MFA Housing New Mexico
September Board Meeting (Begins at 9:00 a.m.)
September 14, 2022
9:00 am-11:30 am Mountain Time

Chair Convenes Meeting

- ➢ Roll Call (Izzy Hernandez)
- ➢ Approval of Agenda – Board Action
- ➢ Approval of 8/17/22 Board Meeting Minutes – Board Action
- ➢ Approval of 8/17-18/22 Board Retreat Meeting Minutes – Board Action
- ➢ Executive Director Updates

Board Action Items (Action Required?)

Consent Agenda

1 National Housing Trust Fund (NHTF) NOFA Revision (Jacobo Martinez & George Maestas) - Finance Committee YES

2 Allocations of 2022 NHTF (National Housing Trust Fund) and 2022 HOME Funds(Donna Maestas-De Vries) - Finance Committee YES

3 Approval of 2022-2023 MFA Broker/Dealers, Custodian and Depositories (Lizzy Ratnaraj)- Finance Committee YES

Finance Committee

4 Production Statistics (Donna Maestas DeVries, Lizzy Ratnaraj and Jeff Payne) NO

5 FY 2022-2023 General Fund Budget (Yvonne Segovia) YES

6 Housing Opportunity Fund Appropriations (Yvonne Segovia) YES

New Mexico Affordable Housing Charitable Trust – Finance Committee

7 FY 2022-2023 NM Affordable Housing Charitable Trust Budget (Yvonne Segovia) YES

Contracted Services/Credit Committee

8 Regional Housing Authority Annual Reporting (Theresa Laredo-Garcia) YES

9 HOME American Rescue Plan (ARP) Supportive Services Award Recommendations (Lucas Wylie and Shannon Tilseth) YES

10 Bipartisan Infrastructure Law State Plan (Troy Cucchiara, Dimitri Florez & David Gutierrez) YES

Other

11 Approval of the New Mexico Housing Strategy (Sonja Unrau & Rebecca Velarde) YES

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

Other Board Items
Information Only

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

- Staff Action Requiring Notice to Board
- COVID Staff Actions

Monthly Reports **No Action Required**

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

- 7/31/22 Financial Statements

15 **Closed Session - Action Required**
Legal Matters

- Executive Session to be held pursuant to Section 10-15-1 H (7) of the Open Meetings Act – threatened or Pending Litigation: Discuss potential litigation related to the Department of Housing and Urban Development's (HUD) Solicitation for Housing Assistance Payments (HAP) Contract Support Services (HAPSS) (Formerly known as Performance-Based Contract Administrator (PBCA) Program)(Donna Maestas-De Vries, Patrick Ortiz and Eleanor Werenko)

(Motion and affirmative vote are required to close the meeting for this limited purpose)

16 **Open Session - Action Required**
Legal Matters

(Motion and affirmative vote are required to open the meeting (Chair, Angel Reyes)

Announcements and Adjournment **Discussion Only**

Confirmation of Upcoming Board Meetings

➢ October 11, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
➢ October19, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting-MFA)
➢ October19, 2022 - Wednesday- 11:30 a.m. (Training – National Innovations in Land Use/Planning Policies to Support Affordable Housing)
➢ November 8, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
➢ November 16, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting, Location TBC)
➢ December 13, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
➢ December 21, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting-MFA)

MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
Hotel Albuquerque – Salon G
800 Rio Grande Blvd., Albuquerque, NM
Wednesday, September 14, 2022 at 9:00 a.m.

Proposed Agenda

Chair Convenes Meeting

Roll Call (Izzy Hernandez)

- Approval of Agenda – Board Action
- Approval of 8/17/22 Board Meeting Minutes – Board Action
- Approval of 8/17-18/22 Board Retreat Meeting Minutes – Board Action
- Executive Director Updates

Board Action Items		Action Required?
Consent Agenda		
1	National Housing Trust Fund (NHTF) NOFA Revision (Jacobo Martinez & George Maestas) - Finance Committee	YES
2	Allocations of 2022 NHTF (National Housing Trust Fund) and 2022 HOME Funds (Donna Maestas-De Vries) - Finance Committee	YES
3	Approval of 2022-2023 MFA Broker/Dealers, Custodian and Depositories (Lizzy Ratnaraj)- Finance Committee	YES
Finance Committee		
4	Production Statistics (Donna Maestas DeVries, Lizzy Ratnaraj and Jeff Payne)	NO
5	FY 2022-2023 General Fund Budget (Yvonne Segovia)	YES
6	Housing Opportunity Fund Appropriations (Yvonne Segovia)	YES
New Mexico Affordable Housing Charitable Trust – Finance Committee		
7	FY 2022-2023 NM Affordable Housing Charitable Trust Budget (Yvonne Segovia)	YES
Contracted Services/Credit Committee & NM Housing Trust Fund Committee		
8	Regional Housing Authority Annual Reporting (Theresa Laredo-Garcia)	YES
9	HOME American Rescue Plan (ARP) Supportive Services Award Recommendations (Lucas Wylie and Shannon Tilseth)	YES
10	Bipartisan Infrastructure Law State Plan (Troy Cucchiara, Dimitri Florez & David Gutierrez)	YES
Other		
11	Approval of the New Mexico Housing Strategy (Sonja Unrau & Rebecca Velarde)	YES
12	Updates to the FY2021-2025 Strategic Plan (Rebecca Velarde)	YES

Other Board Items — **Information Only**

13 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- COVID Staff Actions

Monthly Reports — **No Action Required**

14 (Staff is available for questions)

- 7/31/22 Financial Statements

Closed Session — **Action Required**

15 Legal Matters — YES

- Executive Session to be held pursuant to Section 10-15-1 H (7) of the Open Meetings Act – threatened or Pending Litigation: Discuss potential litigation related to the Department of Housing and Urban

Development's (HUD) Solicitation for Housing Assistance Payments (HAP) Contract Support Services (HAPSS) (Formerly known as Performance-Based Contract Administrator (PBCA) Program)(Donna Maestas-De Vries, Patrick Ortiz and Eleanor Werenko)
(Motion and affirmative vote are required to close the meeting for this limited purpose)

Open Session	**Action Required**
16 Legal Matters	YES

(Motion and affirmative vote are required to open the meeting (Chair, Angel Reyes)

Announcements and Adjournment	**Discussion Only**

Confirmation of Upcoming Board Meetings

- October 11, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.
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NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting
Hotel Albuquerque – Salon G
800 Rio Grande Blvd., Albuquerque, NM
Wednesday, September 14, 2022 at 9:00 a.m.

Proposed Agenda

Chair Convenes Meeting

Roll Call (Izzy Hernandez)

- Approval of Agenda – Board Action
- Approval of 8/17/22 Board Meeting Minutes – Board Action
- Approval of 8/17-18/22 Board Retreat Meeting Minutes – Board Action
- Executive Director Updates

Board Action Items **Action Required?**

Consent Agenda

1 **National Housing Trust Fund (NHTF) NOFA Revision (Jacobo Martinez & George Maestas)** - Finance Committee. MFA staff recommends revisions to the NHTF NOFA as there is a need to update the applicant submission, eligible applicants, funding limits and restriction, and scoring language. With anticipated future development projects in mind, staff views the $1,500,000 maximum threshold important to redistribute NHTF for more projects throughout the state. Also, adding language to the Eligible Applicant provides a clearer understanding of requirements for developers and non-profits. As such, staff recommends the approval of all proposed changes to the NHTF NOFA. YES

2 **Allocations of 2022 NHTF (National Housing Trust Fund) and 2022 HOME Funds(Donna Maestas-De Vries)** - Finance Committee. Staff recommends approval of the allocation of the NHTF in the amount of $3,521,165 for programs, and up to 10% for administrative costs. Additionally, staff is seeking approval of $13,323,647 of HUD HOME funds to the activities listed in the memo. YES

3 Approval of 2022-2023 MFA Broker/Dealers, Custodian and Depositories (Lizzy Ratnaraj) - Finance Committee. At least annually and as needed, MFA staff reviews and updates the Broker, Dealer, Custodian and Depository list. Staff recommends approval of the Broker, Dealer, Custodian and Depository List. All organizations meet established qualifications as stated in the MFA Investment Policy. YES

Finance Committee

4 **Production Statistics (Donna Maestas DeVries, Lizzy Ratnaraj and Jeff Payne)** - In conjunction with the FY 2022-2023 General Fund Budget, staff will provide the Board a presentation on MFA production and financial highlights over the last 10-years. YES

5 **FY 2022-2023 General Fund Budget (Yvonne Segovia)** - MFA's General Fund proposed budget for Fiscal Year (FY) 2022-2023 is recommended for approval. Revenue is projected at $29,736,000, an increase of $699,000 or 2% over prior year budget and an increase of $3,955,000 or 15% over projected 9/30/22 actuals. The expense budget is projected at $27,290,000, an increase of $1,390,000 or 5% over prior year budget and an increase of $3,427,000 or 14% over 9/30/22 projected actuals. The FY 2022-2023 budgeted excess revenue over expenses is $2,447,000. The capital budget is $4,391,000, a decrease of ($1,246,000) or (22%) under prior year budget and an increase of $86,000 or 2% over projected actual. YES

6 **Housing Opportunity Fund Appropriations (Yvonne Segovia) -** In order to meet anticipated demand, Staff recommends $1,812,000 be appropriated to the "First Down" Down Payment Assistance Loan Program, which will be transferred from the Access Loan Program. YES

New Mexico Affordable Housing Charitable Trust – Finance Committee

7 FY 2022-2023 NM Affordable Housing Charitable Trust Budget (Yvonne Segovia) **-** The NM Affordable Housing Charitable Trust Budget is recommended for approval. Revenue is projected at $91,000, and the expense budget is projected at $10,000, resulting in a FY 2022-2023 budgeted excess revenue over expenses of $81,000. YES

Contracted Services/Credit Committee & NM Housing Trust Fund Committee

8 **Regional Housing Authority Annual Reporting (Theresa Laredo-Garcia)** - Staff recommends approval of the Regional Housing Authority 2021 Annual Report as mandated by the Regional Housing Act. The report includes operational and fiscal activities for Eastern, Western and Northern Regional Housing Authorities. YES

9 **HOME American Rescue Plan (ARP) Supportive Services Award Recommendations (Lucas Wiley and Shannon Tilseth)** - Staff is requesting approval of the awards for the HOME American Rescue Plan Supportive Services Program (HOME ARP) in the amount of $1,237,500 to eight subrecipients. The program provides short- and

medium-term rental assistance, security deposits, utility assistance, utility deposits, housing stability case management and housing search and placement that primarily benefits qualifying individuals and families who are homeless, at-risk of homelessness, or in other vulnerable populations. If approved, service providers who meet the renewal criteria set by MFA will receive an annual award over a period of eight years. Funding will expire on September 20, 2030. YES

10 **Bipartisan Infrastructure Law State Plan (Troy Cucchiara)** - 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 October 1, 2022. Funding for the 2022/2027 BIL State Plan totals $22,066,751.00. With the DOE funding, we are projecting that ICAST will weatherize approximately 574 multifamily statewide units, Central New Mexico Housing will weatherize approximately 722 single family units, and Southwestern Regional Housing and Community Development Corporation will weatherize approximately 287, a new provider in the Navajo Nation area will weatherize approximately 157 units, and the total will be single 1740 units over a five-year period. YES

<u>Other</u>

11 **Approval of the New Mexico Housing Strategy (Sonja Unrau & Rebecca Velarde)** - Since September 2021 MFA staff have managed the development of the New Mexico Housing Strategy. The Strategy incorporates quantitative data analysis, results of a resident survey, and extensive stakeholder engagement. The Housing New Mexico Advisory Committee, which provided leadership over the Strategy throughout its development, endorsed the document on September 1, 2022. YES

12 **Updates to the FY2021-2025 Strategic Plan (Rebecca Velarde)** - Board approval is requested for changes to MFA's FY 2021-2025 Strategic Plan for Year 3 (FY 2023). MFA will complete the second year (FY 2022) of the plan on September 30, 2022 and will begin the third year (FY 2023) on October 1, 2022. Year 3 strategic plan changes include new/changed strategic initiatives and benchmarks. YES

<u>Other Board Items — Information Only</u>

15 **(Staff is available for questions)**
- Staff Action Requiring Notice to Board
- COVID Staff Actions

<u>Monthly Reports — No Action Required</u>

16 **(Staff is available for questions)**
- 7/31/22 Financial Statements

<u>Closed Session — Action Required</u>

13 **Legal Matters** YES
- Executive Session to be held pursuant to Section 10-15-1 H (7) of the Open Meetings Act – threatened or Pending Litigation: Discuss potential litigation related to the Department of Housing and Urban Development's (HUD) Solicitation for Housing Assistance Payments (HAP) Contract Support Services (HAPSS) (Formerly known as Performance-Based Contract Administrator (PBCA) Program)(Donna Maestas-De Vries, Patrick Ortiz and Eleanor Werenko) - The Department of Housing and Urban Development (HUD) has announced it will release a procurement under the Federal Acquisitions Regulations (FAR) for the nationwide Section 8 PBCA contracts, and that the procurement will seek proposals for the provision of services on a regional basis, as listed in the draft solicitation. Matters to be discussed in executive session are subject to attorney-client privilege and relate to litigation to which MFA may become a participant related to the forthcoming PBCA procurement.

(Motion and affirmative vote are required to close the meeting for this limited purpose)

<u>Open Session — Action Required</u>

14 **Legal Matters**

(Motion and affirmative vote are required to open the meeting (Chair, Angel Reyes) YES

<u>Announcements and Adjournment — Discussion Only</u>

Confirmation of Upcoming Board Meetings
- October 11, 2022 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.

- October19, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting-MFA)
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- December 21, 2022 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting-MFA)

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Board Meeting Minutes
Sandia Resort & Casino – Eagle Room
30 Rainbow Rd, Albuquerque, NM
Wednesday, August 17, 2022 at 9:30 a.m.

Chair Reyes convened the meeting on August 17, 2022 at 9:38 a.m. Secretary Hernandez called the roll. Chair Angel Reyes, State Treasurer Tim Eichenberg, Sally Malavé (designee for Attorney General Hector Balderas), Martina C'de Baca (designee for Lieutenant Governor Howie Morales), Rebecca Wurzburger, and Patricia Sullivan. Absent: Derek Valdo. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board members and staff and informed everyone that the meeting was being recorded, making reference to the microphone sensitivity.

Approval of Agenda - Board Action. Motion to approve the August 17, 2022 Board agenda as recommended: Malavé. Second Wurzburger: Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan – yes. Vote: 6-0.

Approval of 7/20/22 Board Meeting Minutes – Board Action– Board Action– Board Action. Motion to approve the July 20, 2022 Board Meeting Minutes as presented: Wurzburger. Second Sullivan: Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan – yes. Vote: 6-0.

Hernandez provided his Executive Director updates: **Program Updates**: Mortgage Operations/homeownership – Behind last year's production (weekly average) 21 - $11.022m / '22 - $9.575m (as of 8/5/22). Subserviced portfolio: continues to grow $1.903 billion (as of Apr. '22) **Significant meetings/presentations**: 7/29: LOC Meeting (2 of 5) informed the Board the articles from this meeting regarding costs were included in the email sent with the Executive Director updates. 8/3: RFQ for Architectural Services Released (due 8/24). **Upcoming Meetings:** 8/22: LOC Mtg (3 of 5), 8/25: Best Places to Work Announcement, 9/1: Housing NM Advisory Committee Mtg. 9/6: Property Committee Mtg. **News:** referred to graphs provided with regards to Construction Costs 2019/2022 Material up 35.6%, Labor up 6.7, Equipment up 14.8% and the 3rd graph, Construction job openings exceed hires, set record high for February. Project Based Contract Admin (PBCA) – HUD Draft Procurement • Comments due 8/31 • Regional Procurement – MFA Reg. Lead 8/31: Staff will come to the Board next month with a resolution allowing us to be the lead for the region. Our current resolution will allow us to do this, however there were only three Board members on the Board at the time; coming back so that all the Board is apprised of this situation.

Consent Agenda

1 A'diidi ni'kuwaa Design Change (Jeanne Redondo) - Finance Committee. MFA staff recommends approval of the proposed design change to the A'diidi ni'kuwaa site as shown in the attached new proposed site plan, renderings and floor plan stipulated upon meeting MFA's Design Requirements. This will allow the project to be financially feasible and move forward to provide much needed housing for people with special needs on the Mescalero Apache reservation.

2 Northern Regional Housing Authority, Contract Approval > 100K (Theresa Laredo-Garcia) - Contracted Services. MFA staff recommends Board approval for Northern Regional Housing Authority (NRHA) to enter into and sign a service contract with Northeastern Construction Company as the contractor to perform the remodel project in Las Vegas, New Mexico.

3 Award Recommendation for Governmental Services Request for Proposals (RFP) (Rebecca Velarde) – Contracted Services. MFA staff recommends and requests approval to award a contract to Mr. John Anderson to provide governmental services for MFA. Staff recommends awarding the contract for a two-year term with the option to award one two-year extension.

Chair Reyes confirmed that all board members agree to approve the consent agenda 1) A'diidi ni'kuwaa Design Change,

2) Northern Regional Housing Authority, Contract Approval > 100K, and 3) Award Recommendation for Governmental Services Request for Proposals (RFP); seeing and hearing no objections he asked for a motion. Wurzburger made the motion to approve the consent agenda in its entirety: Second: Sullivan. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

Finance Committee

4 **6/30/22 Quarterly Financial Statement (Lizzy Ratnaraj). Chair Reyes noted that items 4 & 5 titles be corrected to reflect 2022.** Ratnaraj informed the Board that this report will be for the nine-month period ending 6/30/22 of MFA's fiscal year. She began by providing a very detailed and thorough review of the comparative year-to-date summary of highlights discussing the year-to-date metrics and variances which included the following: Production, Statement of Net Position, Statement of Revenues, Expenses and Net Position, Moody's Benchmarks and Servicing. Ratnaraj then reviewed the monthly and quarterly graphs, the Housing Opportunity Fund report and the Loan and Credit Line Activity report. Motion to approve 6/30/22 Quarterly Financial Statement as recommended: Eichenberg. Second: C'de Baca. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

Chair Reyes thanked Cooper for his attendance and wanted to take a moment to send our condolences for the passing of his grandfather; offering thoughts and prayers.

5 **6/30/22 Quarterly Investment Review (Cooper Hall).** Hall presented the Quarterly Investment Review packet behind tab five which will be included in the official board packet. He began by informing the Board that this report is as of 6/30/22. He reviewed the General Fund Investment Compliance Report, the Portfolio Summary-Short & Intermediate Term Investments, the Portfolio Summary-Long Term Investments including the State Investment Council Investments, the Portfolio Summary-Housing Trust Fund and the General Fund Investment Portfolio Metrics highlighting the asset class balances and yields/rates of returns. Motion to approve the 6/30/22 Quarterly Investment Review as presented: Malavé. Second: Wurzburger. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

6 **Fiscal Year 2022/2023 Single Family Bond Resolution (Cooper Hall).** Hall began his presentation with a recommendation for the approval of the Fiscal Year 2022/2023 Single Family Bond Resolution in the amount of not to exceed $500 million. This resolution would cover the time period of October 1, 2022, through October 31, 2023. The resolution is anticipated to provide funds for $500 million of new single family first-time homebuyer mortgage loans. He provided background information reminding the Board that in addition to the Bond Resolution MFA could fund the Single Family program using the TBA - To Be Announced option, depending on market conditions and what is most beneficial to MFA and our borrowers. This resolution will provide efficiencies between the two funding mechanisms. He referred to exhibit A which shows the structure of the resolution; Maturity Date Not to extend beyond March 1, 2056, Principal Amount Not to exceed $500,000,000, Interest Rate Not to exceed 7.50%, and Authority Funds Contribution: Not to exceed $9,800,000. He further informed the Board that Zion's Bank would remain as Trustee, RBC as senior underwriter, Raymond James as co-underwriter, CSG as financial advisor and Kutak Rock as our bond counsel. Motion to approve the Fiscal Year 2022/2023 Single Family Bond Resolution as presented: Malavé. Second: Eichenberg. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

7 **Request for Proposals for To Be Announced Administrative Services (Cooper Hall).** Hall began his presentation with a request to issue an RFP for the To Be Announced ("TBA") Single Family Program Administrative Services. He informed the Board the contract expires at the end of November 2022 and all extensions have been exercised. Responses to the RFP will be due September 15, 2022, and recommendations will be presented at the November Board meeting. The term of the contract begins the date the Board approves the award and ends November 30, 2025, with two subsequent one-year extensions at the option of the Policy Committee. Hall reviewed the RFP with an emphasis on the Minimum Qualifications and Requirements and scoring criterion as provided in the summary of the memo and RFP located behind tab seven, which will become a part of the official board packet. Discussion ensued regarding the two types of procurements and that we should choose the best people and then negotiate the fees; maybe move the points from fees to responsiveness. Cooper reminded the Board that fees are very important as this is a funding execution and

will affect the end user/homeowner. Werenko stated that MFA may negotiate with the top offerors and come to the most advantageous offer for the MFA. She further stated that MFA is not subject to the state procurement code, but in most instances MFA's procurement code is in line with the New Mexico's procurement code. Chair Reyes asked for a motion to approve the Request for Proposals for To Be Announced Administrative Services as presented; acknowledging that the Board is providing some flexibility to staff to negotiate a scoring criterion that would be more advantageous to MFA. Wurzburger. Second: C'de Baca. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

8 **Section 811 Program Internal Audit (Jessica Bundy, Principal and Shantelle Turner, CPA, CIA, CFE Internal Audit Manager, REDW).** Bundy informed the Board that they had two reports to present and introduced Shantelle Turner. Turner explained that REDW performed internal audit procedures over MFA's processes for complying with the policies and procedures and program requirements of the Section 811 Project Rental Assistance Program funded through the United States Department of Housing and Urban Development (HUD). Our internal audit focused on adherence to program guidelines, including tenant eligibility, property monitoring and eligibility, Local Lead Agencies (LLA) monitoring, and payment processing. We evaluated the monitoring procedures, including timeliness of reviews, adequacy of supporting documentation and approvals, and timely follow up. Additionally, REDW assessed whether the procedures for annual rent increases followed the criteria as outlined in the program policies. identified one Low Risk observation related to one Local Lead Agency not submitting a timely response to a monitoring report and MFA did not perform timely follow-up. Management's Response: since then, MFA has performed the follow up. Management agrees with recommendation to create calendar reminders before responses are due from Local Lead Agencies. Motion to approve the Section 811 Program Internal Audit as presented: Wurzburger. Second: Eichenberg. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

9 **Mortgage Operations – Secondary Market Internal Audit (Jessica Bundy, Principal and Shantelle Turner, CPA, CIA, CFE Internal Audit Manager, REDW).** Turner informed the Board that REDW performed internal audit procedures over MFA's processes for complying with the policies and procedures over Mortgage Operations. Our internal audit focused on MFA's processes of pooling, securitizing, and processing of Bond and TBA settlements. Observations, Recommendations, and Management Responses REDW observed many areas during the course of the audit where controls were functioning properly and established procedures were followed. Our testing determined that all settlements evaluated were processed timely and properly approved, data was successfully validated and adequate supporting documentation was maintained. As a result of our testing, REDW did not identify any reportable observations. Motion to approve the Mortgage Operations – Secondary Market Internal Audit as presented: Malavé. Second. Sullivan. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

<u>**Contracted Services/Credit Committee & NM Housing Trust Fund Committee**</u>

10 **Internal Audit RFP (Julie Halbig).** Halbig began her presentation with a recommendation for approval of the Request for Proposal for Internal Audit Services. The term is for one year with two one-year extensions at the option of the Board. She stated that if approved responses will be due to MFA by September 19, 2022 and recommendations for award will be presented at the October Board meeting. She explained that the function of the Internal Audit is to provide an independent appraisal of activity within the organization as a service to Management and the Board of Directors through the Finance Committee. The internal Audit assists Management in managing risks effectively in order to sustain operations and achieve business objectives by evaluating and monitoring the programs chosen to become part of the internal audit plan which is also presented to the Board for approval. She went on to provide background information as provided in the memo located behind tab ten which will become a part of the official board packet. Discussion ensued regarding the scoring with regards to a New Mexico based firm and use of federal funds as well as the term of the contract with regards to independence issues. Chair Reyes amended the motion authorizing staff to change the scoring criteria to move 5 points from the New Mexico business to Responsiveness to MFA and Technical Capabilities. In addition, in order to align with the external auditor RFP this Internal Audit will be a 2 year term with 3 one year extensions. Motion to approve the Internal Audit RFP as amended: Wurzburger. Second. Eichenburg. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

11 **Request for Proposals (RFP) for sale of MFA Real Property (Izzy Hernandez & Jeff Payne).** Payne began his presentation with a recommendation for approval of the Request for Proposals to Provide Professional Services for the

Sale of Commercial Real Estate. He reminded the Board in July 2022; the MFA Board of Directors approved a resolution authorizing the purchase of a new office building and the sale of our existing location. We are at the point in the process to procure professional services to sell MFA's existing office building when a new building is identified for acquisition by MFA. The services solicited under this RFP are for professional services commonly provided by commercial real estate brokers. Payne reviewed the Services to be Performed, Evaluation Criteria and the Timeline. He further informed the Board that currently we have published an RFQ for an architect. Discussion ensued regarding if we should have a building prior to selling the building, timeline in place, needs assessment, what's available, plan a, b, c. compensation to the broker, time it takes to get board approval, Property Committee and Resolution responsibilities, fluidity and timing. Motion to approve the Request for Proposals (RFP) for sale of MFA Real Property as presented: Wurzburger. Second. Sullivan. Roll call vote: Chair Reyes-yes, Eichenberg-yes, Malavé-yes, C'de Baca-yes, Wurzburger-yes, Sullivan-yes. Vote: 6-0.

Other

12 **Multifamily Project Completion Pipeline Report (George Maestas).** Maestas provided an overview of the multifamily project pipeline completion report which includes funding source and are listed by the project's loan application or tax credit allocation year. Overall, there are 56 active projects comprised of 4,022 units in 26 different municipalities across the state. They represent over $39.6m in annual tax credits, $65.3m in Private Activity Bonds and $43.6m in other MFA financing for a total of $148,490,975. Thirty (37) projects are currently under construction; Two projects added, none removed (EMLI @ Wells of Artesia & JLG Central [6 sites]). Approximately 15 projects are expected to complete by end of calendar year. He further informed the Board that one project had closed - Vista Mesa Villas- a 100-unit 2022 4% LIHTC acquisition/Rehab project in Grants. Nine projects received COVID extensions. He then went over the upcoming ground breakings and ribbon cuttings. Maestas reviewed the figures provided for economic impact as well as jobs. Chair Reyes asked if staff could provide number of counties rather than municipalities in order to give the Board a better understanding of where we are reaching. Non-Action Item.

13 **MFA Portfolio Delinquency Update (Teresa Lloyd and Stephanie Gonzales).** Gonzales provided the Board an update on delinquency trends for MFA's loan portfolio as of June 30, 2022. Housing Assistance Funds (HAF) have been distributed to 1,171 New Mexico Households since February 28, 2022, to assist borrowers effected by COVID-19. MFA's subserviced portfolio delinquency in down to 10.61% from a high of 18.39% in December of 2020 at the peak of the COVID-19 Pandemic. MFA's in-house serviced portfolio has seen steady improvement from 10.30% as of December 2020 to the current 8.15% combined average. Discussions ensued regarding what other resources are available that MFA has authority over. What are some of the reasons people are not paying their mortgage. Is MFA doing all we can to help homeowners in this situation and how can we reconcile what the state is doing. Non Action Item.

Other Board Items - Information Only

14 **Staff provided information on the Pricing Summary.**

- Staff Actions Requiring Notice to Board
- COVID -19 Staff Actions
- EMLI Wells of Artesia Pricing Summary
- Q3 Strategic Plan Benchmarks

Quarterly Reports - No Action Required

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

- Quarterly Board Report

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Hernandez provided a few details on the Housing Summit is in September 14-16, 2022 and that the Board meeting moved up by a week; 2nd Wednesday vs the

3rd Wednesday of the month in order to have it in conjunction with the Summit – MFA Board of Directors meeting September 14, 2022.

There being no further business the meeting was adjourned at 12:23 p.m.

Approved: September 14, 2022

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Chair, Angel Reyes Secretary, Isidoro Hernandez

NEW MEXICO MORTGAGE FINANCE AUTHORITY
MFA Board of Directors Retreat Meeting Minutes
Sandia Resort and Casino
30 Rainbow Road, Albuquerque, NM 87113
August 17-18, 2022

Chair Reyes convened the Retreat at 12:50 p.m. on August 17, 2021. Members present: Chair Angel Reyes, Treasurer Tim Eichenberg, Sally Malavé (designee for Attorney General Hector Balderas), Martina C' de Baca (designee for Lieutenant Governor Howie Morales), Rebecca Wurzburger and Patricia Sullivan. Lt. Governor joined the Retreat virtually at 1:02.

August 18, 2022 Day 2 – Same members present with the exception of member Sally Malavé (designee for Attorney General Hector Balderas – virtual attendance).

MFA staff in attendance included: Izzy Hernandez, Donna Maestas De Vries, Lizzy Ratnaraj, Jeff Payne, Rebecca Velarde, Joseph Navarrete, Yvonne Segovia, George Maestas, Paul Dahlgren, Gina Bell, René Acuña, Dolores Wood, Patrick Ortiz, Teresa Lloyd and Sandra Marez.

General Counsel – Eleanor Werenko.

John Anderson present both days of the Retreat.

Day 2 – Same staff, Sonja Unrau and general counsel present.

Guests – guests and staff included will be listed in the minutes with the topic they presented.

On Wednesday, August 17, 2022, the Board of Directors of the New Mexico Mortgage Finance Authority (MFA) conducted its annual Board Retreat in order to discuss MFA's programs, housing needs and related topics. No action was taken by the Board on any items during the retreat.

Chair Reyes opened the retreat by welcoming everyone to the 2022 Retreat and by thanking staff for all the preparation that goes into organizing this venue. Reyes thanked the Board for their attendance and stated this meeting will be internally focused; it will be our best opportunity to really see what's happening and piece it all together. Staff would like our engagement and asks for our input and collaboration. He stated his past experience is that we always get a lot of out of these meetings and he is sure it will be the same going forward. Reyes thanked staff for an incredible schedule of presentations and information. He acknowledged the time, thought and preparation that went into preparing for the Board retreat and expressed his gratitude.

Hernandez thanked the Chair and welcomed everyone to the 2022 Retreat, stating it was nice to get everyone together. He echoed the Chair's comments stating this retreat is internally focused. We realize MFA is a very diverse organization with a wide range of activities. Affordable housing has so many variables with many moving parts. Today, we hope to provide a wide overview of MFA and how all these moving parts fit together. He then provided a summary of the agenda and information we will be covering. We will also hear from some of our partners that work with our various programs and how what we do in our board meetings impacts the people that we serve. He encouraged Board members to provide feedback, make comments and ask questions during the Board retreat.

The following topics were presented for the MFA Board of Directors Retreat and will be made a part of the official Board retreat packet**.**

The Importance of MFA's Partners and Good Customer Service (Felipe Rael, Executive Director, Greater Albuquerque Housing Partnership and Edward Archuleta, Executive Director, St. Elizabeth's Shelters and Supportive Housing). Mr. Ed Archuleta, Executive Director of St. Elizabeth's Shelters and Supportive Housing, and Mr. Felipe Rael, Executive Director of the Greater Albuquerque Housing Partnership (GAHP), spoke to how their partnership with MFA affects their agency and the community they serve. Some of the examples provided by Ed Archuleta include:

funding for operations, which provides case management services, building and grounds maintenance and office supplies and utilities; purchase of a new heating and cooling systems at the men's shelter and a/c at Casa Familia; purchase of the Santa Fe Suites, which includes 120 units to house homeless and working class with low/moderate incomes; and CARES Act funding for protection equipment, motel vouchers, supplies and facility upgrades during the COVID pandemic. Mr. Rael began his presentation by providing an overview of GAHP, which owns six apartment communities consisting of 490 housing units developed since 2010 and one apartment community of 92 units currently under construction for deaf community. GAHP currently houses 850 residents, revitalized seven historic neighborhoods, and provides enrichment services at each community to ensure well-being of residents. He shared information and photos on the GAHP Apartment housing communities they are responsible for. He provided specific examples of how MFA Housing Development staff has given great customer service by responding to market conditions. He thanked MFA for its support.

MFA Organizational Overview (Isidoro Hernandez, CEO/Executive Director, MFA). Hernandez stated that MFA is a remarkably diverse organization with many moving parts. He provided a comprehensive overview of MFA, our staff, programs, partners and various stakeholders. He provided a wealth of information on the organization. The agenda included: MFA History/Milestones; Vision, Mission & Values; and Personnel, Programs, Advisors (Professional Services & Advisory Committees) and Partners.

The Housing Continuum and MFA's Programs to Support It (Donna Maestas-De Vries, Chief Housing Officer, MFA and Jeff Payne, Chief Lending Officer, MFA). Payne explained that all the slides will not be touched on, however it will serve as a good resource in the future. MFA's departments are organized to support programs across the housing continuum – from homelessness to homeownership. Ms. Maestas-De Vries and Mr. Payne described MFA's programs and how our departments support them. As they went through the presentation, they reminded the Board of the item(s) that had come before the Board for approval or staff trainings that are in direct correlation of that particular program. The program areas included: Homeless, Transitional, Rental Development, Specialized, Single-family Development, Homeownership, Homeowners and Other. Discussion ensued regarding Duty to Serve and how many people went on to be homeowners, and emergency housing needs.

2022 Enterprise Risk Management Overview (Julie Halbig, Director of Compliance/Initiatives, MFA and Cait Gutierrez, Internal Audit Senior Manager, REDW). Halbig explained that this is an annual exercise that is conducted and used to inform the Strategic Plan and the internal audit plan. All of MFA staff had the opportunity to respond to survey questions regarding various aspects of risk facing the organization. Approximately, 60% of MFA employees responded. REDW facilitated a follow-up meeting with Chiefs and Directors to further gauge certain risk areas. Gutierrez provided an overview of the 2022 Enterprise Risk Management results with an expectation of Board feedback on areas of risk to MFA. Halbig reviewed the risk categories of Human Resource Risks, Reputation and Public Relations, Program Resources, Partner Capacity – Lenders and developers, NIMBYism, Market Vulnerability/ Volatility, Technology Solutions and Organizational Processes. Discussion ensued regarding the following items: staff information sharing, NIMBYism, housing tax credits, affordable housing investment, stereotypes of households receiving rental assistance, energy programs, ideas on tax reform, gross receipts tax abatement for affordable housing development, real estate transfer tax, guest houses/short term rentals, fair market rents for voucher holders, the Inflation Reduction Act, pre-weatherization funding, energy tax credits, property tax abatement for affordable housing, state housing tax credit, and partner capacity. Gutierrez asked if she could add a bullet to the "loss of/unavailability of affordable housing in New Mexico," which would read; "Ability to create dynamic, effective solutions to promote impacts to the affordable housing obstacles." Chair Reyes stated that based on today's discussion he thought that impact should be substituted with outcomes.

MFA's Financial Outlook (Lizzy Ratnaraj, Chief Financial Officer, MFA). Ratnaraj explained that MFA's finances are forecasted to remain strong in the midst of volatile market conditions. Her presentation focused on a review of the current fiscal year budget, projected funding, liquidity and financial projections.

Thursday, August 18

Responding to Today's Human Resources Challenges (Dolores Wood, Director of Human Resources, MFA). Wood provided a presentation which focused on the demographics of the organization, the growth MFA has experienced and the initiatives that have been established to focus on retention of staff, MFA's most valued asset. The agenda included the following topics: MFA demographics, recruiting and retention, telecommuting, rethinking benefits, healthcare and compensation strategy. Discussion ensued regarding the leadership academy, desktop procedures, succession planning, telecommuting pros and cons and out of state telecommuting, compensation, questions regarding eldercare, and total compensation. Member Eichenberg stated HR needs a plan to have someone in line of succession.

Tackling Cybersecurity Challenges and Innovating to Meet Technological Needs (Joseph Navarrete, Senior Director of Information Technology, MFA). Navarrete explained that as MFA grows, so does our need to secure our operating systems and platforms. Mr. Navarrete outlined key trends, challenges, security awareness and MFA's plans for technology to support the organization's long-term strategic growth and security needs.

Leading the Housing Summit to Support Partners (Paul Dahlgren, Director of Marketing and Communications, MFA). Dahlgren provided information regarding the MFA's bi-annual Housing Summit that will feature insightful keynotes, informative workshops, and engaging networking opportunities for hundreds of professionals from all facets of the housing industry. He informed the Board that staff developed the sessions to highlight new technology, industry trends, pressing topics, etc. and provide training on methodologies and MFA programs. He explored the inner workings of New Mexico's most comprehensive housing conference to discover why the 2022 Summit will be the best one yet.

Facilitated Discussion on the Draft Statewide Housing Strategy (Rebecca Velarde, Senor Director of Policy and Planning, MFA and Sonja Unrau, Research and Development Manager, MFA). Unrau expressed her enthusiasm in receiving feedback from the Board in prioritizing strategies that will be included in the New Mexico Housing Strategy**.** She outlined the four issue areas: create more housing; produce more housing; build homeownership; and address housing issues for our most vulnerable populations. She explained that later there will be an exercise to prioritize strategies as well as have a more fluid conversation on areas that need to be strengthened or built out a little more. She stated the board members should think about the following questions: "What implementation issues should MFA consider in carrying out high priority strategies?;" "Are there focus areas or strategies that are missing?"; and "Are there priorities that can be achieved sooner?" Board members held a discussion on the strategies and asked for the addition of the following: creative financing options to build equity; and financial literacy/counseling.

Assessing, Changing and Executing a Culture of Continuous Improvement (Isidoro Hernandez, CEO/Executive Director, MFA). Hernandez explained that his presentation will highlight recent changes and look forward to improvements, initiatives and opportunities in the near future. Topics included: continuous improvement; futures meetings; the strategic plan; recent changes; and potential changes in the future. He asked for the Board's feedback and stated current operations keep MFA busy, but we want to keep on eye looking forward in order to be proactive.

Board Retreat Discussion and Wrap-Up (Chair Reyes and Izzy Hernandez). Member Wurzburger thanked the staff for the retreat and praised Hernandez. Member Eichenberg praised Hernandez as Executive Director and staff. He quoted, "you're just as good as your weakest link," and he did not see one. He is proud to be a member of this Board. He thanked the Chair for always keeping him engaged and thanked everyone for what they have done for him and New Mexico's people. Member Sullivan thanked the staff for a tremendous and informative retreat. She said she has worked with a lot of organizations and has never seen such a great quality of people with such professionalism, passion and just congeniality that work great together. She thanked staff. C' de Baca expressed her appreciation for the staff and Board. She stated she looks forward to seeing Hernandez, Velarde and John Anderson during the state legislature. Chair Reyes reminded Izzy that more than likely MFA will have two new Board members. He echoed all the comments and stated MFA has an incredible team. He asked staff what they needed from the Board and how they could improve. Wood appreciated the approach the Board takes when they ask questions or provide feedback. Payne appreciates that the Board challenges or provides different viewpoints and stated the outside prospective is valuable. He thanked the Board for their support and how they challenge MFA staff. De Vries appreciated the way Chair Reyes summarizes things. She stated she appreciates the respect and support Board gives staff, never makes them feel bad or try to catch them off guard. Hernandez stated that he truly appreciates the Board's support; he echoed Payne's comments. He stated the Board does a very good job at keeping it at a strategic level and letting MFA staff execute. Lieutenant Governor thought the Board Retreat was very informative and educational. He thanked the Board and C' de Baca for being there in person. He appreciates being on the

MFA Board and MFA's impact. Reyes said the board retreat packet contained a great wealth of information and stated putting it together took a lot of work and effort. As he continues to sit on this Board, he still continues to learn new things. He hopes this information can be used by MFA staff in other situations. Member Wurzburger echoed Chair Reyes' comments on reusing the board retreat packet information. Chair Reyes shared a quote: "Never regret a day in your life – good days give happiness, bad days give experience, worst days give lessons, and the best days give memories." Chair Reyes stated he is walking away with memories and is so grateful for the MFA team. He thinks about Mr. Rael talking about waking up in the morning to make a difference and stated the purpose is much greater than any of us. He stated there will be more opportunities because there is a lot more need in the state. Hernandez thanked the Board for their time and support. He thanked staff for all their hard work. He thanked John Anderson for the years he has been sponsoring the reception. He stated MFA has many opportunities coming at us and a lot of challenges and things we want to improve on to house more New Mexicans. He stated MFA needs to celebrate our accomplishments. We are making a dent in this every year and hope to continue making a difference by focusing on providing the much needed housing. He closed with a quote from Abraham Lincoln: "The most reliable way to predict the future is to create it." John Anderson took a moment to thank the staff and Board for their hard work and the Board for their time and support.

There being no further business the meeting was adjourned at 2:20 p.m.

Approved: **September 14, 2022**

Chair, Angel Reyes	Secretary, Isidoro Hernandez

Tab 1

MFA Housing New Mexico

MEMO

TO: MFA Board of Directors

Through: Finance Committee – 9/6/2022
Through: Policy Committee – 8/30/2022

FROM: Jacobo Martinez
Development Loan Manager, Team Lead

DATE: September 14, 2022

SUBJECT: Proposed updates to the National Housing Trust Fund Notice of Funding Availability

Recommendation:
Staff recommends updates to the National Housing Trust Fund (NHTF) Notice of Funding Availability (NOFA) including applicant submission, eligible applicants, program funding limits and restrictions, and scoring language.

Background:
In June Of 2017, the MFA Board of Directors approved the NOFA for National Housing Trust Fund. The National Housing Trust Fund (NHTF) is funded by an assessment on loans made by Fannie Mae and Freddie Mac and administered by HUD and was established under the Housing and Economic Recovery Act of 2008. On January 30, 2015, HUD published an interim rule (24 CFR Parts 91 and 93) providing guidelines for states to implement the NHTF.

New Mexico receives an allocation of approximately $3 million annually. MFA's NHTF Allocation Plan is approved by HUD and a NHTF grant agreement between HUD and the state of New Mexico is signed, annually. The NHTF allocations allow for the development of units for households earning no more than the greater of 30% of Area Median Income (AMI) or the federal poverty level. Up to 10% of New Mexico's allocation may be used for administrative expenses.

Since the NHTF NOFA approval in 2017, MFA has utilized the National Housing Trust Fund to fund sixteen (16) projects, with eighty-four (84) units placed-in-service serving those households earning no more than the greater of 30% of Area Median Income (AMI) or the federal poverty level. There are seven (7) projects that have been approved for NHTF funding but have not yet closed.

Discussion:
As it has been five years since the NHTF NOFA was originally approved, MFA staff is proposing non-substantive changes related to overall language and changes in the scoring that echoes the New Mexico Housing Trust fund NOFA. In sequential order, staff is recommending the following notable language revisions to the NHTF NOFA:

1. **Contact Person-** Paragraph 2: To align with current MFA staffing, change the contact person from Sabrina Su, who is no longer employed with MFA, to Jacobo Martinez who currently manages the NHTF program.

2. **Application Submission-** Paragraph 1 & 2: To align with current practices with other funding sources such as the New Mexico Housing Trust fund, update the application submission process to reflect our current process of accepting applications. The change mirrors our program NOFA for the New Mexico Housing Trust Fund (NMHTF).

3. **Eligible Applicant-** Paragraph 2: To align with our current underwriting practices, add language to this section to better define the evaluation of a developer and a non-profit. Staff has added the language so that MFA makes clear to the applicant the expectations of the developer review and the review of financial statements.

4. **Funding limits and Restrictions-** Paragraph 2: To align with other funding sources such as NMHTF and HOME, change the threshold of NHTF funds to all other projects limited only by the maximum per unit subsidy limits. The current threshold allows for a request only limited by the maximum per-unit subsidy. This allows for a larger request amount, as, in the past, we have had developers request our total available NHTF funds. MFA staff recommends a dollar amount threshold like we have for the HOME Rental program and the NMHTF. For example, the HOME Rental program currently allows for $800,000 for projects not associated with the 9% LIHTC round. Staff analyzed the previous requests for NHTF funds not associated with the 9% LIHTC round and we found that requests ranged from $1,275,000 to $1,830,000. One request was above $1,500,000, therefore, we are recommending $1,500,000 as the maximum threshold amount for those projects not associated with the 9% LIHTC round. The NHTF will still be limited by the maximum per-unit subsidy limits as well

   - **Maximum Per Unit Subsidy Limits- Table :** In order to keep the most current per-unit subsidy data, staff recommends deleting the table that was last updated in 2017 and adding language to contact MFA for the most current data.
   - **Developer and Consultant Fee- Recommendation:** In order to align with current underwriting guidelines, update the language to match our MFA Underwriting Guidelines.

- **Builders Fees- Recommendation:** In order to align with current underwriting guidelines, change the language to reflect our MFA Underwriting Guidelines.

5. **Scoring Criteria- Recommendation:**
   - **Energy Efficiency-** To align with other requirements established by the QAP and other funding sources, update the language of this scoring criteria.
   - **Transit-oriented development-** To align with other requirements established by the QAP and other funding sources, change the language of the scoring criteria to define walking distance as the criteria for the ½- mile radius.
   - **Tribal or Rural location-** To align with other requirements established by the QAP and other funding sources, change the language of the scoring criteria to add tribal locations for points.
   - **Readiness-** Add this title to the scoring section.
   - **Leverage-** Add this title to the scoring section.

Summary:
MFA staff recommends revisions to the NHTF NOFA as there is a need to update the applicant submission, eligible applicants, funding limits and restriction, and scoring language. With anticipated future development projects in mind, staff views the $1,500,000 maximum threshold important to redistribute NHTF for more projects throughout the state. Also, adding language to the Eligible Applicant provides a clearer understanding of requirements for developers and non-profits. As such, staff recommends the approval of all proposed changes to the NHTF NOFA.

National Housing Trust Fund
Notice of Funding Availability (NOFA)

Introduction and Background

The National Housing Trust Fund (NHTF) was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131. In December 2014, the Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to set aside and allocate funds to the NHTF. On January 30, 2015, the U.S. Department of Housing and Urban Development (HUD) published an interim rule (24 CFR Parts 91 and 93) providing guidelines for states to implement the NHTF. Each state's allocation was published on May 4, 2016, and New Mexico received an allocation of $3 million. New Mexico Mortgage Finance Authority (MFA) will distribute these funds in accordance with 24 CFR Parts 91 and 93.

MFA is a governmental instrumentality separate and apart from the state, created by the New Mexico Mortgage Finance Authority Act for the purpose of financing affordable housing for low- and moderate-income New Mexico residents. The state of New Mexico designated MFA as the administrator of the state's NHTF program. Ten percent of MFA's allocation and of future program income will be used for eligible administrative and planning costs, in accordance with 24 CFR 93.202. MFA will distribute the remaining NHTF funds directly to recipients; no funds will be distributed to sub-grantees. Funds will be distributed in the form of forgivable loans, in accordance with the guidelines set forth in this NOFA, as well as priority housing needs identified in the state's Consolidated Plan.

The purpose of the NHTF is to provide a new affordable housing production program that will complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for households whose incomes do not exceed the greater of 30% of Area Median Income (AMI) or the federal poverty line (hereinafter collectively defined as Extremely Low Income or "ELI" households). One hundred percent of rental units funded by NHTF will be occupied by ELI households.

Contact Person

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

Jacobo Martinez~~Sabrina Su~~
New Mexico Mortgage Finance Authority
344 Fourth Street SW
Albuquerque, NM 87102
Phone: (505)767-~~2249~~ 2280 or toll-free statewide (800) 444-6880
E-mail: ssu@housingnm.org

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

Application Submission

~~Subject to fund availability, final funding decisions will be made by MFA's Board of Directors. MFA will hold an initial funding round for which applications must be received and date-stamped at MFA's office no later than 5 p.m. on October 16, 2017. All applications received by this deadline will be evaluated concurrently.~~ Applications must be received no later than 60 days prior to a regularly scheduled meeting of the MFA Board of Directors in-order to be considered at that meeting. Meetings of the MFA Board of Directors are generally held every third Wednesday of the month. All applications submitted by the deadline for a particular MFA Board of Directors meeting will be treated as one funding round and evaluated concurrently. Subject to fund availability, final funding decisions will be made by MFA's Board of Directors. ~~I~~If sufficient funds are not available to fund all applications that meet the requirements outlined in this NOFA, the application receiving the highest score will be recommended to the MFA Board of Directors for approval, followed by the next highest scoring application, etc., until the remaining funds are no longer sufficient to fulfill the next highest scoring application's requested loan amount.

If funds remain following the initial funding round, MFA will post an announcement on its website stating the amount of funds still available to be awarded. Thereafter, applications must be received no later than 60 days prior to a regularly scheduled meeting of the MFA Board of Directors in order to be considered at that meeting. ~~Meetings of the MFA Board of Directors are generally held every third Wednesday of the month. All applications submitted by the deadline for a particular meeting of the MFA Board of Directors will be treated as one funding round and evaluated concurrently. If sufficient funds are not available to fund all projects in a funding round that meets the requirements outlined in this NOFA, the project receiving the highest score will be recommended to the Board for approval, followed by the next highest scoring project, etc. until the remaining funds are no longer sufficient to fulfill the next highest scoring project's requested loan amount.~~

Application forms will be provided electronically and may be downloaded from MFA's website at http://www.housingnm.org/developers.

Eligible Applicants

Eligible recipients include nonprofit entities, for-profit entities, public housing agencies, and tribally designated housing entities. Participating recipients must be approved by MFA and must have demonstrated experience and capacity to conduct eligible activities that meet the requirements of 24 CFR 93.200. To be eligible to receive NHTF assistance:

- Applicant must not currently be suspended, debarred or otherwise restricted by any department or agency of the federal government or state government from doing business with such department or agency because of misconduct or alleged misconduct.
- Applicant and all members of the development team (developer, general partner, contractor, management company, consultant(s), architect, attorney, and accountant, etc.) of the proposed project must be in good standing with MFA and all other state and federal affordable housing agencies or departments. For example, debarment from HUD, MFA, or other federal housing programs, bankruptcy, criminal indictments or convictions, poor performance on prior MFA or federally-financed projects (for example, late payments within the 18-month period prior to the application deadline, misuse of reserves and/or other project funds, default, fair housing violations,

non-compliance (e.g. with the terms of Land Use Restriction Agreements on other projects), or failure to meet development deadlines or documentation requirements) on the part of any proposed development team member or project owner or other principal may result in rejection of an application by MFA.

- MFA will require CPA audited or reviewed financial statements of the developer's organization and analyze to determine if the developer has sufficient capacity and financial management systems to account for use of Federal funds. The audit system review can help to determine if the financial systems are adequate.
- If applicant has an audited financial statement, the following types of audit findings may disqualify applicant from funding but not limited to:
  - Repeat of unresolved audit findings, as determined by MFA;
  - If applicant has received greater than $750,000 in federal funds in the prior fiscal year end~~ing in 2016~~ and its single audit did not meet the requirements of 2 CFR 200 Subpart F;
    - For any such single audit, no proof of Federal Audit Clearinghouse submission (FOR SF-SAC);
  - If referenced in audit as a separate communication, no submission of management, response letter and management response to concerns noted in the management letter; and
  - If any findings, no submission of management response to findings.
- MFA will evaluate developers awarded funding for capacity to carry out the project based on the following:
  - Developer's technical and managerial experience
  - Developer's staff's knowledge and skills to successfully implement the project
  - Developer's ability to meet its financial obligations and absorb the financial risk of the project
- MFA will evaluate developers awarded funding for financial capacity based on the following:
  - Developer's financial management systems and practices
  - Developer's financial resources to determine they are sufficient to carry the project to completion and through the required affordability period
- Private non-profit entities involved in property acquisition must evidence the following:
  - Proof that the non-profit is organized under state or local law with either a charter or articles of incorporation
  - Proof that no part of its net earnings benefit of any member, founder, contributor, or individual with either a charter or articles of incorporation
  - A 501 (c)(3) or (4) Certificate from the IRS
- Finally, developers and other entities carrying out NHTF funded projects must also **evidence good standing in the System for Award Management (SAM)** (https://www.sam.gov).

Eligible Activities

Eligible activities include the production, preservation and rehabilitation of affordable rental housing units for ELI households. The use of funds for new construction or rehabilitation of public housing must remain within 24 CFR 93.203 guidelines. Projects may include, but are not limited to, permanent rental housing for individuals or households experiencing homelessness, Single Room Occupancy (SRO) projects, senior projects and other special needs projects. Dormitories and transient housing (e.g. emergency shelters for homeless households) are ineligible. Given the high need for rental housing among ELI households, MFA will not fund any homebuyer activities.

MFA may, at its discretion, use NHTF funds for refinancing only when needed in order to permit or continue affordability of rental units when (1) rehabilitation is the primary activity, (2) the use of NHTF funds is proportional to the number of NHTF-assisted units in the project, and (3) the rehabilitation cost attributable to the NHTF units is greater than the amount of debt to be refinanced that is attributed to the NHTF units. MFA's minimum affordability period and underwriting standards for an initial investment of NHTF funds would apply, which include: adequacy of management and owner, feasibility of project to meet operational and debt service requirements, consistency with the market, and review of total development costs and sources available to meet these needs.

Eligible costs are the following: development hard costs, refinancing costs, acquisition costs, related soft costs and relocation costs as defined in 24 CFR 93.201. Up to 10 percent of MFA's allocation and of future program income will be used for eligible administrative and planning costs, in accordance with 24 CFR 93.202. For NHTF-assisted units for which project-based assistance is not available, when necessary and subject to the limitations in 24 CFR 93.200 (a) and in accordance with the requirements found in 24 CFR 93.201 (e), NHTF funds may be available to pay for operating cost assistance and operating cost assistance reserves.

Beneficiary Income Limits and Rent Restrictions

Beneficiaries or occupants of units financed by the NHTF must have incomes at or the NHTF income limits published by HUD, which the applicant shall be required to verify. Rents may not exceed the NHTF rent limits published by HUD.

Affordability Period

The minimum affordability period for NHTF-assisted units is 30 years, as set forth in 24 CFR 93.302(d).

Projects will be subject to an annual Compliance Monitoring Fee of $45.00 per NHTF unit, paid annually in advance, which must be reflected in the project's operating budget. MFA may establish a minimum annual Compliance Monitoring Fee that is based on the number of NHTF units in the project. This fee may be waived if required under another MFA funding source, as it is MFA's intent to collect one fee per NHTF unit.

Limitation on Beneficiaries or Preferences

Preferences defined in this NOFA may not violate nondiscrimination requirements in the NHTF interim rule at 24 CFR 93.350. Projects may not limit occupancy to or provide preference to students. For NHTF-funded units, owners of NHTF-assisted projects are permitted to limit occupancy to or provide preference to the following populations:

- Households or individuals experiencing homelessness;

- Individuals with disabilities;
- Individuals with severe mental illnesses;
- Individuals with alcohol or other addictions;
- Individuals with HIV/AIDS;
- Victims of domestic violence;
- Senior Housing;
- Veterans;
- Individuals on public housing waiting lists;
- Youth transitioning out of foster care; and
- Ex-offenders.

See the Definitions section at the end of this NOFA. At the applicant's request, MFA may consider alternative definitions on a case-by-case basis.

While not required to limit occupancy or provide preferences to the populations described above, owners of NHTF-assisted projects who do must do so in accordance with 24 CFR 93.303(d). The intent is merely to allow owners of NHTF-assisted projects to limit occupancy to or provide preference to populations identified within this section as well as the priority housing needs identified in the NM Consolidated Plan.

Any limitation or preference must not violate nondiscrimination requirements. Federal fair housing requirements, including the duty to affirmatively further fair housing, are applicable to the NHTF program. A limitation does not violate nondiscrimination requirements if the project also receives funding from a federal program that limits eligibility to a particular segment of the population (e.g. Housing Opportunity for Persons Living with AIDS program, the Section 202 and Section 811 programs or the Housing for Older Persons Act).

Environmental Requirements

New construction and rehabilitation projects funded with NHTF must be assessed in accordance with the NHTF Environmental Provisions described in 24 CFR 93.301(f)(1) and (2) as well as HUD Notice CPD-16-14, "Requirements for Housing Trust Fund Environmental Provisions." Copies of all NHTF Environmental Provisions are posted on MFA website for review at http://housingnm.org/developers/national-housing-trust-fund-environmental-review.

Other Federal Requirements

All projects must meet the affirmative marketing, lead-based paint, relocation, conflict of interest, and other federal requirements described in 24 CFR Section 93 Subpart H.

Property Standards

All projects must meet the standards described in 24 CFR 93.301. All rehabilitation projects must meet the requirements found in Attachment A: National Housing Trust Fund Rehabilitation Standards.

In addition, all projects must meet the requirements described in the MFA Mandatory Design Standards for Multifamily Housing in effect at the time of application.

Funding Limits and Restrictions

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

Awards of NHTF funds are limited by the maximum per-unit subsidy limits and the MFA's underwriting guidelines. Awards of NHTF funds to projects that receive 9% low-income housing tax credits are limited to a maximum of $400,000 per project. Awards of NHTF funds to all other projects are limited to a maximum of ~~only by the maximum per-unit subsidy limits below and by MFA's underwriting guidelines~~$1,500,000 per project. Projects that will include accommodations for individuals with disabilities are likely to have higher development costs. Projects will be evaluated separately for cost-efficiency.

Maximum Per-Unit Subsidy Limits ~~-~~- To allow maximum flexibility, the maximum per-unit subsidy limits for NHTF will be set at HUD's applicable limits for the HOME Program effective at the time of commitment of NHTF funds. The maximum per-unit subsidy limits change annually, and applicant should contact MFA for the most recent data. ~~The current limits are as follows:~~

~~-~~	~~Per-Unit Subsidy Limit~~
~~Bedrooms~~	~~as of May 2017~~
~~0~~	~~$126,392~~
~~1~~	~~$144,891~~
~~2~~	~~$176,186~~
~~3~~	~~$227,928~~
~~4+~~	~~$250,193~~

Developer and Consultant Fees - Developer fees, inclusive of consultant fees, will be restricted to the maximum limits as described within MFA's General Underwriting Guidelines as a percentage of ~~are limited to the following percentages of~~ sum of acquisition and site improvements, hard construction costs, professional fees, financing costs, and soft costs, unless further restricted by other funding sources. ~~Exceptions will be allowed in the case of Low Income Housing Tax Credit (LIHTC) projects, in which developer and consultant fees are subject to the limits set forth in the applicable LIHTC Qualified Allocation Plan issued by MFA.~~

~~Small project (five or fewer units): 15%~~

~~Standard project (six or more units): 12%~~

Builder Fees - "Builder Fees" generally cover builder overhead, profit and general requirements and are limited to a percentage of~~14 percent of~~ site improvements and hard construction costs, ~~unless further restricted by other funding sources.~~ Builder Fees will be restricted to the maximum limits as described within MFA's General Underwriting Guidelines, unless further restricted by other funding sources.

Project Readiness Standards

MFA intends to make NHTF awards only to projects that are significantly ready to proceed. At the time of application, the project must have all required zoning in place and the applicant should have all significant environmental issues identified with a plan to address such issues. Preference will be given to projects that have all funding commitments, other than MFA resources, in place. The applicant must be able to represent to MFA that there are no unusual circumstances that would delay a loan closing.

Funding Terms and Conditions

All awards will be subject to the availability of funds and applicable laws and regulations. MFA will allocate only the minimum amount of funds that it determines to be necessary for the financial feasibility of a project and its viability throughout the affordability period. Principles of sound underwriting and risk management will be applied when reviewing all applications.

NHTF financing that will be used as a financing resource in a property also allocating LIHTC will be in the form of non-interest-bearing cash flow loans (applicants seeking credits will need to ensure that the proposed loan meets IRS requirements to be included in eligible basis).

NHTF financing that will be used as a financing resource in a property that will **not** use LIHTC will be in the form of a non-interest bearing "compliance loan." If all of the regulatory and contractual requirements are completed, the loan will be forgiven at the end of the NHTF Period of Affordability, and MFA's secured interest released. MFA would have the right to foreclose on the security deed in the event of a determination of nonperformance or substantial noncompliance with the NHTF program requirements.

Loans will be secured by mortgages and/or other appropriate liens. Land Use Restriction Agreements (LURAs) will be required for all loans. LURAs will remain in place throughout the required affordability period (30 years) regardless of the status of the loan or changes in ownership, unless equal or more restrictive restrictions are in place from other funding sources or are imposed through permanent affordability mechanisms such as deed restrictions or land trusts.

Evaluation of Applications and Documentation

MFA staff will evaluate applications submitted based on the following Scoring Criteria and all required documentation as outlined in the ~~2017~~ Universal Rental Development Application. Staff may contact applicants for clarification of information provided. In the event of a tie score, staff will recommend approval based on financial need and applications that are deemed to be most advantageous to achieving the goals of the NHTF.

Scoring Criteria

All projects must meet the following threshold criteria:

- NHTF-assisted units must provide permanent rental housing for ELI households;

- NHTF-assisted units must remain affordable to ELI households for at least 30 years;
- The applicant must certify that NHTF-assisted units will comply with all NHTF requirements;
- The project must be financially feasible;
- NHTF-assisted rehabilitation projects must comply with the rehabilitation standards found in Attachment A: National Housing Trust Fund Rehabilitation Standards; and
- The project must include at least four (4) rental units.

	Scoring Criteria	Points
	Geographic diversity *No other Low Income Housing Tax Credit, public housing, or federally-subsidized housing projects within:* • *¼ mile radius = 3 points* • *½ mile radius = 5 points*	3 or 5
	Duration of the affordability period beyond the required 30 years *Projects committed to an additional five or more years*	5
	Energy efficiency *~~Projects achieving a HERS rating lower than 75 for rehabilitation projects and 65 for new construction projects~~ Home Energy Rating System (HERS) score exceeds a sufficient HERS rating as stipulated in the then-current MFA Design Standards*	5
	Organization type *Developer/general partner is a New Mexico nonprofit organization, a Tribal Designated Housing Entity (TDHE), or a public housing authority*	5
	Absence of project-based rental assistance *Projects without project-based rental assistance or projects that have or will have project-based rental assistance covering less than or equal to 25% of the total units*	5
	Transit-oriented development *Projects within 1/2-mile ~~radius~~ walking distance of public transportation Public transportation must be established and provided on a fixed route with scheduled service. Alternative forms of transportation may be acceptable, provided sufficient documentation is submitted that establishes the alternative form of transportation is acceptable to MFA. A future promise to provide service does not satisfy this scoring criterion.*	10
	Tribal or Rural location *~~Projects located in cities with populations of 50,000 or less (per latest U.S. Census)~~ Tribal or Rural Housing projects, defined as follows:* *A. Tribal – Projects located on tribal lands, or* *B. Rural – Projects located outside of the boundaries of Bernalillo County, the City of Rio Rancho, the City of Las Cruces, the City of Santa Fe, the City of Farmington or the City of Roswell.*	10
	Creation of new units serving ELI households, through new construction, adaptive reuse or conversion of market-rate units Examples: • New construction of 4 new units (minimum project size) consisting of 3 market rate units and 1 ELI unit = 1 point • Adaptive reuse of a hotel into 30 units consisting of 10 market rate units, 10 units at 50% AMI, and 10 ELI units = 10 points	Up to 10

	Each new ELI unit = 1 points (Capped at 10 points)	
	Readiness Applicant's ability to obligate NHTF funds and undertake eligible activities in a timely manner *Projects that have* *(1) evidence of site control =5 points* *(2) evidence that the current zoning of the proposed site does not prohibit multifamily housing = 5 points* *(3) evidence of all other non-MFA funding sources* *a.) letters of interest from all other non-MFA funding = 5 points* *b.) commitment letters from all other non-MFA funding sources = 10 points*	Up to 20
	Leverage Use of state, local and private funding sources *Projects that have funding sources outside of federal funding sources, low-income housing tax credits, bond financing, and MFA funding sources, as follows:* *10% of NHTF funds requested = 4 points* *20% of NHTF funds requested = 8 points* *30% of NHTF funds requested = 12 points* *40% of NHTF funds requested = 16 points* *50% of NHTF funds requested = 20 points*	Up to 20
	Extent to which the project meets any of the following priority housing needs identified in the NM Consolidated Plan: housing for the elderly and frail elderly, housing for persons with severe mental illness, housing for persons with disabilities, housing for persons with alcohol or other addictions, housing for persons with HIV/AIDS, housing for victims of domestic violence, housing for individuals or households experiencing homelessness, as follows: *10% of NHTF units targeted to any priority housing need = 4 points* *20% of NHTF units targeted to any priority housing need = 8 points* *30% of NHTF units targeted to any priority housing need = 12 points* *40% of NHTF units targeted to any priority housing need = 16 points* *50% of NHTF units targeted to any priority housing need = 20 points*	Up to 20
	Total Possible Points = 115 **Minimum Points Required = 40**	

Changes to the application/project after award require MFA's approval and applicant/owner must notify MFA in writing of any changes and include a $500 Change Fee with the request. If the project received funding under another program that requires payment of the Change Fee, the NHTF Change Fee may be waived. It is the intent of MFA to charge this fee only once per change. Changes to the application/project after award, including changes in funding sources, will result in an additional review against the Scoring Criteria. Changes that impact the initial score can result in the loss or reduction of an NHTF award.

Application Format and Instructions to Applicants

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

The application fee for NHTF will be $250.

Incurred Expenses

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

Award Notice

MFA shall provide written notice of the award to all applicants within fifteen (15) days of the date of the award. The award shall be contingent upon meeting all loan closing conditions determined by MFA and execution of all final loan documents.

Application Confidentiality

Prior to the application deadline, MFA encourages inquiries from potential applicants regarding the NOFA. MFA shall not disclose any information regarding a proposed application provided during such inquiries to any third party. After the application deadline and until awards are made and notice given to all applicants, MFA will not disclose the contents of any application or discuss the contents of any proposal with an applicant or potential applicant, so as to make the contents of any offer available to competing or potential applicants.

After awards have been made and notice given to all applicants, all applications shall be available and open to the public for review.

Irregularities in Applications

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

Responsibility of Applicants

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

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

Protest

Any applicant who is aggrieved in connection with this NOFA or the award of a loan agreement pursuant to the NHTF application process may protest to MFA. The protest must be written and addressed to the Contact Person. The protest must be delivered to MFA within five (5) calendar days after the notice of award or decline. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all applicants who appear to have a reasonable prospect of being affected by the outcome of the protest. The applicants receiving notice may file responses to the protest within five (5) calendar days of notice of protest. A committee appointed by the MFA Board Chair shall review the protest and responses to the protest and shall make a recommendation to the Board of Directors regarding the disposition of the protest.

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

Code of Conduct

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

Applicant shall provide a statement disclosing any political contribution or gift valued in excess of $250 (singularly or in the aggregate) made by Applicant or on Applicant's behalf to any elected official of the State of New Mexico currently serving or who has served on the MFA Board of Directors in the last three (3) years.

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

Use of Electronic Versions of this NOFA

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

Definitions

<u>Households or individuals experiencing homelessness</u> – A household or individual is considered homeless when residing in one of the places described below:

- In places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings (on the street);
- In an emergency shelter;
- In transitional or supportive housing for homeless households/individuals who originally came from the streets or emergency shelters;
- In any of the above places but is spending a short time (up to 30 consecutive days) in a hospital or other institution;
- Is being evicted within a week from a private dwelling unit and no subsequent residence has been identified and the individual/household lacks the resources and support networks needed to obtain housing;
- Is being discharged within a week from an institution, such as a mental health or substance abuse treatment facility or a jail/prison, in which the person has been a resident for more than 30 consecutive days and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing; and/or
- Is fleeing a domestic violence housing situation and no subsequent residence has been identified and the person lacks the resources and support networks needed to obtain housing.

<u>Individuals with disabilities</u> - Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment. In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex and mental retardation that substantially limits one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks and caring for oneself.

<u>Individuals with severe mental illnesses</u> - Serious mental illness (SMI) as defined by the Substance Abuse and Mental Health Services Administration (SAMHSA) - adults aged 18 or older who currently or at any time in the past year have had a diagnosable mental, behavioral, or emotional disorder (excluding developmental and substance use disorders) of sufficient duration to meet diagnostic criteria specified within the 4th edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-IV) that has resulted in serious functional impairment, which substantially interferes with or limits one or more major life activities. Treatment Severe mental illness is often defined by its length of duration and the disability it produces. These illnesses include disorders that produce psychotic symptoms, such as schizophrenia and schizoaffective disorder and severe forms of other disorders such as major depression and bipolar disorder.

<u>Senior Housing</u> - The Fair Housing Act specifically exempts some senior housing facilities and communities from liability for familial status discrimination. Exempt senior housing facilities or communities can lawfully refuse to sell or rent dwellings to families with minor children. In order to qualify for the "housing for older persons" exemption, a facility or community must prove that its housing is:

- Provided under any State or Federal program that HUD has determined to be specifically designed and operated to assist elderly persons (as defined in the State or Federal program); or
- Intended for, and **solely** occupied by persons 62 years of age or older; or
- Intended and operated for occupancy by persons 55 years of age or older.

In order to qualify for the "55 or older" housing exemption, a facility or community must satisfy each of the following requirements:

- At least 80 percent of the units must have at least one occupant who is 55 years of age or older; and
- The facility or community must publish and adhere to policies and procedures that demonstrate the intent to operate as "55 or older" housing; and
- The facility or community must comply with HUD's regulatory requirements for age verification of residents.

Tab 2

MFA Housing New Mexico

MEMO

TO: MFA Board of Directors

Through: Finance Committee – September 6, 2022
Through: Policy Committee – August 30, 2022

FROM: Donna Maestas-De Vries
DATE: September 14, 2022

SUBJECT: Allocations of 2022 National Housing Trust Funds and 2022 HOME Funds

Recommendation:
Staff recommends approval of the allocation of the National Housing Trust Fund (NHTF) in the amount of $3,521,165, and the HOME allocation in the amount of $13,323,647 to the activities detailed below.

Background:
MFA has been the statewide Participating Jurisdiction (PJ) for HUD HOME funds in New Mexico since 1997. HOME funds are allocated annually on a formula basis to each PJ. In 2016 MFA also started receiving allocations of NHTF. In order to be eligible, MFA must be compliant with the Consolidated Plan, Action Plan and NHTF Allocation Plan in addition to submitting the Consolidated Annual Performance and Evaluation Report (CAPER), amongst other requirements.

Discussion:
<u>NHTF</u>
MFA received an allocation of $3,521,165 in 2022, and staff is seeking your approval to allocate the NHTF award for programs. MFA currently has enough administrative funds from the previous year to cover 2022.

<u>HOME</u>
HUD recently provided MFA with the 2022 HOME allocation in the amount of $5,975,945. This was an increase of $696,375 from the previous year's allocation of $5,279,570. MFA is carrying forward $3,147,702 from the previous year in addition to $4,200,000 of program income. The combined total available for allocation is $13,323,647. The service providers for the HOME rehab program were not able to enter customer's homes in 2020 and much of 2021 due to the Covid 19 pandemic. Therefore, there is a higher than normal amount of carryforward.

Funding Source	Amount
2022 HUD Allocation	$5,975,945
Carryforward	$3,147,702
Program Income	$4,200,000
Total Available	**$13,323,647**

HOME funds can be used in various activities which include Homebuyer Assistance (DPA), Homeownership Development (DEV), Home Rehabilitation (HOR), Rental Programs (REN), Community Housing Development Organizations (CHDO) Set Aside, CHDO Operating funds (COE) and Administration (ADM). We expect to have active programs in all activities except DPA.

HOME allocations to each activity are based on projected demand and/or HOME requirements and limitations (CHDO, COE, and ADM). Demand for funds is monitored on a monthly basis. Should demand not materialize in an activity, we have flexibility within the Action Plan to reallocate funds to another activity.

Summary:

Staff recommends approval of the allocation of the NHTF in the amount of $3,521,165 for programs. Additionally, staff is seeking approval of $13,323,647 of HUD HOME funds to the activities detailed below.

ACTIVITY	FUNDS
Homebuyer Assistance (DPA)	$0
Homeowner Development (DEV)	$1,185,261
Rehabilitation (HOR)	$2,112,857
Rental Programs (REN)	$7,967,250
Community Housing Dev. Organization (CHDO)*	$896,392
CHDO Operating	$144,293
Administration (ADM)	$1,017,595
TOTAL	**$$13,323,647**

*NOTE: Can be used for CHDO Rental or Single-Family Programs

2022 HOME ALLOCATIONS

	Proposed Amounts 2022		2021 Board Approved Allocation Amount	2021 Board Approved Allocation Percentage	2020 Board Approved Allocation Amount	2020 Board Approved Allocation Percentage	2019 Board Approved Allocation Amount	2019 Board Approved Allocation Percentage	2018 Board Approved Allocation Amount	2018 Board Approved Allocation Percentage
HUD Allocation	**$5,975,945**		**$5,279,570**		**$5,245,062**		**$4,685,234**		**$5,241,485**	
Carry Forward from Last Year	**$3,147,702**		**$383,788**		**$5,594,331**		**$1,283,368**		**$1,050,000**	
Program Income	**$4,200,000**		**$2,125,000**		**$1,181,284**		**$2,077,239**		**$1,730,283**	
Total Available to Distribute/Award	**$13,323,647**		**$7,788,358**		**$12,020,677**		**$8,045,841**		**$8,021,768**	
Homeowner Programs	**Dollar**	**%**								
Homebuyer Assistance (DPA)	**$0**	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Payment$aver	$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Helping Hand	$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Homeowner Development (DEV)	**$1,185,261**	8.90%	502,349	6.45%	937,445	7.80%	500,000	6.21%	434,893	5.42%
Rehabilitation (HOR)	**$2,112,857**	15.86%	2,830,486	36.34%	6,063,877	50.45%	3,659,088	45.48%	3,350,000	41.76%
Homeowner Rehab - Reservation	$2,061,324	15.47%	2,780,276	35.70%	5,962,428	49.60%	3,644,088	45.29%	3,300,000	41.14%
Homeowner Rehab - Lead Based Paint	$51,533	0.39%	50,210	0.64%	101,449	0.84%	15,000	0.19%	50,000	0.62%
Rental Programs (REN)	**$7,967,250**	59.80%	2,830,485	36.34%	3,452,822	28.72%	2,417,721	30.05%	2,553,475	31.83%
Other Programs	**$896,392**	6.73%	791,936	10.17%	786,759	6.55%	702,785	8.73%	786,223	9.80%
CHDO Set-Aside (CHDO)	$896,392	6.73%	791,936	10.17%	786,759	6.55%	702,785	8.73%	786,223	9.80%
TBRA (TBR)	$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
MFA R&D Programs (R&D)	$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
CHDO Operating (COE)	**$144,293**	1.08%	110,145	1.41%	170,000	1.41%	90,000	1.12%	200,000	2.49%
Administration (ADM)	**$1,017,595**	7.64%	722,957	9.28%	609,774	5.07%	676,247	8.40%	697,177	8.69%
MFA Administration	$955,755	7.17%	607,306	7.80%	430,901	3.58%	566,924	7.05%	598,177	7.46%
Admin Pass Through	$61,840	0.46%	115,651	1.48%	178,873	1.49%	109,323	1.36%	99,000	1.23%
TOTAL ACTIVITY DISTRIBUTIONS	**$13,323,647**	100.00%	7,788,358	100.00%	12,020,677	100.00%	8,045,841	100.00%	8,021,768	100.00%
DIFFERENCE	**$0**	0.00%	0	0.00%	-	0.00%	-	0.00%	-	0.00%
GRAND TOTAL	**$13,323,647**	100.00%	7,788,358	100.00%	12,020,677	100.00%	8,045,841	100.00%	8,021,768	100.00%

Tab 3

MEMO

TO: MFA Board of Directors

Through: Finance Committee – September 13, 2022

Through: Policy Committee – August 30, 2022

FROM: Lizzy Ratnaraj

DATE: September 21, 2022

SUBJECT: Approval of MFA Broker/Dealers, Custodians and Depositories

Recommendation: Staff recommends approval of the MFA Broker/Dealer, Custodian and Depository List.

Background: At least annually and as needed, MFA staff reviews and updates the list of brokers, dealers, custodians and depositories. The Broker/Dealer, Custodian and Depository List includes firms that are part of our Underwriting Team, other underwriters who have expressed interest in working with MFA by responding to our most recent underwriting request for proposal (RFP) and who meet the required criteria in the Investment Policy. Depository and custodial relationships are established as part of either an RFP process or are institutions utilized by the State of New Mexico. The one exception is the Federal Home Loan Bank of Dallas, a government-sponsored enterprise, which provides financial services to member institutions including Housing Finance Agencies.

Discussion: A due diligence review was conducted, and organizations meet established qualifications as stated in the MFA Investment Policy. No changes are required.

Summary: At least annually and as needed, MFA staff reviews and updates the Broker, Dealer, Custodian and Depository list. Staff recommends approval of the Broker, Dealer, Custodian and Depository List. All organizations meet established qualifications as stated in the MFA Investment Policy.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
APPROVED BROKER/DEALERS, CUSTODIANS AND DEPOSITORIES
2022-2023

Recommended Broker/Dealers:

Underwriting Team and underwriters with local offices who have expressed interest in working with MFA (by responding to our most recent RFPs and who meet the required criteria):

Raymond James & Associates
RBC Capital Markets, LLC
J.P. Morgan Securities, LLC
B of A Securities
Morgan Stanley
Jefferies, LLC
Stifel
UBS

Bidding Agent:

CSG Advisors

TBA Administrator:

Hilltop Securities Inc.

Investment Departments of Banks and Other Registered Broker/Dealers Approved for Broker/Dealer Relationship:

Wells Fargo Securities, LLC
Federal Home Loan Bank of Dallas
BOK Financial Securities, Inc.
Moreton Capital Markets, LLC
Zions Bank Capital Markets/Zions Direct

Recommended Custodians:

Wells Fargo Bank New Mexico/Wells Fargo Securities, LLC
Federal Home Loan Bank of Dallas
Zions Bank

Recommended Depositories:

Wells Fargo Bank New Mexico
Bank of Albuquerque/BOKF, NA
Bank of America
US Bank
Bank of the West
Federal Home Loan Bank of Dallas
KeyBank

Note: Additionally, for certificate of deposit investments, MFA has the authority to utilize approved depositories as per the Collateral Review Report prepared by the State Treasurer's Office as part of their risk assessment program.

MFA
Housing New Mexico

NEW MEXICO MORTGAGE FINANCE AUTHORITY

Finance/Operations Committee Meeting

Tuesday September 6, 2022 at 1:30 p.m.

