Lobo Canyon – \$1,232,333</u> <u>2019 HOME – Sunray Lobo Canyon – \$243,953</u> <u>2019 NHTF – Sunray Lobo Canyon – \$360,000</u> <u>2020 9% Tax Credit – Encantada Apartments – \$633,630</u> <u>2020 HOME – Encantada Apartments – \$400,000</u> <u>2020 NHTF – Encantada Apartments – \$400,000</u> <u>2021 9% Tax Credit- Belen Vista- \$787,639</u> <u>2021 HOME- Belen Vista- \$400,000</u> <u>2021 NHTF- Belen Vista- \$400,000</u> <u>2021 9% Tax Credit- Mariposa- \$801,704</u> <u>2021 HOME- Mariposa- \$400,000</u> <u>2021 NHTF- Mariposa- \$400,000</u> Notes: Risk Share loans carry 10% MFA risk - loan balances as of 04/08/2022		
MFA Exposure	Total MFA Exposure: \$7,571,422 (excludes LIHTC, grants and loans pending approval).		
<u>Risk Factors</u>	1. Market – Low (Strong demand for proposed property in PMA - low vacancy at comparable properties and waiting lists for affordable properties) 2. Construction – Medium (construction material pricing remains volatile, however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls) 3. Developer – Low 4. Guarantor – Low 5. General Partner/Managing Member – Low (i.e. the developer) 6. Community Opposition – Low 7. Financing – Medium (as long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. MFA's final underwriting is required before loan closing to ensure viability before final commitment)		
Summary & Recommendation	The proposed project presents a favorable risk profile and is recommended for approval.		
Prepared by	Tim Martinez, Development Loan Manager		Date 5/3/2022
Reviewed by	George Maestas, Director of Housing Development		Date 5/3/2022

PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
The Three Sisters Apartments		Las Cruces, NM				
Total Development Cost	\$ 17,423,330		NC	70	1-BED, 2-BED, 3-BED	60%, 50% & 30%
Borrower	To-be-Formed LLLP (HOME) CC Housing, Inc. (Natl HTF) Sponsor loan					
Management	Monarch Properties, Inc.		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	Chelsea Investment Corp.				\$ 1,341,912	9%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
HOME LOAN INFORMATION			NUMBER OF HOME UNITS:			5
Funds Available as of:	3/31/2022	Rental: \$3,096,828				
*includes 2022 allocation		CHDO: (1,248,064)				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$1,000,000	\$1,000,000	Max HOME CHDO loan			
Rates	0.0% to 3.0%	0.0%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	20 to 80 years	80 years				
Lien Position	Subordinate allowed	2nd lien position	2nd lien position during construction			
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 4 units at 60% AMI, 1 unit at 50% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	Within guidelines Years 2-14	DSCR starts at 1.41, decreasing to 1.18 in year 15 (after 50 point basis added to rate shown in LOI, as required by underwriting guidelines.)			
Scoring Criteria	N/A	N/A				
NATIONAL HOUSING TRUST FUND LOAN INFORMATION			NUMBER OF NHTF UNITS:			2
Funds Available as of:	03/31/22	\$1,013,129				
*includes 2021 allocation	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$400,000	\$400,000	Max loan with 9% LIHTC			
Rates	0.0%	0.0%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, no max on perm	2 yr construct, 35 yr perm				
Loan Amortization	Cash- flow or Forgiveable	Cash-flow	Cash flow, or \$500 fixed, based on investor's preference			
Lien Position	Subordinate allowed	3rd lien position	3rd lien position during construction			
Affordability Requirements	Min 30 years, NHTF units restricted to 30% AMI	35 years, 2 units at 30% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	Within guidelines Years 2-14	DSCR starts at 1.41, decreasing to 1.18 in year 15 (after 50 point basis added to rate shown in LOI, as required by underwriting guidelines.)			
Scoring Criteria	40-100 points	74				

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	The Three Sisters Apartments	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 400,000	2%	\$ 5.24
Construction Hard Costs		\$ 10,474,078	60%	\$ 137.29
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 3,528,326	20%	\$ 46.25
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 444,000	3%	\$ 5.82
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 556,392	3%	\$ 7.29
Permanent Financing Costs (fees, title/recording, etc)		\$ 45,900	0%	\$ 0.60
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 324,387	2%	\$ 4.25
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ -	0%	\$ -
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 217,747	1%	\$ 2.85
Developer Fees (inc consultant fees)		\$ 1,432,500	8%	\$ 18.78
Total Development Costs (TDC)		\$ 17,423,330	100%	\$ 228.37
TDC w/o Land, Reserves & Commercial		\$ 16,805,583	96%	\$ 220.27

*Gross square footage: 76,294

CONSTRUCTION SOURCES				
Project:	The Three Sisters Apartments	Total	% of Total	Per Unit
Construct. Lender - 1st Lien	Key Bank	\$ 10,062,979	57.8%	\$ 143,757
2nd Lien holder	MFA HOME Loan	\$ 900,000	5.2%	\$ 12,857
3rd Lien holder	MFA NHTF Loan	\$ 360,000	2.1%	\$ 5,143
4th Lien holder	City of Las Cruces Loan	\$ 2,400,000	13.8%	\$ 34,286
Other source	Deferred Costs During Construction	\$ 272,899	1.6%	\$ 3,899
Deferred Developer Fee	Deferred Development Fee	\$ 1,039,087	6.0%	\$ 14,844
LIHTC Equity	The Richman Group	\$ 2,388,364	13.7%	\$ 34,119
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Total Construction Sources		\$ 17,423,330	100.0%	\$ 248,905

Check TDC in Development Cost Budget

PERMANENT SOURCES				
Project:	The Three Sisters Apartments	Total	% of Total	Per Unit
Perm Lender - 1st Lien	RCMCRC	\$ 1,390,000	8.0%	\$ 19,857
2nd Lien holder	MFA HOME Loan	\$ 1,000,000	5.7%	\$ 14,286
3rd Lien holder	MFA NHTF Loan	\$ 400,000	2.3%	\$ 5,714
4th Lien holder	City of Las Cruces Loan	\$ 2,400,000	13.8%	\$ 34,286
Deferred Developer Fee	Deferred Development Fee	\$ 291,508	1.7%	\$ 4,164
LIHTC Equity	The Richman Group	\$ 11,941,822	68.5%	\$ 170,597
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Total Permanent Sources		\$ 17,423,330	100.0%	\$ 248,905

Check against Total Construction Sources

Appendix A: Development Cost Budget		
The Three Sisters Apartments	Gross Sq. Footage:	76,294
Las Cruces, NM	TOTAL COST	COST/GSF
ACQUISITION COSTS		
Land Acquisition	\$ 400,000	\$ 5.24
Building Acquisition	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 400,000	\$ 5.24
CONSTRUCTION HARD COSTS		
Demolition	\$ -	\$ -
Accessory Structures	\$ -	\$ -
Site Construction	\$ 1,810,337	\$ 23.73
Buildings and Structures	\$ 8,663,741	\$ 113.56
Off-Site Improvements	\$ -	\$ -
Other Costs:	\$ -	\$ -
SUBTOTAL	\$ 10,474,078	\$ 137.29
OTHER CONSTRUCTION COSTS		
Contractor Overhead		\$ -
Contractor Profit	\$ 837,828	\$ 10.98
General Requirements	\$ 628,405	\$ 8.24
Construction Contingency	\$ 666,781	\$ 8.74
Gross Receipts Tax (GRT)	\$ 1,025,151	\$ 13.44
Landscaping		\$ -
Furniture, Fixtures, & Equipment		\$ -
Other:	\$ 370,161	\$ 4.85
SUBTOTAL	\$ 3,528,326	\$ 46.25
PROFESSIONAL SERVICES/FEEES		
Architect (Design)	\$ 225,000	\$ 2.95
Architect (Supervision)	\$ 75,000	\$ 0.98
Attorney (Real Estate)	\$ 94,000	\$ 1.23
Engineer/Survey	\$ 50,000	\$ 0.66
Other:	\$ -	\$ -
SUBTOTAL	\$ 444,000	\$ 5.82
CONSTRUCTION FINANCING		
Hazard Insurance	\$ -	\$ -
Liability Insurance	\$ 60,000	\$ 0.79
Performance Bond	\$ -	\$ -
Interest	\$ 306,419	\$ 4.02
Origination\Discount Points	\$ 78,972	\$ 1.04
Credit Enhancement	\$ -	\$ -
Inspection Fees	\$ 16,000	\$ 0.21
Title and Recording	\$ 30,000	\$ 0.39
Legal	\$ 50,000	\$ 0.66
Taxes	\$ 15,000	\$ 0.20
Other:	\$ -	\$ -
SUBTOTAL	\$ 556,392	\$ 7.29

Project: The Three Sisters Apartments		
PERMANENT FINANCING COSTS		
Bond Premium	\$ -	\$ -
Credit Report	\$ -	\$ -
Origination\Discount Points	\$ 18,900	\$ 0.25
Credit Enhancement	\$ -	\$ -
Title and Recording	\$ 15,000	\$ 0.20
Legal	\$ 12,000	\$ 0.16
Pre-Paid MIP	\$ -	\$ -
Reserves and Escrows	\$ -	\$ -
Other	\$ -	\$ -
SUBTOTAL	\$ 45,900	\$ 0.60
SOFT COSTS		
Market Study	\$ 9,250	\$ 0.12
Environmental	\$ 13,500	\$ 0.18
Tax Credit Fees	\$ 130,933	\$ 1.72
Appraisal	\$ 4,500	\$ 0.06
Hard Relocation Costs	\$ -	\$ -
Accounting/Cost Certification	\$ 73,500	\$ 0.96
Other: Marketing, Permits, Soft Cost Contin	\$ 92,704	\$ 1.22
SUBTOTAL	\$ 324,387	\$ 4.25
SYNDICATION		
Organization	\$ -	\$ -
Bridge Loan	\$ -	\$ -
Tax Opinion	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ -	\$ -
TDC before Dev. Fees & Reserves	\$ 15,773,083	\$ 206.74
RESERVES		
Rent Up	\$ -	\$ -
Operating	\$ 217,747	\$ 2.85
Replacement (inc. only if capitalized)	\$ -	\$ -
Escrows/Working Capital	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 217,747	\$ 2.85
DEVELOPER FEES		
Developer Fee	\$ 1,432,500	\$ 18.78
Consultant Fee	\$ -	\$ -
Relocation Consultant	\$ -	\$ -
SUBTOTAL	\$ 1,432,500	\$ 18.78
Total Development Cost (TDC)	\$ 17,423,330	\$ 228.37
TDC w/o Land, Reserves & Commercial	\$ 16,805,583	\$ 220.27

2022 RENTAL AWARD SUMMARY

Project Name & Address	Calle Cuarta 3525 4 th Street NW, Albuquerque, NM 87104			
Proposed Awards	\$915,000	HOME - CHDO	Rate	0%
	\$1,000,000	NMHTF	Rate	3.00%
	\$400,000	NHTF	Rate	0%
Borrowers	<p>HOME and NHTF Calle Cuarta Limited Partnership, LLLP, a to-be formed Limited Liability Limited Partnership owned by YES Calle Cuarta, LLC (.01%), as General Partner and; a to-be-determined Equity Investor (99.99%), as Limited Partner. Yes Housing, Inc. is the sole member of YES Calle Cuarta, LLC.</p> <p>NHTF Sponsor Loan YES Housing, Inc., a New Mexico non-profit 501(c)(3).</p>			
Management	<p>Monarch Properties, Inc. is a privately held Texas corporation chartered in 1982. Monarch provides third-party, full-service management of multifamily apartment communities throughout Texas, New Mexico and Oklahoma. The corporate office is located in Albuquerque, New Mexico. The total apartments under management have consistently averaged more than 7,500 with over 280 team members employed.</p>			
Developer	<p>YES Housing Inc. (YES) was formed in 1990 as a 501(c)(3) New Mexico nonprofit Community Development Corporation. The company has a current full-time staff of 25 including Michelle DenBleyker, Senior Vice President of Development, an experienced developer, as well as Holly Barela, the company's Senior Vice President, CFO and COO. YES has constructed or rehabilitated over 2,400 units of affordable rental housing in New Mexico, Arizona & Texas. Its staff has experience in accessing Federal, State and local funding sources, private activity bonds, 501(c)(3) bonds, tax exempt bonds and the HUD Section 202 program to acquire, rehabilitate and construct new developments. On several past projects, YES Housing Inc. has been designated by MFA as a Community Housing Development Organization (CHDO).</p> <p>Consolidated (i.e. includes affiliates) audited financial statements for FYE 12/31/2020 show Unrestricted Cash of \$5.5M, Total Assets of \$163M, a Net Worth of \$64.6M, a Debt-to-Worth ratio of 1.52 to 1.00, strong profit and positive traditional cash flow (i.e. net earnings plus non-cash charges). Consolidated audited financials for FYE 12/31/2019 show Unrestricted Cash of \$5.2M, Total Assets of \$132.9M, a Net Worth of \$61M, a Debt-to-Worth ratio of 1.18 : 1.00, strong profit and positive traditional cash flow (i.e. net earnings plus non-cash charges). Consolidated internally-prepared statements for the 11 months ended 11/30/21 show Unrestricted Cash of \$3.3M, Total Assets of \$60M and a Net Worth of \$29.7M, resulting in a Debt-to Worth Ratio of 1.02 to 1.00. YES Housing Inc's borrowing and repayment history with MFA has been good. YES is an experienced developer that has a proven history of obtaining LIHTC investors at good prices and large bank financing at favorable rates.</p>			
Project Type & Size	<p>New construction of a 61-unit multifamily housing project to be located in Albuquerque, NM. The project will target Households with Children. Ten of the units are income restricted to households earning 30% or less of Area Median Income (AMI). Twenty-one of the units are income restricted to households earning 50% or less of AMI. Twenty-three of the units are income restricted to households earning 60% or less of AMI. Seven of the units are income restricted to households earning 80% of AMI. The project will be smoke free.</p>			
Project Description	<p>Calle Cuarta is a new construction mixed-income and mixed-use multifamily development to be located on a 5-acre lot of land situated within the North 4th Main Street Corridor Area. The proposed new construction will include 3 total buildings consisting of 61 LIHTC units, 4 market rate live/work units, and 10,428 gross square feet of commercial space. The LIHTC residential unit bedroom mix includes: 8 studio units, 26 one-bedroom units, 19 two-bedroom units, and 8 three-bedroom units. All units and common area spaces will utilize Universal Design principles. The tallest building will have 3 floors and an elevator. All buildings will be designed to meet the local zoning requirements for the site, including requirements for unit densities, building heights, building setbacks, massing, colors, and materials.</p>			

The Calle Cuarta project will serve households with children and serve very low-income residents with 51% of the units for residents at or below 50% AMI and 49% of the units for residents at or below 60% and 80% AMI. The total building area will be approximately 82,624 gross square feet including residential units, common areas, hallways, storerooms, and commercial space. 13,808 gross square feet will be designated for office area and common areas and approximately 10,428 gross square feet will be designed for commercial space and non-LIHTC live work spaces located on the ground floors of the buildings.

Calla Cuarta will be a mixed-use development. YES Housing, Inc has entered into an agreement with the city of Albuquerque to develop non-LIHTC live/work and commercial space within the proposed LIHTC project. These spaces will be located at the ground level of two of the three residential buildings. Although the proposed project will provide space for the additional uses, these spaces will be subdivided and financed separately by the city of Albuquerque. This separation is not uncommon in mixed-use LIHTC projects. The concept of Calle Cuarta was based on the city of Albuquerque's desire for new affordable units and community amenities. The development team was selected through an extensive Request for Proposal process. The surrounding neighborhood gave input on the design of the community to ensure the site is desirable, walkable, and incorporates Crime Prevention Through Environmental Design Standards. The financing of these other uses is not included in the proposed project underwriting.

Community amenities include manager and maintenance offices, a lobby with demonstration kitchen, laundry rooms on each floor, computer lab, social services office, and fitness room. Exterior amenities include two playground areas for children ages 2-5 and 5-12, a community garden space, and a walking trail for resident use.

The buildings will be constructed on the perimeter of the property with interior parking at the center of the community to minimize street parking. The main building will be located at the corner of 4th Street and Fitzgerald Avenue. The façade of this building will conform to the city of Albuquerque's Integrated Development Ordinance requirements with large, commercial grade windows at the ground level, building heights within requirements and landscape including drought tolerant trees and plants helping to meet sustainability goals. Sidewalks along 4th Street will provide sufficient space for foot traffic, outdoor dining or retail displays, allowing customers to directly access these businesses and give the streetscape a more urban feel.

The proposed site is approximately 1.9 miles north of downtown Albuquerque. The site is zoned MX-M (multifamily permissible) and is in process with the City of Albuquerque's Design Review Board for replat/lot consolidation. The community design will be compliant with the City's Integrated Design Ordinance and the North 4th Corridor overlay. The site warranted a Phase II environmental review and the results showed minimal remediation required. The site is currently level and has limited vegetation. Surrounding land uses include commercial and institutional structures and residential neighborhoods. The proposed site is within walking distance of restaurants, grocery stores, medical centers, schools, banks, and places of entertainment. The site is also accessible by public transportation.

A market study was performed by Vogt Strategic Insights and dated January 27, 2022. The market study established a Primary Market Area (PMA), the geographic area where the majority of support for the proposed subject site is expected to originate, where the community services that site residents will likely utilize are located and/or where comparable housing alternatives exist. The Albuquerque Site PMA comprises a central portion of the city of Albuquerque. The boundaries of the PMA are: Chavez Road NW an Osuna Road to the north, Chappell Drive NE, Montgomery Boulevard NE and Carlisle Boulevard NE to the east, Interstate 25 and Mountain Road to the south and Rio Grande to the West.

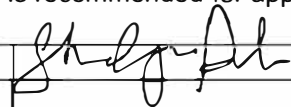

The market study advises that the proposed unit mix and location of the project will reach a stabilized occupancy of 95% within five months of opening assuming a 2024 opening date. Based on the analysis of the square footage, amenities, location, quality and occupancy rates of the existing LIHTC properties within the PMA market, the proposed project as proposed will be marketable. Due to the significant demand for housing, the proposed development will have a positive impact on the housing supply in the area.