Webex - call-in information is 1-844-992-4726 (access code): 2496 185 8900
or you can join the call from the calendar item

Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Recommended for Consent Agenda 1 National Housing Trust Fund (NHTF) NOFA Revision (Jacobo Martinez & George Maestas) - Finance Committee	3-0	YES
2 Allocations of 2022 NHTF (National Housing Trust Fund) and 2022 HOME Funds (Donna Maestas-De Vries) - Finance Committee	3-0	YES
3 Approval of 2022-2023 MFA Broker/Dealers, Custodian and Depositories (Lizzy Ratnaraj)- Finance Committee	3-0	YES
Agenda 4 Production Statistics (Donna Maestas DeVries, Lizzy Ratnaraj and Jeff Payne)	3-0	YES
5 FY 2022-2023 General Fund Budget (Yvonne Segovia)	3-0	YES
6 Housing Opportunity Fund Appropriations (Yvonne Segovia)	3-0	YES
New Mexico Affordable Housing Charitable Trust – Finance Committee 7 FY 2022-2023 NM Affordable Housing Charitable Trust Budget (Yvonne Segovia)	3-0	YES
Information items 8 July 2022 Wire Transfers	✓	NO
9 July 2022 Check Register	✓	NO
10 NCSHA Disclosures	✓	NO

Committee Members present:

Angel Reyes, Chair	☐ present	☐ absent	☑ conference call
State Treasurer Tim Eichenberg	☐ present	☐ absent	☑ conference call
Lt. Governor Howie Morales or Proxy Martina C'de Baca	☐ present	☐ absent	☑ conference call

HMorales

Tab 4

Production Statistics

Actual 9/30/13 through 9/30/21

And Projected 9/30/22 and 9/30/23

MFA Housing New Mexico

Production & Financial Highlights

2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022

2013 INNOVATION & NEW RESOURCES :

•To Be Announced (TBA) Single Family Loan Execution (-2020) *Production, Revenue*

2014 INNOVATION & NEW RESOURCES:

- Decrease in Single Family Prepayment Activity (-2018) *Revenue, Assets Managed*
- Ventana Fund Contribution (-2018) *Expense, Production for NM*
- Small Business Investment Council loan funding for Housing Opportunity Fund (-2018) *Production/Assets Managed, Revenue*

2015 STABILIZED HOUSING MARKET & ECONOMY:

- Increase in Single Family Mortgage Production (-2020) *Revenue, Production/Assets Managed*
- 40th Anniversary Celebration

2016 PROGRAM EXPANSION:

- HUD Section 8 PBCA Management Occupancy Reviews reinstated (-2022) *Revenue, Expenses*
- Servicing Expansion implemented-Milestone 1 *Revenue, Expenses, Assets Managed*
- National Housing Trust Fund Program (-2022) *Revenue, Expenses, Production/Assets Managed*
- Increase in Qualified Contracts (-2018) *Revenue, Expenses, Assets Managed*

2017 MANAGING GROWTH & OPPORTUNITY:

- Record year in Single Family Mortgage Production (-2021) *Revenue, Production/Assets Managed*
- First full year of Servicing Expansion implementation *Revenue, Expenses, Assets Managed*
- Selected as SW Regional Lead for HUD PBCA Procurement
- Secured $500k of CDBG funding *Revenue, Expenses, Assets Managed*

2018 POSITIVE MARKET TRENDS:

- Second record year of Single Family Mortgage Production *Revenue, Production/Assets Managed*
- New Funding from Capital Magnet Fund (& 2021) *Revenue, Production/Assets Managed, Expenses*
- Stabilized/increasing federal funding *Revenue, Production/Assets Managed*
- Viable Single Family bonding execution (-2022) *Revenue, Production/Assets Managed*

2019 FINANCIAL STRENGTH & GROWTH:

- Third record year of Single Family Mortgage Production *Revenue, Production/Assets Managed*
- New/Increased Funding *Revenue, Production/Assets Managed, Expenses*
- Legislative Funding Success: $4.5M
- Veteran's Home Rehab
- Expanded Service Providers & Areas (WAP, HOPWA, Rehab, HOMENow) *Expenses*
- Technology and Cyber Security Enhancements *Expenses*
- $4.2B of Managed Assets *Revenue, Production/Assets Managed*

2020 RESPONSIVENESS, CHANGE MANAGEMENT & BUSINESS CONTINUITY:

- COVID-19: market volatility, servicing liquidity and delinquency management, CARES Act Awards (~$24mm), decreased home rehabilitation and property monitoring *Revenue, Expenses, Assets Managed, Liquidity*
- Fourth record year of Single Family Mortgage Production *Revenue, Production/Assets Managed*
- Technology solutions including telecommuting support *Expenses*
- Maintained Moody's issuer credit rating
- Best Places to Work nomination (-2022)

2021 COVID RESPONSE, TEAM EXPANSION & REORGANIZATION:

- Recovering from record mortgage delinquencies due to COVID-19
- Assisted New Mexicans with COVID-19 funds (CRF, CDBG-CV, HAF, ESG-CV, HOPWA-CV) *Revenue, Expenses, Assets Managed, Liquidity*
- High construction costs threaten new affordable housing projects (-2022)
- Building renovation completed *Expenses*
- Fifth record year of Single Family Mortgage Production *Revenue, Production/Assets Managed*

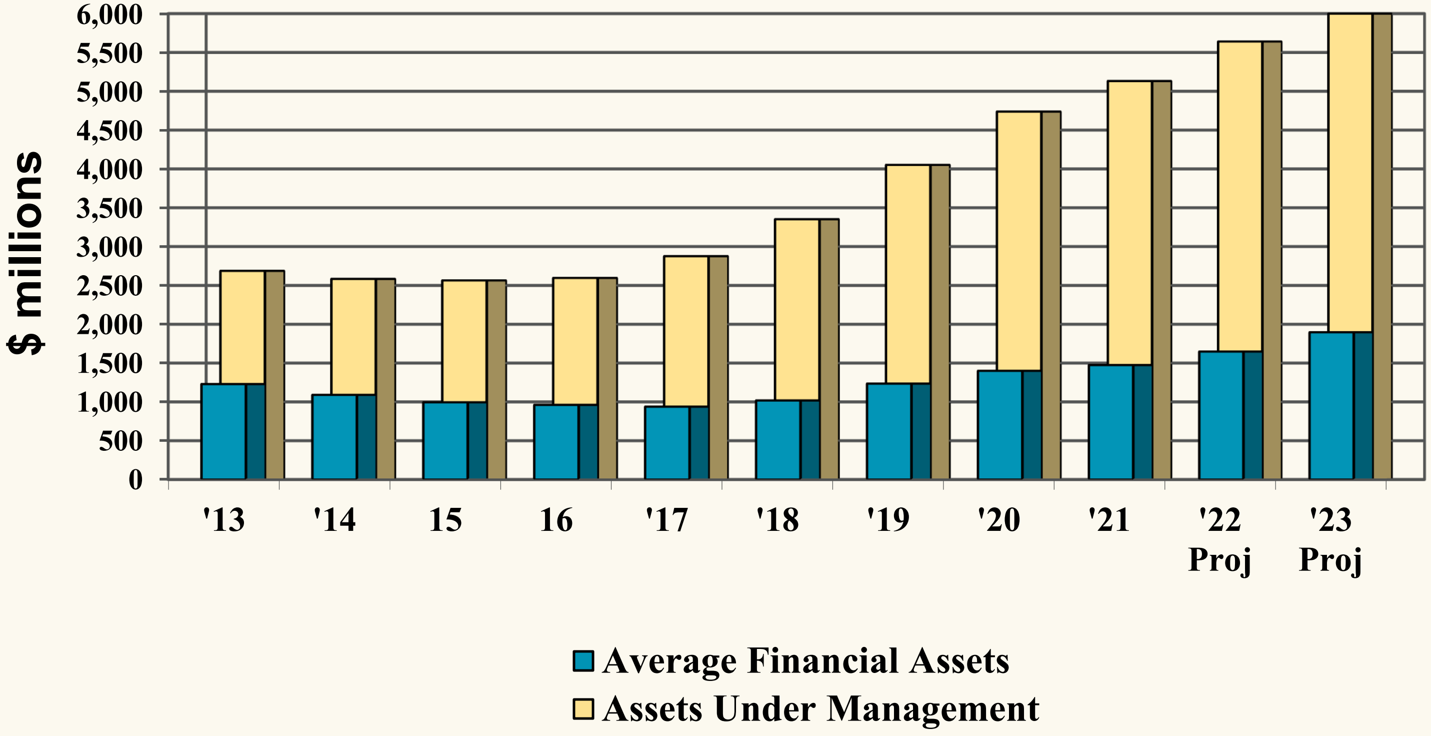
2022 ADAPTING TO CHANGING MARKET CONDITIONS:

- Strongly favored Bond vs. TBA funding *Revenue, Expenses, Assets Managed*
- Revised/increased DPA amounts *Revenue, Assets Managed*
- Secured recurring NMHTF monies *Revenue, Expenses, Assets Managed*
- Administering ARPA programs $103 mm *Revenue, Expenses*
- Decreased Single Family Mortgage Production *Revenue, Production/Assets Managed*
- Awarded additional LIHTC and GAP funding to MF developments *Revenue, Assets Managed*
- Received $22 mm in DOE BIL funding for WAP/5 years *Revenue, Expenses*

IMPACT LEGEND:
Red : Negative Impact
Green: Positive Impact

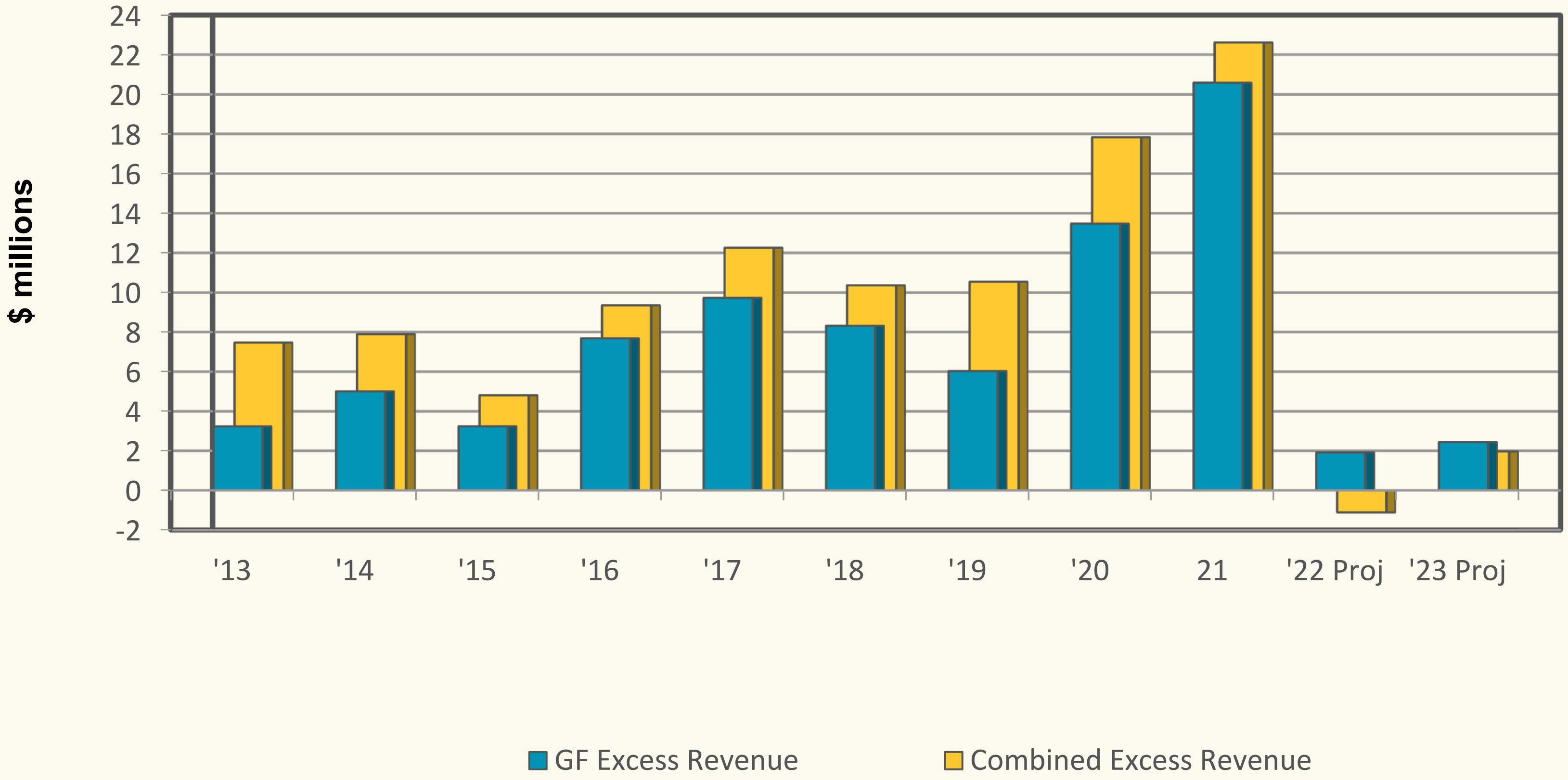
Assets Managed:

Average Financial Assets
vs. Average Assets Under Management
FY 2013-2023



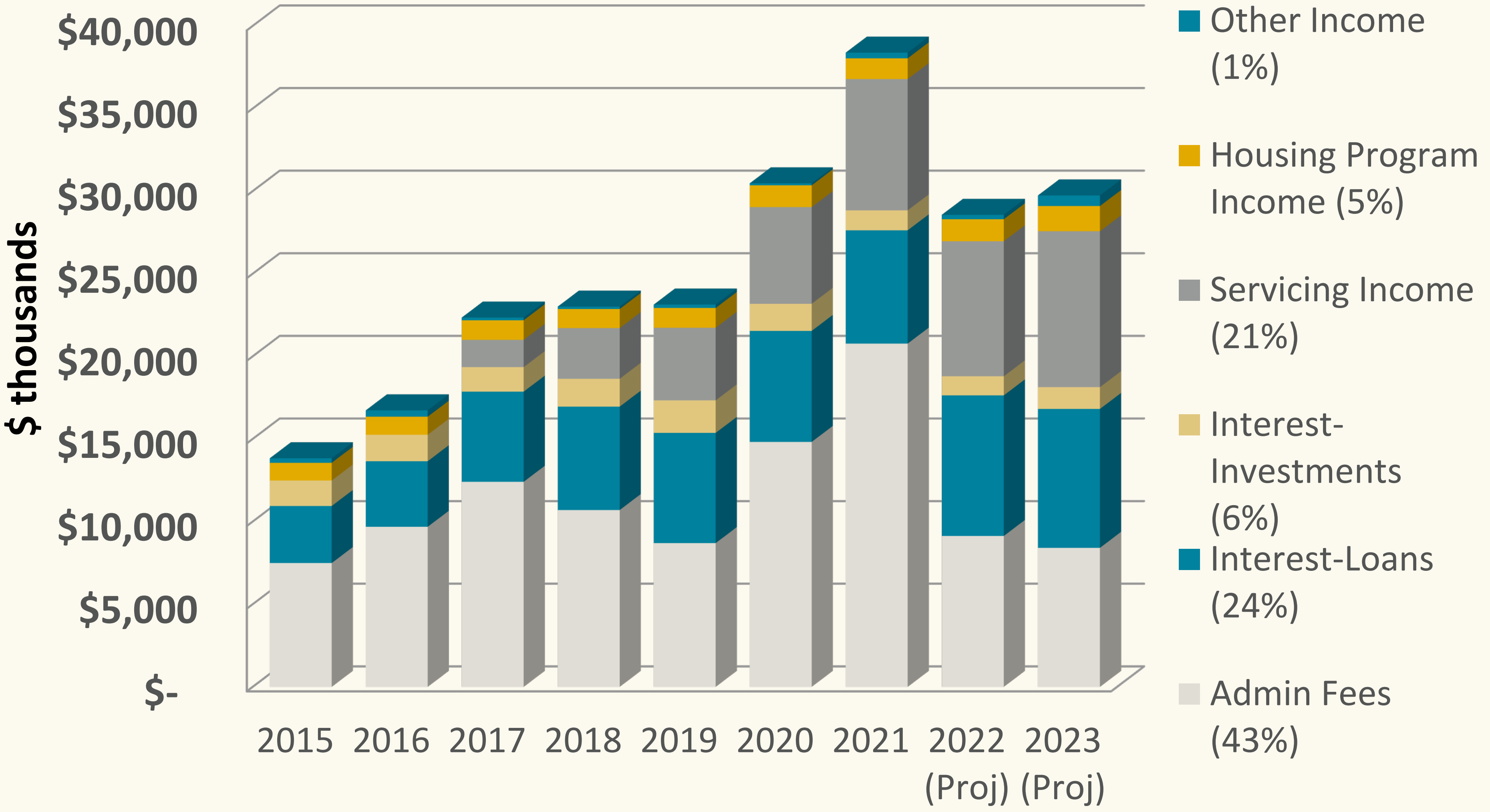
Financial Data:

General Fund Excess Revenue Over Expenses vs. Combined Excess Revenue Over Expenses FY 2013-2023



Financial Data:

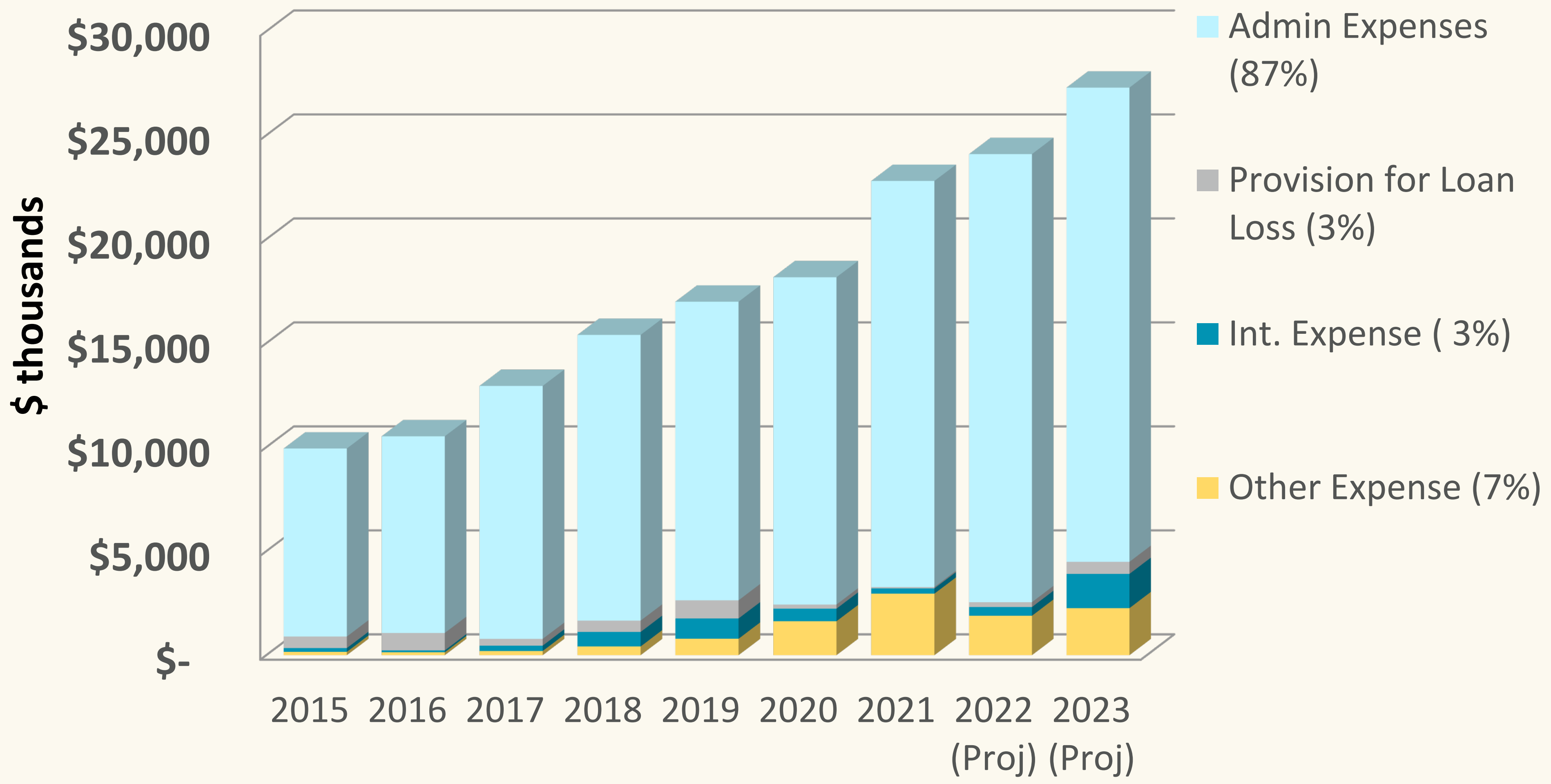
General Fund Revenue Analysis 2015-2023 (Projected)



Financial Data:

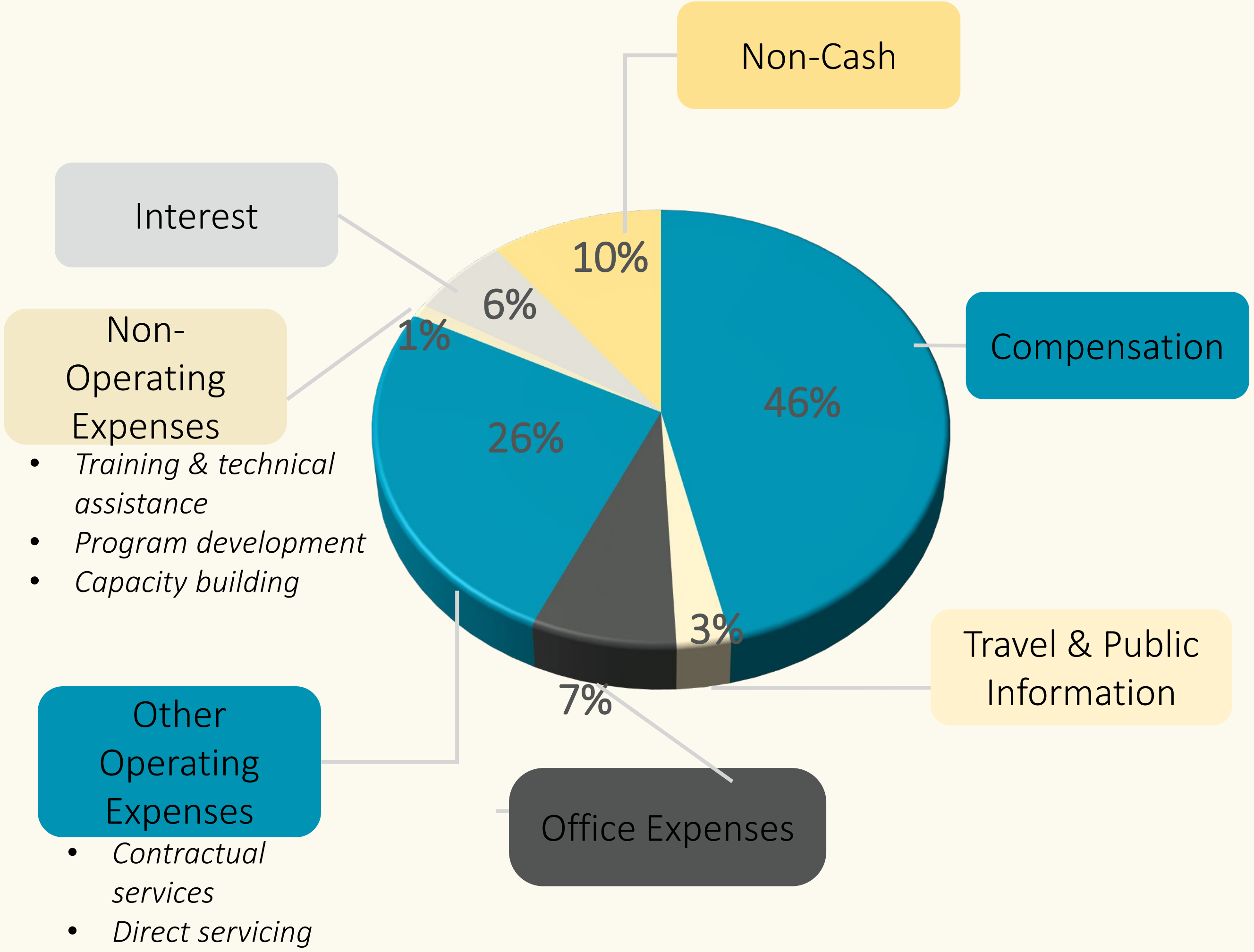
General Fund Expenditure Summary

2015-2022 (Projected)

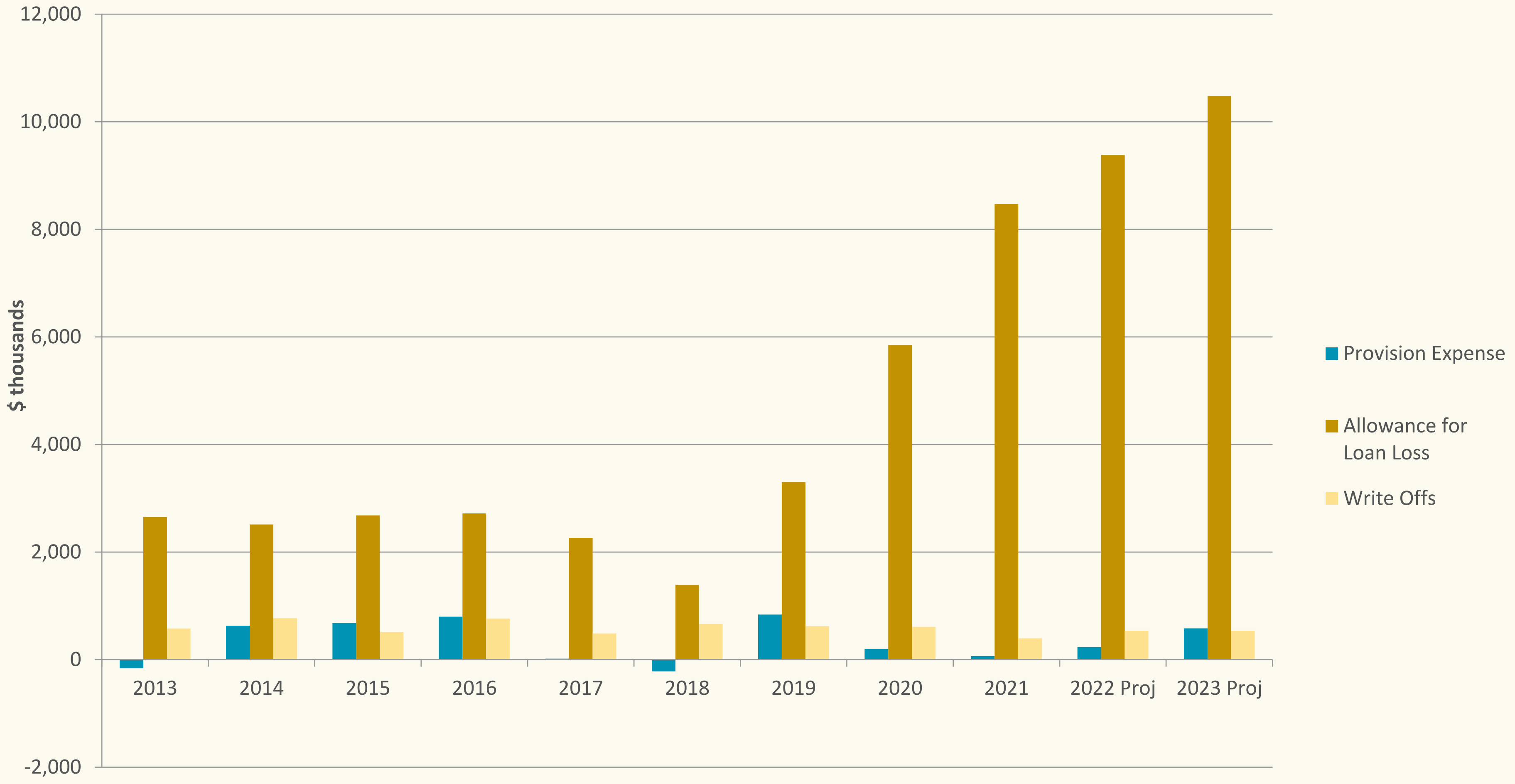


MFA Detailed Administrative Expense Breakout

MFA General Fund: FY 2023 Budget

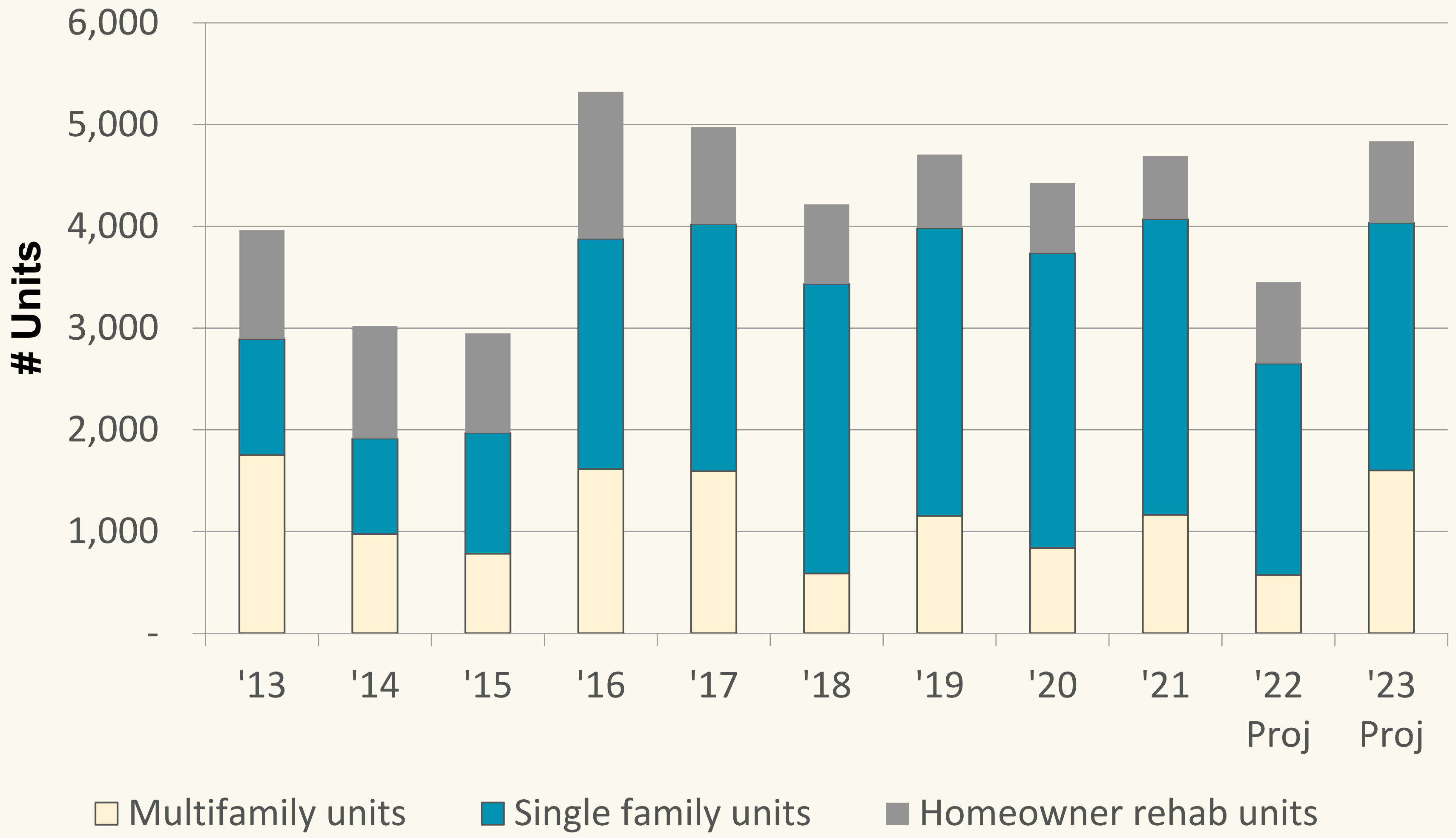


Financial Data:
Loan Loss Provision Allowance vs Annual Expense and Annual Write Offs
FY 2013 - 2023

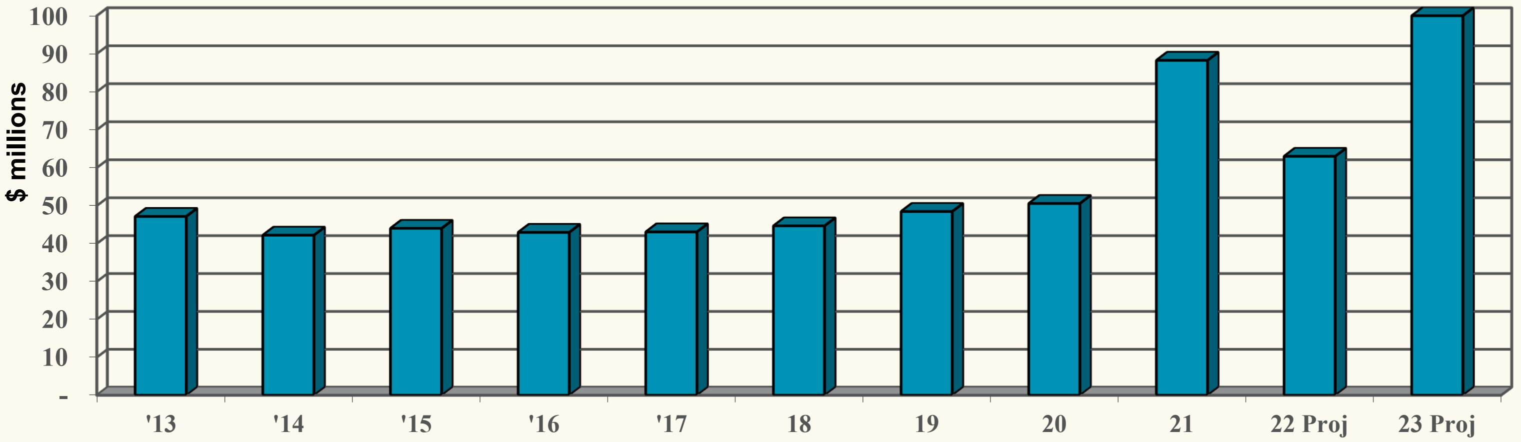


Production Data:

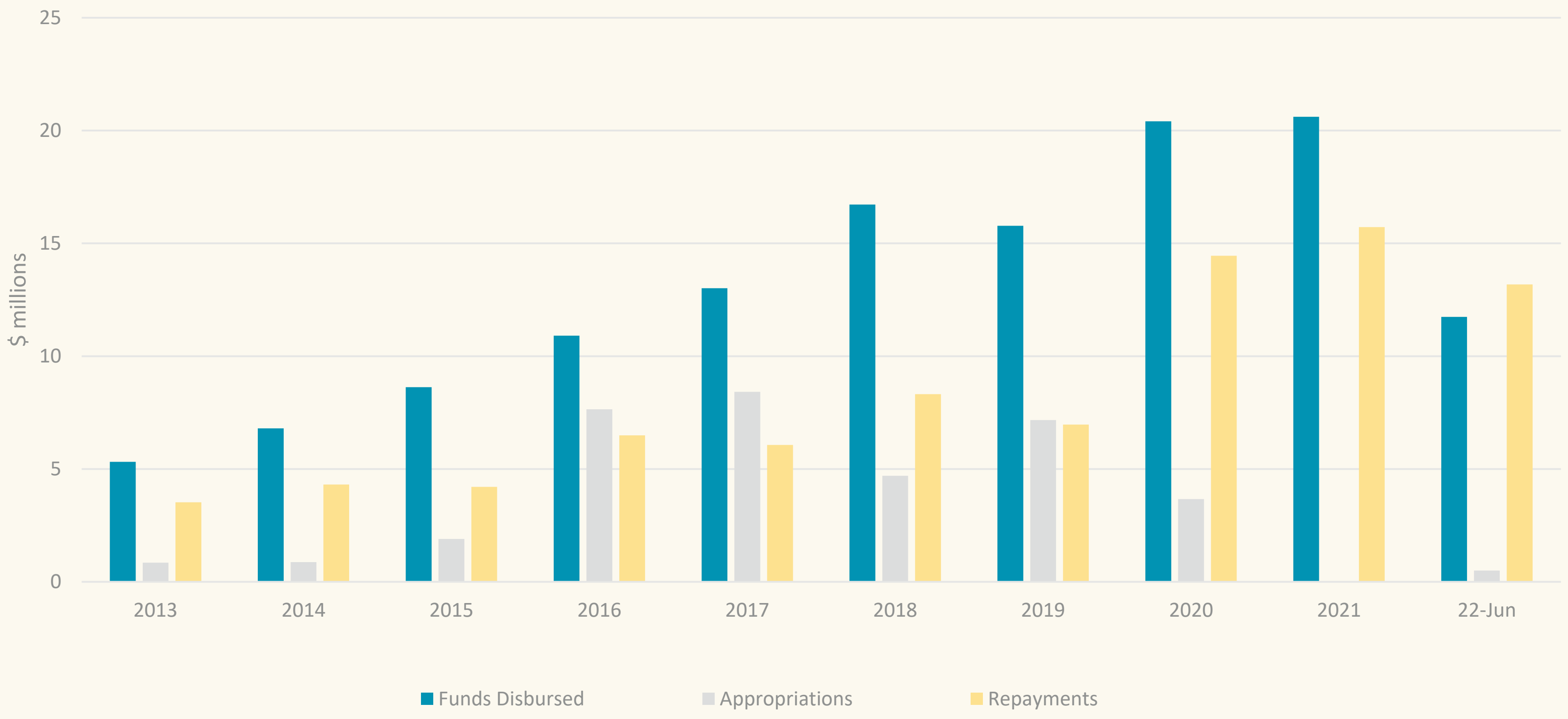
Number of Multifamily, Single Family 1st Mortgage and Single Family Homeowner Rehab Units
FY 2013-2023



Production Data:
Funds Disbursed-Federal & State Programs
FY 2013-2023



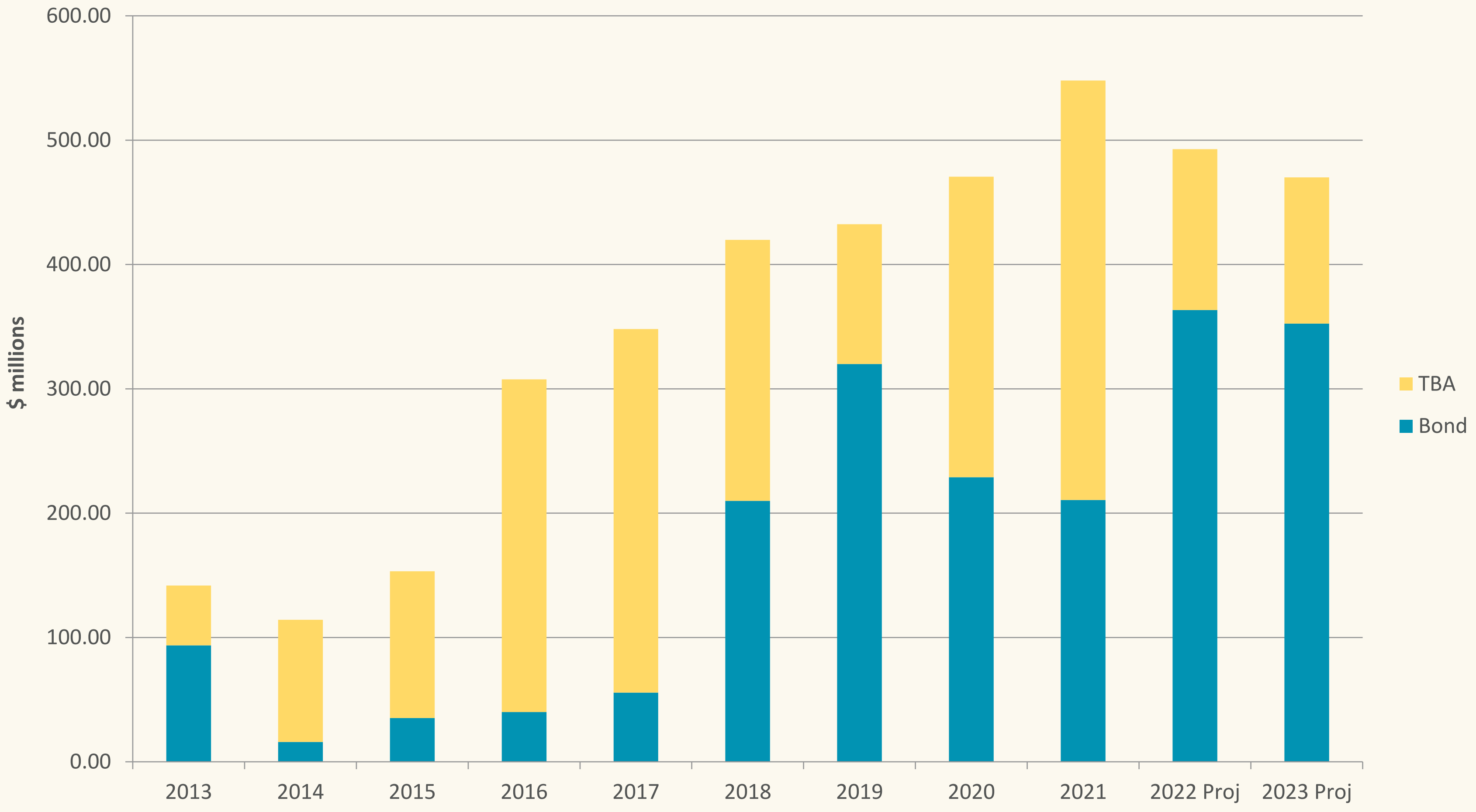
Housing Opportunity Fund
2013-2022



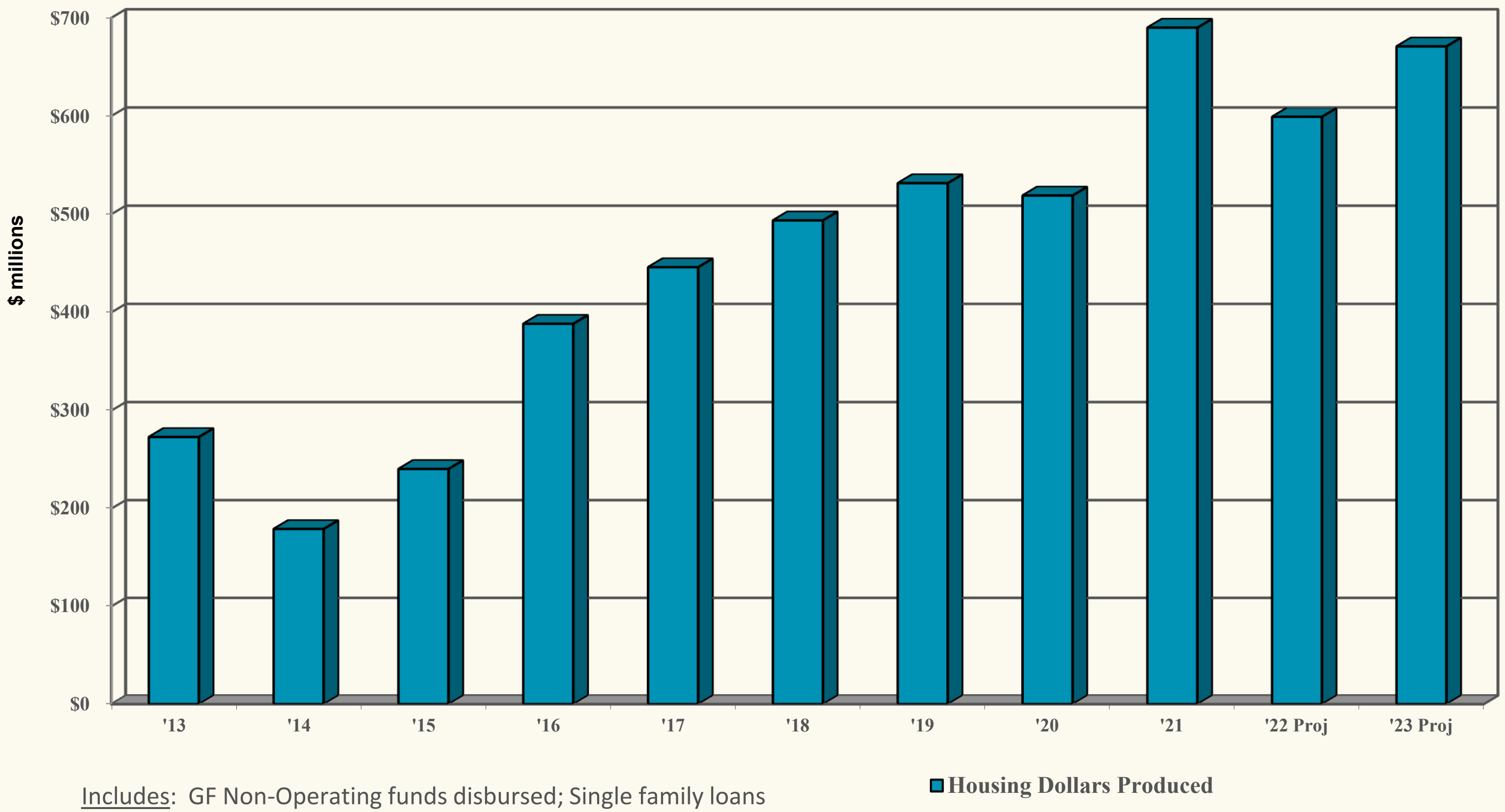
Available as of 6/30/22 $11.031

Committed as of 6/30/22 $4.168

Production Data:
TBA vs Bond Production
FY 2013 – 2023

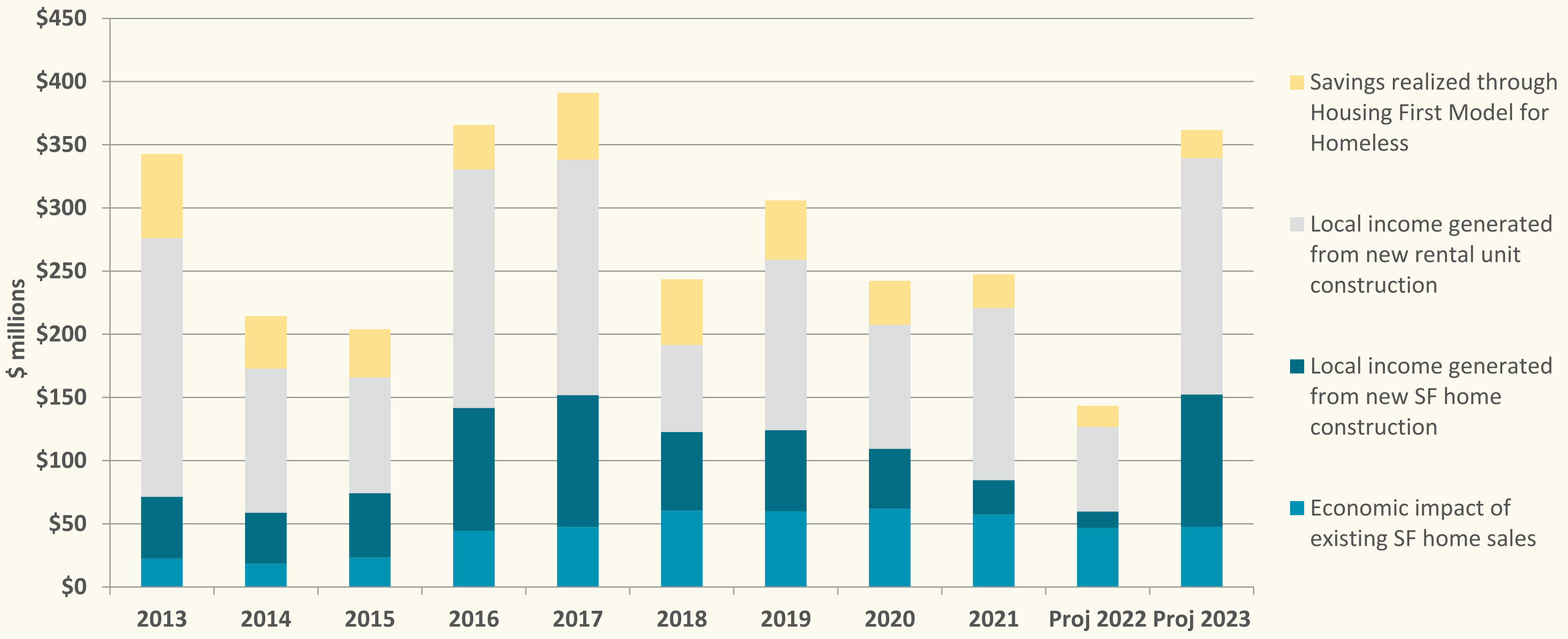


MFA Total Housing Dollars Produced
FY 2013-2023



Includes: GF Non-Operating funds disbursed; Single family loans purchased; Multifamily loans/subsidies; federal & state programs disbursed; and Housing Opportunity Fund disbursed

Economic Impact of MFA Programs
FY2013 - 2023



Tab 5

MFA Housing New Mexico

MEMO

TO: MFA Board of Directors

Through: Finance Committee – 9/6/2022

Through: Policy Committee – 8/30/2022

FROM: Yvonne Segovia, Controller

DATE: 9/14/2022

SUBJECT: Fiscal Year 2022-2023 General Fund Budget

Recommendation:
Staff recommends approval of the budget as reflected on the attached schedules.

Background:
MFA's fiscal year end is September 30. A budget is presented for approval prior to the beginning of the new fiscal year October 1.

Discussion:
Attached is MFA's General Fund proposed budget for Fiscal Year (FY) 2022-2023. Revenue is projected at $29,736,000, an increase of $699,000 or 2% over prior year budget and an increase of $3,955,000 or 15% over projected 9/30/22 actuals. The expense budget is projected at $27,290,000, an increase of $1,390,000 or 5% over prior year budget and an increase of $3,427,000 or 14% over 9/30/22 projected actuals. The FY 2022-2023 budgeted excess revenue over expenses is $2,447,000. The capital budget is $4,391,000, a decrease of ($1,246,000) or (22%) under prior year budget and an increase of $86,000 or 2% over projected actual.

The changes are primarily a result of the single family mortgage loan production, technology changes and the addition of 5.5 full-time equivalent (FTE) staff positions.

Analysis of Significant Increases (Decreases) in Proposed Budget to Prior Year (PY) Budget and Projected Actual

OPERATING REVENUE: Increase over PY Budget $698,869 2%; Increase over PY Actual $207,617 1%

Interest Income: Increase over PY Budget $961,135 13%; Increase over PY Actuals $1,542,679 22%
The increase over prior year budget and actual is primarily due to an increase in the warehouse portfolio interest rate anticipated.

Administrative Fee Income: Decrease under PY Budget ($2,071,494) (20%); Decrease under PY Actuals ($2,248,951) (21%)
The decrease under prior year budget and actual is due to a decrease in To Be Announced (TBA) pool transaction fees.

Loan Servicing Income: Increase over PY Budget $1,105,104 13%; Increase over PY Actuals $1,218,797 15%
The increase over prior year budget and actual is due to the increased balance of the subserviced portfolio.

OPERATING EXPENSES: Increase over PY Budget $1,495,181 6%; Increase over PY Actual $3,349,256 14%
Salaries: Increase over PY Budget $772,134 11%; Increase over PY Actual $1,520,577 24% - See Attached Organization Chart
Regular merit increases are budgeted at 3.75% next year, including .50% for inflation. In addition, the increase in actual and budget includes 5.5 additional FTE positions. Of those 5.5 FTE, 1.0 FTE was approved by the Board to begin mid-year in FY2022. These positions were full-time positions, but only reflected as partial FTEs in prior year since they were added at the middle of the year. The budget includes the following new positions: two File Analyst and two Customer Service positions for the HAF program and half an FTE for a Controller position (two-in-the box succession plan). The increase from actuals also reflects the vacancies that were experienced in prior year.

Payroll Taxes, Employee Benefits: Increase over PY Budget $377,630 11%; Increase over PY Actual $1,039,465 36%
The increase in taxes and benefits over actual and budget is primarily due to salary increases and increases in staffing. In addition, the increase includes an overall increase in insurance premiums of approximately 14%.

Repairs, Maintenance & Leases: Increase over PY Budget $358,236 28%; Increase over PY Actual $119,790 8%
The increase over prior budget and actuals is due to an increase in the HAF program software and well as a move to cloud computers and storage, which is reflected as a decrease in the computer hardware capital budget.

Contractual Services: Decrease under PY Budget ($271,000) (16%); Increase over PY Actual $280,411 25%
The decrease under prior year budget is due to the elimination of the Statewide Housing Strategy Consultant. The decrease under PY actual is due to professional contracts that cost less than anticipated or that were not entered as planned.

Direct Servicing Expenses: Decrease under PY Budget ($884,034) (15%); Decrease under PY Actual ($1,719,412) (26%)
The decrease under prior year budget and actual is for subservicing fees and lender compensation due to the planned reduction in production.

Interest Expenses: Increase over PY Budget $1,227,396 294%; Increase over PY Actual $1,533,878 1378%
The increase is due to the increase in interest rates anticipated for borrowings obtained to fund the warehouse loans.

Non-Cash Expenses: Decrease under PY Budget ($541,156) (16%); Decrease under PY Actual ($402,807) (12%)
The decrease under prior budget is due to a decrease in amortization of mortgage servicing rights due to the decrease in production and payoffs offset by an increase in the provision for loan losses due to the growing down payment assistance loan portfolio.

CAPITAL BUDGET: Decrease under PY Budget ($1,246,441) (22%); Increase over PY Actual 85,759 2%
Purchased Servicing Rights: Decrease under PY Budget ($1,018,541) (19%); Increase over PY Actual $58,438 1%
The decrease under prior year budget is due to the decrease in production levels. Production is estimated to be at normal levels of $375mm rather than $470mm budgeted for FY2022.

Summary:
MFA's General Fund proposed budget for Fiscal Year (FY) 2022-2023 is recommended for approval. Revenue is projected at $29,736,000, an increase of $699,000 or 2% over prior year budget and an increase of $3,955,000 or 15% over projected 9/30/22 actuals. The expense budget is projected at $27,290,000, an increase of $1,390,000 or 5% over prior year budget and an increase of $3,427,000 or 14% over 9/30/22 projected actuals. The FY 2022-2023 budgeted excess revenue over expenses is $2,447,000. The capital budget is $4,391,000, a decrease of ($1,246,000) or (22%) under prior year budget and an increase of $86,000 or 2% over projected actual.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
GENERAL FUND
Fiscal Year 2022-2023 Budget

	Proposed Budget FY2022-23	Budget FY2021-22 Amendment #1	6/30/2022 Actuals Annualized	Variance: CY Budget - PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget - PY Actuals	Variance %: CY Budget - PY Actuals
	2023	2022	2022	2023	2023	2023	2023
Interest Income	8,405,392	7,444,257	6,862,713	961,135	13%	1,542,679	22%
Interest on Investments & Securities	1,318,256	1,184,614	1,213,008	133,642	11%	105,248	9%
Loan & Commitment Fees	175,344	182,537	175,892	(7,193)	-4%	(548)	0%
Administrative Fee Income (Exp)	8,408,864	10,480,358	10,657,815	(2,071,494)	-20%	(2,248,951)	-21%
Risk Sharing/Guaranty/RTC fees	463,730	83,207	467,589	380,524	457%	(3,858)	-1%
Housing Program Income	1,530,014	1,332,863	1,935,764	197,151	15%	(405,750)	-21%
Loan Servicing Income	9,434,743	8,329,639	8,215,946	1,105,104	13%	1,218,797	15%
Other Operating Income	-	-		-		-	
Operating Revenues	29,736,343	29,037,475	29,528,726	698,869	2%	207,617	1%
Gain (Loss) Asset Sale/Debt Ex	-	-	(3,747,651)	-		3,747,651	-100%
Other Non-operating Income	100	100	40	-	0%	60	150%
Non-Operating Revenues	100	100	(3,747,611)	-	0%	3,747,711	-100%
Revenue	29,736,443	29,037,575	25,781,115	698,869	2%	3,955,328	15%
Salaries	7,978,035	7,205,901	6,457,458	772,134	11%	1,520,577	24%
Overtime	37,585	30,051	13,502	7,534	25%	24,082	178%
Incentives	677,169	604,381	599,978	72,788	12%	77,192	13%
Payroll taxes, Employee Benefits	3,958,534	3,580,904	2,919,069	377,630	11%	1,039,465	36%
Compensation	12,651,323	11,421,237	9,990,007	1,230,086	11%	2,661,316	27%
Business Meals Expense	7,220	4,870	2,372	2,350	48%	4,848	204%
Public Information	339,488	366,875	110,464	(27,387)	-7%	229,024	207%
In-State Travel	159,671	131,412	51,344	28,259	22%	108,327	211%
Out-of-State Travel	268,046	188,834	49,009	79,212	42%	219,037	447%
Travel & Public Information	774,425	691,991	213,189	82,434	12%	561,236	263%
Utilities/Property Taxes	79,700	76,311	78,143	3,389	4%	1,557	2%
Leasehold Expense							
Insurance, Property & Liability	226,628	204,194	202,381	22,434	11%	24,247	12%
Repairs, Maintenance & Leases	1,643,951	1,285,715	1,524,161	358,236	28%	119,790	8%
Supplies	35,700	38,200	28,141	(2,500)	-7%	7,559	27%
Postage/Express mail	40,800	55,000	53,459	(14,200)	-26%	(12,659)	-24%
Telephone	22,701	22,701	6,146	-	0%	16,555	269%
Janitorial	40,900	36,500	38,109	4,400	12%	2,791	7%
Indirect Costs	(746)	(3,078)	(7,830)	2,333	-76%	7,085	-90%
Office Expenses	2,089,634	1,715,542	1,922,710	374,092	22%	166,924	9%
Dues & Periodicals	62,773	58,020	53,628	4,753	8%	9,145	17%
Education & Training	170,690	149,859	64,044	20,831	14%	106,646	167%
Contractual Services	1,402,004	1,673,004	1,121,593	(271,000)	-16%	280,411	25%
Professional Services-Program	242,751	68,400	77,465	174,351	255%	165,286	213%
Direct Servicing Expenses	4,885,567	5,769,601	6,604,979	(884,034)	-15%	(1,719,412)	-26%
Program Expense-Other	180,448	63,019	47,805	117,429	186%	132,643	277%
Rebate Analysis Fees	-	-		-		-	
Other Operating Expense	6,944,233	7,781,903	7,969,513	(837,670)	-11%	(1,025,280)	-13%
Interest Expense	1,645,220	417,824	111,342	1,227,396	294%	1,533,878	1378%
Non-Cash Expenses	2,841,098	3,382,254	3,243,905	(541,156)	-16%	(402,807)	-12%

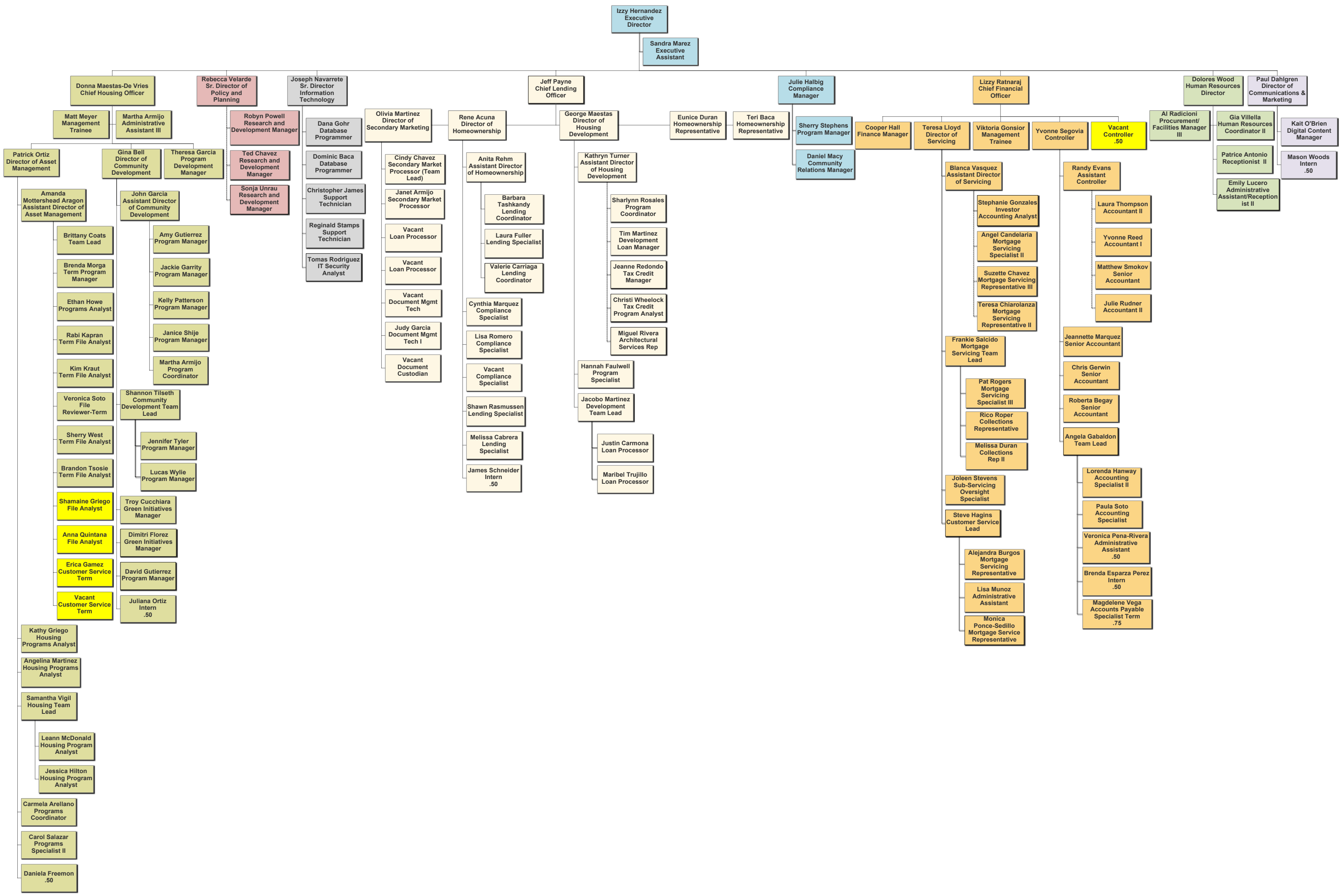
NEW MEXICO MORTGAGE FINANCE AUTHORITY
GENERAL FUND
Fiscal Year 2022-2023 Budget

	Proposed Budget FY2022-23	Budget FY2021-22 Amendment #1	6/30/2022 Actuals Annualized	Variance: CY Budget - PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget - PY Actuals	Variance %: CY Budget - PY Actuals
	2023	2022	2022	2023	2023	2023	2023
Expensed Assets	79,850	119,850	225,860	(40,000)	-33%	(146,010)	-65%
Operating Expenses	27,025,783	25,530,602	23,676,527	1,495,181	6%	3,349,256	14%
Program Training & Tech Asst	151,900	164,900	82,891	(13,000)	-8%	69,009	83%
Program Development	111,925	204,502	103,569	(92,577)	-45%	8,356	8%
Capacity Building Costs	263,825	369,402	186,460	(105,577)	-29%	77,365	41%
Non-Operating Expenses	263,825	369,402	186,460	(105,577)	-29%	77,365	41%
Expenses	27,289,608	25,900,004	23,862,987	1,389,604	5%	3,426,621	14%
Excess Revenue over Expenses	2,446,835	3,137,571	1,918,128	(690,736)	-22%	528,707	28%

NEW MEXICO MORTGAGE FINANCE AUTHORITY
GENERAL FUND
Fiscal Year 2022-2023 Budget

	Proposed Budget FY2022-23	Budget FY2021-22 Amendment #1	6/30/2022 Actuals Annualized	Variance: CY Budget - PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget - PY Actuals	Variance %: CY Budget - PY Actuals
	2023	2022	2022	2023	2023	2023	2023
2690 PURCHASED SERVICING RIGHTS	4,350,847	5,369,388	4,292,409	(1,018,541)	-19%	58,438	1%
2920 FURN & EQUIP, 10 YR	-	83,900	-	(83,900)	-100%	-	0%
2950 COMPUTER HARDWARE	40,324	184,324	13,003	(144,000)	-78%	27,321	210%
2860 BUILDING	-	-	-	-	0%	-	0%
Capital Budget	4,391,171	5,637,612	4,305,412	(1,246,441)	-22%	85,759	2%

Proposed Organization Chart
09/14/22
126.25 FTE



MEMO

TO: MFA Board of Directors

FROM: MFA Board Compensation Committee

DATE: September 14, 2022

SUBJECT: Annual Review of Compensation and Benefits

Recommendation

The Committee believes that MFA's compensation and benefit programs and the approach to the FY2023 compensation and benefits budget are reasonable and fair. In addition, the committee believes that MFA has comprehensive policies and procedures related to the compensation and benefit processes.

Background

The MFA Board Compensation Committee was established in October of 2012. The purpose of the committee is to provide the appropriate oversight and transparency over MFA compensation and benefits. The Compensation Committee was asked to meet at least annually and to report the results of its assessment back to the full Board in conjunction with the annual General Fund budget approval. Members are as follows:

Angel Reyes, Committee Chair, MFA Board Vice-Chair
Patricia Sullivan, MFA Board Member
Rebecca Wurzburger, MFA Board Member

Discussion

The committee met August 23, 2022, and reviewed the following:

- Benefits
  - Healthcare Update
- Compensation Survey Update
- Incentive Compensation Plan
- 2022-2023 Budget Outlook

The Compensation Committee discussed the General Fund compensation and benefits budget outlook for FY2023. The committee also discussed medical/dental/vision strategy and changes to premiums and received an update on the compensation study.

Tab 6

MFA Housing New Mexico

MEMO

TO: MFA Board of Directors

Through: Finance Committee – September 6, 2022

Through: Policy Committee – August 30, 2022

FROM: Yvonne Segovia, Controller

DATE: September 14, 2022

SUBJECT: Housing Opportunity Fund Appropriations

Recommendation:
As specified on the attached Resolution, Staff recommends $1,812,000 be appropriated to the "First Down" Down Payment Assistance Loan Program, which will be transferred from the Access Loan Program.

Background:
The Housing Opportunity Fund (HOF) was created in 1992 to support MFA's legislative responsibility to provide decent, safe, and affordable housing programs to benefit all New Mexicans. The HOF programs are funded by MFA's General Fund reserves through appropriations designated by the Board. The programs that comprise the General Fund HOF include: Primero Investment Fund Program, Partners Loan Program, "First Down" Down Payment Assistance (DPA) Program, HERO First Mortgage Program, Access Loan Program and Emergency Housing Needs Program. The Board has appropriated General Fund reserves to various programs in the HOF throughout the years. Total appropriations to date are $98.2 million.

The First Down DPA loan program will exhaust all available appropriations due to increased demand in the program resulting in a need for funds of $1.812mm through 9/30/23 to support anticipated demand. MFA currently has $75.8m in the DPA portfolio loans on its Statement of Net Position, earning approximately 5%. This program supports MFA's mission by providing statewide DPA to borrowers that have limited financial resources.

Discussion:
The attached schedule summarizes the appropriations, uses, and projections for each program in the General Fund HOF as of 6/30/2022. Staff has estimated the availability of "Funds Required to meet Demand" for each of the programs that comprise the General Fund HOF. Staff also estimated the "Anticipated Need" for the programs through 9/30/2023 as well as the "Estimated Repayments" through 9/30/2023. Based on these estimates, funds will be necessary to support demand in the "First Down" DPA loan program. However, there are excess funds available in the Access loan program, which can be transferred to the DPA loan program.

As of 7/31/2022, MFA has $51,746,000 in General Fund reserves which have been designated for use in the Single Family and Multifamily housing programs.

Summary:
In order to meet anticipated demand, Staff recommends $1,812,000 be appropriated to the "First Down" Down Payment Assistance Loan Program, which will be transferred from the Access Loan Program.

New Mexico Mortgage Finance Authority
Housing Opportunity Fund

REQUEST

6/30/2022

Description	Primero Loans	Primero Loans PRLF	Partners Loans	DPA	HERO 1st Mortgages	Access Loans	Emergency Housing Needs	Total
Original Appropriation:	947,041	925,000	2,598,000	65,886,339	1,385,400	25,942,000	500,000	98,183,781
RHED 2002 Award	13,000							13,000
HERO Loans/State Innovations				363,413				363,413
DPA Loans/State Mortgage Loans				75,000				75,000
DPA Loans/General Indenture				11,019,000				11,019,000
Wells Fargo	850,000							850,000
USDA		4,125,000						4,125,000
NM Small Business Investment Corp.	2,500,000							2,500,000
Used for:								
Funded Loans	(19,052,318)	(1,935,965)	(13,532,400)	(148,346,528)	(9,258,705)	(31,522,224)	0	(223,683,141)
Repayments	18,587,746	308,405	10,933,788	72,784,828	7,873,304	7,061,889	0	117,584,960
Totals	3,845,469	3,422,440	(613)	1,782,052	(0)	1,481,665	500,000	**11,031,013**
Total Unused Appropriations:								**11,031,013**
Commitments:	0	3,114,035	100,800	953,660	0	0	30,000	**4,168,495**
Available:	3,845,469	308,405	(101,413)	828,392	(0)	1,481,665	470,000	**6,862,518**

PROJECTIONS FOR FISCAL YEAR 2022-2023:								
Anticipated Need thru 9/30/2023	2,000,000	0	460,000	19,569,000	0	0	470,000	**22,029,000**
Estimated Repayments	592,188	77,248	561,228	16,929,745	0	588,348	0	**18,748,757**
Funds Required to meet Demand	(2,438,000)	(386,000)	-	1,812,000	-	(2,070,000)	-	**(3,082,000)**
Board Appropriation Request								**0**

SUMMARY UPON APPROVAL:	
Loans & Guaranties Outstanding	106,098,181
Unused Appropriations	11,031,013
Total Appropriations	117,129,194

NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA) RESOLUTION

WHEREAS the New Mexico Mortgage Finance Authority Board of Directors (the "Board") met in a Regular meeting at the Hotel Albuquerque, 800 Rio Grande Blvd. NW, Albuquerque, New Mexico on September 14, 2022 at 9:00 a.m.; and

WHEREAS there exists a need to provide statewide down payment assistance (DPA) to borrowers that have limited financial resources; and

WHEREAS the legislated responsibility of the MFA is to help provide decent, safe and affordable housing to all New Mexicans; and

WHEREAS the designation of General Fund reserves to the Housing Opportunity Fund for the use in the HERO First Mortgage Program has been fully disbursed; and

WHEREAS the Board has $2,070,000 of unused appropriation in the Access Loan Program; and

WHEREAS the Board has designated repayments from the Housing Opportunity Fund HERO First Mortgage loans to the DPA Program; and

WHEREAS the Board has designated repayments from various DPA loans to the DPA Program; and

WHEREAS the MFA recommends an additional appropriation of $1,812,000 plus repayments from the HERO First Mortgage loans and the various DPA loans be designated to the First Down DPA Loan Program; therefore

IT IS RESOLVED that the MFA Board agrees to appropriate an additional $1,812,000, which will be transferred from the Access Loan Program, plus repayments of HERO and DPA loans to the First Down DPA Loan Program.

After discussion, the foregoing Resolution was duly moved by ___________________, and seconded by_____________________; adopted by the following vote:

Aye **Nay** **Absent**

Date Adopted: September 14, 2022

Tab 7

New Mexico
AFFORDABLE HOUSING CHARITABLE TRUST

TO: MFA Board of Directors

Through: Finance Committee – September 6, 2022

Through: Policy Committee – August 30, 2022

FROM: Yvonne Segovia, Controller

DATE: September 14, 2022

SUBJECT: FY 2022-2023 NM Affordable Housing Charitable Trust Budget

Recommendation:
Staff recommends approval of the budget as reflected on the attached schedule.

Background:
The New Mexico Affordable Housing Charitable Trust is a legally separate trust for which the MFA Board provides oversight.

Discussion:
Attached is the proposed budget for the New Mexico Affordable Housing Charitable Trust for FY 2022-2023. Revenue is projected at $91,000, and the expense budget is projected at $10,000, resulting in a FY 2022-2023 budgeted excess revenue over expenses of $81,000.

The decrease in Grant Award Income compared to prior year budget and actuals is due to a reduction of income from the Veterans Housing Rehabilitation & Modification Program.

Summary:
The NM Affordable Housing Charitable Trust Budget is recommended for approval. Revenue is projected at $91,000, and the expense budget is projected at $10,000, resulting in a FY 2022-2023 budgeted excess revenue over expenses of $81,000.

NEW MEXICO AFFORDABLE HOUSING CHARITABLE TRUST
Fiscal Year 2022-2023 Budget

	Proposed Budget FY2022-23	Budget FY2021-22 Amendment #1	Actuals Annualized	Variance: CY Budget - PY Budget	Variance %: CY Budget - PY Budget	Variance: CY Budget - PY Actuals	Variance %: CY Budget - PY Actuals
	2023	2022	2022	2023	2023	2023	2023
Interest on Investments & Securities	10	140	10	(130)	-93%	0	1%
Administrative Fee Income (Exp)	8,785	30,207		(21,422)	-71%	8,785	
Operating Revenues	8,795	30,347	10	(21,552)	-71%	8,785	88679%
Grant Award Income	82,000	126,150	276,114	(44,150)	-35%	(194,114)	-70%
Non-Operating Revenues	82,000	126,150	276,114	(44,150)	-35%	(194,114)	-70%
Revenue	90,795	156,497	276,123	(65,702)	-42%	(185,328)	-67%
Salaries	5,294	20,868	5,263	(15,573)	-75%	31	1%
Overtime	0	3		(3)	-87%	0	
Incentives	461	1,798		(1,337)	-74%	461	
Payroll taxes, Employee Benefits	1,699	8,113	2,406	(6,414)	-79%	(706)	-29%
Compensation	7,455	30,783	7,669	(23,327)	-76%	(214)	-3%
Travel & Public Information	-	-		-		-	
Utilities/Property Taxes							
Leasehold Expense							
Insurance, Property & Liability							
Repairs, Maintenance & Leases							
Supplies							
Postage/Express mail							
Telephone							
Janitorial							
Indirect Costs	746	3,078	1,383	(2,333)	-76%	(637)	-46%
Office Expenses	746	3,078	1,383	(2,333)	-76%	(637)	-46%
Contractual Services	-	-	6,156	-		(6,156)	-100%
Program Expense-Other	-	-		-		-	
Other Operating Expense	-	-	6,156	-		(6,156)	-100%
Non-Cash Expenses							
Operating Expenses	8,201	33,861	15,208	(25,660)	-76%	(7,007)	-46%
Capacity Building Costs	2,000	2,000		-	0%	2,000	
Grant Expense	-	-	254,419	-		(254,419)	-100%
Non-Operating Expenses	2,000	2,000	254,419	-	0%	(252,419)	-99%
Expenses	10,201	35,861	269,626	(25,660)	-72%	(259,426)	-96%
Excess Revenue over Expenses	80,594	120,636	6,497	(40,042)	-33%	74,097	1140%

MFA

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Contracted Services/Credit Committee Meeting
Tuesday, September 6, 2022 @ 10:00 am
MFA – Albuquerque

WebEx join the meeting from the calendar or call 1-844-992-4726 (access code): 2499 909 1453

AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
Agenda **1** Regional Housing Authority Annual Reporting (Theresa Laredo-Garcia)	10:00 – 10:15	3-0	YES
2 Performance Based Contract Administrator (PBCA) Application Resolution (Donna Maestas-De Vries and Patrick Ortiz) Move for Board Presentation	10:15 – 10:45	3-0	YES
3 HOME American Rescue Plan (ARP) Supportive Services Award Recommendations (Lucas Wylie and Shannon Tilseth)	10:45-11:00	3-0	YES
4 Bipartisan Infrastructure Law State Plan (Troy Cucchiara)	11:00 – 11:15	3-0	YES
5 Questions/comments from Committee	11:15-11:30	✓	NO

Committee Members present:

Rebecca Wurzburger, Chair	☐ present	☐ absent	☑ conference call
Attorney General Hector Balderas or Sally Malavé	☐ present	☐ absent	☑ conference call
Patricia Sullivan	☐ present	☐ absent	☑ conference call

Hernandez

Tab 8

MEMO

TO: MFA Board of Directors

Through: Contracted Services Committee – September 6, 2022

Through: Policy Committee – August 30, 2022

FROM: Theresa Laredo-Garcia, Program Development Manager

DATE: September 14, 2022

SUBJECT: Regional Housing Authorities 2021 Annual Report

Recommendation

Staff recommends approval of the Regional Housing Authority 2021 Annual Report as mandated by the Regional Housing Act. The report includes operation and fiscal activities for Eastern, Western and Northern Housing Authorities.

Background

In the 2009 Legislative Session, the New Mexico state legislature amended the Regional Housing Law 11-3A-29 NMSA 1978, to re-define the activities of the Regional Housing Authorities and to mandate that MFA provide oversight of certain activities, to include submission of an Annual Report, relative to their operations and fiscal activities, to the Department of Finance & Administration (DFA), Legislative Oversight Committee (LOC), and the Legislative Finance Committee (LFC).

The Department of Housing and Urban Development (HUD) funds the Regional Housing Authorities and is the agency that approves operational activities such as budgets, procurements, and 5-year plans. MFA is in a role of oversight and works closely with HUD to obtain information as required per the regional housing law. MFA has oversight responsibilities of the items listed below. No funding was appropriated to MFA for the RHA oversight during the 2021 legislative session.

1. Review of the RHA's operating budget (MFA Staff)
2. Any new member(s) of the RHA's Board of Commissioners are reviewed by the MFA Board prior to recommendation to the Governor's Boards of Commissions (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

This report provides an update of the above-mentioned items for the three (3) New Mexico RHAs.

- Eastern Regional located in Roswell (ERHA)
- Western Regional located in Silver City (WRHA)
- Northern Regional located in Taos (NRHA)

1. Each fiscal year RHAs are required to provide MFA with a final operating budget for review. For the 2020/2021 fiscal year, which covers the period of 7/1/20 through 6/30/21, the RHA Boards and/or HUD approved fiscal year budgets are:

Agency	Regional Housing Board Approved Fiscal Year Budget (7/1/20 – 6/30/21)	Date Approved by Regional Housing Board and/or HUD
ERHA	Low Rent Public Housing $1,662,129 Section 8 Vouchers $7,982,430 $9,644,559	
WRHA	Low Rent Public Housing $ 981,281 Section 8 Vouchers $4,621,835 $5,603,116	3/24/20 (Board Approval)
NRHA Raton/Las Vegas	Low Rent Public Housing $1,169,169 Section 8 Vouchers $ 245,482 $1,414,651 Low Rent Public Housing $ 974,191 Section 8 Vouchers $2,064,850 $3,039,041	6/26/20 (Board Approval) 2/18/20 and 5/20/20 respectively (Board Approval)

2. Approve any new members of the Regional Board of Commissioners

The Boards and Commissions Department of the State of New Mexico completed the updated background checks and renewal terms for each of the Regional's Commissioners as approved by MFA's Board of Directors. As of the date of this reporting, the rosters listed below reflect the most recent status of the Regional Commissioners.

Eastern Regional Housing Authority

County within Region	Commissioner Assigned to County	Current Status and Term End Date
Chavez	Terri Douglass	Active through 7/1/2023
Eddy County	Sylvia Bueno	Active through 7/1/2025

Lea County	Ella Turner	Active through 7/1/2025
Otero	Pamela Clark	Active through 7/1/2025
Chavez	Alfred Velasquez, Jr	Active through 7/1/2025
Otero	Michael O'Hara	Active through 7/1/2025

Western Regional Housing Authority

County within Region	Commissioner Assigned to County	Current Status and Term
Hidalgo	Irene Galvan	Renewal In Process, Term Expired 7/1/22
Grant	Lynn Featheringill	Active through 7/1/2024
Sierra	Dr. G Vincent Barrett	Active through 7/1/2023
Socorro	Jackie Muncy	Active through 7/1/2025
Valencia	Carol Anaya	Active through 7/1/2025
Grant	Martha Peru-Salas	Active through 7/1/2025

Northern Regional Housing Authority

County within Region	Commissioner Assigned to County	Current Status and Term
Sandoval	Jolene Slowen	Active through 7/1/2023
Los Alamos	Steven Brugger	Active through 7/1/2023
San Juan	Nicole Sandoval-Belt	Active through 7/1/2024
San Miguel	Donna Vigil	Active through 7/1/2024
Cibola	Rev. Garland Moore	Active through 7/1/2025
Rio Arriba	Lauren Reichelt	Active through 7/1/2025
Colfax	Rayetta Trujillo	Active through 7/1/2025

3. Approve new Executive Directors

- ERHA: Chris Herbert has served as Executive Director since 2006
- WRHA: Cathy DeMarco has served as Executive Director since 2003
- NRHA: Terry Baca has served as Executive Director since 2021

4. Report the creation or dissolution of nonprofit entities to MFA or State Board of Finance

None of the agencies had a creation or dissolution of a nonprofit entity in 2021.

5. Approve contracts or MOUs exceeding $100K

None of the agencies signed contracts or MOUs exceeding $100K in 2021.

6. Approve assets valued over $100K that were sold, transferred, or liquidated

None of the agencies sold, transferred, or liquidated any assets valued over 100K in 2021.

7. Submission of audits to the State Auditor, MFA, LFC, DFA, and MFA-LOC. Audits are available upon request.

EASTERN REGIONAL HOUSING AUTHORITY

ERHA received an **unmodified** opinion on the FYE 6/30/21 audit. There are 2 findings noted in the audit:

2021-001 Procurement policy not followed – Other Non-Compliance

Condition – One quote for a purchase greater than $5,000 did not include documentation of quotes obtained.
Criteria – Housing Authority policy requires 3 written quotes for purchases greater than $5,000.
Cause – Prior similar purchases from this vendor were quoted and proved to be lowest prices and therefore documentation of quotes overlooked.
Effect – Potential that best obtainable price not achieved.
Recommendation – All procurements should follow policy and include documentation that best price was obtained.
Management Response - Eastern Regional Housing will not issue Purchase Orders if proper quotes are not obtained.

2021-002 (2020-003) Late Audit Report – Other Non-Compliance

Repeated with modification.
Condition – The audit report was submitted after September 30, 2020. The Housing Authority worked with the auditor to complete the audit timely; but, due to auditor staffing the audit was still late.
Criteria – Per 2.2.2 NMAC the audit report for independent public housing authorities is due to the New Mexico State Auditor's office on September 30, 2021.
Cause – The audit firm had extreme staffing challenges which are currently being revolved with new hires.
Effect – Audited report late.
Recommendation – All agencies involved should work together to find workable solutions when deadlines conflict or are extended by one agency and not another.
Management Response - Eastern Regional Housing Authority will work with the auditor to find workable solutions for the next audit.

WESTERN REGIONAL HOUSING AUTHORITY

WRHA received an **unmodified** opinion on their FYE 6/30/21 audit. There are no findings noted in the audit.

NORTHERN REGIONAL HOUSING AUTHORITY

NRHA has not completed the FYE 6/30/21 audit. They have received a HUD approved extension and their audit is currently in progress under a new auditing firm.

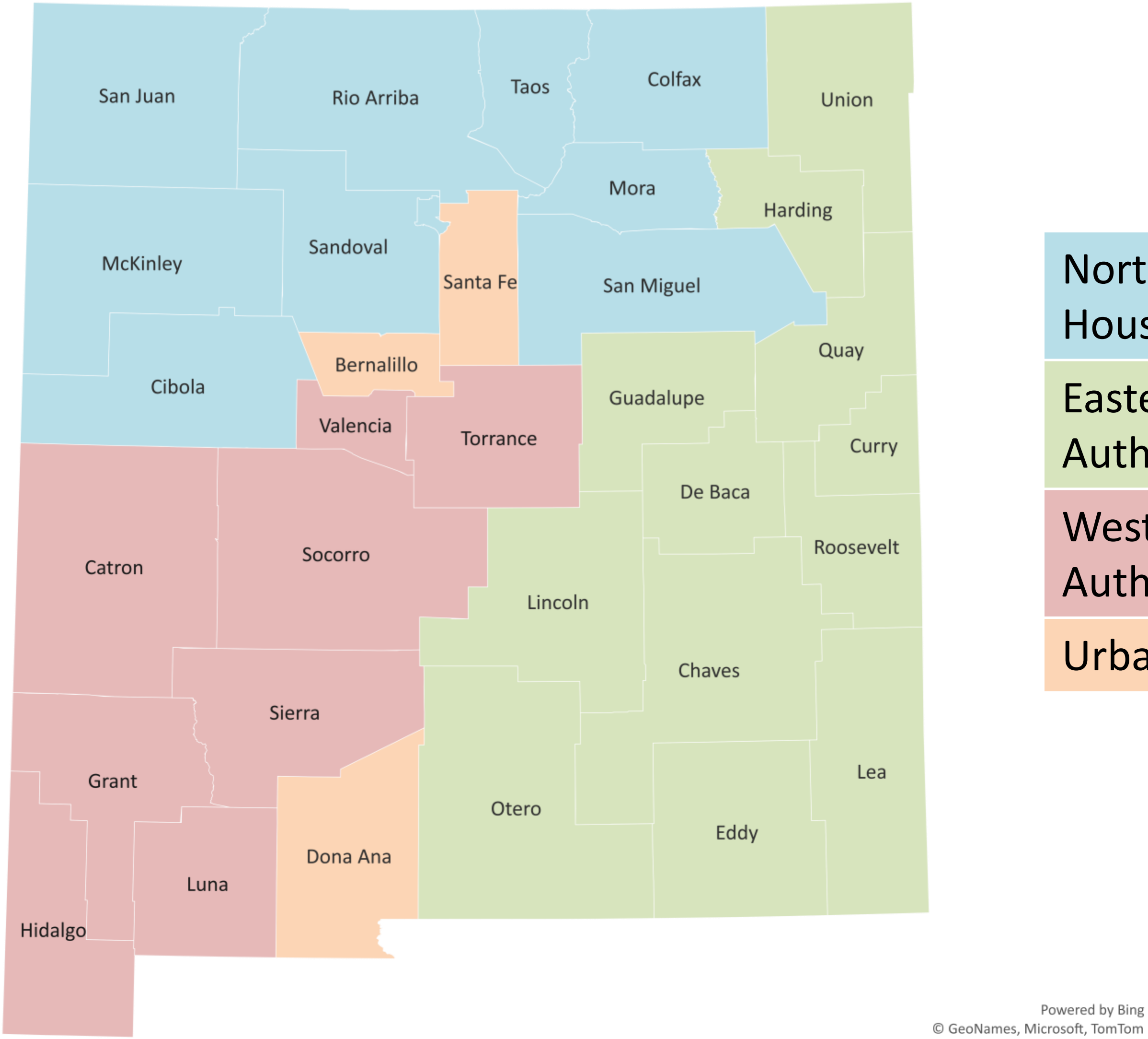
Update on Overall Status of NRHA:

- Northern Regional Housing Authority has not received their Audited Financial Statements for fiscal year ending 6-30-2021.
- They have had difficulty with their contracted accounting firm and have since procured a new firm to perform the Audit.
- They have obtained an extension from HUD, and their audit is currently in progress.
- Procurement of a contract with a new external audit firm will ensure compliance with audit guidelines
- NRHA cannot be removed from troubled status until the next HUD monitoring, which is anticipated to be in early 2023.

Summary:

Staff recommends approval of the Regional Housing Authority 2021 Annual Report as mandated by the Regional Housing Act. The report includes operational and fiscal activities for Eastern, Western and Northern Regional Housing Authorities.

Regional Housing Authorities



Northern Regional Housing Authority
Eastern Regional Housing Authority
Western Regional Housing Authority
Urban

Regional Housing Authorities

Regional Housing Authority	Low-Rent Units	Section 8 Vouchers	Consolidations to Date	HUD's Rating
Eastern Regional Housing Authority (ERHA) **Office located in Roswell**	402	2,088	**<u>Consolidations Include</u>** Alamogordo 11/05 (Consolidation of Section 8 Program only) Region IV 07/09 Vaughn 07/10 Eunice 10/14 Lovington 01/16 Artesia 01/20 Tucumcari 01/21	High Performer Last scored in 2019
Western Regional Housing Authority (WRHA) **Office located in Silver City**	154	911	**<u>Consolidated Include</u>** Lordsburg 07/20	High Performer Last scored in 2019
Northern Regional Housing Authority (NRHA) **Office located in Taos**	643	561	**<u>Consolidations Include</u>** Taos 08/14 Cimarron 07/16 Grants 01/17 Las Vegas 01/21 Raton 01/21 (Maxwell Consolidated with Raton in April 2018)	Troubled Last scored in 2019
TOTAL	***1199***	***3,560***		

Eastern Regional Housing Authority Region

Public Housing Authority	Low-Rent Units	Section 8 Vouchers	HUD's Rating
Alamogordo	221	0	Standard Last scored in 2019
Clayton	50	0	Standard Last scored in 2019
Clovis	132	608	High Performer Last scored in 2019
Fort Sumner	47	0	High Performer Last scored in 2019
TOTAL	***450***	***608***	

Western Regional Housing Authority Region

Public Housing Authority	**Low-Rent Units**	**Section 8 Vouchers**	**HUD's Rating**
Bayard	70	0	Standard Last scored in 2019
El Camino Real	0	591	Standard Last scored in 2019
Santa Clara	32	0	Standard Last scored in 2019
T or C	100	190	Standard Last scored in 2019
TOTAL	***202***	***781***	

Northern Regional Housing Authority Region

Public Housing Authority	Low-Rent Units	Section 8 Vouchers	HUD's Rating
Chama	38	0	Troubled Last scored in 2019
Cuba	28	0	Standard Last scored in 2019
Gallup	263	63	Standard Last scored in 2019
Pecos	32	0	Standard
Rio Arriba	53	25	Sub-Standard Last scored in 2019
San Juan	0	372	High Performer Last scored in 2019
San Miguel	0	177	High Performer Last scored in 2019
Springer	56	0	High Performer Last scored in 2019
Wagon Mound	19	0	High Performer Last scored in 2019
TOTAL	***489***	***637***	

KRIEGEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004 • Phone: (575) 523-7444, Fax: (575) 527-0872

STATE OF NEW MEXICO

EASTERN REGIONAL HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2021

EASTERN REGIONAL HOUSING AUTHORITY

TABLE OF CONTENTS
JUNE 30, 2021

EASTERN REGIONAL HOUSING AUTHORITY

OFFICIAL ROSTER
JUNE 30, 2021

BOARD OF DIRECTORS

Name	Title
Michael O'Hara	*Chairperson*
Terri Douglass	*Vice-Chairperson*
Pamela Clark	*Treasurer*
Ella Turner	*Secretary*
Waymon L. Dowdy Sr	*Commissioner*

ADMINISTRATIVE OFFICIALS

Chris Herbet	*Executive Director*
Irene Murillo	*Deputy Director*
Olivia Cruz	*Finance Director*

KRIEGEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Mr. Brian Colón, State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Eastern Regional Housing Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004
Phone: (575) 523-7444, Fax: (575) 527-0872

Mr. Brian Colón, State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico
Page Two

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Eastern Regional Housing Authority, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Artesia Housing Authority Transfer

Effective January 1, 2020 the Tucumcari Low Rent Program was transferred to the Eastern Regional Housing Authority under US Department of Housing and Urban Development directive. (Notes to the Financial Statements Note 1). Our opinion is not modified with respect to these matters.

In addition, as of April 1, 2021 the Tucumcari Section 8 Housing Program was transferred to the Eastern Regional Housing Authority under U.S. Department of Housing and Urban Development directive.

Other Matters

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. Our opinion on the basis financial statements is not affected by that missing information.

Accounting principles generally accepted in the United States of America require that the pension liability schedules on pages 34 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements that collectively comprise Eastern Regional Housing Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The Financial Data Schedule and the schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

Mr. Brian Colón, State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico
Page Three

The Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 21, 2021

BASIC FINANCIAL STATEMENTS

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2021

	Woodleaf Development	TDS - ERHA Unidos	Rio Felix FMHA Program	Low Rent Public Housing	Artesia Housing Authority	Tucumcari Low Rent Housing
ASSETS						
Current Assets						
Cash	$259,959	$3,034	$0	$884,420	$0	$732,120
Investments	0	0	0	264,400	0	23,389
Receivables (net of allowance):						
Tenants	24,330	65	0	15,694	0	3,628
Other government	0	0	0	3,500	0	0
	0	0	0	0	0	0
Due from (to) other funds	1,200,464	(1,673)	0	(3,770)	0	(6,922)
Inventory	0	0	0	0	0	0
Total current assets	1,484,753	1,426	0	1,164,244	0	752,215
Noncurrent Assets:						
Restricted cash / investments	492,960	38,677	0	64,782	0	7,987
Capital Assets:						
Land	259,919	6,668	0	675,030	0	109,890
Construction in progress	0	0	0	0	0	0
Buildings	3,296,666	1,167,516	0	13,206,865	0	4,061,846
Equipment and furniture	67,317	0	0	749,188	0	470,206
Less accumulated depreciation	(2,836,286)	(174,458)	0	(12,289,895)	0	(3,702,133)
Capital assets, net	787,616	999,726	0	2,341,188	0	939,809
Total assets	2,765,329	1,039,829	0	3,570,214	0	1,700,011
Deferred outflows of resources - related to pension plan	155,864	0	0	341,416	0	51,954
LIABILITIES						
Current Liabilities:						
Accounts payable	124	5,803	0	4,689	0	2,228
Accrued payroll liabilities	3,507	0	0	7,550	0	3,020
Escrow funds held for offers	0	0	0	0	0	0
Prepaid rent	8,640	1,045	0	13,550	0	2,408
Tenant deposits	30,617	4,315	0	64,782	0	8,087
Notes payable (current)	140,000	8,073	0	0	0	0
Compensated absences (current)	0	0	0	0	0	0
Total current liabilities	182,888	19,236	0	90,571	0	15,743
Escrow funds held for others	0	0	0	0	0	0
Notes payable (net of current portion)	1,355,000	287,490	0	0	0	0
Compensated Absences (non current)	3,641	0	0	5,837	0	0
Net pension liability	381,352	0	0	835,342	0	127,117
Total liabilities	1,922,881	306,726	0	931,750	0	142,860
Deferred inflows of resources -						
Pension	7,815	0	0	17,118	0	2,605
Grant revenue - CARES	0	0	0	0	0	0
NET POSITION						
Net investment in capital assets	(707,384)	704,163	0	2,431,188	0	939,809
Restricted	462,343	34,362	0	0	0	0
Unrestricted	1,235,538	(5,422)	0	531,574	0	666,691
Total net position	$990,497	$733,103	$0	$2,962,762	$0	$1,606,500

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2021

	Section 8 Housing Program	Tucumcari Section 8 Housing Program	Administrative Services Department	Elimination	Total
ASSETS					
Current Assets					
Cash	$0	$0	$534,990	$0	$2,414,523
Investments	0	0	0	0	287,789
Receivables (net of allowance):					
Tenants	0	0	0	0	43,717
Other government	0	0	1,597	0	5,097
Other	0	0	1,872	0	1,872
Due from (to) other funds	(50,164)	50,164	(1,188,099)	0	0
Inventory	0	0	0	0	0
Total current assets	(50,164)	50,164	(649,640)	0	2,752,998
Noncurrent Assets:					
Restricted cash / investments	582,885	0	0	0	1,187,291
Capital Assets:					
Land	0	0	30,104	0	1,081,611
Construction in progress	0	0	0	0	0
Buildings	0	0	206,154	0	21,939,047
Equipment and furniture	0	0	571,967	0	1,858,678
Less accumulated depreciation	0	0	(519,378)	0	(19,522,150)
Capital assets, net	0	0	288,847	0	5,357,186
Total assets	532,721	50,164	(360,793)	0	9,297,475
Deferred outflows of resources - related to pension plan	0	0	192,975	0	742,209
LIABILITIES					
Current Liabilities:					
Accounts payable	0	0	1,779	0	14,623
Accrued payroll liabilities	0	0	(23,829)	0	(9,752)
Escrow funds held for offers	633	0	0	0	633
Prepaid rent	0	0	0	0	25,643
Tenant deposits	0	0	0	0	107,801
Notes payable (current)	0	0	0	0	148,073
Compensated absences (current)	0	0	3,969	0	3,969
Total current liabilities	633	0	(18,081)	0	290,990
Escrow funds held for others	126,299	0	0	0	126,299
Notes payable (net of current portion)	0	0	95,258	0	1,737,748
Compensated Absences (non current)	0	0	4,330	0	13,808
Net pension liability	0	0	472,150	0	1,815,961
Total liabilities	126,932	0	553,657	0	3,984,806
Deferred inflows of resources -					
Pension	0	0	9,675	0	37,213
Grant revenue - CARES	22,212	0	0	0	22,212
NET POSITION					
Net investment in capital assets	0	0	288,847	0	3,656,623
Restricted	383,577	0	0	0	880,282
Unrestricted	0	50,164	(1,019,997)	0	1,458,548
Total net position	$383,577	$50,164	($731,150)	$0	$5,995,453

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

	Woodleaf Development	TDS-ERHA Unidos	Rio Felix FMHA Program	Low Rent Public Housing	Artesia Housing Authority	Tucumcari Low Rent Housing
Operating Revenues						
Tenant rental revenue	$847,656	$49,571	$0	$698,555	$0	$87,978
Other tenant revenue	20,039	0	0	8,493	0	2,576
Management and administrative fees	0	0	0	0	0	0
Miscellaneous income	0	8,873	0	260	0	0
Prior year voided checks	0	0	0	0	0	0
HUD operating subsidy	0	0	0	812,069	0	193,164
Total operating revenues	867,695	58,444	0	1,519,377	0	283,718
Operating Expenses						
Personnel services and benefit	247,435	0	0	721,707	0	24,497
Management and administrative fees	70,616	31,306	0	213,679	0	28,658
Professional / contract service fees	94,018	0	0	107,340	0	6,400
Repairs and maintenance	11,794	0	0	712,906	0	31,773
Utilities	137,829	0	0	312,739	0	56,922
Materials and supplies	23,127	0	0	102,139	0	27,582
Insurance	3,736	0	0	18,679	0	0
Miscellaneous	38,007	0	0	76,512	0	22,843
Depreciation	79,062	57,706	0	726,700	0	220,502
Total operating expenses	705,624	89,012	0	2,992,401	0	419,177
Operating income (loss)	162,071	(30,568)	0	(1,473,024)	0	(135,459)
Non-Operating Revenues (Expenses)						
Intergovernmental grants - federal	0	0	0	0	0	0
Intergovernmental grants - state	0	0	0	0	0	0
Housing assistance payments	0	0	0	0	0	0
Other non-operating revenue	0	0	0	0	0	0
Interest income	110,071	0	0	1,830	0	32
Interest expense	(111,328)	(5,334)	0	0	0	0
Operating transfer in	0	0	0	40,093	0	17,771
Operating transfer (out)	0	0	0	(40,093)	0	(17,771)
HUD capital grants	0	0	0	722,038	0	26,629
Gain/Loss on sale of capital asset	0	0	0	0	0	0
Total non-operating revenues (expenses)	(1,257)	(5,334)	0	723,868	0	26,661
Write off of NPL and OPEB liabilities	0	0	0	0	0	124,700
Changes in net position	160,814	(35,902)	0	(749,156)	0	15,902
Net position, beginning of year	1,102,399	769,005	399,277	2,247,023	1,915,925	0
Restatements	(272,716)	0	(399,277)	(451,030)	0	0
Net position, beginning of year as restated	829,683	769,005	0	1,795,993	1,915,925	0
Transfer - capital	0	0	0	1,915,925	(1,915,925)	1,590,598
Net position, end of year	**$990,497**	**$733,103**	**$0**	**$2,962,762**	**$0**	**$1,606,500**

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

	Section 8 Housing Program	Tucumcari Section 8 Housing Program	Administrative Services Department	Elimination	Total
Operating Revenues					
Tenant rental revenue	$0	$0	$0	$0	$1,683,760
Other tenant revenue	0	0	0	0	31,108
Management and administrative fees	0	0	1,099,542	(984,943)	114,599
Miscellaneous income	25,468	0	115,377	0	149,978
Prior year voided checks	13,503	0	0	0	13,503
HUD operating subsidy	0	0	0	0	1,005,233
Total operating revenues	38,971	0	1,214,919	(984,943)	2,998,181
Operating Expenses					
Personnel services and benefit	0	0	960,333	0	1,953,972
Management and administrative fees	735,395	0	0	(984,943)	94,711
Professional / contract service fees	0	0	9,819	0	217,577
Repairs and maintenance	0	0	18,328	0	774,801
Utilities	0	0	40,150	0	547,640
Materials and supplies	0	0	16,326	0	169,174
Insurance	0	0	3,736	0	26,151
Miscellaneous	0	296	204,813	0	342,471
Depreciation	0	0	51,485	0	1,135,455
Total operating expenses	735,395	296	1,304,990	(984,943)	5,261,952
Operating income (loss)	(696,424)	(296)	(90,071)	0	(2,263,771)
Non-Operating Revenues (Expenses)					
Intergovernmental grants - federal	8,203,470	1,431	86,904	0	8,291,805
Intergovernmental grants - state	0	0	0	0	0
Housing assistance payments	(7,068,784)	(83,868)	0	0	(7,152,652)
Other non-operating revenue	0	0	0	0	0
Interest income	0	6	0	0	111,939
Interest expense	0	0	(110,000)	0	(226,662)
Operating transfer in	0	0	226,405	0	284,269
Operating transfer (out)	(226,405)	0	0	0	(284,269)
HUD capital grants	0	0	0	0	748,667
Gain/Loss on sale of capital asset	0	0	0	0	0
Total non-operating revenues (expenses)	908,281	(82,431)	203,309	0	1,773,097
Write off of NPL and OPEB liabilities	0	52,337	0	0	177,037
Changes in net position	211,857	(30,390)	113,238	0	(313,637)
Net position, beginning of year	171,720	0	(1,967,411)	0	4,637,938
Restatements	0	(3,506)	1,123,023	0	(3,506)
Net position, beginning of year as restated	171,720	(3,506)	(844,388)	0	4,634,432
Transfer - capital	0	84,060	0		1,674,658
Net position, end of year	**$383,577**	**$50,164**	**($731,150)**	**$0**	**$5,995,453**

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2021

	Woodleaf Development	TDS-ERHA Unidos	Low Rent Public Housing	Artesia Housing Program	Tucumcari Low Rent Housing
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from tenants	$839,322	$60,037	$709,238	$0	$101,639
Cash received for services	0	0	0	0	0
Grants - subsidies	0	0	812,069	0	193,164
Cash payments to suppliers for goods and services	(380,122)	(32,821)	(1,559,972)	0	(116,848)
Cash payments to employees for services	(285,673)	0	(662,661)	0	(184,123)
Net cash (used) for operating activities	173,527	27,216	(701,326)	0	(6,168)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Net HAP/receipts	0	0	0	0	0
Temporary financing-other funds	(5,055)	0	(2,171)	0	(4,228)
Operating transfers in (out)	0	0	0	0	0
Other nonoperating revenues	0	0	0	0	0
Net cash provided (used) by noncapital and related financing activities	(5,055)	0	(2,171)	0	(4,228)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash transferred in (out)	0	0	547,712	(547,713)	723,870
Cash payments for principal and interest	(246,328)	(19,544)	0	0	0
Cash received from intergovernmental sources	0	0	722,038	0	26,629
Acquisition and construction of capital assets	0	0	0	0	0
Net cash provided by capital and related financing activities	(246,328)	(19,544)	1,269,750	(547,713)	750,499
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	110,071	0	1,830	0	33
Investments purchased	0	0	(1,830)	0	(29)
Net cash provided by investing activities	110,071	0	0	0	4
Net increase (decrease) in cash	32,215	7,672	566,253	(547,713)	740,107
Cash and cash equivalents, beginning of year	720,704	34,039	382,949	547,713	0
Cash and cash equivalents, end of year	**$752,919**	**$41,711**	**$949,202**	**$0**	**$740,107**
Cash and Cash Equivalents					
Cash	$259,959	$3,034	$884,420	$0	$732,120
Restricted	492,960	38,677	64,782	0	7,987
	$752,919	$41,711	$949,202	$0	$740,107
Non cash transaction:					
Contributed capital - AHA	0	0	1,915,925	(1,915,925)	1,160,311
NPL & OPEB Write-Off	0	0	0	0	124,700

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2021

	Section 8 Housing Program	Tucumcari Section 8 Housing Program	Administrative Services Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from tenants	$38,971	$0	$0	$1,749,207
Cash received for services	0	0	1,213,047	1,213,047
Grants - subsidies	0	2,598	0	1,007,831
Cash payments to suppliers for goods and services	(717,803)	(296)	(330,801)	(3,138,663)
Cash payments to employees for services	0	0	(1,017,594)	(2,150,051)
Net cash (used) for operating activities	(678,832)	2,302	(135,348)	(1,318,629)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Net HAP/receipts	1,083,510	(85,941)	0	997,569
Temporary financing-other funds	50,164	(50,164)	303	(11,151)
Operating transfers in (out)	(226,405)	0	226,405	0
Other nonoperating revenues	0	0	86,904	86,904
Net cash provided (used) by noncapital and related financing activities	907,269	(136,105)	313,612	1,073,322
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash transferred in	0	0	0	723,869
Cash payments for principal and interest	0	0	(110,000)	(375,872)
Cash received from intergovernmental sources	0	0	0	748,667
Acquisition and construction of capital assets	0	0	(43,039)	(43,039)
Net cash provided by capital and related financing activities	0	0	(153,039)	1,053,625
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	0	6	0	111,940
Investments purchased	0	0	0	(1,859)
Net cash provided by investing activities	0	6	0	110,081
Net increase (decrease) in cash	228,437	(133,797)	25,225	918,399
Cash and cash equivalents, beginning of year	354,448	133,797	509,765	2,683,415
Cash and cash equivalents, end of year	**$582,885**	**$0**	**$534,990**	**$3,601,814**
Cash and Cash Equivalents				
Cash	$582,885	$0	$534,990	$2,997,408
Restricted	0	0	0	604,406
	$582,885	$0	$534,990	$3,601,814
Non cash transaction:				
Contributed capital - AHA	0	0	0	1,160,311
NPL & OPEB Write-Off	0	52,337	0	177,037

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
JUNE 30, 2021

	Woodleaf Development	TDS-ERHA Unidos	Low Rent Public Housing	Artesia Housing Program	Tucumcari Low Rent Housing
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities					
Operating (loss)	$162,071	($30,568)	($1,473,024)	$0	($135,459)
Adjustments to Reconcile Operating (Loss)to Net Cash Provided by Operating Activities					
Depreciation	79,062	57,706	726,700	0	220,502
Change in assets and liabilities:					
(Increase) decrease in tenant/other receivables	(12,707)	(64)	(3,472)	0	10,096
(Increase) in intergovernmental receivable	0	0	0	0	0
(Increase) in prepaid expenses and other current assets	0	0	0	0	0
(Decrease) in accounts payable and accrued expenses	(995)	(1,516)	(15,978)	0	(9,945)
(Decrease) in accrued salaries and compensated absences	1,175	0	(968)	0	327
(Decrease) in prepaid rent	(6,704)	642	2,062	0	1,096
(Decrease) in tenant deposits/escrow	(8,962)	1,016	3,340	0	(107)
(Decrease) in deferred inflows - CARES	0	0	0	0	0
Increase in net pension contributions and liability	(39,413)	0	60,014	0	(92,678)
Total adjustments	11,456	57,784	771,698	0	129,291
Net cash provided by operating activities	**$173,527**	**$27,216**	**($701,326)**	**$0**	**($6,168)**

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
JUNE 30, 2021

	Section 8 Housing Program	Tucumcari Section 8 Housing Program	Administrative Services Department	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities				
Operating (loss)	($696,424)	($296)	($90,071)	($2,263,771)
Adjustments to Reconcile Operating (Loss)to Net Cash Provided by Operating Activities				
Depreciation	0	0	51,486	1,135,456
Change in assets and liabilities:				
(Increase) decrease in tenant/other receivables	0	0	(1,872)	(8,019)
(Increase) in intergovernmental receivable	0	13,694	0	13,694
(Increase) in prepaid expenses and other current assets	0	0	0	0
(Decrease) in accounts payable and accrued expenses	0	0	(37,630)	(66,064)
(Decrease) in accrued salaries and compensated absences	0	0	(20,949)	(20,415)
(Decrease) in prepaid rent	0	0	0	(2,904)
(Decrease) in tenant deposits/escrow	17,592	0	0	12,879
(Decrease) in deferred inflows - CARES	0	(11,096)	0	(11,096)
Increase in net pension contributions and liability	0	0	(36,312)	(108,389)
Total adjustments	17,592	2,598	(45,277)	945,142
Net cash provided by operating activities	**($678,832)**	**$2,302**	**($135,348)**	**($1,318,629)**

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Eastern Regional Housing Authority, New Mexico, Inc., (the Authority) was created pursuant to the Regional Housing Law of the State of New Mexico, and exists to provide decent, safe, and sanitary housing for lower income residents of Chaves, Eddy, Lea, Lincoln, Otero, Curry, Union, Roosevelt, Harding, Quay, Guadalupe, and De Baca Counties. The Authority also assists other organizations and units of local governments to operate, manage, and administer housing programs and projects, and achieve this objective. The Authority's Administrative Services Department is dependent upon administrative fees from the U.S. Department of Housing and Urban Development ("HUD") Section 8 program and on administrative and management fees earned from the Authority owned apartment complexes as more fully described below.

On March 31, 2009, the New Mexico Legislature restructured the State's Regional Housing Authorities. The Region VI and Region IV Housing Authorities were combined to form the Eastern Regional Housing Authority. The Region VI Housing Authority was chosen to maintain separate financial records from Region IV Authority until the end of the 2009 fiscal year since HUD contracts were separately issued through June 30, 2009. As of July 1, 2009, the operations of Region VI and IV were combined. The Regional Housing Authorities of Region VI had been the fiscal agent for Region IV Housing Authority since May 8, 2008, through June 30, 2009.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Authority has implemented Government Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments for the year ended June 30, 2021. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

The following is a summary of the Regional Housing Authority's accounting policies

Reporting Entity

The Authority's combined financial statements include all of the Authority operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting, include whether: (1) the organization is legally separate (can sue and be sued in their own name), (2) the Authority hold the corporate powers of the organization, (3) the Authority appoints a voting majority of the organization's board, (4) the Authority is able to impose its will on the organization, (5) the organization has the potential to impose a financial/benefit/burden on the Authority, (6) there is a fiscal dependency by the organization of the Authority. Based on the aforementioned criteria, the Authority determined it had blended component units as follows. The Authority has created, in accordance with the Regional Housing Law, Section 11-3A-1, NMSA 1978, the following non-profit corporations to issue bonds for the acquisition and rehabilitation of apartment projects: RHA Housing Development Corporation (Woodleaf) is a blended component unit. The Authority also reports TDS-ERHA a limited liability company as a blended component unit.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tucumcari Housing Authority Transfer

Low Rent Housing

Beginning January 1, 2021 the Tucumcari Low Rent Housing was officially transferred into Eastern Regional Housing Authority. All assets of Tucumcari Low Rent Housing were re-titled and all employees became employees of Eastern Regional Housing Authority.

Therefore, the beginning net position of Tucumcari Low Rent Housing represents the January 1, 2021 net position of Tucumcari Low Rent Housing transferred in and the amounts shown on the statement of Revenues, Expenses, and Changes in Fund Net Position for Tucumcari Housing Authority are for the six months ended June 30, 2021.

Tucumcari Section 8 Housing Voucher

Beginning April 1, 2021 the Tucumcari Section 8 Housing Voucher was officially transferred into Eastern Regional Housing Authority.

Therefore, the beginning net position of Tucumcari Section 8 Housing Voucher represents the April 1, 2021 net position of Tucumcari Section 8 Housing Voucher transferred in and the amounts shown on the statement of Revenues, Expenses, and Changes in Fund Net Position for Tucumcari Section 8 Housing Voucher are for the three months ended June 30, 2021.

Programs and Developments: The Authority, through related non-profit organizations, owns various apartment complexes, and is also a designated public housing authority ("PHA") by HUD, and participates in various rental assistance programs which include:

- Woodleaf Development (Enterprise Fund) - A 152 unit apartment complex in Hobbs, New Mexico, which is owned by RHA Housing Development Corporation and managed by the Authority.

- TDS-ERHA Unidos (Enterprise Fund) – The Housing Authority (51%) and Tierra Del Sol Housing Corporation (TDSHC) (49%) formed a New Mexico Limited Liability Company to build and operate 16 affordable housing units in a complex located in Eunice New Mexico.

- Farmers Home Administration (Enterprise Fund) - Farm Labour Housing Project (Rio Felix) – A development which is located in Hagerman, New Mexico, and is owned and managed by the Authority. The project was constructed as a result of the substantial grant and a small loan within a 1% interest rate from the Farmers Home Administration ("FMHA"). Tenants of the project pay a basic rent of 30% of their adjusted income as rent, and FMHA subsidize the difference between the tenant rent and basic rent for qualifying applicants. The Rio Felix property was sold during the fiscal year ended June 30, 2020.

- Low Rent Public Housing (Enterprise Fund) - A program with a combined total of 222 rental units in Artesia, Roswell, Capitan, and Carrizozo, New Mexico. The developments are owned and managed by the Authority. Participants in this program pay rent equal to 30% of their adjusted income. HUD, through the Authority, pays the balance of the rent. The activity from ERHA and Lovington Housing Authority since November 2014 has been combined with this major fund.

- Section 8 Housing Voucher Program (Enterprise Fund) - A rent subsidy program funded by HUD. The subsidy is equal to the difference between a payment standard based on HUD published fair market rents and a percentage of the tenant's adjusted monthly income.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Tucumcari Section 8 Housing Voucher Program (Enterprise Fund) was transferred into Eastern Regional Housing Authority as of April 1, 2021. The program is a rent subsidy program funded by HUD. The subsidy is equal to the difference between a payment standard based on HUD published fair market rents and a percentage of the tenant's adjusted monthly income.

- Tucumcari Low Rent Housing (Enterprise Fund) was transferred into Eastern Regional Housing Authority as of January 1, 2021. Tucumcari has 90 rental units. The development is owned and managed by the Authority since transfer. Participants in this program pay rent equal to 30% of their adjusted income. HUD, through the Authority, pays the balance of the rent.

- Administrative Services Department (Enterprise Fund) - The department of the Authority which manages the above listed developments and provides support to the above listed programs for which it receives management and/or administrative fees.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities. Business-type activities rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Authority's enterprise programs are accounted for as one business-type activity for financial reporting purposes. Major individual enterprise funds are reported as separate columns in the fund financial statements. The financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by a pledge of the net revenue from fees and charges of the activity; (b) which are governed by laws and regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designed to recover its costs.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority reports all propriety funds as major funds.

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included in the statement of net position. Net position is segregated into net investment in capital assets, restricted, and unrestricted components. The statements of revenues, expenses, and changes in fund net position present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. When both restricted and unrestricted resources are available for use ,generally it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. The statement of cash flows presents the cash flows from operating activities, investing activities, capital and related financing activities, and non-capital financing activities.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds; although, the administrative fees paid to the Administrative Services Department have been eliminated.

In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met and reported as deferred outflows of resources by the provider and deferred outflowed or resources by the recipient.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided such as rental fees; and 2) operating grants and contributions such as weatherization assistance. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for rent and Section 8 rent vouchers. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses. Revenues are recognized as soon as they are both measurable and available.

Revenue Recognition

The Authority has entered into annual contributions contracts with HUD to develop, manage and own public housing projects, and to administer the federal Section 8 housing programs, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 program. Such contributions are reflected as government subsidies revenue in the accompanying revenues, except for capital related contributions, which are recorded as non-operating revenues. Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Authority is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States. The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less, and are held by governments other than external investment pools should be measured at amortized cost as provided in paragraph 9 of GASB No. 72.

The Authority's demand deposits and short-term investments with original maturities of three months or less from the date of acquisition are reported at amortized cost per GASB statement No. 72.

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to Section 6-10-10.1 NMSA 1978, as amended, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the state treasurer, pursuant to a policy adopted by the State Board of Finance for such short-term investments.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit, be collateralized by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of uninsured balances on deposit with any one institution must be collateralized, with higher requirements up to one hundred percent (100%) for financially troubled institutions. If the securities pledged are United States government securities, they are pledged at market value; if they are New Mexico municipal bonds, they are pledged at par value. U.S. Department of Housing and Urban Development requires 100% of the uninsured balances on deposit to be collateralized.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activates are reported in the government-wide financial statements as "internal balances. "

Inter-program receivables and payables arose from loans and reimbursable expenses between developments and programs. Accounts receivable and accounts payable relate to operating trade activities. All receivables, including tenant receivables, are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices, and are recognized when incurred.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain resources set aside for the repayment of security deposits held as insurance against the non-payment for services rendered are classified on the balance sheet as restricted because their use is limited. Assets held in replacement reserves and other escrows as required by bond indenture agreements are classified as restricted.

Prepaid Items

Certain payments to vendors for items that include insurance reflect costs applicable to future accounting periods, and are recorded as prepaid items in the Authority's financial statements.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. State law sets a capitalization threshold of $5,000 for acquisitions of capital assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB statement No. 34, the historical costs of infrastructure assets, (retroactive 1979) are included as part of the governmental capital assets reported in the government-wide statements. Information Technology Equipment including software, is being capitalized in accordance with NMAC 2.20.19 C (5). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extent the useful life of the assets are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Authority during the current fiscal year was $116,663. No interest was included as part of the cost of capital assets under construction.

The following estimated useful lives are used in providing for depreciation of property and equipment.

Buildings	40 years
Building improvements	7-20 years
Equipment and office equipment	3-10 years

Analysis of Impairment

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based upon a comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based upon the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2021.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates.

Accrued Expenses

Accrued expenses include payroll and related taxes incurred but not paid by the end of the fiscal year.

Unearned Revenues

Accounting principles generally accepted in the United States of America require that the grant revenue be recognized at the time the related expense is made, if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended are shown as deferred inflows.

Compensated Absences

Vested or accumulated vacation leave that is expecting expendable available financial resources is reported as an expenditure and a liability of the program to which it relates. Employees accrue vacation at the rate of prescribed policy depending on the years of service, and are required to use 80 hours of annual leave and/or administrative leave each year. Annual leave can be accumulated up to 80 hours.

Sick leave is earned at a rate of 8 hours per month, and may be accrued from year to year, up to a maximum of 320 hours. Accumulated sick leave is not paid upon termination of employment. In accordance with provisions of Government Accounting Standards Statement No. 16 ‘Accounting for Compensated Absences,’ no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Taxes

The Regional Housing Authorities are exempt from federal and state income taxes; as such, no provision is made in the accompanying financial statements.

Deferred Outflows of Resources

A consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. At June 30, 2021, the Authority had pension related to deferred outflows of resource items that qualify for reporting in this category.

Deferred Inflows of Resources

An acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities. At June 30, 2021, the Authority had pension related deferred inflows of resources items that qualify for reporting in this category.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues primarily include charges for services paid by tenants and by grantor agencies. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities, and result from non-exchange transactions or ancillary activities.

Allocation Expenses

For purposes of the statement of revenues, expenses and changes in fund net position, payroll taxes and fringe benefits were allocated to operations and administration based on direct salaries.

Components of Net Position

Components of net position include the following:

- Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- Restricted Net Position - Net position is reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Budget

Budget for Low Rent Public Housing is adopted and amended on a HUD-prescribed basis on an annual basis.

The Public Housing Authority follows these procedures in establishing the budgetary process:

1. The executive director and the fee accountant prepare the budget in accordance with the US Department of Housing and Urban Development ("HUD") Guidelines.
2. Capital expenditures for the Capital Funds Program (CFP) are budgeted for grant purposes. Expenditures capitalized are reflected as increases to capital assets, and reported on the statement of net position.
3. HUD reviews the proposed budget, and makes corrections, revisions, and amendments as necessary.
4. The executive director submits the budget to the Public Housing Authority’s Board of Commissioners for approval.
5. The Board of Commissioners approves the budget. The budget is a guideline to operations, and is not a legally enforceable document. The Authority's level of budgetary control is at the total fund level and the individual capital projects level. The budget for the Low Rent Public Housing and Section 8 Housing program are approved by HUD.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due, and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

Management has evaluated events through November 1, 2021, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, the State Treasurer's Local Government Investment Pool (LGIP), money market accounts, and United States Government obligations. All invested funds of the Authority properly followed state investment requirements as of June 30, 2021. Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority.

Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bonds given by the financial institution. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asking price on United States treasury bills of the same maturity on the day of deposit. Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to $250,000 in aggregate, and separate from the $250,000 coverage for public unit demand deposits at the same institution.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. All depositories held collateral exceeding the amount required by law.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The schedule of pledged collateral to secure the deposits as of June 30, 2021, is as follows:

	Pioneer Bank	Washington Federal	Wells Fargo Investment	Total
Total amounts of deposits	$3,541,116	$41,660	$462,344	$4,045,120
FDIC	(250,000)	(41,660)	0	(291,660)
Total public funds	**$3,291,116**	**$0**	**$462,344**	**$3,753,460**
Collateral requirements (100% of uninsured funds)	$3,291,116	$0	*	$3,291,116
Pledged collateral	4,931,576	0	*	4,931,576
Over (Under) collateralized	**$1,640,460**	**$0**	*	**$1,640,460**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy regarding types of deposits allowed and collateral requirements is to deposit monies in compliance with state statute. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for at least one half of the amount on deposit with the institution. As of June 30, 2021, $3,291,116 of the Authority's deposits totaling $4,045,120 was exposed to custodial credit risk.

*The cash on deposit with Bond guidelines is, in effect, loan proceeds or payments made by the Authority but not yet disbursed. Such deposits not subject to the collateral requirements as the deposits are invested in the U.S. Government Securities.

NOTE 3. ACCOUNTS RECEIVABLE

The Authority's accounts receivable at June 30, 2021.

Low Rent Public Housing		$15,694
Tucumcari Housing Authority		3,628
Woodleaf Development		24,330
TDS-ERHA Unidos		65
	Total	**$43,717**

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

During the course of operations, transactions occur between individual funds for loans to cover payroll and certain other operating expenses.

The composition of interfund balances as of June 30, 2021 is as follows:

Due from other funds	Amount	Due to other funds	Amount
Woodleaf Development	$1,200,464	Tucumcari Low Rent	$6,922
Tucumcari Section 8 Housing	50,164	Low Rent Public Housing	3,770
		Section 8 Housing	50,164
		Administrative Service Department	1,188,099
		TDS-ERHA Unidos	1,673
Total	**$1,250,628**	***Total***	**$1,250,628**

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Reclassification	Additions	Deletions	Transfers	Balance June 30, 2021
Business-Type Activities:						
Capital assets, not being depreciated:						
Land	$971,721	$41,000	$0	$0	$68,890	$1,081,611
Construction in progress	0	0	0	0	0	0
Total capital assets, not being depreciated	971,721	41,000	0	0	68,890	1,081,611
Depreciable capital assets:						
Buildings/improvements	17,877,201	(41,000)	0	0	4,102,846	21,939,047
Equipment/furnishings	1,345,432	0	43,040	0	470,206	1,858,678
Total depreciable capital assets	19,222,633	(41,000)	43,040	0	4,573,052	23,797,725
Less accumulated depreciation:						
Buildings/improvements	(13,810,305)	0	(1,062,670)	0	(3,013,415)	(17,886,390)
Equipment/furnishings	(1,094,759)	0	(72,785)	0	(468,216)	(1,635,760)
Total accumulated depreciation	(14,905,064)	0	(1,135,455)	0	(3,481,631)	(19,522,150)
Depreciable capital assets, net	4,317,569	(41,000)	(1,092,415)	0	1,091,421	4,275,575
Business-type capital assets, net	**$5,289,290**	**$0**	**($1,092,415)**	**$0**	**$1,160,311**	**$5,357,186**

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. CAPITAL ASSETS (CONTINUED)

Eastern Regional Housing Authority (ERHA) and Tierra Del Sol Housing Corporation (TDSHC) formed a New Mexico Limited Liability Company known as TDS-ERHA Unidos, LLC, and entered into an operating agreement on October 21, 2016.

The purpose of the company is to acquire, build, own, maintain, and operate 16 affordable units in a housing apartment complex located in Eunice, New Mexico. As per the agreement entered into by the members, the share of Profit/loss and membership units and Initial Capital Contribution between Tierra Del Sol Housing Corporation (TDSHC) and Eastern Regional Housing Authority (ERHA) is 51% and 49% respectively, in TDS-ERHA Unidos LLC.

In May 2018, the Construction in Progress (CIP) for the housing apartment was ready to be placed into service, and thus transferred to Building and Improvements with the share of ownership of the ERHA being 49% but changed in fiscal year 2019 to 51%.

In January 2019, the first amendment to the Operating Agreement ("Amendment") of TDS-ERHA UNIDOS, LLC, a New Mexico limited liability company ("the Company") was made, entered into pursuant to Section 12.1 of the Company's Operating Agreement, and effective on the 1st day of January, 2019.

In consideration of the mutual promises, covenants, agreements and other good and valuable consideration, the Company amended its Operating Agreement to switch the membership interests so that ERHA is a 51% member and TDS is a 49% member pursuant to Article II of the Operating Agreement.

NOTE 6. - LONG-TERM LIABILITIES

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Restatements	Additions	Retirements	Balance June 30, 2021	Due within one year
Woodleaf Development	$1,630,000	$0	$0	$135,000	$1,495,000	$140,000
N/P NMMFA NM Housing Trust Fund	309,773	0	0	14,211	295,562	8,073
Administrative Services Department - RIII	95,258	0	0	0	95,258	0
Total	**$2,035,031**	**$0**	**$0**	**$149,211**	**$1,885,820**	**$148,073**

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. - LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for Woodleaf Development bond and Administrative Services (current and long-term portions) are as follows:

Fiscal Year Ending	Bond			Notes Payable		
June 30	Principal	Interest	Total	Principal	Interest	Total
2022	$140,000	$101,531	$241,531	$0	$0	$0
2023	155,000	91,022	246,022	0	0	0
2024	165,000	79,622	244,622	0	0	0
2025	175,000	67,509	242,509	0	0	0
2026	190,000	54,506	244,506	0	0	0
2027-2028	670,000	57,356	727,356	95,258	0	95,258
Total	$1,495,000	$451,546	$1,946,546	$95,258	$0	$95,258

Below are the terms, amounts due, and maturity dates of the Authority's outstanding long term debt:

7.125% revenue bond payable, due in annual principal and semi-annual interest installments of approximately $245,000 with a maturity date of December 2027, secured by pledged revenues from the Woodleaf Development and assets held by the bond trustee as established by the bond indenture.	$1,495,000
1% N/P New Mexico Mortgage Finance Authority (NMMFA) NM Housing Trust Fund ($607,389), due in monthly principal and interest installments of approximately $1,796 with a maturity date of October 2050, secured by a first mortgage and a Land Use Restriction Agreement against the real property. The Housing Authority portion is 51%.	295,563
0% interest note payable due to Region III with no stated maturity. The debt was incurred in Region IV in prior years, and absorbed by the Authority as part of the combination of the two offices. The Authority is currently awaiting guidance from the State on how to properly dispose of this debt.	95,258
	$1,885,821

On December 15, 2016, Eastern Regional Housing Authority took out a loan of $607,289 with co-borrower Tierra del Sol Housing Corporation from New Mexico Mortgage Finance Authority (NMMFA)for construction of an apartment project containing 16 rental housing units for income eligible persons or families at NW corner of Ave. M & 23rd Street, in the city of Eunice, County of Lea, New Mexico. Although the loan was borrowed as co-borrowers making either entity potentially liable for the entire debt, Eastern Regional Housing Authority has recorded their 51% of the debt balance as part of their interest in the LLC and anticipates the LLC will make all debt payments as required under the loan agreement. As of June 30, 2021 the total debt balance was $579,535; therefore the Authorities portion at 51% is $295,563. During the year the loan was renegotiated with NM Mortgage Finance Authority. The loan balance was adjusted down by $17,399 in November 2020 and the interest rate was adjusted to 1% with monthly payments of $1,796 (51% = $916).

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

The loan will bear interest at the rate of 1% per annum from November 2020 as renegotiated and will be repaid in accordance with the Note terms. Annual debt service requirements to maturity for the Authorities 51% ownership is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	$8,073	$2,919	$10,992
2023	8,154	2,838	10,992
2024	8,236	2,756	10,992
2025	8,319	2,673	10,992
2026	8,402	2,590	10,992
2027-2031	43,294	11,666	54,960
2032-2036	45,513	9,447	54,960
2037-2041	47,845	7,115	54,960
2042-2046	50,298	4,662	54,960
2047-2051	67,429	1,959	69,388
Total	$295,563	$48,625	$344,188

Debt coverage service and other covenants exist for the Authority's bonds and notes payable listed above.

The Section 8 Housing Program has a long-term obligation for Family Self Sufficiency (FSS) Escrow for Section 8 money being held for the benefit of the program participants. The money is to assist the participants in achieving home ownership. The money can be drawn upon completion of the program or under certain other circumstances. The total amount as of June 30, 2021 was $126,931, of which $633 is shown as short-term relating to the current year's graduates of the program.

NOTE 8. COMPENSATED ABSENCES

The Authority’s policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement.

	Balance June 30, 2020	Transfer In Tucumcari	Additions	Retirements	Balance June 30, 2021	Due within one year
Compensated Absences	$18,397	$2,693	$83,602	$86,915	$17,777	$3,969

During the year ended June 30, 2021, Compensated absences balances $17,777 is included in the accrued liabilities section of the financial statement.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9 - RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; worker's compensation; and natural disasters. The Authority is insured through the Risk Management Division of the General Services department which is accounted for as internal service fund of the State of New Mexico. In general, the Risk Management Division responds to suits against the State of New Mexico and state agencies, manages funds to provide unemployment compensation, tort liability insurance, worker's compensation and general and property insurance, and attempts to reduce the number of lawsuits against the state and state agencies through the risk management process. The actuarial gains and losses of the Risk Management Division were not available and not included in this report. However, the Authority is not liable for more than the premiums paid.

NOTE 10 - POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (Chapter 10, Article 76 NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. The Public Housing Authority has elected not to participate in the post-employment health insurance plan, and there are no required contributions for the fiscal year ending June 30, 2021.

NOTE 11 - ECONOMIC DEPENDENCY

Substantially all revenues of the Authority are received from programs directed by either the United States Department of Housing and Urban Development or the Department of Agriculture. Receipt of these funds is contingent upon the Authority's continued compliance with grant provisions and the continuance of the grant programs by these two U.S. governmental agencies.

NOTE 12 – CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may bed is allowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE 13 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Deficit net position of individual funds. The below funds reflected a deficit net position as of June 30, 2021:

Administrative Services Department	$731,150

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

PERA issues a publicly available financial report and an Annual Comprehensive Financial Report that can be obtained at http://saonm.org/ using the Audit Report Search function for agency 366.

Benefits Provided–Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Contributions. The contribution requirements of defined benefit plan members and the Eastern Regional Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY20 for the various PERA coverage options, for both Tier I and Tier II, see PERA's Annual Comprehensive Financial Report contribution provided description.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2021, the Eastern Regional Housing Authority reported a liability of $1,815,961 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2020. The Eastern Regional Housing Authority's proportion of the net pension liability was based on a projection of the Eastern Regional Housing Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Eastern Regional Housing Authority's proportion was 0.0898%, which changed from its proportion measured as of June 30, 2019 of 0.0698%.

For the year ended June 30, 2021, the Eastern Regional Housing Authority recognized PERA Fund Division Municipal General pension expense of $153,199. At June 30, 2021, the Eastern Regional Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$50,324	$0
Changes of assumptions	33,599	0
Net difference between projected and actual earnings on pension plan investments	332,085	0
Changes in proportion and differences between Western Regional Housing Authority contributions and proportionate share of contributions	235,081	37,213
Eastern Regional Housing Authority contributions subsequent to the measurement date	91,120	0
Total	$742,209	$37,213

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

$91,120 reported as deferred outflows of resources related to pensions resulting from Eastern Regional Housing Authority contributions subsequent to the measurement date June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	$191,867
2022	179,384
2023	161,142
2024	81,483
	$613,876

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Amortization period	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return*	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases*	3.25% to 13.50% annual rate
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

* Includes inflation at 2.50%, 2.75% all other years

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2020. These assumptions were adopted by the Board for use in the June 30, 2019 actuarial valuation. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.5%	5.90%
Risk Reduction & Mitigation	19.5%	1.00%
Client Oriented Fixed Income	15.00%	4.20%
Real Assets to Include Real Estate Equity	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.0%	

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Sensitivity of the Eastern Regional Housing Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Eastern Regional Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Eastern Regional Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.25 percent) or1-percentage-point higher (8.25 percent) than the current rate.

PERA Fund Division Municipal General	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Eastern Regional Housing Authority's proportionate share of the net pension liability	$2,599,983	$1,815,961	$1,165,848

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA's financial reports.

Payables to the pension plan. The Authority is legally required to make defined contributions to the cost sharing pension plan on behalf of its' participant employees. At June 30, 2021, the Authority had paid all required contributions.

NOTE 15 - PROFESSIONAL SERVICES AGREEMENT

<u>City of Tucumcari Housing Authority</u>

Eastern Regional Housing Authority (ERHA) entered into professional services agreement with the City of Tucumcari Housing Authority (THA) on May 07, 2019. Whereas ERHA operates Low Rent Public Housing and Section8 in compliance with HUD regulations, and has agreed to undertake the operational responsibilities for the Programs on THA's behalf, and to assist THA in its financial reporting requirements. ERHA started its responsibilities on July 01, 2020. On January 1, 2021 (Low Rent) and April 1, 2021 (Section 8) the City of Tucumcari Housing Authority was transferred into the Eastern Regional Housing Authority.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 16. RESTATEMENTS

The beginning net position was corrected for the following:

Woodleaf - To correct allocation of NPL	($272,716)
Low Rent Public Housing - To correct allocation of NPL	(451,030)
Administrative Service Department - To correct allocation of NPL	723,746
Administrative Service Department - To correct due to/from related to proceeds of Rio Felix sale	399,277
Rio Felix to correct due to/from - sale proceeds	(399,277)
Section 8 Housing - Tucumcari - Contributions Repaid to HUD - PY	(3,506)
Total	**($3,506)**

NOTE 17. NET PENSION LIABILITY AND OTHER POST EMPLOYMENT BENEFITS LIABILITIES – WRITE OFF

The Tucumcari Housing Authority (THA) was absorbed during the year by the Eastern Regional Housing Authority upon a directive from HUD. Because THA was previously a participant of Public Employees Retirement Association (PERA) and Retiree Health Care Association (RHCA) through the City of Tucumcari, THA included liabilities deferred outflows and inflows related to their proportion of the City's liabilities. These liabilities and related deferred outflows and inflows were written off after absorption by the Eastern Regional Housing Authority. The net effect of these write offs has been presented as a special item in the financial statements as follows:

Tucumcari Low Rent Housing – Gain upon write off	$124,700
Tucumcari Section 8 Housing – Gain upon write off	52,337

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE EASTERN REGIONAL HOUSING AUTHORITY'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	As of Measurement Date						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Eastern Regional Housing Authority's proportion of the net pension liability (asset)	0.0898%	0.0698%	0.0755%	0.0740%	0.0704%	0.0700%	0.0711%
Eastern Regional Housing Authority's proportionate share of the net pension liability (asset)	$1,815,961	$1,208,308	$1,023,749	$1,016,823	$1,124,756	$724,926	$546,075
Eastern Regional Housing Authority's covered-employee payroll (at measurement date)	$1,085,904	$821,704	$821,687	$806,905	$811,053	$809,163	$809,163
Eastern Regional Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	167.23%	147.05%	124.59%	126.02%	138.68%	89.59%	67.49%
Plan fiduciary net position as a percentage of the total pension liability	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Eastern Regional Housing Authority will present information for those years for which information is available.

SCHEDULE OF EASTERN REGIONAL HOUSING AUTHORITY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$91,120	$82,972	$60,806	$60,804	$59,711	$53,772	$55,805
Contributions in relation to the contractually required contribution	$91,120	$82,972	$60,806	$60,804	$59,711	$53,772	$55,805
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Eastern Regional Housing Authority will present information for those years for which information is available.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's ACFR. https://www.saonm.org

Changes of assumptions.
The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2019 report is available at htts://www.nmpera.org/

SUPPLEMENTARY INFORMATION

Eastern Regional Housing Authority (NM063)

ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
111 Cash - Unrestricted	$1,616,540		$534,990	$262,993				$2,414,523		$2,414,523
112 Cash - Restricted - Modernization and Development										0
113 Cash - Other Restricted		560,673		38,677		22,212		621,562		621,562
114 Cash - Tenant Security Deposits	72,769			30,617				103,386		103,386
115 Cash - Restricted for Payment of Current Liabilities										0
100 Total Cash	1,689,309	560,673	534,990	332,287	0	22,212	0	3,139,471	0	3,139,471
121 Accounts Receivable - PHA Projects	19,322							19,322		19,322
122 Accounts Receivable - HUD Other Projects										0
124 Accounts Receivable - Other Government	3,500		1,597					5,097		5,097
125 Accounts Receivable - Miscellaneous			1,872					1,872		1,872
126 Accounts Receivable - Tenants				24,395				24,395		24,395
126.1 Allowance for Doubtful Accounts -Tenants										0
126.2 Allowance for Doubtful Accounts - Other										0
127 Notes, Loans, & Mortgages Receivable - Current										0
128 Fraud Recovery										0
128.1 Allowance for Doubtful Accounts - Fraud										0
129 Accrued Interest Receivable										0
120 Total Receivables, Net of Allowances for Doubtful Accounts	22,822	0	3,469	24,395	0	0	0	50,686	0	50,686
131 Investments - Unrestricted	287,789							287,789		287,789
132 Investments - Restricted				462,343				462,343		462,343
135 Investments - Restricted for Payment of Current Liability										0
142 Prepaid Expenses and Other Assets										0
143 Inventories										0
143.1 Allowance for Obsolete Inventories										0
144 Inter Program Due From		50,164		1,201,649				1,251,813	(1,251,813)	0
145 Assets Held for Sale										0
150 Total Current Assets	1,999,920	610,837	538,459	2,020,674	0	22,212	0	5,192,102	(1,251,813)	3,940,289
161 Land	784,920		30,104	266,587				1,081,611		1,081,611
162 Buildings	17,268,711		206,154	4,464,182				21,939,047		21,939,047
163 Furniture, Equipment & Machinery - Dwellings	1,219,394			67,317				1,286,711		1,286,711
164 Furniture, Equipment & Machinery - Administration			571,967					571,967		571,967
165 Leasehold Improvements										0
166 Accumulated Depreciation	(15,992,028)		(519,378)	(3,010,744)				(19,522,150)		(19,522,150)
167 Construction in Progress										0
168 Infrastructure										0
160 Total Capital Assets, Net of Accumulated Depreciation	3,280,997	0	288,847	1,787,342	0	0	0	5,357,186	0	5,357,186

Eastern Regional Housing Authority (NM063)

ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
171 Notes, Loans and Mortgages Receivable - Non-Current										0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										0
173 Grants Receivable - Non Current										0
174 Other Assets										0
176 Investments in Joint Ventures										0
180 Total Non-Current Assets	0	0	0	0	0	0	0	0	0	0
200 Deferred Outflow of Resources	393,370	0	192,975	155,864	0	0	0	742,209	0	742,209
290 Total Assets and Deferred Outflow of Resources	5,674,287	610,837	731,434	3,963,880	0	22,212	0	11,291,497	(1,251,813)	10,039,684
311 Bank Overdraft										0
312 Accounts Payable <= 90 Days	6,917		1,779	5,927				14,623		14,623
313 Accounts Payable >90 Days Past Due										0
321 Accrued Wage/Payroll Taxes Payable	10,570		(23,829)	3,507				(9,752)		(9,752)
322 Accrued Compensated Absences - Current Portion			3,969	3,641				7,610		7,610
324 Accrued Contingency Liability										0
325 Accrued Interest Payable										0
331 Accounts Payable - HUD PHA Programs										0
332 Account Payable - PHA Projects										0
333 Accounts Payable - Other Government										0
341 Tenant Security Deposits	72,869			34,932				107,801		107,801
342 Unearned Revenue						22,212		22,212		22,212
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue										0
344 Current Portion of Long-term Debt - Operating Borrowings										0
345 Other Current Liabilities	15,958	633		9,685				26,276		26,276
346 Accrued Liabilities - Other										0
347 Inter Program - Due To	10,692	50,164	1,188,099	2,858				1,251,813	(1,251,813)	0
348 Loan Liability - Current				148,073				148,073		148,073
310 Total Current Liabilities	117,006	50,797	1,170,018	208,623		22,212		1,568,656	(1,251,813)	316,843
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				1,642,490				1,642,490		1,642,490
352 Long-term Debt, Net of Current - Operating Borrowings			95,258					95,258		95,258
353 Non-current Liabilities - Other		126,299						126,299		126,299
354 Accrued Compensated Absences - Non Current	5,837		4,330					10,167		10,167
355 Loan Liability - Non Current										0
356 FASB 5 Liabilities										0
357 Accrued Pension and OPEB Liabilities	962,459		472,150	381,352				1,815,961		1,815,961
350 Total Non-Current Liabilities	968,296	126,299	571,738	2,023,842				3,690,175		3,690,175
300 Total Liabilities	1,085,302	177,096	1,741,756	2,232,465		22,212		5,258,831	(1,251,813)	4,007,018

Eastern Regional Housing Authority (NM063)

ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
400 Deferred Inflow of Resources	19,723		9,675	7,815				37,213		37,213
508.4 Net Investment in Capital Assets	3,370,997		288,847	(3,221)				3,656,623		3,656,623
511.4 Restricted Net Position	0	383,577		496,705		0		880,282		880,282
512.4 Unrestricted Net Position	1,198,265	50,164	(1,019,997)	1,230,116				1,458,548		1,458,548
513 Total Equity - Net Assets / Position	4,569,262	433,741	(731,150)	1,723,600		0		5,995,453		5,995,453
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	5,674,287	610,837	1,020,281	3,963,880		22,212		11,291,497	(1,251,813)	10,039,684

Eastern Regional Housing Authority (NM063)

ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
70300 Net Tenant Rental Revenue	$729,469			$897,227	$57,065			$1,683,761		$1,683,761
70400 Tenant Revenue - Other	11,067			20,039				31,106		31,106
70500 Total Tenant Revenue	740,536	0	0	917,266	57,065	0	0	1,714,867	0	1,714,867
70600 HUD PHA Operating Grants	1,005,234	7,999,121				219,283		9,223,638		9,223,638
70610 Capital Grants	748,667							748,667		748,667
70710 Management Fee										0
70720 Asset Management Fee										0
70730 Book Keeping Fee										0
70740 Front Line Service Fee										0
70750 Other Fees										0
70700 Total Fee Revenue	1,753,901	7,999,121	0	0	0	219,283	0	9,972,305	0	9,972,305
70800 Other Government Grants										0
71100 Investment Income - Unrestricted	1,862	6						1,868		1,868
71200 Mortgage Interest Income										0
71300 Proceeds from Disposition of Assets Held for Sale										0
71310 Cost of Sale of Assets										0
71400 Fraud Recovery		14,244						14,244		14,244
71500 Other Revenue	260	11,223	1,301,824	8,873				1,322,180	(984,943)	337,237
71600 Gain or Loss on Sale of Capital Assets										0
72000 Investment Income - Restricted				110,071				110,071		110,071
70000 Total Revenue	2,496,559	8,024,594	1,301,824	1,036,210	57,065	219,283	0	13,135,535	(984,943)	12,150,592
91100 Administrative Salaries	182,188		656,441	106,141				944,770		944,770
91200 Auditing Fees	26,516		1,950	1,950				30,416		30,416
91300 Management Fee	224,033	735,395		61,212				1,020,640	(984,943)	35,697
91310 Book-keeping Fee										0
91400 Advertising and Marketing	5,287		274	553				6,114		6,114
91500 Employee Benefit contributions - Administrative	149,680		157,472	20,351				327,503		327,503
91600 Office Expenses	14,940		16,326	2,667				33,933		33,933
91700 Legal Expense	1,013		2,679	2,457				6,149		6,149
91800 Travel	8,287		2,350	766				11,403		11,403
91810 Allocated Overhead										0
91900 Other										0
91000 Total Operating - Administrative	611,944	735,395	837,492	196,097	0	0	0	2,380,928	(984,943)	1,395,985

Eastern Regional Housing Authority (NM063)

ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
92000 Asset Management Fee										0
92100 Tenant Services - Salaries										0
92200 Relocation Costs										0
92300 Employee Benefit Contributions - Tenant Services	0									0
92400 Tenant Services - Other	0									0
92500 Total Tenant Services	0	0	0	0	0	0	0	0	0	0
93100 Water	152,550		2,772	53,916				209,238		209,238
93200 Electricity	58,426		7,623	25,728				91,777		91,777
93300 Gas	78,785			5,984				84,769		84,769
93400 Fuel										0
93500 Labor										0
93600 Sewer										0
93700 Employee Benefit Contributions - Utilities										0
93800 Other Utilities Expense	38,407		29,755	19,294				87,456		87,456
93000 Total Utilities	328,168	0	40,150	104,922	0	0	0	473,240	0	473,240
94100 Ordinary Maintenance and Operations - Labor	373,814			101,426				475,240		475,240
94200 Ordinary Maintenance and Operations - Materials and Other	979,540		18,328	141,759				1,139,627		1,139,627
94300 Ordinary Maintenance and Operations Contracts										0
94500 Employee Benefit Contributions - Ordinary Maintenance										0
94000 Total Maintenance	1,353,354	0	18,328	243,185	0	0	0	1,614,867	0	1,614,867
95100 Protective Services - Labor										0
95200 Protective Services - Other Contract Costs										0
95300 Protective Services - Other										0
95500 Employee Benefit Contributions - Protective Services										0
95000 Total Protective Services	0	0	0	0	0	0	0	0	0	0
96110 Property Insurance	18,679		3,736	3,736				26,151		26,151
96120 Liability Insurance										0
96130 Workmen's Compensation										0
96140 All Other Insurance										0
96100 Total insurance Premiums	18,679	0	3,736	3,736	0	0	0	26,151	0	26,151
96200 Other General Expenses	19,791	296	55,566	52,405	19,717	151,814		299,589		299,589
96210 Compensated Absences	51,822		78,950	19,516	37,348	67,469		255,105		255,105

Eastern Regional Housing Authority (NM063)

ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
96300 Payments in Lieu of Taxes										
96400 Bad debt - Tenant Rents	23,553			38,007				61,560		61,560
96500 Bad debt - Mortgages										0
96600 Bad debt - Other										0
96800 Severance Expense										0
96000 Total Other General Expenses	95,166	296	134,516	109,928	57,065	219,283	0	616,254	0	616,254
96710 Interest of Mortgage (or Bonds) Payable			110,000	116,662				226,662		226,662
96720 Interest on Notes Payable (Short and Long Term)										0
96730 Amortization of Bond Issue Costs										0
96700 Total Interest Expense and Amortization Cost	0	0	110,000	116,662	0	0	0	226,662	0	226,662
96900 Total Operating Expenses	2,407,311	735,691	1,144,222	774,530	57,065	219,283	0	5,338,102	(984,943)	4,353,159
97000 Excess of Operating Revenue over Operating Expenses	89,245	7,288,903	157,600	261,680				7,797,428		7,797,428
										0
97100 Extraordinary Maintenance										0
97200 Casualty Losses - Non-capitalized										0
97300 Housing Assistance Payments		7,152,652						7,152,652		7,152,652
97350 HAP Portability-In										0
97400 Depreciation Expense	947,202		51,485	136,768				1,135,455		1,135,455
97500 Fraud Losses										0
97600 Capital Outlays - Governmental Funds										0
97700 Debt Principal Payment - Governmental Funds										0
97800 Dwelling Units Rent Expense				0						0
90000 Total Expenses	3,354,513	7,888,343	1,195,707	911,298	57,065	219,283	0	13,626,209	0	13,626,209
10010 Operating Transfer In	40,093		7,121					47,214		47,214
10020 Operating transfer Out	(40,093)	(7,121)						(47,214)		(47,214)
10030 Operating Transfers from/to Primary Government										0
10040 Operating Transfers from/to Component Unit										0
10050 Proceeds from Notes, Loans and Bonds										0
10060 Proceeds from Property Sales										0
10070 Extraordinary Items, Net Gain/Loss	124,700	52,337						177,037		177,037
10080 Special Items (Net Gain/Loss)										0
10091 Inter Project Excess Cash Transfer In										0
10092 Inter Project Excess Cash Transfer Out										0

Eastern Regional Housing Authority (NM063)

ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
10093 Transfers between Program and Project - In										0
10094 Transfers between Project and Program - Out										0
10100 Total Other financing Sources (Uses)	124,700	45,216	7,121	0	0	0	0	177,037	0	177,037
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(733,254)	181,467	113,238	124,912	0	0		(313,637)		(313,637)
11020 Required Annual Debt Principal Payments										0
11030 Beginning Equity	4,162,948	171,720	(1,967,411)	1,871,404	0	0	399,277	4,637,938		4,637,938
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	1,139,568	80,554	1,123,023	(272,716)			(399,277)	1,671,152		1,671,152
11050 Changes in Compensated Absence Balance										0
11060 Changes in Contingent Liability Balance										0
11070 Changes in Unrecognized Pension Transition Liability										0
11080 Changes in Special Term/Severance Benefits Liability										0
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										0
11100 Changes in Allowance for Doubtful Accounts - Other										0
11170 Administrative Fee Equity										0
										0
11180 Housing Assistance Payments Equity		433,741						433,741		433,741
11190 Unit Months Available	6,420							6,420		6,420
11210 Number of Unit Months Leased	6,046							6,046		6,046
11270 Excess Cash	1,659,483							1,659,483		1,659,483
11610 Land Purchases										0
11620 Building Purchases										0
11630 Furniture & Equipment - Dwelling Purchases										0
11640 Furniture & Equipment - Administrative Purchases			43,040					43,040		43,040
11650 Leasehold Improvements Purchases										0
11660 Infrastructure Purchases										0
13510 CFFP Debt Service Payments										0
13901 Replacement Housing Factor Funds										0

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
JUNE 30, 2021

		Deposits			Investments	
Account Name	Account Type	Pioneer Bank	Washington Federal	Wells Fargo Investment	Pioneer Bank	Total
Woodleaf Development General	Checking	$272,816	$0	$0	$0	$272,816
Woodleaf Security Deposits	Checking	30,617	0	0	0	30,617
SSM General	Checking	194,280	0	0	0	194,280
SSM Security Deposits	Checking	16,930	0	0	0	16,930
Vaughn General	Checking	48,086	0	0	0	48,086
Vaughn Security Deposits	Checking	3,103	0	0	0	3,103
ASA General	Checking	106,969	0	0	0	106,969
Lovington General	Checking	114,753	0	0	0	114,753
Lovington Security Deposit	Checking	11,454	0	0	0	11,454
FSS Escrow Section 8	Checking	126,932	0	0	0	126,932
Section 8 Hsng Voucher	Checking	501,845	0	0	0	501,845
Eunice Security Deposits	Checking	3,775	0	0	0	3,775
Eunice General	Checking	13,752	0	0	0	13,752
Artesia General	Checking	540,765	0	0	0	540,765
Artesia Security Deposits	Checking	29,520	0	0	0	29,520
Tucumcari General	Checking	745,000	0	0	0	745,000
Tucumcari Security Deposits	Checking	7,987	0	0	0	7,987
TDS-ERHA Unidos LLC	Checking	0	2,983	0	0	2,983
TDS-ERHA Unidos LLC	Checking	0	38,677	0	0	38,677
ASA Development	Checking	484,743	0	0	0	484,743
R & R Wells Fargo	Money Market	0	0	105,686	0	105,686
Woodleaf Debt Service Fund	Money Market	0	0	251,544	0	251,544
Woodleaf Expense Fund	Money Market	0	0	9,329	0	9,329
Woodleaf Surplus Fund	Money Market	0	0	25,250	0	25,250
Woodleaf Bond Fund	Money Market	0	0	70,534	0	70,534
Certificate of Deposit - SSM	CD	0	0	0	100,078	100,078
Certificate of Deposit - Lovington	CD	0	0	0	138,286	138,286
Certificate of Deposit - EHA	CD	0	0	0	15,621	15,621
Certificate of Deposit - EHA	CD	0	0	0	10,415	10,415
Certificate of Deposit- Tucumcari	CD	0	0	0	23,389	23,389
Total amount of deposit in bank		3,253,327	41,660	462,343	287,789	4,045,119

Reconciling items:	
Plus: Petty Cash	953
Less: outstanding check per bank reconciliation, and other reconciling items	(156,469)
Plus: deposits in transit per bank reconciliation	0
Total reconciling items	(155,516)
Reconciled balance	$3,889,603
Cash and cash equivalents	$2,414,523
Restricted cash / investments	1,187,291
Investment	287,789
Cash and cash equivalents	$3,889,603

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

SCHEDULE OF DEPOSITORY COLLATERAL

JUNE 30, 2021

	Pioneer Bank
Checking accounts	$3,253,327
Investments / certificates of deposit	287,789
Less FDIC insurance	(250,000)
Total uninsured public funds	$3,291,116
100% collateralization requirement, per HUD	$3,291,116
Total collateralization requirement	$3,291,116
Pledged Securities:	
FNMA, cusip number 3138LBA56, maturing 10/01/2025	$2,443,549
FNMA, cusip number 3140X4HB5, maturing 01/01/2032	450,276
GNMA, cusip number 3617NLQA7, maturing 07/20/2050	1,963,958
GNMA, cusip number 36225C564, maturing 09/20/2031	73,793
Total pledged securities	4,931,576
Pledged securities over (under) requirement	$1,640,460

Securities are pledged to the Eastern Regional Housing Authority, and are held at the Federal Home Loan Bank of Dallas. The securities remain in the name of the financial institution, with safekeeping receipts held by the Authority.

EASTERN REGIONAL HOUSING AUTHORITY

SUPPORTING DATA REQUIRED BY THE BOND INDENTURE COMPUTATION OF DEBT SERVICE COVERAGE RATIO RHA HOUSING DEVELOPMENT CORPORATION (WOODLEAF DEVELOPMENT)

JUNE 30, 2021

Debt Service Ratio Calculation	
Net revenue available for debt service	$312,666
Divided by	
Maximum Annual Debt Service as defined in the bond trust indenture	241,531
Debt Service Ratio	1.29
Debt Service Ratio required by bond indenture	1.25
Calculation of Net Revenues Available for Debt Service on the Bonds	
Total revenues*	977,767
Total operating expenses and interest expense	855,491
Plus: Recorded bond amortization and depreciation expense	79,062
Interest expense related to 1997A Series bonds	111,328
Net revenues from project excluding non-cash expenses and interest expense on 1997A Series bonds	312,666
Debt Service for the year ended June 30, 2021	
Principal reduction on 1997A Series bonds during the year ended June 30, 2021	140,000
Interest due attributable to 1997A Series bonds during the year ended June 30, 2021	101,531
Maximum Annual Debt Service as defined in the bond trust indenture	$241,531

NOTE:

The computation of Debt Service Coverage Ratio for the year ended June 30, 2021, ("the computation") is not calculated on a GAAP basis as specified in the 1997A Series Bond Indenture between the RHA Housing Development Corporation, as issuer, and Wells Fargo Bank, N.A., as trustee, because the computation excludes non-cash expenses. The 1997A Series Bond Indenture is an integral part of the computation, and should be read in conjuncture with it.

	Revenue	Expenses
Total Gross Revenue (Woodleaf Development)	$977,766	$816,952

EASTERN REGIONAL HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Programs:				
Public and Indian Housing	14.850	N/A	-	$948,169
COVID-19 Public and Indian Housing	14.850	N/A	-	57,065
				1,005,234
Section 8 Housing Choice Vouchers	14.871	N/A	-	7,850,887
COVID-19 Section 8 Housing Choice	14.871	N/A	-	219,283
Housing Voucher Cluster				8,070,170
Public Housing Capital Fund	14.872	N/A	-	748,667
Resident Opportunity and Self Sufficiency	14.848	N/A	-	86,904
Total U.S. Department of Housing and Urban Development			-	9,910,975
Total Expenditures of Federal Awards			**-**	**$9,910,975**

N/A - Not Applicable

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Eastern Regional Housing Authority, under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Eastern Regional Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Eastern Regional Housing Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 3. The Eastern Regional Housing Authority has elected not to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.

KRIEGEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Mr. Brian Colón, State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Eastern Regional Housing Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Eastern Regional Housing Authority's basic financial statements, and have issued our report thereon dated November 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Regional Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern Regional Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Regional Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004
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Mr. Brian Colón, State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico
Page Two

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Regional Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001 and 2021-002 (2020-003).

Eastern Regional Housing Authority's Response to Findings

Eastern Regional Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Eastern Regional Housing Authority's response was not subjected to the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Regional Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kriegel/Gray/Shaw +Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 21, 2021

KRIEGEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Brian Colón, State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Eastern Regional Housing Authority's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Eastern Regional Housing Authority's major federal programs for the year ended June 30, 2021. Eastern Regional Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Eastern Regional Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastern Regional Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Eastern Regional Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Eastern Regional Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Mr. Brian Colón, State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico
Page Two

Report on Internal Control over Compliance

Management of Eastern Regional Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Eastern Regional Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Eastern Regional Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

November 21, 2021

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report issued: **Unmodified**

Internal Control Over Financial Reporting:

Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X No

Type of Auditor's Report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?	____ Yes	X No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs: $750,000

Auditee qualified as low-risk auditee?	X Yes	____ No

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

2021-001 Procurement policy not followed – Other Non-Compliance

Condition – One quote for a purchase greater than $5,000 did not include documentation of quotes obtained.

Criteria – Housing Authority policy requires 3 written quotes for purchases greater than $5,000.

Cause – Prior similar purchases from this vendor were quoted and proved to be lowest prices and therefore documentation of quotes overlooked.

Effect – Potential that best obtainable price not achieved.

Recommendation – All procurements should follow policy and include documentation that best price was obtained.

Management Response - Eastern Regional Housing will not issue Purchase Orders if proper quotes are not obtained.

Estimated Completion Date: December 6, 2021 Responsible Party: Deputy Director

2021-002 (2020-003) Late Audit Report – Other Non-Compliance

Repeated with modification.

Condition – The audit report was submitted after September 30, 2020.

The Housing Authority worked with the auditor to complete the audit timely; but, due to auditor staffing the audit was still late.

Criteria – Per 2.2.2 NMAC the audit report for independent public housing authorities is due to the New Mexico State Auditor's office on September 30, 2021.

Cause – The audit firm had extreme staffing challenges which are currently being revolved with new hires.

Effect – Audited report late.

Recommendation – All agencies involved should work together to find workable solutions when deadlines conflict or are extended by one agency and not another.

Management Response - Eastern Regional Housing Authority will work with the auditor to find workable solutions for the next audit.

Estimated Completion Date: September 30, 2022 Responsible Party: Deputy Director

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT:

None

EASTERN REGIONAL HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FINDINGS - FINANCIAL STATEMENT AUDIT	**CURRENT STATUS**
2020-001 Payroll file documentation missing or incomplete (Significant Deficiency)	Resolved
2021-002 (2020-003) Late Audit Report (Other Non-Compliance)	Repeated

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs	
2020-002 (2019-002) Noncompliance with Special Tests and Provisions - Various tenant file documentation missing and reinspection not performed Timely (Other Non-Compliance)	Resolved

EASTERN REGIONAL HOUSING AUTHORITY
EXIT CONFERENCE
JUNE 30, 2021

EXIT CONFERENCE:

The exit conference was held September 15, 2021 and was attended by the following:

Representing Eastern Regional Housing Authority:

Terry Douglas, Vice-Chairperson
Waymon L. Dowdy Sr., Commissioner
Chris Herbert, Executive Director
Irene Murillo, Deputy Director
Olivia Cruz, Finance Director

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of the financial statements is the responsibility of management. Although, the Eastern Regional Housing Authority's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.

EASTERN REGIONAL
HOUSING AUTHORITY

Eastern Regional Housing Authority
106 E. Reed Street
P.O. Drawer 2057
Roswell, NM 88202-2057
Tel (575) 622-0881
Fax (575) 622-7507
TTY 1-800-659-1779

December 3, 2021

Eastern Regional Housing Authority respectfully submits the following corrective action plan for the year ended June 30, 2021.

Federal award findings and questioned costs

2021-001 Procurement policy not followed – Other Non-Compliance

Eastern Regional Housing will not issue Purchase Orders if proper quotes are not obtained, however; quotes are not required when purchasing under any OMNIA Contract.

Estimated Completion Date: December 6, 2021 Responsible Party: Deputy Director

2021-002 (2020-003) Late Audit Report – Other Non-Compliance

Eastern Regional Housing Authority will work with the auditor to find workable solutions for the next audit.

Estimated Completion Date: September 30, 2022 Responsible Party: Deputy Director

Sincerely,

Chris Herbert
Executive Director

EQUAL HOUSING OPPORTUNITY

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STATE OF NEW MEXICO

WESTERN REGIONAL HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2021

WESTERN REGIONAL HOUSING AUTHORITY

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JUNE 30, 2021

WESTERN REGIONAL HOUSING AUTHORITY

OFFICIAL ROSTER
JUNE 30, 2021

BOARD OF COMMISSIONERS

Name	Title
G. Vincent Barrett	*Chairman*
Carol Anaya	*Treasurer*
Vera Turner	*Commissioner*
Jackie Muncy	*Commissioner*
Irene Galvan	*Commissioner*

ADMINISTRATIVE OFFICIALS

Cathy De Marco	*Executive Director*
Sonia Flores	*Deputy Director*

KRIEGEL/GRAY/SHAW & CO., P.C.
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INDEPENDENT AUDITORS' REPORT

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Western Regional Housing Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Two

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Western Regional Housing Authority, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the pension liability schedules on pages 29 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements that collectively comprise Western Regional Housing Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The Financial Data Schedule and the schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are also not a required part of the basic financial statements.

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Three

The Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 28, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

As management of the Western Regional Housing Authority, we offer the readers of the Western Regional Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Western Regional Housing Authority for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements of the Western Regional Housing Authority and additional information provided.

Financial Highlights

- The assets of the Western Regional Housing Authority exceeded its liabilities at the close of the most recent fiscal year by $6,364,457 (net position). Of this amount, $1,296,786 (unrestricted net position) may be used to meet the Authority's obligations to residents and creditors.

- The Authority's total net position increased by $670,466. Of this amount, a $171,947 increase was attributable to Lordsburg Housing Authority activities. Southwest Housing Assistance activities generated an increase of $5,993 and Housing Choice Voucher and Linkages programs increased by $565,005 and $3,253 respectively. The activity generating a decrease was Low Rent Public Housing $75,732.

- At the end of the current fiscal year, unrestricted net position for the Low-Rent Public Housing fund was $138,787, or 36% of the total Low-Rent Public Housing fund expenses. Lordsburg's Low-Rent Public Housing fund had an unrestricted net position of $556,177, or 73% of expenses.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Western Regional Housing Authority's basic financial statements comprised of two components: 1) basic financial statements; and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The *basic financial statements* are designed to provide readers with a broad overview of the Western Regional Housing Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Western Regional Housing Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Western Regional Housing Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Proprietary Funds

The Western Regional Housing Authority maintains five proprietary enterprise funds to account for: Two Low-Rent Public Housing Funds, Housing Choice Voucher Program, Southwest Housing Assistance Program (SWHAP), and State Programs (Linkages Program) for the year ended June 30, 2021. The proprietary fund financial statements provide separate information for all Authority activities and programs.

WESTERN REGIONAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Western Regional Housing Authority, assets exceeded liabilities by $6,364,457 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's assets (63%) reflect its investment in capital assets (e.g., land, buildings, furnishings, equipment), less any related debt used to acquire those assets that is still outstanding. Western Regional Housing Authority uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Western Regional Housing Authority
Condensed Statement of Net Position

	2021	2020
ASSETS		
Current assets	$2,393,450	$1,809,959
Assets restricted for tenant deposits	28,765	25,409
Capital assets, net of depreciation	4,798,300	4,706,950
Total assets	7,220,515	6,542,318
Deferred outflows of resources		
Related to pension plans	349,572	155,730
Total assets and deferred outflows of resources	$7,570,087	$6,698,048
LIABILITIES		
Current liabilities	$58,986	$31,666
Compensated absences (noncurrent)	48,043	49,792
Net pension liability	1,015,490	822,273
Total liabilities	1,122,519	903,731
Deferred inflows of resources		
Related to pension plans	83,111	47,335
Related to CARES Act *	0	52,991
NET POSITION		
Net investment in capital assets, net of depreciation	4,798,300	4,706,950
Restricted for housing assistance payments	269,371	85,383
Unrestricted net position	1,296,786	901,658
Total net position	6,364,457	5,693,991
Total liabilities, deferred inflows of resources, and net position	$7,570,087	$6,698,048

*Coronavirus Aid, Relief, and Economic Security Act

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

A portion of the Western Regional Housing Authority's net position represents resources that are subject to external restrictions on how they may be used. The Housing Authority currently has $269,371 funds restricted for Housing Assistance Payments. The remaining balance of unrestricted net position ($1,296,786) may be used to meet the Authority's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the Western Regional Housing Authority is able to report positive balances on all three categories of net position, for the government as a whole. The State and Local Program reported a negative balance in unrestricted net position, this is a due to the implementation of GASB 68.

The Housing Authority continues to utilize all of their HAP Reserves to maintain lease up as well as some of their HUD-Held reserves.

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

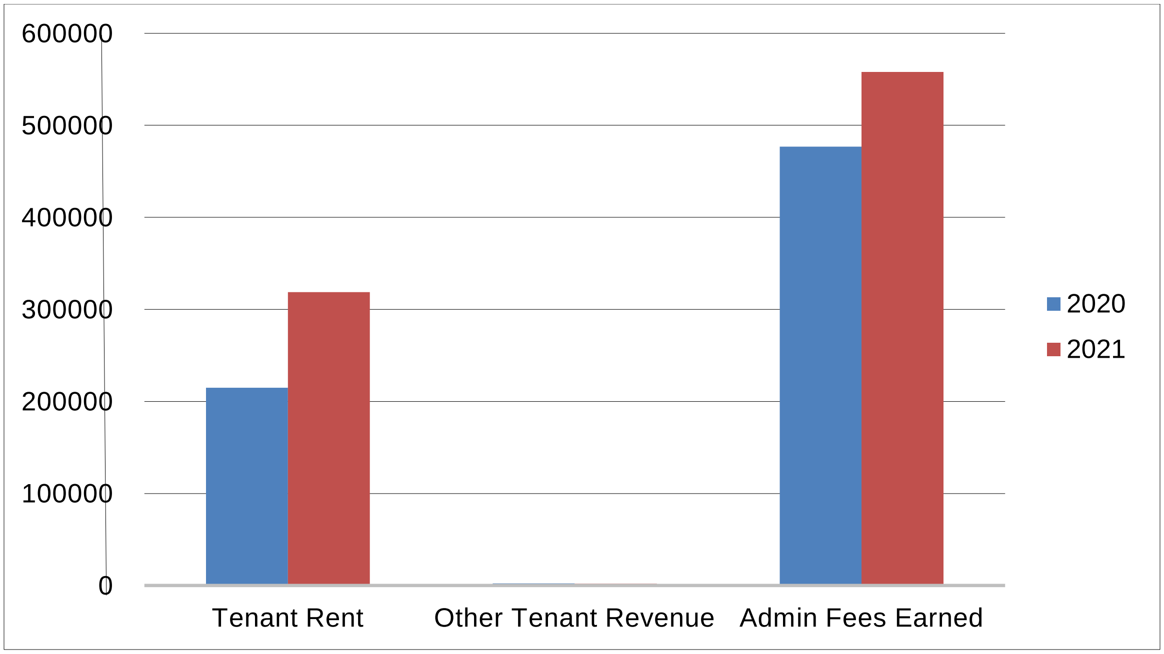
Western Regional Housing Authority

Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position

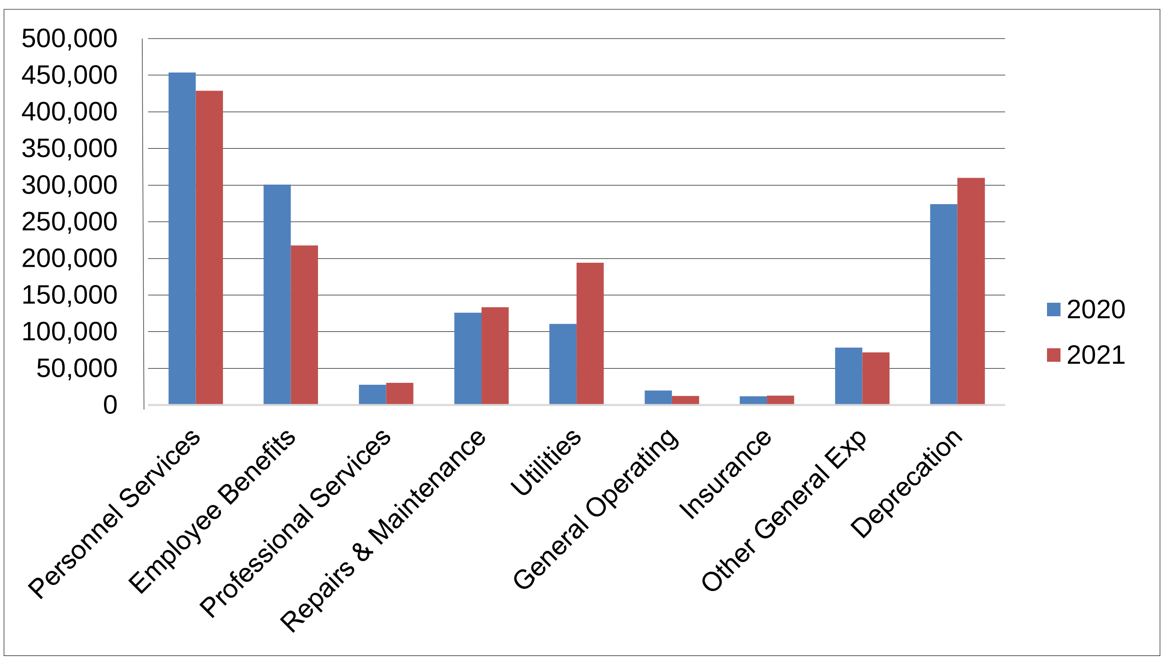
	2021	2020
REVENUES		
Tenant rental revenue	$318,804	$214,982
Other tenant revenue	1,939	2,092
Operating Subsidy	547,236	467,992
CARES operating subsidy	209,636	61,852
Administrative fees earned	557,722	476,821
Total revenues	1,635,337	1,223,739
OPERATING EXPENSES		
Personnel services	428,969	453,732
Employee benefits	217,709	300,559
Professional services	30,381	27,585
Repairs and maintenance	133,215	125,884
Utilities	194,002	110,871
General operating	12,585	19,696
Insurance	12,963	11,870
Other general expenses	71,727	78,272
CARES operating expenses	197,762	61,852
Depreciation	309,888	274,292
Total expenses	1,609,201	1,464,613
Operating income (loss)	26,136	(240,874)
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental grants - federal	4,021,971	4,225,462
Intergovernmental grants - state	65,795	115,390
Housing assistance payments	(3,863,793)	(4,373,093)
Other non-operating revenue	1,326	29,421
HUD Capital grants	363,868	133,380
Fraud recovery	55,533	0
Gain (loss) on sale of fixed assets	0	28,970
Total non-operating revenues	644,700	159,530
Income (loss) before capital contributions and transfers	670,836	(81,344)
CHANGE IN NET POSITION		
Net position, beginning of year, as restated	5,693,621	3,058,715
Lordsburg Housing Authority transfer in	0	2,716,620
Net position, end of year	$6,364,457	$5,693,991

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Total revenues increased $411,598 about 34% during the year. This is primarily the result of the Lordsburg Housing Authority transfer and additional operating subsidies.

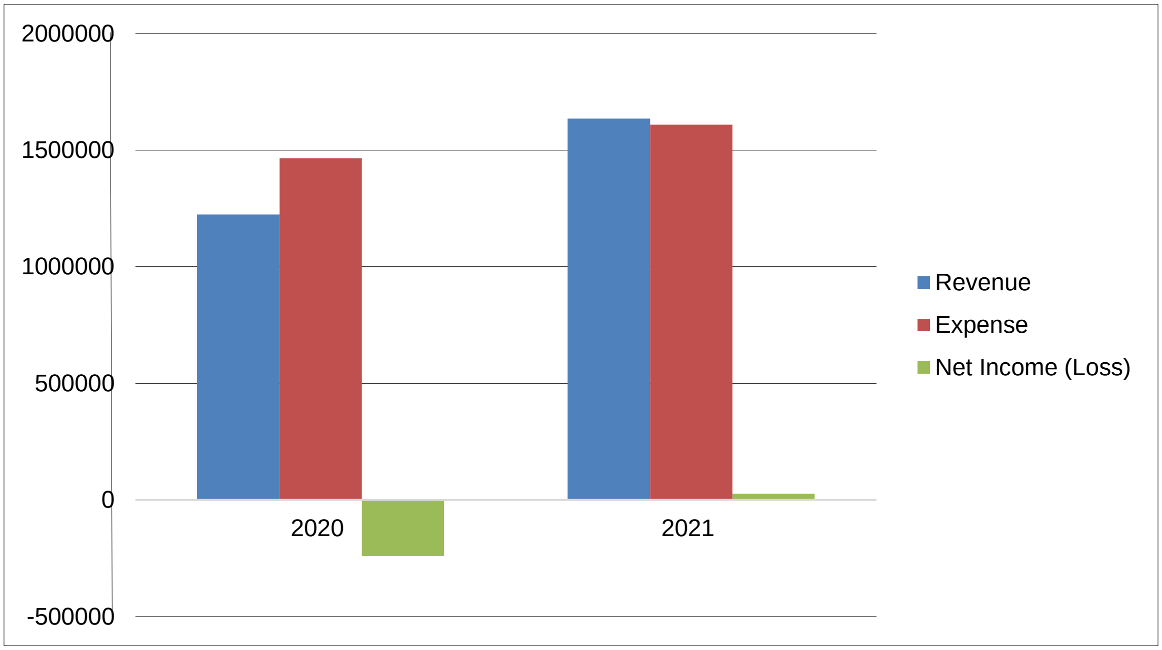


Total expenses increased $144,588 or 10% as compared to the prior year, primarily due to the Lordsburg transfer. Employee benefits also increased due to an increase in the net pension liability and related deferred inflows and outflows.



WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

For the most part, the Authority's operating revenues seldom exceed operating expenses on an ongoing basis. Typically, deficit or unfavorable results from operations are subsidized by intergovernmental HUD assistance and Capital Fund grant programs.



Budgetary Highlights

During the year, the Authority's operating revenues were over budgetary expectations by $7,512; Employee Benefits did exceed budget due to the GASB 68 requirements. Total operating expenses, however, remained under the budget plan by $110,972 after adjusting for Depreciation Expenses of $309,888, thereby eliminating the need to draw upon existing net position.

Capital Asset and Debt Administration

The Western Regional Housing Authority's investment in capital assets as of June 30, 2021, amounts to $4,798,300 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, furnishings and equipment.

Western Regional Housing Authority

Capital Assets, Net of Accumulated Depreciation

	2021	2020
Land and improvements	$831,537	$831,537
Buildings, systems and improvements	3,504,581	3,524,864
Furniture, fixtures and equipment	48,475	57,677
Construction in progress	413,707	292,872
Total fixed assets, net of accumulated depreciation	$4,798,300	$4,706,950

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

Long Term Debt:

At the end of the current fiscal year, the Housing Authority had estimated long-term liabilities in the amount of $1,063,533. This is an increase of $191,468 from last year which is due primarily to the Net Pension Liability of $1,015,490.

Economic Factors:

- The unemployment rate in Grant County as of June 30, 2021, reported by the New Mexico Department of Workforce Solutions, is 8.7%, which is a 1.1% decrease from last year. This is slightly higher than the state's average unemployment rate of 8.4%. The unemployment rate in Luna County as of June 30, 2021 increased from 13.4% last year to 16.5%, they continue to rank the highest in the state.

Requests for Information:

This financial report is designed to provide a general overview of the Western Regional Housing Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 2545 North Silver Street, P.O. Box 3015, Silver City, New Mexico 88062.

BASIC FINANCIAL STATEMENTS

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2021

	Lordsburg HA Pyramid Village	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Total
ASSETS						
Current Assets						
Cash	$811,734	$338,048	$874,360	$309,112	$24,296	$2,357,550
Receivables (net of allowance):						
Tenants (net of $6.686 allowance)	12,161	2,799	0	414	0	15,374
Other government	0	0	0	0	9,704	9,704
Due from (to) other funds	0	0	0	34,000	(34,000)	0
Inventory	8,743	2,079	0	0	0	10,822
Total current assets	832,638	342,926	874,360	343,526	0	2,393,450
Noncurrent Assets:						
Restricted cash	13,974	11,912	0	2,879	0	28,765
Capital Assets:						
Land	100,000	436,727	0	294,810	0	831,537
Construction in progress	133,887	69,080	0	210,740	0	413,707
Buildings	6,036,272	4,768,174	0	428,090	0	11,232,536
Equipment and furniture	137,557	158,117	46,082	0	0	341,756
Less accumulated depreciation	(4,007,850)	(3,759,278)	(46,082)	(208,026)	0	(8,021,236)
Capital assets, net	2,399,866	1,672,820	0	725,614	0	4,798,300
Total assets	3,246,478	2,027,658	874,360	1,072,019	0	7,220,515
Deferred outflows of resources - related to pension plan	118,848	73,410	153,811	0	3,503	349,572
LIABILITIES						
Current Liabilities:						
Accounts payable	18,989	387	4,763	0	0	24,139
Accrued payroll liabilities	0	0	0	0	0	0
Prepaid rent	421	726	0	0	0	1,147
Tenant deposits	13,974	11,912	0	2,879	0	28,765
Compensated absences (current)	1,866	858	2,211	0	0	4,935
Total current liabilities	35,250	13,883	6,974	2,879	0	58,986
Compensated Absences (non current)	15,060	11,061	21,922	0	0	48,043
Net pension liability	330,715	247,064	427,984	0	9,727	1,015,490
Total liabilities	381,025	272,008	456,880	2,879	9,727	1,122,519
Deferred inflows of resources -						
Related to pension plan	28,258	17,453	36,569	0	831	83,111
Related to CARES	0	0	0	0	0	0
NET POSITION						
Net investment in capital assets	2,399,866	1,672,820	0	725,614	0	4,798,300
Restricted for housing assistance payments	0	0	269,371	0	0	269,371
Unrestricted	556,177	138,787	265,351	343,526	(7,055)	1,296,786
Total net position	$2,956,043	$1,811,607	$534,722	$1,069,140	($7,055)	$6,364,457

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

JUNE 30, 2021

	Lordsburg HA Pyramid Village	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Total
Operating Revenues						
Tenant rental revenue	$225,780	$63,153	$0	$29,871	$0	$318,804
Other tenant revenue	1,149	790	0	0	0	1,939
Grant-administrative fees	0	0	527,422	0	30,300	557,722
HUD operating subsidy	349,012	198,224	0	0	0	547,236
CARES operating subsidy - federal	37,914	755	170,967	0	0	209,636
Total operating revenues	613,855	262,922	698,389	29,871	30,300	1,635,337
Operating Expenses						
Personnel services	169,906	107,686	143,656	0	7,721	428,969
Employee benefits	146,502	24,235	47,476	0	(504)	217,709
Professional services	11,500	7,500	11,381	0	0	30,381
Repairs and maintenance	68,182	52,490	3,280	9,263	0	133,215
Utilities	164,660	22,921	4,683	438	1,300	194,002
General operating	10,111	893	1,581	0	0	12,585
Insurance	1,265	9,740	1,276	682	0	12,963
Other General Expenses	15,881	7,426	29,890	0	18,530	71,727
CARES expense	18,353	8,442	170,967	0	0	197,762
Depreciation	152,872	143,495	0	13,521	0	309,888
Total operating expenses	759,232	384,828	414,190	23,904	27,047	1,609,201
Operating income (loss)	(145,377)	(121,906)	284,199	5,967	3,253	26,136
Non-Operating Revenues (Expenses)						
Intergovernmental grants - federal	0	0	3,891,753	0	0	3,891,753
Intergovernmental grants - CARES	0	0	130,218	0	0	130,218
Intergovernmental grants - state	0	0	0	0	65,795	65,795
Housing assistance payments	0	0	(3,667,780)	0	(65,795)	(3,733,575)
Housing assistance payments - HAP	0	0	(130,218)	0	0	(130,218)
Other non-operating revenue	0	0	1,300	26	0	1,326
HUD capital grants	317,694	46,174	0	0	0	363,868
Gain/Loss on sale of capital asset	0	0	0	0	0	0
Fraud Recovery	0	0	55,533	0	0	55,533
Total non-operating revenues (expenses)	317,694	46,174	280,806	26	0	644,700
Changes in net position	172,317	(75,732)	565,005	5,993	3,253	670,836
Net position, beginning of year	2,784,096	1,887,339	(30,283)	1,063,147	(10,308)	5,693,991
Restatements	(370)	0	0	0	0	(370)
Net position, beginning of year as restated	2,783,726	1,887,339	(30,283)	1,063,147	(10,308)	5,693,621
Net position, end of year	**$2,956,043**	**$1,811,607**	**$534,722**	**$1,069,140**	**($7,055)**	**$6,364,457**

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2021

	Lordsburg HA Pyramid Village	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants	$264,956	$68,030	$0	$30,069	$0	$363,055
Grants - subsidies	349,012	198,224	645,398	0	27,525	1,220,159
Cash payments to suppliers for goods and services	(275,689)	(109,244)	(219,150)	(10,382)	(20,166)	(634,631)
Cash payments to employees for services	(232,916)	(157,391)	(209,274)	(382)	(10,470)	(610,433)
Net cash (used) for operating activities	105,363	(381)	216,974	19,305	(3,111)	338,150
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES						
Net HAP/receipts	0	0	223,973	0	0	223,973
Temporary financing-other funds	0	0	0	0	0	0
Other nonoperating revenues	0	0	56,833	26	0	56,859
Net cash provided (used) by noncapital and related financing activities	0	0	280,806	26	0	280,832
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of assets	0	0	0	0	0	0
Cash received from intergovernmental sources	317,694	46,174	0	0	0	363,868
Acquisition and construction of capital assets	(362,399)	(31,047)	0	(7,792)	0	(401,238)
Net cash provided by capital and related financing activities	(44,705)	15,127	0	(7,792)	0	(37,370)
Net (increase) in cash	60,658	14,746	497,780	11,539	(3,111)	581,612
Cash and cash equivalents, beginning of year	765,050	335,214	376,580	300,452	27,407	1,804,703
Cash and cash equivalents, end of year	**$825,708**	**$349,960**	**$874,360**	**$311,991**	**$24,296**	**$2,386,315**
Cash and Cash Equivalents						
Cash	$811,734	$338,048	$874,360	$309,112	$24,296	$2,357,550
Restricted	13,974	11,912	0	2,879	0	28,765
	$825,708	$349,960	$874,360	$311,991	$24,296	$2,386,315

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2021

	Lordsburg HA Pyramid Village	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	($145,377)	($121,906)	$284,199	$5,967	$3,253	$26,136
Adjustments to Reconcile Operating (Loss)to Net Cash Provided by Operating Activities						
Depreciation	152,871	143,495	0	13,522	0	309,888
Change in assets and liabilities:						
(Increase) decrease in tenant/other receivables	(1,711)	2,237	0	(414)	0	112
(Increase) in intergovernmental receivable	0	0	0	0	(2,775)	(2,775)
(Decrease) in deferred inflows - CARES	0	0	(52,991)	0	0	(52,991)
Decrease in inventory	(2,432)	(140)	0	0	0	(2,572)
(Increase) in prepaid expenses and other current assets	0	0	0	0	0	0
(Decrease) in accounts payable	16,696	308	3,908	0	(336)	20,576
(Decrease) in accrued salaries and compensated absences	462	647	367	0	0	1,476
(Decrease) in prepaid rent	(550)	725	0	(382)	0	(207)
(Decrease) in tenant deposits	2,374	370	0	612	0	3,356
Increase in net pension contributions and liability	83,030	(26,117)	(18,509)	0	(3,253)	35,151
Total adjustments	250,740	121,525	(67,225)	13,338	(6,364)	312,014
Net cash provided by operating activities	**$105,363**	**($381)**	**$216,974**	**$19,305**	**($3,111)**	**$338,150**

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Western Regional Housing Authority was organized under New Mexico statutes, to provide a conduit for housing funds for disadvantaged New Mexicans. The Authority is a political subdivision of the State of New Mexico.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements) and interpretations. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Financial Reporting Entity

The Authority's basic financial statements include the accounts of all Authority operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority.

Based on the aforementioned criteria, the Authority has no component units.

Basis of Presentation

Governmental-wide Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. All Authority activities are accounted for as proprietary activities, in accordance with HUD UFRS Guidelines.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Revenues, Expenses and Changes in Net Position presents a comparison between expenses, both direct and indirect, and operating revenues for each segment of the business-type activities of the Authority. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated but are presented as separate functions. Operating revenues include charges paid by recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as operating revenues are presented as non-operating revenues. The comparison of program revenues and expenses identifies the extent to which a program or business segment is self-financing or draws from the non-operating revenues of the Authority. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into one major category: proprietary. An emphasis is placed on major funds within the proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, or

b. The Authority believes the fund is particularly important to financial statement users.

The funds of the financial reporting entity are described below:

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Enterprise funds are as follows:

Major Funds

Pyramid Village – To account for HUD's Low Rent Public Housing and Capital Fund Program. Provides living accommodations to qualified families through reduced rate rentals built and owned by the Housing Authority.

Low Rent Public Housing – To account for HUD's Low Rent Public Housing and Capital Fund Program. Provides adequate living accommodations to qualified families through reduced rate rentals built and owned by the Housing Authority.

Housing Choice Vouchers - To account for HUD's program which provides Housing Assistance payments for qualified low-income residents in privately owned properties.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Southwest Housing Assistance – To account for non-subsidized housing owned and operated by the Housing Authority. Provides living accommodations to qualified families through reduced rate rentals.