	<p>The market study further advises that the Subject will provide excellent quality affordable housing that is in demand in the area. The property is within close proximity of employment, retail, and related amenities. The Subject's unit mix, unit sizes, and unit amenities are considered competitive. Affordable units are in demand, as evidenced by the rental activity of comparable market and affordable properties.</p>
Environmental & Site	<p>Phase I, II and/or Phase I II Environmental Site Assessments (ESA) Performed: The Phase I ESA performed by Sendero Environmental, LLC on November 10, 2021 revealed three Recognized Environmental Concerns (REC) which included: underground storage tank (UST) which was removed from the subject property circa 1991, a large oily-stained area in the northwest corner of the lot, and 9-inch x 9-inch vinyl floor tile with black mastic located on the remaining concrete slab in the southeast corner of the lot which was identified to have asbestos containing material.</p> <p>On December 7, 2021 a Phase II ESA was performed by Sendero Environmental, LLC. Samples were taken from the site and submitted for laboratory analysis. The results concluded that approximately one cubic yard of oily stained soil will require excavation and the Asbestos Containing Material should be disposed in accordance with federal, state, and local regulations and proper disposal in accordance with federal, state, and local regulations. No further investigations are warranted.</p> <p>A HUD 24 CFR Part 58 Environmental Assessment and National Housing Trust Fund Environmental Provisions will be required before possession of property.</p>
Site and Neighborhood Standards (HOME New Construction only)	<p>The proposed site is at 3525 4th Street NW, southwest of the terminus of Fitzgerald Road NW at 4th Street NW, approximately 1.9 miles north of downtown Albuquerque. The site is zoned MX-M (multifamily permissible) and is in process with the City of Albuquerque's Design Review Board for replat/lot consolidation. The proposed site location is within a census tract containing 55.08The community design is compliant with the City's Integrated Design Ordinance and the North 4th Corridor overlay. The proposed project will meet the goals of the North Corridor Metropolitan Redevelopment plan by providing a variety of housing choices, being a catalyst for economic development, improving safety and security in the area, and increasing economic activity in the area. The project will be required to meet HUD's Site and Neighborhood Standards.</p>
Project Financials, Projections and Assumptions, and Subsidy Layering Review (HOME only)	<p>Projections and Assumptions: 7% vacancy (MFA standard) was applied, and operating expenses were estimated at \$5,166 per unit per annum (PUPA) after reducing for Replacement Reserves (\$300 PUPA) and Social Services. Operating expenses are within MFA guidelines of \$4,300 to \$5,800. Vogt Strategic Insights concluded that the Subject's budget is within the range of the expense comparables and appears reasonable.</p> <p>Debt Service Coverage Ratio (DSCR) on all hard debt is projected at 1.49 to 1:00 in year one and decreases to 1.25 to 1 by year 15. During years one through eight, the DSCR is slightly higher than MFA's underwriting standards of 1.20 or 1.40 to 1.00, however, the project's DSCR decreases to a 1.39 to 1.00 by year 9 and remains within the guidelines through year 15. The first mortgage loan is assumed to be at a 5.70% interest rate, the 5.20% that is referenced on Rocky Mountain CRC's Letter of Interest (LOI), adjusted upwards by 50 basis points for underwriting.</p> <p>Currently, it appears that 22.9% (i.e. \$295,446 of the \$1,292,500) of the developer fee will be deferred. Generally, a deferral in fee could be used to replace a portion of the first mortgage loan and would mitigate any possible interest rate risk that may occur between commitment and inception of the permanent loan. Deferral of the developer fee is usually allowable by the investor, provided that cash flow can repay the deferred fee by the end of the 15-year LIHTC compliance period. Lender projections indicate that the Subject would fully pay the deferred developer fee by the end of the 10th year.</p> <p>The developer is assuming that credits can be sold to an investor at .88 cents on the dollar (i.e. the low end of the 2022 MFA .88 to .95 cents guideline). Every one-cent drop in that price would create</p>

	<p>the need for additional \$107,844 in capital to be filled by either deferring developer fee or a cash-flow-only loan from YES Housing, Inc.</p> <p>Subsidy Layering Review: <u>HOME</u> – MFA’s Housing Development Department's underwriting guidelines, performed for the HOME loan request, show this project is not over-subsidized per HUD regulations.</p> <p>NHTF – MFA’s Housing Development Department's underwriting guidelines, performed for the National Housing Trust Fund loan request, show this project is not over-subsidized per HUD regulations.</p>
Affordability Requirements	<p>HOME Requirements: Five HOME units consisting of: One studio apartment unit, two 1-bedroom units, and two 2-bedroom units for households at or below 60% AMI and restricted to High HOME rents, for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The affordability period is 40 years: 20 years as required by HOME rehabilitation standards and 20 years for MFA’s extended affordability period. The affordability period starts on the date of acceptance by HUD of a final HOME project completion report and ends 40 years later.</p> <p>NMHTF Requirements: Households earning 60% AMI or less, equaling 47 units in the project, for which a Land Use Restriction Agreement (LURA) is to be filed in Bernalillo 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.</p> <p>NHTF Requirements: Two NHTF units, consisting of: One 1-bedroom unit and one 2-bedroom unit restricted to households earning the greater of 30% AMI or the federal poverty level, for which a Land Use Restriction Agreement (LURA) will be filed in Bernalillo County. The affordability period is 35 years, starting on the date of acceptance by HUD of a final NHTF project completion report and ends 35 years later.</p>
Repayment and Disbursement	<p>HOME Loan: <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, 479 equal principal payments (0% interest) based upon an 80-year amortization, with one final payment of all outstanding principal due upon its maturity in 40 years. All outstanding principal due at the earlier of maturity, refinance or sale of the project. <u>Disbursement:</u> Allow three draws, one at construction closing, one during the construction period, and final disbursement upon submission of a HUD project completion report.</p> <p>NMHTF Loan: <u>Payments:</u> Monthly Interest only payments during the construction period which is not to exceed 24 months; Thereafter, 360 equal monthly principal and interest payments during the permanent loan period, based on a 30-year amortization. All outstanding principal and interest due at the earlier of maturity, refinance or sale of the project. <u>Disbursement:</u> Multiple disbursements upon evidence of costs incurred, not more frequently than monthly.</p> <p>NHTF Loan: <u>Payments:</u> No payments during the construction period, which is not to exceed 24 months; thereafter, annual payments, as determined from available cash flow, or fixed at \$500, maturing in 35 years. <u>Disbursement:</u> Allow up to three draws: two during the construction period, and the third upon submission of a final NHTF project completion report to HUD.</p>
	<p>1. All loans are subject to MFA’s final underwriting for project feasibility if needed. Loan amounts may be reduced if the financing gap decreases, and/or terms (i.e. interest rate & amortization) may be revised in line with projected cash flow at closing;</p>

Special Conditions	<ol style="list-style-type: none"> 2. Any changes or additions to the following development team members listed in the loan application must be approved by MFA: developer, contractor, management company, consultant or architect; 3. Financing commitments acceptable to MFA prior to funding on all funding sources; 4. Acceptance of 2022 award of Low-Income Housing Tax Credits (LIHTC); 5. Approval of plans/construction monitoring/draws by MFA's Architectural Services Representative, or a third party acceptable to MFA (i.e., hired by MFA, investor or primary construction lender) and shared with MFA, cost to be paid by applicant; and 6. Subject to availability of funds. <p>Additional Conditions: HOME Loan</p> <ol style="list-style-type: none"> 7. Loan to be in second lien position; 8. HUD Environmental Review (ER) approval must occur prior to acquisition and construction start, and any other ER approval conditions must be met; 9. If other than minimal funds used during construction (i.e. \$50,000 or less), YES Housing, Inc. must provide a guarantee; and 10. If HOME CHDO (Community Housing Development Organization) funds are to be used, YES Housing, Inc. must be approved by MFA as a CHDO, and any transfers of ownership must be in accordance with HUD's CHDO rules. <p>Additional Conditions: NMHTF Loan</p> <ol style="list-style-type: none"> 1. Loan to be in third lien position; and 2. YES Housing, Inc. must provide a guarantee during the construction period. <p>Additional Conditions: NHTF Loan</p> <ol style="list-style-type: none"> 1. Loan to be in fourth lien position; and 2. YES Housing, Inc. must provide a guarantee during the construction period.
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MFA Commitments to Other Projects	<p>YES Housing Inc.</p> <table> <tr><td>1999 LIHTC (9%) Otero Village</td><td>\$ 243,715</td></tr> <tr><td>1999 HOME CHDO - Otero Village</td><td>\$ 400,000</td></tr> <tr><td>2000 Risk Share - Otero Village ⁽¹⁾</td><td>\$ 562,526</td></tr> <tr><td>2000 LIHTC (4%) - Wildewood Apartments</td><td>\$ 142,500</td></tr> <tr><td>2001 LIHTC (4%) - Brentwood Gardens</td><td>\$ 229,137</td></tr> <tr><td>2001 LIHTC (4%) - Montana Meadows</td><td>\$ 170,606</td></tr> <tr><td>2002 LIHTC (4%) - Apple Ridge</td><td>\$ 205,484</td></tr> <tr><td>2003 LIHTC (4%) - Vista Grande</td><td>\$ 148,910</td></tr> <tr><td>2007 HOME CHDO - Bella Vista</td><td>\$ 366,000</td></tr> <tr><td>2007 LIHTC (9%) - Bella Vista</td><td>\$ 904,052</td></tr> <tr><td>2007 HOME CHDO - Roswell Summit</td><td>\$ 490,000</td></tr> <tr><td>2007 LIHTC (9%) - Roswell Summit</td><td>\$ 328,473</td></tr> <tr><td>2008 Risk Share - Roswell Summit</td><td>\$ 734,194</td></tr> <tr><td>2009 NSP - La Hacienda</td><td>\$ 2,305,543</td></tr> <tr><td>2010 NMHTF - Mountain View</td><td>\$ 419,891</td></tr> <tr><td>2011 HOME CHDO - Mountain View</td><td>\$ 346,660</td></tr> <tr><td>2011 LIHTC - Mountain View</td><td>\$ 556,678</td></tr> <tr><td>2012 LIHTC - Mesa del Norte</td><td>\$ 515,026</td></tr> <tr><td>2012 NMHTF - Mesa del Norte</td><td>\$ 428,281</td></tr> <tr><td>2012 HOME CHDO - Mesa del Norte</td><td>\$ 462,500</td></tr> <tr><td>2013 LIHTC (9%) – Sunset Hills</td><td>\$ 966,241</td></tr> <tr><td>2013 HOME CHDO - Sunset Hills</td><td>\$ 309,860</td></tr> <tr><td>2013 NMHTF - Sunset Hills</td><td>\$ 504,199</td></tr> <tr><td>2014 LIHTC (9%) – The Imperial Building</td><td>\$ 1,150,000</td></tr> <tr><td>2014 NMHTF – The Imperial Building</td><td>\$ 469,591</td></tr> <tr><td>2014 LIHTC (9%) – New Leaf</td><td>\$ 959,500</td></tr> </table>	1999 LIHTC (9%) Otero Village	\$ 243,715	1999 HOME CHDO - Otero Village	\$ 400,000	2000 Risk Share - Otero Village ⁽¹⁾	\$ 562,526	2000 LIHTC (4%) - Wildewood Apartments	\$ 142,500	2001 LIHTC (4%) - Brentwood Gardens	\$ 229,137	2001 LIHTC (4%) - Montana Meadows	\$ 170,606	2002 LIHTC (4%) - Apple Ridge	\$ 205,484	2003 LIHTC (4%) - Vista Grande	\$ 148,910	2007 HOME CHDO - Bella Vista	\$ 366,000	2007 LIHTC (9%) - Bella Vista	\$ 904,052	2007 HOME CHDO - Roswell Summit	\$ 490,000	2007 LIHTC (9%) - Roswell Summit	\$ 328,473	2008 Risk Share - Roswell Summit	\$ 734,194	2009 NSP - La Hacienda	\$ 2,305,543	2010 NMHTF - Mountain View	\$ 419,891	2011 HOME CHDO - Mountain View	\$ 346,660	2011 LIHTC - Mountain View	\$ 556,678	2012 LIHTC - Mesa del Norte	\$ 515,026	2012 NMHTF - Mesa del Norte	\$ 428,281	2012 HOME CHDO - Mesa del Norte	\$ 462,500	2013 LIHTC (9%) – Sunset Hills	\$ 966,241	2013 HOME CHDO - Sunset Hills	\$ 309,860	2013 NMHTF - Sunset Hills	\$ 504,199	2014 LIHTC (9%) – The Imperial Building	\$ 1,150,000	2014 NMHTF – The Imperial Building	\$ 469,591	2014 LIHTC (9%) – New Leaf	\$ 959,500
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	2014 HOME CHDO – New Leaf	\$ 411,562	
	2014 NMHTF – New Leaf	\$ 463,004	
	2016 Risk Share – New Leaf	\$ 1,401,636	
	2017 LIHTC (9%) – Solar Villa	\$ 1,150,000	
	2017 HOME CHDO – Solar Villa	\$ 591,667	
	2017 NMHTF – Solar Villa	\$ 238,644	
	2018 HOME – Nuevo Atrisco	\$ 540,000	
	2018 NMHTF – Nuevo Atrisco	\$ 1,000,000	
	2018 NHTF – Nuevo Atrisco	\$ 1,147,500	
	2018- HOME- Hope Village	\$ 630,000	
	2018- NMHTF- Hope Village	\$ 1,300,000	
	2018- NHTF- Hope Village	\$ 3,000,000	
	2019- LIHTC (9%) – Skyview Terrace	\$ 1,157,325	
	2019- HOME- Skyview Terrace	\$ 600,000	
	2019- NMHTF- Skyview Terrace	\$ 1,000,000	
	2020- STC- Hope Village	\$ 500,000	
	2020 LIHTC (9%) – Copper Terrace	\$ 702,086	
	2020 HOME – Copper Terrace (HM117)	\$ 1,000,000	
	2020 NMHTF – Copper Terrace (NMHTF20002)	\$ 1,000,000	
	⁽¹⁾ Risk Share loans carry 10% MFA risk		
	⁽²⁾ Bonds are non-recourse to MFA		
	⁽³⁾ Loan Balances as of 4/22/2022		
MFA Exposure	Total MFA Exposure: \$22,623,258 (excludes LIHTC, grants and loans pending approval).		
<u>Risk Factors</u>	<ol style="list-style-type: none"> 1. Market – Low (Strong demand for proposed property in PMA- 100% occupancy anticipated) 2. Construction – Medium (construction material pricing remains volatile, however, the developer is experienced plus the investor and main construction lender will provide additional oversight and controls) 3. Developer – Low 4. Guarantor – Low 5. General Partner/Managing Member – Low (i.e. the developer) 6. Community Opposition – Low 7. Financing – Medium (as long as market conditions for interest rates & LIHTC pricing do not fluctuate too much, the project is feasible. However, in the event of adverse market conditions the project would not move forward. MFA's final underwriting is required before loan closing to ensure viability before final commitment) 		
Summary & Recommendation	The proposed project presents a favorable risk profile and is recommended for approval.		
Prepared by	Sharlynn Rosales, Program Specialist		5/3/2022
Reviewed by	George Maestas, Director of Housing Development		5/3/2022






Calle Cuarta Award Summary Final

Final Audit Report

2022-04-28

Created:	2022-04-28
By:	Sharlynn Rosales (srosales@housingnm.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAABweaDzEH48E6GG4qqocJRw6XhE1HfDkR

"Calle Cuarta Award Summary Final" History

-  Document created by Sharlynn Rosales (srosales@housingnm.org)
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-  Document emailed to George Maestas (gmaestas@housingnm.org) for signature
2022-04-28 - 11:49:28 PM GMT
-  Email viewed by George Maestas (gmaestas@housingnm.org)
2022-04-28 - 11:49:52 PM GMT- IP address: 180.149.30.9
-  Document e-signed by George Maestas (gmaestas@housingnm.org)
Signature Date: 2022-04-28 - 11:50:04 PM GMT - Time Source: server- IP address: 38.80.172.2
-  Agreement completed.
2022-04-28 - 11:50:04 PM GMT



PROJECT INFORMATION SUMMARY						
Project Name		City	NC, AR, or NC/AR	Total # Units	Sizes	Target AMIs
Calle Cuarta Apartments		Albuquerque, NM				
Total Development Cost	\$ 18,948,536		NC	61	Studio, 1-BED, 2-BED, 3-BED	30%, 50%, 60%, and 80%
Borrower	Calle Cuarta Limited Partnership, LLLP (HOME & NMHTF) YES Housing, Inc. (Natl HTF) Sponsor loan					
Management	Monarch Properties, Inc.		YEAR BUILT (AR)		LIHTC ALLOC	4% or 9%
Developer	YES Housing Inc.				\$ 1,078,540	9%
			NC = New Construction AR = Acquisition/Rehab AMI = Area Median Income MR = Market Rate apartments			
HOME LOAN INFORMATION			NUMBER OF HOME UNITS:			5
Funds Available as of:	3/31/2022	Rental: \$3,096,828*				
includes 2022 allocation		CHDO: (1,248,064)				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$1,000,000	\$915,000				
Rates	0.0% to 3.0%	0.0%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, 40 yr perm	2 yr construct, 40 yr perm				
Loan Amortization	20 to 80 years	80 years				
Lien Position	Subordinate allowed	2nd lien position	2nd lien position during construction			
Affordability Requirements	Min 20 yrs, max 60% AMI	40 yrs, 60% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt*	within guidelines in year 9 through year 15	DSCR starts at 1.49, decreasing to 1.39 in year 9 and then further decreases to 1.25 in year 15. Includes the 50 basis point added by underwriting guidelines.			
Scoring Criteria	N/A	N/A				
NEW MEXICO HOUSING TRUST FUND LOAN INFORMATION			NUMBER OF NMHTF UNITS:			47
	03/31/21	\$6,605,431				
	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$2,000,000	\$1,000,000				
Rates	3.0%	3.0%				
Loan Fees	NA	NA				
Maximum Loan Term	2 yr construct, 30 yr perm	2 yr construct, 30 yr perm				
Loan Amortization	Mthly during perm	30 year amortization				
Lien Position	Subordinate allowed	3rd lien position				
Affordability Requirements	Min 20 yrs, max 60% AMI	30 yrs, 60% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt	within guidelines in year 9 through year 15	DSCR starts at 1.49, decreasing to 1.39 in year 9 and then further decreases to 1.25 in year 15. Includes the 50 basis point added by underwriting guidelines.			
Scoring Criteria	50-100 points	70				
NATIONAL HOUSING TRUST FUND LOAN INFORMATION			NUMBER OF NHTF UNITS:			2
Funds Available as of:	03/31/22	\$1,013,129*				
*includes 2021 allocation	MFA Guidelines	Loan Request	EXCEPTIONS/CONDITIONS/NOTES			
Maximum Loan Amount	\$400,000	\$400,000	Max loan with 9% LIHTC			
Rates	0.0%	0.0%				
Loan Fees	N/A	N/A				
Maximum Loan Term	2 yr construct, no max on perm	2 yr construct, 35 yr perm				
Loan Amortization	Cash- flow or Forgivable	\$500 annually during permanent				
Lien Position	Subordinate allowed	4th lien position				
Affordability Requirements	Min 30 years, NHTF units restricted to 30% AMI	35 years, NHTF units at 30% AMI				
DSCR	1.2 to 1.4 to 1 on all must-pay debt*	within guidelines in year 9 through year 15	DSCR starts at 1.49, decreasing to 1.39 in year 9 and then further decreases to 1.25 in year 15. Includes the 50 basis point added by underwriting guidelines.			
Scoring Criteria	40-100 points	64				

TOTAL DEVELOPMENT COST INFORMATION SUMMARY				
Project:	Calle Cuarta Apartments	Total	% TDC	Cost/GSF*
Acquisition Costs (land, building acquisition, & other acquisition costs)		\$ 546,910	3%	\$ 6.62
Construction Hard Costs		\$ 10,824,105	57%	\$ 131.00
Other Construction Costs (contractor O&P, general req, GRT, landscaping, furnishings, etc)		\$ 3,777,994	20%	\$ 45.73
Professional Services/Fees (architect, engineer, real estate legal, etc)		\$ 908,700	5%	\$ 11.00
Construction Financing Costs (interest, insurance, inspections, fees, etc)		\$ 1,092,393	6%	\$ 13.22
Permanent Financing Costs (fees, title/recording, etc)		\$ 57,500	0%	\$ 0.70
Other Soft Costs (tax credit fees, environmental reports, appraisals, accounting, etc)		\$ 173,873	1%	\$ 2.10
Syndication-Related Costs (organization, bridge loan, tax opinion, etc)		\$ 30,000	0%	\$ 0.36
Reserves (rent-up, operating, replacement, escrows, etc)		\$ 244,561	1%	\$ 2.96
Developer Fees (inc consultant fees)		\$ 1,292,500	7%	\$ 15.64
Total Development Costs (TDC)		\$ 18,948,536	100%	\$ 229.33
TDC w/o Land, Reserves & Commercial		\$ 18,162,066	96%	\$ 219.82

*Gross square footage: 82,624

Check TDC against TDC in Development Cost Budget

CONSTRUCTION SOURCES				
Project:	Calle Cuarta Apartments	Total	% of Total	Per Unit
Construct. Lender - 1st Lien	TBD	\$ 7,574,192	40.0%	\$ 124,167
2nd Lien holder	MFA HOME CHDO	\$ 823,500	4.3%	\$ 13,500
3rd Lien holder	MFA NM-HTF	\$ 1,000,000	5.3%	\$ 16,393
4th Lien holder	MFA NHTF	\$ 360,000	1.9%	\$ 5,902
Other source	City of Albuquerque	\$ 3,500,000	18.5%	\$ 57,377
Deferred Developer Fee	Deferred Development Fee	\$ 296,901	1.6%	\$ 4,867
Tax Credit Equity	TBD	\$ 2,372,511	12.5%	\$ 38,894
Other source	YES Housing Commercial and Live/Work Units	\$ 2,479,522	13.1%	\$ 40,648
Other source	GP Land Transfer	\$ 541,910	2.9%	\$ 8,884
Other source			0.0%	\$ -
Other source			0.0%	\$ -
Total Construction Sources		\$ 18,948,536	100.0%	\$ 310,632

Check TDC in Development Cost Budget

PERMANENT SOURCES				
Project:	Calle Cuarta Apartments	Total	% of Total	Per Unit
Perm Lender - 1st Lien	RCMCRC	\$ 325,000	1.7%	\$ 5,328
2nd Lien holder	MFA HOME CHDO	\$ 915,000	4.8%	\$ 15,000
3rd Lien holder	MFA NM-HTF	\$ 1,000,000	5.3%	\$ 16,393
4th Lien holder	MFA NHTF	\$ 400,000	2.1%	\$ 6,557
5th Lien holder	City of Albuquerque	\$ 3,500,000	18.5%	\$ 57,377
Deferred Developer Fee	Deferred Development Fee	\$ 296,901	1.6%	\$ 4,867
Tax Credit Equity	TBD	\$ 9,490,203	50.1%	\$ 155,577
Other source	YES Housing Commercial and Live/Work Units	\$ 2,479,522	13.1%	\$ 40,648
Other source	GP Land Transfer	\$ 541,910	2.9%	\$ 8,884
Other source			0.0%	\$ -
Total Permanent Sources		\$ 18,948,536	100.0%	\$ 310,632