State and Local – To account for State sources from the New Mexico Mortgage Finance Authority to provide intake, screening and placement into homes for disadvantaged New Mexicans.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position business-like activities are presented using the economic resources measurement focus as defined in item "a" below.

a. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with professional standards. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred outflows of resources by the recipient.

Budgets

The Housing Authority adopts budgets for its Proprietary funds in accordance with the Housing and Urban Development Program Agreements.

Budgets are prepared on the ''Economic Resources" basis, excluding depreciation, and are utilized as a guide only. The budgets are not legally enforceable documents.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

For the purpose of the Statement of Net Position, "cash" includes all demand, savings accounts, and certificates of deposits of the Authority. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of six months or less, both restricted and unrestricted.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the state treasurer's investment pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial inl5titutions, with safekeeping receipts held by the Authority. The pledged securities remain in the name of the financial institution. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "interfund receivables/payables". These balances have been eliminated in the "total" column in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report rents, grant reimbursements and interest earnings as their major receivables.

Capital Assets

Government-wide Statements and Fund Statements

In the government-wide and fund financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings 25-40 years
- Improvements 10-40 years
- Machinery and Equipment 5-10 years
- Software and Library 5-10 years

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets acquired with an original cost of $5,000 or more are capitalized. Construction period interest is capitalized in proprietary funds.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resources (expenses/expenditures) until then. The Authority has deferred outflows of resources related to pension plans as discussed in Note 6.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has deferred inflows of resources related to pension plans as discussed in Note 6.

Restricted Position

Restricted position includes cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted positions are related to rent deposits, capital grants and housing payment advances.

Long-Term Debt

All long-term debt to be repaid from business-type resources are reported as liabilities in the government-wide and fund statements. The long-term debt consists primarily of accrued compensated absences, and net pension liability.

Compensated Absences

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as both short and long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. Proprietary funds report the liability as it is incurred.

Equity Classifications

Government-wide Statements and Fund Financial Statements

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets, net of related debt."

Revenues, Expenditures, And Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Fraud recovery revenue represents back rent when it is determined that the tenant was charged an incorrect monthly rent amount due to income that was misstated (various reasons) and therefore the tenant must pay back rent (after re-determination) in addition to any current rent. This account is specifically required by HUD for financial data schedule reporting.

Expenditures/Expenses

In the government-wide and fund financial statements, expenses are classified as operating or non-operating for business-type activities.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Authority does not allocate indirect costs.

Inventories are carried at cost, valued by the first-in first-out method.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the total column in the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk in the event of a bank failure the Governments deposits may not be returned to it. The Authority does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2021, $1,915,936 of the Authority's bank balance of $950,005 was exposed to custodial credit risk.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2. CUSTODIAL CREDIT RISK (CONTINUED)

	Bank Balance	Carrying Amount
Deposits by custodial risk		
Category:		
Insured	$500,000	
Collateral held by the pledging bank agent in Authority's name	1,915,936	
Uninsured/uncollateralized	0	
Total public funds	**$2,415,936**	**$2,386,315**

NOTE 3. ACCOUNTS RECEIVABLE

Due from tenants	$15,374
Due from other governments	9,704
Total accounts receivable	**$25,078**

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	$831,537	$0	$0	$0	$831,537
Construction in progress	292,872	341,148	0	(220,313)	413,707
Total capital assets, not being depreciated	1,124,409	341,148	0	(220,313)	1,245,244
Depreciable capital assets:					
Buildings/improvements	10,952,133	60,090	0	220,313	11,232,536
Equipment/furnishings	341,756	0	0	0	341,756
Total depreciable capital assets	11,293,889	60,090	0	220,313	11,574,292
Less accumulated depreciation:					
Buildings/improvements	(7,427,269)	(300,686)	0	0	(7,727,955)
Equipment/furnishings	(284,079)	(9,202)	0	0	(293,281)
Total accumulated depreciation	(7,711,348)	(309,888)	0	0	(8,021,236)
Depreciable capital assets, net	3,582,541	(249,798)	0	220,313	3,553,056
Business-type capital assets, net	**$4,706,950**	**$91,350**	**$0**	**$0**	**$4,798,300**

Nine rental units at Pyramid Village were off line and idle while awaiting necessary renovations.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5. COMPENSATED ABSENCES

Changes in compensated absences were as follows for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Amounts Due:				
Current	$1,710	$4,935	$1,710	$4,935
Long-term	49,792	35,118	36,867	48,043
	$51,502	**$40,053**	**$38,577**	**$52,978**

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at http://saonm.org/ using the Audit Report Search function for agency 366.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Benefits Provided–Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. The contribution requirements of defined benefit plan members and the Western Regional Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY19 for the various PERA coverage options, for both Tier I and Tier II, see PERA's comprehensive annual financial report contribution provided description.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2021, the Western Regional Housing Authority reported a liability of $972,691 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2020. The Western Regional Housing Authority's proportion of the net pension liability was based on a projection of the Western Regional Housing Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Western Regional Housing Authority's proportion was 0.0481%, which changed from its proportion measured as of June 30, 2019 of 0.0475%.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For the year ended June 30, 2021, the Western Regional Housing Authority (including Lordsburg Housing Authority) recognized PERA Fund Division Municipal General pension expense of $39,051. At June 30, 2021, the Western Regional Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$26,955	$0
Changes of assumptions	17,997	0
Net difference between projected and actual earnings on pension plan investments	177,876	0
Changes in proportion and differences between Western Regional Housing Authority contributions and proportionate share of contributions	80,582	83,111
Western Regional Housing Authority contributions subsequent to the measurement date	46,162	0
Total	$349,572	$83,111

$46,162 reported as deferred outflows of resources related to pensions resulting from Western Regional Housing Authority contributions subsequent to the measurement date June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	$69,230
2022	53,804
2023	53,621
2024	43,644
	$220,299

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Amortization period	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return*	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases*	3.25% to 13.50% annual rate
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

* Includes inflation at 2.50%, 2.75% all other years

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2020. These assumptions were adopted by the Board for use in the June 30, 2019 actuarial valuation. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.5%	5.90%
Risk Reduction & Mitigation	19.5%	1.00%
Client Oriented Fixed Income	15.00%	4.20%
Real Assets to Include Real Estate Equity	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.0%	

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Western Regional Housing Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Western Regional Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Western Regional Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower (6.25 percent) or1-percentage-point higher (8.25 percent) than the current rate.

PERA Fund Division Municipal General	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Western Regional Housing Authority's proportionate share of the net pension liability	$1,392,641	$972,691	$624,469

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA's financial reports.

Payables to the pension plan. The Authority is legally required to make defined contributions to the cost sharing pension plan on behalf of its' participant employees. At June 30, 2021, the Authority had paid all required contributions.

NOTE 7. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other governments in the State and obtained insurance through the New Mexico Self Insurers Fund, a public risk pool currently operating as a common risk management and insurance program for local governments. The Authority pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage, and risk of loss is transferred.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9. FINANCIAL DATA SCHEDULE

The Authority is required to submit, and include with the audited financial statements, a financial data schedule, which is presented as other supplemental data.

The financial data schedule is a hard copy of the Authority's electronic submission to the Real Estate Assessment Center and is presented in their required format. Therefore, some amounts may differ from those presented in the financial statements.

NOTE 10. INTERFUND ACTIVITY

Interfund balances at June 30, 2021 consisted of the following:

	Interfund Payable
Interfund Receivable	State and Local
SW Housing Assistance	$34,000

The loans were made to fund operating expenses and are expected to be paid within one year.

NOTE 11. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 28, 2021, the date which the financial statements were available to be issued.

NOTE 12. OTHER REQUIRED DISCLOSURES

The State and Local fund had a deficit fund balance at June 30, 2021 as a result of recording the net pension liability.

NOTE 13. RESTATEMENTS

The beginning net position was corrected for the following:

• To correct accounts payable for Pyramid Village	$370

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE WESTERN REGIONAL HOUSING AUTHORITY'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL

Public Employees Retirement Association (PERA) Plan

Last 10 Fiscal Years*

	As of Measurement Date						
	June 30, 2020	June 30, 2019 **	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2021	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Western Regional Housing Authority's proportion of the net pension liability (asset)	0.0481%	0.0475%	0.0394%	0.037%	0.0377%	0.0386%	0.0399%
Western Regional Housing Authority's proportionate share of the net pension liability (asset)	$972,691	$822,273	$628,182	$508,411	$602,319	$393,560	$311,263
Western Regional Housing Authority's covered-employee payroll (at measurement date)	$448,143	$512,802	$325,068	$324,937	$322,976	$314,984	$323,716
Western Regional Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	217.05%	160.35%	193.24%	156.46%	186.49%	124.95%	96.00%
Plan fiduciary net position as a percentage of the total pension liability	66.36%	70.52%	71.13%	73.74%	79.89%	80.20%	81.00%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Western Regional Housing Authority will present information for those years for which information is available.

**Includes Lordsburg Housing Authority and Western Regional Housing Authority

SCHEDULE OF WESTERN REGIONAL HOUSING AUTHORITY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	2021	** 2020	2019	2018	2017	2016	2015
Contractually required contribution	$46,162	$43,918	$31,767	$31,044	$31,031	$30,844	$30,081
Contributions in relation to the contractually required contribution	$46,162	$43,918	$31,767	($31,044)	($31,031)	($30,844)	($30,081)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
Western Regional Housing Authority's covered-employee payroll	$471,036	$448,143	$332,638	$325,068	$324,937	$322,976	$314,984
Contributions as a percentage of covered-employee payroll	9.80%	9.80%	9.55%	9.55%	9.55%	9.55%	9.55%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Western Regional Housing Authority will present information for those years for which information is available.

**Includes Lordsburg Housing Authority and Western Regional Housing Authority

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CAFR. https://www.saonm.org

Changes of assumptions.
The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2019 report is available at htts://www.nmpera.org/

SUPPLEMENTARY INFORMATION

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit — Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	$1,149,782		$309,112	$24,296	$604,989		$2,088,179		$2,088,179
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted					$269,371		$269,371		$269,371
114 Cash - Tenant Security Deposits	$25,886		$2,879				$28,765		$28,765
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	$1,175,668	$0	$311,991	$24,296	$874,360	$0	$2,386,315	$0	$2,386,315
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government				$9,704			$9,704		$9,704
125 Accounts Receivable - Miscellaneous									
126 Accounts Receivable - Tenants	$17,121		$415				$17,536		$17,536
126.1 Allowance for Doubtful Accounts - Tenants	-$6,686		$0	$0			-$6,686		-$6,686
126.2 Allowance for Doubtful Accounts - Other				$0			$0		$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery	$4,525						$4,525		$4,525
128.1 Allowance for Doubtful Accounts - Fraud	$0						$0		$0
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	$14,960	$0	$415	$9,704	$0	$0	$25,079	$0	$25,079
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets									
143 Inventories	$11,043						$11,043		$11,043
143.1 Allowance for Obsolete Inventories	-$220						-$220		-$220
144 Inter Program Due From			$34,000				$34,000	-$34,000	$0
145 Assets Held for Sale									
150 Total Current Assets	$1,201,451	$0	$346,406	$34,000	$874,360	$0	$2,456,217	-$34,000	$2,422,217
161 Land	$536,727		$294,810				$831,537		$831,537
162 Buildings	$10,804,446		$428,090				$11,232,536		$11,232,536
163 Furniture, Equipment & Machinery - Dwellings	$44,519				$46,082		$90,601		$90,601
164 Furniture, Equipment & Machinery - Administration	$251,156						$251,156		$251,156
165 Leasehold Improvements									
166 Accumulated Depreciation	-$7,767,130	$0	-$208,026		-$46,082		-$8,021,238		-$8,021,238
167 Construction in Progress	$202,967		$210,740				$413,707		$413,707
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	$4,072,685	$0	$725,614	$0	$0	$0	$4,798,299	$0	$4,798,299

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	$4,072,685	$0	$725,614	$0	$0	$0	$4,798,299	$0	$4,798,299
200 Deferred Outflow of Resources	$192,258			$3,503	$153,811		$349,572		$349,572
290 Total Assets and Deferred Outflow of Resources	$5,466,394	$0	$1,072,020	$37,503	$1,028,171	$0	$7,604,088	-$34,000	$7,570,088
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	$19,378				$4,762		$24,140		$24,140
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable									
322 Accrued Compensated Absences - Current Portion	$1,630				$484		$2,114		$2,114
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	$25,886		$2,879				$28,765		$28,765
342 Unearned Revenue	$1,147						$1,147		$1,147
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities									
346 Accrued Liabilities - Other									
347 Inter Program - Due To				$34,000			$34,000	-$34,000	$0
348 Loan Liability - Current									
310 Total Current Liabilities	$48,041	$0	$2,879	$34,000	$5,246	$0	$90,166	-$34,000	$56,166
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current	$27,214				$23,651		$50,865		$50,865
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities	$577,779			$9,727	$427,984		$1,015,490		$1,015,490
350 Total Non-Current Liabilities	$604,993	$0	$0	$9,727	$451,635	$0	$1,066,355	$0	$1,066,355

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
300 Total Liabilities	$653,034	$0	$2,879	$43,727	$456,881	$0	$1,156,521	-$34,000	$1,122,521
400 Deferred Inflow of Resources	$45,711			$831	$36,569		$83,111		$83,111
508.4 Net Investment in Capital Assets	$4,072,685		$725,614				$4,798,299		$4,798,299
511.4 Restricted Net Position					$269,371		$269,371		$269,371
512.4 Unrestricted Net Position	$694,964	$0	$343,527	-$7,055	$265,350	$0	$1,296,786		$1,296,786
513 Total Equity - Net Assets / Position	$4,767,649	$0	$1,069,141	-$7,055	$534,721	$0	$6,364,456	$0	$6,364,456
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$5,466,394	$0	$1,072,020	$37,503	$1,028,171	$0	$7,604,088	-$34,000	$7,570,088

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$288,933		$29,871				$318,804		$318,804
70400 Tenant Revenue - Other	$1,904		$26				$1,930		$1,930
70500 Total Tenant Revenue	$290,837	$0	$29,897	$0	$0	$0	$320,734	$0	$320,734
70600 HUD PHA Operating Grants	$553,921	$53,950			$4,419,178	$301,185	$5,328,234		$5,328,234
70610 Capital Grants	$341,147						$341,147		$341,147
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							$0	$0	$0
70800 Other Government Grants				$96,095	$0		$96,095		$96,095
71100 Investment Income - Unrestricted									
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery					$55,534		$55,534		$55,534
71500 Other Revenue	$755				$1,300		$2,055		$2,055
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	$1,186,660	$53,950	$29,897	$96,095	$4,476,012	$301,185	$6,143,799	$0	$6,143,799
91100 Administrative Salaries	$164,819			$7,721	$143,657	$78,117	$394,314		$394,314
91200 Auditing Fees	$19,000				$11,382		$30,382		$30,382
91300 Management Fee									
91310 Book-keeping Fee									
91400 Advertising and Marketing									
91500 Employee Benefit contributions - Administrative	$94,507			-$504	$47,108	$38,782	$179,893		$179,893
91600 Office Expenses									
91700 Legal Expense									
91800 Travel	$391				$1,582	$570	$2,543		$2,543
91810 Allocated Overhead									
91900 Other	$23,304			$18,530	$20,338	$30,285	$92,457		$92,457
91000 Total Operating - Administrative	$302,021	$0	$0	$25,747	$224,067	$147,754	$699,589	$0	$699,589
92000 Asset Management Fee									
92100 Tenant Services - Salaries		$8,746				$10,045	$18,791		$18,791
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services		$723				$822	$1,545		$1,545
92400 Tenant Services - Other		$3,698				$3,579	$7,277		$7,277
92500 Total Tenant Services	$0	$13,167	$0	$0	$0	$14,446	$27,613	$0	$27,613

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
93100 Water	$134,153		$31		$819		$135,003		$135,003
93200 Electricity	$11,623		$338		$2,945	$594	$15,500		$15,500
93300 Gas	$41,807		$69		$919		$42,795		$42,795
93400 Fuel									
93500 Labor									
93600 Sewer									
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	$187,583	$0	$438	$0	$4,683	$594	$193,298	$0	$193,298
94100 Ordinary Maintenance and Operations - Labor	$112,774	$1,131					$113,905		$113,905
94200 Ordinary Maintenance and Operations - Materials and Other	$50,485	$3,615	$1,957		$325	$14	$56,396		$56,396
94300 Ordinary Maintenance and Operations Contracts	$70,187	$8,390	$7,305	$1,300	$2,955	$8,159	$98,296		$98,296
94500 Employee Benefit Contributions - Ordinary Maintenance	$75,122	$492					$75,614		$75,614
94000 Total Maintenance	$308,568	$13,628	$9,262	$1,300	$3,280	$8,173	$344,211	$0	$344,211
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	$0	$0	$0	$0	$0	$0	$0	$0	$0
96110 Property Insurance	$9,779		$682		$97		$10,558		$10,558
96120 Liability Insurance	$1,025				$1,002		$2,027		$2,027
96130 Workmen's Compensation	$201				$177		$378		$378
96140 All Other Insurance									
96100 Total insurance Premiums	$11,005	$0	$682	$0	$1,276	$0	$12,963	$0	$12,963
96200 Other General Expenses	$335				$9,554		$9,889		$9,889
96210 Compensated Absences	$1,108				$368		$1,476		$1,476
96300 Payments in Lieu of Taxes									
96400 Bad debt - Tenant Rents	$10,613						$10,613		$10,613
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	$12,056	$0	$0	$0	$9,922	$0	$21,978	$0	$21,978
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96900 Total Operating Expenses	$821,233	$26,795	$10,382	$27,047	$243,228	$170,967	$1,299,652	$0	$1,299,652
97000 Excess of Operating Revenue over Operating Expenses	$365,427	$27,155	$19,515	$69,048	$4,232,784	$130,218	$4,844,147	$0	$4,844,147
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments				$65,795	$3,667,780	$130,218	$3,863,793		$3,863,793
97350 HAP Portability-In									
97400 Depreciation Expense	$296,368		$13,521				$309,889		$309,889
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	$1,117,601	$26,795	$23,903	$92,842	$3,911,008	$301,185	$5,473,334	$0	$5,473,334
10010 Operating Transfer In	$49,876						$49,876	-$49,876	$0
10020 Operating transfer Out	-$22,721	-$27,155					-$49,876	$49,876	$0
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	$27,155	-$27,155	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$96,214	$0	$5,994	$3,253	$565,004	$0	$670,465	$0	$670,465
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0	$0		$0
11030 Beginning Equity	$4,671,435	$0	$1,063,147	-$10,308	-$30,283	$0	$5,693,991		$5,693,991
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	$0					$0		$0
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity					$265,350		$265,350		$265,350

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
11180 Housing Assistance Payments Equity					$269,371		$269,371		$269,371
11190 Unit Months Available	1677		60		10932	0	12669		12669
11210 Number of Unit Months Leased	1611		50		8184	0	9845		9845
11270 Excess Cash	$1,078,894						$1,078,894		$1,078,894
11610 Land Purchases	$0						$0		$0
11620 Building Purchases	$393,446						$393,446		$393,446
11630 Furniture & Equipment - Dwelling Purchases	$0						$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0						$0		$0
11650 Leasehold Improvements Purchases	$0						$0		$0
11660 Infrastructure Purchases	$0						$0		$0
13510 CFFP Debt Service Payments	$0						$0		$0
13901 Replacement Housing Factor Funds	$0						$0		$0

Western Regional Housing Authority (NM067)

Silver City, NM

Project Balance Sheet Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021

	NM067000001	OTHER PROJ	NM067000002	Total
111 Cash - Unrestricted	$338,048		$811,734	$1,149,782
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	$11,912		$13,974	$25,886
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	$349,960	$0	$825,708	$1,175,668
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	$677		$16,444	$17,121
126.1 Allowance for Doubtful Accounts - Tenants	$0		-$6,686	-$6,686
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	$2,122		$2,403	$4,525
128.1 Allowance for Doubtful Accounts - Fraud	$0	$0	$0	$0
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	$2,799	$0	$12,161	$14,960
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets				
143 Inventories	$2,122		$8,921	$11,043
143.1 Allowance for Obsolete Inventories	-$42		-$178	-$220
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	$354,839	$0	$846,612	$1,201,451
161 Land	$436,727		$100,000	$536,727
162 Buildings	$4,768,174		$6,036,272	$10,804,446
163 Furniture, Equipment & Machinery - Dwellings	$44,519			$44,519
164 Furniture, Equipment & Machinery - Administration	$113,599		$137,557	$251,156

Western Regional Housing Authority (NM067)

Silver City, NM

Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	NM067000001	OTHER PROJ	NM067000002	Total
165 Leasehold Improvements				
166 Accumulated Depreciation	-$3,759,278		-$4,007,852	-$7,767,130
167 Construction in Progress	$69,080		$133,887	$202,967
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	$1,672,821	$0	$2,399,864	$4,072,685
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	$1,672,821	$0	$2,399,864	$4,072,685
200 Deferred Outflow of Resources	$73,410		$118,848	$192,258
290 Total Assets and Deferred Outflow of Resources	$2,101,070	$0	$3,365,324	$5,466,394
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	$390		$18,988	$19,378
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion	$953		$677	$1,630
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits	$11,912		$13,974	$25,886
342 Unearned Revenue	$726	$0	$421	$1,147
343 Current Portion of Long-term Debt - Capital				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				

Western Regional Housing Authority (NM067)

Silver City, NM

Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	NM067000001	OTHER PROJ	NM067000002	Total
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	$13,981	$0	$34,060	$48,041
351 Long-term Debt, Net of Current - Capital Projects/Mortgage				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	$10,965		$16,249	$27,214
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	$247,064	$0	$330,715	$577,779
350 Total Non-Current Liabilities	$258,029	$0	$346,964	$604,993
300 Total Liabilities	$272,010	$0	$381,024	$653,034
400 Deferred Inflow of Resources	$17,453		$28,258	$45,711
508.4 Net Investment in Capital Assets	$1,672,821		$2,399,864	$4,072,685
511.4 Restricted Net Position				
512.4 Unrestricted Net Position	$138,786	$0	$556,178	$694,964
513 Total Equity - Net Assets / Position	$1,811,607	$0	$2,956,042	$4,767,649
600 Total Liabilities, Deferred Inflows of Resources and Equity -	$2,101,070	$0	$3,365,324	$5,466,394

Western Regional Housing Authority (NM067)

Silver City, NM

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 06/30/2021

	NM067000001	OTHER PROJ	NM067000002	Total
70300 Net Tenant Rental Revenue	$63,153		$225,780	$288,933
70400 Tenant Revenue - Other	$790		$1,114	$1,904
70500 Total Tenant Revenue	$63,943	$0	$226,894	$290,837
70600 HUD PHA Operating Grants	$204,909		$349,012	$553,921
70610 Capital Grants	$23,453		$317,694	$341,147
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted				
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	$755			$755
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	$293,060	$0	$893,600	$1,186,660
91100 Administrative Salaries	$54,222		$110,597	$164,819
91200 Auditing Fees	$7,500		$11,500	$19,000
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	$9,097		$85,410	$94,507
91600 Office Expenses				
91700 Legal Expense				
91800 Travel	$254		$137	$391
91810 Allocated Overhead				
91900 Other	$7,424		$15,880	$23,304
91000 Total Operating - Administrative	$78,497	$0	$223,524	$302,021

Western Regional Housing Authority (NM067)

Silver City, NM

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2021

	NM067000001	OTHER PROJ	NM067000002	Total
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	$0	$0	$0	$0
93100 Water	$19,190		$114,963	$134,153
93200 Electricity	$2,870		$8,753	$11,623
93300 Gas	$862		$40,945	$41,807
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	$22,922	$0	$164,661	$187,583
94100 Ordinary Maintenance and Operations - Labor	$53,465		$59,309	$112,774
94200 Ordinary Maintenance and Operations - Materials and	$25,897		$24,588	$50,485
94300 Ordinary Maintenance and Operations Contracts	$26,593	$0	$43,594	$70,187
94500 Employee Benefit Contributions - Ordinary Maintenance	$14,492		$60,630	$75,122
94000 Total Maintenance	$120,447	$0	$188,121	$308,568
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	$0	$0	$0	$0
96110 Property Insurance	$8,963		$816	$9,779
96120 Liability Insurance	$687		$338	$1,025
96130 Workmen's Compensation	$90		$111	$201
96140 All Other Insurance				
96100 Total insurance Premiums	$9,740	$0	$1,265	$11,005
96200 Other General Expenses			$335	$335

Western Regional Housing Authority (NM067)

Silver City, NM

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2021

	NM067000001	OTHER PROJ	NM067000002	Total
96210 Compensated Absences	$646		$462	$1,108
96300 Payments in Lieu of Taxes				
96400 Bad debt - Tenant Rents	$639		$9,974	$10,613
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	$1,285	$0	$10,771	$12,056
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0
96900 Total Operating Expenses	$232,891	$0	$588,342	$821,233
97000 Excess of Operating Revenue over Operating Expenses	$60,169	$0	$305,258	$365,427
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	$143,495		$152,873	$296,368
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	$376,386	$0	$741,215	$1,117,601
10010 Operating Transfer In	$30,315		$19,561	$49,876
10020 Operating transfer Out	-$22,721			-$22,721
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				

Western Regional Housing Authority (NM067)

Silver City, NM

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021

	NM067000001	OTHER PROJ	NM067000002	Total
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	$7,594	$0	$19,561	$27,155
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-$75,732	$0	$171,946	$96,214
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0
11030 Beginning Equity	$1,887,339	$0	$2,784,096	$4,671,435
11040 Prior Period Adjustments, Equity Transfers and	$0	$0	$0	$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	648		1029	1677
11210 Number of Unit Months Leased	631	0	980	1611
11270 Excess Cash	$317,194	$0	$761,700	$1,078,894
11610 Land Purchases	$0	$0	$0	$0
11620 Building Purchases	$31,047	$0	$362,399	$393,446
11630 Furniture & Equipment - Dwelling Purchases	$0	$0	$0	$0
11640 Furniture & Equipment - Administrative Purchases	$0	$0	$0	$0
11650 Leasehold Improvements Purchases	$0	$0	$0	$0
11660 Infrastructure Purchases	$0	$0	$0	$0
13510 CFFP Debt Service Payments	$0	$0	$0	$0
13901 Replacement Housing Factor Funds	$0	$0	$0	$0

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021 | Project: NM067000002 Pyramid Village

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	$225,780		$225,780
70400 Tenant Revenue - Other	$1,114		$1,114
70500 Total Tenant Revenue	$226,894	$0	$226,894
70600 HUD PHA Operating Grants	$349,012		$349,012
70610 Capital Grants		$317,694	$317,694
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue			
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	$575,906	$317,694	$893,600
91100 Administrative Salaries	$110,597		$110,597
91200 Auditing Fees	$11,500		$11,500
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	$85,410		$85,410
91600 Office Expenses			
91700 Legal Expense			
91800 Travel	$137		$137
91810 Allocated Overhead			
91900 Other	$15,880		$15,880
91000 Total Operating - Administrative	$223,524	$0	$223,524

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021 | Project: NM067000002 Pyramid Village

	Low Rent	Capital Fund	Total Project
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	$0	$0	$0
93100 Water	$114,963		$114,963
93200 Electricity	$8,753		$8,753
93300 Gas	$40,945		$40,945
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	$164,661	$0	$164,661
94100 Ordinary Maintenance and Operations - Labor	$59,309		$59,309
94200 Ordinary Maintenance and Operations - Materials and Other	$24,588		$24,588
94300 Ordinary Maintenance and Operations Contracts	$43,594		$43,594
94500 Employee Benefit Contributions - Ordinary Maintenance	$60,630		$60,630
94000 Total Maintenance	$188,121	$0	$188,121
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	$0	$0	$0
96110 Property Insurance	$816		$816
96120 Liability Insurance	$338		$338
96130 Workmen's Compensation	$111		$111
96140 All Other Insurance			
96100 Total insurance Premiums	$1,265	$0	$1,265
96200 Other General Expenses	$335		$335
96210 Compensated Absences	$462		$462

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021 | Project: NM067000002 Pyramid Village

	Low Rent	Capital Fund	Total Project
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	$9,974		$9,974
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	$10,771	$0	$10,771
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	$0	$0	$0
96900 Total Operating Expenses	$588,342	$0	$588,342
97000 Excess of Operating Revenue over Operating Expenses	-$12,436	$317,694	$305,258
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	$152,873		$152,873
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	$741,215	$0	$741,215
10010 Operating Transfer In	$19,561		$19,561
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/2021 | Project: NM067000002 Pyramid Village

	Low Rent	Capital Fund	Total Project
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	$19,561	$0	$19,561
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$145,748	$317,694	$171,946
11020 Required Annual Debt Principal Payments	$0	$0	$0
11030 Beginning Equity	$2,784,096	$0	$2,784,096
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$220,313	-$220,313	$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1029		1029
11210 Number of Unit Months Leased	980		980
11270 Excess Cash	$761,700		$761,700
11610 Land Purchases	$0	$0	$0
11620 Building Purchases	$44,705	$317,694	$362,399
11630 Furniture & Equipment - Dwelling Purchases	$0	$0	$0
11640 Furniture & Equipment - Administrative Purchases	$0	$0	$0
11650 Leasehold Improvements Purchases	$0	$0	$0
11660 Infrastructure Purchases	$0	$0	$0
13510 CFFP Debt Service Payments	$0	$0	$0
13901 Replacement Housing Factor Funds	$0	$0	$0

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/202 | Project: NM067000001 H'Side

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	$63,153		$63,153
70400 Tenant Revenue - Other	$790		$790
70500 Total Tenant Revenue	$63,943	$0	$63,943
70600 HUD PHA Operating Grants	$182,188	$22,721	$204,909
70610 Capital Grants		$23,453	$23,453
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	$755		$755
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	$246,886	$46,174	$293,060
91100 Administrative Salaries	$54,222		$54,222
91200 Auditing Fees	$7,500		$7,500
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	$9,097		$9,097
91600 Office Expenses			
91700 Legal Expense			
91800 Travel	$254		$254
91810 Allocated Overhead			
91900 Other	$7,424		$7,424
91000 Total Operating - Administrative	$78,497	$0	$78,497

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/202 | Project: NM067000001 H'Side

	Low Rent	Capital Fund	Total Project
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	$0	$0	$0
93100 Water	$19,190		$19,190
93200 Electricity	$2,870		$2,870
93300 Gas	$862		$862
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	$22,922	$0	$22,922
94100 Ordinary Maintenance and Operations - Labor	$53,465		$53,465
94200 Ordinary Maintenance and Operations - Materials and Other	$25,897		$25,897
94300 Ordinary Maintenance and Operations Contracts	$26,593		$26,593
94500 Employee Benefit Contributions - Ordinary Maintenance	$14,492		$14,492
94000 Total Maintenance	$120,447	$0	$120,447
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	$0	$0	$0
96110 Property Insurance	$8,963		$8,963
96120 Liability Insurance	$687		$687
96130 Workmen's Compensation	$90		$90
96140 All Other Insurance			
96100 Total insurance Premiums	$9,740	$0	$9,740
96200 Other General Expenses			
96210 Compensated Absences	$646		$646

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/202 | Project: NM067000001 H'Side

	Low Rent	Capital Fund	Total Project
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	$639		$639
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	$1,285	$0	$1,285
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	$0	$0	$0
96900 Total Operating Expenses	$232,891	$0	$232,891
97000 Excess of Operating Revenue over Operating Expenses	$13,995	$46,174	$60,169
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	$143,495		$143,495
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	$376,386	$0	$376,386
10010 Operating Transfer In	$30,315		$30,315
10020 Operating transfer Out		-$22,721	-$22,721
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit | Fiscal Year End: 06/30/202 | Project: NM067000001 H'Side

	Low Rent	Capital Fund	Total Project
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	$30,315	-$22,721	$7,594
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$99,185	$23,453	-$75,732
11020 Required Annual Debt Principal Payments	$0	$0	$0
11030 Beginning Equity	$1,887,339	$0	$1,887,339
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0		$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	648		648
11210 Number of Unit Months Leased	631		631
11270 Excess Cash	$317,194		$317,194
11610 Land Purchases	$0	$0	$0
11620 Building Purchases	$7,594	$23,453	$31,047
11630 Furniture & Equipment - Dwelling Purchases	$0	$0	$0
11640 Furniture & Equipment - Administrative Purchases	$0	$0	$0
11650 Leasehold Improvements Purchases	$0	$0	$0
11660 Infrastructure Purchases	$0	$0	$0
13510 CFFP Debt Service Payments	$0	$0	$0
13901 Replacement Housing Factor Funds	$0	$0	$0

WESTERN REGIONAL HOUSING AUTHORITY

SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS

JUNE 30, 2021

Wells Fargo Bank	Bank Balance	Reconciling Items	Reconciled Balance
Checking - Housing Assistance Payments	$6,867	($5,912)	$955
Checking - Voucher	785,390	87,865	873,255
Checking - Southwest Housing Assistance	311,991	0	311,991
Checking - Low Rent Public Housing	352,195	(2,285)	349,910
Checking - Linkages	24,296	0	24,296
Checking - Payroll	0	0	0
Total - Wells Fargo Bank	1,480,739	79,668	1,560,407
Western Bank			
Checking - Pyramid Village LRPH (Lordsburg HA)	935,198	(109,590)	825,608
Total - Western Bank	935,198	(109,590)	825,608
Balance, June 30, 2020	$2,415,937	($29,922)	$2,386,015
Petty Cash			$300
Total cash per financial statements			$2,386,315

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

SCHEDULE OF DEPOSITORY COLLATERAL

JUNE 30, 2021

	Wells Fargo Bank
Checking accounts	$1,480,738
Less FDIC insurance	250,000
Total uninsured public funds	$1,230,738
100% collateralization requirement, per HUD	$1,230,738
Total collateralization requirement	$1,230,738
Pledged Securities:	
FMAC FEPC, cusip number 3133KGU30, maturing 10/01/49	$238,777
FMAC FEPC, cusip number 3133KGXY9, maturing 09/01/49	459,020
FMAC FEPC, cusip number 3133KHLN4, maturing 02/01/50	713,296
Total pledged securities	1,411,093
Pledged securities over (under) requirement	$180,355

Securities are pledged to the Western Regional Housing Authority, and are held at the Bank of New York Mellon. The securities remain in the name of the financial institution, with safekeeping receipts held by the Authority.

WESTERN REGIONAL HOUSING AUTHORITY

SCHEDULE OF DEPOSITORY COLLATERAL

JUNE 30, 2021

	Western Bank
Checking accounts	$935,198
Less FDIC insurance	250,000
Total uninsured public funds	$685,198
100% collateralization requirement, per HUD	$685,198
Total collateralization requirement	$685,198
Pledged Securities:	
FG G15016, cusip number 3128MDYM9, maturing 04/01/26	$18,022
GNR 2015-H17FL, cusip number 38376REV4	787,351
GNR 2018-128 WA, cusip number 38381AAU0, maturing 09/20/33	328,936
SILVER CITY N MEX SCH DIST, cusip number 827513GR7, maturing 08/01/29	293,580
Total pledged securities	1,427,889
Pledged securities over (under) requirement	$742,691

Securities are pledged to the Western Regional Housing Authority. The securities remain in the name of the financial institution, with safekeeping receipts held by the Authority.

WESTERN REGIONAL HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Program Title	Federal CFDA Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Programs:				
Public and Indian Housing	14.850	N/A	-	$531,200
COVID-19 Public Indian Housing				53,950
				585,150
Section 8 Housing Choice Vouchers	14.871	N/A	-	4,419,178
COVID-19 Section 8 Housing Choice Vouchers				301,185
Housing Voucher Cluster				4,720,363
Public Housing Capital Fund	14.872	N/A	-	363,868
Total Expenditures of Federal Awards			**-**	**$5,669,381**

N/A - Not Applicable

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Western Regional Housing Authority, under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Western Regional Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Western Regional Housing Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 3. The Western Regional Housing Authority has elected not to use the de Minimis indirect cost rate as allowed under the Uniform Guidance.

WESTERN REGIONAL HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FINDINGS - FINANCIAL STATEMENT AUDIT	**CURRENT STATUS**
None	

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs

None

KRIEGEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Western Regional Housing Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Western Regional Housing Authority's basic financial statements, and have issued our report thereon dated September 28, 2021
.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Regional Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Western Regional Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Regional Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004
Phone: (575) 523-7444, Fax: (575) 527-0872

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Two

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Regional Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Western Regional Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kriegel/Gray/Shaw &Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 28, 2021

KRIEGEL/GRAY/SHAW & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Western Regional Housing Authority's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Western Regional Housing Authority's major federal programs for the year ended June 30, 2020. Western Regional Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Western Regional Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Western Regional Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Western Regional Housing Authority's compliance.

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Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Two

Opinion on Each Major Federal Program

In our opinion, Western Regional Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Western Regional Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Western Regional Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Western Regional Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 28, 2021

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report issued: **Unmodified**

Internal Control Over Financial Reporting:

Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?	____ Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses?	____ Yes	X No

Type of Auditor's Report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?	____ Yes	X No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.872	Public Housing Capital Fund
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs: $750,000

Auditee qualified as low-risk auditee?	X Yes	____ No

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

None

CURRENT STATUS ON PRIOR YEAR FINDINGS:

None

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT:

None

PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT:

None

WESTERN REGIONAL HOUSING AUTHORITY
EXIT CONFERENCE
JUNE 30, 2021

EXIT CONFERENCE:

The exit conference was held September 29, 2021 and was attended by the following:

Representing Western Regional Housing Authority:

Irene Galvan, Commissioner
Cathy DeMarco, Executive Director
Sonia Flores, Deputy Director

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of the financial statements is the responsibility of management. Although, the Western Regional Housing Authority's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.

Tab 9

MFA Housing New Mexico

MEMO

TO: MFA Board of Directors

Through: Contracted Services, September 6, 2022

Through: Policy Committee, August 23, 2022

FROM: Lucas Wylie, Program Manager

DATE: September 14, 2022

SUBJECT: HOME American Rescue Plan – Supportive Services Awards

Recommendation

MFA staff recommends that the MFA Board of Directors approve award allocations for the HOME American Rescue Plan Supportive Services Program (HOME ARP) in the amount of $1,237,500.

Background

As part of the American Rescue Plan (ARP) MFA received $19,577,227. Of that amount, $9,900,000 was allocated specifically for HOME ARP Supportive Services. Supportive Services includes short- and medium-term rental assistance, security deposits, utility assistance, utility deposits, housing stability case management and housing search and placement. The program primarily benefits qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. The funding expires September 30, 2030.

The Emergency Solutions Grant Rapid Rehousing & Homeless Prevention (ESG RR/HP) RFP that was released on February 24, 2022, stated that any service provider who was approved to receive funding for that grant would automatically receive funding from the HOME ARP allocation. Both funding sources provide the same type of assistance.

It is important to note that the ESG CARES Act funding that was awarded in 2020 for Rapid Rehousing and Homeless Prevention expires on September 30, 2022. This HOME ARP funding will help replace a portion of that grant and allow for more people experiencing homelessness and those most at risk of homelessness to receive assistance.

Discussion

MFA will allocate $1,237,500 annually for a period of eight years to service providers who are approved recipients of the annual ESG RR/HP grant. Award allocations for HOME ARP were determined by the percentage of the ESG RR/HP grant that each service provider received. For example, if a service provider received 10% of the total grant amount for ESG RR/HP, they will receive 10% of the HOME ARP grant. Any unexpended awards may be rolled over to the following year or the funding may be transferred to the Housing Development department to be used towards building Supportive Housing units.

Service providers will receive 10% of their program award for administrative expenses which is included in the $1,237,500.

We anticipate that the first program year will begin October 1, 2022, and end on June 30, 2023. Each subsequent program year will begin July 1 and end on June 30 to coincide with the ESG RR/HP grant year.

Based on service provider expenditure rates, adjustments to awards may need to be made during the program year.

The chart below shows the award recommendations:

Service Provider	Service Territory	Award
Alianza of New Mexico	Eddy, Chaves, Lea	$134,998.24
Catholic Charities	Bernalillo, Sandoval	$209,036.41
Enlace Comunitario	Bernalillo, Valencia	$173,290.17
Help-NM	Curry, De Baca, Hidalgo, Grant, Guadalupe, Lincoln, Luna, Roosevelt, San Miguel, Torrance, Quay	$135,179.01
HopeWorks	Bernalillo	$144,680.98
Mesilla Valley Community of Hope	Dona Ana, Otero	$177,501.15
San Juan County Partnership	San Juan	$106,990.99
The Life Link	Los Alamos, Rio Arriba, Santa Fe, Taos	$155,823.05
Total		**$1,237,500.00**

Summary

Staff is requesting approval of the awards for the HOME American Rescue Plan Supportive Services Program (HOME ARP) in the amount of $1,237,500 to eight subrecipients. The program provides short- and medium-term rental assistance, security deposits, utility assistance, utility deposits, housing stability case management and housing search and placement that primarily benefits qualifying individuals and families who are homeless, at-risk of homelessness, or in other vulnerable populations. If approved, service providers who meet the renewal criteria set by MFA will receive an annual award over a period of eight years. Funding will expire on September 20, 2030.

Tab 10

MFA Housing New Mexico

MEMO

TO: MFA Board of Directors

Through: Contract Services Committee – September 6, 2022

Through: Policy Committee – September 1, 2022

FROM: Troy Cucchiara, Dimitri Florez, and David Gutierrez

DATE: September 14, 2022

SUBJECT: Approval of 2022/2027 Bipartisan Infrastructure Law DOE Annual and Master Plans

Recommendation

Approval of the NM Energy$mart 2022/2027 Bipartisan Infrastructure Law (BIL) Department of Energy (DOE) Weatherization Assistance Program Annual and Master State Plans.

Background

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 October 1, 2022. 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 Energy$mart Program.

Discussion

The Bipartisan Infrastructure Law (BIL) funds are appropriated by the Infrastructure Investment and Jobs Act, Public Law 117-58, signed on November 15, 2021. This is administered by the DOE, authorized by Title IV, Energy Conservation and Production Act. The total appropriations for weatherization are $3,168,000,000. Of this amount, MFA's formula grant is $22,066,0751, and is to be used to weatherize homes in addition to the regular DOE annual allocations over a five-year grant period.

Service Provider Breakdown

Category	MFA	Central NM Housing Corp.	Southwestern Regional Housing and CDC	ICAST (Multifamily)	TBD (Navajo Nation)	Total
Administration	$1,103,337.55	$915,919.78	$363,970.70	$728,202.78	$198,581.84	$ 3,310,012.65
Leverage	$83,250.00	-	-	-		83,250.00
Capital Outlay	$1,177,853.82	-	-	-		$1,177,853.82

Training & Technical Assistance	$1,522,909.44	$881,201.01	$489,912.33	$480,104.67	$512,735.55	$3,886,863.00
Program Operations	-	$3,908,651.09	$1,553,230.41	$3,107,576.29	$847,440.05	$9,416,897.84
Health & Safety	-	$1,422,769.41	$565,383.98	$1,131,174.00	$308,472.61	$3,427,800.00
Financial Audit	-	$54,034.25	$57,212.73	$6,674.00		$117,920.08
Liability Insurance	-	$277,526.24	$165,281.22	$103,345.08	$100,000.00	$646,152.54
TOTAL	*$3,887,350.99	$7,460,101.77	$3,194,991.37	$5,557,076.82	1,967,230.05	$22,066,751.00
Estimated DOE Units	-	722	287	574	157	1740

**** 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 14 statewide New Mexico newspapers and was posted on the MFA website on August 15, 2022. A Weatherization Assistance Program Policy Advisory Committee (WAP PAC) meeting and public hearing was virtually held on August 16, 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 October 1, 2022. Funding for the 2022/2027 BIL State Plan totals $22,066,751.00. With the DOE funding, we are projecting that ICAST will weatherize approximately 574 multifamily statewide units, Central New Mexico Housing will weatherize approximately 722 single family units, and Southwestern Regional Housing and Community Development Corporation will weatherize approximately 287, a new provider in the Navajo Nation area will weatherize approximately 157 units, and the total will be single 1740 units over a five-year period.

DOE F 540.2
(08/05)

OMB Control No: 1910-5127
Expiration Date: 05/31/2023

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

(Grant Number: EE0010003, State: NM, Program Year: 2022)

IV.1 Subgrantees

Subgrantee (City)	Planned Funds/Units
Central NM Housing Corporation (Albuquerque)	$7,460,102.00 722
ICAST (International Center for Appropriate and Sustainable Technology (Lakewood)	$5,557,077.00 574
Southwest Regional Housing Community Development Corporation (Deming)	$3,194,991.00 287
TBD (Farmington)	$1,967,230.00 157
Total:	**$18,179,400.00** **1,740**

IV.2 WAP Production Schedule

Weatherization Plans	Units
Total Units (excluding reweatherized)	1,740
Reweatherized Units	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	$1,177,854.00
B	Total Units Weatherized	1,740
C	Total Units Reweatherized	0
D	Total Dwelling Units to be Weatherized and Reweatherized (B + C)	1,740
E	Average Vehicles & Equipment Acquisition Cost per Unit (A divided by D)	$676.93
	AVERAGE COST PER DWELLING UNIT (DOE RULES)	
F	Total Funds for Program Operations	$9,416,898.00
G	Total Dwelling Units to be Weatherized and Reweatherized (from line D)	1,740
H	Average Program Operations Costs per Unit (F divided by G)	$5,412.01
I	Average Vehicles & Equipment Acquisition Cost per Unit (from line E)	$676.93
J	Total Average Cost per Dwelling (H plus I)	$6,088.94

IV.3 Energy Savings

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

	Units	Savings Calculator (MBtus)	Energy Savings
This Year Estimate	1740	29.3	50982
Prior Year Estimate	342	29.3	10021
Prior Year Actual	493	29.3	14445

Method used to calculate savings description:

New Mexico uses the DOE WAP algorithm to estimate energy savings. For program year 2022-2027 we estimate 50,982 MBTUs will be saved in 1740 homes.

DOE F 540.2
(08/05)

OMB Control No: 1910-5127
Expiration Date: 05/31/2023

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

(Grant Number: EE0010003, State: NM, Program Year: 2022)

IV.4 DOE-Funded Leveraging Activities

Leveraging Activities

DOE's annual and BIL funding helps only a portion of New Mexico's lowincome 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. WPN 22-9 will be followed when utilizing all leveraged funding sources.

For BIL, MFA is requesting leveraging funding in the amount of $83,250. The NM Energy$mart 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 over the next five years, will be approximately $30,750,000. 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 2022/2023 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 Coop 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. We are expecting to receive increased amounts if the program proves successful.

The New Mexico Gas Company (NMGC) funding remains at $1,300,000. This funding will be increasing each year to keep up with the added BIL units completed in NM Gas territory. This amount is estimated to be $4.3M over three years. This utility funding will be used to achieve therm saving measures in homes being weatherized with other NM Energy$mart 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 $3.75M 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 commision 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

U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

WEATHERIZATION ANNUAL FILE WORKSHEET

(Grant Number: EE0010003, State: NM, Program Year: 2022)

	Email:	fgarcia.gs@plateautel.net
Isaac Perez	Type of organization:	Indian Tribe
	Contact Name:	
	Phone:	(505)771-9291
	Email:	iperez@sfpha.org
Jack MacgGillivray, CPM	Type of organization:	For-profit or Corporate (not a financial institution or utility)
	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
08/16/2022	July 27, 2022 – Union County Leader, July 28, 2022 - Valencia County News-Bulletin, Lovington Leader, July 29, 2022 - Las Vegas Optic, Deming Headlight, July 31, 2022 - Rio Rancho Observer, Roswell Daily Record, Las Cruces Sun News, Alamogordo Daily News, Albuquerque Journal, Eastern New Mexico News, Hobbs News Sun, Carlsbad Current Argus, Farmington Daily Times, August 1, 2022 – Silver City Sun News, Gallup Independent, Santa Fe New Mexican.

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

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

(Grant Number: EE0010003, State: NM, Program Year: 2022)

tcucchiara@housingnm.org

344 4th Street SW
Albuquerque, NM 87102
(505) 767-2256

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.

Solar

MFA is requesting approval to include solar PV in the list of measures for qualifying households.

MFA understands the solar PV projects might require a NEPA review, especially if they are ground mounted and disturb the ground.

The energy audit report will include solar as a measure and will demonstrate the SIR for the solar PV install, for it to be integrated into the approved package of measures for the project. MFA believes that with the current installed costs of solar PV, it is a financially viable solution that can help our low-income families reduce their energy burden through WAP.

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U.S. Department of Energy

WEATHERIZATION ASSISTANCE PROGRAM (WAP)

STATE PLAN/MASTER FILE WORKSHEET

(Grant Number: EE0010003, 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
- 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:

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 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 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 of weatherization. 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, or has been HUD tested 80%AMI.

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. Agencies must explore the possibilities of using alternative funding to bring the building to a weatherization ready condition, and proceed with work.

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.

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.

<u>MultiFamily Rental Units</u>

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. Agencies must show how this is used.

To ensure that no undue or excessive enhancements are made to the unit, a TREAT 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 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.

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 Energy$mart 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), or other funds 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 Energy$mart 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 Energy$mart services is established by the NM Energy$mart Online system, which follows the requirements

specified in CFR 440.16 (b).

Priority is given by assigning points to 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 Energy$mart 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.

Subrecipients are required to service the minimum number of homes in each county determined by the allocation formula no less frequently than every two years. This requirement can only we waived with a “high energy burden waiver”. Counties that have a higher concentration of energy burden on the waiting list compared to other counties within the same service territory may qualify for a “high energy burden waiver” under the following conditions:
Homes with the highest-ranking score in the county are weatherized first.
The agency’s production plan shows when the units in the remaining counties will be weatherized.
Allocations for counties outside of the high energy burden county will be reduced evenly across all counties by a percentage of the original allocation.
Other funding sources are fully leveraged to spread the funds as far as possible.
It can be demonstrated at the time of waiver submission; the county has a greater need than the minimum allocated units due to a dense concentration of high energy burden within that county.
When an agency proceeds with weatherizing home within any given county, homes with the highest number of priority points must be weatherized prior to other homes.

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 and 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.

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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 or higher 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.

V.5 Type of Weatherization Work to Be Done

V.5.1 Technical Guides and Materials

The NM Energy$mart 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 Energy$mart 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 Energy$mart Administrative Manual **http://www.housingnm.org/community_development/energysmart**
  - Re-issued 09/16/2022, updated 5/31/2022
- NM Energy$mart 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 Energy$mart 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:	
Manufactured Housing:	

Multi-Family:

V.5.2 Energy Audit Procedures

Audit Procedures and Dates Most Recently Approved by DOE

Audit Procedure:	Single-Family
Audit Name:	NEAT
Approval Date:	

Audit Procedure:	Manufactured Housing
Audit Name:	MHEA
Approval Date:	

Audit Procedure:	Multi-Family
Audit Name:	TREAT
Approval Date:	

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 Energy$mart was approved to use TREAT for large multifamily buildings a June 27, 2022

- MFA will be pursuing approval for use of priority lists for all three building types the first year of this grant.

- As soon as feasible and allowable by DOE and ORNL, MFA will begin the transition from WAv9 to WAv10
- This transition is expected to take no more than three months.
  - Data base specific approval
  - Half day training
  - Lead auditors will verify transition of libraries
  - Technical Committee will meet and agree on naming convention
  - MFA Program Managers will review and discuss library items with agencies individually
  - Technical and Admin Manuals will be updated to include WAv10
  - Transition will be completed after testing

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 Energy$mart 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 Energy$mart 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

NM has gained approval for fuel switching activities and will follow the policies and procedures outlined in the DOE approval.

Asbestos

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.

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 expired 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 Energy$mart Program continues to encourage each agency to pursue more QCI Inspectors and Energy Auditors. The use of contractors for QCI and energy audits is also encouraged and allowable.

DOE F 540.2
(08/05)

OMB Control No: 1910-5127
Expiration Date: 05/31/2023

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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.
    - Files are NOT to be closed if missed opportunities are found. This includes an evaluation of all potential funding sources to be sure that all eligible ECMs are installed.
- All weatherization measures completed by agency's crew(s) or procured contractors;
- All mechanical work performed including: verification of new equipment size and rating; sstate inspector has been contacted for inspection, 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. It is considered best practice to schedule the inspection as close to the completion of work as possible.

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.

Under no circumstances may a job be completed if there are unsafe appliances or conditions left in the home.

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.

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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.

As needed, final Inspectors will comply with the NM Energy$mart 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

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 Energy$mart 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 weatherization team for accuracy:

- 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.

At any point, a full report can be obtained on any agency, funding source, or time period containing all the fields that have been entered.

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

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 Energy$mart 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, David, 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 three 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.

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David is working closely with Troy and Dimitri to learn all programmatic aspects of the program and will be responsible for administration, monitoring, and contracts.

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.

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 Energy$mart 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, and Program Manager, David Gutierrez, will conduct the programmatic and technical monitoring. For the program year 2022-2027, training and technical assistance funding in the amount of $12,463 will be used for monitoring and $2,392.40 of leveraging will be used. Administration funds used for monitoring are $135,272.

Monitoring and oversight will be expanded in a number of ways to meet the specific requirements of WPN 20-4. A great emphasis will be placed on desk monitoring during invoicing. Three MFA staff will view each invoice and home entered and flag items for questioning or homes for QCI. The network will be switching to WA 10 ASAP so the inputs of items can be examined without placing a higher burden on the agencies. MFA is developing a desk monitoring tool that will further assist in the efficiency of this effort.

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

Once MFA now has a second QCI we will be pursuing a third. The visits will be divided, and the file inspections may be cross inspected by the QCI holder not visiting the home for additional oversight.

- 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
- 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
- Examination of agency's training goals, certifications, and staff transition to higher paying jobs.

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
- Examination of procurement efforts to reach more underserved areas.

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
- Compliance with cost allocation plans

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 2022/2027 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 2022/2027 three of the NM Energy$mart 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.

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.

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 Energy$mart 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.

Technical:

Provide comprehensive service utilizing the latest building science and renewable technology, in a cost effective manner in accordance with NM Energy$mart 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 Energy$mart Training Academy staff through participation in the NM Energy$mart 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 Energy$mart 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 Energy$mart 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 Energy$mart 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 Energy$mart online reporting is current and consistent with billing.
- Staff is proficient in its use of the NM Energy$mart online payment system.
- 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.

Atrisk 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

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.

Tab 11

MFA
Housing New Mexico

New Mexico Mortgage Finance Authority

Housing New Mexico: A Call to Action

PREPARED BY:
Root Policy Research

CREATED:
September 2022

MFA
Housing New Mexico

September 14, 2022

Dear Readers,

In working in the housing industry throughout New Mexico, I have been continuously impressed by the commitment of housing professionals to advancing housing opportunities for our state's residents. From the non-profits that aid individuals experiencing homelessness to the lenders and realtors that help families achieve the dream of homeownership (and everyone in between), housing partners help New Mexicans find and maintain quality housing opportunities that provide stability to individuals, families and communities. Though our industry has high-quality professionals that conduct excellent work, we often operate in silos – focused on single issue areas. The need to coordinate efforts across the housing continuum has long been an ambition for MFA.

The creation of the New Mexico Housing Strategy is the first step in bringing together leaders from across the housing continuum to look at challenges that bedevil our industry and propose actionable strategies. These leaders, who comprise the Housing New Mexico Advisory Committee, have authored the New Mexico Housing Strategy and will help lead its implementation. I am deeply grateful for the participation and dedication of the Advisory Committee; they have created a path to a more prosperous New Mexico through housing policy and program solutions.

Though we have completed this in-depth analysis and have put pen to paper, our work is just getting started. We now enter the most challenging phase – implementation of the strategies to solve our housing challenges. It is incumbent on each one of us to participate in carrying out the New Mexico Housing Strategy.

Doing so may begin with a conversation with peers, housing industry partners or other stakeholders on why the strategy matters and sharing what strategies you are particularly excited about. It might continue with advocacy or direct implementation of a particular strategy that involves you or your organization. No matter how you choose to help us implement this strategy, we are relying on you for help. Our efforts will take time to yield results, but through unceasing dedication, we will achieve stronger communities through collaboration and creating quality housing opportunities for all New Mexicans.

Very respectfully,

Isidoro Hernandez

Executive Director/CEO

New Mexico Mortgage Finance Authority

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Prepared for the New Mexico Mortgage Finance Authority by Root Policy Research, Inc.

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EXECUTIVE SUMMARY

In October 2021, the New Mexico Mortgage Finance Authority (MFA) convened an Advisory Committee (AC) of experts to provide leadership over the development of a statewide strategic plan to expand housing opportunities for all New Mexicans. This is the **New Mexico Housing Strategy**.

The Housing Strategy serves as:

1. A **roadmap** for partners to address the continuum of housing needs;
2. A **common source of communication** to housing partners and residents about the state's goals and intentions;
3. **Practical solutions** for streamlining barriers to addressing housing needs and reforming existing systems and programs; and
4. **Big ideas** to change and improve the housing landscape.

The backdrop of the Housing Strategy is a housing market that has become increasingly difficult for all but the highest income New Mexicans to afford.

Lack of affordable housing not only impedes the ability of households to be self-sufficient and invest in economic growth for their families—it also has negative consequences for state and local economic development and growth. The latter can be easy to overlook as it is often hidden, but the impacts are significant.

Without adequate affordable housing:

- New Mexico's urban areas cannot continue to attract new businesses,
- Existing businesses, particularly small businesses, cannot keep standard operating hours and cannot grow;
- Low income renters are forced to move more frequently, disrupting community ties, stable employment, and educational consistency for their children;
- Moderate income renters cannot achieve ownership and pass on wealth to their families; and
- Persons with special needs—including seniors, New Mexicans with disabilities, and residents vulnerable to and experiencing homelessness—are caught in a perpetual and costly cycle of housing instability.

This **call to action** enlists the State of New Mexico, local governments, nonprofit organizations, foundations, lawmakers, and private entities to join together and address the state's housing challenges. It provides the **strategic direction to collectively move forward.**

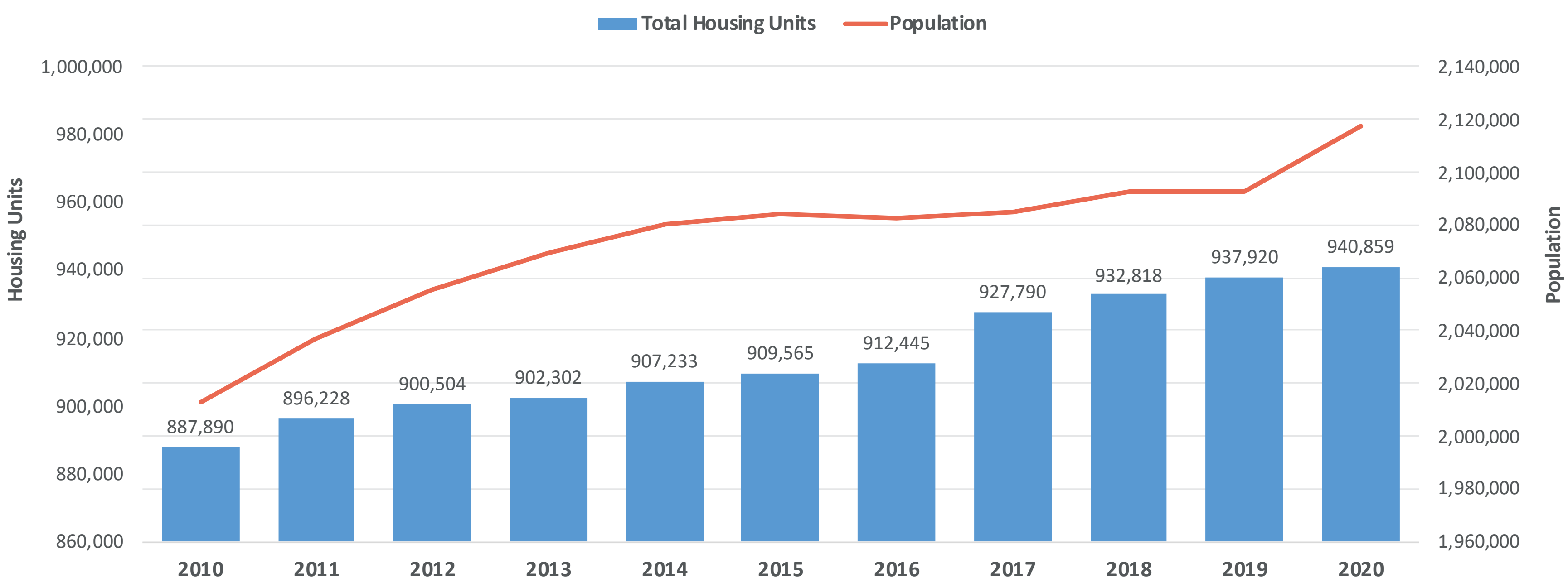
EXECUTIVE SUMMARY

HOUSING COMPOSITION

Between 2000 and 2019, housing production adequately accommodated population and household growth; housing units increased by 20% while population rose by 15%. The 2020 Census shows a shift in the balance between housing production and population growth, with production falling behind growth.

More than 50,000 housing units in the state are vacant for seasonal and recreational use, mostly in Lincoln, Santa Fe, Taos, Otero, and Colfax Counties. Future housing planning should account for the growing number of units that have become intended for seasonal and recreational use.

Housing Units and Population, 2010-2020



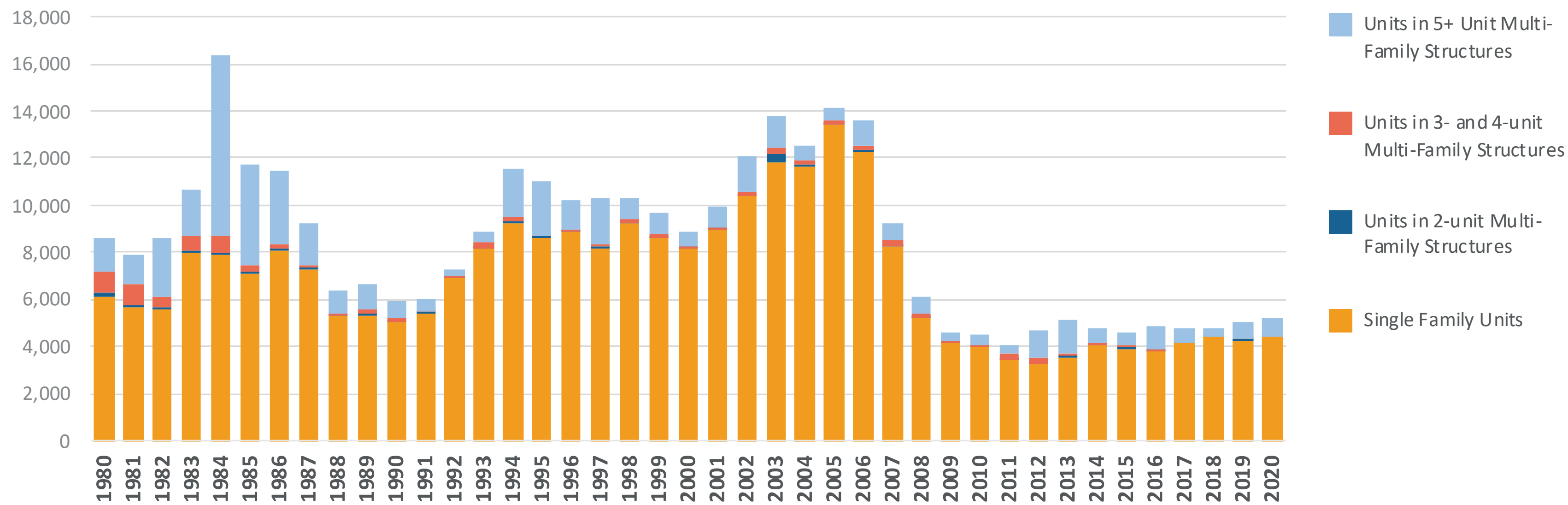
Source: 2020 Decennial Census, ACS 5-year estimates (various years), and Root Policy Research.

EXECUTIVE SUMMARY

Beginning in 1990, New Mexico's housing production shifted heavily towards single family detached homes. Single family detached homes have remained the dominant housing type built—making up 82% of residential permits issued between 2010 and 2020—despite changing needs. Multifamily units made up 15%, and attached units—townhomes, duplexes, small multifamily structures which typically offer better affordability—made up just 2% of units permitted.

Excluding diverse housing types from a community's housing stock has the effect of excluding diverse residents. As shown in the figure on the following page, about half of low income households—those with incomes of less than 80% of the state's median income—live in units other than single family detached homes.

Building Permits, 1980-2020



Source: 2020 Decennial Census, ACS 5-year estimates (various years), and Root Policy Research.

EXECUTIVE SUMMARY

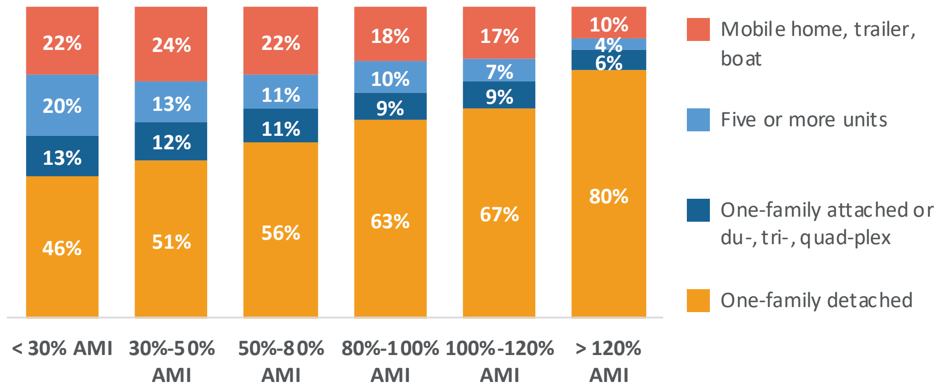
Housing Type Occupied by Income, 2019

Note:

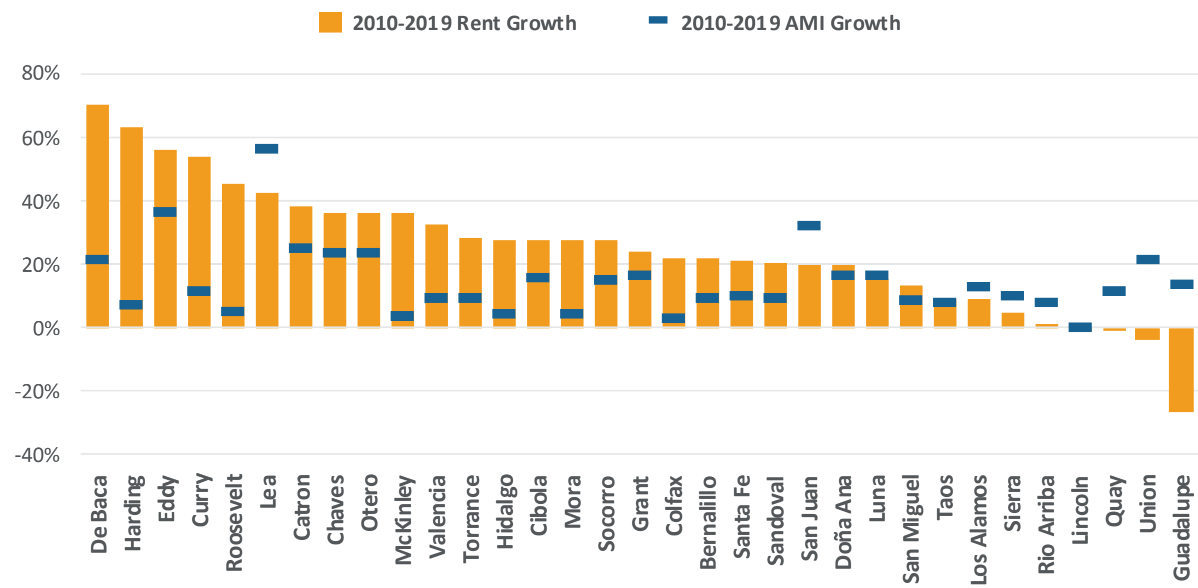
AMIs are calculated by applying a population-weighted average of each county's 50% AMI by household size within PUMA.

Source:

2019 ACS 5-year IPUMS, HUD AMI and Root Policy Research.



Rent and AMI Growth by County, 2010-2019



Source: 2010 and 2019 ACS, HUD, and Root Policy Research.

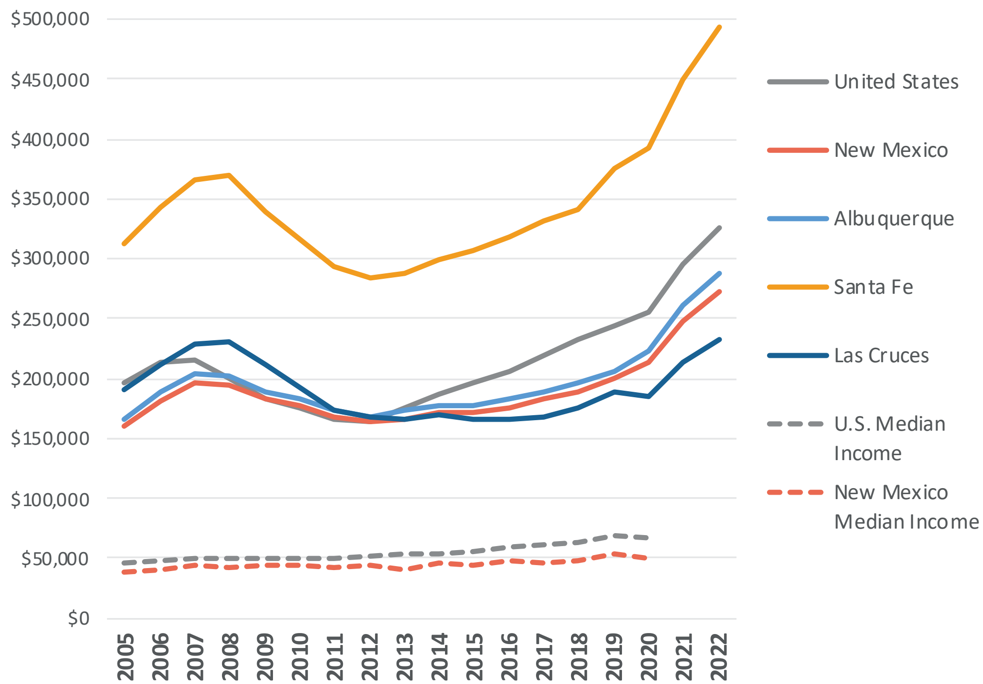
HOUSING COST

In the majority of New Mexico's counties, income growth fell well short of what was needed to keep up with rising rents. As demonstrated in the figure on the bottom left, except for Lea and San Juan Counties, incomes kept up with or outpaced rent increases only in counties where rent growth was modest or declining.

The upward shift in prices disproportionately hurts lower income households. Between 2010 and 2019, the supply of rental units affordable to households with incomes of less than $25,000 a year decreased by over 50%—compared to a 9% decrease in the number of renters with incomes of less than $25,000.

EXECUTIVE SUMMARY

Typical Home Value and Median Income



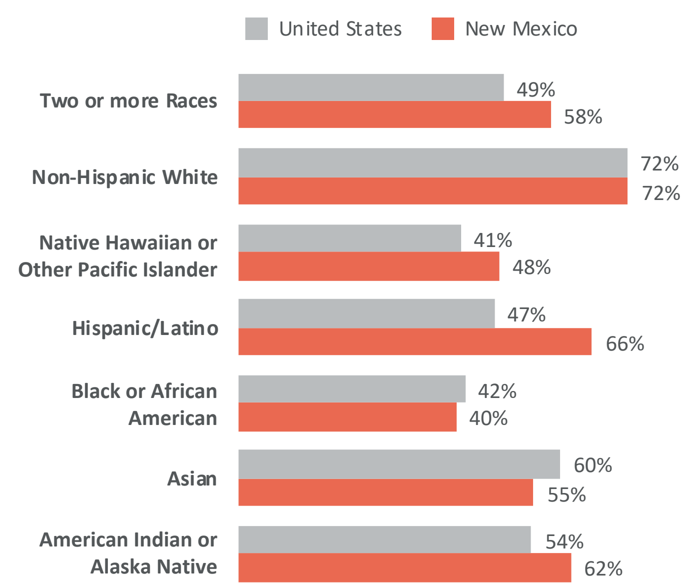
Note: Data for 2022 represents the typical home value for the month of January only.

Source: Zillow Home Value Index, Federal Reserve Bank of St. Louis, and Root Policy Research.

As shown above, trends in home values and incomes in New Mexico have closely followed trends in the U.S. overall, with income growth failing to keep up with value growth. Home values increased significantly beginning in 2020, coinciding with historically low interest rates and supply constraints.

Existing homeowners benefit from these value increases; however, rising prices make it difficult for renters to attain homeownership. Half of low income households in New Mexico are owners, and New Mexico does a better job than the U.S. overall in Native and Hispanic ownership. The state's relatively high homeownership rate will be challenging to sustain with continued increases in home values that outpace income increases.

Homeownership Rate by Race/Ethnicity, New Mexico and U.S., 2019



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

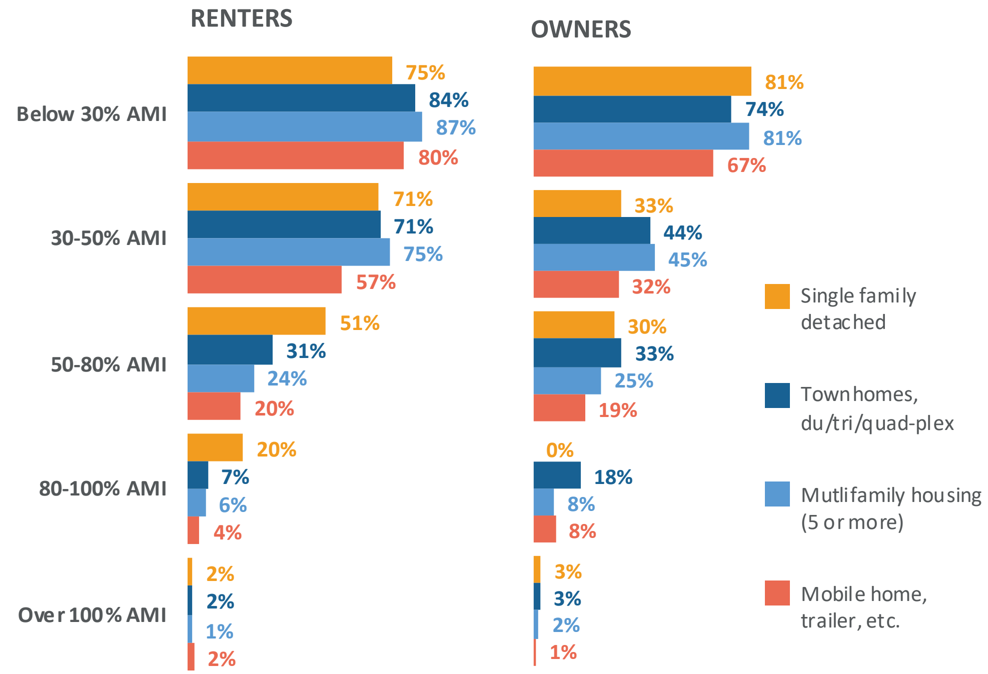
EXECUTIVE SUMMARY

CURRENT HOUSING NEEDS

Housing cost burden—when households pay more than 30% of their gross income in housing costs—is highest among the state's lowest income households. Low income renters are more likely to be burdened than owners even as their incomes rise and if they live in single family detached homes. Owners and renters occupying mobile homes have lower rates of cost burden.

The state's rental units are concentrated in the $625 to $1,250 range, forcing low income renters to occupy units they cannot afford. These units are also occupied by high income renters who "rent down" because of lack of supply, and who may be more competitive in the very tight rental market, further limiting low income renters' options. The graphic below shows the number of appropriately priced units to renters by income range, revealing deficiencies for both low and high income renters.

Cost Burden by Unit Type and AMI, 2019



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

APPROPRIATELY PRICED UNITS BY RENTER INCOME, 2019

= one appropriately priced unit

= one renter

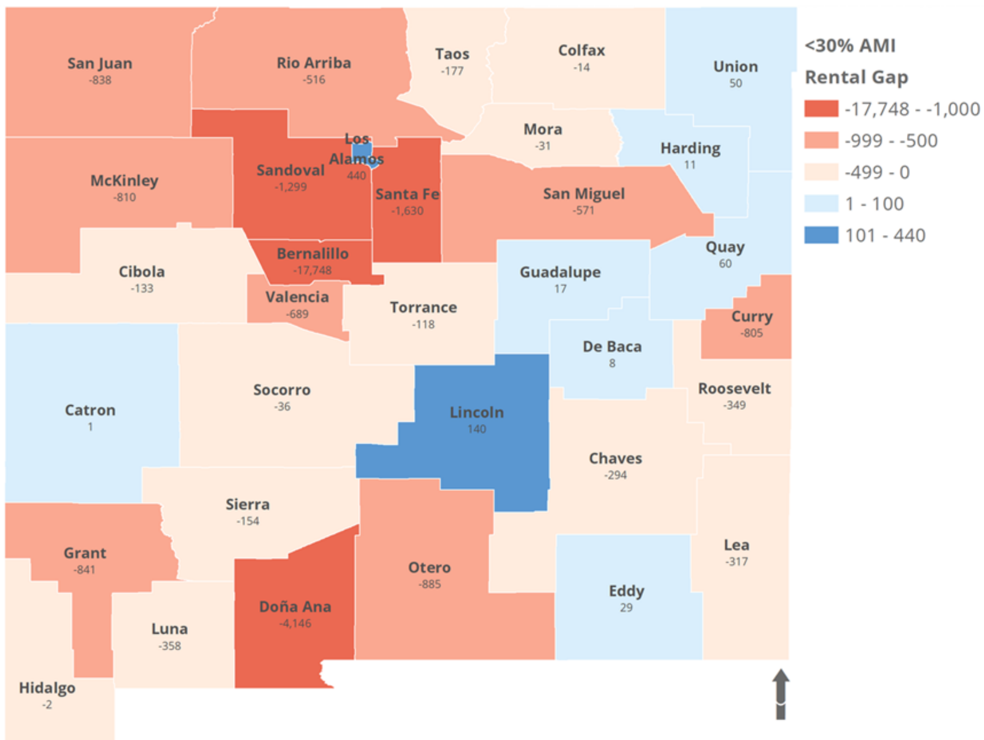
INCOME LESS THAN $25,000	INCOME $25,000 TO $50,000	INCOME $50,000 TO $75,000	INCOME MORE THAN $75,000
1 to 2	**1.8 to 1**	**1 to 1**	**1 to 10**
1 appropriately priced unit for every 2 renters	1.8 appropriately priced units for every renter	An equal match of appropriately priced units	1 appropriately priced unit for every 10 renters

Note: Appropriately priced units have rents and utilities that are 30% and less of renter income.

EXECUTIVE SUMMARY

Overall in the state, there are 32,000 too few affordable rental units to meet the needs of renters with incomes of 30% of AMI and less. The shortage is most pronounced in Bernalillo, Dona Ana, Santa Fe, and Sandoval Counties. A combination of new affordable rental units, rental assistance, and market rate production is needed to address this gap.

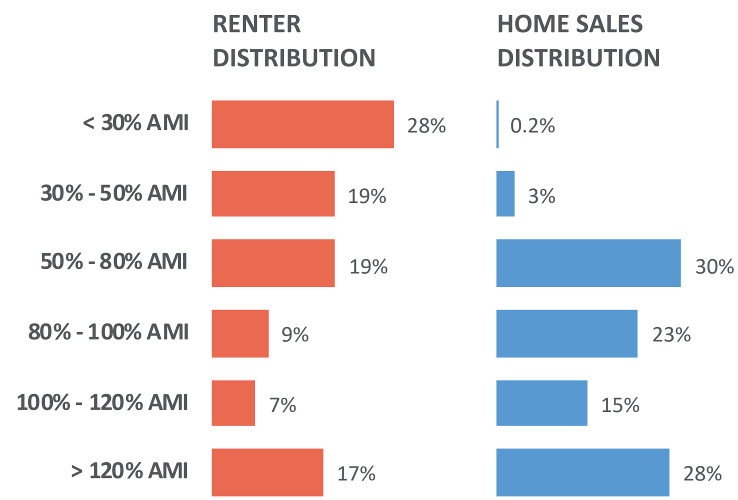
Rental Gap for Households Below 30% AMI by County, 2019



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

The state will be challenged to maintain its high and equitable ownership rate if production does not keep up with demand. Mortgage loan data suggest many counties do not have the supply to allow renters to transition into homeownership: The majority of renters have incomes of less than 80% of AMI, while the supply of homes affordable is concentrated at higher incomes.

Renter and Affordable Home Sales Distribution, by AMI



Note: Assumes a 30-year mortgage at a rate of 3.25% with a 5% down payment, 35% of monthly payment is used for property taxes, utilities, and insurance.

Source: Root Policy Research, 2019 ACS 5 year estimates, and HMDA.

EXECUTIVE SUMMARY

For many New Mexicans, their housing needs are intensified by periods of housing instability, health care challenges, poor housing condition, geographic isolation, and wages paid by the industries in which they work.

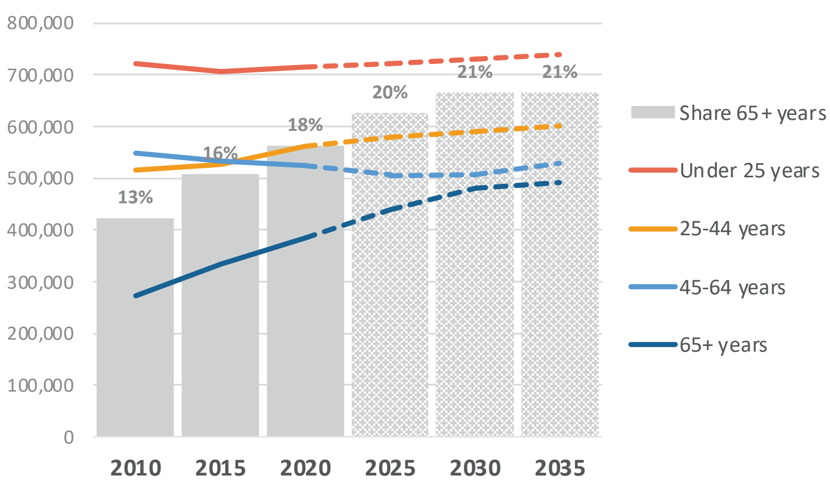
- The New Mexico Coalition to End Homelessness (NMCEH) estimates the number of New Mexicans experiencing homelessness at between 15,000 and 20,000—with **9,000 children and youth experiencing homelessness**. This number is much larger than that reported in annual "point in time" counts, which identify between 2,500 and 3,500 homeless individuals. The larger estimate captures the hidden homeless—residents who are living with others temporarily, living in unsafe housing conditions, sleeping in cars, living in motels—in addition to those staying in shelters. **Native American and Black/African American residents are overrepresented among homeless individuals**, while Hispanic residents are underrepresented, based on their share of individuals living in poverty. NMCEH estimates that more than 6,500 people who experience homelessness annually do not receive adequate services or housing to help them exit homelessness.
- According to the resident survey conducted for the Housing Strategy, 25% of residents live in housing that does not meet the needs of their household member with a disability—equivalent to **43,000 New Mexico households with accessibility needs.**
- **Residents living on Tribal lands and in colonias** are more likely than other New Mexicans to be **living in housing in poor condition.**
- There is a **shortage of 4,590 rental units priced below $500 for senior renter households**. According to the resident survey, 28% of households with an older adult share housing with friends or family members due to lack of housing that meets their needs.
- According to Census data, **around 28% of households with children—an estimated 78,000 households—are cost burdened.** According to the resident survey, families with children experience high rates of housing instability. The survey found that 32% of households with children experienced displacement in the past five years.
- New Mexico has nearly **12,000 jobs** in the agriculture, forestry, fishing, and hunting industries, where the average wage of workers—$35,000 per year—is **30% lower than average annual wages in the state**. Workers in these industries would need rentals that cost no more than $875 per month, including utilities.
- New Mexico is home to over 1**2,000 active duty military members**. A comparison of the Basic Allowance for Housing (BAH) provided by the federal government and gross rents by county found that BAH rates are reasonable when compared to rents in each area. A larger barrier for military personal is the **lack of available housing**, **given the historically low vacancy rates in the state.**
- The Comprehensive Needs Assessment of Young People Experiencing Housing Instability and Homelessness in Bernalillo County identified foster care as a contributor to unstable housing: **34% of youth surveyed who were classified as unstably housed or homeless had been in foster care** at some point in their lives.

EXECUTIVE SUMMARY

FUTURE HOUSING NEEDS

By 2035, New Mexico's senior residents will comprise 21% of all residents, up from 16% in 2010. Growth projections estimate that the state will retain a large share of younger residents, accounting for around 30% of the total population—which bodes well for economic growth.

Population Projections by Age, 2010 to 2035



Source: The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

Ensuring that the state's housing production adequately supports the formation of new households, addresses the needs of aging residents, and supports the needs of housing unstable households will be imperative for sustained economic growth.

By 2035, the state is projected to reach nearly 900,000 households—65,000 more than in 2020.

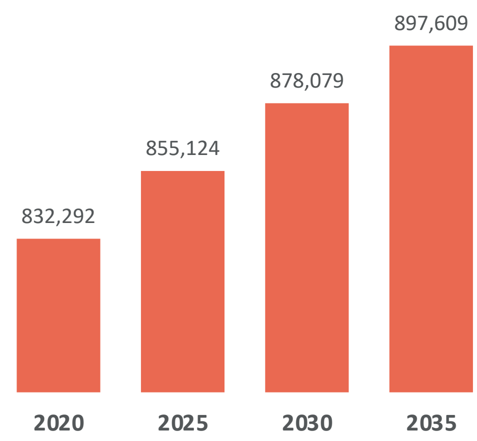
Household Projections, 2020 to 2035

Note:

Holding 2019 average household size for each county constant.

Source:

The University of New Mexico Geospatial and Population Studies, and Root Policy Research.



Based on the above projections,

- Between now and 2025, an **average of 5,100 housing units per year** are needed to accommodate growth; and
- Between 2025 and 2030, an average **of 5,140 housing units per year** are needed to accommodate growth.

This compares to a 10-year average of annual permits issued of 4,107 housing units in growth counties and 4,771 housing units statewide.

EXECUTIVE SUMMARY

Housing production must be paired with programs and policies to ensure a portion of new units meet affordability needs.[1]

- By 2025 the state will need around 25,400 units; around 4,200 of them should be affordable to households with income below 30% AMI and 7,600 below 50% AMI.
- By 2035 the state will need around 73,700 units; around 12,000 of them should be affordable to households with income below 30% AMI and 22,000 below 50% AMI.
- Market production will be concentrated at 120%+ AMI; therefore, incentives for production below that price point should be pursued.

Projected Total Units Needed by 2035, by County, AMI

Note:

Holding 2019 AMI and tenure distributions constant.

Source:

The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

	Total	PERCENT OF AMI					
		0-30%	30-50%	50-80%	80-100%	100-120%	Over 120%
Total	**73,774**	**12,078**	**9,861**	**12,661**	**7,132**	**6,156**	**25,886**
Bernalillo	27,399	4,890	3,854	4,663	2,529	2,297	9,165
Sandoval	17,504	2,245	1,799	3,093	1,803	1,699	6,866
Doña Ana	11,700	2,092	1,825	1,858	1,034	774	4,116
Santa Fe	7,362	1,156	1,031	1,315	781	547	2,533
San Juan	3,129	611	473	562	310	273	901
Curry	1,730	253	215	330	173	135	624
Lea	1,609	266	173	262	179	161	568
Chaves	1,389	222	214	232	137	104	480
Valencia	1,053	197	167	199	105	94	290
Roosevelt	483	75	54	80	42	38	194
Eddy	259	41	36	41	25	22	93
Cibola	156	30	19	26	13	11	57

	Total	PERCENT OF AMI					
		0-30%	30-50%	50-80%	80-100%	100-120%	Over 120%
Rental Units	**25,637**	**6,530**	**5,548**	**4,489**	**3,749**	**3,409**	**1,912**
Bernalillo	11,692	3,048	2,566	2,073	1,660	1,537	807
Sandoval	3,384	878	765	663	440	416	220
Doña Ana	4,991	1,234	1,135	786	766	681	389
Santa Fe	2,206	564	474	357	345	294	173
San Juan	1,105	251	239	202	179	148	87
Curry	693	162	116	115	113	106	81
Lea	549	151	74	101	79	83	62
Chaves	443	96	80	83	77	63	44
Valencia	227	61	38	42	36	33	16
Roosevelt	209	54	35	41	31	30	18
Eddy	81	18	16	15	13	11	8
Cibola	59	13	10	11	10	9	7
Ownership Units	**48,137**	**5,548**	**4,313**	**8,172**	**3,383**	**2,747**	**23,974**
Bernalillo	15,707	1,841	1,288	2,590	869	760	8,358
Sandoval	14,121	1,367	1,033	2,429	1,363	1,283	6,646
Doña Ana	6,710	858	690	1,073	269	93	3,727
Santa Fe	5,156	592	557	958	436	253	2,360
San Juan	2,023	360	234	361	130	125	814
Curry	1,037	91	99	215	60	30	542
Lea	1,061	115	100	161	101	78	506
Chaves	946	126	135	149	60	41	436
Valencia	827	136	130	157	69	61	273
Roosevelt	275	22	19	39	10	8	176
Eddy	178	23	20	26	13	11	85
Cibola	97	17	8	16	3	2	51

[1] Assumes 2019 household size, AMI distribution, and tenures remain constant.