Appendix A: Development Cost Budget		
Calle Cuarta Apartments	Gross Sq. Footage:	82,624
Albuquerque, New Mexico	TOTAL COST	COST/GSF
ACQUISITION COSTS		
Land Acquisition	\$ 541,910	\$ 6.56
Building Acquisition	\$ -	\$ -
Other:	\$ 5,000	\$ 0.06
SUBTOTAL	\$ 546,910	\$ 6.62
CONSTRUCTION HARD COSTS		
Demolition	\$ -	\$ -
Accessory Structures	\$ -	\$ -
Site Construction	\$ 1,509,650	\$ 18.27
Buildings and Structures	\$ 9,314,455	\$ 112.73
Off-Site Improvements	\$ -	\$ -
Other Costs:	\$ -	\$ -
SUBTOTAL	\$ 10,824,105	\$ 131.00
OTHER CONSTRUCTION COSTS		
Contractor Overhead	\$ 231,636	\$ 2.80
Contractor Profit	\$ 694,908	\$ 8.41
General Requirements	\$ 694,908	\$ 8.41
Construction Contingency	\$ 757,687	\$ 9.17
Gross Receipts Tax (GRT)	\$ 912,066	\$ 11.04
Landscaping	\$ -	\$ -
Furniture, Fixtures, & Equipment	\$ 75,000	\$ 0.91
Other:	\$ 411,790	\$ 4.98
SUBTOTAL	\$ 3,777,994	\$ 45.73
PROFESSIONAL SERVICES/FEES		
Architect (Design)	\$ 643,963	\$ 7.79
Architect (Supervision)	\$ 58,876	\$ 0.71
Attorney (Real Estate)	\$ 50,000	\$ 0.61
Engineer/Survey	\$ 25,000	\$ 0.30
Other:	\$ 130,861	\$ 1.58
SUBTOTAL	\$ 908,700	\$ 11.00
CONSTRUCTION FINANCING		
Hazard Insurance	\$ -	\$ -
Liability Insurance	\$ 25,000	\$ 0.30
Performance Bond	\$ 150,900	\$ 1.83
Interest	\$ 665,000	\$ 8.05
Origination\Discount Points	\$ 68,250	\$ 0.83
Credit Enhancement	\$ -	\$ -
Inspection Fees	\$ 20,000	\$ 0.24
Title and Recording	\$ 80,000	\$ 0.97
Legal	\$ 40,000	\$ 0.48
Taxes	\$ 30,000	\$ 0.36
Other:	\$ 13,243	\$ 0.16
SUBTOTAL	\$ 1,092,393	\$ 13.22

Project: Calle Cuarta Apartments		
PERMANENT FINANCING COSTS		
Bond Premium	\$ -	\$ -
Credit Report	\$ -	\$ -
Origination\Discount Points	\$ 25,000	\$ 0.30
Credit Enhancement	\$ -	\$ -
Title and Recording	\$ 27,500	\$ 0.33
Legal	\$ 5,000	\$ 0.06
Pre-Paid MIP	\$ -	\$ -
Reserves and Escrows	\$ -	\$ -
Other	\$ -	\$ -
SUBTOTAL	\$ 57,500	\$ 0.70
SOFT COSTS		
Market Study	\$ 6,257	\$ 0.08
Environmental	\$ 3,225	\$ 0.04
Tax Credit Fees	\$ 81,891	\$ 0.99
Appraisal	\$ 7,500	\$ 0.09
Hard Relocation Costs	\$ -	\$ -
Accounting/Cost Certification	\$ 25,000	\$ 0.30
Other: Marketing, Permits, Soft Cost Conting	\$ 50,000	\$ 0.61
SUBTOTAL	\$ 173,873	\$ 2.10
SYNDICATION		
Organization	\$ 30,000	\$ 0.36
Bridge Loan	\$ -	\$ -
Tax Opinion	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 30,000	\$ 0.36
TDC before Dev. Fees & Reserves	\$ 17,411,475	\$ 210.73
RESERVES		
Rent Up	\$ 35,000	\$ 0.42
Operating	\$ 209,561	\$ 2.54
Replacement (inc. only if capitalized)	\$ -	\$ -
Escrows/Working Capital	\$ -	\$ -
Other:	\$ -	\$ -
SUBTOTAL	\$ 244,561	\$ 2.96
DEVELOPER FEES		
Developer Fee	\$ 1,292,500	\$ 15.64
Consultant Fee	\$ -	\$ -
Relocation Consultant	\$ -	\$ -
SUBTOTAL	\$ 1,292,500	\$ 15.64
Total Development Cost (TDC)	\$ 18,948,536	\$ 229.33
TDC w/o Land, Reserves & Commercial	\$ 18,162,065	\$ 219.82



MEMO

TO: MFA Board of Directors

Through: Contracted Services/Credit Committee May 10, 2022

Through: Policy Committee May 3, 2022

FROM: Kathryn Turner, Assistant Director for Housing Development

DATE: May 18, 2022

SUBJECT: Homeless and At-Risk of Homelessness Rental Housing Program Request for Proposals

Recommendation:

Staff recommends approval of the Homeless and At-Risk of Homelessness Rental Housing Program Request for Proposals.

Background:

The MFA Board of Directors approved the HOME Investment Partnership – American Rescue Plan (HOME-ARP) Funding Acceptance and Plan Approval on March 16, 2022. This plan included funding set-aside for Rental Housing.

Funding for rental housing would be made available for rental housing development. These developments could be permanent supportive housing (PSH) projects. Consultations with developers revealed that allowing some flexibility beyond a strict definition of PSH would make the funding source more attractive. Among the most enthusiastic developer partners was Santa Fe Civic Housing Authority, which has vouchers available for a project to support the qualifying population and is looking to expand its portfolio.

Assuming these projects were each 30-unit developments, MFA estimates the \$7,640,638 could support two to five developments, depending on whether 9% credits and National Housing Trust Funds were used in the financing structure. At this stage of the planning process, MFA staff anticipates making the HOME-ARP rental housing funds available through an RFP to allow for a high level of scrutiny in project selection.

Discussion:

The Homeless and At-Risk of Homelessness Rental Housing Program RFP has been drafted to utilize the HOME-ARP and potentially other federal or state funding as needed. The restrictions in the RFP mirror the requirements for the HOME-ARP program, however the RFP allows for other funding sources to be utilized to fund projects submitting proposals.

Evaluation Criteria

MFA shall award the contract to the Offeror whose proposal best meets the Evaluation Criteria as outlined in the RFP. Proposals shall be scored on a scale of 1 to 100 based on the criteria listed below:

Readiness to Proceed (up to 30 points)

Submit a detailed narrative about the project's readiness to proceed. Answer the following questions:

- Does the project have site control?
- Are there zoning issues?
- If there is other financing available, is it fully secured?
- Has a contractor been identified?
- Is construction and other traditional permanent financing (if applicable) lined up? (LOIs should be provided)
- Are there other impediments to starting construction?

Team Experience (up to 30 points)

1. Experience of development team – Submit a detailed account of the experience Offeror's development staff has had with affordable housing development using federal funds. (up to 10 points)
2. Experience of service provision team – Submit a detailed account of the experience Offeror's service delivery staff has had with the homeless or at risk of homelessness populations. (up to 10 points)
3. Experience of management team – Submit a detailed account of the experience Offeror's management staff has had with the homeless or at risk of homelessness populations. (up to 10 points)

Units Produced (up to 20 points)

$$\frac{\begin{array}{c} \# \text{ units serving homeless} \\ \text{or at risk of homeless} \end{array}}{\$ \text{ amount of funding requested}} = \text{ratio of units to request}$$

Financial Capacity (up to 10 points)

Those Offerors in a primary (51% or more) ownership role that demonstrate financial capacity by having net worth/net assets of at least \$1,000,000 will qualify for ten points.

Those Offerors in a primary (51% or more) ownership role that demonstrate financial capacity by having net worth/net assets of at least \$500,000 will qualify for five points.

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Sustainability (up to 10 points)

1. Financial -

Project must show ongoing operating and debt coverage obligations are able to be met for 15 years of operations.

This could be through anticipated income from project-based voucher contracts, referrals for tenant-based voucher holding residents, structure of income targeting and rent levels that cover costs while serving the required target population, or other operational subsidies. Points will be awarded based on the method of coverage and the financial security produced. (5 points available)

2. Housing and services sustainability –

Project must show ability and interest in maintaining quality supportive housing. The PSH Certification of Quality (form provided, Part II Section 14, RFP Forms) is the standard to which MFA will assess quality. Points will be awarded based on whether the project shows the ability to meet or exceed the items on that Certification of Quality form. (5 points available)

Attached for your review is the 2022 Homeless and At-Risk of Homelessness Rental Housing Program RFP.

Timeline

Activity	Date
Release RFP upon Board approval	May 20, 2022
RFP FAQ opens	May 23, 2022
RFP FAQ closes	June 6, 2022
RFP Submission Deadline	June 21, 2022
Deficiency Correction Notifications	June 27, 2022
Deficiency Correction Deadline	July 5, 2022
Preliminary Award/Denial Letters to Offerors	July 19, 2022
Protest Period Begins (5 business days)	July 20, 2022
Protest Period Deadline	July 28, 2022
Award Recommendations to MFA Board of Directors	August 17, 2022
Final Notification of Awards (Upon Board Approval)	August 24, 2022

Summary:

Staff is recommending approval of the Homeless and At-Risk of Homelessness Rental Housing Program Request for Proposals (RFP) which would identify and fund eligible and impactful projects that would serve New Mexicans who are homeless and/or those at-risk of homelessness.

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Request For Proposal

Homeless and At-Risk of Homelessness Rental Housing Program





Welcome and thank you for your interest in responding to MFA's Homeless and at Risk of Homelessness Rental Housing Program RFP. MFA is committed to choosing the most qualified Offerors and this information will provide the best opportunity to do so.

Part I – General information

The general information in the RFP provides background information about MFA, general proposal requirements and RFP standards.

Part II – Program-Specific Criteria

Part II of the RFP requires responses from the Offeror. It is designed to provide program-specific criteria such as program background; purpose of the RFP; Q & A information; grant agreement terms; timelines; minimum qualifications and requirements; evaluation criteria; program standards and compliance with federal requirements.

NOTE: Offerors are prohibited from approaching members of the MFA Board or MFA Employees regarding this RFP. Attempts by Offerors to contact any of the listed party's may result in the rejection of their proposal.

In an effort to provide clarification or answers to questions in this RFP, an FAQ link will be available on MFA's website. Please refer to **Part II Section 8, Timeline** for dates.

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PART I: GENERAL INFORMATION

1 BACKGROUND INFORMATION

1.1 INTRODUCTION

The New Mexico Mortgage Finance Authority (MFA) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, NMSA 1978, § 58-18-1 et seq. (the “MFA Act”) and pursuant to the Affordable Housing Act, NMSA 1978, §6-27-1 et seq. (the “Act”), for the purpose of financing affordable housing for low- and moderate-income New Mexico residents. MFA will endeavor to ensure, in every way possible, that small and minority businesses, women-owned business enterprises and/or labor surplus area firms (collectively Disadvantaged Business Enterprises [DBE]) shall have every opportunity to participate in submitting proposals and providing services. DBE businesses are encouraged to submit proposals. MFA will not discriminate against any business on grounds of race, color, religion, gender, national origin, age or disability. It is MFA’s policy that suppliers of goods or services adhere to a policy of equal employment opportunity and demonstrate an affirmative effort to recruit, hire and promote regardless of race, color, religion, gender, national origin, age or disability.

1.2 PURPOSE

The purpose of this Request for Proposal (RFP) is to solicit proposals, in accordance with MFA’s Procurement Policy, from qualified applicants, which by reason of their skill, knowledge, and experience are able to furnish services for MFA in connection with the program for which they are applying (“Offerors”).

Pursuant to MFA’s Procurement Policy, all procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in Uniform Guidance, 2 C.F.R. Part 200.317 through 200.326 as well as Part 200.327 which addresses contract provisions.

2 GENERAL PURPOSE REQUIREMENTS

2.1 PROPOSAL SUBMISSION

All Offeror proposals must be received for review and evaluation by MFA by 4 p.m. Mountain Time on the deadline of the proposal outlined in **Part II Section 8, Timeline** of the RFP. Proposals shall be sent by email to kturner@housingnm.org with a subject line of “Submission for Homeless and at Risk of Homelessness Rental Housing Program RFP.”

2.2 PROPOSAL TENURE

All proposals shall include a statement that the proposal shall be valid until grant agreement award, but no more than 90 calendar days from the proposal due date.

2.3 PROPOSAL FORMAT

Electronic proposals should be submitted as a single PDF file, sized to print on standard 8 ½ x 11 paper, **with tabs/bookmarks** identifying each Minimum Qualifications and Requirements item and evaluation criteria item within the PDF.

- ◆ Proposals (RFP) and forms may be downloaded from MFA’s website: <https://housingnm.org/rfps/rfps-rfqs>
- ◆ Offeror(s) must submit **one copy** of its most recent agency financial audit or a letter from MFA indicating that we have already received and approved your audit.
- ◆ Offeror(s) must submit **one electronic copy** of the proposal form and all required schedules and attachments.

2.4 IRREGULARITIES IN PROPOSALS

Proposals must include the program-specific forms attached to this proposal package and all schedules and attachments pertaining thereto. **No substitutions will be accepted.**

MFA may waive technical irregularities in the form of proposal of any Offeror selected for award, which do not alter the price, quality or quantity of the services offered. Note that the required date and time of proposal submission as indicated herein, in **Part II Section 8, Timeline**, cannot be waived under any circumstances.

2.5 EVALUATION OF PROPOSALS

Proposals that meet the Minimum Qualifications and Requirements eligibility criteria outlined in **Part II Section 9**, will be evaluated by an internal review committee of MFA staff using the scoring criteria as described in **Part II Section 10, Evaluation Criteria**. The review committee will present award recommendations to MFA management and MFA’s Board as required under MFA’s Delegations of Authority. Final selection will be made by MFA’s Board of Directors at the regularly scheduled monthly meeting.

MFA does not guarantee and is not obligated to make an award. Awards will be based on availability of funds, Offeror’s demonstrated need, Offeror’s score on the scoring criteria and for any of the other reasons set forth herein.

2.6 DEFICIENCY CORRECTION PERIOD

Upon receipt of all timely submitted proposals, MFA staff members will review all proposals to verify that all are complete in accordance with the requirements of this RFP. Should any proposal be missing an item required under **Part II Section 9, Minimum Qualifications and Requirements**, it will be deemed incomplete. MFA will notify Offerors at the outset of the deficiency correction period if any information is required for Offeror to correct a deficiency related to an item required under **Part II Section 9, Minimum Qualifications and Requirements**. The deficiency correction period may not be used to increase the Offeror’s score. Items eligible for correction or submission during the deficiency correction period include only missing or incomplete items required in the **Minimum Qualifications and Requirements** section of this proposal.

MFA shall communicate proposal deficiencies to each Offeror’s designated contact person via email pursuant to the timeline outlined in **Part II Section 8, Timeline** of this RFP. Applicants must correct all deficiencies within the

deficiency correction period outlined in **Part II, Section 8, Timeline** of this RFP. **All items must be submitted no later than 4 p.m. Mountain Time on the due date.** If the information requested is not provided within the timeframe provided or is submitted, but remains deficient, the proposal will be rejected without any further review.

Upon expiration of the deficiency correction period, MFA will not accept Offeror's submission of any items still missing from the proposal.

3 RFP STANDARDS

3.1 PROTEST

Any Offeror who is aggrieved in connection with this RFP or the notification of preliminary selection under this RFP may protest to MFA. A protest must be based on an allegation of the failure of MFA to adhere to the evaluation process as designated in the RFP. The protest must be written and addressed to MFA's contact person shown below:

Housing Development Department
Kathryn Turner, Assistant Director
New Mexico Mortgage Finance Authority
344 Fourth Street, SW
Albuquerque, NM 87102

The protest must be delivered to MFA within five business days after the preliminary notice of award. Upon the timely filing of a protest, MFA's contact person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five business days of notice of protest. The protest process shall consist of review of all documentation and any testimony provided in support of the protest by the Contracted Services/Credit Committee of MFA's Board of Directors, which shall thereafter make a recommendation to the full Board of Directors regarding the disposition of the protest.

MFA's Board of Directors shall make a final determination regarding the disposition of the protest. No appeal of the determination of the protest shall be allowed. Offerors or their representatives shall not communicate with MFA's Board of Directors or any MFA staff member regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the Board of Directors or MFA staff during any portion of the RFP review process or does not follow the prescribed proposal and protest process.

3.2 RFP REVISIONS AND SUPPLEMENTS

Should revisions or additional information be necessary to clarify any provision of this RFP, a notice of revisions or request for additional information, as applicable, will be provided to all Offerors via MFA's website.

3.3 INCURRED EXPENSES

MFA will not be responsible for any expenses incurred by an Offeror in responding to this RFP. All costs incurred by Offerors in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Offeror.

3.4 RESPONSIBILITY OF OFFERORS

If an Offeror, who otherwise would have been awarded a contract, is found not to be a Responsible Offeror, a determination setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving the award. A Responsible Offeror means an Offeror who submits a responsive proposal that conforms, in all material respects, to the requirements of this RFP and who has furnished, when required, information and data to prove that the Offeror's financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The failure of an Offeror to promptly supply information in connection with an inquiry concerning responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

Successful Offeror(s) will be required to enter into a grant agreement in substantially the form found at <https://housingnm.org/rfps/rfps-rfqs>, provided however, that MFA reserves the right to make any changes it deems necessary, in its sole discretion, to the form of grant agreement found at the above referenced link.

3.5 CANCELLATION OF RFP REJECTION OF PROPOSALS

This RFP may be canceled and any and all proposals may be rejected when it is in the best interest of the state of New Mexico and/or MFA. In addition, MFA may reject any or all proposals which are not responsive. Offeror may also cancel their proposal at any time during the proposal process.

3.6 AWARD NOTICE

MFA shall provide written notice of the award to all Offerors within 10 business days of the date of the award. The award shall be contingent upon successful negotiations of a final grant agreement between MFA and the Offeror whose proposal is accepted by MFA.

3.7 PROPOSAL CONFIDENTIALITY

Until awards are determined and notice given to all Offerors, MFA will not disclose the contents of any proposal or discuss the contents of any proposal with an Offeror or potential Offeror, to ensure the information does not become available to competing or potential Offerors. After award all proposals will be open to the public for inspection and copying pursuant to MFA's Request to Inspect Documents policy. Offeror must redact all confidential and personal identifier information from proposal if not specifically required by MFA.

3.8 CODE OF CONDUCT

No Board member or employee or management of MFA shall have any direct or indirect interest in any contract with the Offeror nor shall any contract exist between Offeror or its affiliate and any MFA Board member or employee that might give rise to a claim of conflict of interest. Any violation of this provision will render void any contract between MFA and the Offeror for which MFA determines that a conflict of interest exists as herein described, unless that contract is approved by a disinterested majority of all the Board of Directors of MFA after full disclosure, in

accordance with MFA's Conflict of Interest Policy.

Offeror shall provide a statement disclosing any political contribution or gift valued in excess of \$250 (singularly or in the aggregate) made by Offeror or on Offeror's behalf to any elected official of the state of New Mexico currently serving or who has served on MFA's Board of Directors in the last three years.

Offeror shall warrant that it has no interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under the grant agreement entered into with MFA pursuant to this RFP. Offeror shall at all times conduct itself in a manner consistent with MFA's Third-Party Code of Conduct. A copy of MFA's Third-Party Code of Conduct is posted on MFA's website for review at <https://housingnm.org/rfps/rfps-rfqfqs>. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflicts or potential conflicts of interest.

After award, all proposals and documents pertaining to the proposals will be open to the public for inspection and copying pursuant to MFA's Request to Inspect Documents policy.

If MFA receives a request for inspection of its records which would require the disclosure of information identified by Offeror as confidential information, MFA will examine the Offerors' request for confidentiality and make a written determination that specifies which portions of the proposal, including any information identified by Offeror as confidential information shall be disclosed. MFA will provide the Offeror with a written notice of determination which details which information MFA intends to disclose and the date it shall disclose such information.

PART II: PROGRAM-SPECIFIC CRITERIA

4 PROGRAM BACKGROUND

To address the need for homelessness assistance and supportive services, Congress appropriated ARP funds to be administered through HOME to perform activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. These activities include the development and support of affordable housing.

Affordable housing development projects for qualifying populations reduces overcrowding and habitation in substandard dwellings. These housing condition issues are associated with coronavirus spread and more severe coronavirus disease. Further, due to the income level or lack of stable housing, the qualifying population experienced, or were at risk of experiencing, displacement from housing during the pandemic period. HOME-ARP housing developments are an opportunity to respond the housing insecurity that beneficiaries have faced.