EXECUTIVE SUMMARY

A CALL TO ACTION

This Housing Strategy leads the state, New Mexico local governments, and private and nonprofit partners toward the **highest impact actions** to address challenges in:

- **Producing housing** across the income continuum;
- **Preserving and Improving** existing affordable housing, both privately and publicly owned, and **Redeveloping** underutilized and vacant properties to increase supply and catalyze economic development;
- **Building Homeownership** opportunities to retain the state's high homeownership rate, especially among low and moderate income, and racially and ethnically diverse, households;
- **Creating Housing Stability** for people vulnerable to and experiencing homelessness and residents with special housing needs; and
- **Advocating** for effective federal housing policies and regulations.

The Housing New Mexico Strategic Plan at Work

1 **Housing for Individuals Experiencing Homelessness, Unique Needs of Residents:**
- PSH predevelopment funding
- Property management and service provider collaborative training and support
- Supportive services funding
- Rental assistance
- Coordinated entry system changes

2 **Rental Housing:**
- Acquisition and redevelopment funding
- Landlord incentives
- Zoning and land use reform
- Infrastructure funding

3 **Manufactured Homes:**
- Streamlined process to convert to real property
- Emergency assistance for homeowners

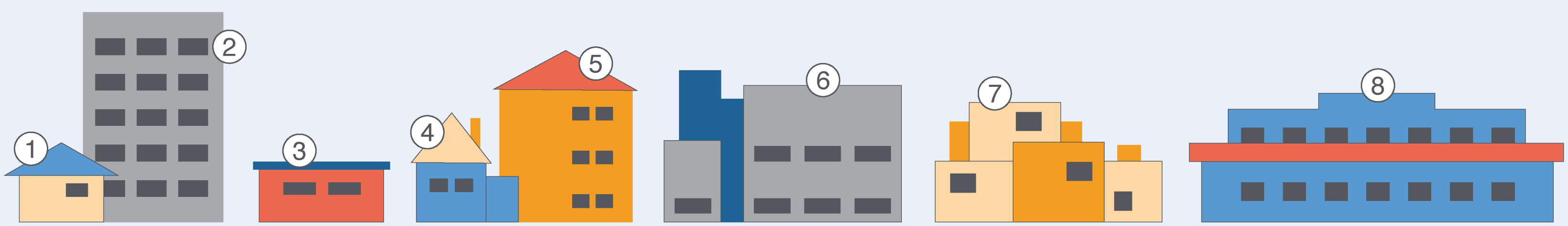
4 **Homeownership Housing:**
- Regulatory efficiencies
- Down payment and closing cost assistance
- Below market mortgage loans
- Zoning and land use reform
- Infrastructure funding

5 **Preservation of Existing Housing:**
- Targeted weatherization and rehabilitation funding
- Public housing condition improvements

6 **Rehabilitation of Vacant, Underutilized Properties:**
- Toolkit training and technical assistance
- Acquisition and redevelopment funding

7 **Housing on Tribal Lands:**
- Infrastructure funding
- Tailored financing

8 **Policy Leadership:**
- Local government policy and program technical assistance



EXECUTIVE SUMMARY

A CALL TO ACTION TO CREATE MORE HOUSING

These actions will address the housing challenges of:

- If current development patterns continue, housing unit production in growth counties will lag demand. Accelerated job growth could further exacerbate production gaps.
- Public infrastructure—water and wastewater systems, public utilities—is expensive to extend and can prevent needed housing from being developed.
- High costs of development—due to materials costs, land costs, and labor shortages—complicate the ability to build new housing to meet needs. The more remote the location, the higher the costs.
- Contractors and laborers are nearly impossible to find in the state's non-urban areas. Very few contractors operate in the market overall and they often need to import labor from other states.
- Local zoning, land use regulations, and building codes present a variety of challenges to getting units built.
- Community resistance to all types of new construction—affordable and market rate—prevents needed units from being built or adds significant delays.

Goal: Increase housing production across the housing continuum.

1) Prioritize existing federal block grant, state, and local infrastructure resources to fund public improvements to support residential development with the most favorable programs for developments that incorporate affordable housing. This includes infrastructure extensions for new (and improvements for existing) manufactured home communities/parks with affordability and lot lease requirements.

2) Take state policy action to boost residential construction workforce, such as partnerships with technical education and training providers, streamlined licensing, and opportunities for re-entry workforce and persons formerly homeless.

3) Advocate for increased local, state, and federal appropriations, revenue generating policy changes benefiting affordable housing, and tax exemptions for affordable housing development and operation.

EXECUTIVE SUMMARY

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

1) Advocate for concrete changes to state law to reduce regulatory barriers to housing development. Examples of changes considered or adopted in other states and localities that could be studied include:

    - Incentivize and/or require that planning commissions consider housing needs documented in local or regional housing needs assessments when making zoning and land use decisions;
    - Incentivize and/or require that economic development incentives, such as those offered through LEDA, include a workforce housing component for production and/or preservation;
    - Incentivize by right or administrative approval for developments with a significant share of affordable units including casitas/ADUs and plexes;
    - Allow density bonuses and/or fast track approval for homes that meet energy efficiency requirements (to offset higher costs of green building);
    - Create a model development code that includes feasible land use incentives for affordable housing, mixed-income housing, and mixed-use development;
    - Create an incentive program that provides funding to local governments that adopt policies that facilitate flexibility and efficiency in development approval, infill development, income-diverse development, and efficient zoning. Funding could be used for: community revitalization, economic development, or infrastructure expansion activities;
    - Create a program to mitigate resistance to affordable housing at the local level, including training to build community awareness and support of needs.

EXECUTIVE SUMMARY

A CALL TO ACTION TO PRESERVE AND IMPROVE EXISTING AFFORDABLE HOUSING AND CATALYZE REDEVELOPMENT

These actions will address the housing challenges of:

- New Mexico communities have many underutilized and vacant properties that could be redeveloped into housing but lack the knowledge, staff capacity, and financial resources to facilitate redevelopment.
- Counties where growth is modest or stagnant have trouble attracting capital; investors migrate to higher-return urban areas.
- It is often less expensive to rehabilitate homes to keep them affordable versus build new—but funding (such as 9% tax credits) is harder to secure.
- Public housing is aging and has not had resources to keep up with maintenance.
- Naturally occurring affordable housing (NOAH) provided by the private market is being lost due to rent increases at a much faster pace than new affordable housing is being developed.
- Private property owners are incentivized to raise their rents to keep up with the market, resulting in a loss of NOAH.
- Low income homeowners can be at-risk of losing housing due to rising costs of taxes, maintenance, and economic shocks.

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

1) Create a comprehensive technical assistance (TA) fund, a resource catalogue, and access to TA providers to assist with redevelopment of underutilized and vacant parcels and address staff capacity gaps.

Goal: Preserve existing naturally occurring affordable housing and publicly subsidized housing stock.

1) Support preservation and provide funding to improve the condition of existing affordable housing; and consider prioritizing projects owned and/or managed by public, regional and tribal housing authorities.
2) Reconsider how new funding sources for weatherization and rehabilitation funds could be allocated to ensure that the funding distribution aligns with needs (v. population based distribution).
3) Monitor the Qualified Allocation Plan (QAP) to ensure that 9% credits adequately support multifamily acquisition/rehabilitation.

EXECUTIVE SUMMARY

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

1) Incentivize landlords—through a “signing bonus,” “holding fees” while they wait for a voucher approval, enhanced loss mitigation, and subsidies to pay rents above fair market rent standards—to provide units to vulnerable renters.

2) Create a permanent housing stability fund serving renters who need help paying rental costs (including application fees and security deposits), households who do not qualify for housing through the Coordinated Entry System (CES), homeowners vulnerable to foreclosure, and manufactured home park owners who face personal situations (job losses, injuries) that create challenges in paying lot leases.

3) Create a case management program to assist vulnerable housing voucher holders apply for housing and maintain housing stability.

EXECUTIVE SUMMARY

A CALL TO ACTION TO BUILD HOMEOWNERSHIP AND WEALTH

These actions will address the housing challenges of:

- Down payment/closing cost assistance has not kept up with what is needed to attain homeownership in many parts of the state.
- The state residential inspection process delays completion of new homes and adds to building costs; this is exacerbated by rapidly rising construction costs.
- Local zoning, land use regulations, and building codes present a variety of challenges to getting units built.
- Community resistance to all types of new construction—affordable and market rate—prevents needed units from being built or adds significant delays.
- Manufactured homes are a relatively affordable option for ownership in New Mexico and contribute to the state's high ownership rate, yet financing, production, and infrastructure challenges create barriers to continued affordability.

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

1) Streamline the local and state residential inspection processes to make the system more efficient, practical, and timely—e.g., by allowing video inspections, allowing third party contractors—while preserving public health and safety objectives.

2) Seek funding sources that allow for down payment assistance programs to adequately meet the needs of consumers and explore programs to support their success as homeowners.

3) Explore and advocate for innovative homeownership programs to expand wealth building opportunities, including extended mortgage terms, accelerated mortgage terms, and land trust models.

4) Explore and advocate for programs aimed at maintaining homeownership.

5) Explore financial capability programs to expand access to homeownership and wealth building.

EXECUTIVE SUMMARY

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

1) Make changes to the process of converting chattel property to real property consistent across New Mexico's counties.

2) Explore and pilot a MFA manufactured home purchase program to assist in the conversion to real property loans and facilitate manufactured homeownership.

3) Fund infrastructure extensions for new (and improvements for existing) manufactured home communities/parks with affordability and lot lease requirements.

EXECUTIVE SUMMARY

A CALL TO ACTION TO CREATE STABLE HOUSING ENVIRONMENTS FOR PERSONS EXPERIENCING HOMELESSNESS AND WITH SPECIAL NEEDS

These actions will address the housing challenges of:

- New Mexico needs to expand its range of evidence-proven and housing+services models, tailored to local needs, to address homelessness
- Urban areas need both site-based and scattered site models. Predevelopment funding, developer capacity, deeper subsidies, and adequate and consistent supportive services are needed to create successful exits from homelessness
- Small (< 30 unit) housing+services developments or scattered site developments are often the best solution in rural counties, yet funding favors larger developments. Rural areas need adequate and consistent supportive services for small and scattered site single family homes
- Federal requirements and guidance for defining chronic homelessness and assessing needs through the Coordinated Entry System (CES) can be misaligned with local needs
- Lack of a comprehensive behavioral health care system makes it difficult for housing providers, including private sector property managers, to address the complex needs of tenants. Providers may not recognize the behavioral health needs of residents and be unsure of how to properly address challenges, perpetuating the cycle of housing instability.

Goal: Expand successful housing+services models tailored to local needs.

1) Provide annual funding for predevelopment grants to cultivate Permanent Supportive Housing (PSH) development partners and build local developer and supportive service provider capacity. Funding would support capacity building/local support, needs assessments, zoning and planning review, architecture and engineering, and development applications.

2) Increase collaboration between service providers and property managers through training and technical assistance that results in successful housing of PSH clients.

3) Expand funding for the Linkages program to ensure that New Mexicans with mental health challenges, are experiencing or at-risk of homelessness, and are extremely low income have the resources needed to remain in stable housing environments.

4) Address the operating subsidy deficits common in PSH projects through encouraging PHA's to project-base vouchers and by exploring options to project-base the Linkages program.

EXECUTIVE SUMMARY

5) Evaluate how the Coordinated Entry System (CES) could be tailored through state and local programs so that vulnerable households are prioritized in an equitable manner. Advocate for state and local solutions to ensure that the most vulnerable households are able to fill gaps in emergency housing. This would include households in first-time homelessness and/or who are housed but in unsafe situations.

Goal: Strengthen supportive service programs that foster housing stability.

1) Increase service provision funding options for PSH developments. Examine how Medicaid waivers could be used for supportive services, allowing supportive service providers to be reimbursed at a rate that can sustain programming and operations.

2) Support actions to strengthen statewide behavioral health system including satellite care facilities.

Goal: Strengthen support for emergency homelessness interventions.

1) Advocate for increased state and local appropriations to support emergency homeless shelters and other immediate interventions, including funding to improve the conditions of shelters.

EXECUTIVE SUMMARY

A CALL TO ACTION FOR FEDERAL ADVOCACY

Federal grant funds, federal tax credits, and the federal authority to issue tax-free bonds to finance housing development collectively make up the vast majority of resources available to address housing needs in the U.S.—and in New Mexico.

Current initiatives that would significantly boost the ability of New Mexico and its local governments address housing needs include:

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

Because these credits are allocated based on population—not on need—New Mexico receives a disproportionately lower share of credits relative to its need. MFA receives twice as many applications for LIHTC developments annually than it has credits to allocate.

An amendment to LIHTC legislation to increase the amount of credits would help the state meet affordable rental production needs and alleviate renter cost burden. Revisions that would prioritize credits in "hard to reach communities" would benefit New Mexico communities by making capital, which is challenging to raise locally, more readily available for affordable rental housing development.

Create equitable opportunities to attain homeownership and build wealth.

Other than federal block grant funding, there is no significant federal funding source that facilitates the development of affordable ownership products. Federal support of homeownership has historically been in financing and mortgage insurance. New Mexico would benefit from new federal initiatives to develop affordable homeownership products.

Maximize federal appropriations for affordable housing programs.

HUD, U.S. Department of Agriculture (USDA), and Department of Energy housing programs are classified as discretionary programs, meaning that Congress must set annual funding levels through the budget and appropriations process.

Maximizing the annual appropriations for affordable housing programs, including the HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), Housing Opportunities for Persons with AIDS (HOPWA), Section 811 Project Rental Assistance, Weatherization Assistance Program, and rural housing programs within the USDA, would benefit both urban and rural New Mexico communities. Advocating for HUD training and technical assistance for Tribal governments who are new to housing developments would build capacity to address housing needs that maximize federal and state funding.

EXECUTIVE SUMMARY

Streamline federal regulations related to affordable housing policies and programs. Supporting the efforts of trade associations, such as the National Council of State Housing Agencies (NCSHA), to reduce regulatory barriers would help reduce administrative burden in the delivery of federal housing and community development block grant programs.

Advocating for changes in tenant based rental assistance programs, including Fair Market Rent and income limits, would expand the number of available rental units and not penalize tenants when they acquire employment.

Support federal initiatives to lower housing development costs including tariff reductions on building materials and programs that would add flexibility to non-domestic workers.

RESEARCH BRIEF I.

HOUSING PRODUCTION AND PRESERVATION

RESEARCH BRIEF I.
Housing Production and Preservation

The purpose of this section is to provide:

1) Context for housing production and how production relates to housing needs;
2) An understanding of how different unit types accommodate the needs of different types of households;
3) Estimates of existing gaps in rental and ownership affordability;
4) Estimates of units needed to accommodate projected population growth and employment growth; and
5) Estimates of preservation needs.

Primary Findings

Top findings from analysis in this section include:

- Overall, between 2000 and 2019, housing production (a 20% increase) adequately accommodated population and household growth (a 15% increase). This was not true of all areas of the state, however:
    - Counties that struggled to keep up with growth include Bernalillo, Chaves, Curry, Eddy, Leah, and Sandoval. In these counties, the growth in housing units barely kept up with population growth and it is unlikely that enough units were added to maintain a healthy vacancy rate.
    - In tourism economies, new housing was developed to become second or vacation homes, and existing inventory was converted to second or vacation homes, depressing the inventory for workers. Over 50,000 housing units in the state are vacant for seasonal and recreational use.

  The 2020 Census shows a shift in the balance between housing production and population growth, with production falling behind growth.

- **Residential building activity has not rebounded since the Great Recession** and the overall distribution of housing types has shifted heavily towards single family homes since 1990, despite changing needs.
    - Single family detached homes made up 82% of residential units permitted between 2010 and 2020, followed by multifamily units (15%). Attached

units—townhomes, duplexes, small multifamily structures—made up just 2% of units permitted between 2010 and 2019.

- The limited production of diverse housing types disproportionately impacts some racial and ethnic groups: Black/African American and Asian households in New Mexico are twice as likely to live in multifamily units and attached homes than White non-Hispanic and Hispanic households. Native American and Hispanic households are twice as likely to live in manufactured homes than White non-Hispanic households.
- Households with incomes of 80% of AMI and less are twice as likely than higher income (120%+ AMI) households to occupy mobile homes, and attached housing (du/tri/fourplexes), and households with income below 30% AMI are five times more likely to occupy multifamily (5+ units) housing.

- A rental gaps analysis, which shows the difference between the number of renter households and the number of rental units affordable to them, shows that **the state's rental gap is concentrated at income levels below 30% AMI. The statewide gap at this income level is around 32,000 units.**
  - Most counties also show a gap for higher income renters. This points to an income mismatch in the market in which higher income households are occupying homes affordable to lower income households.
- **A total of 117,613 households are cost burdened, and another 100,858 are severely cost burdened.** Among cost burdened households, 46% are renters, 41% are owners with a mortgage, and 13% are owners without a mortgage.
- **Many of New Mexico's homes are relatively old: 44% were built before 1980.** These homes can be more expensive to heat/cool, have higher maintenance costs, have a higher likelihood of lead exposure, and were built before accessibility features were required.
  - Lower income households are more likely to live in older housing, as are renters, New Mexicans with disabilities, and older adults. Nearly half of households in which a member has a disability or a member is older than age 65 live in a home built before 1980.
  - Multifamily units permitted during the 1980s, now 30 years old, make up nearly half of all multifamily permits issued between 1980 and 2020.
  - An estimated 40,000 housing units in the state do not have complete kitchen facilities, and there are another 40,000 units without complete plumbing. The counties with the largest number of substandard units—McKinley and San Juan—are also those with large shares of Tribal lands.
- Population trends project that the state will add 22,800 new households between now and 2025 and 65,000 new households between now and 2035. Urban counties are

expected to drive the growth, with Bernalillo County accounting for 42% of the growth through 2035, followed by Sandoval (27%), Dona Ana (18%), and Santa Fe (11%).

Based on these growth projections:

- By 2025 the state will need around 25,400 units; around 4,200 of them should be affordable to households with income below 30% AMI and 7,600 below 50% AMI.
- By 2035 the state will need around 73,700 units, around 12,000 of them should be affordable to households with income below 30% AMI and 22,000 below 50% AMI.
- Of the state's projected new jobs (84,000 new jobs between now and 2035) the vast majority—71%—are in the low to moderate wage industries of Leisure and Hospitality and Education and Health Services. These workers are unlikely to be able to afford to buy and will have difficulty renting in the state's high growth urban markets.
- Overall, housing production will need to increase by about 400 units per year above the past 10 year average. To meet affordability needs, production must be paired with programs and policies to ensure a portion of new units are affordable to new workers and existing low income households who face cost burden.

- **Strong preservation efforts and strategic development to support economic growth are important to maintain affordability for New Mexico—especially in the state's rural areas**, which are projected to keep growing in employment terms and might be experiencing a change in population trends due to the readjustment of the labor market and location preferences caused by the pandemic.

Housing Production Trends

Between 2000 and 2019, the state's housing production overall adequately accommodated population and household growth. During this period, the state's population and households grew by 15%, while the number of housing units increased by 20%. This does not mean that the new housing built was aligned with what households could afford, however.

Housing production lagged demand in some areas of the state. Counties that struggled to keep up with growth include Bernalillo, Chaves, Curry, Eddy, Leah, and Sandoval. In these counties, the growth in housing units barely kept up with population growth and it is unlikely that enough units were added to maintain a healthy vacancy rate.

Conversely, housing production exceeded population and household growth in some counties. In Catron, Guadalupe, Harding, Lincoln, Quay, Rio Arriba, Socorro, Taos, and Union, production exceeded population and household growth. This may have occurred because housing units were built as second or vacation homes. It is important to note that trends in counties with very small population and unit growth are subject to large margins of error, and that county trends may not reflect municipal trends or needs. However, the general direction of the trends indicates that development accommodated non-residents in resort areas and/or was built to replace existing units in very rural areas.

Figure I-1.
Change in Population, Households, and Housing Units, 2000 to 2019

	Population Change		Household Change		Housing Units Change	
	Number	Percent	Number	Percent	Number	Percent
New Mexico	**273,408**	**15%**	**102,278**	**15%**	**157,341**	**20%**
Bernalillo	121,830	22%	47,022	21%	54,977	23%
Catron	-17	0%	-259	-16%	1,208	47%
Chaves	3,762	6%	723	3%	1,632	6%
Cibola	1,296	5%	381	5%	1,069	10%
Colfax	-2,021	-14%	32	1%	1,325	15%
Curry	4,688	10%	1,782	11%	2,055	11%
De Baca	-200	-9%	-250	-27%	-215	-16%
Doña Ana	41,387	24%	18,286	31%	22,687	35%
Eddy	6,074	12%	1,872	10%	2,327	10%
Grant	-3,333	-11%	-295	-2%	1,005	7%
Guadalupe	-327	-7%	-271	-16%	510	24%
Harding	-369	-46%	-160	-43%	22	4%
Hidalgo	-1,635	-28%	-473	-22%	-394	-14%
Lea	14,766	27%	2,824	14%	3,205	14%
Lincoln	50	0%	-636	-8%	2,858	19%
Los Alamos	282	2%	434	6%	447	6%
Luna	-933	-4%	-493	-5%	-4	0%
McKinley	-2,360	-3%	-534	-2%	-406	-2%
Mora	-644	-12%	-304	-15%	8	0%
Otero	3,839	6%	650	3%	2,473	8%
Quay	-1,829	-18%	-1,161	-28%	26	0%
Rio Arriba	-2,031	-5%	-2,314	-15%	2,168	12%
Roosevelt	870	5%	175	3%	772	10%
San Juan	12,714	11%	5,676	15%	7,892	18%
San Miguel	-2,388	-8%	475	4%	1,730	12%
Sandoval	52,146	58%	19,331	61%	21,455	61%
Santa Fe	20,001	15%	9,439	18%	15,287	26%
Sierra	-2,239	-17%	-558	-9%	-172	-2%
Socorro	-1,220	-7%	-2,155	-32%	426	5%
Taos	2,807	9%	-572	-5%	3,512	20%
Torrance	-1,392	-8%	-380	-6%	769	11%
Union	-41	-1%	-338	-20%	122	5%
Valencia	9,875	15%	4,329	19%	6,565	27%

Source: 2019 5-year ACS, 2010 Census, 2000 Census, and Root Policy Research.

Between 2000 and 2019, the state added approximately 48,800 renter households. While the quantity of housing has expanded to meet supply, it has not done so at price points that are affordable to many households. During this time period, the supply of rental units affordable to households earning less than $25,000 a year decreased by over 50%—compared to a 9% decrease in the number of renters earning less than $25,000.

As of 2019, there was:

- **One affordable rental unit for every two renters with incomes less than $25,000;**
- 1.8 affordable rental units for every one renter with incomes of $25,000 to $50,000;
- An equal match of affordable rentals for renters with incomes of $50,000 to $75,000; and
- **Ten times the number of renters with incomes exceeding $75,000 than rental units.**

In sum, the state's rental units are concentrated in the $625 to $1,250 range, forcing low-income renters into units they cannot afford. These units are also occupied by much higher income renters who "rent down" because of lack of supply—and who may be more competitive in the very tight rental market, further limiting low income renters' options.

Figure I-2.
Number of Renters and Affordable Units by Income, 2000, 2010, and 2019

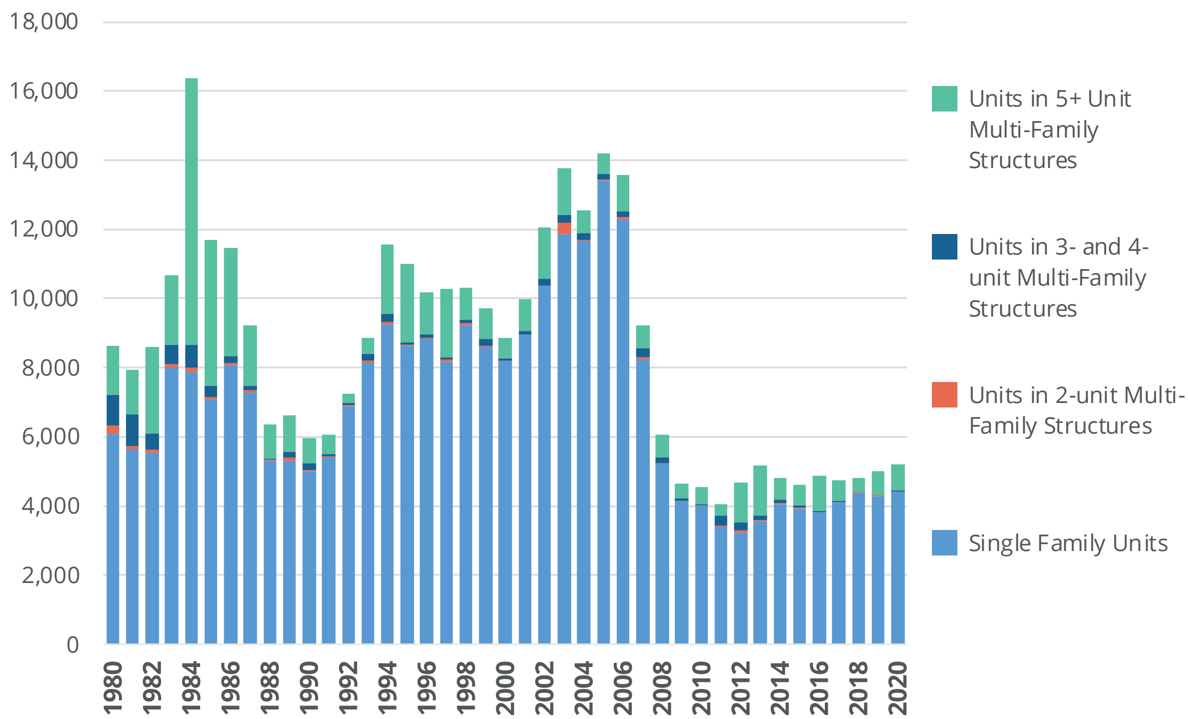
	2000		2010		2019	
Income	Renters	Affordable Units	Renters	Affordable Units	Renters	Affordable Units
Less than $25,000	111,761	125,800	105,878	86,475	101,317	57,571
$25,000-$49,999	61,382	51,157	69,212	104,698	70,806	129,791
$50,000-$74,999	19,413	3,758	31,008	15,185	39,859	38,706
$75,000 and over	10,980	735	23,429	2,066	40,371	4,924

Note: Price breaks for units are $625, $1,250, and $2,000.

Source: 2019 and 2010 ACS 5-year, 2000 Census, and Root Policy Research.

Building trends. Figure I-3 shows building trends in New Mexico since 1980. Despite recessionary periods in the 1980s, population growth and development were strong in the state. Positive and consistent growth continued through the 1990s and 2000s, up until the Great Recession in the mid-2000s. Building activity has not rebounded since, and population growth has leveled off. According to Federal Reserve Economic Research data, the state gained 210,000 residents in the 1980s, 300,000 during the 1990s, nearly 250,000 in the 2000s—and just 35,000 between 2010 and 2020.

Figure I-3.
Building Permits, 1980-2020



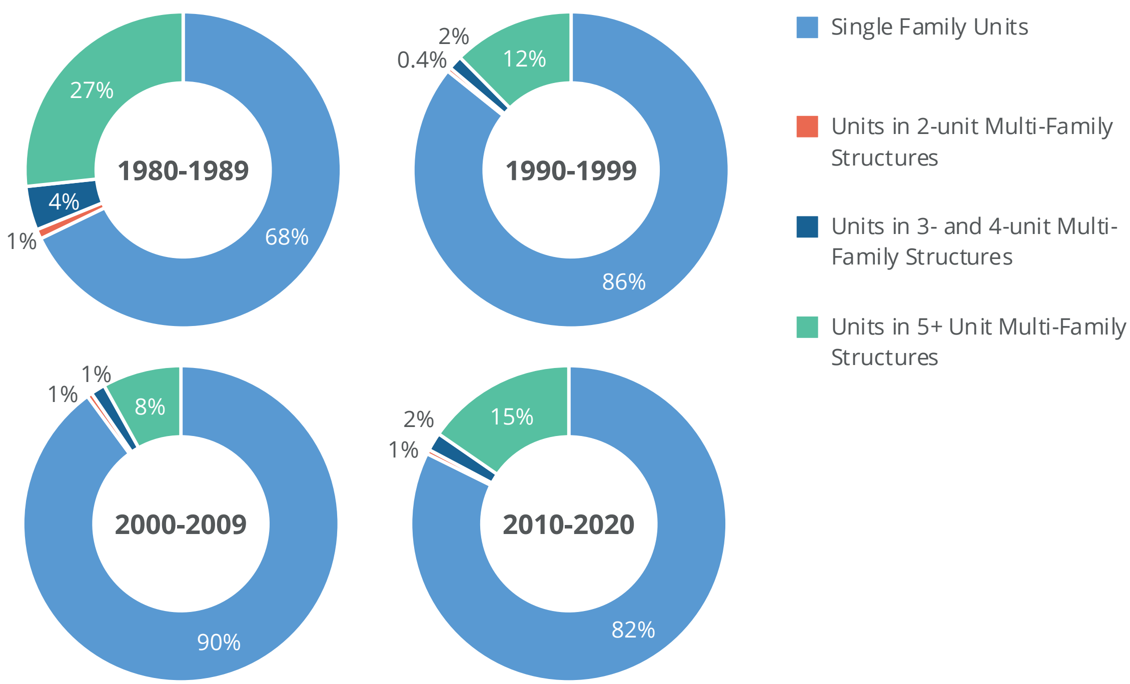
Source: U.S. Census, 2019 Building Permit Survey, and Root Policy Research.

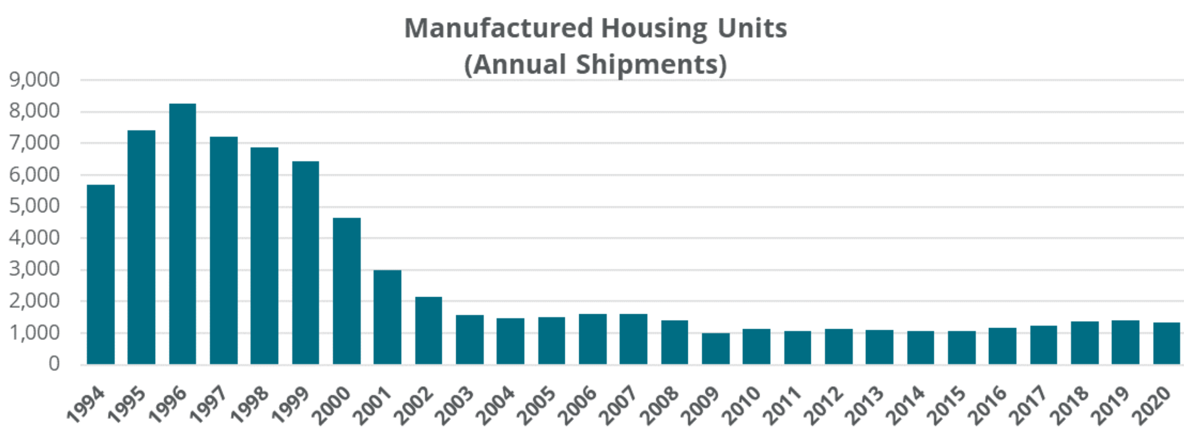
Figure I-4 shows the share of building permits by units in structure by decade as well as the number of manufactured housing units by year. Manufactured homes are tracked using a different survey and data by state are only available back to 1994. The overall distribution of housing types has shifted heavily towards single family homes since 1990, despite changing needs and preferences.

Significant building activity of multifamily units took place in the 1980s. This development occurred during a period of strong population growth yet very high unemployment, as well as high interest rates, which raised the cost of homeownership.

Multifamily units **permitted during the 1980s make up nearly half of all multifamily permits** issued between 1980 and 2020. These units are now more than 30 years old and are likely in need of improvements. The number of annual shipments of manufactured units has decreased considerately since the mid 1990s and has remained persistently low.

Figure I-4.
Building Permit Distribution by Type





Source: U.S. Census, 2019 Building Permit Survey, HUD Manufactured Housing Survey, and Root Policy Research.

Housing Types and Household Occupancy

Households' housing needs and preferences change over time with fluctuations in household composition, income, employment, and age. A variety of housing types is ideal, regardless of the geographic area, to accommodate changing needs. Diversity in housing type is typically easier to achieve in faster growing, urban areas where density, volume building, and financial resources can be leveraged.

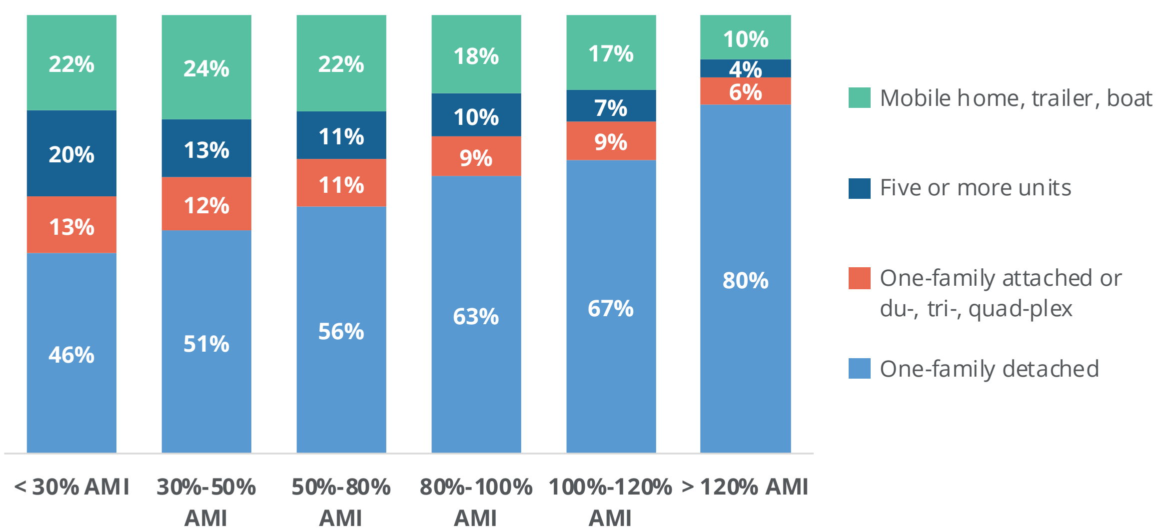
Figure I-5 illustrates housing type by income category. Income categories are determined by family size and area median income.

Households with incomes of 80% of AMI and less are:

- Twice as likely to occupy mobile or manufactured homes than 120% AMI households;
- Twice as likely to occupy attached housing (du/tri/fourplexes);
- For less than 30% AMI households, five times more likely to occupy multifamily (5+ units) housing.

Although homeownership is most common among 120% AMI households, **half of low income households in New Mexico are owners.**

Figure I-5.
Housing Type Occupied by Income, 2019



Note: AMIs are calculated by applying a population-weighted average of each county's 50% AMI by household size within PUMA.

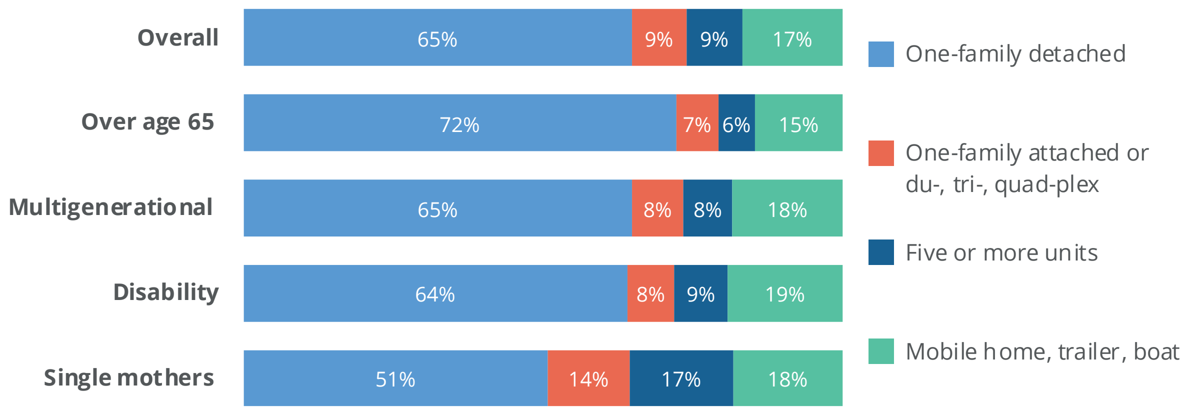
Source: 2019 ACS 5-year IPUMS, HUD AMI and Root Policy Research.

Figure I-6 illustrates how household characteristics vary by housing type. Although 65% of New Mexico's total population live in single-family detached homes, some groups of the population are more likely to live in such housing units. Namely, 72% of households with at least one member over the age of 65 are living in single-family detached homes.

Other groups, like single mothers for example, are less likely to live in single-family detached homes. About half of single mothers live in single-family detached homes and they are much more likely than other groups to live in multifamily housing. In fact, 17% of single mothers live in housing with five or more units in the building, and 14% live in single-family attached housing or a du-, tri-, or quad-plex. These rates are much higher than that of the overall population: just 9% overall live in each type of housing structure.

It is also worth noting that households in which one or more members have a disability are slightly more likely to live in a mobile home compared to the overall population: 19% of households in which a member has a disability live in a mobile home, trailer, or boat compared to 17% of the overall population.

Figure I-6.
Housing Type Occupied by Household Characteristics, 2019



Note: Here a multigenerational household is classified as one where: (1) there are either two or more generations in one household in which some members of the younger generation are married or older than 17; (2) there are two nonadjacent generations (i.e. grandparent and grandchild) in the household; or (3) there are three or more generations in one household.

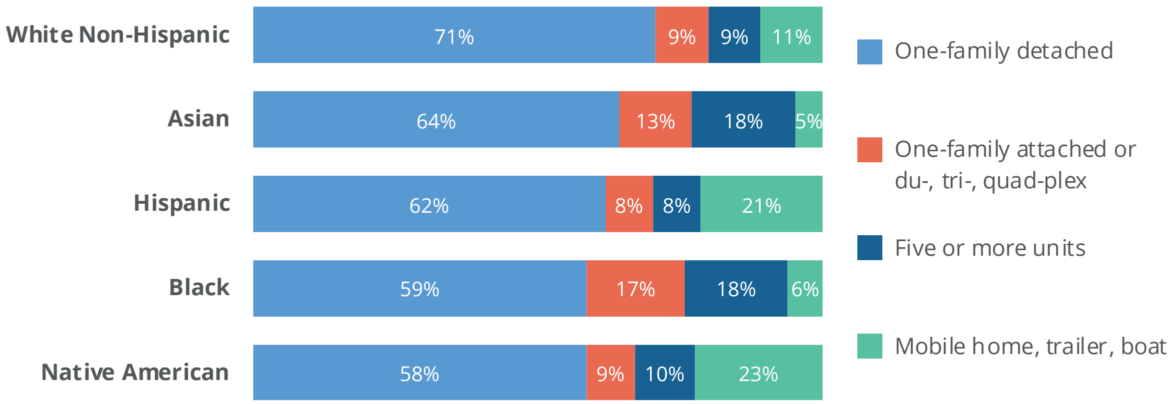
Source: 2019 ACS 5-year IPUMS and Root Policy Research.

Figure I-7 illustrates housing type by race and ethnicity. **The largest variance in housing type by race and ethnicity is found in mobile homes and multifamily units:**

- 18% of Black and Asian New Mexicans live in multifamily units compared to 9% of White, Non-Hispanic households and 8% of Hispanic households;
- Black and Asian households are also more likely to live in attached homes;
- Overall, 31% of Asian households and 35% of Black households live in a building with five or more units, an attached single-family home, or a du-, tri-, or quad-plex; and
- 23% of Native American households and 21% of Hispanic households live in mobile homes compared to 11% of White, non-Hispanic households.

White non-Hispanic households live in single-family detached homes at higher rates than other race and ethnic groups: 71% live in single-family detached homes compared to 64% of Asian households, 62% of Hispanic households, 59% of Black households, and 58% of Native American households.

Figure I-7.
Housing Type Occupied by Race and Ethnicity, 2019



Notes: Households' races and ethnicities are determined based on whether one or more people in the household identify in either of the above races or ethnic groups. This means that mixed-race or mixed-ethnicity households are counted in more than one race/ethnic groups.

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

Figure I-8 shows the number of housing units by type and county. Counties with higher share of higher density units (attached and five or more units) include Bernalillo, Los Alamos, and Santa Fe. **Mobile homes** provide a large share of housing stock in many counties and **are the second largest housing type after single family detached homes** in every county except for Bernalillo, Curry, and Los Alamos.

Figure I-8.
Housing Units by Type, 2019

	One-Family Detached	One-Family Attached/Du/Tri/4-plex	Five or More Units	Mobile Home, Trailer	Total
New Mexico	**64%**	**9%**	**9%**	**17%**	**937,920**
Bernalillo	65%	12%	17%	6%	293,787
Catron	65%	1%	0%	34%	3,756
Chaves	73%	7%	6%	14%	27,279
Cibola	60%	6%	5%	29%	11,397
Colfax	69%	6%	8%	17%	10,284
Curry	71%	13%	6%	11%	21,267
De Baca	77%	3%	0%	21%	1,092
Doña Ana	58%	10%	10%	22%	87,897
Eddy	72%	4%	7%	17%	24,576
Grant	61%	5%	4%	30%	15,071
Guadalupe	59%	10%	3%	27%	2,670
Harding	77%	1%	0%	23%	567
Hidalgo	55%	3%	3%	39%	2,454
Lea	66%	5%	9%	20%	26,610
Lincoln	66%	7%	6%	21%	18,156
Los Alamos	64%	17%	15%	4%	8,384
Luna	51%	4%	7%	38%	11,287
McKinley	65%	8%	3%	23%	26,312
Mora	65%	1%	0%	34%	2,981
Otero	61%	8%	3%	28%	31,745
Quay	68%	5%	4%	24%	5,690
Rio Arriba	56%	4%	1%	40%	20,184
Roosevelt	65%	12%	3%	20%	8,518
San Juan	56%	7%	4%	33%	51,113
San Miguel	53%	7%	3%	36%	15,984
Sandoval	81%	6%	4%	8%	56,585
Santa Fe	64%	12%	10%	14%	72,988
Sierra	48%	4%	7%	41%	8,555
Socorro	55%	4%	4%	37%	8,234
Taos	65%	9%	5%	21%	20,916
Torrance	53%	1%	1%	45%	8,026
Union	82%	3%	0%	15%	2,347
Valencia	64%	4%	2%	30%	31,208

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

Second home/vacation home demand. There is early evidence that the pandemic has prompted second-home purchases by wealthier households and near-retirees who may be accelerating their purchase of a retirement home while holding on to their primary residence for longer.

Demand for second and vacation homes has important implications for the inventory of units for rent and for sale available to current residents. Over 50,000 housing units in the state are vacant for seasonal and recreational use.

Figure I-9 shows the number of vacant homes by county, including seasonal and recreational use homes. Of the state's total vacant units for seasonal and recreational use, 15% are in Lincoln County and 11% are in Santa Fe County. The next largest shares are in Taos County (8%), Otero (7%), and Colfax (6%).

Figure I-9.
Vacant Units by Reason, 2019

	For Rent	For Sale Only	Rented or Sold, not Occupied	For Seasonal/ Rec. Use	For Migrant Workers	Other
New Mexico	**24,352**	**11,913**	**9,034**	**51,457**	**654**	**60,261**
Bernalillo	8,276	2,887	2,665	2,734	0	9,526
Catron	19	162	0	1,871	2	377
Chaves	1,114	318	466	263	52	1,782
Cibola	143	60	134	598	30	1,724
Colfax	399	146	103	2,880	0	903
Curry	554	375	305	341	12	1,132
De Baca	0	0	0	267	0	153
Doña Ana	2,737	1,056	617	1,839	75	3,731
Eddy	346	248	456	528	161	1,586
Grant	258	343	80	708	0	1,831
Guadalupe	13	30	16	1,110	0	117
Harding	5	4	5	273	0	69
Hidalgo	54	26	11	129	0	555
Lea	1,069	160	276	217	137	2,228
Lincoln	931	610	234	7,465	9	1,341
Los Alamos	67	74	31	122	0	159
Luna	202	256	139	197	0	1,589
McKinley	384	92	94	1,383	29	3,388
Mora	36	30	7	608	0	587
Otero	895	490	620	3,360	26	2,720
Quay	95	50	7	2,112	0	386
Rio Arriba	298	278	154	2,344	13	4,367
Roosevelt	355	178	382	145	0	644
San Juan	1,206	558	191	1,407	7	4,357
San Miguel	308	244	27	2,131	14	1,651
Sandoval	808	953	501	1,620	0	1,702
Santa Fe	1,417	705	606	5,530	0	2,809
Sierra	268	375	78	1,503	0	776
Socorro	513	212	96	1,880	0	1,013
Taos	900	264	350	4,071	0	3,228
Torrance	109	173	100	495	28	1,477
Union	0	41	0	693	0	218
Valencia	573	515	283	633	59	2,135

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

Figure I-10 shows the percent change in vacant units by reason. Most counties have experienced a significant increase in the number of vacant units for seasonal/recreational use.

Figure I-10.
Percent Change in Vacant Units by Reason, 2010-2019

	For Rent	For Sale Only	Rented or Sold, not Occupied	For Seasonal/ Rec. Use	For Migrant Workers	Other
New Mexico	**10%**	**8%**	**162%**	**41%**	**186%**	**65%**
Bernalillo	11%	-12%	215%	54%	-100%	95%
Catron	-44%	224%	-100%	67%	-60%	31%
Chaves	64%	1%	521%	23%	940%	4%
Cibola	-65%	-32%	109%	-32%	650%	115%
Colfax	38%	-10%	102%	0%	-100%	48%
Curry	17%	67%	296%	417%	300%	-6%
De Baca	-100%	-100%	-100%	28%	-100%	-18%
Doña Ana	33%	19%	155%	170%	369%	79%
Eddy	-21%	16%	243%	126%	3925%	38%
Grant	-26%	79%	10%	18%	-100%	105%
Guadalupe	-81%	15%	220%	687%	-100%	-69%
Harding	150%	-33%	67%	618%	-	-46%
Hidalgo	-33%	-7%	-15%	47%	-100%	126%
Lea	23%	-14%	197%	0%	954%	71%
Lincoln	146%	80%	157%	26%	-64%	-13%
Los Alamos	-66%	0%	41%	-53%	-100%	14%
Luna	-31%	25%	107%	36%	-100%	132%
McKinley	-20%	10%	2%	10%	16%	77%
Mora	9%	50%	250%	17%	-100%	8%
Otero	4%	20%	331%	2%	2500%	48%
Quay	-21%	-49%	-42%	288%	-100%	-46%
Rio Arriba	-20%	55%	86%	37%	63%	188%
Roosevelt	128%	100%	905%	164%	-100%	25%
San Juan	4%	33%	-18%	6%	-65%	145%
San Miguel	-24%	109%	-47%	15%	367%	38%
Sandoval	36%	7%	127%	6%	-100%	18%
Santa Fe	-26%	-39%	84%	44%	-100%	37%
Sierra	-18%	126%	160%	13%	-100%	32%
Socorro	62%	248%	60%	826%	-100%	153%
Taos	47%	7%	438%	29%	-100%	136%
Torrance	-37%	2%	33%	110%	155%	70%
Union	-100%	17%	-100%	446%	-100%	-40%
Valencia	16%	-16%	126%	288%	228%	82%

Source: 2019 ACS 5-year, 2010 Census, and Root Policy Research.

Home Mortgage Disclosure Act (HMDA) data indicate which home mortgages were for second homes and can be analyzed to better understand the shift in purchases of second homes. However, HMDA data only include home purchases which made use of a mortgage; home purchases made in cash, without a mortgage, are not included in the data. Therefore, the following estimates are an undercount of how many homes were purchased as second homes. Figure I-11 shows the number of originated loans for second home purchases by county.

Between 2015 and 2020 the number of second home loan originations increased by 50%. Counties with a significant volume of sales and a high share of home purchases for second homes include: Colfax (65%), Lincoln (57%), Taos (37%), and Santa Fe (17%).

Figure I-11.
Second Home Loan Originations by County, 2015-2020

	2015	2016	2017	2018	2019	2020
New Mexico	**1,967**	**1,996**	**2,175**	**2,595**	**2,724**	**2,945**
Bernalillo	570	578	656	799	873	812
Catron	2	1	7	6	6	7
Chaves	33	16	22	28	39	31
Cibola	8	4	2	1	19	21
Colfax	45	70	66	88	102	200
Curry	11	13	19	22	19	29
De Baca	-	-	2	-	-	-
Doña Ana	171	214	228	246	260	303
Eddy	35	33	32	75	71	48
Grant	23	21	26	23	19	23
Guadalupe	-	2	1	1	1	-
Harding	-	-	-	-	1	-
Hidalgo	3	5	4	2	1	1
Lea	26	16	13	28	40	35
Lincoln	169	198	203	225	199	286
Los Alamos	24	29	28	31	21	30
Luna	20	14	17	7	10	10
McKinley	12	14	6	21	16	10
Mora	3	-	3	3	5	5
Otero	72	81	86	78	90	109
Quay	5	1	2	3	4	7
Rio Arriba	20	22	17	23	24	36
Roosevelt	9	5	6	10	7	7
Sandoval	159	143	149	221	214	230
San Juan	46	44	59	57	65	65
San Miguel	21	11	28	17	20	33
Santa Fe	322	309	324	394	405	369
Sierra	24	24	25	26	23	39
Socorro	4	6	7	7	15	12
Taos	86	85	99	93	101	122
Torrance	4	7	6	5	4	7
Union	3	-	1	1	3	7
Valencia	37	30	31	54	47	51

Note: Includes first lien loan originations.

Source: HMDA and Root Policy Research.

Housing Needs

Housing needs are reflected in cost burden when households pay more than 30% of their incomes in housing costs. This industry standard ensures that households can manage other necessary costs such as health care, child care, the basic necessities of food and personal care. When households are paying more than 50% of their incomes in housing costs they are “severely” cost burdened and carry a higher risk of eviction or foreclosure.

Housing needs in this section are also described in terms of the “rental gap” which compares the distribution of renters by income to rental units available to them.

Cost burden. Figures I-12 and I-13 show the number of cost burdened and severely cost burdened households by tenure and county. In the state:

- A total of **117,613 households are cost burdened, and another 100,858 are severely cost burdened.**
- 38% of all cost burdened households and 41% of all severely cost burdened households reside in Bernalillo County;
- Among cost burdened households, 46% are renters, 41% are owners with a mortgage, and 13% are owners without a mortgage.
- This changes for severely cost burdened households, who are more likely to be renters. Among severely cost burdened households, 54% are renters, 35% are owners with a mortgage, and 11% are owners without a mortgage.

Figure I-12. Cost Burdened Households by Tenure, Paying 30%-49%, 2019

Source:

2019 ACS 5-year, and Root Policy Research.

	Renters	Owners with Mortgage	Owners without Mortgage	Total
New Mexico	**54,537**	**48,342**	**14,734**	**117,613**
Bernalillo	23,077	18,237	3,896	45,210
Catron	12	53	0	65
Chaves	1,522	1,194	582	3,298
Cibola	446	209	206	861
Colfax	316	464	307	1,087
Curry	1,771	987	323	3,081
De Baca	67	13	21	101
Doña Ana	6,199	4,477	1,276	11,952
Eddy	1,086	674	210	1,970
Grant	777	662	181	1,620
Guadalupe	97	7	31	135
Harding	19	0	5	24
Hidalgo	61	76	66	203
Lea	1,064	726	271	2,061
Lincoln	318	623	183	1,124
Los Alamos	266	168	32	466
Luna	823	469	178	1,470
McKinley	657	406	665	1,728
Mora	41	42	208	291
Otero	2,279	1,432	429	4,140
Quay	348	141	45	534
Rio Arriba	427	433	393	1,253
Roosevelt	632	383	74	1,089
San Juan	2,393	2,399	934	5,726
San Miguel	650	528	513	1,691
Sandoval	2,552	4,986	708	8,246
Santa Fe	4,167	4,667	1,347	10,181
Sierra	352	339	140	831
Socorro	260	179	139	578
Taos	686	565	352	1,603
Torrance	146	445	311	902
Union	46	61	18	125
Valencia	980	2,297	690	3,967

Figure I-13. Severely Cost Burdened Households by Tenure, Paying Over 50%, 2019

Source:

2019 ACS 5-year, and Root Policy Research.

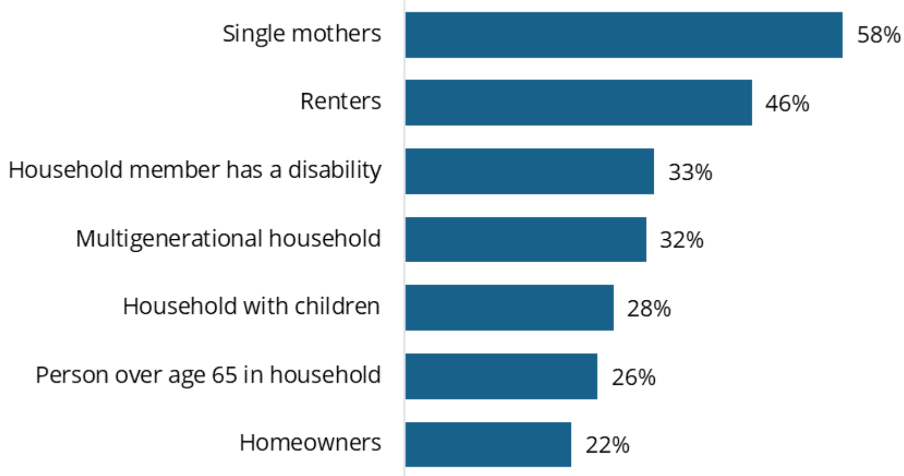
	Renters	Owners with Mortgage	Owners without Mortgage	Total
New Mexico	54,074	35,606	11,178	100,858
Bernalillo	24,323	13,509	3,051	40,883
Catron	9	13	70	92
Chaves	1,130	961	374	2,465
Cibola	301	118	238	657
Colfax	328	192	116	636
Curry	1,582	951	177	2,710
De Baca	13	15	19	47
Doña Ana	7,018	3,492	1,118	11,628
Eddy	664	641	338	1,643
Grant	876	444	212	1,532
Guadalupe	20	6	64	90
Harding	0	4	13	17
Hidalgo	84	89	29	202
Lea	1,310	548	216	2,074
Lincoln	201	440	150	791
Los Alamos	186	131	56	373
Luna	689	392	82	1,163
McKinley	996	627	313	1,936
Mora	72	65	33	170
Otero	1,358	561	290	2,209
Quay	112	91	21	224
Rio Arriba	568	394	222	1,184
Roosevelt	636	182	151	969
San Juan	2,328	1,322	760	4,410
San Miguel	745	466	588	1,799
Sandoval	2,339	2,617	509	5,465
Santa Fe	3,501	3,994	1,038	8,533
Sierra	330	368	127	825
Socorro	313	48	52	413
Taos	751	504	144	1,399
Torrance	254	428	154	836
Union	23	27	32	82
Valencia	1,014	1,966	421	3,401

Additionally, rates of cost burden vary by household characteristics. Single mothers and renters are significantly more likely to be cost burdened while homeowners and households with a person over age 65 are the least likely.

**Figure I-14.
Cost Burden
by Household
Characteristics**

Source:

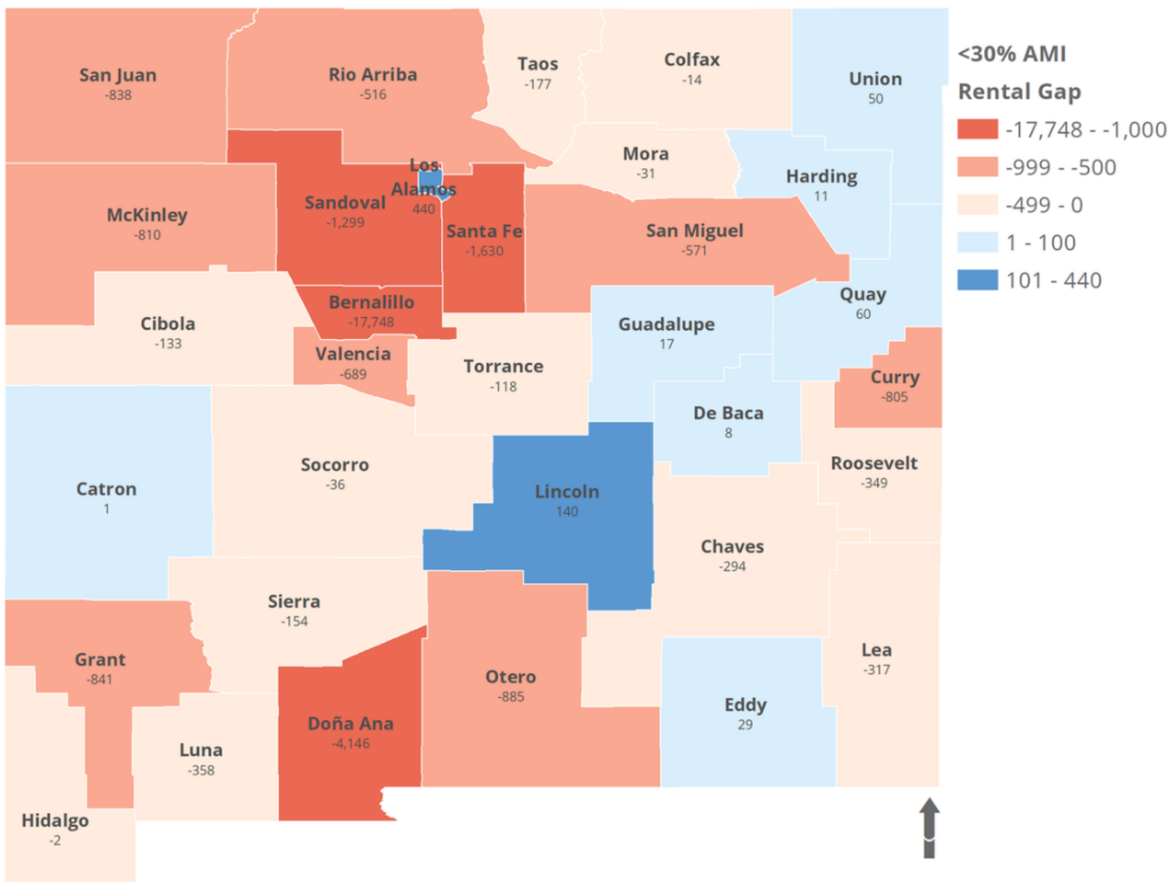
2019 ACS 5-year IPUMS
and Root Policy Research.



Rental gaps. The "Rental Gap" shows the difference between the number of renter households and the number of rental units affordable to them.

- The state's rental gap is concentrated at income levels below 30% AMI. The statewide gap at this income level is around 32,000 units.
- The Albuquerque MSA gap is around 19,850 units—making up 62% of the state's gap overall.
- Counties with gaps at 50 to 80% AMI include Guadalupe (40 units), Harding (19 units), and San Miguel (12 units).

Figure I-15.
Rental Gap for Households Below 30% AMI by County, 2019



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

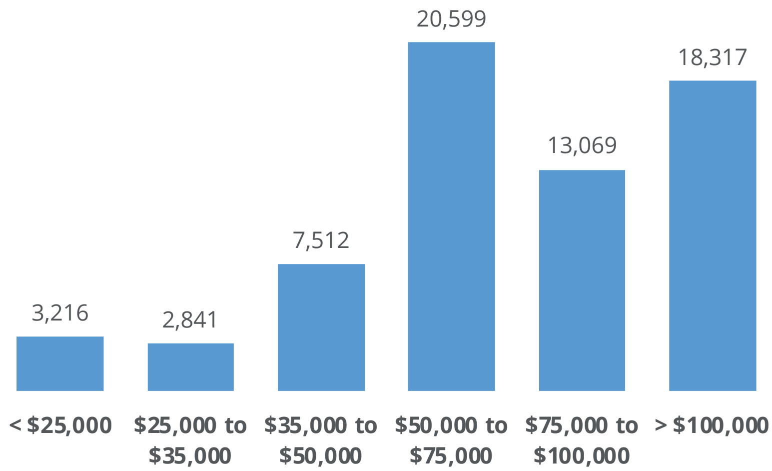
High-income rental gap. Most counties also show a gap for higher income renters. This points to an income mismatch in the market in which higher income households are occupying homes affordable to lower income households.

According to ACS data, 28% of renter households in New Mexico are spending less than 20% of their household income on housing costs.[1] This equates to about 65,554 households. These households are largely upper-income households—64% of them earn more than 120% of AMI. As illustrated in Figure I-16, 31% of these households earn between $50,000 and $75,000 per year and 48% earn more than $75,000 per year.

Figure I-16.
Income Distribution of Households Paying Less than 20% of Income in Rent, 2019

Note:
20% was used as a reasonable threshold to identify households who could pay more in rent if appropriate units were available

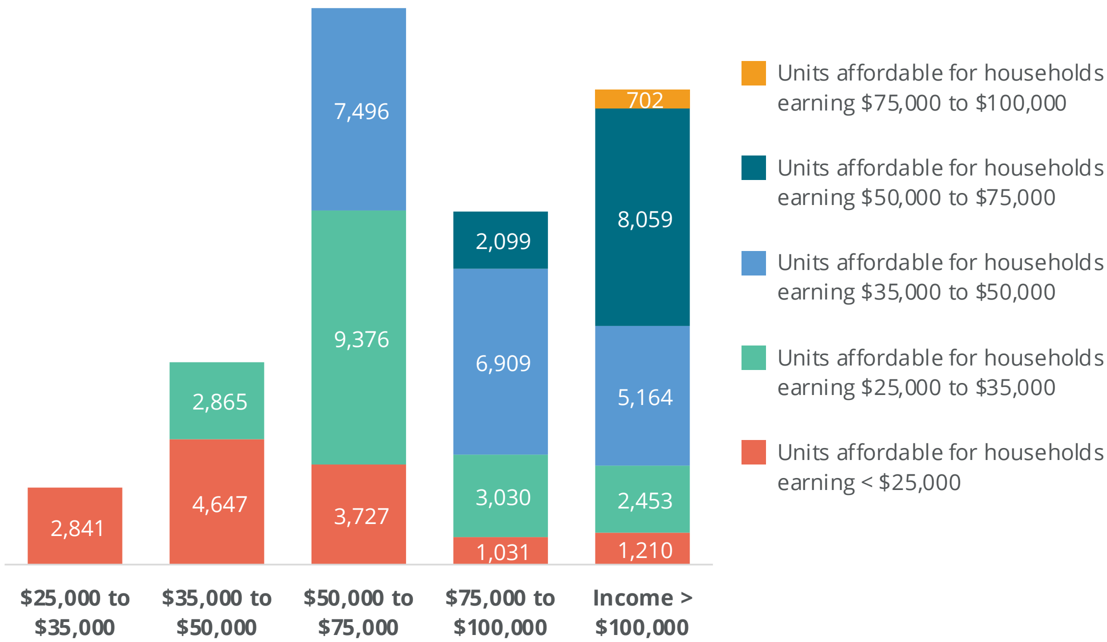
Source:
2019 ACS 5-year IPUMS and Root Policy Research.



Many of these households are taking up units that lower-income households could otherwise be renting. Figure I-17 illustrates the number of homes occupied by those paying less than 20% of their monthly income in gross rent with the corresponding distribution of such units that would be better occupied by a lower-income household. For example, units considered “preferable for households earning less than $25,000” are units which rent for $625 or less per month (in other words, less than 30% of monthly income for households earning $25,000). Units considered “preferable for households earning $25,000 to $35,000” are units which cost between $625 and $875 in gross rent, and so on.

[1] The 20% threshold is used as a proxy for households who could afford to spend more on housing costs if appropriate units were available. Some of these households may be cost constrained by other household expenses, such as child care, or choose to continue to rent down to save for homeownership.

Figure I-17.
Units Occupied by Households Paying Less than 20% of their Income in Rent, 2019



Note: 20% was used as a reasonable threshold to identify households who could pay more in rent if appropriate units were available.

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

Figure I-17 illustrates that households earning over $100,000 and paying less than 20% of their income in gross rent are occupying:

- 702 units whose prices would be better suited for households earning $75,000 to $100,000;
- 8,059 units whose prices would be better suited for households earning $50,000 to $75,000;
- 5,164 units whose prices would be better suited for households earning $35,000 to $50,000;
- 2,453 units whose prices would be better suited for households earning $25,000 to $35,000; and
- 1,210 units whose prices would be better suited for households earning less than $25,000.

The process of "filtering" occurs in the housing market when households move into units that are a better match for their income levels as new units are added to the market. Filtering could alleviate a significant portion of the rental gap, although this depends on higher income renters' desires to take on higher housing costs. Filtering is a more realistic solution in urban, high growth areas where renters have access to higher-wage jobs and where new rental development is most active.

Forecasted Needs

The University of New Mexico Geospatial and Population Studies (GPS) releases periodic population projections for New Mexico and its 33 counties.[2] These projections are used to forecast household growth in the state and counties. These projections have more error as they move further from the most recent census used (2010), and, as such, should be considered a baseline for analysis.[3]

Population and household growth. Figure I-18 shows the projected population growth by age group, according to population projections by the University of New Mexico. The share of residents over the age of 65 is projected to increase from 18% in 2020 to 21% of total residents by 2035. Despite the large increase in senior residents, younger residents under age 25 are projected to continue to make the largest share of the population (accounting for around 30% of the total population).

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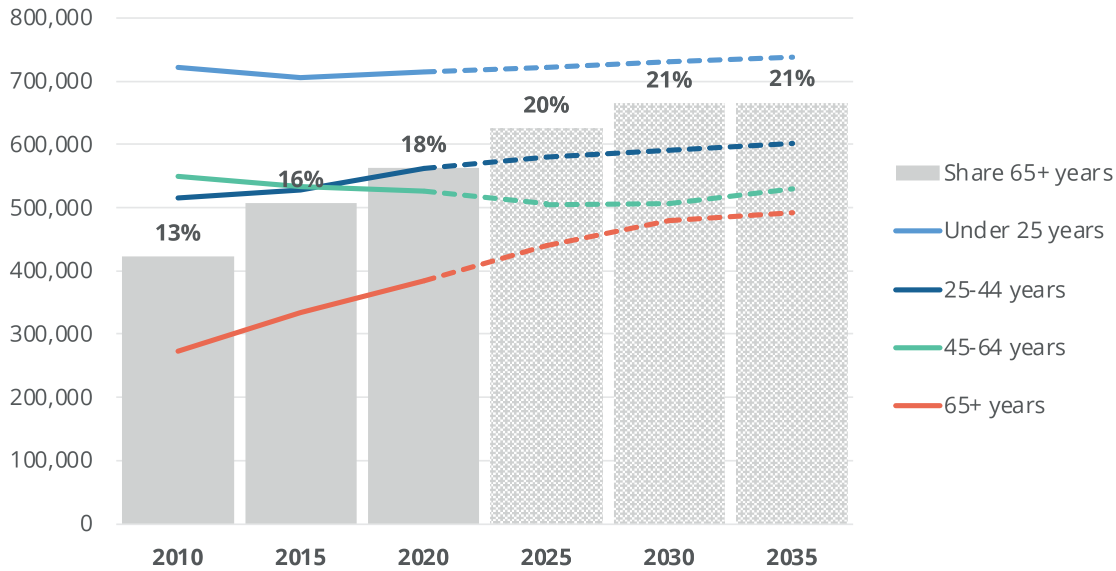
[2] GPS uses a standard cohort component method based on the demographic balancing equation:

$Pop_t = Pop_{t-1} + Births - Deaths + Net\ Migration$

These five-year interval projections begin with GPS population estimates. From this, the number of expected deaths is subtracted from the population using life tables calculated from the New Mexico Department of Health. Next, the number of expected births for the female population ages 15-44 is calculated using fertility data from the New Mexico Department of Health. Finally, net migration is calculated based on recent historical trends. This was not straightforward for the 2020-2040 estimates, because of large in-migration between 2000 and 2010 and because of large out-migration between 2010 and 2015. Neither of these trends is expected to soon return or continue. Therefore, migration was roughly calculated as half the net migration observed between 2000 and 2010. This process is completed for each county and then controlled to a statewide projection total.

[3] Future trends may be different due to the cyclical nature of migration (such as oil drilling) and due to policy changes that directly aim to impact migration or other components of population change.

Figure I-18.
Population Projections by Age



Source: The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

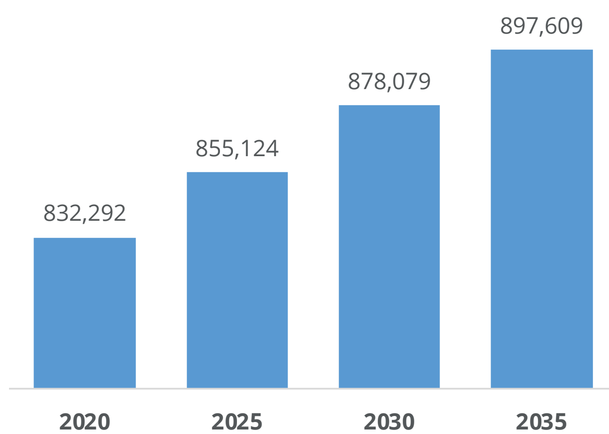
Population trends project that overall, the state will add:

- 22,800 new households between now and 2025; and
- 65,000 new households between now and 2035.

Figure I-19.
Household Projections, 2020 to 2035

Note:
Holding 2019 average household size for each county constant.

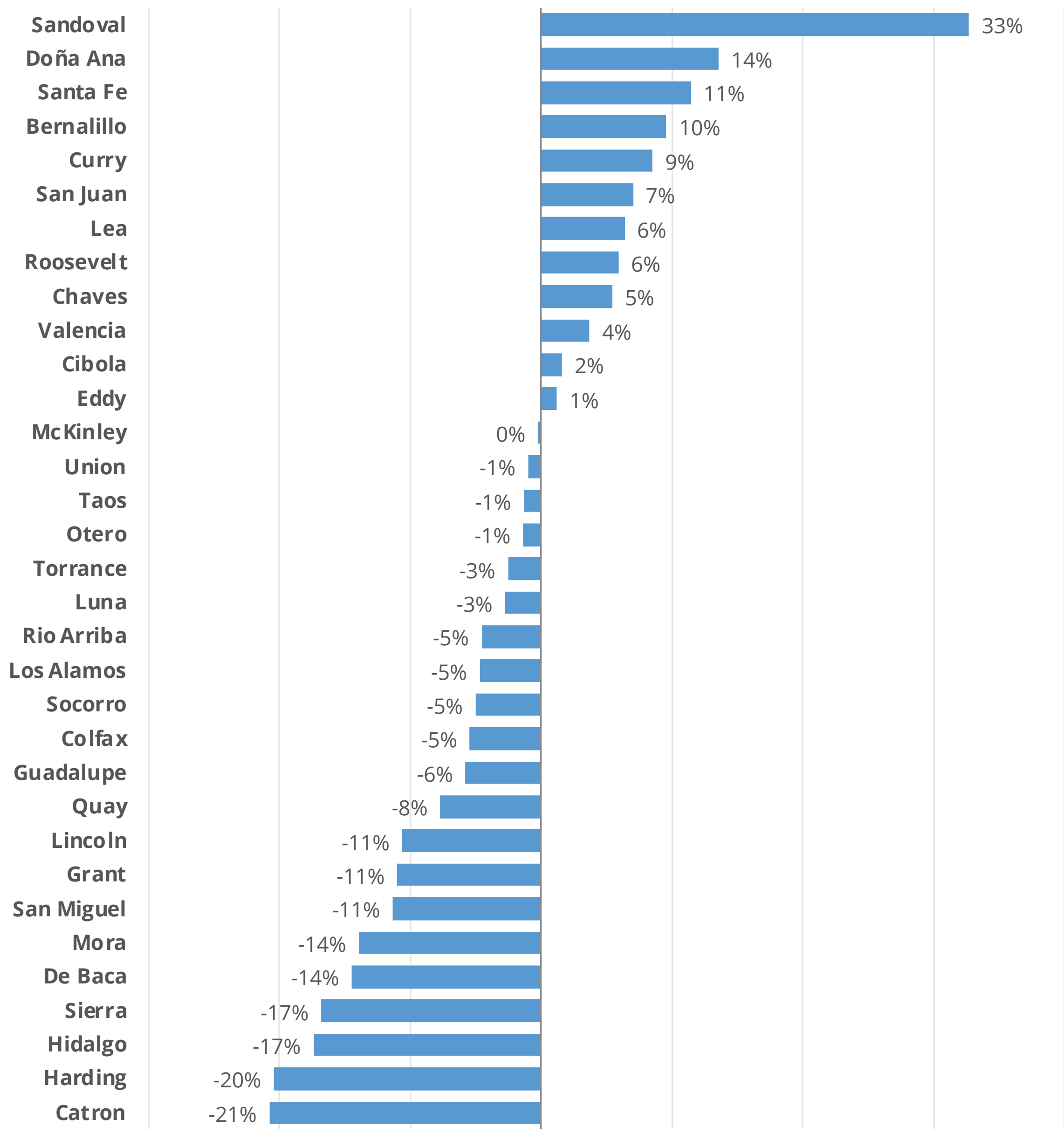
Source:
The University of New Mexico Geospatial and Population Studies, and Root Policy Research.



As shown in Figure I-20, urban counties are expected to drive the state's population growth, a phenomenon that is also true at the national level. A handful of counties are expected to show no or minimal change, and about half of the state's counties are projected to lose population.

The largest overall increase is projected in Bernalillo County, which is projected to add around 27,400 new households by 2035 (10% increase). The largest proportional increase in population is projected in Sandoval County, whose households are expected to increase by 33% between 2020 and 2035 (about 17,500 households).

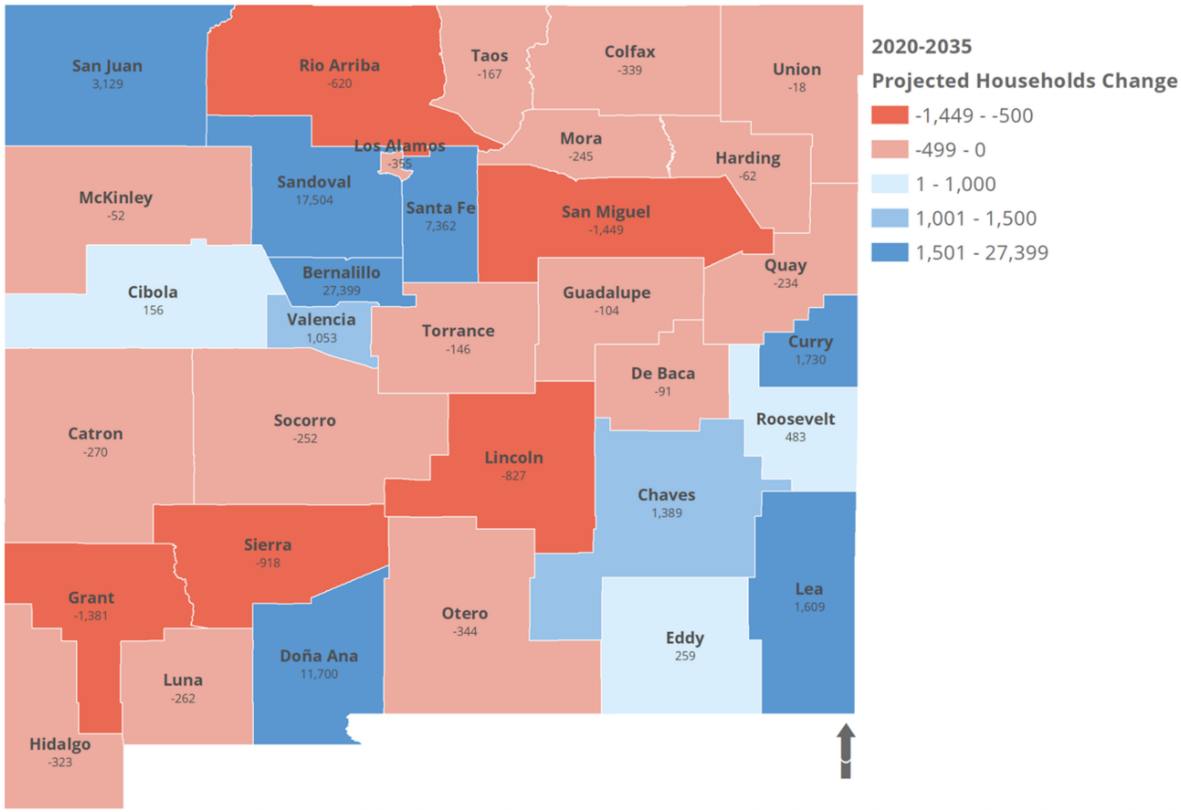
Figure I-20.
Projected Household Growth by County, 2020-2035



Note: Holding 2019 average household size for each county constant.

Source: The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

Figure I-21.
Projected Household Change by County, 2020-2035



Note: Holding 2019 average household size for each county constant.

Source: The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

Housing units needed. Based on the above projections,

- Between now and 2025, an **average of 5,100 housing units per year** are needed to accommodate growth; and

- Between 2025 and 2030, an **average of 5,140 housing units per year** are needed to accommodate growth.

This compares to a 10-year average of annual permits issued to 4,107 housing units in growth counties and 4,771 housing units for New Mexico. **Increased production is needed—but must be paired with programs and policies to ensure a portion of new units meet affordability needs.**

Figures I-22 to I-24 show the number of units needed to accommodate new households by county, AMI, and tenure[4].

- By 2025 the state will need around 25,400 units; around 4,200 of them should be affordable to households with income below 30% AMI and 7,600 below 50% AMI.
- By 2035 the state will need around 73,700 units, around 12,000 of them should be affordable to households with income below 30% AMI and 22,000 below 50% AMI.

Market production will be concentrated at 120%+ AMI; incentives to production below that price point should be pursued.

[4] Assumes 2019 household size, AMI distribution, and tenures remain constant.

Figure I-22. Projected Units Needed by 2025, by County, AMI and Tenure

Note:

Holding 2019 AMI and tenure distributions constant.

Source:

The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

County	Total	Percent of AMI					
		0-30%	30-50%	50-80%	80-100%	100-120%	120%+
Total	**25,476**	**4,210**	**3,431**	**4,360**	**2,449**	**2,114**	**8,912**
Bernalillo	**10,153**	1,812	1,428	1,728	937	851	3,396
Sandoval	**5,417**	695	557	957	558	526	2,125
Doña Ana	**4,263**	762	665	677	377	282	1,499
Santa Fe	**2,261**	355	317	404	240	168	778
San Juan	**1,082**	211	163	194	107	94	311
Curry	**550**	81	68	105	55	43	198
Lea	**508**	84	55	83	57	51	179
Chaves	**454**	73	70	76	45	34	157
Valencia	**328**	61	52	62	33	29	90
Roosevelt	**219**	34	25	36	19	17	88
Eddy	**114**	18	16	18	11	10	41
Cibola	**78**	15	9	13	6	6	29
McKinley	**49**	10	5	7	4	3	20
Rental Units	**9,043**	**2,303**	**1,959**	**1,581**	**1,323**	**1,204**	**674**
Bernalillo	**4,333**	1,130	951	768	615	569	299
Sandoval	**1,047**	272	237	205	136	129	68
Doña Ana	**1,818**	450	414	286	279	248	142
Santa Fe	**678**	173	146	110	106	90	53
San Juan	**382**	87	83	70	62	51	30
Curry	**220**	51	37	37	36	34	26
Lea	**173**	48	23	32	25	26	20
Chaves	**145**	31	26	27	25	21	14
Valencia	**70**	19	12	13	11	10	5
Roosevelt	**94**	24	16	18	14	14	8
Eddy	**36**	8	7	7	6	5	4
Cibola	**30**	7	5	5	5	5	3
McKinley	**17**	4	3	2	2	3	3
Ownership Units	**16,433**	**1,907**	**1,472**	**2,779**	**1,126**	**910**	**8,238**
Bernalillo	**5,821**	682	477	960	322	282	3,097
Sandoval	**4,370**	423	320	752	422	397	2,056
Doña Ana	**2,444**	313	251	391	98	34	1,358
Santa Fe	**1,584**	182	171	294	134	78	725
San Juan	**700**	124	81	125	45	43	281
Curry	**330**	29	32	68	19	9	173
Lea	**335**	36	31	51	32	25	160
Chaves	**309**	41	44	49	20	13	143
Valencia	**257**	42	40	49	22	19	85
Roosevelt	**124**	10	9	18	5	4	80
Eddy	**78**	10	9	11	6	5	37
Cibola	**48**	8	4	8	2	1	25
McKinley	**32**	6	3	5	2	0	18

Figure I-23. Projected Units Needed by 2030, by County, AMI and Tenure

Note:

Holding 2019 AMI and tenure distributions constant.

Source:

The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

County	Total	Percent of AMI 0-30%	30-50%	50-80%	80-100%	100-120%	120%+
Total	**51,182**	**8,438**	**6,886**	**8,784**	**4,936**	**4,266**	**17,872**
Bernalillo	19,382	3,459	2,727	3,299	1,789	1,625	6,483
Sandoval	11,353	1,456	1,166	2,006	1,169	1,102	4,453
Doña Ana	8,194	1,465	1,278	1,301	724	542	2,882
Santa Fe	4,667	733	654	833	495	347	1,606
San Juan	2,182	426	330	392	216	190	628
Valencia	1,468	275	233	277	147	132	404
Curry	1,117	164	139	213	112	87	403
Lea	1,069	176	115	174	119	107	378
Chaves	943	151	146	157	93	70	326
Roosevelt	384	60	43	64	33	30	154
Eddy	236	38	33	37	23	20	85
Cibola	131	25	16	22	11	10	48
McKinley	55	11	6	8	4	3	23
Rental Units	**17,867**	**4,552**	**3,859**	**3,128**	**2,615**	**2,380**	**1,333**
Bernalillo	8,271	2,156	1,815	1,466	1,174	1,087	571
Sandoval	2,194	570	496	430	286	270	143
Doña Ana	3,495	864	795	550	536	477	272
Santa Fe	1,399	357	300	226	219	186	109
San Juan	771	175	167	141	125	103	61
Valencia	316	86	52	58	51	46	23
Curry	447	105	75	74	73	68	52
Lea	365	100	49	67	52	55	41
Chaves	301	65	54	56	52	43	30
Roosevelt	166	43	28	32	25	24	14
Eddy	74	17	14	14	11	10	7
Cibola	50	11	9	9	8	8	6
McKinley	19	4	3	3	3	3	3
Ownership Units	**33,315**	**3,885**	**3,027**	**5,656**	**2,321**	**1,886**	**16,540**
Bernalillo	11,111	1,303	911	1,832	615	538	5,912
Sandoval	9,158	886	670	1,575	884	832	4,310
Doña Ana	4,699	601	483	751	188	65	2,610
Santa Fe	3,269	375	353	607	276	160	1,496
San Juan	1,411	251	163	251	91	87	568
Valencia	1,152	189	181	219	97	85	381
Curry	670	59	64	139	39	19	350
Lea	705	76	66	107	67	52	336
Chaves	643	86	91	101	41	28	296
Roosevelt	218	17	15	31	8	6	140
Eddy	162	21	18	23	12	10	77
Cibola	81	14	7	13	3	2	42
McKinley	36	7	3	5	2	0	20

Figure I-24. Projected Units Needed by 2035, by County, AMI and Tenure

Note:

Holding 2019 AMI and tenure distributions constant.

Source:

The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

		Percent of AMI					
County	Total	0-30%	30-50%	50-80%	80-100%	100-120%	120%+
Total	**73,774**	**12,078**	**9,861**	**12,661**	**7,132**	**6,156**	**25,886**
Bernalillo	27,399	4,890	3,854	4,663	2,529	2,297	9,165
Sandoval	17,504	2,245	1,799	3,093	1,803	1,699	6,866
Doña Ana	11,700	2,092	1,825	1,858	1,034	774	4,116
Santa Fe	7,362	1,156	1,031	1,315	781	547	2,533
San Juan	3,129	611	473	562	310	273	901
Curry	1,730	253	215	330	173	135	624
Lea	1,609	266	173	262	179	161	568
Chaves	1,389	222	214	232	137	104	480
Valencia	1,053	197	167	199	105	94	290
Roosevelt	483	75	54	80	42	38	194
Eddy	259	41	36	41	25	22	93
Cibola	156	30	19	26	13	11	57
Rental Units	**25,637**	**6,530**	**5,548**	**4,489**	**3,749**	**3,409**	**1,912**
Bernalillo	11,692	3,048	2,566	2,073	1,660	1,537	807
Sandoval	3,384	878	765	663	440	416	220
Doña Ana	4,991	1,234	1,135	786	766	681	389
Santa Fe	2,206	564	474	357	345	294	173
San Juan	1,105	251	239	202	179	148	87
Curry	693	162	116	115	113	106	81
Lea	549	151	74	101	79	83	62
Chaves	443	96	80	83	77	63	44
Valencia	227	61	38	42	36	33	16
Roosevelt	209	54	35	41	31	30	18
Eddy	81	18	16	15	13	11	8
Cibola	59	13	10	11	10	9	7
Ownership Units	**48,137**	**5,548**	**4,313**	**8,172**	**3,383**	**2,747**	**23,974**
Bernalillo	15,707	1,841	1,288	2,590	869	760	8,358
Sandoval	14,121	1,367	1,033	2,429	1,363	1,283	6,646
Doña Ana	6,710	858	690	1,073	269	93	3,727
Santa Fe	5,156	592	557	958	436	253	2,360
San Juan	2,023	360	234	361	130	125	814
Curry	1,037	91	99	215	60	30	542
Lea	1,061	115	100	161	101	78	506
Chaves	946	126	135	149	60	41	436
Valencia	827	136	130	157	69	61	273
Roosevelt	275	22	19	39	10	8	176
Eddy	178	23	20	26	13	11	85
Cibola	97	17	8	16	3	2	51

Employment growth. Employment projections were constructed using the latest Bureau of Labor Statistics employment projections at the national level and applying them to the industry composition of each county in New Mexico. These projections are independent of the population projections presented above and represent changes in the number of jobs—not workers.

Between 2020 and 2035, the state is projected to add 84,000 jobs. Around 60,000 of these jobs are projected to belong to the Education and Health Services, and the Leisure and Hospitality industries. The Leisure and Hospitality industry has the lowest average wages in the state—$20,000 annual average for 2020—and the Education and Health Services industry has wages in the middle of the distribution—$45,200 annual average for 2020.

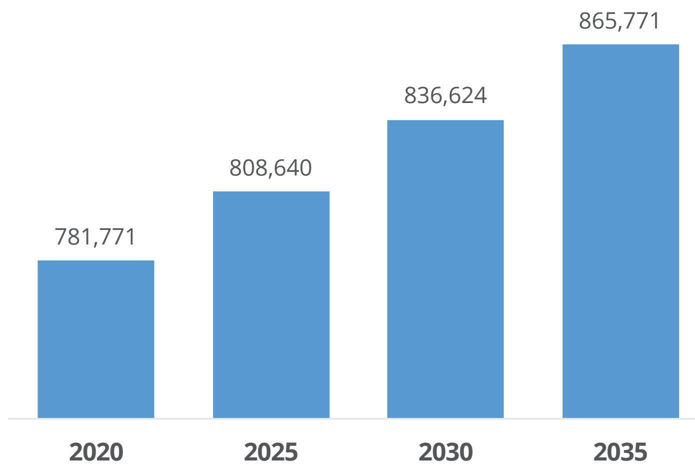
Figure I-25. Employment Projections, 2020 to 2035

Note:

Estimates are number of jobs. Estimates constructed applying projected national employment growth by industry to each county's industry employment.