Funds may be used for acquisition, construction, and rehabilitation of affordable rental housing, including reconstruction. Acquisition of vacant land or demolition may be undertaken only with respect to a project for which construction is expected to start within 12 months of commitment.

Eligible Costs: funds may pay for up to 100 percent of the following eligible costs associated with funded rental units:

- Development hard costs include the actual cost of constructing and rehabilitating housing including site improvements, utility connections and costs to construct or rehabilitate laundry and community facilities located within the same building as the rental housing
- Acquisition costs of improved or unimproved real property
- Related soft costs including reasonable and necessary costs incurred by the project owner associated with the financing, development, acquisition, or rehabilitation of rental housing
- Relocation costs
- Operating cost assistance, through a capitalized operating reserve or ongoing operating cost payments, for units restricted for occupancy by qualifying households.

No less than 70 percent of affordable rental housing units acquired, rehabilitated, or constructed with HOME-ARP funds must be occupied by households in the qualifying populations. Units that are not restricted to occupancy by qualifying populations are subject to income targeting and rent requirements established under the HOME-ARP Rental Program Rules and are only permitted in projects with rental units restricted for occupancy by qualifying populations.

Funds must primarily benefit individuals and families who are homeless, or at risk of homelessness, as defined in *CPD Notice: Requirements for the Use of Funds in the HOME-American Rescue Plan Program*:

A. Homeless as defined in [24 CFR 91.5](#)

B. At the risk of homelessness as defined in [24 CFR 91.5](#):

(1) An individual or family who:

- (i) Has an annual income below 30 percent of median family income for the area, as determined by HUD;
- (ii) Does not have sufficient resources or support networks, e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the “Homeless” definition in this section; and
- (iii) Meets one of the following conditions:
 - (A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - (B) Is living in the home of another because of economic hardship;
 - (C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
 - (D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;
 - (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
 - (F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or

institution); or

(G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan;

(2) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(m) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(m)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or

(3) A child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

C. Fleeing, or attempting to flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD

D. Domestic Violence, Dating Violence, Sexual Assault, and Stalking as defined in [24 CFR 5.2003](#)

E. Human Trafficking includes both sex and labor trafficking as defined in the [Trafficking Victims Protection Act](#)

F. Other Populations where providing supportive services or assistance would prevent the family's homelessness or would serve those with the greater risk of housing instability. This includes:

1. Other families requiring services or housing assistance to prevent homelessness
2. At greatest risk of housing instability
3. Veterans and families that include a Veteran family member that meets the criteria for one of the qualifying populations.

Not more than 30 percent of the total number of rental units assisted with funds may be occupied by low-income households (families) as defined in 24 CFR 92.2:

Low-income families means families whose annual incomes do not exceed 80 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes. An individual does not qualify as a low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR 5.612.

5 PURPOSE OF RFP

Funded rental units must comply with the rental requirements for a minimum of 15 years, irrespective of the amount of funds invested in the project or the activity undertaken.

This Request for Proposal (RFP) is issued pursuant to MFA's Procurement Policy to solicit proposals from qualified Offerors capable of providing Rental Housing to eligible individuals and families who are homeless or at risk of homelessness as defined in *CPD Notice: Requirements for the Use of Funds in the HOME-American Rescue Plan Program*. Funding will be made through a competitive process to eligible Offerors.

If other funds become available to MFA during the program year for activities similar to the work performed under Homeless and at Risk of Homelessness Rental Housing Program RFP

the Program, this funding may be offered to the successful Offeror(s) hereunder without a new RFP. MFA retains sole discretion to make this judgment as well as determining the possible need for additional RFPs.

Except as specifically authorized under the *American Rescue Plan*, Offerors may not obligate funds, incur expenses, or otherwise implement program activities prior to execution of a grant agreement with MFA. Funding is not guaranteed to any given Offeror in any given amount.

6 RFP FAQ

Questions pertaining to this RFP and Offeror proposals must be submitted via MFA's website at <https://housingnm.org/rfps/rfps-rfqs>. Select the RFP being applied for. Questions will be checked daily. The FAQ will open immediately on May 23, 2022, and will close on June 21, 2022 four days prior to the RFP due date (see **Part II Section 8, Timeline** for further details). To submit your questions, scroll down to the "Ask a Question" section, enter your name, email address, and type your question in the "Question" box. Click on "Submit." Answers to all questions will be posted in the same location within 3 business of submission.

7 GRANT AGREEMENT TERM

The successful Offeror will enter into a grant agreement with MFA. The term of the grant will be 15 years from the execution of the grant agreement.

In the event an awardee of this RFP is deemed not qualified to administer the program due to contractual non-compliance, MFA may negotiate with another program awardee without issuing another RFP or issue an RFP for the specific area that is being served by the non-qualified agency.

The grant agreement(s) between MFA and successful Offeror(s) shall be for fixed amounts. All draw requests for payment of eligible costs will be disbursed as needed, and as allowed under the *American Rescue Plan Act*.

8 RFP TIMELINE

MFA will adhere to the following timeline:

Activity	Date
Release RFP upon Board approval	May 20, 2022
RFP FAQ opens	May 23, 2022
RFP FAQ closes	June 6, 2022
RFP Submission Deadline	June 21, 2022
Deficiency Correction Notifications	June 27, 2022
Deficiency Correction Deadline	July 5, 2022
Preliminary Award/Denial Letters to Offerors	July 19, 2022
Protest Period Begins (5 business days)	July 20, 2022
Protest Period Deadline	July 28, 2022
Award Recommendations to MFA Board of Directors	August 17, 2022
Final Notification of Awards (Upon Board Approval)	August 24, 2022
Issue Grant Agreements	September 23, 2022

9 MINIMUM QUALIFICATIONS AND REQUIREMENTS

Offeror must meet the basic eligibility criteria specified here in **Part II Section 9, Minimum Qualifications and Requirements** in order to be considered for funding.

1. Offeror must upload a single PDF of its proposal including all required schedules and attachments as outlined in **Part I Section 2.3, Proposal Format**.
2. Offeror must be **one** of the following entities:
 - a. A nonprofit organization with 501(c)(3) status, (provide proof), with a primary mission of providing shelter and services to individuals who are experiencing homelessness, including those fleeing domestic violence; or those at risk of homelessness.
 - b. A housing developer with MOUs in place with a nonprofit organization with 501(c)(3) status, (must provide proof), with a primary mission of providing shelter and services to individuals who are experiencing homelessness, including those fleeing domestic violence; or those at risk of homelessness.
 - c. A unit of general-purpose local government;
 - d. A tribal government;
 - e. A New Mexico Housing Authority (NMHA), local Tribally Designated Housing Entity (TDHE), or Tribal Housing Authority (THA).
3. Offeror must have in place a Development Team which shall include a property management company, service provider, and developer/owner. An MOU or other document outlining responsibilities among the Development Team must be supplied at application.
4. If Offeror (or partner of the Offeror within the Development Team) is a nonprofit organization Offeror must submit proof of current registration as a charitable organization with the New Mexico Attorney General's Office or proof of exemption therefrom. Registration/verification may be obtained at <https://secure.nmag.gov/coros/>. Verification should be in the form of the first page of the "NM Charitable Organization Registration Statement".
5. Offeror and all members of the Development Team must be in "good standing" as of the date this RFP was issued. In order to be in good standing, Offeror must not have "suspended," "debarred" or HUD's Limited Denial of Participation status conferred upon it by MFA and/or other funding sources. Offeror must provide a print screen from www.sam.gov and https://www5.hud.gov/ecpcis/main/ECPCIS_List.jsp documenting search for Offeror's name **and** executive director's name, as proof of compliance. The search must be dated within 30 days of the proposal date.
6. Offeror must provide one copy of an independent Certified Public Accountant (CPA)'s auditor's report (audit) conducted in accordance with Government Auditing Standards (GAS). The GAS audit will include an independent auditor's report on the following: 1) financial statements; and 2) internal control over financial reporting and compliance. If Offeror receives \$750,000 in federal funds, a Single Audit is required pursuant to **2 CFR 200**. The following types of audit findings **may disqualify Offeror from funding**:

- Repeat and unresolved audit findings or any pending investigations.
 - If Offeror has received greater than \$750,000 in funding and the single audit did not meet the requirements of **2 CFR 200.500-520**.
 - For Single Audit, no proof of federal audit clearinghouse submission (FORM SF-SAC) and, if governmental entity, proof is not included of current audit submission to the Office of the New Mexico State Auditor.
 - If referenced in audit as a separate communication, no submission of management response letter and/or management response to concerns noted in the management letter.
 - If any findings, no submission of management response to findings.
6. Local public bodies (housing authorities, local governments) must conduct annual independent financial audits by a certified auditor that has been approved by the New Mexico State Auditor's Office and is on the State Auditor's list.
 7. Offeror must provide information and data to prove that the Offeror's financial resources, are adequate to allow for full and satisfactory completion of the Project described in this RFP.
 8. **Offeror's Certification** must be signed by an authorized official from each member of the Development Team (form provided, **Part II Section 14, RFP Forms**) and submitted with application.
 9. **Offeror's Reputation Certification** must be submitted in which Offerors and members of the Development Team must describe any material, current or pending litigation, administrative proceedings or investigations that could impact the reputation or financial viability of the Offeror or Development Team members (form provided, **Part II Section 14, RFP Forms**).
 10. **New Mexico Mortgage Authority's Third-Party Code of Conduct** must be signed by an authorized official from each Development Team member (form provided, **Part II Section 14, RFP Forms**) and submitted with application.
 11. Offeror must provide an Executive Summary with application (not to exceed 2 pages).

10 EVALUATION CRITERIA

MFA will award funding to Offerors whose proposals score the highest with respect to the evaluation criteria. **Applications with an overall score below 60% will not be considered for funding.** Final award decisions will be made by MFA's Board of Directors.

Category	Maximum Score
----------	---------------

Readiness to proceed	30
Team Experience	30
Units produced	20
Financial capacity	10
Sustainability	10
Total Points Possible	100

READINESS TO PROCEED	Possible Points: 30
<p>Submit a detailed narrative about the project's readiness to proceed. Answer the following questions:</p> <ul style="list-style-type: none"> • Does the project have site control? • Are there zoning issues? • If there is other financing available, is it fully secured? • Has a contractor been identified? • Is construction and other traditional permanent financing (if applicable) lined up? (LOIs should be provided) • Are there other impediments to starting construction? 	<p>_____ Total Points</p>
TEAM EXPERIENCE	Possible Points: 30
<p>1. Experience of Development Team –</p> <p>Submit a detailed account of the experience Offeror's development staff has had with affordable housing development using federal funds. (form provided via website, Part II Section 14, RFP Forms) (up to 10 points)</p> <p>2. Experience of service provision team –</p> <p>Submit a detailed account of the experience Offeror's service delivery staff has had with the homeless or at risk of homelessness populations. (up to 10 points)</p> <p>3. Experience of management team –</p> <p>Submit a detailed account of the experience Offeror's management staff has had with the homeless or at risk of homelessness populations. (form provided via website, Part II Section 14, RFP Forms) (up to 10 points)</p>	<p>_____ Total Points</p>
UNITS PRODUCED	Possible Points: 20

$\frac{\text{\# units serving homeless or at risk of homeless}}{\text{\$ amount of funding requested}} = \text{ratio of units to request}$	<p style="text-align: right;">____ Total Points</p>
FINANCIAL CAPACITY	Possible Points: 10
<p>Those Offerors in a primary (51% or more) ownership role that demonstrate financial capacity by having net worth/net assets of at least \$1,000,000 will qualify for ten points.</p> <p>Those Offerors in a primary (51% or more) ownership role that demonstrate financial capacity by having net worth/net assets of at least \$500,000 will qualify for five points.</p>	<p style="text-align: right;">____ Total Points</p>
SUSTAINABILITY	Possible Points: 10
<p>1. Financial -</p> <p>Project must show ongoing operating and debt coverage obligations are able to be met for 15 years of operations.</p> <p>This could be through anticipated income from project-based voucher contracts, referrals for tenant-based voucher holding residents, structure of income targeting and rent levels that cover costs while serving the required target population, or other operational subsidies. Points will be awarded based on the method of coverage and the financial security produced. (5 points available)</p> <p>2. Housing and services sustainability –</p> <p>Project must show ability and interest in maintaining quality supportive housing. The PSH Certification of Quality (form provided, Part II Section 14, RFP Forms) is the standard to which MFA will assess quality. Points will be awarded based on whether the project shows the ability to meet or exceed the items on that Certification of Quality form. (5 points available)</p>	<p style="text-align: right;">____ Total Points</p>

11 PROGRAM STANDARDS

11.1 BENEFICIARY ELIGIBILITY

Funds must primarily benefit individuals and families that meet one of the qualifying populations defined in the Notice. However, not more than 30 percent of the total number of rental units assisted with funds may be occupied by low-income households as defined in 24 CFR 92.2.

- **Household Income:** The following income requirements apply to funded units:
 - **Qualifying Households:** At initial occupancy and each subsequent year during the minimum 15-year compliance period, the PJ must use the definition of annual income at 24 CFR 5.609 and the process described in the Notice to determine the household's contribution to rent.
 - **Low-Income Households:** The PJ must use the definition of annual income at 24 CFR 5.609 and the process described in the Notice to examine the household's income at initial occupancy and each subsequent year during the minimum 15-year compliance period to determine the household's ongoing income eligibility and applicable contribution to rent.
- **Tenant Contribution to Rent:** A qualifying household may not contribute to rent more than is affordable based on the PJ's determination of the household's income.

11.2 BUILDING STANDARDS

Projects that receive funding through this RFP must meet MFA's *Mandatory Design Standards for Multifamily Rental Housing*, which can be found at <https://housingnm.org/forms/developer-forms>.

12 COMPLIANCE WITH OTHER FEDERAL REQUIREMENTS

Offerors must comply with all applicable federal, state, and local codes, statutes, laws, and regulations which include, but are not limited to:

- Standards for Financial and Program Management (2 CFR 200.300-200.309)
- Cost Principles (2 CFR 200 Subpart E)
- Financial Internal Controls (2 CFR 200.303)
- Protected Personally Identifiable Information (2 CFR 200.82)
- Title VI of the Civil Rights Act of 1964, as amended (42 USC 2000d, et seq. and 24 CFR Part 1)
- Fair Housing Act (42 USC 3601 et seq.)
- Equal Opportunity in Housing (Executive Order 11063, as amended by Executive Order 12892 and 24 CFR Part 107)
- Age Discrimination Act of 1975, as amended (42 USC 6101 et. seq.)
- Americans with Disabilities Act (42 USC 12101 et seq.)
- Equal Employment Opportunity, Executive Order 11246, as amended (24 CFR 570.607)
- Fair Labor Standards Act of 1938, as amended (29 USC 201, et seq.)
- Contract Work Hours and Safety Standards Act, as amended (40 USC 3701 et seq.)
- Anti-Kickback Act of 1986 (41 USC 8701-8707)
- Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701u), as implemented pursuant to MFA's HUD Section 3, Economic Opportunity Compliance Policy
- Minority/Women's Business Enterprises, Executive Orders 11625, 12138 and 12432

- Section 504 of the Rehabilitation Act of 1973 as amended (29 USC 794)
- Lead-Based Paint Poisoning Act (42 USC §4822 and 24 CFR Part 35)
- Environmental Reviews (24 CFR Part 92.352)
- National Environmental Policy Act (NEPA) of 1968 (24 CFR Parts 50 and 58)
- Emergency Shelter Inspections-ESG Minimum Habitability Standards for Emergency Shelters) (24 CFR Part 576.403(b)(c))
- Debarment & Suspension (Executive Order 12549, 51 Fed. Reg. 6370)
- Affirmative Outreach (24 CFR 576.407)
- Participation in HUD programs by Faith-Based Organizations (24 CFR 5.109)

13 MFA BOARD MEMBERS AND MANAGEMENT

Board Members

Chair, Angel Reyes - President, Centinel Bank, Taos
 Vice Chair, Derek Valdo - Chief Executive Officer, AMERIND Risk Management
 Ex Officio Member, Howie Morales - Lieutenant Governor
 Ex Officio Member, Hector Balderas - Attorney General
 Ex Officio Member, Tim Eichenberg - State Treasurer
 Member, Rebecca Wurzbarger - W2 Construction Management LLC
 Member, Patricia Sullivan, Associate Dean - NM State University College of Engineering

MFA Management

Executive Director/Chief Executive Officer, Isidoro Hernandez
 Chief Housing Officer, Donna Maestas-De Vries
 Chief Financial Officer, Lizzy Ratnaraj
 Chief Lending Officer, Jeff Payne

14 RFP FORMS

As outlined in **PART I Section 2.3, Proposal Format**, the following program-specific forms must be included with the proposal. **No substitutions will be accepted.**

- RFP Submission Checklist
- Completed Tabs 2 through 6b of the Universal Rental Housing Development Application
- Offeror and Development Team Certifications
- Offeror and Development Team Reputation Certifications
- PSH Certification of Quality Document
- Board of Directors (of any non-profit member of the Development Team)
- New Mexico Mortgage Finance Authority Third-Party Code of Conduct

Application materials and forms may be downloaded from MFA's website. <https://housingnm.org/rfps/rfps-rfq>

HOMELESS AND AT-RISK OF HOMELESSNESS RENTAL HOUSING PROGRAM

SUBMISSION CHECKLIST

AGENCY: _____

MINIMUM QUALIFICATIONS AND REQUIREMENTS

Initial	Item Required
	Executive Summary (not to exceed 5 pages). Summary must show service coordination plan and plan for sustainable service delivery and quality housing for at least 15 years.
	Completed Tabs 2 through 6b of the MFA Universal Rental Housing Development Application (visit https://housingnm.org/rfps/rfps-rfq to download Application)
	Offeror and Development Team members must be in “good standing” as of the date this RFP is issued. In order to be in good standing, Offeror and Development Team members must not have “suspended,” “debarred” or HUD’s Limited Denial of Participation status conferred upon it by MFA and/or other funding sources. Offeror must provide print screens from www.sam.gov within 30 days of the application date.
	One copy of the Offeror’s most recent fiscal year’s external, financial audit
	Offeror and Development Team Certifications signed by authorized officials (Form provided.)
	Offeror and Development Team Reputation Certifications in which Offeror and Development Team members must describe any material, current or pending litigation, administrative proceedings or investigations that could impact the reputation or financial viability of the agency. (Form provided.)
	Evidence of coordination among developer/owner, management agent, and service provider (MOU, letter of agreement, etc.)
	PSH Certification of Quality Document (Form provided, to be resubmitted annually upon award)
	Offeror and Development Team member Organization Charts
	Each Offeror and Development Team Organizational Documents (e.g. – Articles of Incorporation/Organization, Statement of Partnership Authority, Certificate of Incorporation/Organization, Certificate of Limited Partnership, By Laws/Operating Agreement/Partnership Agreement, Certificate of Good Standing/Certificate of Existence, and if a non-profit proof that the organization is in compliance with N.M. Charitable Solicitations reporting requirements.)
	List of Board of Directors (for non-profit member(s) of the Development Team). (Form provided.)
	Submit a detailed narrative about the project’s readiness to proceed (see Part II Section 10, Evaluation Criteria for more details)
	Development Experience form (visit https://housingnm.org/rfps/rfps-rfq to download form.
	Management Experience form (visit https://housingnm.org/rfps/rfps-rfq to download form.
	Submit a detailed account of the experience Offeror’s service delivery staff has had with the homeless or at risk of homelessness populations.
	New Mexico Mortgage Finance Authority Third-Party Code of Conduct signed by an authorized official from each Development Team member (Form provided)

(By initialing this list, Offeror certifies that all items listed above are enclosed, as defined in this RFP)

OFFERER AND DEVELOPMENT TEAM MEMBER CERTIFICATION

_____ (“Offeror” or “Development Team member”) is submitting a proposal to the Mortgage Finance Authority (“MFA”) to be considered for funding from Homeless and at Risk of Homelessness Rental Housing Program.

Offeror (or Development Team member) certifies that:

It will abide by all applicable federal and state of New Mexico laws and all applicable statutory, regulatory, and judicially created rules and guidelines.

It will abide by MFA’s HUD Section 3 Economic Opportunity Compliance Policy, which can be found at <https://housingnm.org/forms/developer-forms>.

It understands that MFA will monitor its performance and compliance.

It is in good standing with all its funding sources.

It complies with MFA’s Third-Party Code of Conduct, Equal Employment Law and all government regulations regarding nondiscriminatory employment practices.

It understands and represents that any grant agreement it enters into with MFA will be binding in all respects.

It is currently registered with the NM Attorney General’s Registry of Charitable Organizations (if applicable).