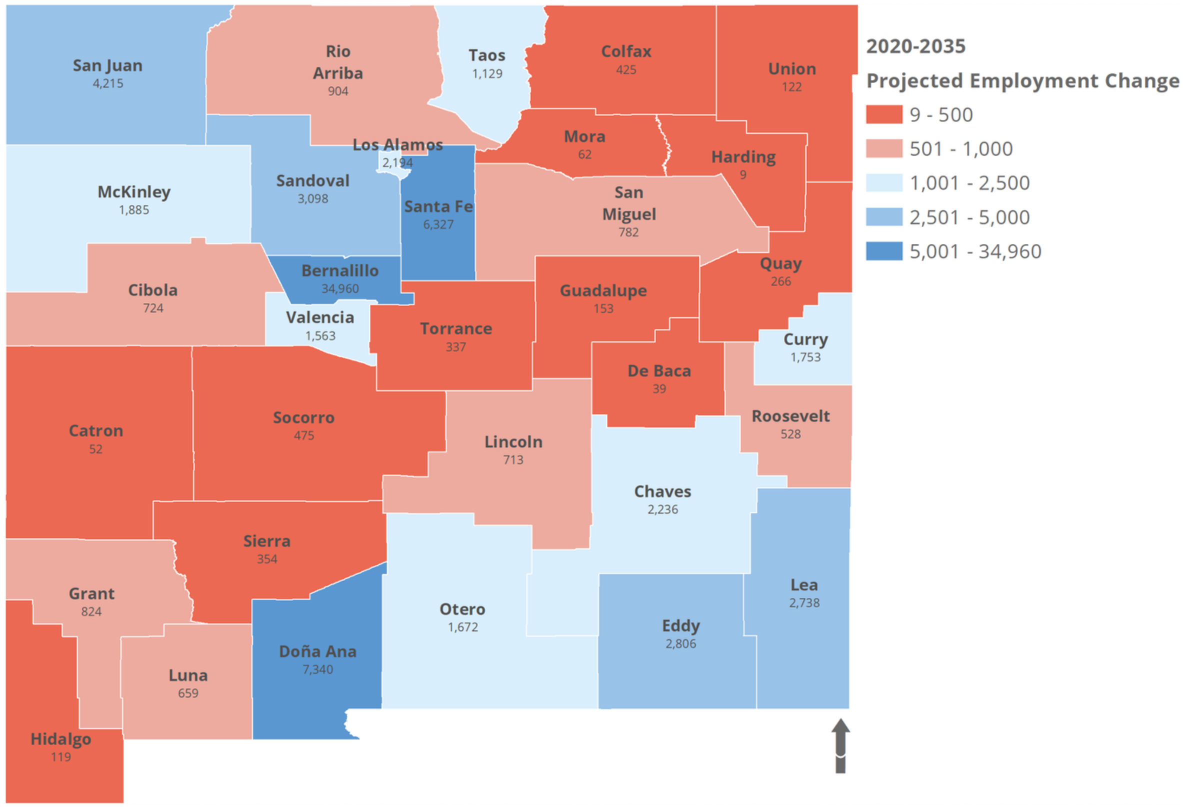
Source:

Bureau of Labor Statistics Quarterly Census of Employment and Wages, and Root Policy Research.



While much of the projected employment growth will continue to occur in urban areas, all counties are expected to experience some job growth, as shown in the following map.

Figure I-26.
Projected Change in Number of Jobs by County, 2020-2035



Note: Estimates are number of jobs. Estimates constructed applying projected national employment growth by industry to each county's industry employment.

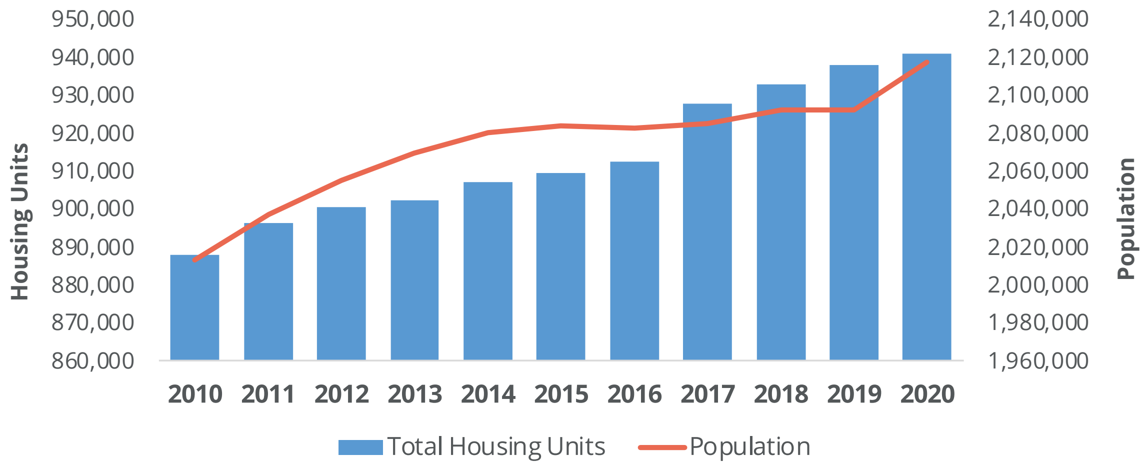
Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages, and Root Policy Research.

These forecasts assume state industries will grow at the same rate projected at the national level. However, these might differ from national trends. For example, the City of Albuquerque is expected to experience significant expansion of their Information and Technology, and Financial Services industries.

COVID effect and future needs. The data and analysis above do not incorporate the impact of the COVID-19 pandemic on housing supply—the full effects of which are difficult to determine. More time is needed to understand which changes in trends will be structural versus temporary. This section addresses what is currently known about the pandemic's effect on New Mexico's housing market.

According to data from the 2020 Census, population growth accelerated in the state. This growth was not met with increased housing supply and the number of vacant units sharply decreased. Between 2019 and 2020, the Census estimates that the state's population increased by 1.2% (around 25,000 residents) and the number of vacant housing units decreased by 29%—from around 157,000 to 111,000 units.[5] Data for 2020 on number of households and vacancy type are not yet available.

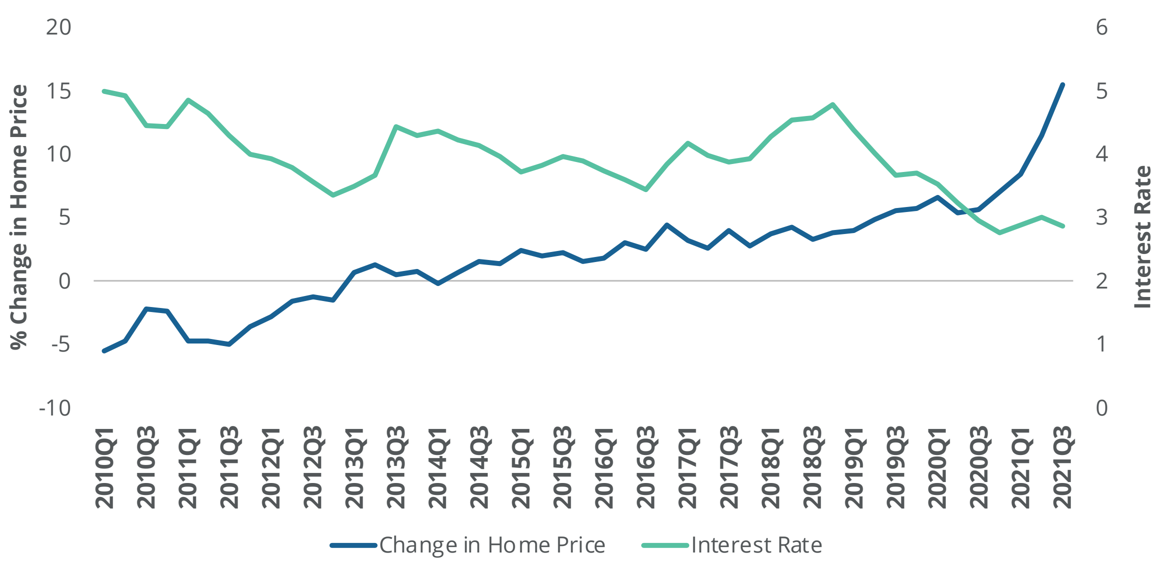
Figure I-27.
Housing Units and Population, 2010-2020



Source: 2020 Decennial Census, ACS 5-year estimates (various years), and Root Policy Research.

Population growth combined with historically low interest rates seem to be key drivers of home price appreciation into 2021.

Figure I-28.
Year Over Year Change in Home Price and Interest Rates, New Mexico, 2010 - 2021



Source: U.S. Federal Housing Finance Agency, Freddie Mac, and Root Policy Research.

[5] The Federal Reserve's economic data show a slight decline in population during 2020 but a large increase during 2019.

Figure I-29 shows population change between 2010 and 2019 compared to the change between 2019 and 2020. Notably, population trends seem to have reversed in many counties. **Between 2019 and 2020 the state gained 75% of the number of residents it gained between 2010 and 2019.** Counties where population loss reversed include Catron, Chaves, Cibola, Colfax, Grant, Guadalupe, Harding, Lincoln, Luna, Quay, Rio Arriba, Roosevelt, Sierra, Taos, and Valencia.

Figure I-29. Change in Population Trends, by County

Source:

2010 and 2020 Decennial Census, 2019 5-year ACS, and Root Policy Research.

	Population Change 2010-2019		Population Change 2019-2020	
	Number	Percent	Number	Percent
New Mexico	**33,275**	**2%**	**25,068**	**1%**
Bernalillo	15,294	2%	-1,414	0%
Catron	-199	-5%	53	2%
Chaves	-501	-1%	13	0%
Cibola	-322	-1%	281	1%
Colfax	-1,582	-12%	219	2%
Curry	1,356	3%	-1,302	-3%
De Baca	18	1%	-342	-17%
Doña Ana	6,836	3%	3,492	2%
Eddy	3,903	7%	4,582	8%
Grant	-1,845	-6%	516	2%
Guadalupe	-334	-7%	99	2%
Harding	-254	-37%	216	49%
Hidalgo	-597	-12%	-119	-3%
Lea	5,550	9%	4,178	6%
Lincoln	-1,036	-5%	808	4%
Los Alamos	675	4%	794	4%
Luna	-1,012	-4%	1,344	6%
McKinley	946	1%	464	1%
Mora	-345	-7%	-347	-8%
Otero	2,340	4%	1,702	3%
Quay	-715	-8%	420	5%
Rio Arriba	-1,087	-3%	1,204	3%
Roosevelt	-958	-5%	303	2%
Sandoval	11,143	8%	6,130	4%
San Juan	-3,529	-3%	-4,854	-4%
San Miguel	-1,655	-6%	-537	-2%
Santa Fe	5,123	4%	5,530	4%
Sierra	-957	-8%	545	5%
Socorro	-1,008	-6%	-263	-2%
Taos	-151	0%	1,703	5%
Torrance	-864	-5%	-474	-3%
Union	-416	-9%	-54	-1%
Valencia	-542	-1%	178	0%

Housing Preservation

Strong preservation efforts and strategic development to support economic growth are important to maintain affordability for New Mexico—especially in the state's rural areas, which are projected to keep growing in employment terms and might be experiencing a change in population trends due to the readjustment of the labor market and location preferences caused by the pandemic.

Expiring affordable units. Overall, according to HUD, an estimated 11,377 rental units in the state have rental subsidies with contracts that will expire in the next 15 years. As shown in Figure I-30, most of these are located in Bernalillo, Dona Ana, and Santa Fe Counties—although many counties have a relatively large number of units that could lose their affordability guarantee.

Figure I-30. Federally Assisted Rental Homes with Subsidies Expiring in the Next 5, 10, and 20 years

Source:

National Housing Preservation Database (NHPD), and Root Policy Research.

	2025	2030	2035
New Mexico	1,209	4,967	11,377
Bernalillo	567	1,686	4,265
Catron	0	0	0
Chaves	7	183	393
Cibola	100	100	140
Colfax	0	85	109
Curry	5	77	294
De Baca	0	0	0
Doña Ana	145	400	1,097
Eddy	0	84	196
Grant	29	129	129
Guadalupe	0	0	91
Harding	0	0	0
Hidalgo	0	0	0
Lea	0	44	236
Lincoln	0	60	108
Los Alamos	8	84	84
Luna	70	70	167
McKinley	60	261	404
Mora	0	0	0
Otero	0	6	56
Quay	0	46	133
Rio Arriba	0	0	134
Roosevelt	0	8	134
Sandoval	0	213	426
San Juan	1	193	447
San Miguel	40	40	202
Santa Fe	137	1,028	1,400
Sierra	0	32	136
Socorro	0	16	168
Taos	8	52	197
Torrance	0	0	0
Union	0	0	25
Valencia	32	70	206

Housing condition. Units in poor condition are typically naturally affordable—and are oftentimes the only choice for low income households in very tight markets. Preserving and improving these units can be a critical part of housing strategies, particularly in small markets.

Data on the number of units in poor condition and needed improvements are difficult to obtain. Census surveys estimate units with significant condition issues (i.e., incomplete plumbing and kitchens) and, as such, can be used as a measure of units that are at-risk of demolition and loss. According to Census data, just 1.4% of households in New Mexico live in substandard housing. A housing unit is considered substandard if any of the following conditions are true: (1) the housing unit does not contain a kitchen, (2) the housing unit does not contain access to a sink with running water, (3) the housing unit does not have a stove or rage, (4) the housing unit does not contain a permanently installed shower or bathtub, (5) incomplete plumbing facilities (i.e. flush toilet), or (6) no hot and cold piped water.

Households in which at least one of the members has a disability are more likely to live in substandard housing compared to the general population: 2.2% of households with a disability live in substandard housing compared to 1.4% of the total population. Similarly, renters and households with at least one elderly member are also more likely than the general population to live in substandard housing.

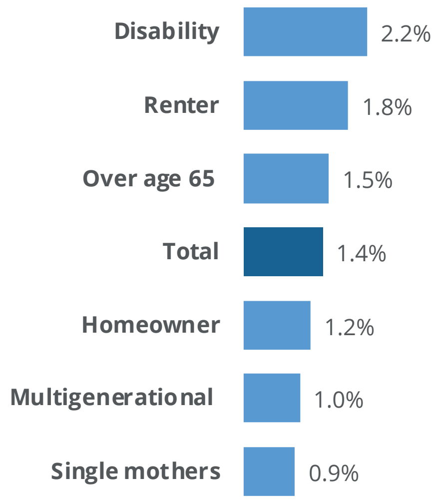
Figure I-31.
Substandard Housing by Household Characteristics, 2019

Note:

A housing unit is considered substandard if any of the following conditions are true: (1) the housing unit does not contain a kitchen, (2) the housing unit does not contain access to a sink with running water, (3) the housing unit does not have a stove or rage, (4) the housing unit does not contain a permanently installed shower or bathtub, (5) incomplete plumbing facilities (i.e. flush toilet), or (6) no hot and cold piped water.

Source:

2019 ACS 5-year IPUMS and Root Policy Research.



Native Americans are more likely to live in substandard housing than any other race or ethnic group: 7.3% live in substandard housing compared to 2% of Asian households, 1% of White households, and less than 1% of Hispanic and Black households.

Figure I-32.
Substandard Housing by Race and Ethnicity, 2019

Note:

A housing unit is considered substandard if any of the following conditions are true: (1) the housing unit does not contain a kitchen, (2) the housing unit does not contain access to a sink with running water, (3) the housing unit does not have a stove or rage, (4) the housing unit does not contain a permanently installed shower or bathtub, (5) incomplete plumbing facilities (i.e. flush toilet), or (6) no hot and cold piped water. Households' races and ethnicities are determined based on whether one or more people in the household identify in either of the above races or ethnic groups. This means that mixed-race or mixed-ethnicity households are counted in more than one race/ethnic groups.

Source:

2019 ACS 5-year IPUMS and Root Policy Research.

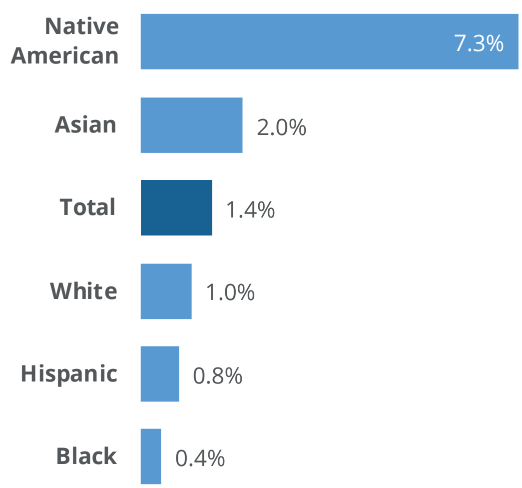


Figure I-33 below show the number of housing units without complete kitchen facilities and the number without complete plumbing by county. The counties with the largest number of substandard units—McKinley and San Juan—are also those with large shares of Tribal lands.

Figure I-33. Substandard Units, 2019

Source:

2019 ACS 5-year, 2010 Census, and Root Policy Research.

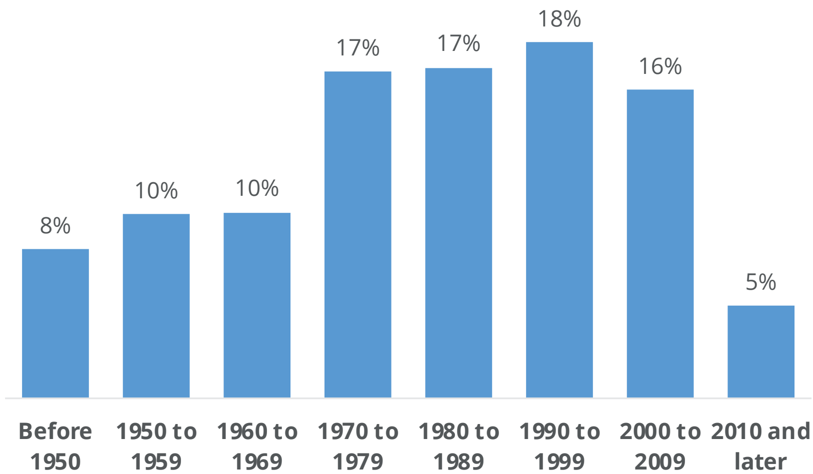
	Units Without Complete Kitchen Facilities	Units Without Complete Plumbing
New Mexico	**40,021**	**40,310**
Bernalillo	4,511	2,993
Catron	280	669
Chaves	1,643	1,559
Cibola	1,435	1,846
Colfax	389	502
Curry	388	380
De Baca	62	67
Doña Ana	2,397	2,865
Eddy	1,553	735
Grant	1,263	817
Guadalupe	425	305
Harding	135	100
Hidalgo	465	178
Lea	1,426	958
Lincoln	676	512
Los Alamos	46	0
Luna	946	359
McKinley	3,788	5,055
Mora	522	565
Otero	1,340	1,761
Quay	800	446
Rio Arriba	1,896	2,127
Roosevelt	262	238
San Juan	4,036	4,520
San Miguel	1,439	1,237
Sandoval	1,751	1,576
Santa Fe	1,377	1,206
Sierra	413	431
Socorro	954	1,849
Taos	1,432	1,568
Torrance	780	912
Union	382	371
Valencia	809	1,603

Age of housing. Many of New Mexico's homes are relatively old: 44% were built before 1980. Although older homes are often popular for their unique design and charm, they can also be more expensive to heat/cool, have higher maintenance costs, and have a higher likelihood of lead exposure which can lead to adverse health effects.[6]

These units are also less likely to be accessible to residents with disabilities. The Fair Housing Act of 1991 introduced accessibility rules for new housing developments. Since the passage of the Act, newly developed affordable housing is required to make 5% of units accessible and newly developed market rate housing is required to make 2% accessible.

Figure I-34. Age of Housing Stock, 2019

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



Overall, 44% of New Mexicans live in a home built before 1980. Lower income households are more likely to live in older housing, as are renters. Further, older adults and people with disabilities are more likely to live in older housing in New Mexico. In fact, nearly half of households in which a member has a disability or a member is older than age 65 live in a home built before 1980—and these units are unlikely to have all of the accessibility features that these households need.

Additionally, 40% of households with children live in a home built before 1980, which poses lead exposure and early childhood development concerns.

Multigenerational households are least likely to live in older housing, perhaps because they are able to afford higher housing costs through doubling up.

[6] Dignam, Timothy, et al. "Control of lead sources in the United States, 1970-2017: public health progress and current challenges to eliminating lead exposure." *Journal of public health management and practice: JPHMP* 25 (2019): S13.

**Figure I-35.
Age of Housing Stock by AMI, 2019**

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

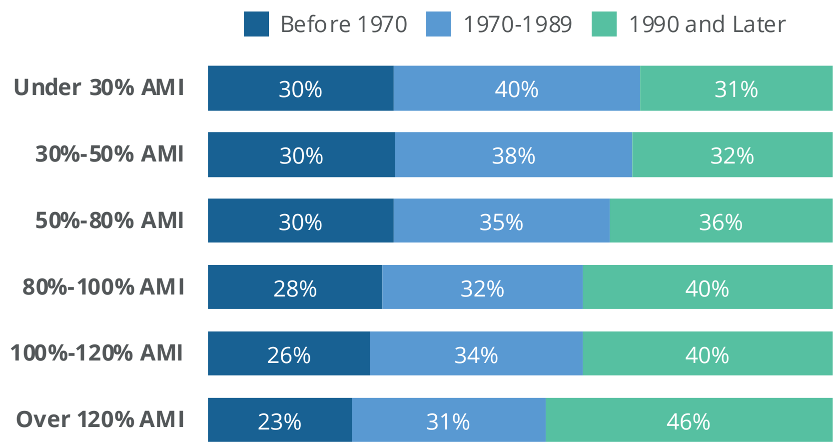


**Figure I-36.
Age of Housing Stock by Household Characteristics, 2019**

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

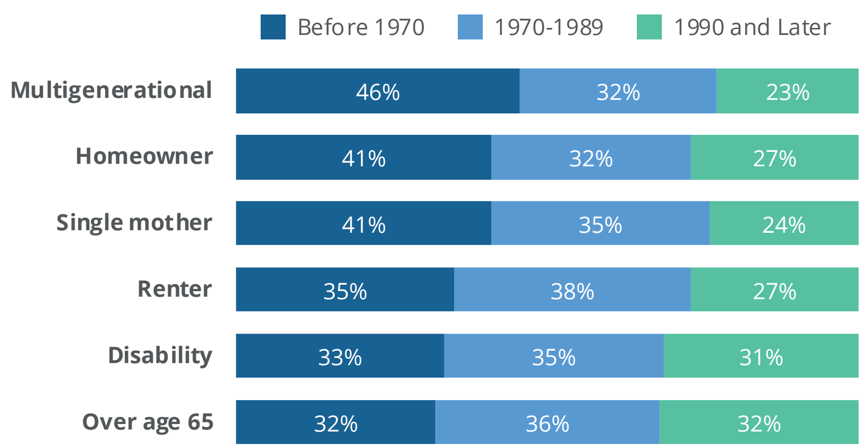


Figure I-37 on the following page shows units built between 1940 to 1960, and 1960 to 1980, and for the state overall and by county and can be used as a proxy for improvement needs.

Figure I-37.
Units by Type and Decade Built

	One-Family Attached/Detached		Two to Four Units		Five or More Units		Mobile Home, Trailer, Other	
	1940-1959	1960-1979	1940-1959	1960-1979	1940-1959	1960-1979	1940-1959	1960-1979
New Mexico	**93,206**	**141,412**	**5,565**	**15,023**	**4,400**	**23,836**	**1,484**	**29,689**
Bernalillo	36,567	50,817	2,632	7,835	2,346	15,403	207	4,108
Catron	78	247	0	0	0	0	18	79
Chaves	6,019	6,303	64	379	46	314	54	813
Cibola	796	2,687	12	113	72	227	58	777
Colfax	1,069	816	94	88	0	131	5	240
Curry	2,930	5,141	66	552	33	293	29	504
De Baca	220	129	18	10	0	0	0	29
Doña Ana	5,661	9,310	615	1,428	219	1,969	229	4,081
Eddy	5,166	4,939	23	184	204	316	31	624
Grant	1,780	2,246	155	111	55	294	67	596
Guadalupe	222	193	0	140	27	6	0	33
Harding	52	19	0	0	0	0	0	19
Hidalgo	226	307	19	3	0	66	4	132
Lea	5,341	5,998	74	259	153	565	100	954
Lincoln	677	1,095	38	138	139	56	29	654
Los Alamos	1,210	2,756	421	97	249	313	0	57
Luna	988	1,508	92	160	165	253	15	561
McKinley	1,806	4,817	113	371	34	302	5	987
Mora	297	78	0	3	0	0	0	239
Otero	2,952	4,581	92	514	16	277	156	1,828
Quay	921	602	65	84	24	95	5	178
Rio Arriba	1,120	2,106	8	128	5	26	9	1,274
Roosevelt	1,478	1,432	0	160	0	28	0	181
Sandoval	1,244	6,468	57	121	53	338	16	785
San Juan	4,198	7,271	197	683	131	759	138	3,267
San Miguel	956	1,613	165	133	43	76	62	959
Santa Fe	4,845	8,883	378	752	284	1,344	74	1,651
Sierra	678	709	72	114	72	103	36	619
Socorro	466	898	13	63	5	70	39	302
Taos	1,003	1,770	44	175	5	74	17	679
Torrance	232	744	33	11	7	5	33	460
Union	406	398	5	14	0	0	0	27
Valencia	1,602	4,531	0	200	13	133	48	1,992

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

Home improvement loan demand. Another proxy for improvement needs is found in home improvement loans. As shown in Figure I-38, home improvement loans originated with private financial institutions are very modest, much lower than assumed needs—suggesting that New Mexicans are reluctant to take out loans to improve their properties.

As shown in Figure I-39, loan originations were highest in the state's urban counties. Denials were moderately high in urban counties and very high in a handful of rural counties.

The home improvement loan amounts—shown in Figure I-40—are fairly large. The median amount of originated loans in the state overall was $55,000; the median amount of loans denied was similar, $45,000.

The data also show that applicants who had loans originated had higher incomes (median of $96,000) than those whose loans were denied ($70,000). This is not consistent across counties, however—some counties show little variance in incomes of households with originated loans v. denied loans.

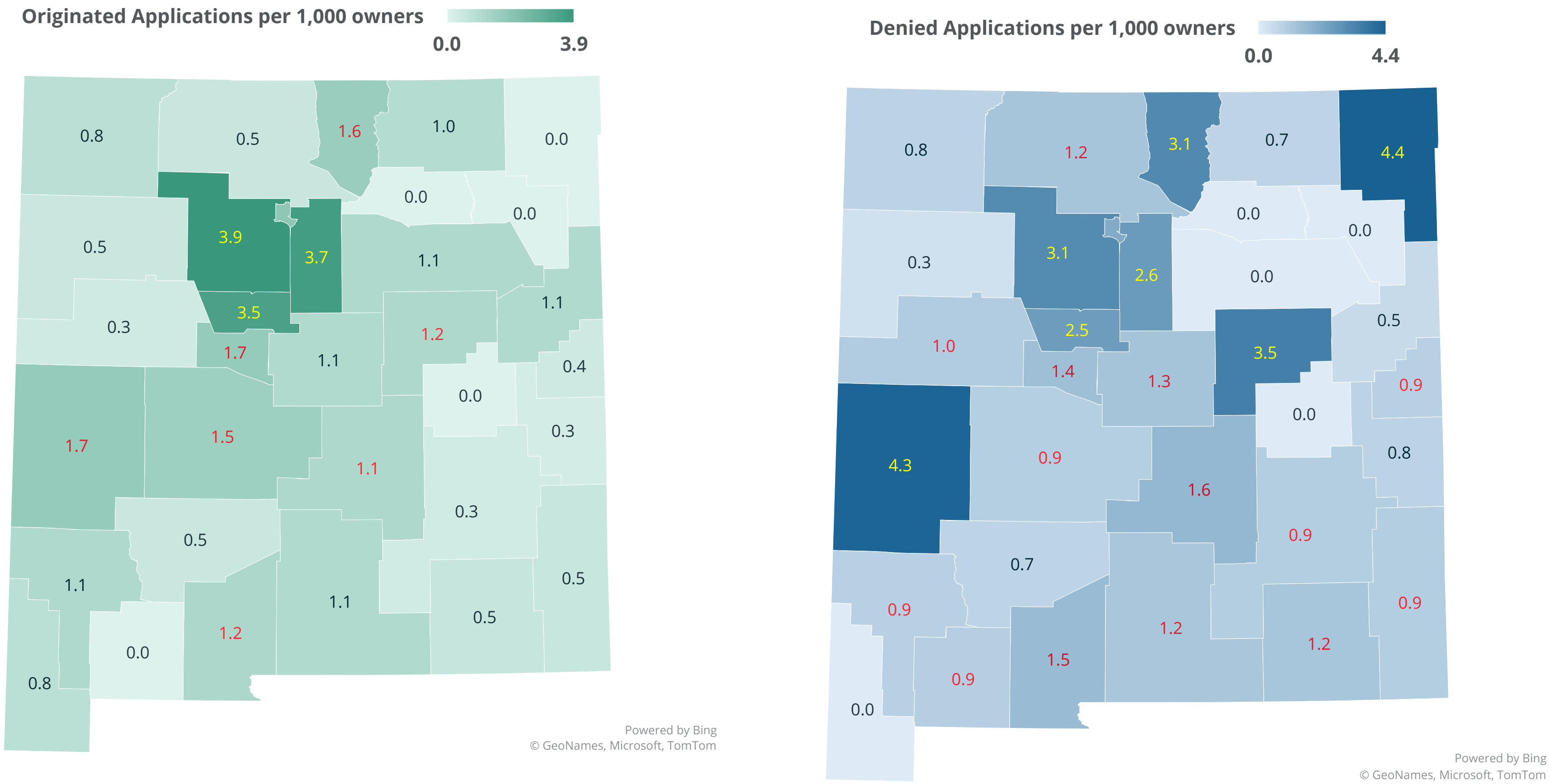
Figure I-38. Home Improvement Loan Originations by County, 2015-2020

Source:

HMDA and Root Policy Research.

	2015	2016	2017	2018	2019	2020
New Mexico	**2,327**	**2,237**	**2,033**	**1,388**	**1,447**	**1,167**
Bernalillo	861	886	764	677	750	596
Catron	3	2	4	-	-	2
Chaves	61	47	64	17	20	5
Cibola	43	42	15	8	1	2
Colfax	27	28	21	7	3	4
Curry	47	31	40	10	10	4
De Baca	2	2	2	1	-	
Doña Ana	270	158	156	63	86	58
Eddy	41	37	50	18	18	8
Grant	21	20	17	6	11	9
Guadalupe	1	6	2	-	1	1
Harding	-	-	-	-	-	-
Hidalgo	3	2	4	-	-	1
Lea	81	83	60	7	10	8
Lincoln	25	24	19	10	13	7
Los Alamos	26	16	12	11	11	11
Luna	31	23	30	5	2	
McKinley	26	35	22	11	9	7
Mora	-	1	3	-	-	-
Otero	49	38	36	22	18	16
Quay	-	-	4	-	1	2
Rio Arriba	40	41	39	9	11	5
Roosevelt	6	10	10	4	3	1
Sandoval	226	236	213	182	182	158
San Juan	91	99	104	39	34	25
San Miguel	16	15	10	6	10	9
Santa Fe	179	199	181	190	173	163
Sierra	12	8	21	9	4	2
Socorro	8	10	7	3	3	5
Taos	28	38	30	13	19	15
Torrance	15	12	12	7	6	5
Union	12	11	9	-	-	-
Valencia	76	77	72	53	38	38

Figure I-39.
Originated and Denied Home Improvement Loan Applications per 1,000 Owner Households, 2020



Source: HMDA and Root Policy Research.

Figure I-40.
Home Improvement Median Loan Amount and Applicant Income, 2020

	Originated Loans		Denied Applications	
	Median Loan Amount	Median Applicant Income	Median Loan Amount	Median Applicant Income
New Mexico	**$55,000**	**$96,000**	**$45,000**	**$70,000**
Bernalillo	$45,000	$97,000	$35,000	$67,000
Catron	$125,000	$111,000	$105,000	$58,000
Chaves	$35,000	$51,000	$45,000	$55,000
Cibola	$65,000	$101,000	$55,000	$71,000
Colfax	$75,000	$138,500	$45,000	-
Curry	$115,000	$134,500	$45,000	$58,500
De Baca	-	-	-	-
Doña Ana	$75,000	$89,000	$50,000	$80,000
Eddy	$80,000	$80,000	$55,000	$97,000
Grant	$55,000	$45,000	$45,000	$40,000
Guadalupe	$35,000	$63,000	$75,000	$82,000
Harding	-	-	-	-
Hidalgo	$95,000	$19,000	-	-
Lea	$50,000	$87,000	$50,000	$71,500
Lincoln	$65,000	$78,000	$105,000	$108,000
Los Alamos	$55,000	$157,000	$55,000	$126,000
Luna	-	-	$35,000	$37,500
McKinley	$65,000	$89,000	$55,000	$189,000
Mora	-	-	-	-
Otero	$125,000	$98,000	$45,000	$62,000
Quay	$65,000	$116,000	$35,000	$18,000
Rio Arriba	$55,000	$66,000	$160,000	$63,000
Roosevelt	$75,000	$80,000	$135,000	$152,000
Sandoval	$50,000	$98,000	$45,000	$67,000
San Juan	$95,000	$93,000	$45,000	$82,000
San Miguel	$55,000	$77,000	-	-
Santa Fe	$105,000	$101,000	$60,000	$76,000
Sierra	$35,000	$80,000	$105,000	$81,000
Socorro	$65,000	$95,000	$15,000	$78,000
Taos	$75,000	$98,000	$75,000	$79,000
Torrance	$105,000	$149,000	$40,000	$38,000
Union	-	-	$45,000	$9,000
Valencia	$55,000	$83,000	$35,000	$61,000

Source: HMDA and Root Policy Research.

RESEARCH BRIEF II.

AFFORDABILITY, WEALTH BUILDING, AND ECONOMIC MOBILITY

RESEARCH BRIEF II. Affordability, Wealth Building, and Economic Mobility

The purpose of this section is to provide:

1) A brief overview of how homeownership impacts wealth and economic mobility;

2) Context for homeownership and access to ownership by New Mexicans;

3) The needs of current owners, including those living in manufactured or mobile homes.

Primary Findings

Primary findings from analysis in this section include:

- The homeownership rate in New Mexico is 68%—four percentage points higher than the national rate (64%). This rate has remained relatively stable since 1990, when it was 67%.

- The onset of the COVID-19 pandemic united a set of factors that created a very tight housing market at both the national and state level, including low interest rates, millennials entering their prime home-buying years, older generations growing old in their homes, rising construction costs, and rising demand for second and vacation homes.

- Between 2019 and January 2022, home values in the U.S. increased by 33%. **New Mexico and Albuquerque outpaced national home value growth at 36% and 40% respectively.**

- Over the last decade, in most of New Mexico's counties, gross rent has increased more than income growth, and the apartment vacancy remains historically low at 3.2%. **Very low rental vacancies put upward pressure on rents, constraining the ability of renters to save for ownership.**

- New Mexico does a better job than the U.S. overall in Native and Hispanic ownership—even given relatively lower incomes. In fact, **half of low income households in New Mexico are owners**.

    - Efforts to decrease disparities in homeownership in the state will be dependent on the availability to supply lower cost homes. The majority of renters earn less than 80% of AMI while the supply of homes affordable is concentrated at higher incomes.

- Analysis of data from mortgage originations shows that although small rural communities appear more affordable based on price trends, data on mortgage volume makes it is clear that—**outside the Albuquerque metro—many counties do not have the supply to allow renters to transition into homeownership.**

- With rising home prices, **saving for a down payment becomes a top barrier to homeownership**.

    - In order to avoid mortgage insurance, households need to save an amount ranging from at least $20,000 in the counties with lower median prices up to more than $50,000 in more urban places, and around $80,000 or more in Santa Fe and Los Alamos.

- In addition to down payment barriers, other barriers in access to financing exist:

    - Debt to income ratio is the top denial reason for lower income households.
    - Among higher income households a high share of applications denied are due to credit history and incomplete application, these households can benefit from credit counseling and assistance during the application process.

- Being able to refinance into a lower rate—thereby lowering housing costs—is one of the significant advantages of homeownership; reducing rents is typically not possible except in very unusual and depressed markets. In New Mexico, origination rates for refinance applications varied by race and ethnicity.

    - Native American, Hispanic, Black/African American, and Asian households have lower refinance origination rates compared to non-Hispanic White and mixed ethnicity applications.
    - Credit history was the most common denial reason for all minority groups expect for Asian applicants, whose top denial reason was debt to income ratio.

- **In New Mexico, homeownership of mobile homes contributes significantly to its overall high homeownership rate.** According to Census data, which reports occupancy in mobile homes, mobile homes provide a large share of housing stock in many counties and are the second largest housing type after single family detached homes in every county except for Bernalillo, Curry, and Los Alamos.

    - One quarter of mobile homes in the state were built before 1980. Maintenance and repair needs for these dwellings can increase the cost of ownership and if the repairs are forgone, they can decrease the quality of life and rate of appreciation of the home.

- Many of New Mexico's homes are relatively old: 44% were built before 1980. A proxy for improvement needs is found in home improvement loans. Home improvement loans originated with private financial institutions are very modest, much lower than assumed needs—suggesting that New Mexicans are reluctant to take out loans to improve their properties.
    - The home improvement loan amounts are fairly large. The median amount of originated loans in the state overall was $55,000; the median amount of loans denied was similar, $45,000.

Value of Ownership

Homeownership is considered one of the most common methods of wealth building, particularly for low and moderate income households. The paydown of a mortgage principal can act as savings that allows a family to build wealth, to support retirement and/or passed down to the next generation. Homeownership can also provide economic stability, as it can provide protection against inflation and involuntary displacement.

An overview of research on homeownership[1] has found that owning a home can help reduce financial risk in retirement. Home equity plays an important role in retirement savings and is one of the largest components of net worth. Although homeowners often don't access the equity directly, they take advantage of the rent-free use of their property.

Home equity is the principal source of savings for most American households. This is especially true for BIPOC households and households in the lower segments of the income distribution. Ownership serves to protect households from the financial risk of rising rents. Numerous studies show that homeowners have more wealth and accumulate wealth faster than non-homeowners. Financially, the returns to purchasing a home are strong, typically matching the stock market on an after-tax basis.

In the long term, homeownership is associated with strong wealth accumulation, particularly for those borrowers who have the ability to maintain homeownership during economic fluctuations.

This wealth accumulation has implications for economic mobility. Research shows that children with mothers who owned a home are more likely to own a home and have higher educational attainment than their peers whose mothers did not own a home.[2] Furthermore, homeownership is associated with lower material hardship. During the Great Recession, homeowners were less likely to experience inability to pay bills, unmet medical

[1] Goodman, L. S., & Mayer, C. (2018). Homeownership and the American dream. Journal of Economic Perspectives, 32(1), 31-58.

[2] Aarland, K., & Reid, C. K. (2019). Homeownership and residential stability: does tenure really make a difference?. International Journal of Housing Policy, 19(2), 165-191.

or dental needs, and food insufficiency—even when comparing families with the same incomes, income instability, liquid assets, age, race, and education.[3]

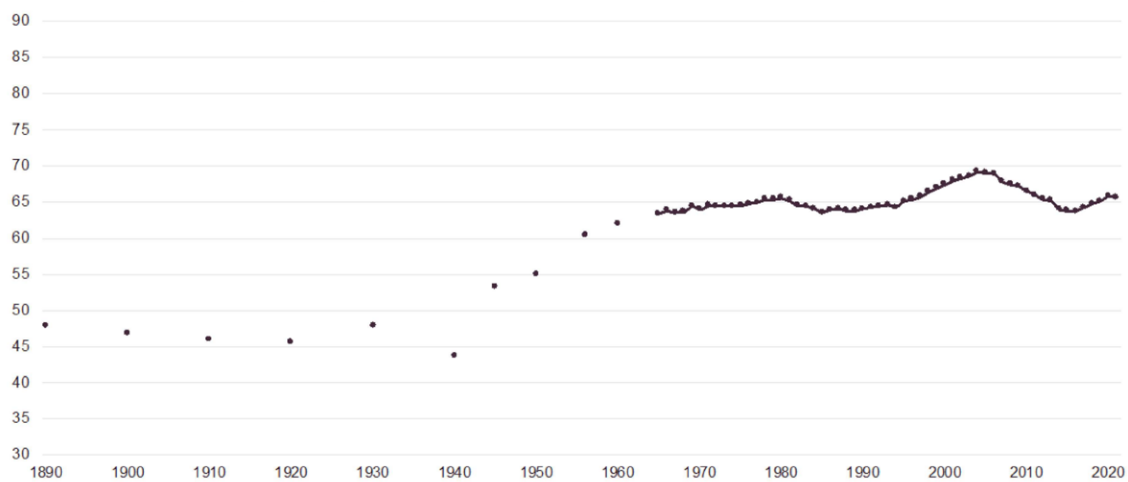
Homeownership Trends

This section compares New Mexico's ownership rates with those in the U.S. and also examines historical trends in ownership.

Ownership trends in the U.S. In the U.S. the homeownership rate is 64%, and this share has remained remarkedly stable over the past 50 years. Yet homeownership inequities among BIPOC populations, residents with disabilities, and single parent families are stubbornly persistent and, recently, have been widening.[4]

Looking at the homeownership rate from a historical perspective can shed some light on what it takes to meaningfully increase homeownership. Recent research[5] shows that the homeownership rate hovered between 40% and 50% from 1890 to 1930, and started a period of transition in the 1930s—when homeownership was destabilized by the Great Depression—to 1970, when it reached 65%. **Since 1970, there has not been a sustainable increase in the nation's homeownership rate.** The rise in homeownership in the early 2000s was rapidly reserved by foreclosures during the Great Recession.

Figure II-1.
U.S. Homeownership Rate



Source: Layton, Don. "The Homeownership Rate and Housing Finance Policy, Part1: Learning from the Rate's History." Joint Center for Housing Studies of Harvard University (2021.)From: https://dqydj.com/historical-homeownership-rate-united-states/

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[3] Zhang, S., & Lerman, R. I. (2019). Does Homeownership Protect Individuals From Economic Hardship During Housing Busts?. Housing Policy Debate, 29(4), 522-541.

[4] https://www.urban.org/policy-centers/housing-finance-policy-center/projects/reducing-racial-homeownership-gap

[5] Layton, Don. (2021). The Homeownership Rate and Housing Finance Policy, Part1: Learning from the Rate's History. Joint Center for Housing Studies of Harvard University.

In addition to economic growth, the increase in homeownership rates between 1940 and 1970 was driven by major government interventions such as the GI Bill, which expanded homeownership among the middle class (which hit a century low point of 43.6% in 1940) and fueled suburban housing construction, as well as major changes in the housing finance system that made mortgage terms much more affordable.

The lack of similarly aggressive public programs—as well as the discriminatory nature of past homeownership programs—have collectively limited homeownership today. As experienced in the mid-2000s, loosening lending criteria to incentivize a private sector response to broadening homeownership was not a productive solution, especially for BIPOC households.

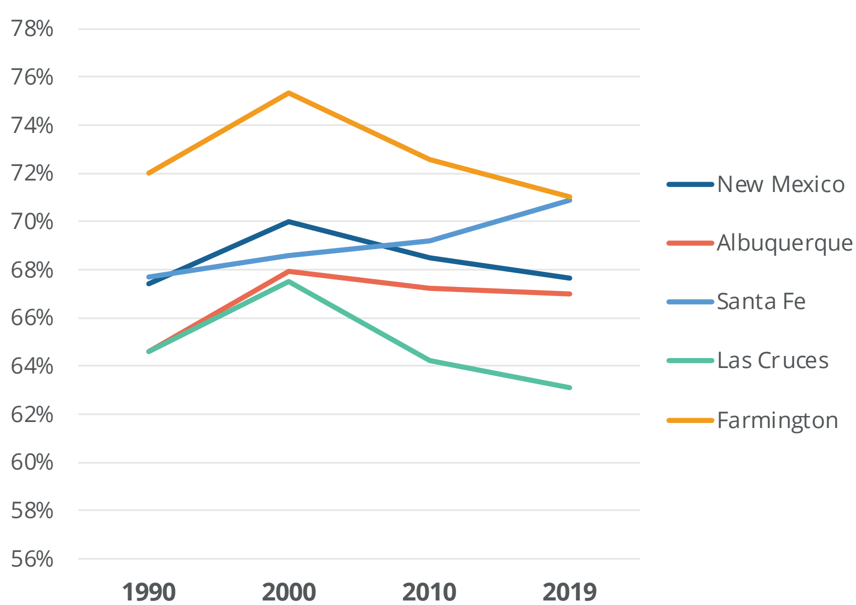
Ownership trends in New Mexico. The homeownership rate in New Mexico is 68%—four percentage points higher than the national rate. This rate has remained relatively stable since 1990, when it was 67%.

Figure II-2 shows the homeownership rate for the state and for the four largest metropolitan areas. Farmington and Las Cruces experienced a sharper decrease in homeownership rates after 2000 and currently have lower homeownership rates than they did in 1990. In contrast, Albuquerque experienced less of a decline and currently has a slightly higher homeownership rate than it did in 1990, rising from 65% to 67%. Santa Fe has experienced a similar increase, rising from 68% to 71%.

Figure II-2. Homeownership Rate

Note:
Data for Albuquerque, Farmington, Las Cruces, and Santa Fe represent the MSAs.

Source:
2019 ACS, Decennial Census (various years), and Root Policy Research.



Affordability Trends

This section explores home price and rental affordability trends in the state.

Drivers of homeownership affordability. The onset of the COVID-19 pandemic united a set of factors that created a very tight housing market at both the national and state level. These included:

- **Low interest rates.** Lower rates give buyers more purchasing power by effectively decreasing the cost of financing a home purchase. This can be good for higher income households, but the higher prices that accompany lower interest rates require a higher down payment, which becomes a barrier for many lower- and middle-income households. Figure I-28 in Section I provides strong evidence the impact of very low rates on home prices.

- **Millennials entering their prime home-buying years.** Millennial demand is intensifying as this age cohort reaches family formation years. These new buyers are entering a market with very low inventory, and the pandemic incentivized many of them to enter homeownership earlier than previously planned.

- **Older generations growing old in their homes.** Older adults are healthier than previous generations, are living longer, and are remaining in their homes. This compromises the ability of younger generations to purchase existing housing, which can be less expensive than new construction.

- **Rising construction costs.** Construction costs have consistently increased, particularly since the recovery from the 2007 financial crisis. Labor shortages in New Mexico and the U.S. overall are a driving factor, though commodity prices have also increased. Shortages in raw materials, such as lumber, and supply chain disruptions have caused sharp increases in building costs over the past two years.

- **Rising demand for second and vacation homes.** As higher income residents took advantage of remote work and low interest rates, demand for second homes intensified, particularly in seasonal towns where these homes are often located. Nationwide, demand for second homes was up 87% from pre-pandemic levels in January.[6]

Figure II-3 shows the typical home value according to Zillow's Home Value Index (ZHVI) for the U.S. compared to New Mexico, and the submarkets of Albuquerque, Santa Fe, and Las Cruces. Between 2019 and January 2022, home values in the U.S. increased by 33%. In New

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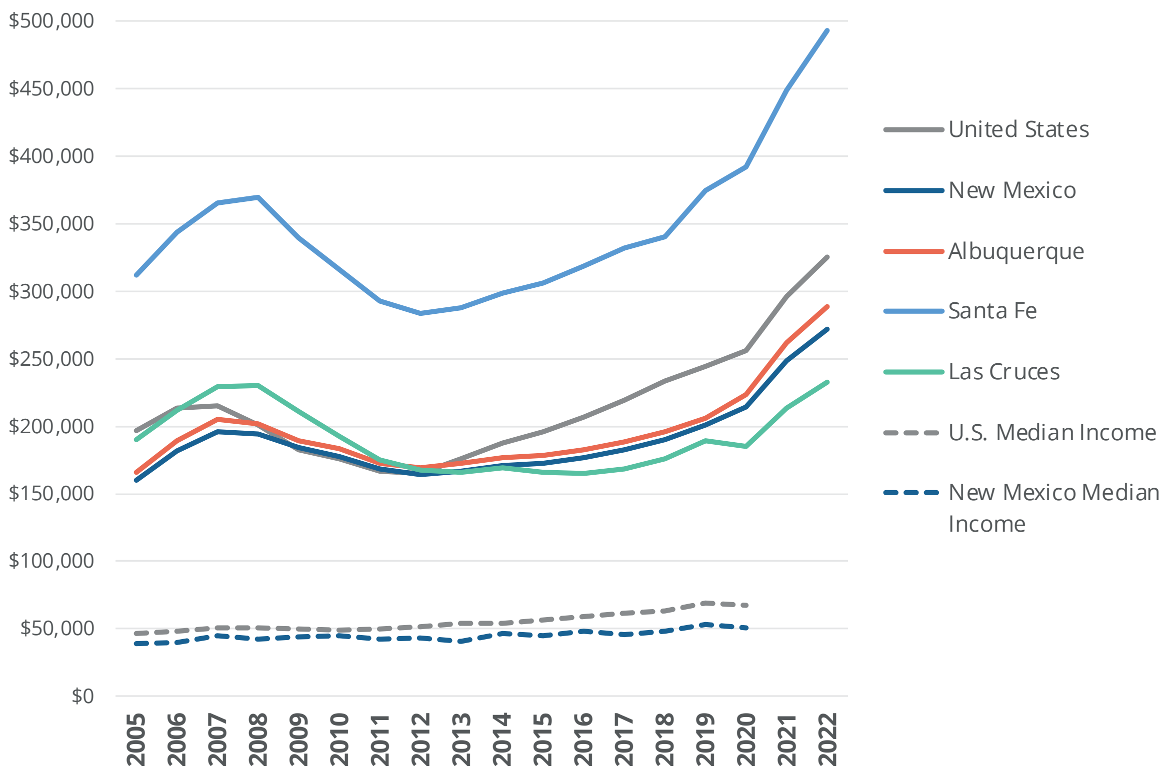
[6] https://www.redfin.com/news/vacation-homes-january-2022/

Mexico and Albuquerque, the increase was slightly higher at 36% and 40%, respectively. In Santa Fe and Las Cruces the increase was 32% and 23%, respectively.

Figure II-3.
Typical Home Value and Median Income



Note: Data for 2022 represents the typical home value for the month of January only.

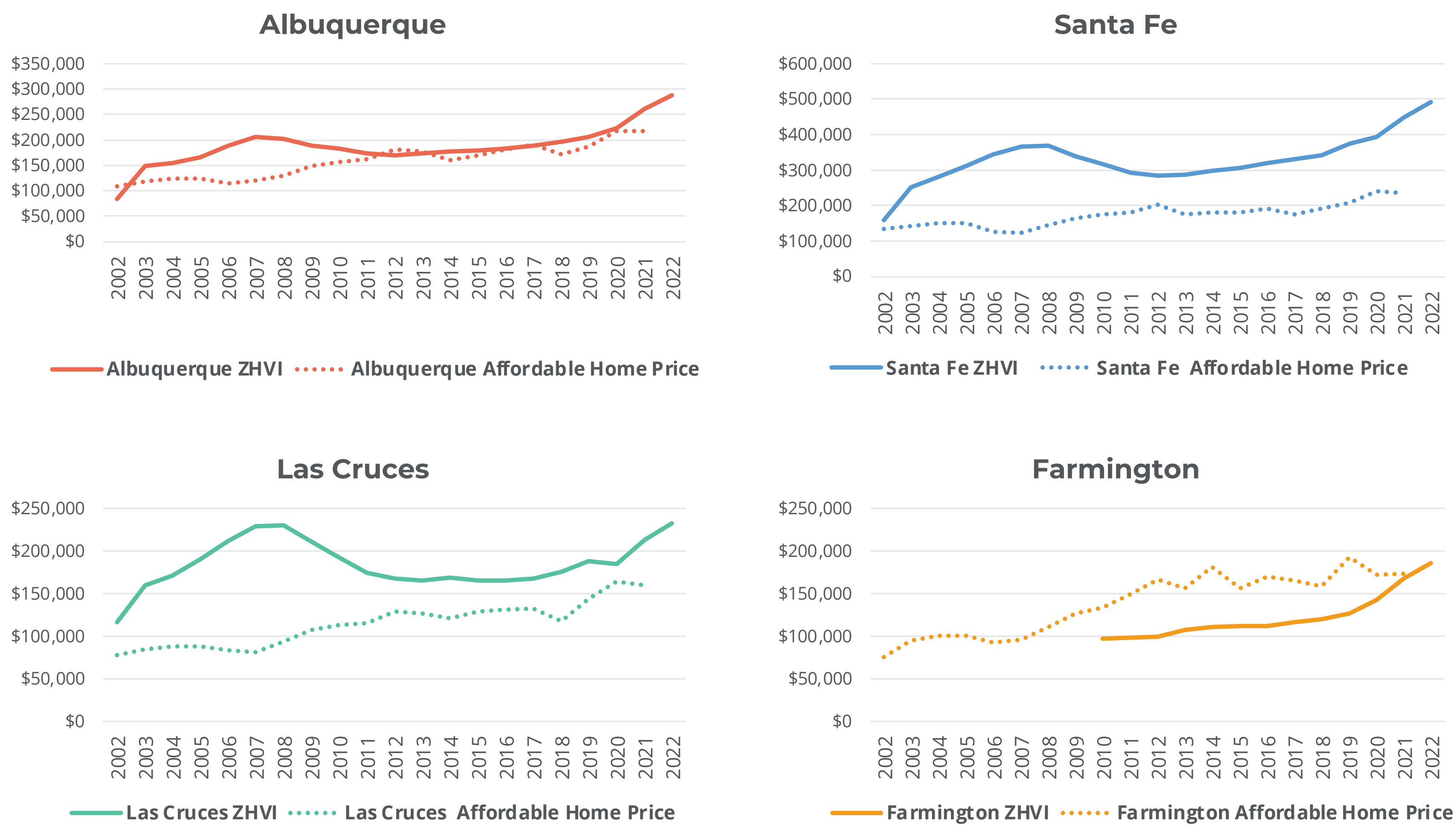
Source: Zillow Home Value Index, Federal Reserve Bank of St. Louis, and Root Policy Research.

In terms of affordability, income growth and lower interest rates have not been sufficient counterparts to the rapid rise in home prices. Figure II-4 shows the affordable home price[7] for households earning 80% of AMI in the four metro areas of New Mexico compared to the typical home value in each metro. In 2021, the biggest gap between what households at 80% AMI can afford and home values was in Santa Fe ($215,000), followed by Las Cruces ($53,000), and Albuquerque ($45,000).

While Farmington remained affordable in 2021, this will not be the case if current price and income trends persist, and the gaps between what households can afford and home values will accelerate in all metro areas.

[7] Calculations are at 30% of income going to housing costs and assume a 30-year mortgage at the annual average mortgage rate with a 3.5% down payment, 35% of monthly payment is used for property taxes, utilities, and insurance.

Figure II-4.
Zillow Home Value V. Affordable Home Price for Households at 80% AMI



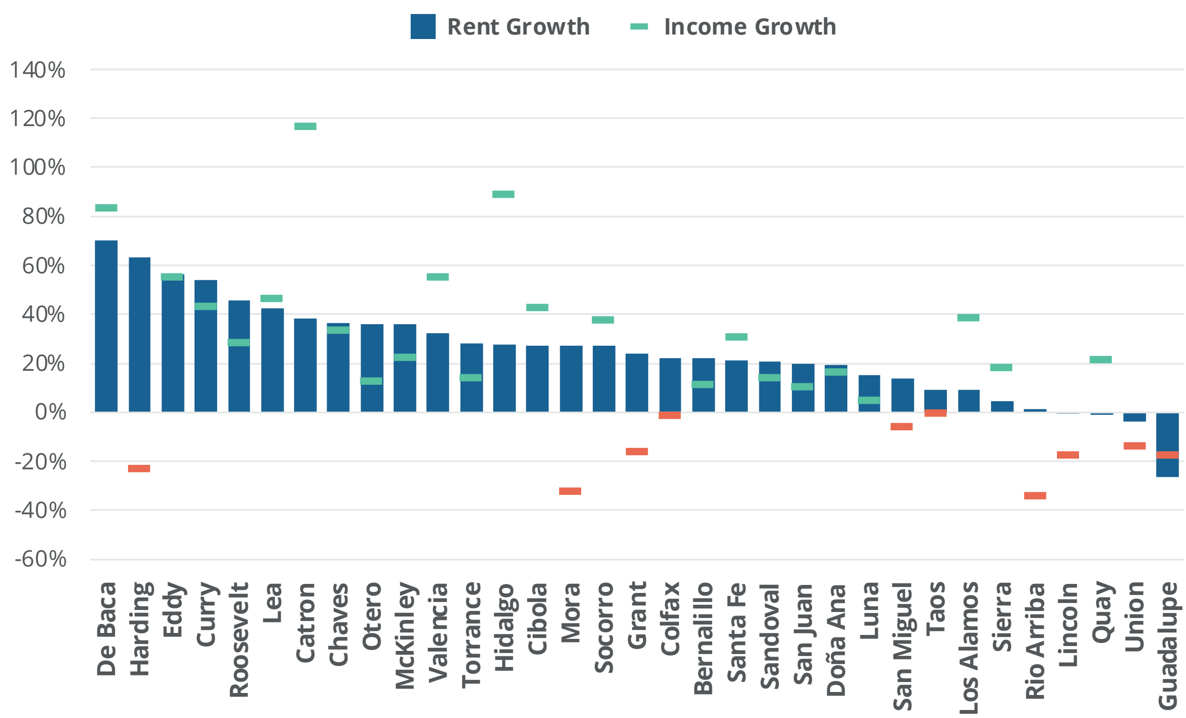
Note: Assumes a 30-year mortgage at the annual average mortgage rate with a 3.5% down payment, 35% of monthly payment is used for property taxes, utilities, and insurance.

Source: Root Policy Research, HUD AMI, Zillow ZHVI, and Freddie Mac annual average fixed mortgage rates.

Rental affordability—and the ability of renters to save for ownership. According to Freddie Mac's 2022 Multifamily Outlook[8] renter incomes in many urban areas are increasing faster than rents. This is the case in Albuquerque, which experienced a much higher increase in income than rents compared to peer cities like Denver (where renter income declined), Phoenix, Las Vegas, and Austin.

This could be a sign that high income renters in Albuquerque are not entering homeownership, or that low income renters are leaving the area. According to ACS estimates, in the City of Albuquerque the number of renter households earning less than $25,000 per year decreased by around 7,500 between 2010 and 2019, while the number of renter households earning over $75,000 increased by around 7,600—a nearly equal offset.

Figure II-5.
Rent vs. Renter Income Growth from 2019 to October 2021

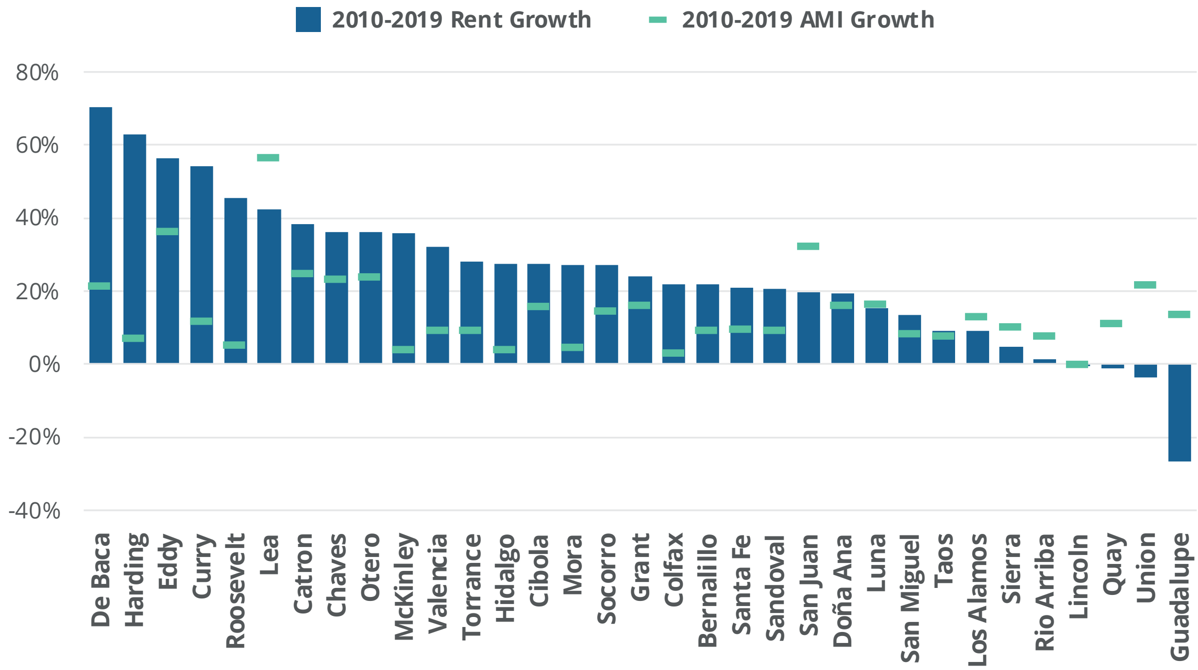


Source: RealPage, Freddie Mac.

Figure II-6 compares median gross rent growth between 2010 and 2019 to growth in AMI at the county level for New Mexico. Over the decade, in most of the counties gross rent has increased more than AMI. Exceptions are Lea, San Juan, Los Alamos, Sierra, Rio Arriba, Quay, and Union Counties.

[8] https://mf.freddiemac.com/research/outlook/2022-0107_2022_multifamily_outlook.html

Figure II-6.
Rent and AMI Growth by County, 2010-2019



Source: 2010 and 2019 ACS, HUD, and Root Policy Research.

The latest New Mexico Apartment Survey (March 2021) recorded a statewide apartment vacancy rate of 3.2%, the lowest since the survey started being conducted. Very low vacancies put upward pressure on rents, constraining the ability of renters to save for ownership.

Figure II-7 shows apartment vacancy rates, average rents, the maximum affordable rent for a household earning an income equal to 50% the 2-person household AMI, and the share of all renters at or below that income level. In all counties except Colfax, Los Alamos, Sandoval, and Taos; the average rent is higher than the maximum affordable rent at 50% AMI. Vacancies are extremely low—below 3%— in Chaves, Doña Ana, Guadalupe, Lincoln, Los Alamos, Otero, Roosevelt, Sandoval, Taos, and Valencia counties.

Figure II-7. Apartment Vacancy Rates, Average Rents, and Income, 2021

Note:

Percent of all renters below 50% AMI is estimated from 2019 ACS data. Bernalillo County is not included in the vacancy survey.

Source:

2021 MFA Apartment Survey, HUD, 2019 ACS, and Root Policy Research.

	Vacancy Rate	Average Rent	Max. Affordable Rent for 50% AMI (2-person)	Percent of Renters Below 50% AMI (2-person)
Chaves	2.1%	$633	$546	39%
Colfax	4.8%	$522	$546	52%
Curry	6.3%	$553	$546	34%
Doña Ana	1.5%	$691	$546	51%
Eddy	5.4%	$760	$730	29%
Grant	3.6%	$553	$551	55%
Guadalupe	2.6%	$651	$546	80%
Lea	4.9%	$792	$616	31%
Lincoln	2.9%	$653	$598	51%
Los Alamos	2.6%	$960	$1,279	15%
Luna	5.0%	$596	$546	58%
McKinley	3.8%	$663	$546	44%
Otero	1.6%	$559	$546	38%
Quay	6.8%	$627	$546	55%
Roosevelt	2.8%	$582	$555	43%
San Juan	3.0%	$711	$598	36%
San Miguel	3.8%	$562	$546	62%
Sandoval	2.1%	$558	$675	31%
Sierra	4.5%	$654	$546	63%
Socorro	4.6%	$627	$546	51%
Taos	2.0%	$526	$546	53%
Valencia	1.8%	$695	$675	41%

Inequities in Homeownership

Despite the state's high homeownership rate, disparities in the rate persist. In New Mexico, this is driven by income more than race or ethnicity. New Mexico does a better job than the U.S. overall in Native and Hispanic ownership—even given relatively lower incomes (Figure II-8).

Figure II-8.
Homeownership Rate and Median Income, New Mexico and U.S., 2019

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

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

As shown in Figure II-9, homeownership rates increase with income. Although homeownership is most common among 120% AMI households, half of low income households in New Mexico are owners.

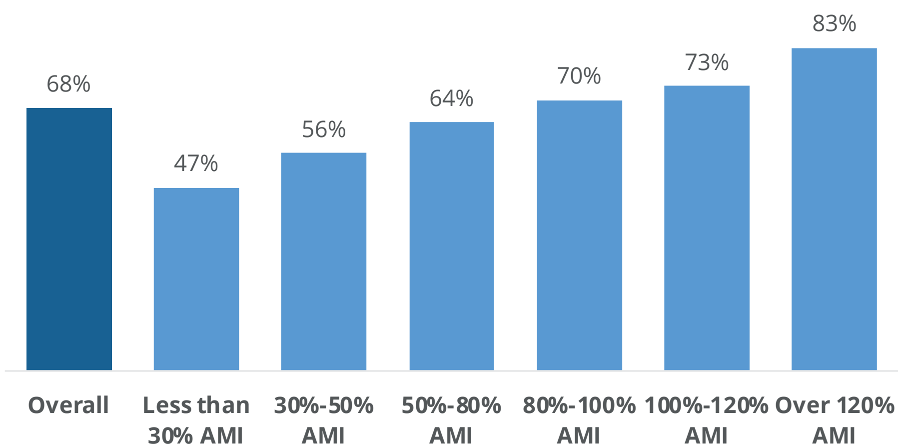
Figure II-9.
Homeownership Rate by AMI

Note:

County AMI 2019 estimates from HUD used.

Source:

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



Efforts to decrease disparities in homeownership in the state will be dependent on the availability to supply lower cost homes. Figure II-10 presents the share of renters in New

Mexico by AMI compared to the share of home mortgages originated[9] in 2020 that were affordable to those income levels.[10]The majority of renters earn less than 80% of AMI while the supply of homes affordable is concentrated at higher incomes.

Figure II-10.
Renter and Affordable Home Sales Distribution, by AMI

Note:

Assumes a 30-year mortgage at a rate of 3.25% with a 5% down payment, 35% of monthly payment is used for property taxes, utilities, and insurance.

Source:

Root Policy Research, 2019 ACS 5 year estimates, and HMDA.

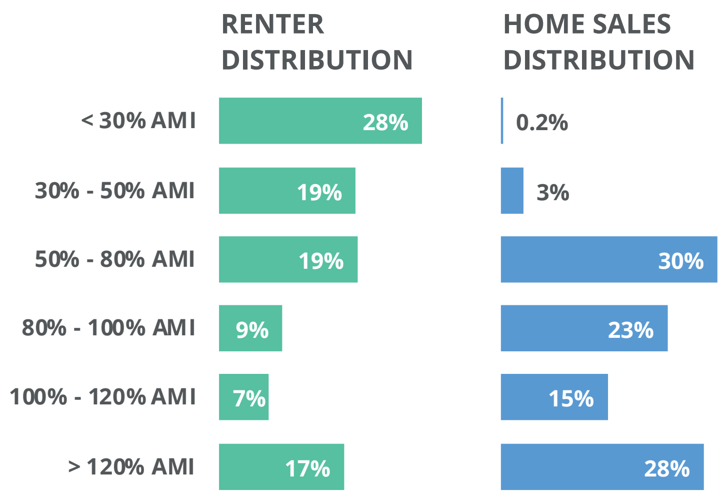


Figure II-11 shows the ratio of the number of homes affordable to households with income between 50% and 100% AMI (proxied by the number of mortgages) to the number of renters in that income bracket.

Although small rural communities appear more affordable based on price trends, mortgage volume makes it is clear that—outside the Albuquerque metro—many counties do not have the supply to allow renters to transition into homeownership.

Figure II-12 maps the same affordability data and compares the number of affordable homes to households with income between 50% and 100% AMI in 2020 to the projected job growth in each county.

If the current trend in mortgage volume continues, several counties—Cibola, Hidalgo, McKinley, Rio Arriba, San Miguel, Santa Fe, and Taos— will find it increasingly difficult to meet the housing needs of their workforce. Furthermore, if the Albuquerque metro employment grows faster than projected— which is likely given the current economic

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[9] According to HMDA data that are collected by the Federal Financial Institutions Examination Council (FFIEC) and contain loan application records with information on income, loan terms, loan purpose, and outcomes of loan applications. HMDA data are reported by lending institutions and are one of the best readily-available sources of mortgage applications and purchase transactions. Analysis includes mortgages for homes sold with a 30-year mortgage for first lien owner occupied purposes.

[10] Affordability estimates assume a household spends 30% of their income on housing and assume a 30-year mortgage with a 5% down payment, 35% of monthly payment is used for property taxes, utilities, insurance. Interest rates used is the median 2020 rate of 3.25%.

development efforts to shift its industry composition— it will also struggle to provide the opportunity to allow its middle income workers to transition into homeownership.

Figure II-11. Ratio of Affordable Home Purchases to Renters with Income between 50% and 100% AMI, by County

Note:

Assumes a 30-year mortgage at a rate of 3.25% with a 5% down payment, 35% of monthly payment is used for property taxes, utilities, and insurance.

Source:

Root Policy Research, 2019 ACS 5 year estimates, and HMDA.

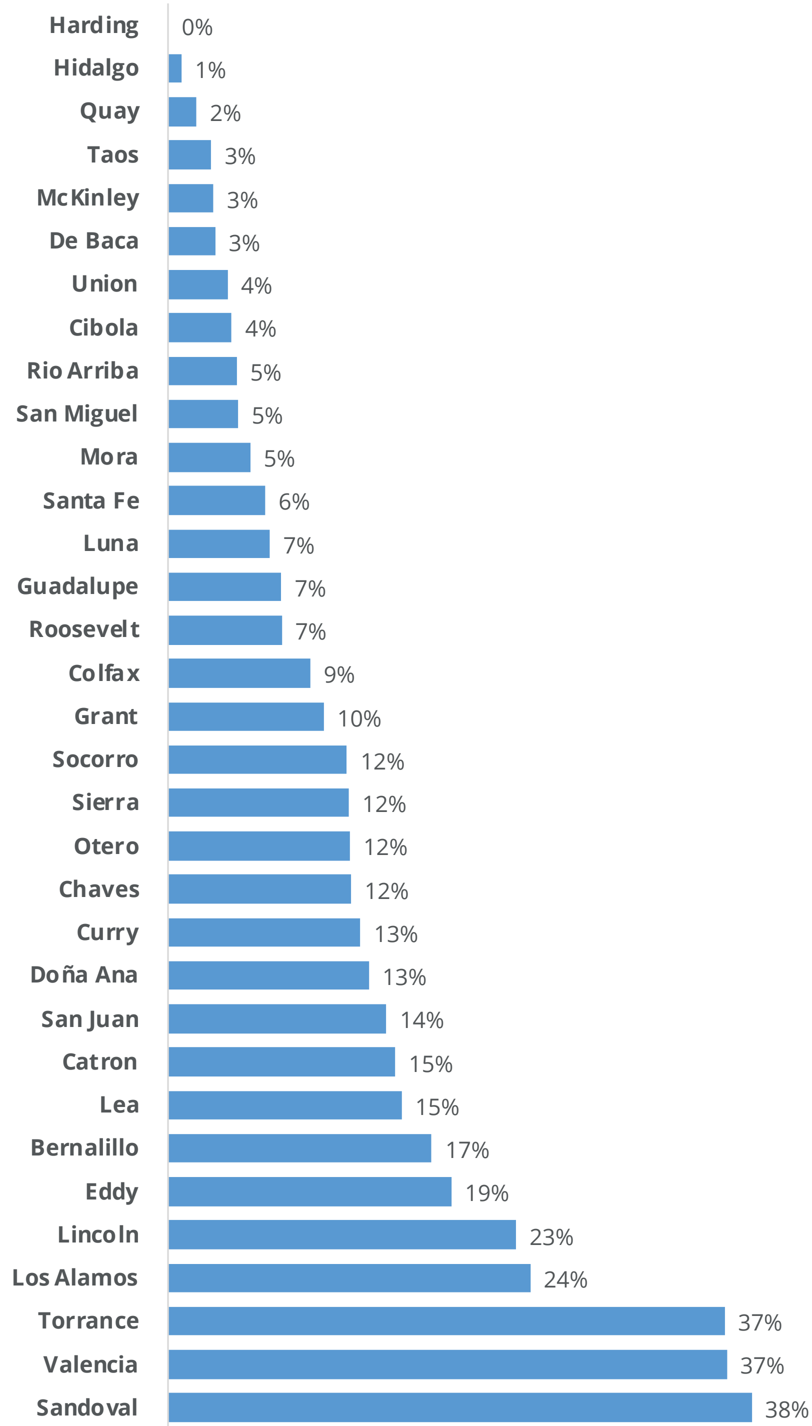
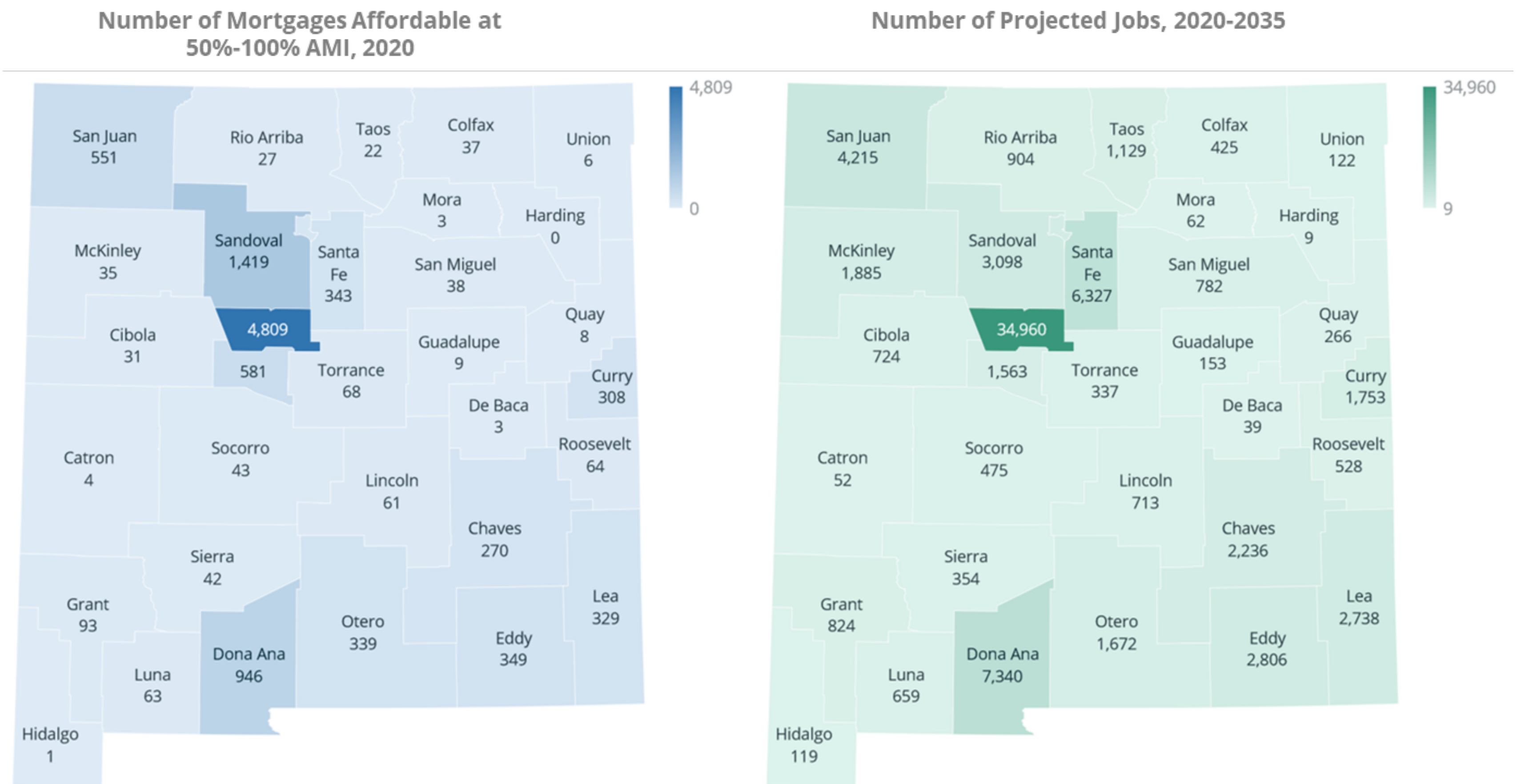


Figure II-12.
Number of Affordable Home Purchases V. Projected Job Growth



Note: Assumes a 30-year mortgage at a rate of 3.25% with a 5% down payment, 35% of monthly payment is used for property taxes, utilities, and insurance.

Source: Root Policy Research, 2019 ACS 5 year estimates, BLS, and HMDA.

What does it take to become a homeowner today? With rising home prices, saving for a down payment becomes a top barrier to homeownership. Figure II-13 compares the median property value of originated mortgages by county in 2018 and 2020 as well as the required down payment at that price point for a down payment of 3.5% (which is the minimum required for an FHA mortgage),10%, and 20%.

In order to avoid mortgage insurance, households need to save an amount ranging from at least $20,000 in the counties with lower median prices up to more than $50,000 in more urban places, and around $80,000 or more in Santa Fe and Los Alamos.

Figure II-13.
Median Property Value of Originated Mortgages and Estimates Down payment Requirements by County, 2018 and 2020

	Median Property Value		3.5% Down payment		10% Down payment		20% Down payment	
	2018	2020	2018	2020	2018	2020	2018	2020
New Mexico	$205,000	$235,000	**$7,175**	**$8,225**	**$20,500**	**$23,500**	$41,000	$47,000
Bernalillo	$205,000	$245,000	$7,175	$8,575	$20,500	$24,500	$41,000	$49,000
Catron	$165,000	$305,000	$5,775	$10,675	$16,500	$30,500	$33,000	$61,000
Chaves	$145,000	$175,000	$5,075	$6,125	$14,500	$17,500	$29,000	$35,000
Cibola	$115,000	$145,000	$4,025	$5,075	$11,500	$14,500	$23,000	$29,000
Colfax	$185,000	$195,000	$6,475	$6,825	$18,500	$19,500	$37,000	$39,000
Curry	$165,000	$185,000	$5,775	$6,475	$16,500	$18,500	$33,000	$37,000
De Baca	$85,000	$95,000	$2,975	$3,325	$8,500	$9,500	$17,000	$19,000
Doña Ana	$185,000	$215,000	$6,475	$7,525	$18,500	$21,500	$37,000	$43,000
Eddy	$215,000	$255,000	$7,525	$8,925	$21,500	$25,500	$43,000	$51,000
Grant	$175,000	$175,000	$6,125	$6,125	$17,500	$17,500	$35,000	$35,000
Guadalupe	$140,000	$125,000	$4,900	$4,375	$14,000	$12,500	$28,000	$25,000
Hidalgo	$95,000	$95,000	$3,325	$3,325	$9,500	$9,500	$19,000	$19,000
Lea	$185,000	$215,000	$6,475	$7,525	$18,500	$21,500	$37,000	$43,000
Lincoln	$190,000	$255,000	$6,650	$8,925	$19,000	$25,500	$38,000	$51,000
Los Alamos	$335,000	$420,000	$11,725	$14,700	$33,500	$42,000	$67,000	$84,000
Luna	$115,000	$145,000	$4,025	$5,075	$11,500	$14,500	$23,000	$29,000
McKinley	$165,000	$185,000	$5,775	$6,475	$16,500	$18,500	$33,000	$37,000
Mora	$135,000	$315,000	$4,725	$11,025	$13,500	$31,500	$27,000	$63,000
Otero	$165,000	$185,000	$5,775	$6,475	$16,500	$18,500	$33,000	$37,000
Quay	$85,000	$105,000	$2,975	$3,675	$8,500	$10,500	$17,000	$21,000
Rio Arriba	$185,000	$245,000	$6,475	$8,575	$18,500	$24,500	$37,000	$49,000
Roosevelt	$145,000	$165,000	$5,075	$5,775	$14,500	$16,500	$29,000	$33,000
Sandoval	$215,000	$255,000	$7,525	$8,925	$21,500	$25,500	$43,000	$51,000
San Juan	$185,000	$195,000	$6,475	$6,825	$18,500	$19,500	$37,000	$39,000
San Miguel	$155,000	$195,000	$5,425	$6,825	$15,500	$19,500	$31,000	$39,000
Santa Fe	$335,000	$385,000	$11,725	$13,475	$33,500	$38,500	$67,000	$77,000
Sierra	$145,000	$135,000	$5,075	$4,725	$14,500	$13,500	$29,000	$27,000
Socorro	$145,000	$145,000	$5,075	$5,075	$14,500	$14,500	$29,000	$29,000
Taos	$265,000	$325,000	$9,275	$11,375	$26,500	$32,500	$53,000	$65,000
Torrance	$125,000	$155,000	$4,375	$5,425	$12,500	$15,500	$25,000	$31,000
Union	$115,000	$110,000	$4,025	$3,850	$11,500	$11,000	$23,000	$22,000
Valencia	$165,000	$205,000	$5,775	$7,175	$16,500	$20,500	$33,000	$41,000

Source: HMDA and Root Policy Research.

Lending barriers. In addition to down payment barriers, other barriers in access to financing exist. Figures II-14 to II-16 show the volume of mortgage applications and the distribution of application outcomes by income and race/ethnicity. As expected, lower income households are more likely to have their applications denied. However, there is no meaningful difference in origination rates for households with income over $50,000.

Figure II-14.
Mortgage Application Outcomes by Income, 2020

Income	Total Applications	Percent Distribution of Application Outcome: Loan Originated	Application Denied	Applied but Not Accepted	Withdrawn by Applicant	File Closed for Incompleteness
Less than $25,000	620	50%	25%	2%	19%	5%
$25,000 to $34,999	1,891	65%	13%	1%	18%	2%
$35,000 to $49,999	5,278	71%	8%	2%	16%	2%
$50,000 to $74,999	8,540	74%	7%	2%	16%	2%
$75,000 to $99,999	5,368	74%	6%	2%	16%	2%
$100,000 to $149,999	5,617	75%	5%	2%	17%	2%
Total	**27,314**	**72%**	**7%**	**2%**	**16%**	**2%**

Note: Include mortgage applications for first lien 30-year mortgages for principal residence.

Source: HMDA and Root Policy Research.

Mortgage application outcomes vary more by race and ethnicity. As shown, 76% of applications from non-Hispanic White households were originated in 2020, compared to 71% of applications from Hispanic households, 70% from Black/African American households, 69% of applications from Asian households, and 68% from Native American households. Yet compared to other states, gaps in mortgage loan originations in New Mexico are much lower.

Figure II-15.
Mortgage Application Outcomes by Race/Ethnicity, 2020

Income	Total Applications	Percent Distribution of Application Outcome: Loan Originated	Application Denied	Applied but Not Accepted	Withdrawn by Applicant	File Closed for Incompleteness
Asian	588	69%	4%	3%	22%	2%
Black/African American	510	70%	7%	3%	20%	2%
Native American	611	68%	7%	5%	18%	2%
Multiple Race	572	72%	3%	1%	22%	3%
Hispanic	10,439	71%	8%	2%	17%	2%
Multiple Ethnicity	2,092	75%	5%	1%	17%	2%
White, Non-Hispanic	13,089	76%	5%	2%	16%	2%

Note: Include mortgage applications for first lien 30-year mortgages for principal residence.

Source: HMDA and Root Policy Research.

These disparities are not driven by income. They persist even after looking only at households with income over $75,000. Native American households are the most likely to have their application approved but declined by the applicant, and Asian and households of multiple races are the most likely to withdraw their application. Hispanic households, followed by Black/African American, and Native American households have the highest probability of denial.

Figure II-16.
Mortgage Application Outcomes by Race/Ethnicity, Income Over $75,000, 2020

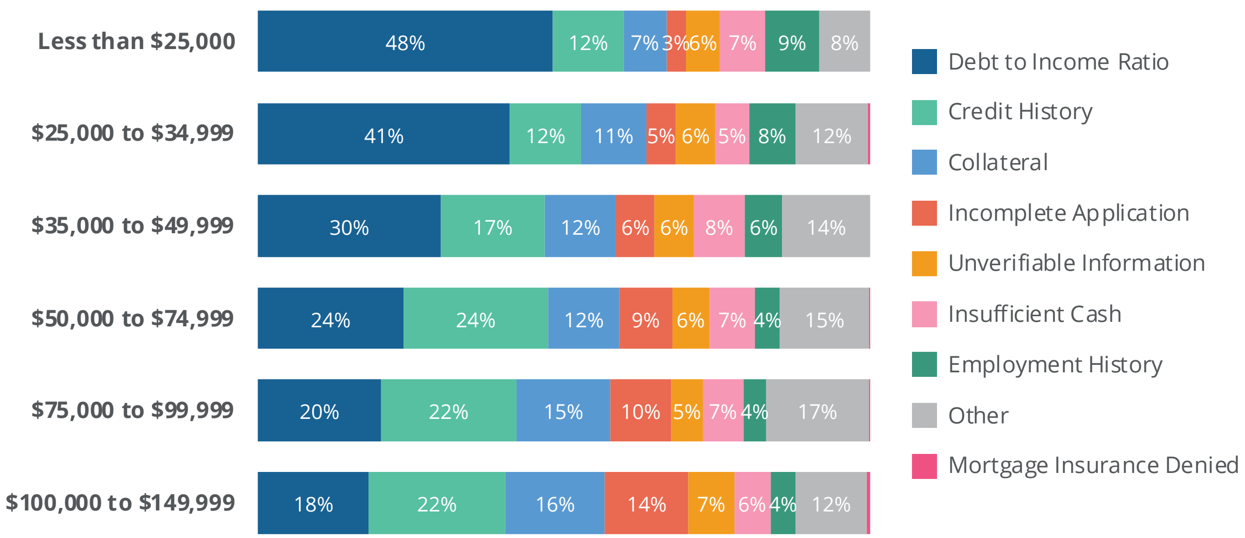
Income	Total Applications	Percent Distribution of Application Outcome: Loan Originated	Application Denied	Applied but Not Accepted	Withdrawn by Applicant	File Closed for Incompleteness
Asian	318	69%	4%	3%	22%	2%
Black/African American	240	70%	7%	3%	20%	2%
Native American	224	68%	7%	5%	18%	2%
Multiple Race	373	72%	3%	1%	22%	3%
Hispanic	3,391	71%	8%	2%	17%	2%
Multiple Ethnicity	1,385	75%	5%	1%	17%	2%
White, Non-Hispanic	6,816	76%	5%	2%	16%	2%

Note: Include mortgage applications for first lien 30-year mortgages for principal residence.

Source: HMDA and Root Policy Research.

Figures II-17 and II-18 show the distribution of denial reasons by income and race and ethnicity.

Figure II-17. Mortgage Denial Reasons by Income, 2020

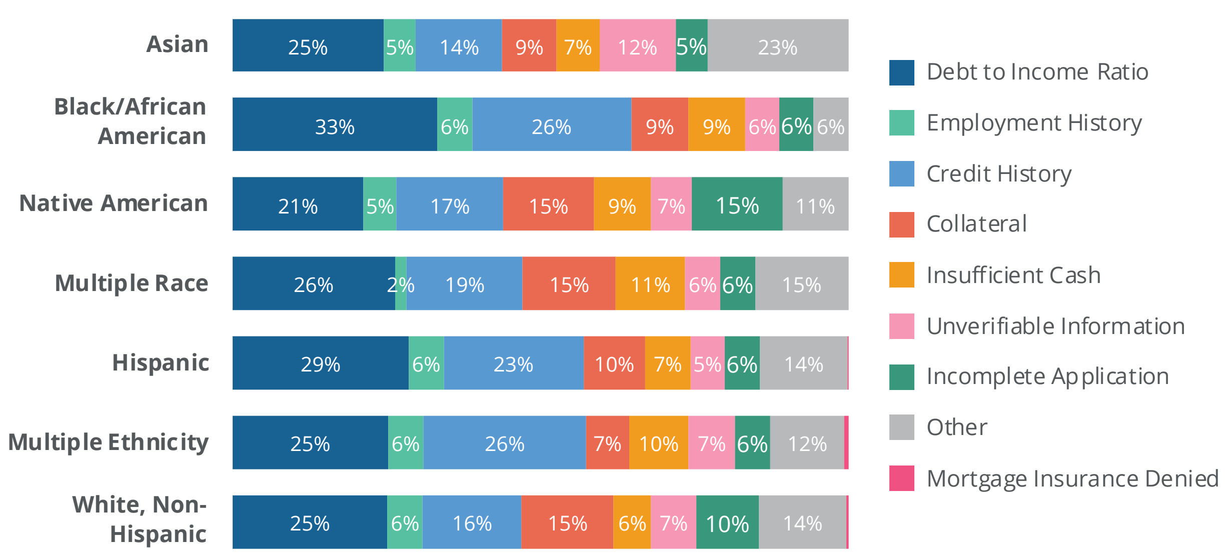


Note: Include denied mortgage applications for first lien 30-year mortgages for principal residence.