This proposal shall be valid until grant agreement award or 90 calendar days from the proposal due date, whichever is longer.

I HEREBY CERTIFY THAT ALL INFORMATION PROVIDED IN THE PROPOSAL IS TRUE AND CORRECT, AND THAT I HAVE THE AUTHORITY TO BIND THE OFFEROR/DEVELOPMENT TEAM MEMBER TO THE ASSURANCES, AS WITNESSED BY MY SIGNATURE BELOW.

Printed Name _____

Signature _____

Title _____

Date _____

BOARD OF DIRECTORS

Name	
Home Address	
Employer	
Position on Board	
Area of Expertise/Qualification	
Years on Board	
Term Expiration Date	
Name	
Home Address	
Employer	
Position on Board	
Area of Expertise/Qualification	
Years on Board	
Term Expiration Date	
Name	
Home Address	
Employer	
Position on Board	
Area of Expertise/Qualification	
Years on Board	
Term Expiration Date	
Name	
Home Address	
Employer	
Position on Board	
Area of Expertise/Qualification	
Years on Board	
Term Expiration Date	
Name	
Home Address	
Employer	
Position on Board	
Area of Expertise/Qualification	
Years on Board	
Term Expiration Date	

(Use additional pages if necessary.)

OFFEROR AND DEVELOPMENT TEAM MEMBER REPUTATION CERTIFICATION

Offeror or Development Team member: _____

Describe any current or pending litigation, allegations, administrative proceedings or investigations by any party, including any regulatory agency or funding entity, which could potentially impact the reputation or financial viability of the Offeror or Development Team member. *(If none, write "None")*

I HEREBY CERTIFY THAT ALL INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT, AND THAT I HAVE DISCLOSED ANY ISSUES THAT COULD IMPACT THE REPUTATION OF THE OFFEROR OR DEVELOPMENT TEAM MEMBER.

Printed Name _____

Signature _____

Title _____

Date _____

NEW MEXICO MORTGAGE FINANCE AUTHORITY THIRD-PARTY CODE OF CONDUCT

- A. Preamble. The New Mexico Mortgage Finance Authority ("MFA"), an instrumentality of the state government, exists to serve the citizens of the State of New Mexico. To maintain the respect, trust, and confidence of the public, and consistent with MFA's commitment to conduct its business in an ethical and legal manner, MFA requires that all Third Parties doing business with MFA comply with this Third-Party Code of Conduct and otherwise uphold the highest standards of ethics and behavior.
- B. Purpose. The purpose of this Code of Conduct is to provide general guidelines and a minimum standard of conduct for Third Parties doing business with MFA.
- C. Definitions. For the purpose of this Third-Party Code of Conduct, the following words and phrases shall have the following meanings:

"MFA Employee" means any person employed directly by MFA and any person employed through a staffing agency or by contract and for whom MFA has the right to direct and control the work performed.

"MFA Member" means a Member, and with respect to an ex-officio Member, his or her proxy, of the Board of Directors of the MFA.

"MFA Management" means the Executive Director/Chief Executive Officer, Chief Housing Officer, Chief Financial Officer, Chief Lending Officer and Director of Human Resources employed by the MFA.

"Transaction" means any transaction including, but not limited to any sale, purchase, or exchange of tangible or intangible property or services; any loan, loan commitment or loan guarantee; any sale, purchase, or exchange of mortgage loans, notes, or bonds; or any other business arrangement or contract therefor.

- D. Conflicts of Interest. Third Parties should avoid engaging in any activity that would conflict, interfere, or even create the appearance of a conflict with their business with MFA. Third Parties must disclose any potential conflicts to MFA in writing as soon as practicable upon discovery or recognition. Examples of potential conflicts include, but are not limited to:
- Engaging in a conflict-of-interest transaction prohibited by Section F of MFA's Code of Conduct, which can be found at: <https://housingnm.org/rfps/rfps-rfqqs>
 - Providing gifts and entertainment to any MFA Employee, MFA Management or MFA Member in an attempt to improperly influence MFA business decisions.

MFA shall not enter into any Transaction with a former MFA Member or former MFA Management for a period of one (1) year after such person ceases to be an MFA Member or MFA Management, except with prior approval of a disinterested majority of all current MFA Members.

To the extent applicable, Third-Party shall disclose conflicts of interest required pursuant to state or federal law, including but not limited to 2 CFR 200.112.

- E. Anti-Discrimination and Anti-Harassment Policy. MFA is committed to maintaining an employment environment in which all individuals are treated with respect and dignity and expects the same from Third Parties doing business with MFA. MFA expects that Third Parties will maintain a workplace where employment-related decisions are based on performance, ability, or other legitimate, non-discriminatory bases and are never based on race, color, national origin, ancestry, citizenship status, religion, sex, sexual orientation, gender identity, age, physical or mental disability, serious medical condition, marital status, status with regard to public assistance, veteran status, or any other legally

protected status. MFA also maintains and expects Third Parties to maintain a workplace that is free of unlawful harassment. This includes harassment based upon any of the above legally protected status (such as age, sex, religion, national origin, etc.) and which creates an intimidating, hostile, or offensive working environment. This also includes sexual harassment which is defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidated, hostile, or offensive working environment. MFA will also not tolerate any form of unlawful discrimination or harassment of an MFA Employee by any Third-Party including by its employees, owners, managers, members, directors, agents, or representatives

- F. Confidential Information and Intellectual Property. Third Parties doing business with MFA must protect any confidential or proprietary information that belongs either to MFA or any other third-party with whom MFA does business, if such other third-party has provided MFA with confidential or proprietary information. Confidential or proprietary information includes, but is not limited to, any non-public financial information, business processes and systems, intellectual property, personally identifiable information of MFA's customers, and personally identifiable or private information about any MFA Employee, MFA Member, MFA Management, third-party, or customer, such as identity, medical, employment, or financial information. To the extent necessary for a Third-Party to share MFA's confidential or proprietary information with a sub-contractor, MFA expects the Third-Party to implement adequate controls at a level no less than those set forth in this Third-Party Code of Conduct with such sub-contractor. Third Parties must not infringe upon the intellectual property rights of other companies or organizations. Third Parties must return all confidential and proprietary information in their possession to MFA when the contractual relationship between MFA and the Third-Party has terminated, unless otherwise specified by contract. The obligation to protect MFA's confidential and proprietary information continues even after any business relationship between MFA and the Third-Party ends. MFA may require that Third Parties sign a separate confidentiality and non-disclosure agreement.
- G. Onsite Visitor Requirements. While on MFA's premises, Third Parties must comply with all MFA rules and procedures, including security measures and requests. These may include but are not limited to:
- Registering with reception.
 - Accessing only authorized areas unless accompanied by an MFA Employee.
 - Promptly reporting known security violations and property loss or damage.
 - Complying with all MFA facility requirements, including maintaining a substance-free and violence-free workplace.
 - Any public health and safety policies in effect, including wearing a face mask.
- H. Compliance with Laws, Regulations, Policies and Procedures and Contracts. All Third Parties must comply with all applicable state and federal laws, codes, and regulations and MFA's policies and procedures to the extent applicable to the Third-Party and must not violate any terms and conditions established by contract with MFA.
- I. Business Integrity. Any and all forms of illegal or inappropriate activity by a Third-Party doing business with MFA, including, but not limited to, corruption, misrepresentation, extortion, embezzlement, or bribery, are strictly prohibited and may result in termination of any or all agreements with MFA.

OFFEROR/DEVELOPMENT TEAM MEMBER ACKNOWLEDGMENT

By: NAME

Date

Signature

2022 MFA UNIVERSAL RENTAL DEVELOPMENT APPLICATION
Permanent Supportive Housing Certification of Quality

In completing the PSH Certification of Quality the signatory affirms that the project has been explained to each partner named in the Universal Rental Development Application and that they understand and commit to the Quality Standards marked Yes.

Indicator	Certification of Quality	Verifiable Quality Measures in Pre-Development and Program Planning
Resident Centered		
Resident-Driven Planning	<input type="checkbox"/> Yes <input type="checkbox"/> No	During the project planning process, individuals representing the priority target population have been involved, either through at least one individual meeting with the supportive housing project team and/or at least one focus group with members of the targeted tenancy.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are multiple documented plans of how resident feedback is and will continue to be incorporated into the supportive housing project.
Commitment to Supportive Housing Goals	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are written goals and/or targeted resident outcomes for the supportive housing project.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The project will have a reliable method for collecting and reviewing data on the targeted resident outcomes (such as housing retention, income, changes in health outcomes, employment, social connectedness).
Privacy & Living Space (Necessary Amenities)	<input type="checkbox"/> Yes <input type="checkbox"/> No	Based on the household composition of the planned priority population, there will be an adequate number of bedrooms per unit.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	Sharing of bedrooms by non-related, single, adult residents will not be required.
Resident Education	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Property Management plan will require the management company to provide residents an orientation introducing them to their apartment and neighborhood, and their rights and responsibilities as leaseholders as part of the move-in process.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Services Plan will include an adequate level of on-site tenancy supports (caseloads of 1:10-1:25) and opportunities for residents to build their skills through on-site workshops/ or outside linkages.
Resident Feedback	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Property Management and/or Services Plan will indicate that a resident satisfaction survey will be administered on an annual basis. There will be a written description of the system for reviewing survey results and responding to resident feedback.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Property Management or Services Plan indicates that there will be a resident council, focus group or another resident-led group that meets regularly with the supportive housing project partners. There will be a written description of the system for reviewing and responding to resident feedback.
Services Design	<input type="checkbox"/> Yes <input type="checkbox"/> No	The services plan demonstrates that participation in services is voluntary, meaning that residents can choose whether to participate and select the services they prefer.

Accessible

Location	<input type="checkbox"/> Yes <input type="checkbox"/> No	Residents can easily access a wide array of amenities on their own (public transportation, grocery stores, community centers, health clinics, etc.) that reflect local community standards.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	In locations where this is not feasible, the project will have a plan to assist residents in accessing needed resources.
Physical Accessibility	<input type="checkbox"/> Yes <input type="checkbox"/> No	There will be a system in place to ensure that any needed accommodations are requested and completed prior to resident move-in.
Housing First	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Resident Selection Plan and all written policy and procedures will state that the eligibility criteria for the supportive housing meet the minimum that the funder(s) or landlord requires (without additional criteria imposed). (I.e. The project minimizes barriers to entry to ensure that its targets residents can quickly and easily access the supportive housing.)
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Resident Selection Plan and all written policy and procedures will not require sobriety as an eligibility requirement to enter the supportive housing.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Resident Selection Plan and all written policy and procedures will not require medication compliance as an eligibility requirement to enter the supportive housing.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Resident Selection Plan and all written policy and procedures will not require participants to participate in services as an eligibility requirement to enter the supportive housing.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The Resident Selection Plan and all written policy and procedures will not require a minimum income as an eligibility requirement to enter the supportive housing.
Application Process	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are (existing, or plans for) outreach protocols and designated staff assigned to find households after receiving referrals.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The housing application and screening processes will be fully accessible to persons with disabilities.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	Appropriate, reasonable accommodations and necessary supports will be provided, as needed, during the application and screening processes.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The housing application will be separate from any service needs assessment and will not request detailed clinical information.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	There will be a timely and clearly stated process for the approval or denial of housing applications and appeals.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	There will be an established system for staff to communicate with residents and referral sources during the application process and to track and retain documentation.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The supportive housing application and intake processes will ONLY include the minimum number of questions needed to determine resident eligibility, such as those required by funders.

Availability of Services	<input type="checkbox"/> Yes <input type="checkbox"/> No	The services plan outlines responsibility of services staff to ensure that residents are aware of available services, can modify their services at any time, and that service hours and locations are convenient (including outside of normal business hours and in crisis situations).
Coordinated		
Roles and Responsibilities	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are written descriptions of each supportive housing partner's role, including, at minimum, the project sponsor, housing and/or property manager and supportive services provider. These descriptions detail the responsibilities of each partner.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	Written descriptions will be reviewed and revised annually by all partners.
Communication	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are forums for all partners to discuss the status of the project, their roles and the coordination of their efforts on a regular basis.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	There are established procedures for communication between scheduled meetings.
Coordinating Property/ Housing Management & Supportive Services	<input type="checkbox"/> Yes <input type="checkbox"/> No	Both the service provider AND property management group (if project based) or housing management office (if scattered site) are committed to developing an eviction prevention plan and a rent repayment plan template. (This commitment can be included in MOUs outlining roles or demonstrated in meeting minutes)
Connections with Mainstream and Community-Based Service Providers	<input type="checkbox"/> Yes <input type="checkbox"/> No	Supportive Housing Service Plan and/or the MOU with the service provider includes serving as a coordinator with other mainstream service providers. (The primary service provider facilitates residents' connections to resources and supportive services in the community, particularly behavioral healthcare, primary healthcare, substance use treatment and support, and employment.)
Integrated		
Community Dialogue	<input type="checkbox"/> Yes <input type="checkbox"/> No	The supportive housing project partners have <u>identified a lead partner</u> who will be active in ongoing community dialogue and activities (including participating in community improvement activities, soliciting neighborhood input on design, development and operating plans, identifying neighborhood needs or preferences for the design, receiving and responding to community concerns, and providing regular updates on the development process).
Housing Unit Choice	<input type="checkbox"/> Yes <input type="checkbox"/> No	Supportive housing partners have a clear understanding of and written description of <u>which partner</u> will work with residents to: <ol style="list-style-type: none"> 1) Develop an understanding of their needs and wants from a housing unit and 2) Search for and select a housing unit that meets their needs, including any accessibility needs and reasonable accommodations requests.

Leases and Resident Rights	<input type="checkbox"/> Yes <input type="checkbox"/> No	All supportive housing residents will be provided with leases or subleases identical to non-supportive housing residents — without service participation requirements or limits on length of stay (as long as lease terms are met).
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The project has procedures in place to ensure that residents are provided with a copy of their lease and have a clear understanding of their rights and responsibilities as residents.
Community Connections	<input type="checkbox"/> Yes <input type="checkbox"/> No	The primary service provider is committed to working with residents to 1) identify community opportunities, resources and relationships to support community connection, and to 2) ensure that residents have the support and access to resources needed to pursue these connections.
Sustainable		
Operating Funding	<input type="checkbox"/> Yes <input type="checkbox"/> No	The operating budget includes long-term operating subsidies or a rent reserve sufficient to meet operational costs for the supportive housing units while maintaining affordable resident rents.
	<input type="checkbox"/> Yes <input type="checkbox"/> No	The operating budget will include a recurring contribution to a replacement reserve to repair/replace major systems that is consistent with MFA standards.
Housing Maintenance	<input type="checkbox"/> Yes <input type="checkbox"/> No	Property management staff has a comprehensive, written plan and schedule for inspections, pest control, routine maintenance and replacement activities designed to sustain the quality of the physical environment.

I hereby certify that the information indicated above is true and accurate. I understand that in affirming our commitment to quality supportive housing this project and its supporting documentation may be subject to review for verification of the certification of quality standards.

Signature: _____ Printed Name: _____
 Title: _____ Date: _____



MEMO

TO: Board of Directors

Through: Policy Committee on May 3, 2022
Contracted Services Committee on May 10, 2022

FROM: Robyn Powell, Research and Development Manager

DATE: May 18, 2022

SUBJECT: 2022 Legislative Session Capital Outlay and FRF II Short Term Funds Program Uses

Recommendation

Staff recommends the Board of Directors approve the proposed uses for

1. 2022 Legislative Session American Rescue Plan Act Fiscal Recovery Funds II (FRF II) in the amount of \$10,000,000, and
2. 2022 Legislative Session Capital Outlay funds in the amount of \$9,000,000.

Staff also recommends the Board provide flexibility to move funding between these proposed uses based on need and to ensure compliance with contractual deadlines.

Background:

During the 2022 Legislative Session, MFA was awarded American Rescue Plan Act Fiscal Recovery Funds through the State's General Appropriation Act of 2022 and capital outlay funds through the and the Capital Expenditures Act, both of which will be administered through the New Mexico Housing Trust Fund (HTF) in the amounts of \$10 million and \$9 million, respectively.

Discussion:

ARPA FRF II

MFA received \$15 million of ARPA FRF funds during the 2021 Special Legislative Session. Those funds were allocated at the March 2022 Board meeting. The March 16, 2022 "Proposed Uses of \$15 million Awarded During the Special Legislative Session" Board memo provides an analysis of the Final for ARPA FRF issued by Treasury. This second APRA FRF allocation will be administered under the same guidelines for Eligible Enumerated Uses for Impacted Households and Disproportionally Impacted Households.

Capital Outlay

Capital outlay funds will be administered pursuant to the New Mexico Affordable Housing Act and New Mexico Housing Trust Fund guidelines.

Proposed Program Allocations

The Regular Session funds must be expended by June 30, 2025, staff is currently working on the grant agreement with the State of New Mexico Department of Finance and Administration (DFA).

Staff proposes the following uses:

Homeownership	Funding source: FRF II Funding amount: \$8,000,000
Proposed use: Down Payment Assistance	
Currently, the HomeNow program provides down payment assistance grants up to \$8,000 to assist low-and-moderate income families achieve homeownership. Due to rising housing costs and competitive market conditions, many income-eligible households are shut out of the opportunity to purchase a home.	
To provide more access to homeownership for households earning 300% of the Federal Poverty guidelines, eligible households will receive an additional forgivable grant of \$25,000. In total, qualified households may be eligible for up to \$33,000 in total down payment assistance.	
This additional down payment program could assist up to 320 households.	
Housing Development	Funding source: FRF II Funding amount: \$2,000,000
Proposed use: Grant Financing for the Homeless and At-Risk of Homelessness Rental Housing Program	
In April 2022 HUD approved MFA's HOME-ARP plan, which included an allocation of \$7,640,668 for rental housing for persons experiencing homelessness and persons at risk of homeless. The \$2,000,000 FRF allocation will supplement these activities. The funds will be disbursed through an RFP process currently underway.	
Housing Development	Funding source: Capital Outlay Funding amount: \$6,000,000
Proposed use: Affordable rental housing development activities	
Funding through the HTF for statewide projects identified for new construction and rehabilitation.	
Neighborhood Revitalization	Funding source: Capital Outlay Funding amount: \$2,000,000
Proposed use: Acquisition, Rehab, Resale Program (ARRP)	
Assisting communities in reducing abandoned properties that reduce values in the community by providing acquisition funding for single-family neighborhood revitalization projects. Homes will be rehabilitated and then sold to low-and-moderate income household.	

Community Development	Funding source: Capital Outlay Funding amount: \$1,000,000
Proposed use: Weatherization/Weatherization Readiness/Energy Efficient Rehabilitation	
Funding for energy efficient home rehabilitation, either layered with existing programs (e.g., Dept. of Energy (DOE) Weatherization Assistance Program (WAP)) or standalone funding for qualifying households. Funding may fill in funding gaps where certain work is not eligible under other programs.	

Summary:

MFA received \$19 million in funding through the 2022 Legislative Session which must be expended by June 30, 2025.

Staff recommends the Board of Directors approve the proposed uses for:

1. 2022 Legislative Session American Rescue Plan Act Fiscal Recovery Funds II (FRF II) in the amount of \$10,000,000, and
2. 2022 Legislative Session Capital Outlay funds in the amount of \$9,000,000.

Staff also recommends the Board provide flexibility to move funding between these proposed uses based on need and to ensure compliance with contractual deadlines.



MEMO

TO: MFA Board of Directors

Through: Contracted Services on May 10, 2022

Through: Policy Committee on May 3, 2022

FROM: Lucas Wylie, Program Manager

DATE: May 18, 2022

SUBJECT: 2022/2023 Emergency Solutions Grant Rapid Re-Housing and Homeless Prevention Program Award Recommendations

Recommendation:

Staff recommends approval of the 2022/2023 Emergency Solutions Grant Rapid Rehousing and Homeless Prevention Program (ESG RR-HP) awards for eight subrecipients in the amount of \$898,412.44. Upon approval, award letters will be provided to all Offerors. Upon MFA board approval, the awards will become final.

Background:

The ESG RR-HP Program uses a combination of U.S. Department of Housing and Urban Development (HUD) ESG funds along with the State Homelessness funding. The program follows the regulations of the ESG program; 24 CFR Part 576.

The program components are designed to identify sheltered and unsheltered homeless persons who would benefit from this short- and medium-term rental assistance, as well as those most at risk of homelessness by providing housing stability case management and/or housing search and placement to help households quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

Discussion:

On February 16, 2022, MFA's board of Directors approved the RFP for ESG RR-HP program which will be valid for five program years beginning July 1, 2022, through June 30, 2027. The RFP was released on February 24, 2022. There were 14 Offerors who applied for the funding. Scoring was based on past performance, experience and capacity, and financial audit results, by the program manager, team lead and the review committee that was approved by MFA. Proposals that scored below 60% of the total possible points were not considered for funding according to the rules of the RFP.

Per the RFP, a maximum of three service providers would be selected for Bernalillo County; at least one that serves all populations and one that serves domestic violence survivors. Since there were

six Offerors for the county of Bernalillo, the three Offerors with highest score are being recommended for this program funding.

Offerors indicated in the RFP which counties they were able to serve. Per the RFP, only one service provider per county would be selected, with the exception of Bernalillo County. In the instance where more than one Offeror applied for a county, the Offeror with the highest score received the award for that county.

Award determinations were allocated based on county population, percent of population living in poverty, and RFP score.

Of the 14 proposals submitted, eight are being recommended for funding and six Offerors were not selected for the various reasons noted below.

Offerors and Award Recommendations

Offeror	Service Territory	Award	RFP Score
Alianza of New Mexico	Eddy, Chaves, Lea	\$98,007.36	92
Catholic Charities	Bernalillo, Sandoval	\$151,758.31	95
Enlace Comunitario	Bernalillo, Valencia	\$125,806.91	88
Help-NM	Curry, De Baca, Hidalgo, Grant, Guadalupe, Lincoln, Luna, Roosevelt, San Miguel, Torrance, Quay	\$98,138.59	86
HopeWorks	Bernalillo	\$105,036.92	94
Mesilla Valley Community of Hope	Dona Ana, Otero	\$128,864.03	102
San Juan County Partnership	San Juan	\$77,674.37	96
The Life Link	Los Alamos, Rio Arriba, Santa Fe, Taos	\$113,125.95	97
Total		\$898,412.44	

Offerors Not Being Recommended

Offeror	Score	Reason
Crossroads for Women	63	Other Offerors in Bernalillo County received a higher score
Cuidando Los Ninos	86	Other Offerors in Bernalillo County received a higher score
Option, Inc.	47	Did not score 60% of the possible points
S.A.F.E. House, Inc.	68	Only 1 DV service provider was selected for Bernalillo County and another DV provider received a higher score
St. Elizabeth Shelter	78	Other Offeror for Santa Fe received a higher score
Valencia Shelter Services	72	Other Offeror for Valencia County received a higher score

If approved, proper notification will be provided to all Offerors. The protest period will begin on May 4. If there are no protests, the recommendations will be presented to MFA's Board of Directors for final approval.

Successful Offerors will enter into a performance agreement with MFA on an annual basis for the next five program years. The program begins July 1, 2022, through June 30, 2023. Offerors selected through this RFP process will be required to submit a renewal package on an annual basis according to the renewal criteria in Section II, Part 21 of the RFP.

The chart below shows the funding sources and the amounts that will be used to fund the program. The amounts listed are estimates based on the allocations that MFA received in 2021. We do not expect a significant increase however in the event that the allocations differ from the estimates, the program allocations and individual awards will be adjusted accordingly.

Estimated Funding for 2022-2023 Program Year	
Emergency Solutions Grant (HUD)	\$1,204,224.00
State Homeless	\$1,215,700.00
Emergency Solutions Grant Carryover	\$50,435.58
Human Services Department - State	\$50,000.00
Total	\$2,520,359.58

This chart shows how the amounts allocated to each program.

Estimated Program Allocation	
Homeless Management Information System – NM Coalition to End Homelessness	\$88,000.00
Emergency Homelessness Assistance Program	\$941,768.00
Emergency Solutions Grant Rapid Rehousing/Homeless Prevention	\$898,412.44
Continuum of Care	\$461,966.00
MFA Admin Fee (ESG & State)	\$130,213.14
	\$2,520,359.58

Summary:

Staff is requesting approval of the awards for the Emergency Solutions Grant Rapid Rehousing and Homeless Prevention (ESG RR-HP) awards in the amount \$898,412.44 to eight subrecipients. If approved, the subrecipients of this funding will receive an annual award for the next five program years beginning July 1, 2022.



MEMO

TO: MFA Board of Directors

Through: Contracted Services/Credit Committee May 10, 2022

Through: Policy Committee May 3, 2022

FROM: Theresa Laredo-Garcia, Program Development Manager

DATE: May 18, 2022

SUBJECT: Eastern Regional Housing Authority (ERHA) – Woodleaf Apartments
Property Sale

Recommendation:

Staff is providing an update on ERHA activities surrounding the sale of their property identified as Woodleaf Apartments.

Background:

In the 2009 Legislative Session, the New Mexico state legislature enacted Senate Bill 20 (Laws of New Mexico 2009, Chapter 28) amending the Regional Housing Law 11-3A-20 NMSA 1978, to re-define the activities of the Regional Housing Authorities and to mandate that MFA provide oversight of certain activities

The Department of Housing and Urban Development (HUD) funds the Regional Housing Authorities and is the agency that approves operational activities. MFA is in a role of oversight and works closely with HUD to obtain information as required per the 2009 Senate Bill 20. MFA has oversight responsibilities of the items listed below.

1. Review of the RHAs operating budget (MFA Staff)
2. Approve any new member(s) of the RHAs Board of Commissioners (MFA Board)
3. Approve new Executive Directors (MFA Board)
4. Review reports of the creation/dissolution of nonprofit entities of the RHAs (MFA Staff and Board)
5. Approve contracts and MOUs with a value greater than \$100,000 (MFA Board)
6. **Approve transfers, sales, or liquidations of any real or personal property with a value greater than \$100,000 (MFA Board Approval)**
7. Review of the RHA's external financial audits (MFA Staff and Board)

Discussion:

As required by NMSA Section 11-3A-30, MFA's oversight process for the transfer, sale, or liquidation of any real property with a value greater than \$100,000 requires the Regional Housing Authority (RHA) to comply with the required activities on the "Sale of Property Checklist". (Exhibit A)

ERHA has diligently performed the required activities to ensure the sale of the property is compliant with MFA's compliance oversight process. ERHA will prepare and report the offers to MFA which will be presented for approval by MFA's Board in June 2022.

The following activities have been completed in the process:

- ERHA has completed a Board Resolution Authorizing Sale of Property
- Letter to MFA advising of their intent to sell the property
 - Narrative Analysis as to why RHA is selling the property.
 - ERHA has provided the Current Property Operating Report, and;
 - ERHA report on all Real Estate Owned properties.
- ERHA has obtained an Appraisal by an MFA approved appraiser
- They have prepared and submitted a Marketing Plan with backup to support completed activities including RFP for Realtor services and selection.

Summary:

Staff is providing this update on ERHA's activities surrounding the sale of the Woodleaf Apartments to prepare for the presentation of sales offers in June.

EXHIBIT A**Regional Housing Authority (RHA) Sale of Property Checklist**

As required by NMSA Section 11-3A-30, if a RHA desires to sell or liquidate real property with a value greater than \$100,000 the transaction must be approved by MFA's Board of Directors.

Required documents needed prior to MFA's Board of Director Approval

	RHA Board Resolution Authorizing Sale of Property
	Letter to MFA Requesting Approval to Sale Property
	Narrative Analysis as to why RHA is requesting the sale of the property
	Current Property Operating Report
	RHA Report on all Real Estate Owned
	MFA order Appraisal – paid for by RHA
	Marketing Plan for MFA approval (See Below Details)
	Notice of Request for Sale Proposal
	Proof of Implementation of MFA approved Marketing Plan
	Copy of Request for Proposal
	Final Appraisal (ordered by MFA) dated within 1 year of when presented to MFA's Board for Approval
	Purchase and Sale Agreement
	Commitment Letter from Buyer
	Commitment for Title Insurance
	MFA to Provide a Letter of Approval to Sale Property for Closing (After MFA Board Approval)

MARKETING PLAN

MFA will require marketing efforts that exceed State Procurement requirements. While those efforts may not include listing the property with a broker, MFA will require that in addition to purchasing an ad in a newspaper of general circulation that they submit to MFA for approval, one or more of the following media to market the property.

- Listing with a broker
- MLS Listing
- Social Media
- Direct marketing to developers/non-profits
- Direct marketing to commercial Real Estate brokers

NOTE: This list is not all inclusive and the appropriate method/medium of marketing will be tailored on a case by case basis.



MEMO

TO: MFA Board of Directors
Through: Strategic Management Committee – April 25, 2022

FROM: Rebecca Velarde, Senior Director of Policy and Planning

DATE: May 18, 2022

SUBJECT: Mid-Year 2 (FY 2022) Changes to MFA FY 2021-2025 Strategic Plan

Recommendation:

Staff recommends board approval of the attached changes in strike-through, underline format to MFA's FY 2021-2025 Strategic Plan, which include new/changed strategic initiatives and benchmarks for Year 2 (FY 2022).

Background:

MFA's current strategic plan is for FY 2021-2025. MFA completed the first year (FY 2021) of the plan on September 30, 2021 and began the second year (FY 2022) on October 1, 2021. The Strategic Management Committee is recommending changes to some strategic initiatives and benchmarks to reflect work planned for Year 2.

Summary:

Board approval is requested for changes to MFA's FY 2021-2025 Strategic Plan for Year 2 (FY 2022). MFA completed the first year (FY 2021) of the plan on September 30, 2021 and began the second year (FY 2022) on October 1, 2021. Year 2 strategic plan changes include new/changed strategic initiatives and benchmarks.



Expanding MFA's Reach

MFA FY 2021-2025
**Strategic
Plan**





MFA Vision, Mission and Core Values

Vision

All New Mexicans will have quality affordable housing opportunities.

Mission

MFA is New Mexico's leader in affordable housing. We provide innovative products, education and services to strengthen families and communities.

Core Values

→ Responsive

To meet New Mexico's needs, MFA optimizes resources, cultivates partnerships and makes our programs accessible.

→ Professional

MFA upholds high personal and professional standards. We comply with regulations and ensure prudent financial stewardship.

→ Dynamic

MFA is a dynamic place to work. Our employees are our strength. We embrace diversity and provide opportunities for personal and professional growth.





Strategic Plan Themes

Addressing the Affordable Housing Shortage

New Mexico has a shortage of affordable housing units and a lack of resources required to meet the housing needs of its residents, including vulnerable and rural populations. In addition, much of New Mexico's housing stock is aging and in poor condition. All of these factors have significant social and economic implications.

Partnerships

In order for MFA programs to have a positive impact on communities throughout the state, it is imperative that partnerships with a variety of housing-related entities are developed, maintained and expanded.

Public Education

Although MFA has a strong reputation among its partners, there is a need to further educate the public about the value of quality affordable housing in general and, specifically, about MFA's products and programs.



Strong Financial Management

MFA must continue its tradition of strong financial management in order to weather changing and uncertain market and political conditions.

Technology and Cybersecurity

Cybersecurity and state-of-the-art technology allow MFA to continually improve its business practices and customer service.

Staffing and Work Environment

Appropriate staffing levels and a dynamic, team-oriented and healthy work environment are critical to MFA's success.

2021-2025 Goals

GOAL 1



Create
affordable
housing
opportunities
that support
and strengthen
New Mexico's
communities.

GOAL 2



Build
a network of
advocates and
partners that
work to create
and promote
affordable
housing in the
state.

GOAL 3



Maintain
judicious
financial
stewardship
and principled,
efficient
business
practices.

GOAL 4



Provide
robust
technological
solutions.

GOAL 5



Foster
a healthy,
dynamic and
team-oriented
work
environment.

GOAL 1



Create affordable housing opportunities that support and strengthen New Mexico's communities.

Objectives

- ➔ **Objective 1:** Promote health, safety and environmental efficiency through improvements to New Mexico's existing housing stock.
- ➔ **Objective 2:** Reduce the personal and societal costs of homelessness through programs and housing opportunities for persons experiencing or at risk of homelessness.
- ➔ **Objective 3:** Strengthen financial security and stability and improve long-term outcomes of low- to moderate-income households through new affordable multifamily housing.
- ➔ **Objective 4:** Increase wealth building opportunities through promoting sustainable, affordable homeownership programs and affordable single-family home development.
- ➔ **Objective 5:** Address unmet housing needs for underserved populations including vulnerable and rural populations.



GOAL 2



Build a network of advocates and partners that work to create and promote affordable housing in the state.

Objectives

- ➔ **Objective 1:** Provide education on the value of quality affordable housing and the social and economic impact of MFA's products and programs.
- ➔ **Objective 2:** Strengthen partners' capacity to deliver MFA's affordable housing products and programs in every area of the state.
- ➔ **Objective 3:** Expand the network of stakeholders that are committed to affordable housing and housing-related programs.



GOAL 3



Maintain judicious financial stewardship and principled, efficient business practices.

Objectives

- ➔ **Objective 1:** Optimize existing financial strategies and evaluate new financial tools
- ➔ **Objective 2:** Expand and diversify MFA's financial opportunities, grow current resources and establish new resources
- ➔ **Objective 3:** Continuously improve processes and systems to ensure quality customer service and maximize programmatic impact



GOAL 4



Provide robust technological solutions.

Objectives

- ➔ **Objective 1:** Implement and maintain state-of-the-art technology that will support MFA staff, partners and clients
- ➔ **Objective 2:** Maintain system reliability
- ➔ **Objective 3:** Protect MFA's data and systems

GOAL 5



Foster a healthy, dynamic
and team-oriented work
environment.

Objectives

- ➔ **Objective 1:** Cultivate an environment that encourages the open exchange of ideas and accommodates an ever-changing work dynamic to attract and retain employees
- ➔ **Objective 2:** Offer opportunities for staff development and advancement and ensure the transfer of institutional knowledge
- ➔ **Objective 3:** Ensure appropriate staffing levels so that employees have a balanced workload



2021-2025 Strategic Plan Objectives, Initiatives and Benchmarks

GOAL 1



Create affordable housing opportunities that support and strengthen New Mexico's communities.

	objective	initiatives	benchmarks
Objective 1	Promote health, safety and environmental efficiency through improvements to New Mexico's existing housing stock.	<ul style="list-style-type: none"> Expand and update weatherization and rehabilitation programs Increase rehabilitation of older single-family housing stock Increase rehabilitation of older single-family housing stock through an acquisition/rehab/resale program. 	1. Provide mortgage financing for 2,043 homebuyers.
Objective 2	Reduce the personal and societal costs of homelessness through programs and housing opportunities for persons experiencing or at risk of homelessness.	<ul style="list-style-type: none"> Connect more individuals experiencing homelessness with services Prevent homelessness through expansion of the Rental Assistance Program (RAP). 	2. Maintain average mortgage product utilization of 25% of all FHA loans recorded in New Mexico.
Objective 3	Strengthen financial security and stability and improve long-term outcomes of low- to moderate-income households through new affordable multifamily housing.	<ul style="list-style-type: none"> Evaluate current QAP and consider changes Promote the utilization of 4% LIHTC Evaluate multifamily loan product changes Prioritize LIHTC resyndication along with loan modification and restructuring Evaluate mechanisms to increase utilization of the 542(c) Risk Share program 	3. Finance the development and/or preservation of 850 rental and homeownership units.
Objective 4	Increase wealth building opportunities through promoting sustainable, affordable homeownership programs and affordable single-family home development.	<ul style="list-style-type: none"> Explore methods to finance affordable single family housing development Explore methods to increase homeownership access Evaluate options to improve borrower financial literacy and credit Manage single family loan production concentration risk Manage mission-driven single family lending activities and level of risk 	4. Maintain a 35% exit rate of individuals experiencing homelessness served to permanent housing through EHAP.
Objective 5	Address unmet housing needs for underserved populations including vulnerable and rural populations.	<ul style="list-style-type: none"> Prioritize funding for permanent supportive, rural, tribal and senior housing Explore mechanisms to support housing options for youth between 18 and 25 years old that are aging out of the foster care system Evaluate barriers to develop manufactured housing and potential funding source(s) Effectively provide housing assistance to households experiencing financial hardship due to COVID-19 Evaluate mechanisms to increase participation of rural and tribal borrowers 	5. Achieve annual combined average loan delinquencies of MFA serviced portfolio below 9.0%.
			6. Maintain subserviced portfolio delinquency percentage below the Federal Housing Administration Loan Performance Trend delinquency rate (purchase loans only).
			7. Evaluate at least three new specialty products or significant program or product improvements.



2021-2025 Strategic Plan Objectives, Initiatives and Benchmarks

GOAL 2



Build a network of advocates and partners that work to create and promote affordable housing in the state.

	objective	initiatives	benchmarks
Objective 1	Provide education on the value of quality affordable housing and the social and economic impact of MFA's products and programs.	<ul style="list-style-type: none"> Continue to stay current with digital media outreach strategies Implement a comprehensive, multi-pronged communication and marketing plan Improve MFA's website Provide in-depth board sessions Establish partnership between Communications and IT to ensure proper use of MFA technology for improved stakeholder engagement. 	<ol style="list-style-type: none"> 1. Increase digital media engagement rate by 10% each quarter. <p>Achieve an average of 1,925 social media engagements each quarter across all platforms.</p>
Objective 2	Strengthen partners' capacity to deliver MFA's affordable housing products and programs in every area of the state.	<ul style="list-style-type: none"> Evaluate mechanisms to increase partner capacity 	<ol style="list-style-type: none"> 2. Expand services of at least one program to an underserved area of the state. 3. Conduct outreach to and/or assist at least 25 105 local governments, tribal governments, potential new program partners and/or elected officials. 4. Provide at least 34 50 formal group training opportunities for property owners, developers, service providers and/or lenders.
Objective 3	Expand the network of stakeholders that are committed to affordable housing and housing-related programs.	<ul style="list-style-type: none"> Evaluate options to seek and/or support development of new partners in areas where MFA does not offer services Create and lead the Housing New Mexico Advisory Committee. Increase knowledge of and support for affordable housing among decision makers Create a statewide housing strategy Evaluate the effect of housing programs on societal issues and consider future collaborations 	<ol style="list-style-type: none"> 5. Implement MFA housing summit or open house.



2021-2025 Strategic Plan Objectives, Initiatives and Benchmarks

GOAL 3



Maintain judicious financial stewardship and principled, efficient business practices.

objective

initiatives

benchmarks

Objective 1

Optimize existing financial strategies and evaluate new financial tools.

- Evaluate and implement the sale of individual single family mortgage loans
- Move the review and purchase function of single family program loans to MFA from subservicer

1. Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits.
2. Maintain or improve credit rating.

Objective 2

Expand and diversify MFA's financial opportunities, grow current resources and establish new resources.

- Assess the effectiveness of the current funding strategy and use of existing resources
- Evaluate new funding opportunities for housing loans and grant programs

3. Achieve operating performance and profitability equal to net revenues over total revenues of at least XX **11.3%**, based on five-year average.
4. Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least XX **26.8%**, based on five-year average.

Objective 3

Continuously improve processes and systems to ensure quality customer service and maximize programmatic impact.

- Improve multifamily housing resource application process
- Improve multifamily housing resource allocation process.
- Evaluate and implement internal efficiency improvements
- Evaluate board reporting needs and streamline as necessary
- Explore providing services directly
- Evaluate outsourcing opportunities
- Reach out to current and potential partners and innovate

5. Realize administrative fee of at least 18 basis points on all bond issues.
6. Realize profitability of .5% on TBA executions.
7. Maintain servicing fee yield at an average of XX **0.41%** of the purchased servicing portfolio.
8. Earn 100% base fees for PBCA contract.
9. Yield a collection rate of 95% or greater for compliance monitoring fees.
10. Meet commitment and expenditure requirement of 95% of recurring grant funding.
11. Provide at least \$7,700,000 in resources for affordable housing through expenditure of New Mexico Housing Trust Funds, contributions through the state affordable tax credit program, and allocations of 4% LIHTCs.
12. Evaluate at least one new business model or financial tool.
13. Increase funding by at least ~~one~~ **six** new sources.
14. Improve at least ~~three~~ **15** MFA processes or resources.



2021-2025 Strategic Plan Objectives, Initiatives and Benchmarks

GOAL 4

Provide robust technological solutions.

	objective	initiatives	benchmarks
Objective 1	Implement and maintain state-of-the-art technology that will support MFA staff, partners and clients.	<ul style="list-style-type: none"> Continue evaluating and implementing technology solutions Address software capacity limits as servicing grows 	<ol style="list-style-type: none"> Maintain a RS3 score greater than or equal to 725 765, averaged over four quarters. Achieve a Recovery Point Objective (RPO) for infrastructure servers at or below ten minutes and a Recovery Time Objective (RTO) at or below six hours. Implement new software solutions.
Objective 2	Maintain system reliability.		
Objective 3	Protect MFA's data and systems.	<ul style="list-style-type: none"> Continually review and implement recommendations of security vendors 	



2021-2025 Strategic Plan Objectives, Initiatives and Benchmarks

GOAL 5

Foster

a healthy, dynamic and team-oriented work environment.

	objective	initiatives	benchmarks
Objective 1	Cultivate an environment that encourages the open exchange of ideas and accommodates an ever-changing work dynamic to attract and retain employees.	<ul style="list-style-type: none"> • Maintain culture and encourage open exchange of ideas • Reward creativity, innovation and performance • Improve communication and collaboration 	<ol style="list-style-type: none"> 1. Participate in Annual Employee Engagement Survey and determine and implement actionable steps to address opportunities for improvement. 2. Complete compensation survey.
Objective 2	Offer opportunities for staff development and advancement and ensure the transfer of institutional knowledge.	<ul style="list-style-type: none"> • Improve and expand employee development programs. • Improve new hire training process • Transfer institutional knowledge 	
Objective 3	Ensure appropriate staffing levels so that employees have a balanced workload.	<ul style="list-style-type: none"> • Conduct staffing assessment. 	