Source: HMDA and Root Policy Research.

Debt to income ratio is the top denial reason for lower income households. Given the higher share of applications denied due to credit history and incomplete application, households with higher income can benefit from credit counseling and assistance during the application process.

Figure II-18. Mortgage Denial Reasons by Race/Ethnicity, 2020



Note: Include denied mortgage applications for first lien 30-year mortgages for principal residence.

Source: HMDA and Root Policy Research.

Credit history and debt to income ratio are a bigger barrier for Hispanic and Black/African American households. Native American and non-Hispanic White households are more likely than households of other race/ethnicity to have their application denied due to insufficient value or type of collateral.

Refinancing. The drop in interest rates over the past couple of years led to a surge in mortgage refinance activity. Being able to refinance into a lower rate is one of the significant advantages of homeownership; reducing rents is typically not possible except in very unusual and depressed markets. Giving households the opportunity to lower their debt payments during times of economic stress can significantly decrease the costs of recessions and provide the economic stimulus households need to remain stably housed.[11]

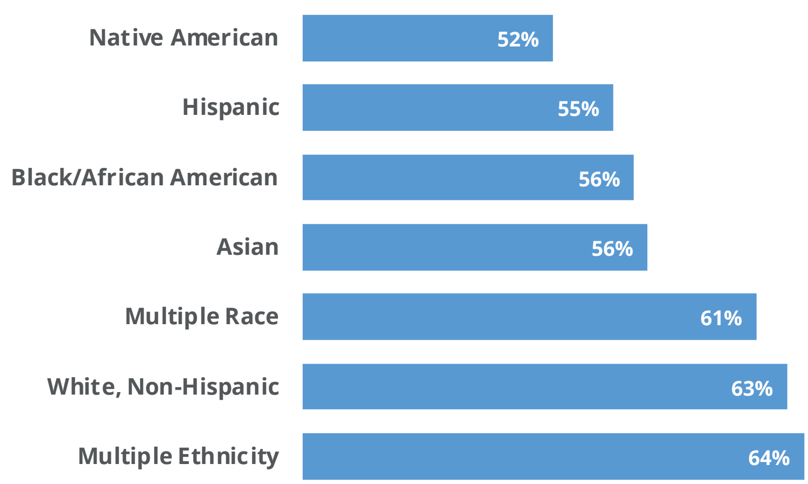
Some of the barriers to refinancing include the need to document employment and the cost of out-of-pocket closing costs, which can have a negative disproportionate impact on households that would benefit the most.

In New Mexico, origination rates for refinance applications varied by race and ethnicity. As shown in Figure II-19, Native American, Hispanic, Black/African American, and Asian households have lower origination rates compared to non-Hispanic White and mixed ethnicity applications. Credit history was the most common denial reason for all minority groups expect for Asian applicants, whose top denial reason was debt to income ratio.

Figure II-19. Origination Rates for Refinancing Mortgage Applications by Race/Ethnicity, 2020

Note:
Excludes applications for cash out refinance.

Source:
HMDA and Root Policy Research.



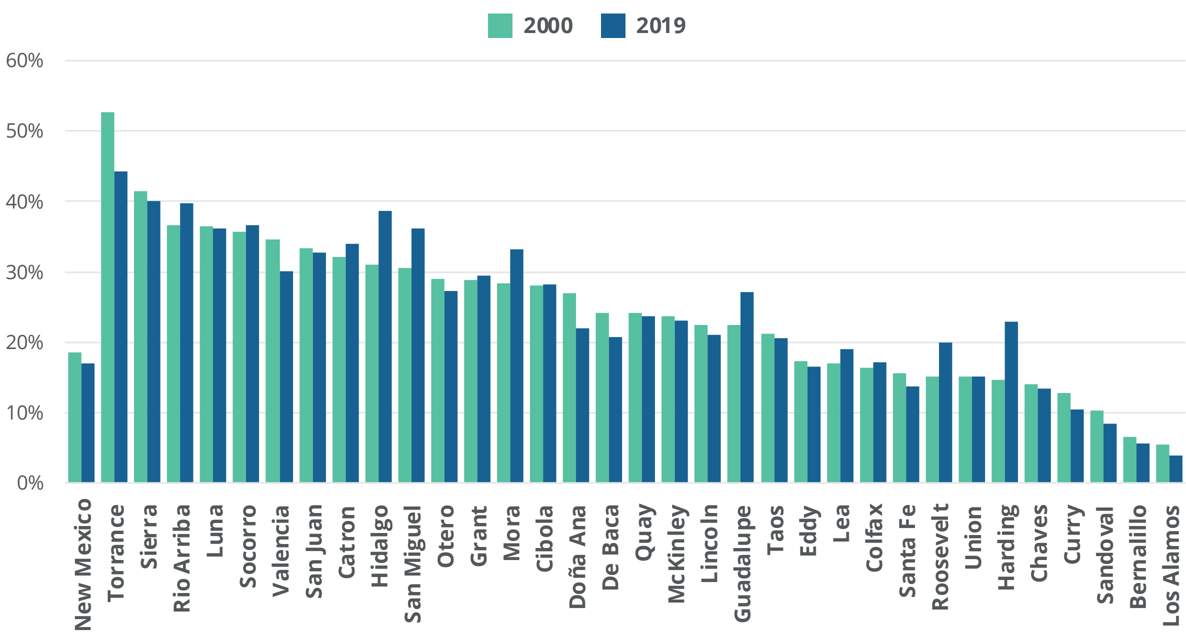
[11] DeFusco, A. A., & Mondragon, J. (2020). No job, no money, no refi: Frictions to refinancing in a recession. The Journal of Finance, 75(5), 2327-2376.

Ownership of Mobile Homes

According to Census data, which reports occupancy in mobile homes, mobile homes provide a large share of housing stock in many counties and are the second largest housing type after single family detached homes in every county except for Bernalillo, Curry, and Los Alamos.

Figure II-20 shows the share of mobile homes as a percentage of total housing units by county and how this share has changed since 2000. In several counties—including Hidalgo, San Miguel, More, Guadalupe, Roosevelt, and Harding— the share of mobile homes as increased significantly since 2000 and in many counties—Torrance, Sierra, Rio Arriba, Luna, Socorro, San Juan, Catron, Hidalgo, San Miguel, and Mora— mobile homes represent over a third of the total housing stock.

Figure II-20.
Mobile Homes as a Share of Total Housing Units by County, 2000 and 2019



Source: 2019 ACS, 2000 Decennial Census, and Root Policy Research.

Figure II-21 shows the share of mobile homes that were built before 1980. Maintenance and repair needs for these dwellings can increase the cost of ownership and if the repairs are forgone, they can decrease the quality of life and rate of appreciation of the home. In the state, an estimated one quarter of mobile homes were built before 1980. This share is even higher at around one third in Harding, Mora, Cibola, Otero, Quay, Lincoln, and Sierra counties.

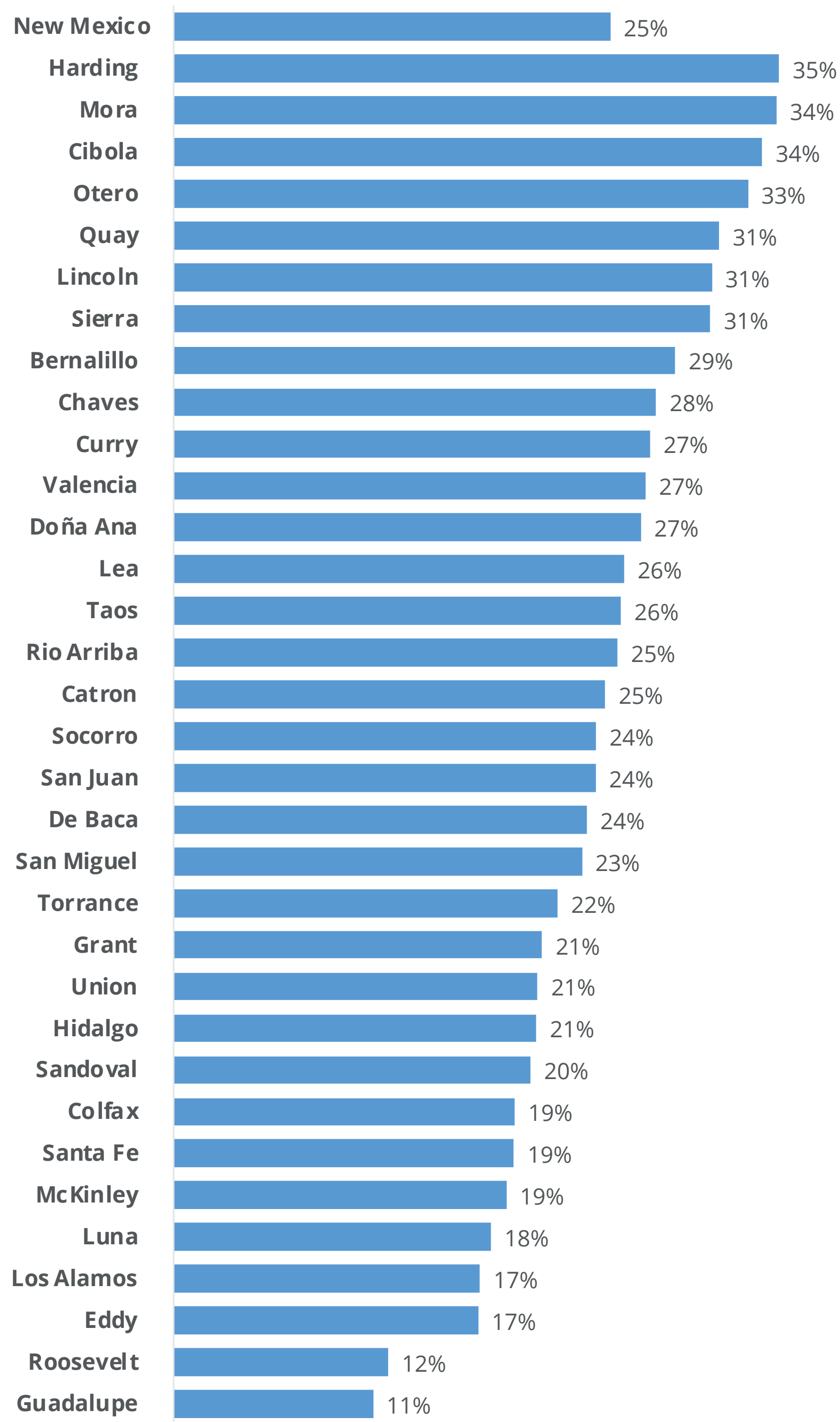
Figure II-21. Share of Mobile Homes Built Before 1980

Note:

Data represent an estimate of occupied mobile homes build Before 1980.

Source:

2019 5-year ACS, and Root Policy Research.



In New Mexico, homeownership of mobile homes contributes significantly to its overall high homeownership rate (Figure II-22). This is especially the case in Hidalgo, Mora, San Miguel, Sierra, and Torrance counties.

Figure II-22. Mobile Homes' Contribution to the Homeownership Rate

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

	Overall	Excluding Mobile Homeowners
New Mexico	**63%**	**56%**
Bernalillo	63%	59%
Catron	88%	65%
Chaves	69%	59%
Cibola	69%	48%
Colfax	71%	53%
Curry	57%	50%
De Baca	63%	50%
Doña Ana	63%	49%
Eddy	69%	56%
Grant	68%	50%
Guadalupe	63%	49%
Harding	65%	52%
Hidalgo	71%	41%
Lea	67%	55%
Lincoln	81%	58%
Los Alamos	74%	71%
Luna	61%	38%
McKinley	71%	50%
Mora	86%	51%
Otero	64%	47%
Quay	61%	49%
Rio Arriba	77%	48%
Roosevelt	58%	47%
San Juan	71%	47%
San Miguel	70%	40%
Sandoval	79%	73%
Santa Fe	71%	60%
Sierra	74%	43%
Socorro	73%	50%
Taos	76%	58%
Torrance	83%	48%
Union	65%	57%
Valencia	81%	59%

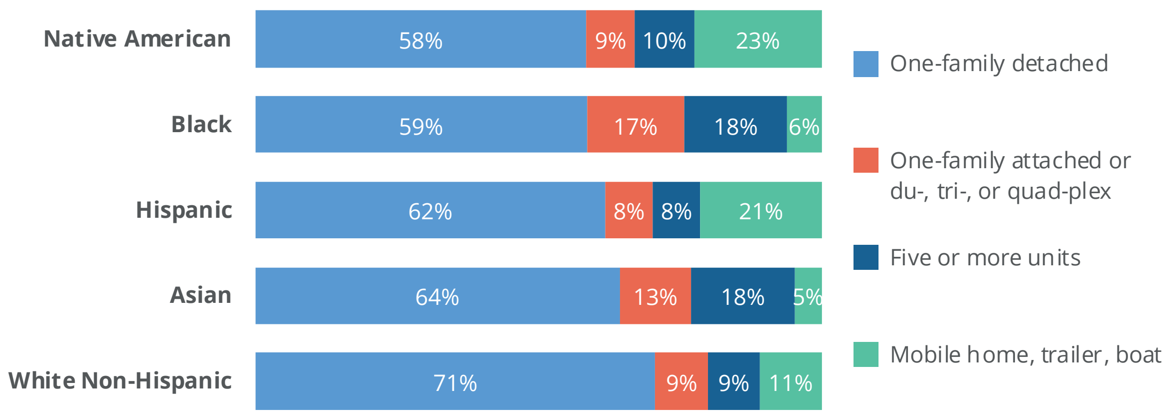
Figure II-23 illustrates housing type by race and ethnicity. The largest variance in housing type by race and ethnicity is found in mobile homes and multifamily units:

- 18% of Black and Asian New Mexicans live in multifamily units compared to 9% of White, Non-Hispanic households and 8% of Hispanic households;
- Black and Asian households are also more likely to live in attached homes;

- Overall, 31% of Asian households and 35% of Black households live in a building with five or more units, an attached single-family home, or a du-, tri-, or quad-plex; and
- 23% of Native American households and 21% of Hispanic households live in mobile homes compared to 11% of White, non-Hispanic households.

Non-Hispanic White households live in single-family detached homes at higher rates than other race and ethnic groups: 71% live in single-family detached homes compared to 64% of Asian households, 62% of Hispanic households, 59% of Black households, and 58% of Native American households.

Figure II-23.
Housing Type Occupied by Race and Ethnicity, 2019



Notes: Households' races and ethnicities are determined based on whether one or more people in the household identify in either of the above races or ethnic groups. This means that mixed-race or mixed-ethnicity households are counted in more than one race/ethnic groups.

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

Needs of Existing Owners

Many of New Mexico's homes are relatively old: 44% were built before 1980. Although older homes are often popular for their unique design and charm, they can also be more expensive to heat and cool, have higher maintenance costs, and have a higher likelihood of lead exposure which can lead to adverse health effects.[12]

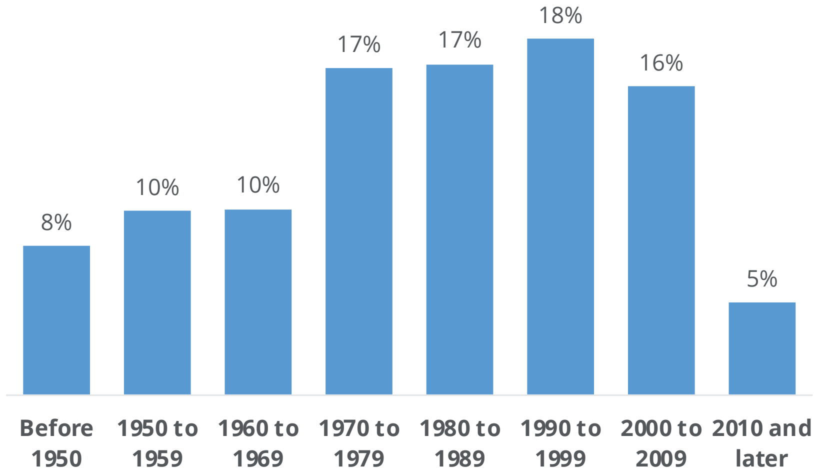
These units are also less likely to be accessible to residents with disabilities. The Fair Housing Act of 1991 introduced accessibility rules for new housing developments. Since the passage of the Act, newly developed affordable housing is required to make 5% of units accessible and newly developed market rate housing is required to make 2% accessible.

[12] Dignam, Timothy, et al. "Control of lead sources in the United States, 1970-2017: public health progress and current challenges to eliminating lead exposure." *Journal of public health management and practice: JPHMP* 25 (2019): S13.

Figure II-24. Age of Housing Stock, 2019

Source:

2019 ACS 5-year IPUMS and Root Policy Research.



Home maintenance and accessibility modifications. According to the resident survey conducted to support this study, of the 650 homeowner respondents, almost one in five homeowners (18%) indicated their home is in fair (16%) or poor (2%) condition. The most common needed repairs were:

- New windows to improve energy efficiency (62%);
- Weatherization (e.g., insulation, weather stripping, caulking) (62%);
- Interior walls or ceilings (e.g., fix cracks, holes, water damage) (50%); and
- Roof (48%).

Over 90% of respondents indicated the primary reason why the needed repairs have not been made is because they cannot afford them.

Around one third of homeowner respondents to the survey indicated they or a member of their households has a disability. Of those with a disability 22 percent indicated their home does not meet the needs of the member with a disability. The most common improvements or modifications needed to better meet the family's needs were:

- Grab bars in bathroom or bench in shower (39%);
- Ramps (37%); and
- Wider doorways (28%).

Home improvement. An analysis of the home improvement needs of homeowners is found in Research Brief I, beginning on page 45. That analysis concluded that New Mexico homeowners appear reluctant to take on debt to improve their properties, despite known condition needs throughout the state.

Supporting figures: Projected unit demand by tenure

Figure II-25. Projected Units Needed by 2025, by County, AMI and Tenure

Note:

Holding 2019 AMI and tenure distributions constant.

Source:

The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

		Percent of AMI					
County	Total	0-30%	30-50%	50-80%	80-100%	100-120%	120%+
Total	**25,476**	**4,210**	**3,431**	**4,360**	**2,449**	**2,114**	**8,912**
Bernalillo	10,153	1,812	1,428	1,728	937	851	3,396
Sandoval	5,417	695	557	957	558	526	2,125
Doña Ana	4,263	762	665	677	377	282	1,499
Santa Fe	2,261	355	317	404	240	168	778
San Juan	1,082	211	163	194	107	94	311
Curry	550	81	68	105	55	43	198
Lea	508	84	55	83	57	51	179
Chaves	454	73	70	76	45	34	157
Valencia	328	61	52	62	33	29	90
Roosevelt	219	34	25	36	19	17	88
Eddy	114	18	16	18	11	10	41
Cibola	78	15	9	13	6	6	29
McKinley	49	10	5	7	4	3	20
Rental Units	**9,043**	**2,303**	**1,959**	**1,581**	**1,323**	**1,204**	**674**
Bernalillo	4,333	1,130	951	768	615	569	299
Sandoval	1,047	272	237	205	136	129	68
Doña Ana	1,818	450	414	286	279	248	142
Santa Fe	678	173	146	110	106	90	53
San Juan	382	87	83	70	62	51	30
Curry	220	51	37	37	36	34	26
Lea	173	48	23	32	25	26	20
Chaves	145	31	26	27	25	21	14
Valencia	70	19	12	13	11	10	5
Roosevelt	94	24	16	18	14	14	8
Eddy	36	8	7	7	6	5	4
Cibola	30	7	5	5	5	5	3
McKinley	17	4	3	2	2	3	3
Ownership Units	**16,433**	**1,907**	**1,472**	**2,779**	**1,126**	**910**	**8,238**
Bernalillo	5,821	682	477	960	322	282	3,097
Sandoval	4,370	423	320	752	422	397	2,056
Doña Ana	2,444	313	251	391	98	34	1,358
Santa Fe	1,584	182	171	294	134	78	725
San Juan	700	124	81	125	45	43	281
Curry	330	29	32	68	19	9	173
Lea	335	36	31	51	32	25	160
Chaves	309	41	44	49	20	13	143
Valencia	257	42	40	49	22	19	85
Roosevelt	124	10	9	18	5	4	80
Eddy	78	10	9	11	6	5	37
Cibola	48	8	4	8	2	1	25
McKinley	32	6	3	5	2	0	18

Figure II-26. Projected Units Needed by 2030, by County, AMI and Tenure

Note:

Holding 2019 AMI and tenure distributions constant.

Source:

The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

		Percent of AMI					
County	Total	0-30%	30-50%	50-80%	80-100%	100-120%	120%+
Total	**51,182**	**8,438**	**6,886**	**8,784**	**4,936**	**4,266**	**17,872**
Bernalillo	**19,382**	3,459	2,727	3,299	1,789	1,625	6,483
Sandoval	**11,353**	1,456	1,166	2,006	1,169	1,102	4,453
Doña Ana	**8,194**	1,465	1,278	1,301	724	542	2,882
Santa Fe	**4,667**	733	654	833	495	347	1,606
San Juan	**2,182**	426	330	392	216	190	628
Valencia	**1,468**	275	233	277	147	132	404
Curry	**1,117**	164	139	213	112	87	403
Lea	**1,069**	176	115	174	119	107	378
Chaves	**943**	151	146	157	93	70	326
Roosevelt	**384**	60	43	64	33	30	154
Eddy	**236**	38	33	37	23	20	85
Cibola	**131**	25	16	22	11	10	48
McKinley	**55**	11	6	8	4	3	23
Rental Units	**17,867**	**4,552**	**3,859**	**3,128**	**2,615**	**2,380**	**1,333**
Bernalillo	**8,271**	2,156	1,815	1,466	1,174	1,087	571
Sandoval	**2,194**	570	496	430	286	270	143
Doña Ana	**3,495**	864	795	550	536	477	272
Santa Fe	**1,399**	357	300	226	219	186	109
San Juan	**771**	175	167	141	125	103	61
Valencia	**316**	86	52	58	51	46	23
Curry	**447**	105	75	74	73	68	52
Lea	**365**	100	49	67	52	55	41
Chaves	**301**	65	54	56	52	43	30
Roosevelt	**166**	43	28	32	25	24	14
Eddy	**74**	17	14	14	11	10	7
Cibola	**50**	11	9	9	8	8	6
McKinley	**19**	4	3	3	3	3	3
Ownership Units	**33,315**	**3,885**	**3,027**	**5,656**	**2,321**	**1,886**	**16,540**
Bernalillo	**11,111**	1,303	911	1,832	615	538	5,912
Sandoval	**9,158**	886	670	1,575	884	832	4,310
Doña Ana	**4,699**	601	483	751	188	65	2,610
Santa Fe	**3,269**	375	353	607	276	160	1,496
San Juan	**1,411**	251	163	251	91	87	568
Valencia	**1,152**	189	181	219	97	85	381
Curry	**670**	59	64	139	39	19	350
Lea	**705**	76	66	107	67	52	336
Chaves	**643**	86	91	101	41	28	296
Roosevelt	**218**	17	15	31	8	6	140
Eddy	**162**	21	18	23	12	10	77
Cibola	**81**	14	7	13	3	2	42
McKinley	**36**	7	3	5	2	0	20

Figure II-27. Projected Units Needed by 2035, by County, AMI and Tenure

Note:

Holding 2019 AMI and tenure distributions constant.

Source:

The University of New Mexico Geospatial and Population Studies, and Root Policy Research.

		Percent of AMI					
County	Total	0-30%	30-50%	50-80%	80-100%	100-120%	120%+
Total	**73,774**	**12,078**	**9,861**	**12,661**	**7,132**	**6,156**	**25,886**
Bernalillo	**27,399**	4,890	3,854	4,663	2,529	2,297	9,165
Sandoval	**17,504**	2,245	1,799	3,093	1,803	1,699	6,866
Doña Ana	**11,700**	2,092	1,825	1,858	1,034	774	4,116
Santa Fe	**7,362**	1,156	1,031	1,315	781	547	2,533
San Juan	**3,129**	611	473	562	310	273	901
Curry	**1,730**	253	215	330	173	135	624
Lea	**1,609**	266	173	262	179	161	568
Chaves	**1,389**	222	214	232	137	104	480
Valencia	**1,053**	197	167	199	105	94	290
Roosevelt	**483**	75	54	80	42	38	194
Eddy	**259**	41	36	41	25	22	93
Cibola	**156**	30	19	26	13	11	57
Rental Units	**25,637**	**6,530**	**5,548**	**4,489**	**3,749**	**3,409**	**1,912**
Bernalillo	**11,692**	3,048	2,566	2,073	1,660	1,537	807
Sandoval	**3,384**	878	765	663	440	416	220
Doña Ana	**4,991**	1,234	1,135	786	766	681	389
Santa Fe	**2,206**	564	474	357	345	294	173
San Juan	**1,105**	251	239	202	179	148	87
Curry	**693**	162	116	115	113	106	81
Lea	**549**	151	74	101	79	83	62
Chaves	**443**	96	80	83	77	63	44
Valencia	**227**	61	38	42	36	33	16
Roosevelt	**209**	54	35	41	31	30	18
Eddy	**81**	18	16	15	13	11	8
Cibola	**59**	13	10	11	10	9	7
Ownership Units	**48,137**	**5,548**	**4,313**	**8,172**	**3,383**	**2,747**	**23,974**
Bernalillo	**15,707**	1,841	1,288	2,590	869	760	8,358
Sandoval	**14,121**	1,367	1,033	2,429	1,363	1,283	6,646
Doña Ana	**6,710**	858	690	1,073	269	93	3,727
Santa Fe	**5,156**	592	557	958	436	253	2,360
San Juan	**2,023**	360	234	361	130	125	814
Curry	**1,037**	91	99	215	60	30	542
Lea	**1,061**	115	100	161	101	78	506
Chaves	**946**	126	135	149	60	41	436
Valencia	**827**	136	130	157	69	61	273
Roosevelt	**275**	22	19	39	10	8	176
Eddy	**178**	23	20	26	13	11	85
Cibola	**97**	17	8	16	3	2	51

RESEARCH BRIEF III.

HOMELESSNESS, SPECIAL NEEDS, AND HUMAN SERVICES NEEDS

RESEARCH BRIEF III. Homelessness, Special Needs, and Human Service Needs

This brief discusses the needs of New Mexicans who have unique housing needs including:

- New Mexicans experiencing or at-risk of homelessness ("precariously housed");
- Residents with disabilities,
- Tribal communities,
- Residents of colonias,
- Seniors,
- Families with children,
- Agricultural or farmworkers,
- Military households and families; and
- Youth aging out of foster care.

Primary Findings

- According to the most recent count (referred to as the Point in Time count, or PIT) of homeless residents in shelters and sleeping in areas not meant for human habitation, as of January 2022, there were 1,311 persons experiencing homelessness in Albuquerque and 1,283 in the balance of the state. Of those, most were occupying emergency shelters: 197 were unsheltered in Albuquerque and 391 were unsheltered in other areas of the state (referred to as Balance of State).

  PIT count estimates are considered a snapshot of homelessness in a community and typically represent an undercount of the homeless population. According to a recent analysis conducted by the New Mexico Coalition to End Homelessness, **the total number of people experiencing homelessness in New Mexico each year,** when persons who living in non-permanent and precarious housing conditions, **is between 15,000 and 20,000 individuals.**

- According to data from the U.S. Department of Housing and Urban development (HUD), **Native American and Black/African American residents are overrepresented among homeless individuals**, while Hispanic residents are underrepresented. In particular, Native American residents account for 25% and 27% of residents experiencing homelessness in Albuquerque and the Balance of State respectively, but account for only 7% and 18% of residents living in poverty.

- The Corporation for Supportive Housing (CSH) Racial Disparities and Disproportionality Index also shows that Black/African American and Native American residents have an overrepresentation in homelessness. According to the CSH index:
    - Black/African Americans are particularly overrepresented among homeless veterans, unaccompanied transition aged youth, justice involved transition aged youth, and prison systems.
    - Native Americans are particularly overrepresented in homeless with substance use challenges.
    - Hispanic residents are particularly overrepresented among justice involved transition aged youth.
- Access to supportive services, as well as affordable housing, is vital for exiting homelessness. Several organizations have estimated gaps in permanent supportive housing in the state:
    - The New Mexico Coalition to End Homelessness estimates that **over 6,500 people** per year experience homelessness but do not receive adequate assistance to help them exit homelessness and **are in need of rapid rehousing and permanent supportive housing units.**[1]
    - The Corporation for Supportive Housing (CSH) estimates a slightly higher number—around 8,400 supportive housing units needed in the state.
    - For Albuquerque alone, the Urban Institute report estimates that 2,200 households are in need of permanent supportive housing and 800 units of rapid rehousing.
- The majority (63%) of New Mexico's housing stock, or 587,948 homes, were built before 1991, when federal accessibility requirements were put in place. Academic researchers[2] estimated that there is a 60% probability that a newly built single family home will house at least one disabled resident, and 91% will welcome a disabled visitor. According to the resident survey conducted for the Housing Strategy, 25% of residents who indicated they or someone in their household has a disability indicated the place where they live does not meet the needs of their household member with a disability. Applying the survey estimate of residents who need accessibility improvements to the number of New Mexico households who have a member with a

[1] Rapid rehousing and permanent supportive housing are evidence-based interventions that have proven effective in helping people exit homelessness. Rapid rehousing provides rental assistance to help homeless households move into apartments; supportive services are provided to help the family obtain the resources they need. Rapid rehousing works best for households who will be able to obtain employment and support themselves within two years.. Permanent supportive housing (PSH) involves providing a household rental assistance and more intense supportive services (e.g., mental health care, substance abuse treatment) in scattered site or site-based communities typically owned by PSH providers.

[2] Smith, Stanley K., Stefan Rayer, and Eleanor A. Smith. "Aging and disability: Implications for the housing industry and housing policy in the United States." Journal of the American Planning Association 74.3 (2008): 289-306.

disability translates to around 43,000 units that do not meet the needs of people with disabilities.

- **Residents living on Tribal lands and in colonias are more likely than other New Mexicans to be living in housing in poor condition.** These areas also have a significant number of vacant and underutilized housing units.

    - On Tribal lands, more than 5,700 housing units are overcrowded, 18,800 were built before 1970, 2,600 lack complete kitchen facilities, and almost 3,500 lack complete plumbing. An estimated 16,400 housing units on Tribal lands are vacant. According to the resident survey, 26% of Native American respondents deem their home to be in fair/poor condition, this translates to around 14,670 housing units occupied by Native Americans that are in need of repairs.
    - In census tracts with colonias, there are an estimated 1,800 overcrowded housing units, over 17,000 units built before 1970, 400 units lacking complete kitchen facilities, and over 800 lacking complete plumbing facilities. Around 6,700 units using bottled, tank, or LP gas as a heating source. Around 20,000 housing units in census tracts with colonias are vacant.

- According to an analysis of seniors' needs for affordable rentals, there is a **shortage of 4,590 rental units priced below $500 for senior renter households**. According to the resident survey, 28% of households with an older adult share housing with friends or family members due to lack of housing that meets their needs, and 12% indicated they would benefit from having someone routinely help take care of their home.
- According to Census data, **around 28% of households with children—an estimated 78,000 households—are cost burdened.** According to the resident survey, families with children experience high rates of housing instability. The survey found that 32% of households with children experienced displacement in the past five years.
- Public schools are required to identify children and youth who do not have a permanent residence ("McKinney Vento counts"). For the academic year 2019-2020, the data indicate **around 9,000 children and youth experience homelessness in the state.**
- New Mexico has nearly 12,000 jobs in the agriculture, forestry, fishing, and hunting industries. Although wages have increased, the average wage of workers with these jobs ($35,000 per year) is 30% lower than average annual wages in the state. Workers in these industries earning average wages would need rentals that cost no more than $875 per month.

- New Mexico is home to over 12,000 active duty military members. A comparison of the Basic Allowance for Housing (BAH) provided by the federal government and gross rents by county found that BAH rates are reasonable when compared to rents in each area. A larger barrier for military personal might be the lack of available housing, given the historically low vacancy rates in the state.

- The Comprehensive Needs Assessment of Young People Experiencing Housing Instability and Homelessness in Bernalillo County identified foster care as a contributor to unstable housing: 34% of youth surveyed who were classified as unstably housed or homeless had been in foster care at some point in their lives.

Persons Experiencing Homelessness

This section consolidates relevant research and data on homelessness in New Mexico. The analysis presents an overview of the most recent Point-In-Time (PIT) estimates and incorporates other available data to present a complete picture of homelessness in the state.

According to the 2022 Point-In-Time (PIT)[3] report produced by the New Mexico Coalition to End Homelessness[4] (NMCEH):

- There were 1,311 persons experiencing homelessness in Albuquerque and 1,283 in the balance of the state. Of those, most were occupying emergency shelters: 197 were unsheltered in Albuquerque and 391 were unsheltered in the Balance of State.

- Mental illness affects a minority of persons experiencing homelessness—although adults experiencing homelessness are more likely to struggle with mental illness than residents overall. In Albuquerque, 46% of the surveyed adults experiencing unsheltered homelessness, 25% of adults in emergency shelter, and just 9% of adults in transitional housing self-reported having a serious mental illness. In the Balance of State, 43% of the surveyed adults experiencing unsheltered homelessness, 30% of adults in emergency shelter, and 14% of adults in transitional housing self-reported having a serious mental illness. The prevalence of serious mental illness among the general population over 18 is 5%, according to the Substance Abuse of Mental Health Services Administration[5].

- Persons experiencing unsheltered homelessness are also disproportionately likely to have a substance use disorder. In Albuquerque 44% of surveyed adults experiencing unsheltered homelessness self-reported having a substance use disorder, the incidence was lower among adults in emergency shelter and transitional housing at

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[3] The Point-In-Time (PIT) count is a nationwide count of individuals and families experiencing homelessness within a community on a given night, as outlined and defined by the U.S. Housing and Urban Development Department (HUD).

[4] 2022 Point-In-Time-Count, Joint Albuquerque and Balance of State Report https://www.nmceh.org/_files/ugd/6737c5_4ecb9ab7114a45dcb25f648c6e0b0a30.pdf

[5] https://www.samhsa.gov/data/report/2019-2020-nsduh-state-specific-tables

13% and 5% respectively. Similarly, in the Balance of State 40% of adults experiencing unsheltered homelessness, 16% of adults in emergency shelter, and 7% of adults in transitional housing self-reported having a substance use disorder. The prevalence of substance use disorder among the general adult population is 17%, according to the Substance Abuse of Mental Health Services Administration.

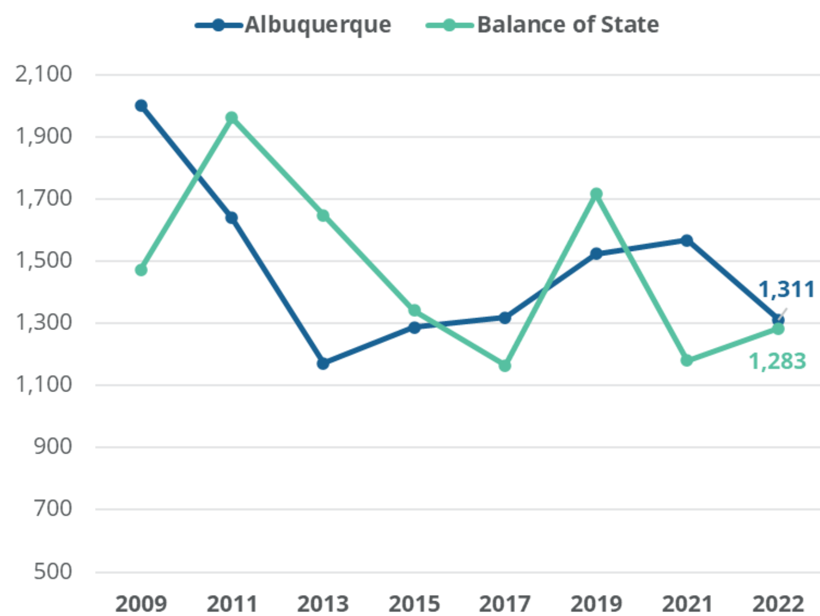
The following figures show trends in PIT counts for the Albuquerque and Balance of State Continuum of Care (CoC).

Since 2011, homelessness in the Balance of State has been declining, except for a dramatic increase in 2019. Albuquerque has shown a different trend since 2013, with a consistently steady increase in homelessness up to 2021 and a significant decrease in 2022.

Figure III-1. Total Persons Experiencing Homelessness, Point-in-Time (PIT) Counts, 2009 - 2022

Source:

2022 Point-In-Time-Count https://www.nmceh.org/_files/ugd/6737c5_4ecb9ab7114a45dcb25f648c6e0b0a30.pdf



The trend in the Balance of State points to a reduction in the homeless population between 2019 and 2021 and a slight uptick 2022. It should be noted that there were community and HUD enforced restrictions in place for the 2021 and 2022 count and there were severe snowstorms in the southern part of the State during the 2022 count; therefore, the numbers reflected may be drastically lower than in previous years or show an inaccurate trending in data.[6]

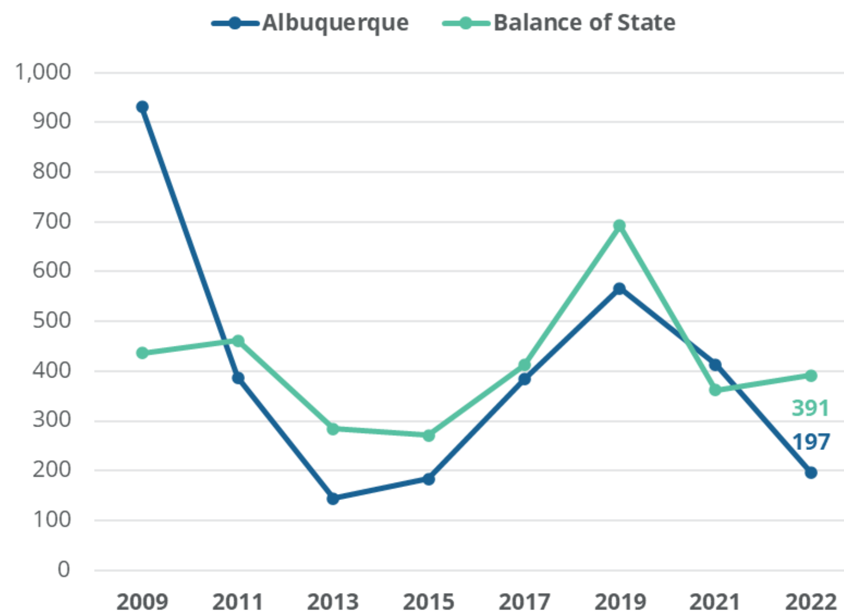
[6] Due to the restrictions placed on the count by the COVID-19 pandemic from local and Federal regulations, outreach teams could logistically only cover smaller geographic areas for shorter amounts of time. Coupled with ongoing removal of encampments during the pandemic, this created areas of constantly shifting populations which would hamper effective engagement on a limited scale. In addition, only 14 out of 33 total counties in New Mexico were accounted for in 2021.

According to the 2021 PIT report, another reason for the drop in unsheltered individuals was the creation of "Wellness Motels," which was an effort to support safe housing of people experiencing homelessness during the pandemic. Those hotels were effective in adding extra beds and allowed for more people to be sheltered on the night of the count, contributing to lower numbers of unsheltered individuals (Figure III-2). The number of unsheltered individuals in 2022 continued the downward trend in Albuquerque but slightly increased in the Balance of State.

Figure III-2. People Living in Unsheltered Living Conditions, PIT Counts, 2009-2022

Source:

2022 Point-In-Time-Count https://www.nmceh.org/_files/ugd/6737c5_4ecb9ab7114a45dcb25f648c6e0b0a30.pdf



Figures III-3 shows the increase of persons in Emergency Shelters in Albuquerque and aligns with Albuquerque's increased number of shelter beds and the inclusion of Wellness Motels during the COVID-19 pandemic. The number stayed flat in Albuquerque in 2022 and increased in the Balance of State.

Figure III-3. People Residing in Emergency Shelters, PIT Counts, 2009-2022

Source:

2022 Point-In-Time-Count https://www.nmceh.org/_files/ugd/6737c5_4ecb9ab7114a45dcb25f648c6e0b0a30.pdf

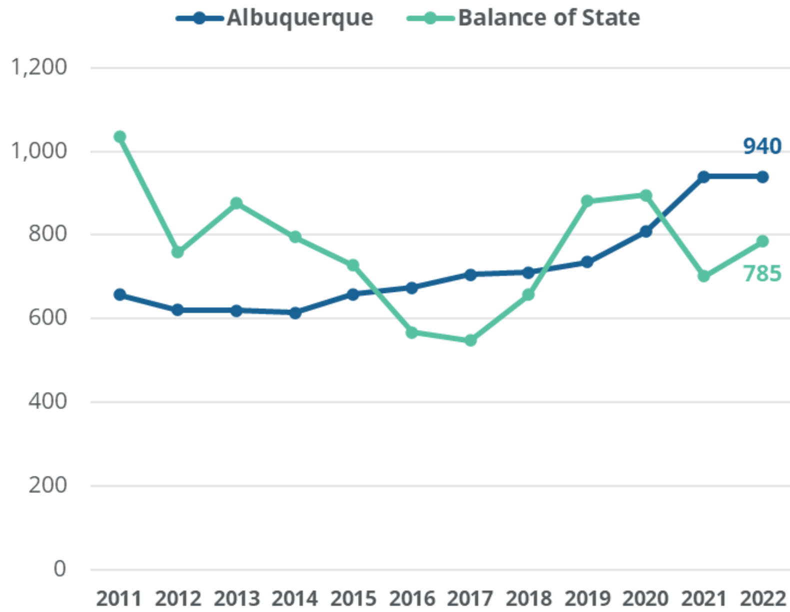


Figure III-4 shows a decrease in the number of individuals in transitional housing. Declines in the number of people residing in transitional housing is due to HUD encouraging transitional housing programs to switch to rapid rehousing models. Many programs in New Mexico elected to make that switch.

Figure III-4. People Residing in Transitional Housing, PIT Counts, 2009-2022

Source:

2022 Point-In-Time-Count https://www.nmceh.org/_files/ugd/6737c5_4ecb9ab7114a45dcb25f648c6e0b0a30.pdf

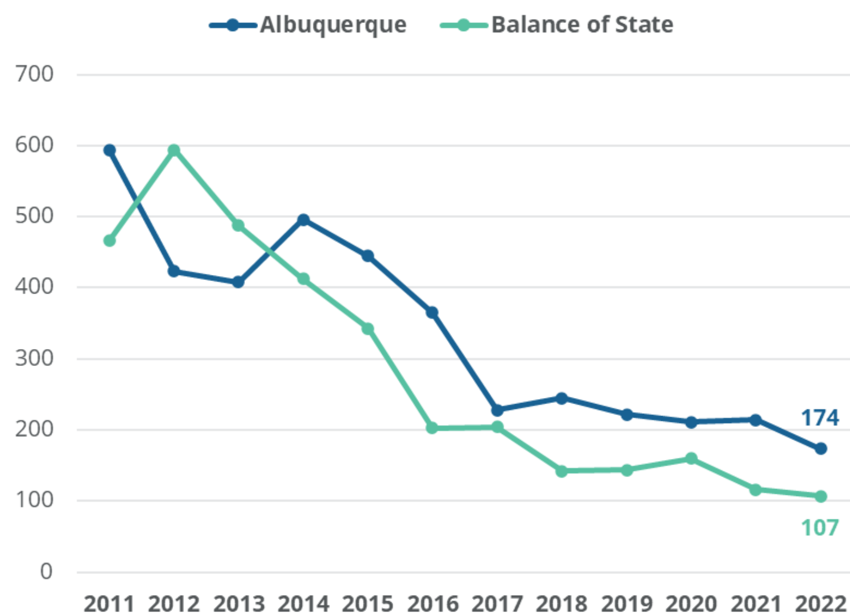


Figure III-5 shows the county distribution of the number of unsheltered persons and persons residing in emergency shelters and transitional housing as of the 2021 count, as well as the number of unsheltered persons in 2022.[7] According to the 2021 report, these data should not be interpreted to indicate that there are more people experiencing unsheltered homelessness in one county than another, due to significant shifts in count methodology due to COVID-19 restrictions and county-level community engagement. In addition, not every shelter in the Balance of State participates in this count; therefore, the numbers should not be taken as definitive of all shelters.

Figure III-5. Housing Situation of Residents captured in 2021 and 2022 PIT counts, by County

Source:

2022 Point-In-Time-Count https://www.nmceh.org/_files/ugd/6737c5_4ecb9ab7114a45dcb25f648c6e0b0a30.pdf

2022 Point-In-Time-Count

https://nmceh.org/pages/reports/2021%20Joint/PIT%20CoC%202021%20Report.pdf

	Unsheltered (2021)	Unsheltered (2022)	Emergency Shelter (2021)	Transitional Housing (2021)
Chaves	-	-	10	-
Cibola	-	-	11	-
Colfax	25	-	-	-
Curry	-	2	2	-
Doña Ana	72	154	8	83
Eddy	16	-	5	13
Grant	-	30	3	-
Lea	-	-	4	-
Lincoln	-	-	8	-
Luna	-	9	10	-
McKinley	-	43	151	-
Otero	117	22	15	-
Roi Arriba	1	11	50	-
San Juan	21	21	33	9
San Miguel	1	-	6	6
Sandoval	5	-	26	-
Santa Fe	79	58	231	35
Socorro	7	-	-	-
Taos	5	6	34	19
Union	2	-	-	-
Valencia	8	10	6	-

Given all the data limitations, PIT count estimates are considered a snapshot of homelessness in a community and typically represent an undercount of the homeless population.

According to a recent analysis conducted by the New Mexico Coalition to End Homelessness, the more accurate number of people experiencing homelessness in New

[7] The 2022 report provides the number of projects, not persons for emergency shelter and transitional housing.

Mexico each year is between 15,000 and 20,000 individuals.[8] Using data from the Homeless Management Information System (HMIS), the report also estimates that in 2018:

- There were 2,585 people under the age of 18 who were homeless; 584 of them were separated from their parents or guardians while the other 2,001 people were accompanied by a parent or guardian who was also homeless;
- 981 people aged 18 to 24 were homeless in 2018. 221 of them were part of a family, 100 of them were the head of their household, and 760 were unaccompanied;
- 9,021 people aged 25 and up were homeless in 2018; 1,126 of them were in families and 7,647 were unaccompanied, and for the remaining 248, no household type was reported.

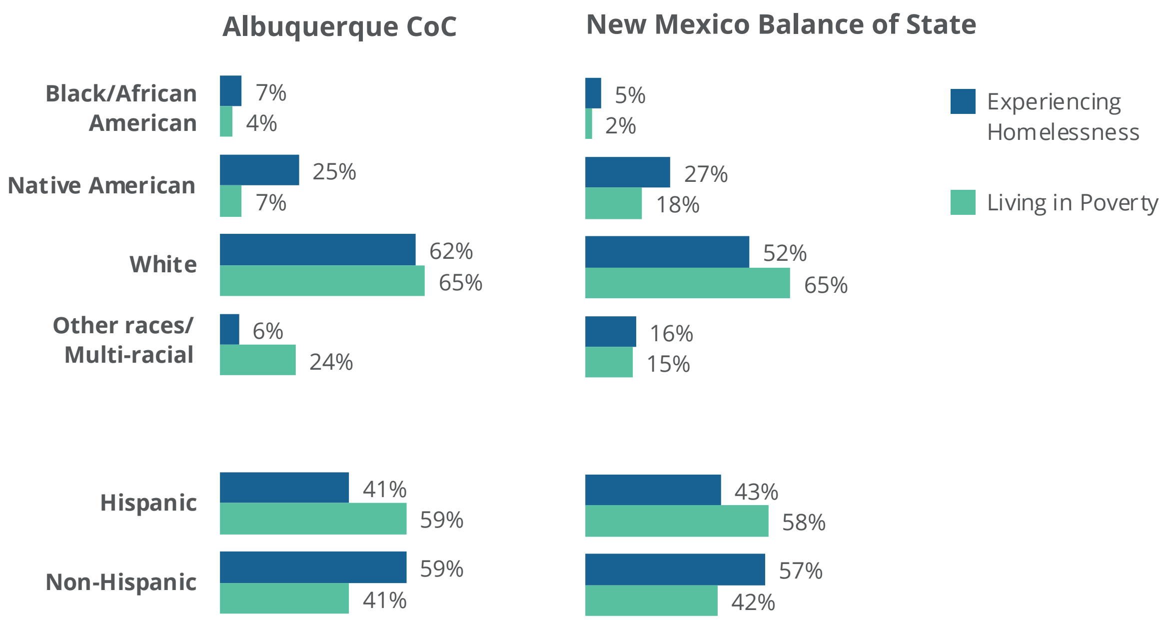
Racial disparities in homelessness. In New Mexico, the risk of homelessness is unequal among racial groups even after adjusting for poverty. According to HUD data, Native American and Black/African American residents are overrepresented among homeless individuals, while Hispanic residents are underrepresented.

In particular, Native American residents account for 25% and 27% of residents experiencing homelessness in Albuquerque and the Balance of State respectively, compared to 7% and 18% of residents living in poverty[9] as shown in the figure below.

[8] https://nmceh.org/docs/White%20Paper%20Homeless%20NMCEH%20010820.pdf

[9] American Indian and Alaska Native alone represent 9% of the total population in the state and 4% of the total population in Albuquerque.

Figure III-6.
Residents Experiencing Homelessness v. Living in Poverty



Source: CofC Racial Equity Analysis Tool (Version 2.1) developed by HUD, 2020 https://www.hudexchange.info/resource/5787/coc-analysis-tool-race-and-ethnicity/.

The Corporation for Supportive Housing (CSH) developed a Racial Disparities and Disproportionality Index ("RDDI")[10] that uses public systems and measures[11] to tell whether a racial and/or ethnic group's representation in a particular public system is proportionate to their representation in the overall population. CSH's index compares each group to the aggregation of all other groups and can be viewed as the "likelihood of one group experiencing an event, compared to the likelihood of another group experiencing that same event."

The index Is normed to 1, with:

- An index of 1 indicates equal representation,
- An index below 1 indicates underrepresentation, and
- An index above 1 indicates overrepresentation in a particular system.

[10] https://www.csh.org/wp-content/uploads/2020/04/RDDI_OverviewHowTo.pdf

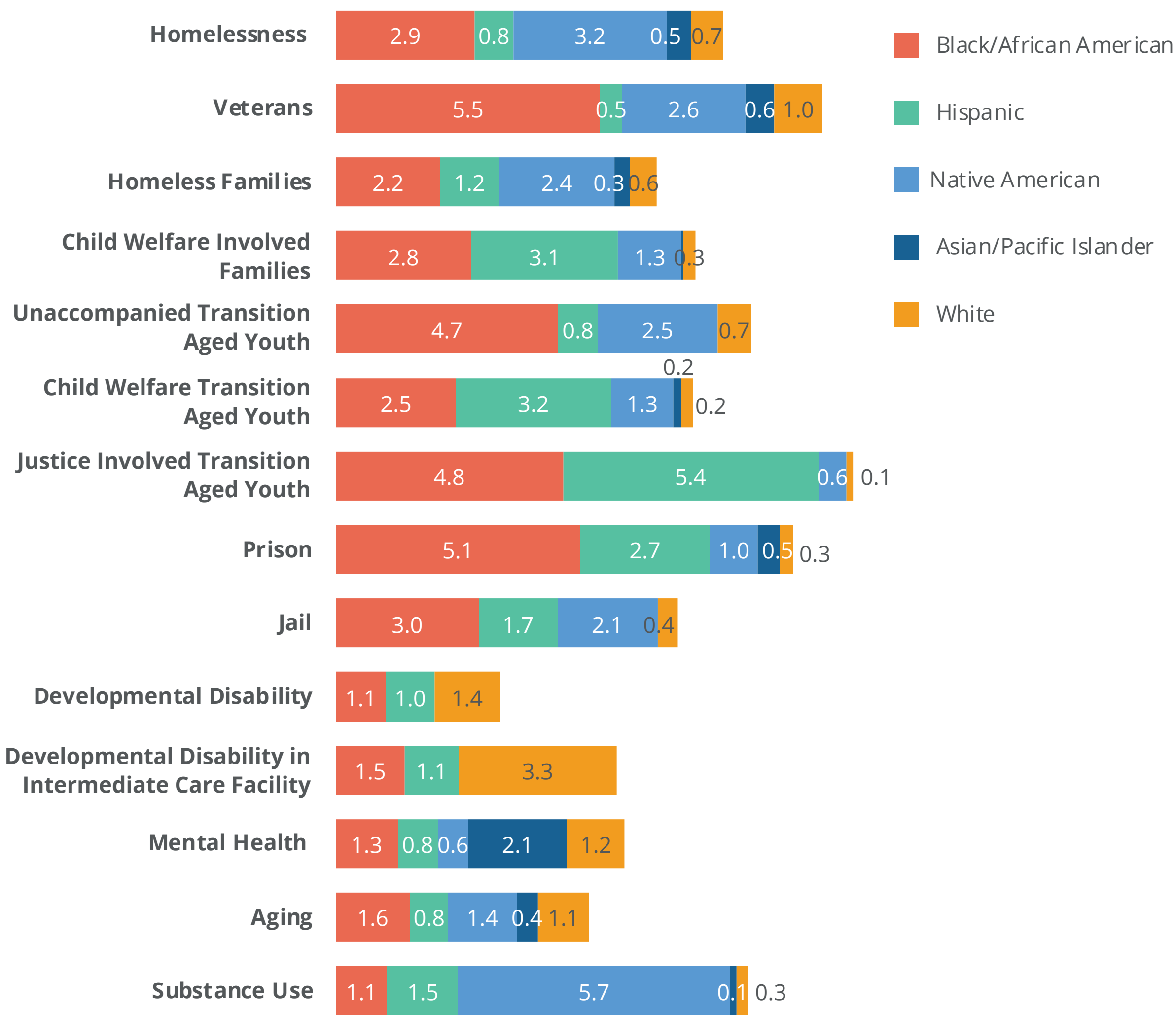
[11] https://www.csh.org/wp-content/uploads/2019/05/DATAREFERENCES_web.pdf

Figure III-7 presents all CSH disparity indices for New Mexico. The index shows Black/African American and Native American residents have an overrepresentation in several systems, including homelessness.

- Black/African Americans are particularly overrepresented among homeless veterans, unaccompanied transition aged youth, justice involved transition aged youth, and prison systems.
- Native Americans are particularly overrepresented in substance use, and homelessness systems.
- Hispanic residents are particularly overrepresented among justice involved transition aged youth.

The differences among youth suggest that interventions to reduce disparities at younger ages may improve the long term trajectory of disparities.

Figure III-7.
Disparities among Homeless Residents in New Mexico



Note: Data labels are included only for index values above 1.

Source: Corporation for Supportive Housing; https://www.csh.org/supportive-housing-101/data/

Precariously Housed Residents

As shown at the beginning of this section, the PIT counts two types of living situations: those residing in an unsheltered situation and those residing in a sheltered situation. Residents who are doubled up with family or friends, couch surfing, in unstable living conditions, or residing in substandard living conditions are not included in PIT counts. These residents are at a higher risk of homelessness and the supply of adequate affordable housing is crucial to keep them housed and increase housing stability.

The resident survey conducted for the Housing Strategy gathered responses from around 80 precariously housed residents. Thirty five percent of them live in Bernalillo County and another 22% in Luna County.

The characteristics of precariously housed residents include:

- **Disability.** Around 60% of respondents indicated they or someone in their household experienced some form of disability.
- **Living situation.** Around 75% indicated they currently live with family, friends or others not as part of a lease but due to a lack of housing that meets their needs. The majority of people in these living situations indicate that the primary reason they are doubled up is that they "cannot afford the monthly rent of the places that are available to rent anywhere."
- **Displacement.** Almost 40% have been displaced in the past 5 years. Aside from personal/relationship reasons, several indicated they were displaced because they were behind on rent, and rent increased more than they could afford. Over 40% of those displaced had to change job or lost their job due to the move, and 30% had their children change school due to the move.
- **Pandemic impact.** More than 70% of precariously housed residents said the COVID pandemic affected their housing situation. Around 30% indicated they had to move in with friends, 20% indicated they skipped payments on some bills, and 15% indicated they had to take on debt to pay for housing costs and picked up more work or an extra job to afford housing costs.
- **Housing solutions.** Precariously housed residents were asked "what do you feel you need to improve your housing security/stability?" The top three responses included:
    - Help me pay rent each month (37%);
    - Help me with a down payment (32%);
    - Find a home I can afford to buy/increase inventory of affordable for sale homes (25%).

The resident survey did not collect enough responses from homeless individuals and individuals in shelters and transitional housing to present results without compromising their privacy. However, their answers and comments were analyzed, and several housing needs and topics rose to the top. Several individuals indicated they lost their housing due to the COVID pandemic. Long waiting lists for housing subsidies are keeping them homeless, and the lack of places to rent that accept vouchers as well as minimum income requirements are significant barriers to finding housing.

Supportive Housing solutions. According to a recent analysis conducted by the New Mexico Coalition to End Homelessness[12] (NMCEH), about 6,548 New Mexicans experience homelessness annually but do not receive adequate assistance to help them exit homelessness. Specifically,

- Analysis of data from the New Mexico Homeless Management Information System (HMIS) showed that in 201, a total of 897 people exited quickly with little help from the services system.
- A total of 1,894 were able to exit homelessness with longer term help, and
- 3,777 people remained homeless after seeking assistance.
- Thus, while the current system is helping many people exit homelessness, a significant share of people experiencing homelessness are not receiving enough help or the right help to enable them to effectively exit homelessness.

The study highlights that there are two interventions that have been studied extensively and are considered evidence based best practices for helping people exit from homelessness: rapid rehousing, and permanent supportive housing.

- **Rapid rehousing** involves providing rental assistance to help people experiencing homelessness move into an apartment, and then provide rental assistance that decreases over time as the household income increases until the assistance is no longer needed. Rapid rehousing is provided in scattered site apartments where the tenant can stay in the apartment after the assistance ends.

  The success of rapid rehousing is dependent on housing availability. Increasingly, communities across New Mexico have a shortage of quality affordable rental housing, which has challenged the effectiveness of rapid rehousing programs. Some creative techniques to manage the shortage of affordable housing include setting up compatible roommates in two bedroom units, leasing single family dwellings for several roommates, and renting rooms in owner occupied houses. Renting rooms in owner occupied housing can be particularly useful for housing homeless youth, a practice referred to as host homes.

- **Permanent supportive housing (PSH)** involves providing rental assistance and support services for as long as they are needed. Clients of PSH are expected to pay 30% of their income for rent, with the program paying the difference. Intensive supportive services are offered to assist clients in obtaining health care, mental health care, substance abuse treatment, job training, and other assistance as needed. PSH

[12] https://nmceh.org/docs/White%20Paper%20Homeless%20NMCEH%20010820.pdf

may be provided in scattered site privately owned apartments or in site based apartments owned by the PSH program.

In a study of the Albuquerque Heading Home Initiative, PSH was found to be associated with a reduction in the use of emergency room services, medical outpatient services, hospital inpatient services, emergency shelters, and jails. This resulted in a savings of approximately 30% ($12,832) per participant in the first year of the study period. In addition, participants reported an improvement in quality of life, a reduction in alcohol use, and an increase in contact with family members.

The Corporation for Supportive Housing (CSH)'s "Supportive Housing Needs Assessment" is a compilation of point in time, or census, counts of people involved in multiple public systems that have needs consistent with supportive housing.[13] The report data represent a snapshot of supportive housing need as it appears currently. In order to avoid duplication, it does not show need over time in each individual system or project broader trends.

Figure III-8 shows the estimates produced for New Mexico. According to the analysis, around 8,400 supportive housing units are needed in the state. In addition to needs related to homelessness and persons involved in the justice system, the analysis demonstrates substantial needs for persons with disabilities.

[13] https://www.csh.org/wp-content/uploads/2019/05/TOTAL_web.pdf

Figure III-8. Supportive Housing Need in New Mexico

Note:

For methodology details visit https://www.csh.org/wp-content/uploads/2019/05/TOTAL_web.pdf

Source:

Corporation for Supportive Housing; https://www.csh.org/supportive-housing-101/data/

Public System	Housing Units
Total	**8,427**
Chronic Homeless	1,155
Non Chronic Homeless	118
Homeless Families	39
Child Welfare Families	252
Unaccompanied Transition Aged Youth	126
Child Welfare Transition Aged Youth	25
Justice Involved Transition Aged Youth	64
Prison	672
Jail	1,153
Developmental Disability Waitlist	2,172
Developmental Disability in Intermediate Care Facility	300
Developmental Disability Residential	691
Mental Health Institutional	563
Mental Health Residential	15
Aging	885
Substance Use	197

Stakeholder perspectives on PSH. According to the stakeholder engagement completed to support this plan, there is a dire need for PSH throughout the state, as well as the need for more supportive services and staff/capacity to provide these services.

The shortage of behavioral health services statewide was frequently raised in the context of PSH, and housing persons experiencing homelessness in general. Many stakeholders reiterated that to be successfully implemented, PSH needs to be paired with an appropriate level and type of services, and that service provision carry adequate funding.

The challenges are twofold:

1) There is a shortage of service providers in general; and

2) The service providers that do exist are oversubscribed and do not have the expertise or capacity to address serious behavioral health issues.

Almost all stakeholders spoke to the need for more capacity to best serve populations who need PSH and the wraparound services. These same stakeholders noted how challenging it is to put and keep behavioral support services—especially services for high needs populations—in place.

Many stakeholders pointed to the lack of a comprehensive, functioning mental health system as a major barrier to supporting a successful PSH housing system. Some stakeholders attributed the current shortage on the significant reduction in funding for behavioral health services in 2013, which reduced provider capacity statewide.

Most said that the gaps in services are largest in rural areas. Other stakeholders said the need was becoming acute in high cost, urban areas, as property owners respond to the higher prices they can command from other types of tenants.

Stakeholders consistently mentioned the shortage of developers who specialize in PSH, and the need to build capacity.

Other estimates. An Urban Institute report produced for the City of Albuquerque[14] estimated that around 2,200 households need permanent supportive housing.[15] In addition, the report estimates there is a gap of nearly 800 units of rapid rehousing for people experiencing homelessness.

The annual PIT count in Santa Fe for January 2020 showed that there were 407 homeless people in Santa Fe on a single night in January. This is an increase over previous years and continues an upward trend that started in 2018. At the same time, 428 formerly homeless people were living in supportive housing designated for people exiting homelessness. Of these, 340 were living in permanent supportive housing for people with disabilities and 88 were living in transitional housing or rapid rehousing for people without disabilities.

The most recent Affordable Housing Plan from the Town of Taos[16] indicates Taos County had a small homeless population through 2015. However, these numbers doubled in January 2017 and doubled again in January 2019, reaching 100.

The report also highlights that while in rural towns there are fewer homeless individuals on the street, compared to larger cities, many are living in unsafe situations and conditions because they have nowhere else to go. In Taos, this situation is exacerbated by the high cost of housing.

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[14] https://www.urban.org/sites/default/files/publication/102261/albuquerque-affordable-housing-and-homelessness-needs-assessment_2.pdf

[15] The estimate was produced using the number of individuals who were experiencing chronic homelessness from the 2019 point-in-time count, coordinated entry assessment data, and local estimates of individuals not previously known to the homeless system.

[16] https://www.taosgov.com/DocumentCenter/View/2637/Town-of-Taos-Affordable-Housing-Plan--FINAL-DRAFT

The report estimates that an additional 50 beds are needed for emergency shelter[17] and that there is a great need for affordable rental housing which individuals exiting homelessness can move into permanently—State of Homelessness in Taos Collaborative estimates the need for this type of housing to be 70 units.

Accessibility Challenges of Persons with Disabilities

The Fair Housing Act of 1991 introduced accessibility rules for new housing developments. Newly developed affordable housing is required to make 5% of units accessible. Newly developed market rate housing is required to make 2% accessible. There are two types of accessible units.

- **Type A is fully accessible.** This includes access to site and common areas; access to units; wheelchair accessible kitchens; bathrooms, doors, closets; and accessible appliances in a range of unit types.

- **Type B is adaptable.** This includes access to site and common areas; access to units on the ground floor if there is no elevator or to all units if there is an elevator; use of at least one bathroom in the type B units.

More details on these requirements can be found on the Americans with Disabilities Act website.

Accessible housing stock. According to 2019 5-year ACS data, the majority (63%) of New Mexico's housing stock, or 587,948 homes, were built before accessibility requirements were put in place by the Fair Housing Act in 1991. This means that many homes in the state will not be accessible to individuals with disabilities. Counties with the highest proportions of their housing stock built before 1991 were Harding County (91%), Union County (88%), De Baca County (86%), and Quay County (85%). On the other end of the spectrum, over half of the homes in Sandoval County were built after the Fair Housing Act and are therefore more likely to have accessible housing.

Figure III-9 provides an estimate of the number of accessible homes in each county. The Fair Housing Act requires that multifamily market rate housing built after 1991 have accessibility features; housing with federal funds has a 5% requirement. For this analysis, the estimated number of accessible homes in Figure III-9 is calculated as 2% of all du-/tri-/fourplexes and multifamily units/apartments built after 1990. Because some developments may have been retrofitted and because some single family homes may also be accessible, these figures are likely underestimates. However, research from the Furman Institute estimate that less than one percent of homes nationwide are wheelchair accessible and nearly 4% are "livable" for individuals with mobility difficulties (meaning the

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[17] This is a combined estimate based upon consistent overflow at the Taos Men's, Community Against Violence and Heart House shelters.

home has a stepless entry, entry-level or elevator accessible bathroom and bedrooms, no steps between rooms, and accessible bathrooms with grab bars).[18]

Figure III-9 also indicates the number of people with an ambulatory difficulty in each county. Note that this does not include individuals with other disabilities (for instance, hearing, vision, or cognitive difficulties), nor do they include elderly individuals who may require accessible housing soon. The estimates also assume one disabled member per household. Despite these weaknesses, these estimates provide a ballpark estimate of the upper bound need for accessible units. The gap is calculated by subtracting the estimated number of accessible housing units from the number of people with ambulatory disabilities, we calculate gaps in accessible housing needs (column 3). Columns 4, 5, and 6 also include percentage estimates by county.

This exercise suggest that:

- For the state overall, there is an estimated 164,022 missing accessible housing units for people with ambulatory difficulties, which equates to 7.9 percentage-point gap. This is a much larger estimate than is derived from the resident survey, which suggested that the number of New Mexico households who have a member with a disability translates to around 43,000 units that do not meet the needs of people with disabilities.
- Nearly 21% of Catron County's population have an ambulatory difficulty but only less than 0.01% of their housing stock is estimated accessible housing.
- Los Alamos, Santa Fe, and Lea counties had the lowest percentage-point gaps in accessible housing. This is driven both by the counties' having a greater proportion of newer, multifamily housing units and by the counties' having a low proportion of individuals with ambulatory disabilities.
- Catron, Harding, and Socorro counties have the largest percentage-point gaps in accessible housing. All five counties have populations where more than 16% have an ambulatory disability and have less than 0.2% of estimated accessible housing stock.
- However, in terms of the number of accessible homes missing, Bernalillo, Doña Ana, and Sandoval, counties have the largest gaps, each with over 10,000 missing units.

[18] Bo'sher, Luke, et al. "Accessibility of America's Housing Stock: Analysis of the 2011 American Housing Survey (AHS)." *Available at SSRN 3055191* (2015).

Figure III-9.
Gaps in Accessible Housing by County, 2019

	Number			Percent		
	People with Ambulatory Disability	Accessible Housing Units	Accesible Housing Gap	Population with Ambulatory Disability	Accessible Housing Units	Percentage Point Gap
Bernalillo	46,366	824	45,542	6.9%	0.31%	6.6%
Catron	726	0	726	20.6%	0.00%	20.6%
Chaves	6,143	25	6,118	9.6%	0.11%	9.5%
Cibola	3,828	11	3,817	15.0%	0.13%	14.9%
Colfax	1,461	8	1,453	12.6%	0.13%	12.5%
Curry	4,257	28	4,229	9.1%	0.15%	8.9%
De Baca	200	1	199	9.9%	0.08%	9.8%
Doña Ana	14,944	142	14,802	7.0%	0.18%	6.8%
Eddy	4,134	21	4,113	7.2%	0.10%	7.1%
Grant	2,862	19	2,843	10.5%	0.16%	10.4%
Guadalupe	365	4	361	10.0%	0.31%	9.7%
Harding	73	-	73	16.7%	0.00%	16.7%
Hidalgo	522	2	520	12.5%	0.10%	12.4%
Lea	4,546	28	4,518	6.7%	0.13%	6.5%
Lincoln	1,881	9	1,872	9.8%	0.12%	9.7%
Los Alamos	639	28	612	3.4%	0.35%	3.1%
Luna	2,717	18	2,699	11.5%	0.20%	11.3%
McKinley	6,303	25	6,278	8.7%	0.12%	8.6%
Mora	728	0	728	16.0%	0.01%	16.0%
Otero	6,307	25	6,282	10.4%	0.11%	10.3%
Quay	1,050	6	1,044	12.7%	0.19%	12.5%
Rio Arriba	3,084	5	3,079	7.9%	0.04%	7.9%
Roosevelt	1,450	6	1,444	7.9%	0.09%	7.8%
Sandoval	10,647	31	10,616	7.5%	0.06%	7.4%
San Juan	9,196	51	9,145	7.3%	0.12%	7.2%
San Miguel	3,750	15	3,735	13.8%	0.13%	13.7%
Santa Fe	9,815	96	9,719	6.6%	0.16%	6.5%
Sierra	1,644	9	1,635	15.3%	0.17%	15.1%
Socorro	2,719	6	2,713	16.2%	0.12%	16.1%
Taos	3,330	12	3,318	10.2%	0.10%	10.1%
Torrance	1,307	2	1,306	8.6%	0.03%	8.6%
Union	421	0	421	12.1%	0.03%	12.1%
Valencia	8,076	14	8,062	10.8%	0.05%	10.8%
New Mexico	**165,491**	**1,469**	**164,022**	**8.0%**	**0.19%**	**7.9%**

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

Economists project that 21% of households will have at least one resident with a physical limitation disability in 2050.[19] The same study also estimates that there is a 60% probability that a newly built single family detached unit will house at least one disabled resident during its expected lifetime, and 91% will welcome a disabled visitor. Given these projections, housing developers may wish to prioritize visitability features. A house is considered visitable when it has at least one zero-step entrance, has doors with 32 inches of clear passage space, and has one bathroom on the main floor one can get into in a wheelchair. These amenities are good for residents and for the local economy: they reduce the likelihood of future retrofitting costs, allow more homes to be accessible to workers with disabilities, and are desirable to homebuyers.[20]

Additionally, accessible homes have been shown to reduce the cost of in-home care, thus reducing the financial burden faced when paying for formal care labor and the time burden faced by informal care providers.[21] Other studies have found that the effect of disability on mental health is worse if living in unaffordable housing, meaning that affordable and accessible housing for individuals with disabilities could also reduce associated mental healthcare costs.[22]

Tribal Housing

According to HUD's "Housing Needs of American Indians and Alaska Natives in Tribal Areas"[23] housing problems of American Indians and Alaska Natives, particularly in reservations and other Tribal areas, are extreme by any standard. Of American Indian and Alaska Native households living in Tribal areas, 23% live in housing with a physical condition problem of some kind compared with 5% of all of all U.S. households. At the national level, the study estimates that between 42,000 and 85,000 homeless Native Americans are living in Tribal areas. Unlike on-the-street homelessness, in Tribal areas homelessness often translates into overcrowding. Of American Indian and Alaska Native

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[19] Smith, Stanley K., Stefan Rayer, and Eleanor A. Smith. "Aging and disability: Implications for the housing industry and housing policy in the United States." *Journal of the American Planning Association* 74.3 (2008): 289-306.

[20] Nasar, J. L., & Elmer, J. R. (2016). Homeowner and homebuyer impressions of visitable features. *Disability and health journal*, *9*(1), 108-117.

[21] Smith, Stanley K., Stefan Rayer, and Eleanor A. Smith. "Aging and disability: Implications for the housing industry and housing policy in the United States." *Journal of the American Planning Association* 74.3 (2008): 289-306.

[22] Kavanagh, A. M., Aitken, Z., Baker, E., LaMontagne, A. D., Milner, A., & Bentley, R. (2016). Housing tenure and affordability and mental health following disability acquisition in adulthood. *Social science & medicine*, *151*, 225-232.

[23] https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html *Housing Needs of American Indians and Alaska Natives in Tribal Areas*, presents results of two original and unique data sources produced specifically for this study: (1) a nationally representative survey of housing conditions and needs among American Indian and Alaska Native households in tribal areas and (2) a survey of 110 Tribally Designated Housing Entities, including 22 site visits. Results of these surveys are complemented in this report by analyses of data from decennial censuses, the American Community Survey, the American Housing Survey, and HUD financial and information systems.

households living in Tribal areas, 16% experience overcrowding compared with 2% of all U.S. households.

HUD's study analyzed variation in the extent of Tribal area housing problems, by region, and between 2006 to 2010 period. Overall, Tribal housing problems are concentrated in three regions: Plains (15%), Arizona/New Mexico (31%), and Alaska (36%). These three regions account for 44% of all American Indian and Alaska Native households in Tribal areas, but they account for 73% of households that had physical housing problems.

The share of *low income* American Indian and Alaska Native households in Tribal areas with these problems also was dominant in these regions: 18% in the Plains, 36% in Arizona/New Mexico, and 44% in Alaska (compared with 8% or less in the North Central, Eastern, and Oklahoma regions). The three regions with the most serious problems were also among those where low-income households dominated the total population in the area: 65% in the Plains, 62% in Arizona/New Mexico, and 59% in Alaska.

In New Mexico, according to 2020 ACS data, census tracts with a majority of Native American population, housing, or land area associated with an American Indian Area[24] have higher rates of overcrowding, units lacking complete kitchen facilities or plumbing, and vacant units (Figure III-10).

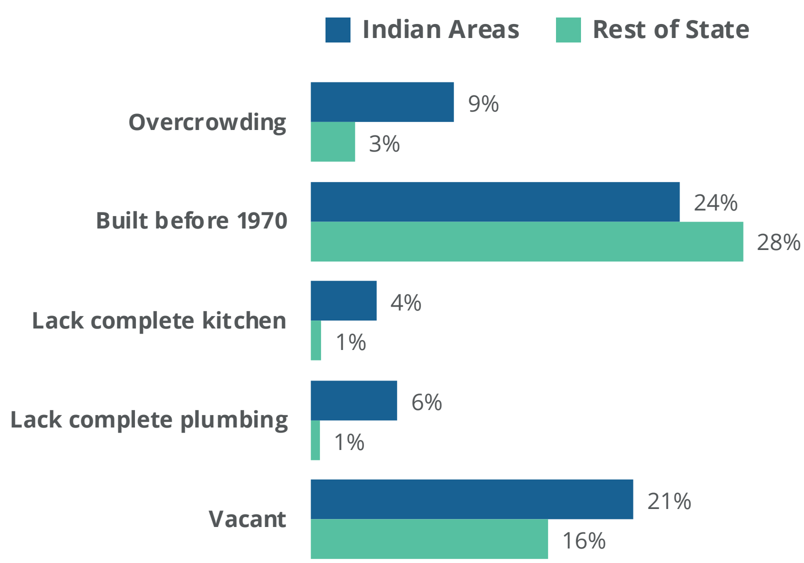
Figure III-10. Housing Needs in Indian Areas v. Rest of State

Note:

Indian Areas include census tracts with a majority of AI/AN population, housing, or land area associated with a tribal area. Areas include a total of 78,038 housing units.

Source:

2020 5-year ACS, and Root Policy Research.



As shown in Figure III-11, more than 5,700 housing units in Indian areas are overcrowded, over 18,800 were built before 1970, over 2,600 lack complete kitchen facilities, almost 3,500

[24] "Indian Area" is defined as a tribal area plus normally adjacent lands in which tribal members reside and where additional housing needs may be substantial. https://www.huduser.gov/portal/sites/default/files/pdf/HNAIHousingNeeds.pdf, page 76.

lack complete plumbing, and over 16,400 housing units are vacant. There is likely significant overlap among these categories.

Figure III-11.
Housing Needs in Indian Areas

Note:
Indian Areas include census tracts with a majority of AI/AN population, housing, or land area associated with a tribal area. Areas include a total of 78,038 housing units.

Source:
2020 5-year ACS, and Root Policy Research.

	Housing Units
Overcrowding	5,774
Built before 1970	18,851
Lack complete kitchen	2,659
Lack complete plumbing	3,491
Vacant	16,479

The Low Income Housing Tax Credit (LIHTC) program is the most common and heavily subsidized method for creating new affordable rental housing nationally. However, multifamily rental housing, and LIHTC, is rare in Indian areas.

A recent national report on LIHTC in Indian Areas[25] highlights some challenges to LIHTC development that are unique to Indian areas. Key findings of the report include:

- There are over 2,000 LIHTC properties in Indian areas supporting over 80,000 units. However, this is an overestimate of the tribal LIHTC stock because not all properties that fall within the boundaries of Indian areas specifically focus on serving tribal members.
- Debt financing for LIHTC housing is very limited on tribal lands. As such, projects heavily depend on tax credit equity and housing grants.
- LIHTC properties in Indian areas tend to be very small. Only 3.4% of the properties have 100 or more units, compared with 23% nationally.
- Set-asides for tribal LIHTC projects are offered by three states (discussed below), while several others have preferences for projects that serve this population.
- Despite the importance of LIHTC in providing safe, decent, and affordable housing in these areas, there have been many challenges that have impeded LIHTC development. These include, but are not limited to, subpar or incomplete infrastructure, low availability of soft debt financing, and insufficient state set-asides and incentives for LIHTC projects relative to the need.

At the national level, LIHTC projects that serve tribal members in Indian areas are supported by tax credits, especially nine percent tax credits, at a very high rate. When comparing tax credits on Indian reservations to the nation, the use of 9% credits relative to

[25] https://www.ncsha.org/wp-content/uploads/2018/11/LIHTC_in_Indian_Areas.pdf

4% credits is 22% higher on reservations. Given the low income of tribal members and the prevalence of long waitlists for affordable units, there is a significant need for LIHTC housing in these areas.

Although some tribal projects in Indian areas can successfully compete in the general pool for credits, many projects have trouble competing without set asides. Some states incentivize development in areas with access to local services such as doctor's offices and grocery stores. Projects located in rural, tribal areas that are not near these types of amenities are normally unable to compete without the presence of set-asides.

Several states have set asides of preferential point systems that allocate a certain number of tax credits for tribal LIHTC projects in Indian areas.

- California has included a tribal set-aside since 2014 that awards up to $1 million in tax credits to projects that are on Indian reservations and serve tribal members. Before this set-aside, tribal projects were rare in California because the projects were not competitive enough.
- Arizona has a tribal set-aside that is normally able to support multiple projects every year. The total amount is $2 million, with $1 million being used for tribes that have received credits in the past ten years and the other million set aside for tribes that have not received credits in the past ten years.
- Michigan has a tribal set-aside with an amount equal to the lesser of one project or $1.5 million.
- Oregon has a 10% Tribal Lands set-aside.
- North Dakota allows for 30% more tax credits to be awarded for projects on tribal reservations. They also have a set-aside equal to 10% of their housing credit ceiling.
- Minnesota does not have a set-aside for tribal housing but has an explicit preference for tribal and rural housing in the general pool of credit allocation.
- South Dakota has a $673,000 Indian Reservation set aside.
- New Mexico has an "Underserved Populations" set-aside under which 20% of the annual credit ceiling is set aside for USDA Rural Development new construction projects, certain permanent supportive housing projects, and projects that are located within a Tribal Trust Lands boundary.

The reports finds that three primary factors enable success in developing quality LIHTC housing:

- Strong leadership;
- Management stability; and
- LIHTC expertise.

The report concludes that the complexity of the LIHTC program can deter tribes from pursuing housing through this program and hiring outside consultants has been a successful strategy on a substantial portion of LIHTC housing developments each year.

The report also notes that the Community Reinvestment Act (CRA), which stipulates that financial institutions invest in communities where they take bank deposits, serves as a significant driver for LIHTC investment nationally, but has historically been far less effective in Indian areas. Most banks do not have Indian areas as part of their CRA footprint, which means that few institutions are incentivized to reinvest in these areas. This results in lower demand for credits.

Stakeholder perspectives. According to New Mexico stakeholders who live and work on Tribal lands the housing market in native communities can be described as *"non-existent"* and *"zero."* Several stakeholders described that many native communities are impacted by no supply of new housing, low to zero vacancy of existing housing, and severe overcrowding. Some stakeholders also noted that lack of land to develop is a barrier to building new housing.

Several stakeholders noted that the cost of construction, as well as supply chain issues, are also adversely affecting the development of new housing on tribal lands. One stakeholder noted that tribes need "*more money, more time, and more opportunity."* Another stakeholder noted that buying new mobile trailers is one strategy to supply housing but mobile homes have become increasingly expensive.

Housing needs are acute on Tribal lands and stretch across the income continuum. One stakeholder noted that there is a lack of culturally responsive housing and trauma informed services. Another stakeholder advocated for housing with supportive services included, noting that without supportive services on the reservation, tribal members will go to urban areas for housing.

The high costs of extending public infrastructure in support of affordable housing is also a major barrier. Funding to help support infrastructure improvements and extensions is needed.

Overall, the need for housing rehabilitation is extremely high and waiting lists for funding are common. Due to limited availability of resources, funding is competitive among tribes and does not meet demand. Private sector home improvement loans do not typically work well on Tribal lands for a variety of reasons, including land ownership and credit history.

Stakeholders noted that rehabilitation costs on Tribal lands can be very high due to the lack of contractors, travel costs associated with reaching Tribal lands, age of housing, and condition of housing. The cost to rehabilitate a modest (1,100 sq. ft.) single family home may be as high as $100,000. Homes typically need intensive repairs including roof, and electrical, HVAC, as well as updates to bring them up to code. On Pueblos, where historic preservation is a priority, the average cost for rehabilitation can be between $250,000 and $350,000.

Older residents in the reservations cannot do many repairs themselves and also need accessibility modifications; however, these tend to receive lower priority and usually funding is not available after health, safety, and code issues are tackled. Needed accessibility modifications are expensive and include ramps, expanded doorways, and walk-in showers.

Other issues noted by stakeholders is the lack of code enforcement. One stakeholder noted that this should be in the purview of tribal governments and advocated for the training of tribal members to be certified code inspectors. This stakeholder noted that *"these need to be more than just rules that need to be followed."*

Overcrowding was described as a major issue in tribal communities. One stakeholder said they are looking at acquisition of smaller homes, but it doesn't address the overcrowding issue. They noted it's *"hard to get around the cultural piece—everyone lives together."* Another stakeholder added that they need buy-in from families around separating into smaller groups, saying that *"we've looked into this and there is a lot of sensitivity. We need to do a lot of community engagement for our people to see what would be beneficial."* Clusters of smaller homes arranged around a shared open space (cottage clusters) was proposed as a potential idea.

The lack of access to traditional capital (for both mortgage loans and construction loans) was described as a major barrier to homeownership. Another stakeholder emphasized that low income and credit score qualifications are also hindrances. They noted that tribal homeownership programs need to provide deep subsidies to make homeownership viable for the majority of people. One stakeholder noted that *"sometimes we need to get people into a debt consolidation program before we offer them a loan. Sometimes people will income qualify but not credit qualify…they might just have lots of obligations."* Another stakeholder noted that the biggest barrier to homeownership in Indian County is precedent. *"If your parents are homeowners, it's more likely that you'll also be a homeowner."*

One stakeholder noted that most federal and public policy was not designed with tribes in mind, noting *"Inner-city solutions are not going to work on tribal land."* Because tribes have different needs and the federal government has specific obligations to Native communities, programs should be created to serve the specific needs of tribes. This stakeholder also advocated for the public sector to double and triple down its efforts to get resources to Indian Country.

One stakeholder advocated for tribes to be at the table for state- and federal-level housing conversations, noting "*ERAP was created without tribal community input. It puts a toll on tribes when they are not involved in discussions."* Another stakeholder emphasized that not being at the table exacerbates their capacity issues, noting they weren't able to disperse ERAP funds until June even though they received the funds in February. They noted that *"there is a lot of compliance and reporting for funds we accept but not a lot of capacity."*

On the flip side, another stakeholder noted that they do have the capacity but don't have adequate funding. This stakeholder again emphasized the need for tribal voices at the table for state- and federal-level conversations. *"When they come up with these programs, they don't have Native people in the room. The level of capacity depends on the tribe."*

One stakeholder advocated for a better partnership with MFA, and increased funding, to help them reach parity with their non-Native neighbors: *"We can't operate like affordable housing developers off reservation."*

"We just need major investment…it's not just an issue of capacity, we haven't had historic access to funding."

Stakeholders also advocated to see a commitment from MFA to help solve Native-identified issues. One stakeholder was interested to better understand MFA's financial commitment to tribes, asking: *"How much of MFA's budget is allocated to tribal interests, how many FTEs are dedicated to Native needs?"*

Colonias

Colonias typically are rural communities within the US-Mexico border region that lack adequate water, sewer, or decent housing, or a combination of all three. They typically form in response to a need for affordable housing.

New Mexico has two distinct types of colonias: entire small towns designated as colonias and subdivision-level colonias. The subdivision-level colonias vary in terms of typology; some are trailer home communities while others follow a homestead colonia development pattern under which property owners were allowed to subdivide their land into four parcels without triggering laws and regulations that control subdivision. After two years, property owners could split their land again, and this process could continue indefinitely, ultimately subdividing large areas into small plots without any requirements for utilities, proper roads, etc. The state's subdivision law has been amended to be applicable to land divisions into two or more parcels; closing the loophole utilized by colonia developers.[26]

Furthermore, State funding has been established through the Colonias Infrastructure Project Act of 2010 to assist colonia development. In New Mexico, about 150 colonias have been identified as eligible for one or more of the different colonias funding sources (e.g., HUD, USDA, etc). Most are unincorporated long-standing communities.

Data on the housing conditions within colonias are very limited and are best gathered through targeted resident surveys conducted by trusted stakeholders. Figure III-12 shows housing needs in census tracts that include colonias according to 2020 ACS estimates. Areas with colonias have significantly higher share of unoccupied housing units compared to areas that do not include colonias (29% v. 15%), these areas also have higher shares of homes using bottled, tank, or LP gas (14% v. 6%) and wood (9% v. 7%) as a heating source.

As shown in the figure, in census tracts with colonias estimates indicate around 1,800 overcrowded housing units, over 17,000 units built before 1970, 400 units lacking complete kitchen facilities, and over 800 lacking complete plumbing facilities. Around 6,700 units using bottled, tank, or LP gas as a heating source and 4,300 using wood as a heating source. Around 20,000 housing units in census tracts with colonias are vacant. There is likely duplication among these categories.

Figure III-12.
Housing Needs in Areas with Colonias

Note:

Includes census tracts with Colonia designated blocks groups calculated by UNM BBER. Areas include a total of 69,955 housing units.

Source:

2020 5-year ACS, BBER, and Root Policy Research.