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

Department and Program	Project	Action Taken	Comments / Date Approved
Housing Development	Hope Village NMHTF Loan (NMHTF18001) Modification	NMHTF Loan modification to decrease the interest rate from 3% to 1% to improve the project's debt service coverage and, thereby, allow the project to use the additional cash flow to provide much needed services	Approved by Jeff Payne on March 31, 2022
Servicing Department	Quarterly Quality Control Review Loan Servicing for February 2022	Approval of report issued by REDW – no findings.	Approved by Policy Committee on April 5, 2022
Community Development-Weatherization Assistance Program	LIHEAP -Transfer Administrative Fees to Service Providers	Approval to transfer excess MFA LIHEAP administrative fees to Service Providers to be used to weatherize more homes.	Approved by Donna Maestas-De Vries on April 6, 2022
Community Development-Youth Homelessness Demonstration Project	Landlord Collaboration Program Funding	Approval to launch the Landlord Collaboration Program in partnership with The New Mexico Children Youth and Families Department. Funds will be distributed by MFA to landlords who rent to youths and young adults, on a case-by-case basis to cover costs such as excessive damage to rental units, lost rent, or legal fees beyond the security deposit.	Approved by Policy Committee on April 11, 2022
Housing Development	Loma Parda HOME loan (HM053) modification	HOME Loan modification to modify the terms of the Loma Parda HOME loan (HM053) including an interest rate reduction from 6.5% to 0%, amending the payment schedule from monthly 1% interest only payments to 288 equal monthly principal only payments, and to agree to forgive all unpaid accrued, deferred interest upon the full repayment of the original principal balance (currently \$665,225).	Approved by Jeff Payne on April 20, 2022
Community Development-Weatherization Assistance Program	Transfer MFA's DOE Administrative Fees to Service Providers and to Transfer Southwest Regional DOE Capital Outlay to ICAST	Approval to transfer excess MFA DOE administrative fees to service providers and to transfer Southwest Regional's excess DOE Capital Outlay funding to ICAST to be used to weatherize more homes.	Approved by Donna Maestas-De Vries on April 20, 2022
Community Development-ESG Rapid Re-housing and Homeless Prevention	Administrative Funds for Emergency Solutions Grant Rapid Re-housing	Approval of MFA to share 50% of their Emergency Solutions Grant (ESG) and State Homeless administrative funds with the subrecipients who administer the Rapid Re-housing/Homeless Prevention Program for a total of	Approved by Policy Committee on April 26, 2022

Department and Program	Project	Action Taken	Comments / Date Approved
		\$105,946.50. Sharing the funds would give them much-needed funding to help cover the operating expenses.	

COVID-19
Staff Actions Requiring Notice to Board
During the Period of April 7, 2022 - current

Department and Program	Project	Action Taken	Comments / Date Approved
Homeowner Assistance Fund (HAF) Program Team	HAF Software Replacement	Delegates approved staff request to replace HAF software.	April 28, 2022



MFA Strategic Plan Benchmarks

FY 2022

Goal 1 - Create affordable housing opportunities that support and strengthen New Mexico's communities



Benchmark: 1

Provide mortgage financing for 2,043 homebuyers

Q1	On Target	MFA financed 651 homebuyers in Q1 of FY 2022 and 651 homebuyers YTD.
Q2	On Target	MFA financed 557 homebuyers in Q2 of FY 2022 and 1208 homebuyers YTD.



Benchmark: 2

Maintain average mortgage product utilization of 25% of all FHA loans recorded in New Mexico

Q1	On Target	The MFA quarterly product utilization reported for Q1 is 28.79% for a YTD average of 28.79%.
Q2	On Target	The MFA quarterly product utilization reported for Q2 is 25.77% for a YTD average of 27.28%.



Benchmark: 3

Finance the development and/or preservation of 850 rental and homeownership units

Q1	On Target	Financed development of 546 units and preserved 90 units in Q1, for a YTD total of 636 units developed and preserved.
Q2	On Target	No Closings in Q2. Financed development of 546 units and preserved 90 units in Q1, for a YTD total of 636 units developed and preserved.



Benchmark: 4

Maintain a 35% exit rate of individuals experiencing homelessness served to permanent housing through EHAP

Q1	On Target	The Q1 unduplicated clients were 352, and of these 173 (49%) exited to permanent housing. YTD rate is 49%.
Q2	On Target	The Q2 unduplicated clients were 369, and of these 110 (30%) exited to permanent housing. YTD rate is 39.25%.



Benchmark: 5

Achieve annual combined average loan delinquencies of MFA serviced portfolio below 9.0%

Q1	On Target	Delinquency for Q1 is 8.62%.
Q2	On Target	Delinquency for Q2 is 8.40%.



Benchmark: 6

Maintain subserviced portfolio delinquency percentage below the Federal Housing Administration Loan Performance Trend delinquency rate (purchase loans only)

Q1	On Target	Maintained a 13.35% delinquency rate compared to an FHA purchase, US delinquency rate of 15.01%.
Q2	On Target	Reduced delinquency to 11.60% delinquency compared to an FHA purchase, US delinquency rate of 13.67%.



MFA Strategic Plan Benchmarks

FY 2022



Benchmark: 7

Evaluate at least three new specialty products or significant program or product improvements

Q1	Met	In Q1, MFA staff evaluated three new products or program improvements, including 1) Evaluated eliminating the requirement for single family home borrowers to contribute \$500 to the loan transaction; 2) Evaluated increasing the maximum DPA amount from \$8,000 (unfortunately, the \$8,000 maximum DPA amount is no longer sufficient to cover closing cost and down payment assistance as a result of the continued increase in housing costs); and 3) Evaluated mechanisms and best practices for utilizing CDBG-RHP funding.
Q2	Met	In Q2, MFA did not evaluate any specialty products or significant program or product improvements.

Goal 2 - Build a network of advocates and partners that work to create and promote affordable housing in the state



Benchmark: 8

Increase digital media engagement rate by 10% each quarter

Q1	Caution	In Q1, MFA had 711 total engagements across all social media platforms. This number represents a 43% decrease from the previous quarter, due in part to the turnover in the department that led to a lack of any social media activity in October.
Q2	Caution	In Q2, MFA had 2,795 total engagements across all social media platforms. This number represents a 35% increase from the previous Q2.



Benchmark: 9

Expand services of at least one program to an underserved area of the state

Q1	New	During Q1, MFA did not expand services of any programs to an underserved area of the state.
Q2	Met	During Q2, MFA assisted the Espanola Pathways Shelter in acquiring a property to provide shelter services to individuals experiencing homelessness in the City of Espanola. Additionally, following a period of the homeownership assistance program being shut down, MFA implemented the Homeowner Assistance Fund (HAF) permanent program, which provides homeownership assistance statewide. YTD total is two.



Benchmark: 10

Conduct outreach to and/or assist at least 25 local governments, tribal governments, potential new program partners and/or elected officials

Q1	On Target	MFA met with five potential partners (4 for Housing LLC regarding the Rehab Program, Native Capital Access, Sawmill Community Land Trust, Anchorum and United South Broadway), assisted three local governments (Town of Silver City, Village of Los Lunas and Los Alamos County), assisted one tribal government (Pueblo of Zuni Housing Authority) and conducted outreach to thirteen elected officials and/or their offices (Senators Heinrich and Lujan, Congresswomen Stansbury and Leger Fernandez, Governor Lujan Grisham, State Speaker Egolf, State Senators Rodriguez, Wirth, Stewart and Munoz, State Representatives Dixon and Romero and Albuquerque City Councilor Benton). Total outreach for Q1 is 22.
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MFA Strategic Plan Benchmarks FY 2022

Q2	Met	During Q2, MFA met with three local governments (City of Albuquerque, Town of Taos and Town of Silver City), three tribal governments (Mescalero Apache, Tesuque Pueblo and Zuni Pueblo), and 81 elected officials or their staff (Senators Heinrich and Lujan, Congresswomen Stansbury, Leger Fernandez and Herrell, Governor Lujan Grisham, State Representatives Alcon, Anderson, D. Armstrong, G. Armstrong, Brown, Castellano, Chandler, Chasey, Chatfield, Cook, Crowder, Dixon, Dow, Egolf, Ely, Ezzell, Fajardo, Ferrary, M. Garcia, Garratt, Harper, Hernandez, Herndon, Hochman-Vigil, Lente, Louis, Lujan, Lundstrom, Maestas, Matthews, McQueen, Montoya, Nibert, Ortez, Powdrell-Culbert, Rehm, Romero, Rubio, Scott, Small, Strickler, Sweetser, Terrazas, Thomson and Townsend, and State Senators Baca, Brandt, Burt, Campos, Cervantes, Diamond, Gallegos, Gonzales, Griggs, Hemphill, Hickey, Ingle, Kernan, Moores, Munoz, Neville, O'Neill, Ortiz y Pino, Padilla, Pirtle, Pope, Rodriguez, Schmedes, Sharer, Stefanics, Steinborn, Stewart, Tallman, Wirth and Woods). YTD unduplicated number is 95.
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Benchmark: 11

Provide at least 34 formal group training opportunities for property owners, developers, service providers and/or lenders

Q1	On Target	During Q1, MFA held seven trainings, including four single family mortgage trainings with 107 participants, a QAP training, a CDBG-RHP RFP training as well as a 4 for Housing, LLC training.
Q2	Met	During Q2, the Community Development Department held a total of 7 Peer Exchanges (COC, EHAP, HOPWA, Linkages, Rap Rehab/Vet & a WAP PAC meeting). Additionally, MFA held 27 homeownership trainings. Total YTD is 41.

Goal 3 - Maintain judicious financial stewardship and principled, efficient business practices



Benchmark: 12

Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits

Q1	New	Audit is delayed pending OMB audit guidance for the HAF Program ARPA funds.
Q2	Met	The Board approved the audit in March, which included an unqualified opinion and no material weaknesses.



Benchmark: 13

Maintain or improve credit rating

Q1	On Target	No ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating.
Q2	On Target	There was no ratings activity during the quarter. MFA maintains a Aa3 Stable rating on its issuer credit rating.



Benchmark: 14

Achieve operating performance and profitability equal to net revenues over total revenues of at least 11.25%, based on five-year average.

Q1	On Target	Operating performance and profitability as of 12/31/21 is 7.5%.
Q2	On Target	Operating performance and profitability as of 3/31/22 is 11.4%.



MFA Strategic Plan Benchmarks FY 2022



Benchmark: 15

Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least 26.82%, based on five-year average.

Q1	On Target	Balance sheet strength as of 12/31/21 is 27.4%.
Q2	On Target	Balance sheet strength as of 3/31/22 is 27.8%.



Benchmark: 16

Realize administrative fee of at least 18 basis points on all bond issues

Q1	On Target	MFA closed on the 2021 Series D bond issue and realized an administrative fee of 18 basis points.
Q2	On Target	MFA closed on the 2022 Series A bond issue and realized an administrative fee of 18 basis points. MFA Closed on the 2022 Series B (taxable refunding) and expects to realize an administrative fee of 1.618%.



Benchmark: 17

Realize profitability of .5% on TBA executions

Q1	On Target	MFA completed the first quarter with a FYTD TBA profitability of 1.40%.
Q2	Caution	MFA completed the second quarter with a FYTD TBA profitability of 0.87%.



Benchmark: 18

Maintain servicing fee yield at an average of 0.41% of the purchased servicing portfolio

Q1	On Target	The servicing fee yield at 12/31/21 is .42%.
Q2	On Target	The servicing fee yield at 03/31/22 is .42%.



Benchmark: 19

Earn 100% base fees for PBCA contract

Q1	On Target	All PBCA tasks were completed this quarter as required by the contract, and 100% of the base fees were earned.
Q2	On Target	All PBCA tasks were completed this quarter as required by the contract, and 100% of the base fees were earned.



Benchmark: 20

Yield a collection rate of 95% or greater for compliance monitoring fees

Q1	On Target	Invoices for compliance fees were processed and sent out to owner/agents this quarter.
Q2	On Target	As of 3/31/2022, 92% of the compliance fees have been collected.



Benchmark: 21



MFA Strategic Plan Benchmarks

FY 2022

Meet commitment and expenditure requirement of 95% of recurring grant funding

Q1	On Target	The commitment and expenditures rate at 12/31/21 is 100%.
Q2	On Target	The commitment and expenditures rate at 3/31/22 is 96%.



Benchmark: 22

Provide at least \$7,700,000 in resources for affordable housing through expenditure of New Mexico Housing Trust Funds, contributions through the state affordable tax credit program, and allocations of 4% LIHTCs.

Q1	On Target	Total of resources provided in Q1 is \$4,228,046.
Q2	On Target	No closings in Q2. Total of resources provided in Q1 was \$4,228,046 for a YTD total of \$4,228,046.



Benchmark: 23

Evaluate at least one new business model or financial tool

Q1	Met	In Q1, MFA evaluated changes to bond issuance strategy in anticipation of a rising interest rate environment.
Q2	Met	In Q2, MFA started researching if MFA should become our own service provider. YTD evaluated is two.



Benchmark: 24

Increase funding by at least one new source

Q1	Met	During Q1, MFA increased funding by one new source. In December 2021 the New Mexico State Legislature appropriated \$15 million in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (FRF) to MFA for energy efficient affordable housing.
Q2	Met	During Q2, MFA increased its funding sources by four new sources. During the 2022 Legislative Session, the state legislature appropriated \$10 million in American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (FRF) for affordable housing through the New Mexico Housing Trust Fund (NMHTF), an additional \$9 million in capital outlay through NMHTF, and approved SB 134, which created recurring funding to the NMHTF through severance tax bonding capacity. Additionally, MFA executed a grant agreement with the State's Department of Finance and Administration (DFA) to administer \$4.66 million in CDBG-CV funding to support the development of two rental communities. YTD total new funding sources added is five.



Benchmark: 25

Improve at least three MFA processes or resources

Q1	On Target	During Q1, the Servicing Department implemented the process of improvement of a combination of lockbox. This process improvement impacts daily and month-end processes and saves time as Servicing only needs to run one file for one-time payments and only reconcile month-end batch totals one time. Additionally, the Communications Department implemented an online ticketing system that improved the efficiency of its processes. YTD processes improved is two.
Q2	Met	First, Servicing in response to Payment History Requests, created a 'dummy' account in the MFA online portal allowing the customer service rep to navigate the screens of the MFA online portal to walk the borrower through obtaining the



MFA Strategic Plan Benchmarks FY 2022

information on a self serve basis. Next, Servicing with the help of IT for Document Requests, added Desktop FAX capabilities allowing the customer service representative the ability to FAX documents via their desktop, providing additional work tools to save time and provide additional tools for teleworking. Additionally, for Mitas reporting, a report was created to identify balances below \$100. This allows Servicing to be proactive in reaching out to borrowers with a low balance for pay off. This is a quick report that can be generated instantaneously. Next, IT created a database to convert Idaho Text files to Database files. This removes the step for staff to have to convert text file to excel files. Also, templates were created for cutoff, Trial Balance and arrears reports to import monthly data when needed. This is now a quick process where the months reports can be created using the templates. Further, Servicing and Marketing created borrower friendly links on the MFA Homepage, which gives immediate access to the Servicing page, and quick access to Servicing links from the HOME page. It also allows staff to provide direction to borrower from HOME Page. In addition, MFA transitioned to the Govenda Board Portal for monthly board meetings. Finally, credit card processing was expanded and enhanced through online services. YTD processes improved is ten.

Goal 4 - Provide robust technology solutions



Benchmark: 26

Maintain a RS3 score greater than or equal to 725 averaged over four quarters

- | | | |
|----|-----------|---|
| Q1 | On Target | MFA's internal and external penetration testing was completed on 11/2/2021. MFA received a RiskSense Security Score (RS3) of 803 (low risk).
RS3 represents MFA's cyber security posture, measuring risk posed by existing vulnerabilities and current potential threats. The rating range is from 300 (high risk) to 850 (very low risk). |
| Q2 | On Target | MFA's vulnerability scans continue on a weekly basis, and our vulnerability risk rating is 791. The rating range is from 300 (high risk) to 850 (low risk). MFA's Security Awareness Program continues to provide security awareness training on a quarterly basis and monthly phishing testing, with all employees completing 100% of their training in Q2. Average for first two quarters is 797. |



Benchmark: 27

Achieve a Recovery Point Objective (RPO) for infrastructure servers at or below ten minutes and a Recovery Time Objective (RTO) at or below six hours.

- | | | |
|----|-----------|--|
| Q1 | On Target | The current RPO for all critical infrastructure equipment is currently meeting the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective was just over one hour, which is below the goal of six. |
| Q2 | On Target | The current RPO for all critical infrastructure equipment continues to meet the Service Level Agreement of less than 5 minutes and the tested failover Recovery Time Objective was just under one hour, which continues to be below the goal of six. |



Benchmark: 28

Implement new software solutions

- | | | |
|----|-----------|--|
| Q1 | On Target | Completed the implementation of the IHFA ULDD data upload to Power Seller, several cyber-security measures |
|----|-----------|--|



MFA Strategic Plan Benchmarks

FY 2022

including a new firewall installed and updates to Cisco AnyConnect, Duo Multi-factor Authentication, and Cisco Umbrella. SQL server audit and best practices implemented. RFP and selection of vendor for HAF program.

Q2	On Target	Working with Servicing on implementation of Paymentus, will be completed in Q3. Home Database enhancements in works and scheduled for Q3. YHDP reporting requirements gathered.
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Goal 5 - Foster a dynamic work environment



Benchmark: 29

Participate in Annual Employee Engagement Survey and determine and implement actionable steps to address opportunities for improvement.

Q1	On Target	Survey will not occur until April timeframe
Q2	On Target	Registered for survey in April. Survey due to commence in May.



Benchmark: 30

Complete compensation survey

Q1	On Target	Process to start third quarter
Q2	On Target	In progress

Q2 2022 QUARTERLY MULTIFAMILY PIPELINE REPORT SUMMARY

Fifty (50) ACTIVE PROJECTS representing:

- ~\$33.5 million in annual tax credits
- ~\$64.6 million in MFA-issued bonds
- ~\$31.9 million in MFA loans
- Totaling \$129,940,667 in combined funding
- Consisting of 3,739 apartment units
- Located in 25 municipalities across the state

No project CLOSINGS in Q2:

Thirty (30) projects are currently UNDER CONSTRUCTION:

- No projects added, twelve removed
- Approximately 15 projects are expected to complete by end of calendar year.

COVID-19 DELAYS:

- A total of six projects received Covid Extensions; one is in the final phase of approval; three are expected to be completed in 2022 and two will be completed in 2023.

Construction COMPLETION:

- Twelve projects complete and either awaiting final inspections or formal notification of completion

Upcoming Ground Breakings/Ribbon-cuttings:

- Hiland Plaza's virtual ground-breaking was re-scheduled from Thursday, March 3rd to Thursday, May 12th

Estimated Economic Impact of the 30 projects (2,559 units) currently under construction:

- Approximately \$299 million in local income
- Approximately 4,094 jobs

Eventual Economic Impact of all 50 projects (3,739 units) once under construction:

- Approximately \$437 million in local income
- Approximately 5,982 jobs

Multifamily Project Completion Pipeline Report

Fiscal Year: 2022	Total LIHTC Award: \$	33,531,272	Total Projects:	50	Which will result in \$437,201,270 in local income and 5,982 jobs from the direct and indirect impact of contruction activity, as well as the induced effect of spending income and tax revenue from the eventual construction activity.
Quarter: 2nd	Total MFA-Issued Bond	64,552,860	Total # of Apts:	3,739	
	Amount:				
Prepared: 4/18/2022	Total MFA Loan Amount: \$	31,856,535	# of Projects Under Construction:	30	
	Overall Awards: \$	129,940,667	Total # of Apts Under Construction:	2,559	Which will result in \$299,223,870 in local income and 4,094 jobs from the direct and indirect impact of contruction activity, as well as the induced effect of spending income and tax revenue from the eventual construction activity.
			# of Municipalities Served:	25	

Reported at February, May, August, and November Board Meetings for the prior quarter

Main Funding Source		Project Name	Project Location	Application or Allocation Year	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Rehab	Construction Start Approval Date Actual (A) or Projected (P)	33% Complete Date Actual (A) or Projected (P)	66% Complete Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan Amounts	MFA Loan Programs	Any Known Issues or Comments
9%	1	Vista de Socorro	Socorro	2021	(P) 6/15/2022	32	NC	(P) 6/30/2022	(P) 11/18/2022	(P) 2/20/2023	(P) 7/30/2023	(P) 8/30/2023	\$768,507	N/A	\$400,000 \$400,000 \$2,000,000	HOME NHTF NMHTF	Change Request on building layout approved on 3/22/22
	2	Belen Vista	Belen	2021	(P) 6/30/2022	57	AR	(P) 6/15/2022	(P) 10/1/2022	(P) 2/1/2023	(P) 5/30/2023	(P) 5/31/2023	\$787,639	N/A	\$1,000,000 \$400,000	HOME-CHDO NHTF	3/31/22 - In pre development stage
	3	West Berry	Hobbs	2021	(P) 6/30/2022	56	NC	(P) 7/15/2022	(P) 12/24/2022	(P) 6/4/2023	(P) 11/14/2023	(P) 11/28/2023	\$1,090,143	N/A	\$840,000 \$1,000,000	HOME-CHDO NMHTF	
	4	Mariposa	Taos	2021	(P) 6/30/2022	58	AR/NC	(P) 6/15/2022	(P) 10/1/2022	(P) 2/1/2023	(P) 5/30/2023	(P) 5/31/2023	\$1,069,704	N/A	\$1,000,000 \$400,000	HOME-CHDO NHTF	3/31/22 - In pre development stage
	5	Hiland Plaza	Albuquerque	2021	N/A No MFA loans	92	NC	(A) 1/22/2022*	(P) 5/22/2022	(P) 10/10/2022	(P) 3/1/2023	(P) 3/15/2023	\$1,656,044	N/A	N/A	N/A	* Letter sent - actual approval on 12/21/2021
	6	A'diidi ni'kuwaa	Mescalero	2021*	(P) 6/30/2022	40	NC	(P) 8/31/2022	(P) 3/1/2023	(P) 9/1/2023	(P) 12/31/2023	(P) 12/31/2023	\$626,772	N/A	\$292,500 \$400,000	HOME NHTF	*Credit Swap - 2020 Credits Returned/Reissued as 2021 Credits New Executive Director - Prioritizing project Project is proposing change in project design due to cost
	7	Luminaria Senior	Albuquerque	2020	N/A No MFA loans	92	NC	(A) 1/4/2021	(A) 6/9/2021	(A) 10/27/2021	(P) 4/29/2022*	(P) 11/15/2022	\$1,142,400	N/A	N/A	N/A	Luminaria currently working on final items. Inspection to follow
	8	PAHA Homes #2	Pueblo of Acoma	2020	N/A No MFA loans	30	NC	(A) 12/28/2020	(A) 11/4/2021	(A) 3/22/2022	(P) 5/23/2022	(P) 5/23/2022	\$671,000	N/A	N/A	N/A	
	9	Encantada Apartments	Los Lunas	2020	(A) 4/20/2021	48	AR	(A) 4/12/2021	(A) 10/28/2021	(A) 11/29/2021	(P) 5/31/2022*	(P) 5/31/2022*	\$599,897	N/A	\$400,000 \$400,000	HOME NHTF	*3/31/22 - Project currenty at 94% Complete.

Main Funding Source	Project Name		Project Location	Application or Allocation Year	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Rehab	Construction Start Approval Date Actual (A) or Projected (P)	33% Complete Date Actual (A) or Projected (P)	66% Complete Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan Amounts	MFA Loan Programs	Any Known Issues or Comments
	10	6100 Harper	Albuquerque	2020	(A) 8/12/2021	59	AR	(A) 2/23/2021	(P) 5/25/2022	(P) 10/8/2022	(P) 11/15/2022	(P) 11/15/2022	\$912,789	N/A	\$400,000	NHTF	
	11	Copper Terrace	Albuquerque	2020	(A) 11/17/2020	96	AR	(A) 12/30/2020	(A) 8/19/2021	(A) 2/28/2022	(P) 12/31/2022	(P) 12/31/2022	\$1,232,333	N/A	\$1,000,000 \$1,000,000	HOME-CHDO NMHTF	
	12	Broadway/McKnight	Albuquerque	2020	(A) 7/26/2021	54	NC	(A) 9/13/2021	(P) 5/25/2022	(P) 9/30/2022	(P) 1/31/2023	(P) 1/31/2023	\$954,720	N/A	\$400,000	NHTF	Full Forward of 2021 Tax Credits - PIS date extended to 2023
	13	Villa Mirasol	Sunland Park	2021	(A) 9/1/2021*	48	NC	(P) 7/15/2022**	(P) 11/14/2022	(P) 3/17/2023	(P) 7/5/2023	(P) 7/15/2023	\$848,640	N/A	\$360,000	HOME	Credit Swap - 2020 Credits Returned/Reissued as 2021 Credits *Applying for additional gap funding **Design Review Comments sent to Design team 10/8 - Awaiting Response
	14	The Bluffs	Los Alamos	2019	N/A No MFA loans	64	NC	(A) 7/29/2021	(P) 7/15/2022	(P) 11/15/2022	(P) 12/31/2022	(P) 12/31/2022	\$1,028,671	N/A	N/A	N/A	*COVID-related extension request granted through 12/31/2022. - Timeline adjusted due to current progress.

Main Funding Source	Project Name		Project Location	Application or Allocation Year	Loan Closing Date <i>Actual (A) or Projected (P)</i>	No of Apts	NC - New Construction or AR - Acquisition/Rehab	Construction Start Approval Date <i>Actual (A) or Projected (P)</i>	33% Complete Date <i>Actual (A) or Projected (P)</i>	66% Complete Date <i>Actual (A) or Projected (P)</i>	Construction Completion Date <i>Actual (A) or Projected (P)</i>	Certificate of Occupancy/Placed in Service Date <i>Actual (A) or Projected (P)</i>	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan Amounts	MFA Loan Programs	Any Known Issues or Comments
	15	Siler Yard: Arts + Creativity Center	Santa Fe	2019	N/A No MFA loans	65	NC	(A) 06/23/20	(A) 4/15/2021	(A) 8/16/2021	(P) 5/22/2022	(P) 11/15/2022	\$1,040,000	N/A	N/A	N/A	COVID-related extension request granted through 12/31/2022. Still in process of closing out final items.
	16	Skyview Terrace	Hobbs	2019	(A) 12/12/2019	72	NC	(A) 12/10/19	(A) 7/29/2020	(A) 11/20/2020	(A) 5/21/2021	(A) 5/25/2021	\$1,157,325	N/A	\$600,000 \$1,000,000	HOME-CHDO NMHTF	Waiting for final Architect Review
	17	1115 Calle La Resolana	Santa Fe	2019	(A) 10/15/2020	45	NC	(A) 02/03/21	(A) 7/30/2021	(P) 5/27/2022	(P) 7/1/2022	(P) 7/1/2022	\$723,285	N/A	\$400,000 \$400,000	HOME NHTF	COVID-related extension request granted through 12/31/2022.
	18	Desert Hope	Las Cruces	2019	N/A No MFA loans	40	AR	(A) 06/10/20	(A) 12/4/2020	(A) 4/1/2021	(A) 7/30/2021	(A) 11/11/2021	\$560,000	N/A	N/A	N/A	Placed in Service 11/11/2021 Waiting for final Architect Review. One outstanding item that needs to be confirmed by contractor.
	19	Canyon Walk	Los Alamos	2018	N/A No MFA loans	70	NC	(A) 01/01/20	(A) 1/14/2021	(A) 8/21/2021	(A) 12/31/2021	(P) 5/30/2022*	\$1,049,930	N/A	N/A	N/A	COVID-related extension request granted through 12/31/2021. *Placed in service application submitted 12/28/2021 with Temp Cert of Occupancy. Project at 96% completion.
	20	Ochenta	Taos	2018	N/A No MFA loans	80	NC	(A) 08/12/19	(A) 6/4/2020	(A) 12/17/2020	(A) 8/1/2021	(A) 12/15/2021	\$1,150,000	N/A	N/A	N/A	Placed in service 12/15/2021. Awaiting application for 8609s
	4%	1 Trailhead at Chamizal	Los Ranchos de Albuquerque	2022	N/A No MFA loans	204	NC	(P) 05/30/22	(P) 11/10/22	(P) 05/22/23	(P) 12/01/23	(P) 12/01/23	\$2,087,905	County-issued bonds	N/A	N/A	
	2	Vista Mesa Villa	Grants	2022	N/A No MFA loans	100	AR	(P) 05/30/22	(P) 08/30/22	(P) 12/29/22	(P) 04/30/23	(P) 04/30/23	\$773,209	\$13,000,000	N/A	N/A	
	3	EMLI at Wells of Artesia	Artesia	2021	(P) 5/30/2022	191	NC	(P) 05/30/22	(P) 12/1/2022	(P) 06/30/23	(P) 3/31/2024	(P) 03/31/24	\$1,709,688	\$31,552,860	\$800,000 \$500,000 \$500,000	HOME NHTF NMHTF	
	4	Casa de Encantada	Rio Rancho	2021	(A) 10/21/2021	152	NC	(A) 10/13/21	(P) 6/30/2022	(P) 01/31/23	(P) 9/30/2023	(P) 9/30/2023	\$1,511,058	County-issued bonds	\$2,000,000	NMHTF	3/31/22 - Currently at 5% completion.
	5	Four Seasons	Hobbs	2020	N/A No MFA loans	80	AR	(A) 10/26/20	(A) 4/22/2021	(A) 7/30/2021	(P) 5/25/2022	(P) 5/25/2022	\$328,052	County-issued bonds	N/A	NHTF	Need to check ADA compliance in kitchen (turning radius). - Per 3rd party inspector, problems between development team. Recommending MFA to step in.
	6	The Commons at Martineztown	Albuquerque	2020	N/A No MFA loans	96	AR	(A) 02/02/21	(A) 10/25/2021	(A) 10/1/2021*	(P) 8/1/2022	(P) 8/1/2022	\$688,679	County-issued bonds	N/A	NMHTF	*Construction reported as 60% complete as of October 1, 2021 Third super - second site manager.

Main Funding Source	Project Name	Project Location	Application or Allocation Year	Loan Closing Date <i>Actual (A) or Projected (P)</i>	No of Apts	NC - New Construction or AR - Acquisition/Rehab	Construction Start Approval Date <i>Actual (A) or Projected (P)</i>	33% Complete Date <i>Actual (A) or Projected (P)</i>	66% Complete Date <i>Actual (A) or Projected (P)</i>	Construction Completion Date <i>Actual (A) or Projected (P)</i>	Certificate of Occupancy/Placed in Service Date <i>Actual (A) or Projected (P)</i>	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan Amounts	MFA Loan Programs	Any Known Issues or Comments
	7 Casa de Sierra	Albuquerque	2020	N/A No MFA loans	188	AR	(A) 3/4/2021	(A) 11/5/2021	(P) 5/30/2022*	(P) 12/31/2022	(P) 12/31/2022	\$625,423	County-issued bonds	N/A	N/A	*3/31/22 - Currently at 55% completion.
	8 550 Paseo	Rio Rancho	2020	(A) 3/23/2021	240	NC	(A) 3/9/2021	(P) 5/23/2022*	(P) 10/31/2022	(P) 6/30/2023	(P) 6/30/2023	\$1,719,114	County-issued bonds	\$750,000 \$2,000,000	HOME NMHTF	*3/31/22 - Currently at 31% completion
	9 Ceja Vista	Albuquerque	2019	(A) 12/16/2020	154	NC	(A) 10/06/20	(A) 8/18/2021	(P) 5/25/2022*	(P) 12/31/2022	(P) 12/31/2022	\$996,816	County-issued bonds	\$1,500,000	NHTF	*3/31/22 - Currentity at 62% completion.
	10 Sandia Vista and Plaza David Chavez	Albuquerque	2019	N/A No MFA loans	213	AR	(A) 04/14/20	(A) 1/28/2021 (SV)	(A) 5/31/2021 (SV) (A) 9/21/21 (DC)	(A) 2/20/2022 (SV) (P) 10/31/2022 (DC)	(A) 2/20/2022 (SV)* (P) 10/31/2022 (DC)	\$1,340,250	County-issued bonds	N/A	N/A	Sandia Vista Substantial Complete, Few ADA Parking and Landscape Items set to be complete by 5/31/2022 Plaza David Chavez ongoing,Tracking for completion on 10/31/2022
	11 JLG South Number of Projects: 8	Columbus Deming Anthony	2019	(A) 8/2/2020	215	AR	(A) 08/01/20	(A) 12/4/2020	(A) 1/21/2021	(A) 12/30/2021	(A) 12/30/2021	\$648,880	\$9,000,000	N/A	N/A	Issues with ADA compliance identified 1/21/2021. Contractor working on punch list items
	12 JLG Central Number of Projects: 6	Ruidoso Downs Belen Portales Las Vegas Artesia	2019	N/A No MFA loans	214	AR	(P) 5/2/2022	(P) 7/1/2022	(P) 9/1/2022	(P) 12/1/2023	(P) 12/1/2023	\$903,432	\$11,000,000	N/A	N/A	Awaiting design team feedback before construction start approval is granted. - Currently Waiting on updated design drawings
	13 La Vida Nueva	Albuquerque	2016	(A) 7/7/2017	314	AR	(A) 07/01/17	(A) 7/15/2019	(A) 5/11/2020	(A) 10/1/2020	(P) 5/30/2022	\$1,128,967	County-issued bonds	\$1,000,000 \$1,000,000	NHTF Primero	*MFA Final inspection pending - Owner has implemented plan to correct ADA compliance issues that were identified during the final inspection. Developer also working through punchlist.

Main Funding Source		Project Name	Project Location	Application or Allocation Year	Loan Closing Date Actual (A) or Projected (P)	No of Apts	NC - New Construction or AR - Acquisition/Rehab	Construction Start Approval Date Actual (A) or Projected (P)	33% Complete Date Actual (A) or Projected (P)	66% Complete Date Actual (A) or Projected (P)	Construction Completion Date Actual (A) or Projected (P)	Certificate of Occupancy/Placed in Service Date Actual (A) or Projected (P)	LIHTC Award Amount	MFA PAB Bond Amount	MFA Loan Amounts	MFA Loan Programs	Any Known Issues or Comments
LOANS ONLY	1	Mountain View	Tucumcari	2021	(P) TBD*	45	N/A	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	\$995,044	PRLF	*USDA RD experiencing delays in processing
	2	Las Rosas I	Tularosa	2019	(P) TBD*	28	AR	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	\$682,555	PRLF	*USDA RD experiencing delays in processing
	3	Las Rosas II	Tularosa	2019	(P) TBD*	29	AR	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	\$925,710	PRLF	*USDA RD experiencing delays in processing
	4	Sacramento Apts	Cloudcroft	2019	(P) TBD*	20	AR	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	(P) TBD*	N/A	N/A	\$510,726	PRLF	*USDA RD experiencing delays in processing
Grant Only	1	Lamplighter Inn	Santa Fe	2021	N/A No MFA loans	58	AR	(P) 10/01/22	(P) 11/11/2022	(P) 12/22/2022	(P) 2/1/2023	(P) 2/1/2023	N/A	N/A	\$4,200,000	DFA CDBG-CV	



Quarterly Report to the MFA Board of Directors Q2 FY2022

Production Statistics	Current Quarter	Same Quarter Last Year	Fiscal Year to Date
Homeownership			
Number of loans reserved	649	727	1,323
Amount of loans reserved	\$127,706,268	\$130,756,368	\$257,814,450
Number of loans purchased	557	745	1,208
Amount of loans purchased	\$107,749,737	\$134,160,625	\$232,801,423
Number of homebuyers counseled	403	451	856
Number of lenders/REALTORS contacted	1,478	1,347	2,830
Housing Development			
Amount of MF loans/grants/bonds	\$0	\$2,750,000	\$13,000,000
Amount of SF loans/grants	\$0	\$0	\$0
Amount of TC: LIHTC (MF) & State (MF & SF)	\$380,037	\$3,207,503	\$6,408,351
Number of MF units	0	428	514
Number of SF units	0	0	0
Housing Rehab & Weatherization			
Amount of rehab expenditures	\$95,804	\$64,367	\$1,099,363
Number of units rehabilitated	8	3	77
Amount of NM EnergySmart expenditures	\$1,766,822	\$1,919,292	\$3,477,546
Number of units weatherized	161	295	287
Shelter & Supportive Housing Programs			
Amount of shelter supportive service	\$1,314,172	\$1,050,798	\$2,533,405
Number of persons served ¹	1,119	932	2,059
Amount of rental assistance ²	\$1,490,591	\$1,260,003	\$3,255,672
Number of persons assisted	303	503	911

1 - Coc & EHAP

2 - HOPWA, Linkages, , RAP & YHDP



The need for MFA mortgage products:

MFA borrowers have an average annual income of \$52,875 and purchase homes with an average price of \$197,650. 25 percent are single-parent households; 59 percent are minorities.

MFA targets below market mortgage rates, and all first-time homebuyers receive pre-purchase counseling. MFA provides down payment assistance to 99 percent of its borrowers. Without these programs, many borrowers could not buy a home.



The need for housing development:

Only 4 percent of New Mexico's housing units are located in apartment complexes of 20 units or more. Many of these are old and in poor condition.

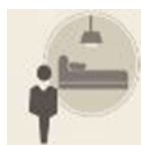
50 percent of renters are cost-burdened, about half pay between 30 percent and 49 percent of their income on rent; the other half pay more than 50 percent.



The need for housing rehabilitation and weatherization:

New Mexico has aging housing stock. 47 percent of its homes were built before 1980; only 18.4 percent were built after 2000. The average age of homes in NM is 35 years.

Many low-income homeowners are at risk because of health and safety hazards in their homes. They pay high utility bills because they cannot afford to make energy-efficiency improvements.



The Need for Assistance Programs:

The New Mexico Coalition to End Homelessness estimates that a total of 15,000 to 20,000 New Mexicans experience homelessness in a year.

The pandemic has increased the number of people experiencing homelessness.

While many people resolve their housing crisis on their own or with existing help, 6,500 people per year do not.

Solutions:

Rapid Rehousing which is rental assistance for up to 2 years.

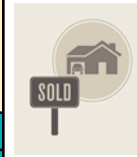
Permanent Supportive Housing for people with disabilities which is housing and support services provided for as long as needed.

Coordinated Entry to keep track of everyone in need of housing and quickly match people to appropriate housing.



Quarterly Report to the MFA Board of Directors Q2 FY2022

Servicing	Current Quarter	Same Quarter Last Year	Target Rate
First Mortgage delinquency rate	3.85	1.45	
Partners Program delinquency rate	11.57	10.29	
DPA loan delinquency rate	6.98	6.88	
Multifamily loan delinquency rate	2.44	2.47	
Combined delinquency rate - Current Month	7.01	6.85	
Combined average delinquency rate-FY	8.40	8.77	10.00
Default rate (writeoffs/foreclosure losses)	0.30	0.26	1.30
Master Servicing MBS delinquency rate	9.47	13.28	
REO Inventory - # of loans	1	0	
REO Inventory - Exposure	\$29,665	\$0	



MFA's Servicing Department:

Provides servicing for over 16,577 loans with a principal balance over \$346 million.

Many of the loans MFA services are for internal programs that target higher risk borrowers. MFA's Mortgage-Backed Securities (MBS) portfolio is serviced by our sub-servicer.

Delinquency rates in this portfolio can be benchmarked to Mortgage Banker Association averages 4.62 percent for all loans in New Mexico and 9.14 percent for FHA in New Mexico as of 12/31/2021.

Monitoring	Current Quarter	Year to Date	Fiscal Year Monitoring Required
Asset Management			
Number of properties monitored	30	227	207
Number of units inspected	78	1291	N/A
Number of files reviewed	211	1486	N/A
Number of PBCA activities	284	592	N/A
Community Development			
Number of required monitorings ³	14	25	43

³ - based on program year, 7/1 - 6/30



MFA's Asset Management Department:

Monitors 271 properties and 18,255 units of housing financed by MFA, providing unit inspections and review of records and finances on a regular basis. Asset Management also supports 86 properties and 5,189 units under MFA's HUD Project Based Contract Administrator (PBCA) contract.



MFA's Community Development Department:

Manages ten programs with multiple different funding sources, and approximately 91 partners across the state. Our partners deliver housing to more than 9,300 individuals and receive approximately \$17 million in funding. Monitoring is performed on a regular basis to ensure program compliance.