	Housing Units
Overcrowding	1,798
Built before 1970	17,388
Lack complete kitchen	414
Lack complete plumbing	818
Heating fuel- bottled, tank, or LP gas	6,773
Heating fuel- wood	4,321
Vacant	20,090

[26] https://www.hudexchange.info/programs/cdbg-colonias/colonias-history/

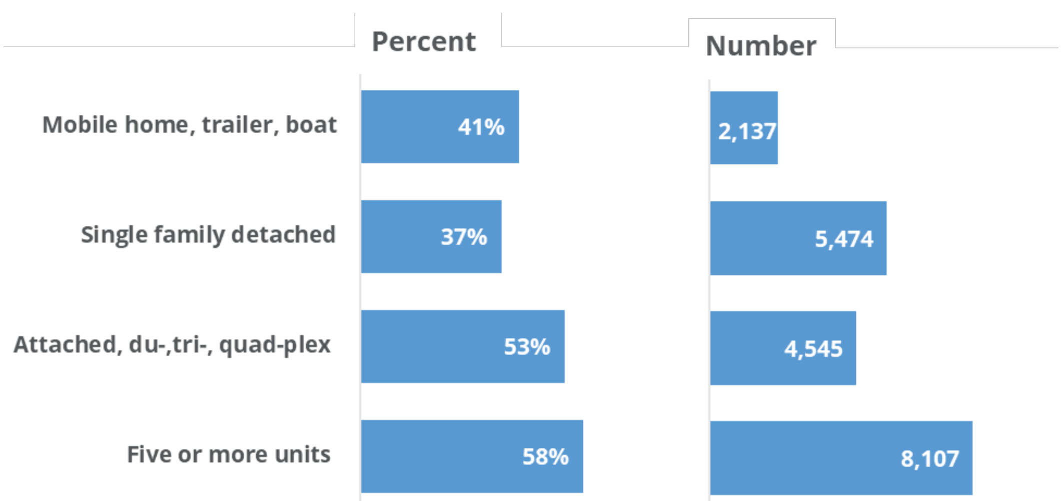
Senior Households

According to MFA's most recent Housing Needs Assessment senior-headed households in New Mexico are predominately homeowners, but many are also low-income. The senior homeownership rate of 83% is much higher than the rate for all New Mexico households. This combination of high homeownership rates and low incomes means that many seniors may not have the financial ability to move as they age and will either need age-in-place services or affordable rentals. Both options are sparse in many areas of the state. The counties with the largest need for senior housing/Age in place services are: Cibola, Colfax, Mora, Curry, Roosevelt, Quay, Guadalupe, Union, DeBaca, Harding, Lea, Otero Lincoln, Doña Ana, Grant, Luna, Socorro, Sierra, and Hidalgo.

Among renter households with at least one person over the age of 65, 33% live in multifamily housing (13,944), 20% (8,533 households) live in a one-family attached home or a du-, tri-, or quad-plex, 35% (14,863 households) live in single family detached homes, and 12% (5,158 households) live in mobile homes.

Figure III-13 shows the percent and number of seniors renter households who are cost burdened by housing type. Senior renter households living in multifamily housing are more likely to be cost burdened than those living in single family housing or mobile homes.

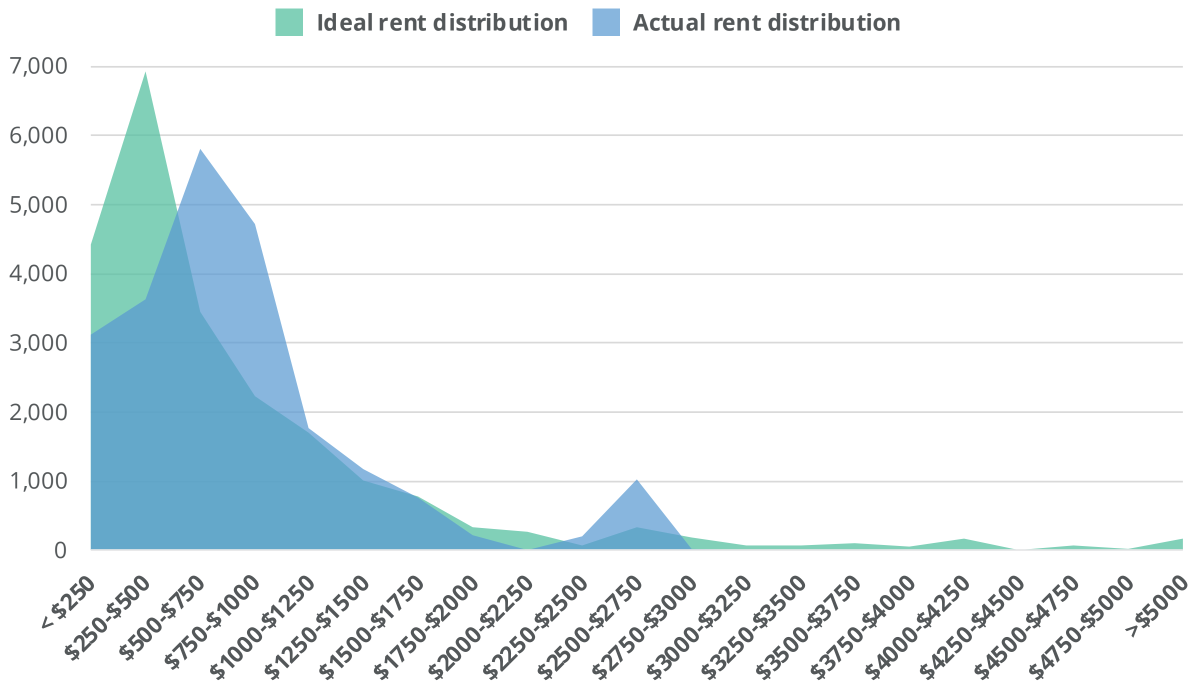
Figure III-13.
Percent and Number of Cost Burdened Senior Renter Households by Housing Type, 2019



Note: Includes renters with at least one person over age 65 in the household.
Source: 2019 ACS 5-year IPUMS and Root Policy Research.

Figure III-14 shows the actual distribution of multifamily rental housing for senior renter households according to gross rent costs compared to rent without cost burden for seniors renting multifamily units. Ideal rents are calculated as 30% of monthly household income.

Figure III-14.
Actual Rents v. Ideal Rents for Seniors Renting Multifamily Units, 2019



Notes: Ideal rents are calculated as 30% of monthly household income.

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

The largest gaps are at the lowest end of the rent spectrum. There is a shortage of 4,590 units priced below $500 for senior renter households. In order to avoid being cost burdened, 1,299 senior renter households should be paying less than $250 and 3,291 should pay between $250 and $500.

According to population projections by the University of New Mexico, the share of residents over the age of 65 is projected to increase from 18% in 2020 to 21% of total residents by 2035. According to a 2021 AARP survey, 77% of adults over age 55 want to remain in their homes for as they age, and 92 percent said they wanted to remain in their communities and this number has remained relatively consistent for more than a decade and was not impacted by the pandemic.[27]

In order to age in place, seniors must be able to either afford to remain in their current homes, making any necessary aging-related modifications, or be able to choose from affordable residential options in their current communities. For low-income households and even some middle-income households, paying to age in place can be challenge. For example, middle-income households that do not qualify for Medicaid home and

[27] https://livablecommunities.aarpinternational.org/

community-based care services or subsidized housing support services may not be able to afford to pay for in-home care, or home modifications.[28] According to the resident survey, 62% of households with an adult over age 65, do not plan to move in the next five years. Among those who plan to move, the majority plans to move because they want to find a more affordable housing option or because they rent and would like to own.

Children and Families

According to the resident survey families with children experience high rates of housing instability. The survey found that 32% of households with children experienced displacement in the past five years, and this rate was higher (38%) among single parents. Furthermore, 57% of those displaced indicated their children had to change school as a result of the move.

According to Census microdata:

- Around 28% of households with children—an estimated 78,000 households—are cost burdened. This rate is much higher among single parent households, at 54%—representing around 28,000 households.
- In terms of housing condition, 40% of households with children—an estimated 111,300 households—live in a home built before 1980, which poses lead exposure and early childhood development concerns.
- Around 8% of households with children—around 23,000— live in overcrowded housing conditions, and 1%—around 3,200—of households with children occupy housing in substandard condition lacking complete kitchen or pluming facilities.

Children and youth experiencing homelessness. According to the 2022 PIT, the total estimated number of households experiencing homelessness in Albuquerque was 860; of those 156 had at least one child and 6 were households with only children. Among the households with children, 117 were in emergency shelters, 33 in transitional housing, and 6 unsheltered. Among the households with only children, 2 were in emergency shelters, and 4 in transitional housing. In the Balance of State, the total estimated number of households experiencing homelessness was 1,010; of those 98 had at least one child and 6 were households with only children. Among the households with children, 83 were in emergency shelters, 13 in transitional housing, and 2 unsheltered. Among the households with only children, 2 were in emergency shelters, and 4 in transitional housing.

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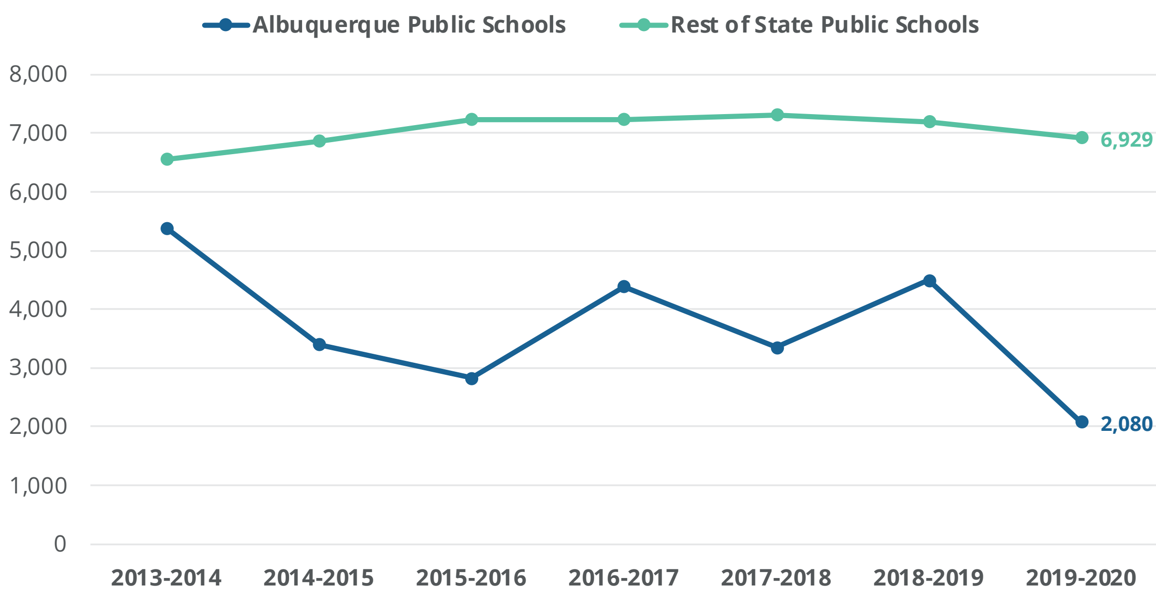
[28] US Department of Housing Urban Development. "Aging in place: Facilitating choice and independence." Evidence matters: Transforming knowledge into housing and community development policy (2013). Available at: https://www.huduser.gov/portal/periodicals/em/fall13/highlight1.html

Although the PIT provides a snapshot of homelessness on a single night, it excludes residents who are precariously housed, couch surfing, or were simply not identified on the night of the PIT. As such, it is considered an underrepresentation of homelessness in a community.

School districts, through the McKinney Vento Act provide an additional data point for measuring homelessness, with a focus on children and youth experiencing homelessness. Under the McKinney Vento Act, the term “homeless children and youths” is defined as individuals who lack a fixed, regular, and adequate nighttime residence.[29]

Figure III-15 shows trends in McKinney Vento counts for Albuquerque public schools and the rest of the state public schools. The most recent data available for the academic year 2019-2020 indicate a total of 9,009 children and youth experiencing homelessness, a decrease of 23% from the 11,960 reported in the previous academic year.

Figure III-15.
Trends Among Children and Youth Experiencing Homelessness



Note: Dates follow the academic calendar.

Source: U.S. Department of Education, and Root Policy Research.

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[29] This includes children and youths who are sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks, or camping grounds due to the lack of alternative adequate accommodations; are living in emergency or transitional shelters; or are abandoned in hospitals; children and youths who have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings; children and youths who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and migratory children who qualify as homeless under the previous definitions.

As shown in the figure, the decrease is driven by the drop in Albuquerque public schools, while the number in the rest of the state has remained around 7,000 for the past years. Counts for Albuquerque public schools may have also been impacted by school closures during the pandemic.

The latest New Mexico Consolidated Plan using data from the New Mexico Coalition Against Domestic Violence indicated that in 2017 (the most recent year with analyzed data), there were 19,234 domestic violence incidents reported to statewide law enforcement agencies, a 3% decrease from the previous year. Of the reported incidents, 71% of the domestic violence victims were female. Black/African American survivors (5%) and Native American survivors (13%) were disproportionality represented among victims compared to their proportion of the population in the State (2.5% and 10.9%, respectively). There were 28 domestic violence service providers that submitted data to the Central Repository for the 2017 Incidence and Nature of Domestic Violence In New Mexico XVII data analysis report. These service providers served 10,413 new clients during 2017.

Agricultural workers/Farmworkers

Figure III-16 shows state trends in agriculture, forestry, fishing, and hunting employment according in New Mexico to ACS estimates. Employment in the industry has remained stable in the past few years after trending downward since 2012. The state has nearly 12,000 jobs among the agriculture, forestry, fishing, and hunting industries.

Figure III-16. Agriculture, Forestry, Fishing and Hunting Employment in New Mexico

Note:

For the full-time, year-round civilian employed population 16 years and over.

Source:

ACS 5-year estimates, and Root Policy Research.

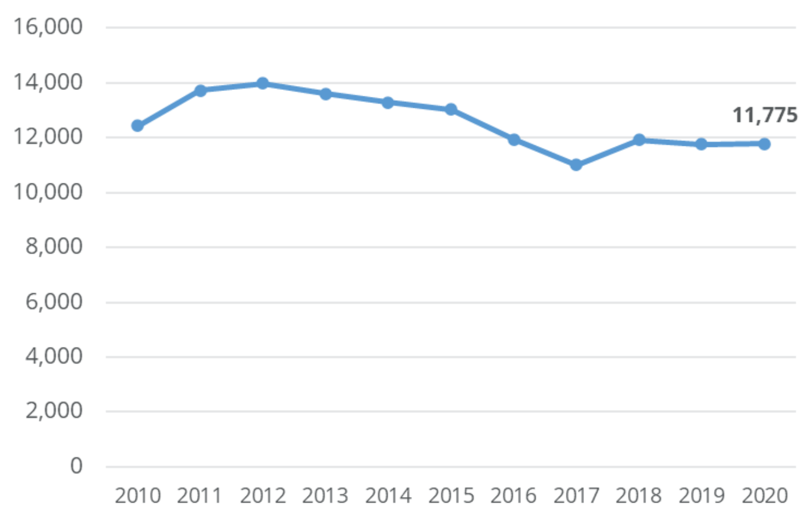

Figure III-17 shows average levels of employment by month between 2010 and 2021, demonstrating the seasonality of agricultural employment in the state. Peak employment occurs in July. The lowest level of agricultural employment occurs in July February.

Figure II-17. Average Number of Workers by Month, 2010-2021

Note:

Private, NAICS 11 Agriculture, forestry, fishing and hunting,

Source:

Quarterly Census of Employment and Wages - Bureau of Labor Statistics, and Root Policy Research.

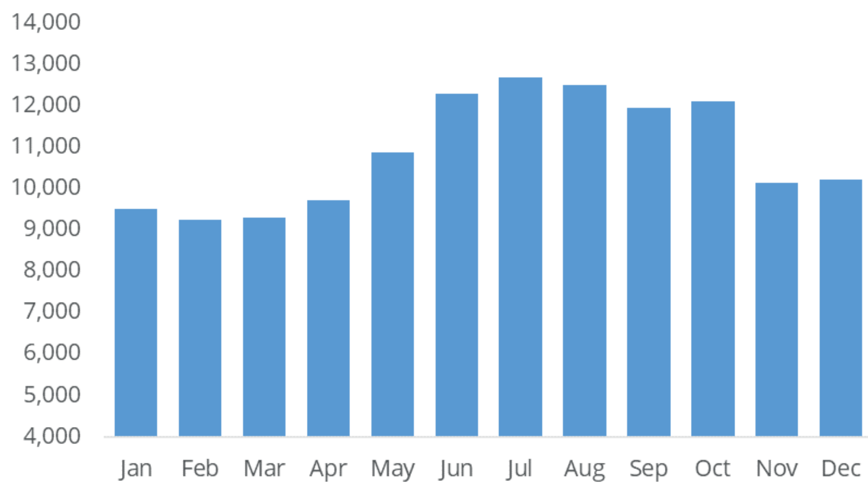

Figure III-18 shows the average annual wages for workers in the agriculture, forestry, fishing, and hunting industry compared to the average for all workers. Although wages have increased, the average wages of agriculture, forestry, fishing, and hunting workers are around 30% lower than average annual wages in the state.

Figure III-18. Average Annual Wages per Employee, 2010 - 2020

Note:

Private, NAICS 11 Agriculture, forestry, fishing, and hunting.

Source:

Quarterly Census of Employment and Wages - Bureau of Labor Statistics, and Root Policy Research.

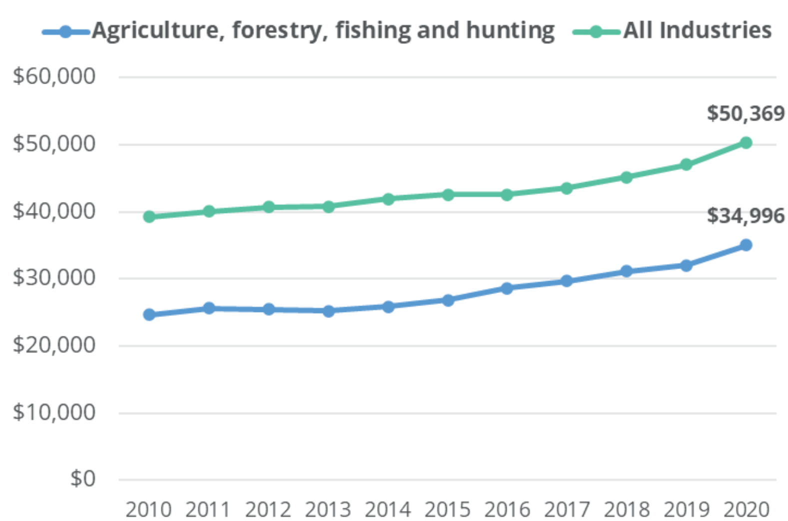

Figure III-19 shows the number of estimated agricultural workers by county according to ACS estimates. It compares those numbers to the estimates by the USDA 2017 Agricultural Census. USDA estimates are larger, driven by Doña Ana, San Juan, Rio Arriba, McKinley, Luna, and Socorro counties. ACS estimates for Bernalillo County are significantly larger than USDA estimates.

The figure also compares the estimated employment to the number of USDA assisted rental homes in 2021 and the number of private sector units needed to support the workforce, calculated as the difference between worker households—assuming 3 workers per households—and the number of assisted rental homes.

The majority of these units are assisted via Section 521 contacts and Section 515 loans. Section 521 contacts cover the difference between 30% of a tenant's income and the monthly rental rate in some properties financed by the Section 515 Rural Rental or Section 514/516 Farm Labor Housing programs. Section 515 loans are mortgages made by USDA to provide affordable rental housing in rural places for very low, low, and moderate income families, elderly persons, and persons with disabilities. Borrowers may use the funds to purchase buildings or land, to construct or renovate buildings, and to provide necessary facilities such as water and waste disposal systems.

Counties that do not currently have USDA assisted rental homes include Bernalillo, Catron, Curry, De Baca, Harding, Hidalgo, Mora, Santa Fe, and Union. Combined, those counties have agricultural employment ranging from 3,421 (ACS) jobs to 3,747 (USDA) jobs. Rural counties such as Catron, De Baca, Harding, Hidalgo, Mora, and Union would benefit from more USDA resources and are likely to meet their population eligibility requirements which vary depending on the specific program but then to vary between less than 5,000 to less than 50,000.[30][31]

[30] https://www.rd.usda.gov/sites/default/files/508F_RD_EDA_JointPlanningResourceGuide.pdf

[31] For Section 515 each year Rural Development State Directors use needs criteria to establish a list of targeted communities for which applicants may request loan funds. RD issues an annual Notice of Funding Availability (NOFA) for these communities, and applications are then rated competitively in order to select recipients. https://ruralhome.org/wp-content/uploads/storage/documents/rd515rental.pdf

Figure III-19.
Agricultural Worker Estimates USDA Assisted Rental Homes and Private Sector Units Needed, by County

	2020 ACS	2017 USDA Farm Labor	USDA Assisted Rental Homes 2021	Private Sector Units Needed (ACS)	Private Sector Units Needed (USDA)
New Mexico	11,775	20,355	4,349	0	2,436
Bernalillo	1,535	452	0	512	151
Catron	47	185	0	16	62
Chaves	1,302	1,430	28	406	449
Cibola	167	199	128	0	0
Colfax	182	232	109	0	0
Curry	1,019	1,324	0	340	441
De Baca	95	218	0	32	73
Doña Ana	1,034	3,824	803	0	472
Eddy	475	766	92	66	163
Grant	185	308	93	0	10
Guadalupe	49	234	42	0	36
Harding	17	184	0	6	61
Hidalgo	125	211	0	42	70
Lea	357	637	100	19	112
Lincoln	290	244	119	0	0
Los Alamos	0	2	53	0	0
Luna	350	826	498	0	0
McKinley	66	634	513	0	0
Mora	21	353	0	7	118
Otero	261	276	77	10	15
Quay	82	301	85	0	15
Rio Arriba	280	927	97	0	212
Roosevelt	735	1,114	188	57	183
Sandoval	525	489	111	64	52
San Juan	497	1,433	270	0	208
San Miguel	157	514	250	0	0
Santa Fe	319	520	0	106	173
Sierra	192	316	94	0	11
Socorro	127	557	108	0	78
Taos	121	444	74	0	74
Torrance	422	301	28	113	72
Union	243	300	0	81	100
Valencia	498	600	389	0	0

Note: Number of units needed are calculating assuming a 3 worker household.

Source: 2020 5-year ACS, USDA 2017 Agricultural Census, and National Housing Preservation Database.

Military Households and Families

Figure III-20 shows the number of active duty members in New Mexico according to the Department of Defense. The number of active duty members increased sharply between 2016 and 2017 and has continued to grow at a moderate pace since. The majority (96%) of active duty members in New Mexico belong to the Air Force.

Figure III-20. New Mexico Active Duty Members

Note:

Data are as of December of each year.

Source:

U.S. Department of Defense.

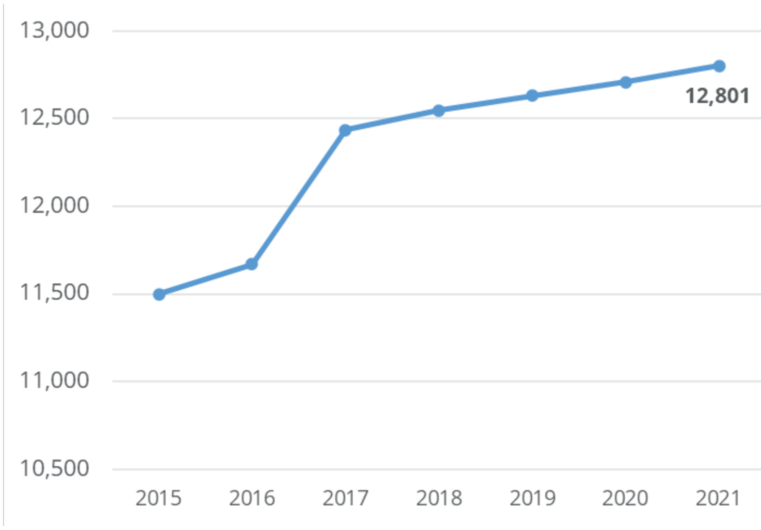

Figure III-21 shows the number of people in the military labor force and military quarters by county according to ACS estimates. These are concentrated in Bernalillo, Curry, and Otero counties, homes to Kirkland Air Force Base (AFB), Cannon AFB, and Holloman AFB respectively. As shown in the figure, except for Otero County, most people in the military labor force do not reside in military quarters.

Figure III-21. People in Military Labor Force, in Military Quarters, and Private Sector Units Needed, by County

Note:

People in military labor force consists of members of the U.S. Armed Forces (people on active duty with the United States Army, Air Force, Navy, Marine Corps, or Coast Guard).

Private sector units needed are calculated as the difference between military households (assuming 2 workers per household) and the number of households in military quarters.

Source:

2020 5-year ACS, 2020 Decennial Census, and Root Policy Research.

	People in Military Labor Force	People in Military Quarters	Private Sector Units Needed
New Mexico	11,034	2,831	4,102
Bernalillo	3,284	693	1,296
Chaves	54	0	27
Cibola	20	0	10
Colfax	12	0	6
Curry	2,705	496	1,105
Doña Ana	658	77	291
Eddy	107	0	54
Grant	19	0	10
Harding	5	0	3
Hidalgo	52	0	26
Lea	16	0	8
Lincoln	8	0	4
Los Alamos	35	0	18
Luna	41	0	21
McKinley	114	0	57
Otero	2,974	1,565	705
Rio Arriba	20	0	10
Roosevelt	309	0	155
Sandoval	307	0	154
Santa Fe	177	0	89
Taos	5	0	3
Valencia	112	0	56

Military agencies mostly rely on the private sector for housing and provide a Basic Allowance for Housing (BAH) to troops and staff to cover costs. Furthermore, since 2010 private developers provide and manage much of the on-base housing due to the 1996 Military Housing Privatization Initiative (MHPI).[32] Figure III-21 also shows the estimated

[32] MHPI was created in Section 2801 of the National Defense Authorization Act for Fiscal Year 1996 as a 5-year pilot program. Because of the complexity of this new approach to military housing construction; the unfamiliarity of DoD contracting personnel with these kinds of negotiations; and new legal, financial, and budget issues, progress in the negotiation of contracts and construction was slower than originally envisioned extend its and DoD extended its

private sector units that are needed to accommodate the military labor force. This number is calculated as the difference between military households—assuming 2 workers per household—and the number of households in military quarters. Again, markets in Bernalillo, Curry, and Otero counties provide the majority of private sector units.

Figure III-22 shows a comparison of BAH rates in each area in the state compared to the median gross rents in such areas. This comparison demonstrates that BAH rates are reasonable when compared to rents in each area. A larger barrier for military personal might be the lack of available housing, given the historically low vacancy rates in the state.

Figure III-22.
Basic Allowance for Housing v. Median Gross Rent, 2020

	Median Gross Rent		BAH Rates		
County/Place	Min	Max	Min	Max	BAH Area
Bernalillo County	$605	$1,363	$1,056	$1,911	Kirtland AFB
Albuquerque	$610	$1,367			
Curry County	$413	$1,333	$702	$1,830	Cannon AFB
Clovis	$405	$1,352			
Otero County	$455	$1,530	$852	$1,725	Holloman AFB
Alamogordo	$454	$1,680			
Santa Fe County	$821	$1,511	$1,227	$2,907	Santa Fe/ Los Alamos
Santa Fe	$817	$1,589			
Los Alamos County	$790	$2,148			
Los Alamos	$790	$2,292			
Doña Ana County	$518	$1,165	$834	$1,578	White Sands Missile Range
White Sands	$1,158	$1,365			
Las Cruces	$498	$1,195			

Note: Minimum gross rents typically refer to studios and maximum gross rents to 4 and 5 bedroom rentals. The minimum BAH rate refers to the E01 grade with no dependents, and the maximum to the O07 grade with dependents.

Source: 2020 5-year ACS, U.S. Department of Defense, and Root Policy Research.

original housing solution target date of 2006 by 4 years, to 2010.
https://www.huduser.gov/portal/sites/default/files/pdf/insight_3.pdf

Youth Aging Out of Foster Care

For New Mexican youth in the foster care system, their 18th birthday means the loss of stable housing, health care, mentorship, and an income safety-net. Homelessness among foster youth is a concern given the instantaneous loss of support.

According to the U.S. Department of Health and Human Services, 16,564 18-year-olds exited the foster care system in 2020.[33] The trauma and financial challenges that follow stand as barriers to stable housing and influence needs and life outcomes. A longitudinal study[34] in the Midwest that followed 602 foster youths who exited at 18 interviewed the same group at 24-years-old found:

- 39% of male former foster youths and 19% of female foster youths had been arrested since leaving when they turned 18; and
- 36.5% of respondents were either homeless or couch-surfed after exiting foster care.

In New Mexico, there remains a clear connection between the foster care system and homelessness. Findings from the Comprehensive Needs Assessment of Young People Experiencing Housing Instability and Homelessness in Bernalillo County[35] show:

- 6% of respondents to New Mexico Youth Count and Housing Survey in Bernalillo County who reported unstable housing and homelessness identified aging out of foster care system was the reason for their housing situation;
- 34% of youth surveyed who were classified as unstably housed or homeless had been in foster care at some point in their lives; and
- Those who were homeless and were previously in foster care system were more likely to have been in the system longer and experienced more home placements than their housed, former foster youth counterparts.

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[33] https://www.acf.hhs.gov/cb/report/afcars-report-28

[34] https://www.chapinhall.org/wp-content/uploads/Midwest-Eval-Outcomes-at-Age-23-and-24.pdf

[35] Pacific Institute for Research and Evaluation (2022). “Comprehensive Needs Assessment of Young People Experiencing Housing Instability and Homelessness in Bernalillo County, New Mexico”, https://southwest.pire.org/news/needs-assessment/

RESEARCH BRIEF IV.

CAPACITY AND RESOURCES

RESEARCH BRIEF IV. Capacity and Resources

This research brief compares funding for housing programs and housing initiatives to needs. It provides a broad overview of the resources available to support affordable housing needs rather than a detailed analysis (e.g., by AMI targets) of all housing programs in the state. The intended outcome of this analysis is to:

1) Assess how well existing funding is able to meet current and projected housing needs, and

2) Identify where funding gaps exist.

Approach

This analysis draws on a "resource mapping" approach which includes: :

- Identifying relevant funding,
- Assigning funding to program categories,
- Aggregating funding among programs;
- Comparing funding to measured needs; and
- Determining where gaps exist.

A number of assumptions were required to complete this analysis, including:

- Funding sources primarily include: federal funds that are passed on to state and local governments to allocate; federal tax credits that are allocated to private developers; federally required "match" funds; state funding; and local funding.
- Private funding and initiatives—for example, from foundations, financial institutions, charitable donors—are not included in this analysis. It is acknowledged that these contributions can be important to leverage public dollars and address funding gaps. Yet these funds and initiatives are difficult to identify, and the length and consistency of investment are hard to predict.
- Funding levels are based on reports of the most recent year's funding levels, or, where funding varies considerably, a multi-year average.
- HUD, USDA, and Department of Energy housing programs are classified as discretionary programs, meaning that Congress must set annual funding levels through the budget and appropriations process. This analysis assumes that programs which have been in existence for a lengthy period of time will continue.

- Non-recurring funding, including that related to the COVID pandemic, is presented separately.
- Newly authorized recurring funding for the New Mexico Housing Trust Fund is excluded from the gaps analysis, as funding program areas have not yet been determined.

It is important to note that while this analysis strove to be comprehensive, it is challenging to identify all sources of funding and to project their precise allocation among activities, as allocations can change. It is likely that some sources were missed.

Similarly, this analysis provides a high level scan of funding for services that are coupled with housing programs, but does not inventory the full landscape of supportive services available to New Mexico residents.

In sum, **the information in this report should be viewed as an approximation of the resources currently available to address estimated housing needs.**

This brief is organized around the following program areas:

- Homeownership programs—both direct funding to households and initiatives that support private/public partnerships;
- Multifamily rental development and renter assistance—including programs to prevent homelessness;
- Housing condition improvements through rehabilitation and weatherization; and
- Supportive funding for direct services that promote housing stability and nonprofit organization operations, including emergency shelters.

Primary Findings

- Homeownership programs receive about $483 million in funding annually. Mortgage loan financing is by far the single largest program. MFA is the primary provider of favorable mortgage loan financing for low and moderate income households.

  Funding to support the production of new ownership housing is comparatively low at $14.5 million. In the past, resales have accommodated low to moderate income ownership demand, but that is likely to diminish as long as production lags demand.

  Down payment and closing cost assistance programs total around $20 million annually. As the market has changed, the gap between the cost of development in the private market and what low and moderate income would-be-buyers could afford has widened considerably. We estimate that the gap ranges from $110,000 to $195,000 per home, based on recent sales transactions.

  To maintain the homeownership rate among new low and moderate income households in the next five years, annually, an estimated $133 million is needed to support homeownership through down payment assistance and closing costs or affordable homeownership production, paired with mortgage loan financing programs.[1] This compares to about $35 million currently in assistance for down payment and affordable production.

- Rental programs—both rental assistance and multifamily development support—total $320 million in funding annually. Unlike single family production, the bulk of rental funding—nearly three fourths of all funding—supports unit production.

  Based on population projections, in the next five years, the state will need to create about 4,300 units affordable to new renters with incomes below the 50% AMI level—approximately 850 per year. Supporting the development of new rental units at the subsidy amounts typical for LIHTC investments would require $142 million per year. Current LIHTC funding is barely adequate to address units needed for new low income renters, much less meet existing renter needs.

  Until affordable rental production catches up with needs, annual subsidies to reduce renter cost burden will continue. To reduce the cost burden among the 32,000 renters who make up the state's rental gap, $190 million in additional funding is needed for rental assistance.

  Development of new affordable rental units can significantly reduce this needed funding over time.[2] These renters can alternatively be assisted through development of rental units they can afford—leveraging private investment and lowering the annual funding needed for rental assistance. Four percent LIHTC credits could be utilized to address the need for additional affordable rental units if gap financing was available.

- Annually, $482 million in rental assistance would be needed if all renters in New Mexico paid no more than 35% of their income in housing costs—a reduction in their current levels of cost burden. This compares to the $99 million currently available in non-emergency rental assistance, and approximates the amount of rental assistance that was made available under federal pandemic-related programs (e.g., ERAP). As mentioned above, alleviating cost burden can also be addressed by producing affordable units.

- The state's need for improvements to residential housing is significant due to the age of the housing stock. For example, $25 million in annual funding for home rehabilitation and weatherization would meet less than 2.5% of need based on age of housing, or 3.5% of need based on the proportion of New Mexico residents who rated

[1] Calculation takes the subsidy needed for low and moderate households to become owners x # of new 50-80% and 80-120% AMI households through 2035 who need to become owners to maintain the state's homeownership rate.

[2] Calculation estimates assistance needed for 32,000 very low income renters to manage their rental payments at an average of $5,950 per year, the average subsidy for rental assistance programs.

the condition of their homes as fair or poor in the resident survey conducted to support this strategy. This compares to $13 million available for rehabilitation and weatherization activities annually. If the unit of measurement is the share of households who applied for and were denied home improvement loans, a much higher share of need is met (29%).

Homeownership

Homeownership funding falls into three main categories:

- Direct assistance to renters who desire to become homeowners in the form of **down payment and closing cost assistance**. Assistance for existing homeowners to avoid foreclosure and maintain utilities is classified as non-recurring as those funds are largely pandemic related.
- The **financing of mortgage loans**; and
- Funding to support the **creation of affordable homeownership units**.

Figure IV-1 presents homeownership funding sources. Altogether, an estimated $483 million is available annually to support homeownership programs in New Mexico.

As the figure demonstrates, the vast majority of funding to support homeownership is in the form of mortgage loan financing and support, with MFA being the largest provider of this assistance.

Funding to support unit production is very limited, and the funding sources identified in the figure will fluctuate with the priorities of the receiving Tribal governments and nonprofit organizations.

Figure IV-1.
Sources and Types of Annual Funding for Homeownership

	Down payment/ Closing assistance	Loan Financing	Production
Mortgage Finance Authority (MFA)			
First Down (<140% AMI)	$19,500,000		
First Home (<140% AMI)		$400,000,000	
Home Now (<80% AMI)	$270,000		
Mortgage Revenue Bonds		$34,000,000	
Partners Program		$450,000	
State AHA Tax Credit			$600,000
USDA/Rural Development			
Section 515 Direct Loans		$13,000,000	
Self Help			$350,000
U.S. Department of Housing and Urban Development (HUD)			
Indian Housing Block Grant (activities vary)			$8,325,000
City of Albuquerque			
CDBG	$1,200,000		
City of Santa Fe			
CDBG		$200,000	
Local Trust Fund			$1,500,000
U.S. Treasury			
CDFI Fund			$3,700,000
Total	**$20,970,000**	**$447,650,000**	**$14,475,000**
% of total	4%	93%	3%

Note: Assumes that half of the Indian Housing Block Grant, which Tribal Governments receive from HUD, is used for ownership.

Source: Root Policy Research.

Beneficiaries. Figure IV-2 estimates the number of households benefitting from the above homeownership funding sources. It also compares the number of beneficiaries to several measures of homeownership need, or demand.

Compared to need, current levels of homeownership funding for down payment assistance, closing cost assistance, and loan financing are:

- Assisting 20% to 22% of "homeownership ready" renters annually. This is based on the number of renters (around 11,000) who became homebuyers in 2020 through down payment and closing cost assistance and loan financing;
- Assisting 6% of renters with incomes of $50,000 to $75,000, and 12% to 13% of renters with incomes of $75,000 to $100,000, and
- Assisting 4% of *all* renters with incomes between $50,000 and $100,000 annually.

The largest gap in homeownership funding is in support of affordable production, discussed in more detail below.

Figure IV-2.
Households Benefitting from Annual Funding for Homeownership

	Down payment/ Closing assistance	Loan Financing	Production
Mortgage Finance Authority (MFA)			
First Down (<140% AMI)	2,200		
First Home (<140% AMI)		2,300	
Partners Program (<60% AMI)		5	
Home Now (<80% AMI)	40		
State AHA Tax Credit			12
USDA/Rural Development			
Section 515 Direct Loans		110	
Self Help			1
City of Albuquerque			
CDBG	29		
City of Santa Fe			
CDBG		30	
Local Trust Fund		Varies	
U.S. Treasury			
CDFI Fund			Unknown
Total	**2,240**	**2,474**	**13**
Compared to need:			
% of 50%-100% AMI buyers in 2020	**20%**	**22%**	**0.1%**
% of renters earning $50,000-$100,000	**4%**	**4%**	0%
% of renters earning $50,000-$75,000	6%	6%	0%
% of renters earning $75,000-$100,000	12%	13%	0%

Note: The percentage of 50%-100% AMI buyers is based on mortgage loan originations reported in the Home Mortgage Disclosure Act.

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

Non-recurring Homeowner programs. Several programs exist to assist homeowners facing economic stress. The majority of that funding is dedicated to mortgage assistance and/or loan reinstatement (47% of non-recurring funding), as shown in the figure below. HUD-funded homeownership counseling is also provided directly to certified homeownership counseling organizations. HUD reports from the past several years do not show any direct funding flowing to New Mexico counseling organizations.

Figure IV-3.
Non-recurring Homeowner Programs

	Homebuyer Counseling	Down payment Assistance	Utilities Assistance	Homeowner Rehabilitation	Weatherization	Mortgage Assistance and/or Loan Reinstatement	Other Housing Activities
Mortgage Finance Authority (MFA)							
Homeownership Assistance Fund	$2,800,000		$5,300,000			$40,901,740	
Treasury State & Local Fiscal Recovery Fund (via NMHTF)		$8,000,000		$3,750,000			$500,000
Bipartisan Infrastructure Law (BIL)							$22,000,000
State Capital Outlay (via NMHTF)				$2,000,000	$1,000,000		
Total	**$2,800,000**	**$8,000,000**	**$5,300,000**	**$5,750,000**	**$1,000,000**	**$40,901,740**	**$22,500,000**
% of total	3%	9%	6%	7%	7%	47%	26%

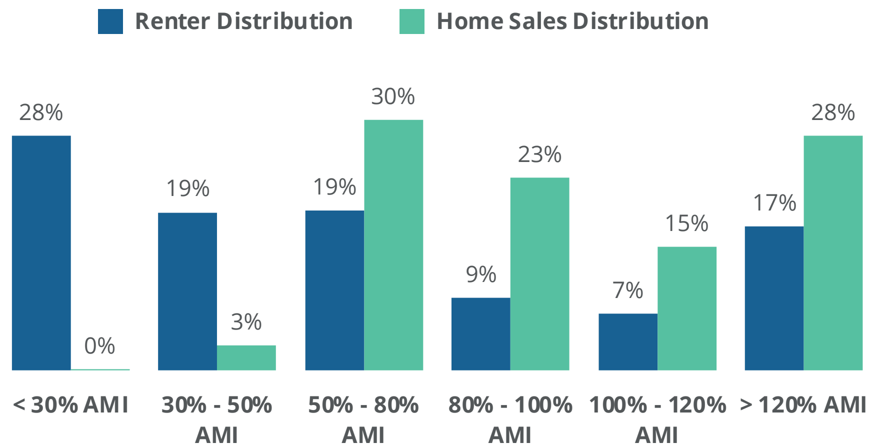
Source: Root Policy Research and MFA.

How well funding is meeting needs. As demonstrated by Figure IV-2, current levels of down payment and closing cost assistance and mortgage loan financing assisted approximately 20% of 50-100% AMI renters who became owners in 2020 (a proxy for creditworthy renters), and 4% of all renters earning between $50,000 and $100,000 per year. Statewide, in 2020, mortgages serving 50% to 120% AMI buyers ("low to moderate") totaled 11,000; MFA supported nearly 2,500 of these transactions.

The large share of the state's renters who are extremely low and very low income limits the feasibility of homeownership programs. Nearly half of the state's renters have incomes lower than 50% AMI, too low for ownership without deep subsidies.

Figure IV-4. Renters' Income Distribution compared to Home Sales Distribution, 2019-2020

Source: Root Policy Research.



Based on the University of New Mexico Geospatial and Population Studies (GPS) population projections, at least 17,340 new homeownership units are needed in the next 5 years to keep up with population growth and maintain the state's existing homeownership rate of 68%.[3],[4] Of these, 4,800 homeownership units, or about 960 units per year, should be affordable for low to moderate income buyers. MFA is adequately supporting loan financing needs based on these projections.

The largest constraint will be maintaining an adequate stock of affordable resales. The availability of affordable resales is likely to drop if the housing market continues to be strong. And newly built homes are too costly to serve moderate income renters who desire to become owners. Low to moderate income buyers can afford homes priced between $180,000 and $265,000. At an average cost of $375,000, the gap between what the market can deliver and what is needed ranges between $110,000 and $195,000 per new buyer.

Supporting the development of the affordable homeownership units needed over 5 years for 50-120% AMI buyers at the subsidy amounts above would cost:

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[3] GPS uses a standard cohort component method based on the demographic balancing equation:

$Pop_t = Pop_{t-1} + Births - Deaths + Net\ Migration$

These five-year interval projections begin with GPS population estimates. From this, the number of expected deaths is subtracted from the population using life tables calculated from the New Mexico Department of Health. Next, the number of expected births for the female population ages 15-44 is calculated using fertility data from the New Mexico Department of Health. Finally, net migration is calculated based on recent historical trends. This was not straightforward for the 2020-2040 estimates, because of large in-migration between 2000 and 2010 and because of large out-migration between 2010 and 2015. Neither of these trends is expected to soon return or continue. Therefore, migration was roughly calculated as half the net migration observed between 2000 and 2010. This process is completed for each county and then controlled to a statewide projection total.

[4] These growth estimates are conservative and should be thought of lower bound estimates. An acceleration in major employers relocating to New Mexico, as some predict for the Albuquerque area, would raise demand and costs.

- $441 million for 50% to 80% AMI owners, after accounting for manufactured, or mobile, homes which offer a comparatively affordable option; and
- $224 million for 80% to 120% AMI owners.[5]
- Or an annual cost of $133 million.

The calculation to derive these estimates is shown below.

Estimated Funding Needs to Maintain or Increase Homeownership, 2020-2035

Source:
Root Policy Research.

	Home Price	Subsidy/Cost
Starter Home Development Cost	$375,000	
Affordable Purchase Price		
50-80% AMI household	$180,000	
80-120% AMI household	$265,000	
Ownership Subsidy		
50-80% AMI household		$195,000
80-120% AMI household		$110,000
Cost to maintain Ownership Rate (through 2020-2035 growth		
50-80% AMI Income household		$541,933,841
after accounting for mobile homes		$440,920,854
80-120% AMI Income household		$223,994,451
Additional Cost to Increase Ownership Rate		
With adequate inventory (DPA only) 10% of 80-120% AMI		$43,202,317
Without adequate inventory 10% of 80-120% AMI		$438,449,000

Multifamily Rental Development and Renter Assistance

A variety of programs exist to support development of affordable rental housing and to help renters afford their monthly rent. Figure IV-5 shows the funding dedicated to:

- **Rental assistance**, including funds targeted to homeless prevention, with the largest being the Housing Choice Voucher, or Section 8 program. This makes up 31% of funding to support rental development and provide assistance to the state's lowest income renters;
- Funding to support the **development of permanent supportive housing,** which serves extremely low income and very low income renters who have experienced or are at risk of homelessness—an estimated 7%;

[5] This does not assume these buyers occupy manufactured homes. The annual subsidy is slightly lower if a portion of these buyers do occupy manufactured homes.

- Funding for **transitional housing** is very small relative to other programs—less than 1%;
- Funding for **rental housing production**, the largest of which is comprised of Low Income Housing Tax Credit (LIHTC) new construction awards and leveraged financing, which benefit renters with incomes of less than 60% AMI—42% of all funding; and
- Funding to **preserve affordable rental units**, including LIHTC acquisition and rehabilitation projects and improvements to public housing authority units—19% of funding. This category excludes direct assistance to renters for repairs and weatherization (those activities are included in a separate section that follows).

The figure excludes dollars that support the direct operations of development businesses or public housing authorities.

Altogether, an estimated $320 million is being utilized annually to support rental programs in New Mexico. This is about two thirds of total homeownership funding. It is important to note that additional funding for affordable rental development is available through 4% Low Income Housing Tax Credits and tax exempt bonds; however, 4% credits can be challenging with high development costs and when additional gap financing is limited, as is the case in New Mexico.

Beneficiaries. Figure IV-6 estimates the number of renters benefitting from the above programs, where data are available. The program with the largest number of beneficiaries is non-emergency rental assistance, benefitting more than 19,000 renters.

It is important to note that rental assistance programs have the lowest per renter cost; however, their effectiveness relies on an adequate inventory of affordable rental units, provided privately and increasingly publicly, which has been rapidly declining. Between 2000 and 2019, the supply of affordable units for the state's lowest income renters declined by 50%. Production and preservation programs support fewer renters annually and require much larger subsidies, yet those programs carry a much greater value in the long-term production of units.

Figure IV-5.
Sources and Types of Annual Funding for Rentership

	Rental Assistance/ Homeless Prevention	Permanent Supportive Housing	Transitional Housing	Production	Preservation
Mortgage Finance Authority (MFA)					
Linkages	$3,500,000				
CDBG–Recovery Housing Program			$900,000		
HOME				$3,000,000	$3,925,000
National Housing Trust Fund				$3,500,000	
ESG	$570,000				
HOPWA	$1,000,000				
Project-based Section 8	$35,400,000				
LIHTC Awards				$57,200,000	$41,360,000
LIHTC Leverage/Private Activity Bonds				$46,000,000	$12,000,000
Tax Credit Assistance Program				$2,000,000	
Primero Fund				$3,500,000	
ACCESS Loans				$430,000	
NM Affordable Housing Tax Credit				$900,000	
U.S. Department of Housing and Urban Development (HUD)					
Indian Housing Block Grant (activities vary)				$8,325,000	
Section 811 (Persons with Disabilities)	$3,000,000				
USDA/Rural Development					
Farm Labor Housing				$1,000,000	
Renter Assistance	$15,000,000				
Public Housing Authorities					
Albuquerque Housing Authority	$26,750,000				$2,000,000
Mesilla Valley Housing Authority	$575,000				$260,000
Santa Fe Housing Authority	$2,230,000				$900,000
Continuum of Care					
Balance of State	$3,500,000	$3,500,000	$400,000		
Albuquerque	$1,500,000	$4,000,000	$230,000		
City of Albuquerque					
CDBG					$1,250,000
HOME	$400,000			$1,500,000	
ESG	$220,000				
General Fund	$5,000,000	$15,000,000		$375,000	
Workforce Housing Trust Fund				$5,000,000	
City of Las Cruces					
HOME	$603,750				
City of Farmington					
CDBG	$55,000				
City of Santa Fe					
CDBG				$600,000	
Housing Trust Fund				$1,500,000	
Total	**$99,103,750**	**$22,000,000**	**$1,530,000**	**$134,830,000**	**$61,695,000**
% of total	31%	7%	0.5%	42%	19%

Note: Public Housing Authority (PHA) preservation dollars include capital improvement funding from HUD's Capital Fund. PHA line items do not include operating subsidies.

Source: Root Policy Research.

Figure IV-6.
Renters Benefitting from Annual Funding

	Non-emergency Rental Assistance/ Homeless Prevention	Permanent Supportive Housing	Transitional Housing	Production	Preservation
Mortgage Finance Authority (MFA)					
Linkages	338				
CDBG–Recovery Housing Program					
HOME				10	10
National Housing Trust Fund				10	
ESG	3,833				
HOPWA	1,684				
Project-based Section 8	5,600				
LIHTC Awards				500	550
LIHTC Leverage/Private Activity Bonds					
Tax Credit Assistance Program					
Primero Fund					
ACCESS Loans					
NM Affordable Housing Tax Credit Allocation Authority					
U.S. Department of Housing and Urban Development (HUD)					
Indian Housing Block Grant (activities vary)					
Section 811 (Persons with Disabilities)					
USDA/Rural Development					
Farm Labor Housing					
Renter Assistance	100				
Public Housing Authorities					
Albuquerque Housing Authority	3,750				
Mesilla Valley Housing Authority	1,650				
Santa Fe Housing Authority	300				
Continuum of Care					
Balance of State	650	850			
Albuquerque	100	600			
City of Albuquerque					
CDBG					
HOME				65	
ESG	10				
General Fund	350	1,000			
Workforce Housing Trust Fund				130	
City of Las Cruces					
HOME	859				
City of Farmington					
CDBG	205				
City of Santa Fe					
CDBG					
Housing Trust Fund					
Total	**19,429**	**2,450**	**-**	**715**	**560**
Compared to need:					
% of persons experiencing homelessness		8%			
% of cost burdened renters	17%				
% of affordable rental units at risk of losing affordability contracts					5%
% of rental gap				2%	

Source: Root Policy Research.

Non-recurring Rental programs. Federally funded, pandemic-related programs to assist renters have totaled about $478 million, with the vast majority (88%) in direct assistance to stabilize renters and prevent homelessness. About $40 million, or 10%, was dedicated to unit production, and $9.9 million, or 2%, for supportive services.

Figure IV-6.
Non-recurring Rental Programs

	Emergency Rental Assistance/Homeless Prevention	Supportive Services	Rental Production
Mortgage Finance Authority (MFA)			
ESG CV 1&2	$12,936,302		
HOME ARP		$9,900,000	$7,640,668
CDBG-CV	$7,386,624		$4,656,025
Housing Trust Fund ARPA			$12,750,000
State Capital Outlay			$6,000,000
Dept of Finance and Administration (DFA)			
ERAP State 1&2	$284,214,380		
ERAP Bernalillo Q1&2	$51,302,591		
ERAP ABQ Q1&2	$31,000,000		
ERAP Dona Ana 1&2	$16,543,026		
ERAP Tribal Governments	**$19,243,419**		
City of Albuquerque			
HOME ARP			$7,412,150
City of Las Cruces			
HOME ARP			$1,778,017
Total	**$428,176,020**	**$9,900,000**	**$40,236,860**
% of total	88%	2%	10%

Source: Root Policy Research and MFA.

How well funding is meeting needs. Several metrics were used to examine how well available funding can meet existing and future needs. For current needs:

- The number of units required to house the number of people experiencing homelessness (assumes 17,500 homeless residents housed as a 2-person household);
- The number of renters who face cost burden;
- The number of renters who cannot afford housing based on the rental gap;
- Renters at risk of displacement if their affordable units lose their affordability contracts; and
- For future needs, the subsidies needed to build affordable rentals for low income renters based on population and income forecasts.

The results of this exercise found funding gaps exist across all of the program areas.

- The number of renters assisted through funding to develop PSH is 8% of those experiencing homelessness. As discussed below, an estimated $72 million is needed to create additional PSH units for those with the most critical needs. An additional $61 million annually is needed for rapid rehousing and PSH to serve all needs.

- Non-emergency rental assistance serves the most renters annually at 19,000. However, this is still much lower than is needed to address the renters who need rental assistance or affordable rental units. The rental gaps analysis conducted for this study found 32,000 too few affordable rental units statewide. If those renters received assistance to manage their rental payments at an average of $5,950 per year (the average subsidy for rental assistance programs), an additional $190 million in rental assistance is needed.

- Based on population projections, in the next five years, the state will need to create about 4,300 units affordable to new renters with incomes below the 50% AMI level—approximately 850 per year. This compares to 2022 production of fewer than 600 units. Supporting the development of new rental units at the subsidy amounts typical for LIHTC investments would require:[6]

    - $400 million for all new renters with incomes of less than 30% AMI and 1/3 of new renters of incomes between 30% and 50% AMI; or
    - $312 million for less than 30% AMI new renters only. This latter estimate is conservative because of the following two assumptions:

[6] This assumes that 70% of costs are subsidized in developments using 9% LIHTC credits and 30% of costs are subsidized in developments using 4% LIHTC credits.

1) The private market does not shed naturally occurring affordable units for 30%-50% AMI households; and
2) Down payment assistance programs that turn a portion of current renters into owners bolster needed supply and help stabilize rents for 30%-50% AMI households.

This averages $142 million per year.[7] LIHTC awards currently total $57 million, plus $46 million in bond leverage—suggesting that funding is barely adequate to address units needed for new low income renters, much less meet existing demand. As mentioned above, to reduce the cost burden among the 32,000 renters who make up the state's rental gap, $190 million in additional funding is needed for rental assistance. These renters can alternatively be assisted through development of rental units they can afford—leveraging private investment and lowering the annual funding needed for rental assistance. Four percent LIHTC credits could be utilized to address the need for additional affordable rental units if gap financing was available. Developing affordable units to meet one-fourth of the rental gap would require $1.5 billion in gap financing subsidies.

Altogether, to address both existing and future needs, the state would benefit from significant additional funding to create PSH, alleviate renter cost burden, and boost production of affordable rentals.

Gaps in operating costs of rapid rehousing and permanent supportive housing (PSH). The New Mexico Coalition to End Homelessness (NMCEH) estimates that the total capital investment needed to create permanent supportive housing developments for the roughly 300 individuals who need it is $72 million—or $240,000 per unit for 300 individuals. Currently, the Continuum of Care grants are allocating about $7.5 million to PSH development—or a little more than 10% of what is needed. Other funding to support PSH includes the LIHTC, which competes with other types of affordable rental developments, and the National Housing Trust fund, as well as local sources.

NMCEH also recently estimated the cost of *operating* rapid rehousing and PSH to help all of those suffering from homelessness who are not being assisted by current resources. Those cost estimates are shown in Figure IV-8.

[7] These estimates assume an average per unit subsidy of $135,600, based on building costs estimated by local developers and accounting for weighted-average LIHTC subsidies. They do not consider other sources of financing that could help lower costs, as those are variable and annual amounts are uncertain.

Figure IV-8.
Estimated Cost of Operating Rapid Rehousing and Permanent Supportive Housing to Help Residents not Assisted by Current System, 2019

	Best Practice Intervention	Estimated Number not Helped by Current System	Cost per Household	Total Annual Cost
Families with children or couples with head of household without disabilities	Rapid rehousing	472	$8,211	$3,875,429
Families with children, or couples with disabled head of household	Permanent supportive housing	472	$12,534	$5,915,869
Youth ages 18 to 24	Rapid rehousing	756	$13,432	$10,154,418
Unaccompanied youth under age 18	Rapid rehousing	248	$13,432	$3,331,079
Unaccompanied adults without disabilities	Rapid rehousing	2,305	$4,923	$11,347,066
Unaccompanied disabled adults	Permanent supportive housing	2,305	$10,323	$23,794,192
Cost to adminster and evaluate the program at 5%				$2,920,903
Total		**6,558**		**$61,338,956**

Note: Extrapolations made from data above assuming that HMIS is counting about half of the number not being helped by our current system. Also assuming that roughly half of families and individual adults are in households with a disabled head of household.

This exercise does not include recent boosts in funding from the City of Albuquerque to support rapid rehousing and permanent supportive housing.

Source: New Mexico Coalition to End Homelessness, https://nmceh.org/docs/White%20Paper%20Homeless%20NMCEH%20010820.pdf

Cost Burden Reduction: Owners and Renters

A total of 117,613 New Mexico households are cost burdened, and another 100,858 are severely cost burdened.

- Renter cost burden is very concentrated in households with incomes of $25,000 and less. More than three-fourths of cost burden households fall in that income category.
- Owner cost burden is also concentrated in the < $25,000 income category. However, there are significantly more owners than renters who experience cost burden in upper income categories.

To determine the cost to fully address cost burden, we modeled the cost for reducing renter and owner cost burden to 35% of gross household income. This is higher than the industry standard (30%), yet a reasonable goal in high-cost markets.

Annually, $482 million in rental assistance would be needed if all renters in New Mexico paid no more than 35% of their income in housing costs. This compares to the $99 million currently available in non-emergency rental assistance, and approximates the amount of rental assistance that was made available under federal pandemic-related programs (e.g., ERAP).

For owners with incomes of less than 100% AMI, the annual cost is $541 million.

The per renter cost to reduce burden is around $5,950 per renter. Owner burden is around $6,250 per owner.

Figure IV-9.
Annual Cost to Reduce Cost Burden, by Tenure and AMI

	Renter Households		Owner Households	
Income	Number of Renters	Cost	Number of Owners	Cost
0% to 30% of AMI	56,659	$337,000,000	45,342	$299,000,000
30% to 50% of AMI	26,435	$105,000,000	20,086	$117,000,000
50% to 80% of AMI	10,365	$34,500,000	17,205	$94,700,000
80% to 100% of AMI	1,284	$5,680,639	4,244	$30,900,000
Total	94,743	$482,180,639	86,877	$541,600,000

Note: Cost is the difference between a household's 35% of income and actual housing costs using 2019 5-year estimates. AMI used is from HUD's 2019 State level estimate.

Source: IPUMS and Root Policy Research.

Improving Housing Condition

Funding to address residential housing condition needs in New Mexico is concentrated in **rehabilitation and weatherization activities**, as shown in Figure IV-10. Funding for weatherization approximates $7 million annually; and rehabilitation, $6.2 million. For rehabilitation, most funding sources are dedicated to single family rehabilitation, with only MFA's program supporting rental rehabilitation.

Beneficiaries. Figure IV-11 shows the estimated number of households benefitting from rehabilitation and weatherization activities.

How well funding is meeting needs. According to New Mexico stakeholders working in the field, on the low-end basic improvements—flooring, window treatments, modest bath and kitchen repairs—can average $10,000 per unit. Many homes require a larger investment: the median amount of a home improvement loan granted to New Mexico households in 2020 was $55,000. Stakeholders report that a $50,000 cost of repairs is common for older homes in the state.

Approximately 345,000 of the state's housing units were built before 1980. An estimated 40,000 lack complete plumbing or kitchens.

- If, in the next 5 years, 2.5% of homes built before 1980 were to receive funds for modest improvements ($10,000 investment on average), the cost would be $86 million.
- If, in the next 5 years, 2.5% of homes in substandard condition—lacking complete plumbing or kitchens—were improved ($50,000 investment on average), the cost would be $50 million.
- Assuming no overlap in the categories above, annual funding would need to total $27 million to meet just 2.5% of need. This compares to $13 million available for rehabilitation and weatherization activities annually.

As shown in Figure IV-11, single family rehabilitation programs are successful in addressing a relatively large proportion of homeowners who are denied home improvement loans from lenders in the private market. These loans averaged about $50,000—about the same per unit estimate that stakeholders provided for major rehabilitation needs.

All programs have much lower volume than what is needed to address the significant condition issues of residential housing in New Mexico, as measured by the age of units or proportion of residents who reported needing rehabilitation or weatherization in the resident survey. By that measure, these programs are addressing less than 1% of need. If the unit of measurement is the share of households who applied for and were denied home improvement loans, a much higher share of need is met (29%).

It is important to note that the chart excludes non-recurring funding. For example, the City of Albuquerque appropriated $3.3 million for home rehabilitation activities to benefit low and moderate income homeowners in 2021. That funding was through the federal ARPA program, and is one time appropriation.

Figure IV-10.
Annual Funding for Rehabilitation and Weatherization

	Single Family Rehabilitation	Rental Rehabilitation	Weatherization
Mortgage Finance Authority (MFA)			
Department of Energy (WAP/Energy$mart)			$2,529,186
Public Service NM			$600,000
NM Gas			$1,300,000
LIHEAP (Rental)			$2,500,000
HOME	$1,000,000	$3,000,000	
State Homeowner Rehabilitation	$1,000,000		
USDA/Rural Development			
Section 504 Home Repair	$500,000		
City of Las Cruces			
CDBG	$605,000		
City of Santa Fe			
CDBG	$100,000		
Total	**$3,205,000**	**$3,000,000**	**$6,929,186**
% of total	24%	23%	53%

Source: Root Policy Research.

Figure IV-11.
Households Benefitting from Annual Funding for Rehabilitation and Weatherization

	Single Family Rehabilitation	Rental Rehabilitation	Weatherization
Mortgage Finance Authority (MFA)			
Department of Energy (WAP/Energy$mart)			659
LIHEAP			
HOME	68	7	
State Homeowner Rehabilitation	50		
USDA/Rural Development			
Section 504 Home Repair	70		
State General Fund			
WAP/Energy$mart			
City of Las Cruces			
CDBG	34		
City of Santa Fe			
CDBG	12		
Tribal Governments			
State Homeowner Rehabilitation	50		
Department of Energy (WAP)			4
Total	**284**	**7**	**663**
Compared to need:			
% of those denied improvement loans	29%		
% homes built < 1980	0.1%	0.0%	
% with condition challenges	0.3%	0.0%	0.4%

Note: % with condition challenges is based on the proportion of survey respondents who said their home or apartment is in fair or poor condition, applied to all households by tenure..

Source: Root Policy Research.

Supportive Funding

Funding to support affordable housing spans many activities and addresses a variety of needs—from housing stability services delivered directly to residents, to operating dollars for housing providers, to predevelopment costs for nonprofit developers. A comprehensive analysis of supportive funding available in New Mexico was beyond the scope of this section; instead, a high level scan of recurring funding was conducted and is summarized below.

Sources of supportive funding that are often paired with housing funding include the following:

- New Mexico Human Services administers the Low Income Home Energy Assistance Program (LIHEAP), which provides approximately $10 million in annual funding to low income households to help them manage utilities costs.
- The Community Services Block Grant (CSBG) provides approximately $3.5 million in annual funding to support critical resident needs such as meals and counseling.
- Both the state and local governments provide funding to support emergency shelter operations and assist shelters in delivering direct services to clients through federal ESG dollars and local general funds.
- Predevelopment costs such as site analysis, architectural drawings, rezoning, and financing acquisition are provided through federal HOME dollars and local general funds.
- Eviction prevention services are largely provided by local governments.
- Local governments also provide funding for technical assistance for service and housing providers.

The figure below shows MFA's annual contributions to shelter operations and predevelopment costs.

Figure IV-12. State Shelter Operations and Predevelopment Funding

	Shelter Operations	Predevelopment Costs
Mortgage Finance Authority (MFA)		
HOME		$1,125,000
ESG	$630,000	
General Fund		$625,000
Primero		Varies
Total	**$630,000**	**$1,750,000**

Source:
Root Policy Research.

It is unknown how significantly these funding levels vary from needs, as needs can fluctuate with changes in local and state economic, health, and employment conditions. The stakeholders who participated in focus groups and interviews to support the Housing Strategy consistently named supportive services for residents and predevelopment funding as priority needs. It is safe to conclude that existing supportive funding needs are far greater than the levels currently provided.

Infrastructure and Economic Development

Funding available to extend or improve public infrastructure—namely, water and wastewater systems and roads—can facilitate housing production when used strategically.

Similarly, economic development incentives can prompt housing production and improvements by signaling to developers that a market will soon have new renters and buyers.

To understand the potential to leverage these dollars with housing funding, funding for water and wastewater improvements, community development activities, and economic development activities in the state was reviewed.

Altogether, these activities total more than $1billion in funding. The source of funding is largely federal.

- There are several sources of funding for water and wastewater improvements, including USDA rural utilities, federal community development block grants, and direct appropriations;
- Community facilities are primarily funded through federal community development pass-through grants special state appropriations; and
- Economic development funding is available through the federal Economic Development Administration (EDA) and New Markets Tax Credits.

None of the funding identified was allocated to residential projects per se, suggesting that there is potential to better pair these funding sources with mechanisms to support housing production.

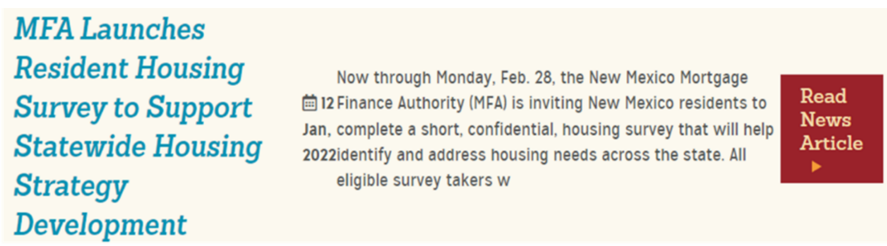
SECTION V.

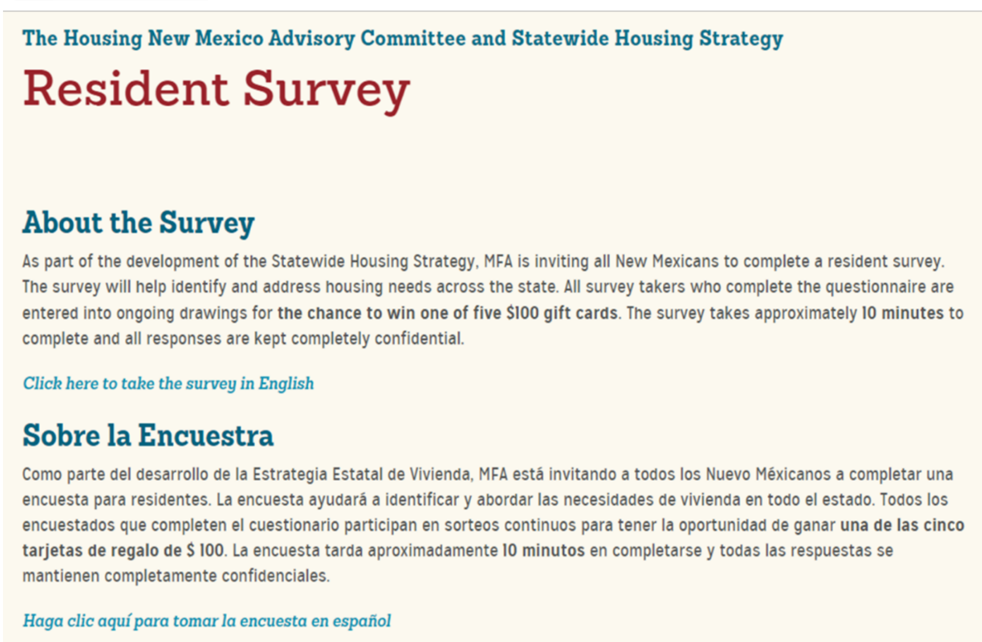
RESIDENT SURVEY FINDINGS

SECTION V. Resident Survey Findings

This section reports the findings from the resident survey conducted to support the Housing Strategy. It explores residents' current housing situations, housing and affordability challenges, and housing preferences. MFA and Root Policy Research[1], who designed and analyzed the survey, are grateful to the residents who shared their experiences and perspectives by participating in this survey.

The resident survey was available online, in both English and Spanish, and promoted by MFA and its networks. A total of 1,398 New Mexico residents participated.





[1] www.rootpolicy.com

Explanation of terms. Throughout this section, several terms are used that require explanation.

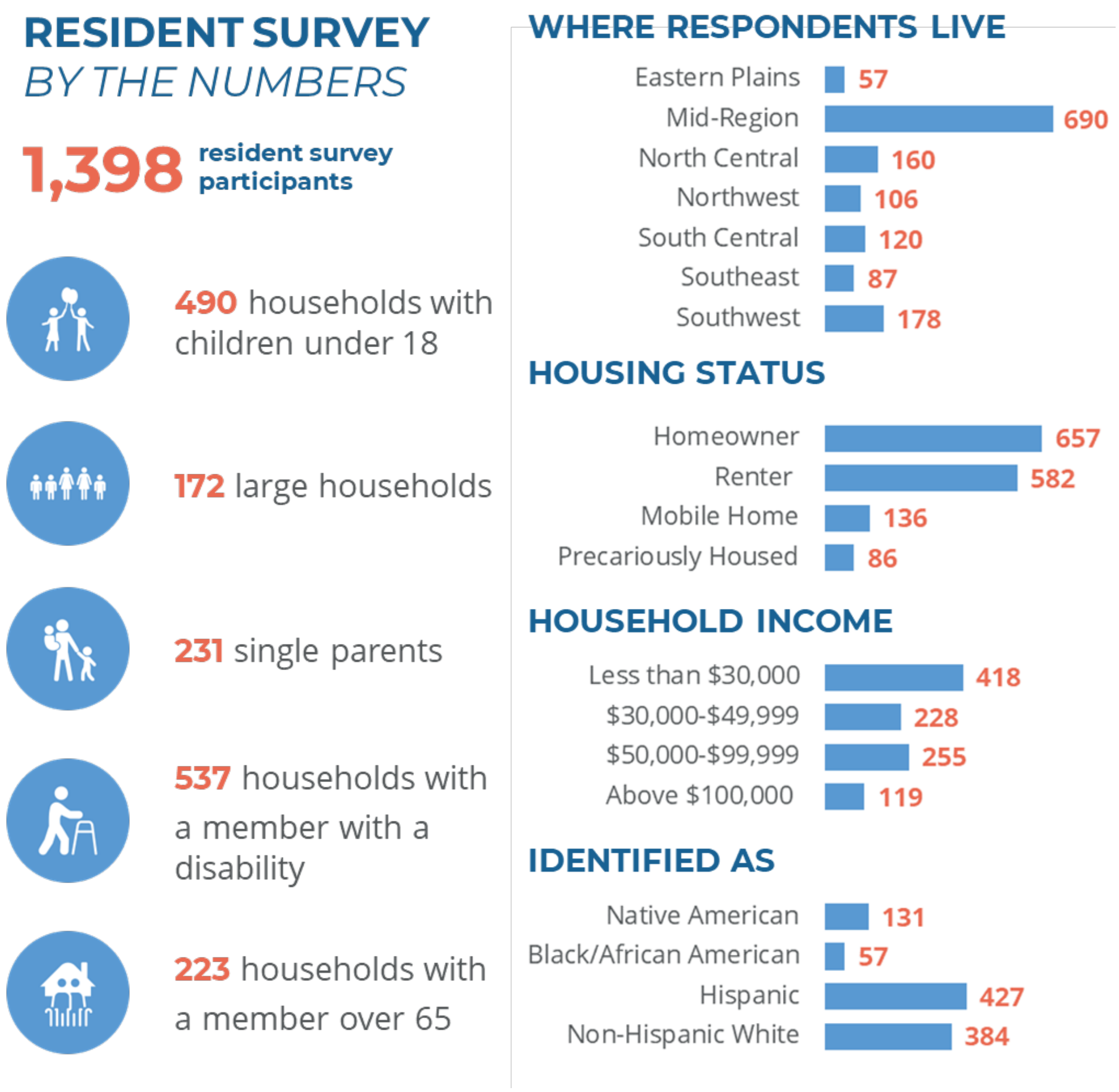
- "Precariously housed" includes residents who are currently homeless or living in transitional or temporary/emergency housing. This category may also include residents living temporarily with friends or family to avoid homelessness but are not themselves on the lease or property title. These residents may (or may not) make financial contributions to pay housing costs or contribute to the household in exchange for housing (e.g., childcare, healthcare services).
- "Disability" indicates that the respondent or a member of the respondent's household has a disability of some type—physical, mental, intellectual, developmental.
- "Children" indicates children under the age 18 live in the household.
- "Single parent" are respondents living with their children only or with their children and other adults but not a spouse/partner.
- "Tenure" in the housing industry means rentership or ownership.
- "Large households" are considered those with five or more persons residing in a respective household.

Sampling note. The survey respondents do not represent a random sample of the state or regions' population. A true random sample is a sample in which each individual in the population has an equal chance of being selected for the survey. The partnership model used to promote the survey prevents the collection of a true random sample. Important insights and themes can still be gained from the survey results, however, with an understanding of the differences among resident groups and the state overall. Overall, the data provide a rich source of information about the state's households and their housing needs in the communities where they live.

Demographics. Overall, the survey received a very strong response from residents typically underrepresented in public engagement, including: people of color, renters, precariously housed residents, very low income households, households with children, large households, single parents, and residents with disabilities (Figure V-I).

Compared to the state population, the survey collected more responses from renters (47% v. 32% in the state), from households with income below $30,000 (41% v. 30%), from Native American residents (13% v. 9%), and from Black/African American residents (6% v. 2%). In terms of household characteristics, the survey collected more responses from households with children (47% v. 29%), single parents (22% v. 10%), residents with a disability (42% v. 16%), and large households (17% v. 9%) than are represented in the state overall.

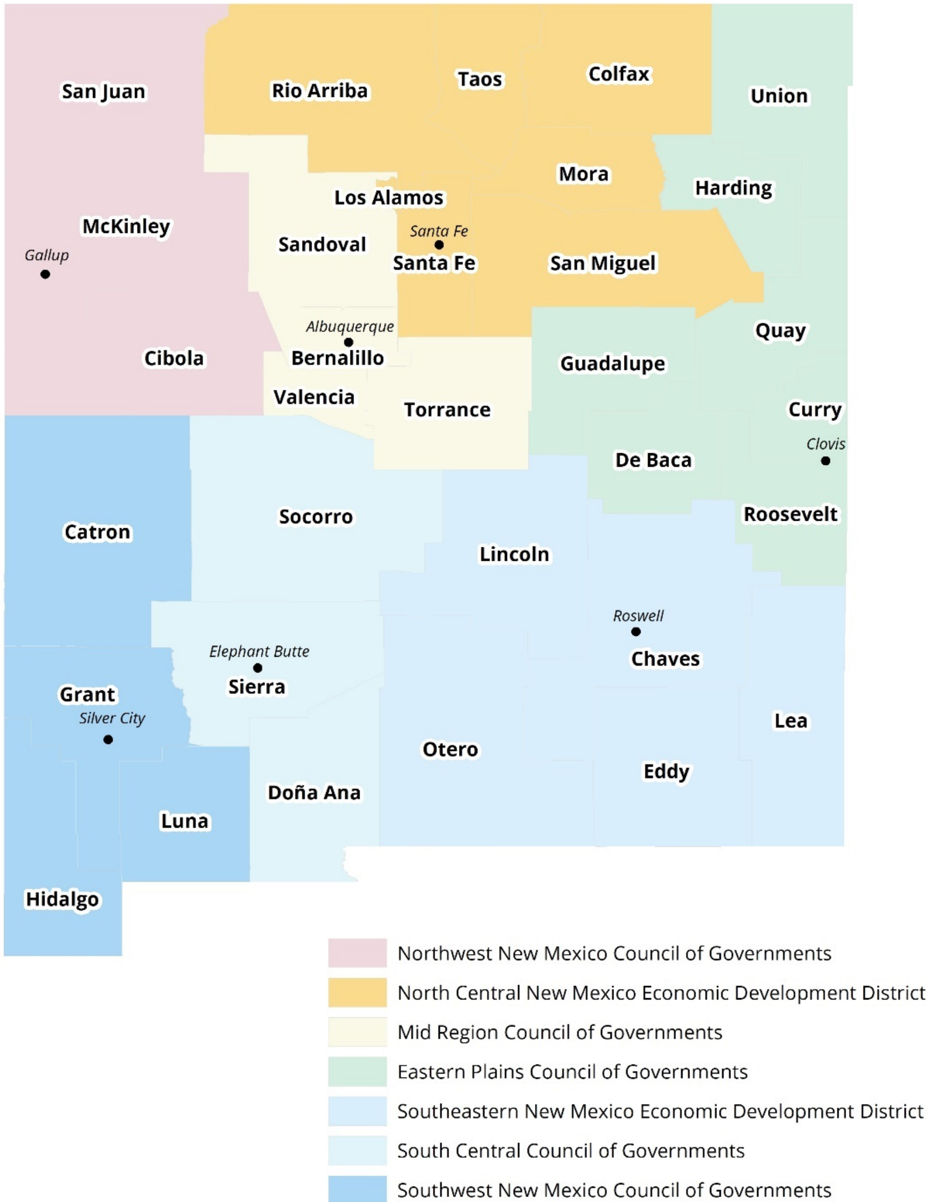
Figure V-1.
Resident Survey Participants



Note: Numbers do not aggregate either due to multiple responses or that respondents chose not to provide a response to all demographic and socioeconomic questions.
Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Geographic distribution. To protect residents' privacy, the geographic analysis is presented at the region level. Regions are grouped following the state's councils of governments/economic development districts. Figure V-2 presents a map with the regions and the counties each region encompasses.

Figure V-2.
New Mexico Regions



Responses by region and demographics are shown in the Figures V-3a and V-3b. As expected, given that 45% of households in New Mexico live in the Mid-region, 49% of survey participants were from the Mid-region.

Figure V-3a.
Survey Respondent Profile by Region and Selected Characteristics

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

Note: Numbers do not aggregate either due to multiple responses or that respondents chose not to provide a response to all demographic and socioeconomic questions.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-3b.
Survey Respondent Profile by Region and Selected Characteristics

	State	Eastern Plains	Mid-Region	North Central	Northwest	South Central	Southeast	Southwest
Total Responses	1,398	4%	49%	11%	8%	9%	6%	13%
Race/Ethnicity								
Native American	131	2%	36%	12%	40%	5%	1%	4%
Black/African American	57	7%	49%	19%	4%	4%	12%	4%
Hispanic	427	5%	53%	10%	2%	12%	6%	13%
Non-Hispanic White	384	3%	49%	11%	3%	8%	7%	19%
Tenure								
Homeowner	657	4%	47%	10%	6%	9%	7%	16%
Renter	582	4%	54%	12%	9%	9%	5%	8%
Mobile Home	136	5%	24%	17%	11%	15%	5%	23%
Precariously Housed	86	1%	42%	14%	12%	5%	3%	23%
Income								
Less than $30,000	418	3%	52%	11%	7%	9%	6%	11%
$30,000-$49,999	228	3%	41%	14%	10%	10%	7%	15%
$50,000-$99,999	255	7%	47%	11%	5%	7%	4%	18%
Above $100,000	119	4%	57%	10%	3%	8%	5%	13%
Household Characteristics								
Children under 18	490	5%	46%	10%	10%	9%	7%	13%
Large households	172	3%	45%	8%	16%	9%	8%	12%
Single Parent	231	5%	48%	10%	11%	10%	7%	9%
Disability	537	4%	49%	12%	7%	8%	7%	13%
Older Adults (age 65+)	223	7%	40%	9%	6%	9%	8%	21%

Note: Numbers do not aggregate either due to multiple responses or that respondents chose not to provide a response to all demographic and socioeconomic questions.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Primary Findings

Primary findings from residents' perspectives and experiences include:

Housing challenges

- **One in five (20%) respondents indicated they are "doubling up" with friends or family members due to lack of housing that meets their needs.** Black/African American respondents are the most likely to be doubled up, and they have over twice the rate of doubling up as the state.

    - The top reason residents are doubled up is because they cannot afford monthly rent costs (20%), although the COVID-19 pandemic also had a destabilizing impact on residents. 14% of those doubled up indicated the reason was due to difficulties associated with the COVID-19 crisis, and 13% indicated they lost their home due to COVID-19 layoffs and circumstances.

- Around **one in five (22%) of respondents indicated their home is in fair/poor condition.** This share is particularly high among residents in mobile homes—almost 40% of mobile home occupants deem their home to be in fair/poor condition. In addition, over 30% of respondents from the Northwest region, of households with income below $30,000, large households, and single parents deem their home to be in fair/poor condition. The most common needed repair is related to weatherization.

- In the state overall, **over one fourth (27%) of respondents indicated they had to skip payments on some bills to pay for housing costs due to the COVID-19 crisis,** and around one fifth indicated they had to take on debt to pay for housing costs (21%), and/or pay less than the minimum amount due on some bills (21%).

    - These impacts were higher among residents in the Northwest, South Central, and Southeast regions, as well as for Native Americans, renters, mobile home residents, and residents with income below $50,000, households with children, large households, and single parents.

- The vast majority of housing voucher holders (79%) describe their **experience trying to find a landlord to accept their voucher as "somewhat difficult" (48%) or "very difficult"** (31%). Most residents attribute their difficulty using a voucher to the voucher not being enough to cover the rent for places they want to live in (57%).

- Among residents who indicated they or someone in their household has a disability, **25%** indicated the place where they live **does not meet the needs of their household member with a disability.** The top improvement needed was supportive services to help maintain housing, including paying rent on time, completing paperwork, submitting documents, finding, and applying for resources, etc.

Improving housing stability

- Respondents shared their perspectives on types of assistance that would improve their housing security and/or stability. **Around one in four respondents indicated they would benefit from help paying rent each month (26%),** followed by "help me with a down payment/purchase for a home" (20%), and "give me money to make critical repairs to my home" (20%).

    - Those who indicated they would benefit the most from rent payment assistance include households with income below $30,000 (44%), single parents (40%), precariously housed residents (37%), households with a member with a disability (35%), and mobile home residents (34%).
    - Those who indicated they would benefit the most from down payment assistance include renters (36%), Black/African American residents (32%), and Native American residents (31%).
    - Those who indicated they would benefit the most from money to make critical repairs include residents in the Northwest region (30%), residents in the Southeast region (29%), and homeowners (29%).

Displacement experience:

- **Over one in four (27%) respondents experienced displacement in the past five years.** The main reason for displacement was "I was behind on rent." Compared to the state:

    - **Black/African Americans had the highest rate of displacement (60%)** among racial groups, followed by Native Americans (31%).
    - Among the different regions, residents from the North Central region had the highest rate of displacement (37%), followed by the Southeast (33%) and the Eastern plains (31%) regions.
    - Renters (41%), precariously housed residents (38%), and mobile home residents (35%) had a higher rate of displacement compared to the state.
    - Over one in three households with income below $30,000 have experienced displacement (36%).
    - Among different household characteristics, single parents (38%), households with a disability (37%), and households with children (32%) experienced higher rates of displacement.

- Of those who have experienced displacement and indicated they had a job, **around one in four indicated they lost their job as a result of the move (25%),** or indicated they had to change their job as a result of the move (26%). These data suggest that improving housing stability is key to promoting employment stability.

- Mobile home residents (40%), households with income below $30,000 (36%), and households with a disability (31%) were the most likely to have lost their job as a result of the move.

- **The majority (57%) of those displaced with children indicated their children had to change school as a result of the move.** Compared to the state overall:

  - Children in Black/African American households (74%), Non-Hispanic White households (72%), households with income between $50,000 and $99,999 (69%), and large households (69%) were more likely to had to change school as a result of the move.

Future housing preferences

- Almost half (45%) of survey respondents plan to move within the next 5 years. The top reason for the move is because they rent and would like to own (23%).

- **Around 4 in 5 (78%) renters aspire to be homeowners within the next five years, but many are unsure they will be able to do so (54%).** In the state overall, top barriers to homeownership include:

  - Around one in three of those who would like to buy (32%) indicated down payment was a top barrier to homeownership,
  - Over one in four (27%) indicated a top barrier was bad credit/low credit score, and
  - One in four (25%) indicated having too much debt to qualify for a mortgage.

Housing Challenges

This section presents results on housing challenges among New Mexico residents. It presents results to questions regarding lack of housing, housing condition and need for repairs, housing costs, and the impacts of the COVID-19 pandemic. In addition, it looks at housing challenges among housing voucher holders, residents with disabilities, and residents experiencing homelessness.

Doubled up. Overall, 20% of respondents indicated they currently live with friends or family members due to lack of housing that meets their needs—colloquially called “doubling up.” Similarly, 25% of respondents indicated friends or relatives live with them due to lack of housing.

As shown in Figures V-4 and V-5, significant variation in this share is present by, race, tenure, income, and region.

- The Northwest, North Central, Eastern Plains, and Southeast regions exhibit higher shares of doubling-up, compared to the Mid, South Central, and Southwest regions. Differences are slightly more pronounced for the North Central and Northwest regions.
- Black/African American respondents are the most likely to be doubled up, they have around twice the rate of doubling up as the state. Native American residents are also more likely to be doubled up, although the difference compared to the state is less pronounced.
- In terms of tenure, precariously housed residents are the most likely to be doubled up, and homeowners are the least likely. Mobile home residents are more likely than residents overall to be doubled up.
- As expected, lower income residents are more likely to be doubled up and the incidence decreases as income increases.
- The residents who most commonly live with friends or family members due to lack of housing that meets their needs are those with disabilities and older adults.
- Residents who are most likely to accommodate friends and family because they cannot afford housing are older adults.

Figure V-4.
Do you currently live with family or friends or others not as part of a lease due to lack of housing that meets your needs? ("doubled up") % Yes

Note:
n=1,337.

Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

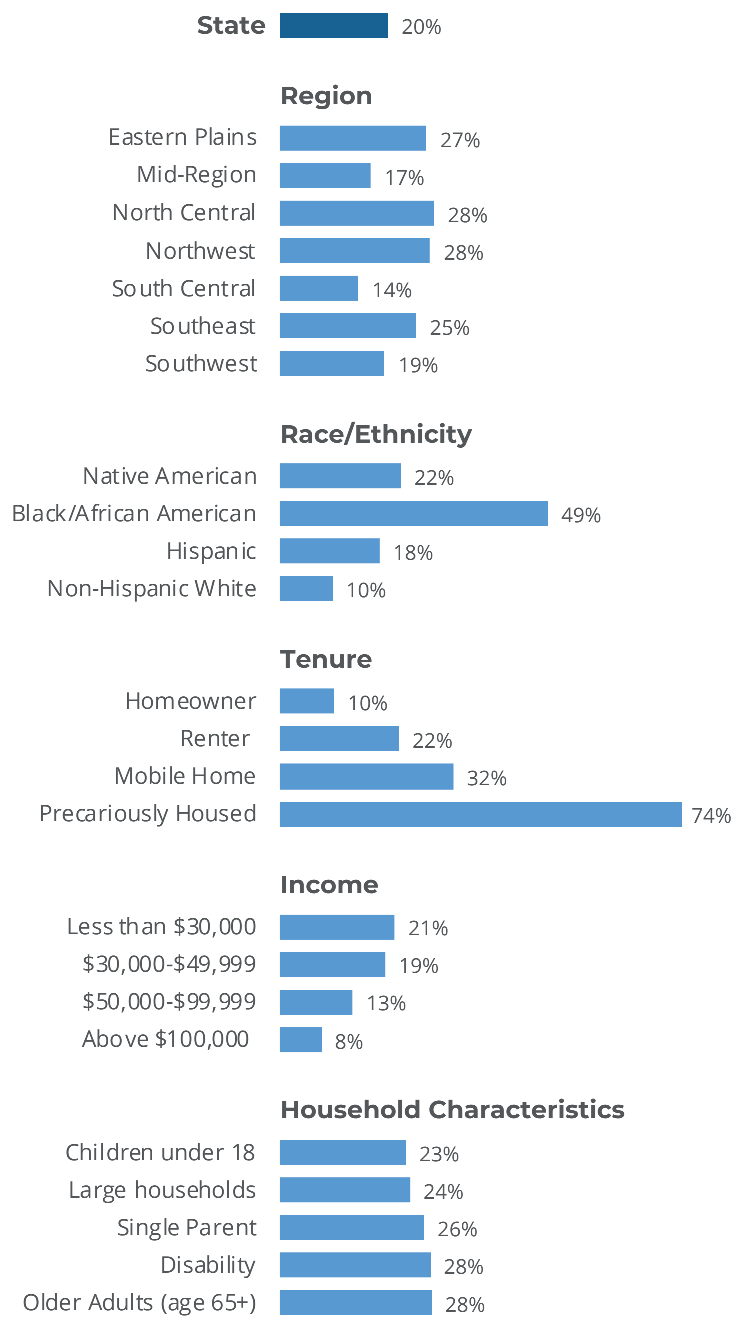


Figure V-5.
Do any of your friends/relatives live with you due to lack of housing that meets their needs?

Note:
n=1,320.

Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

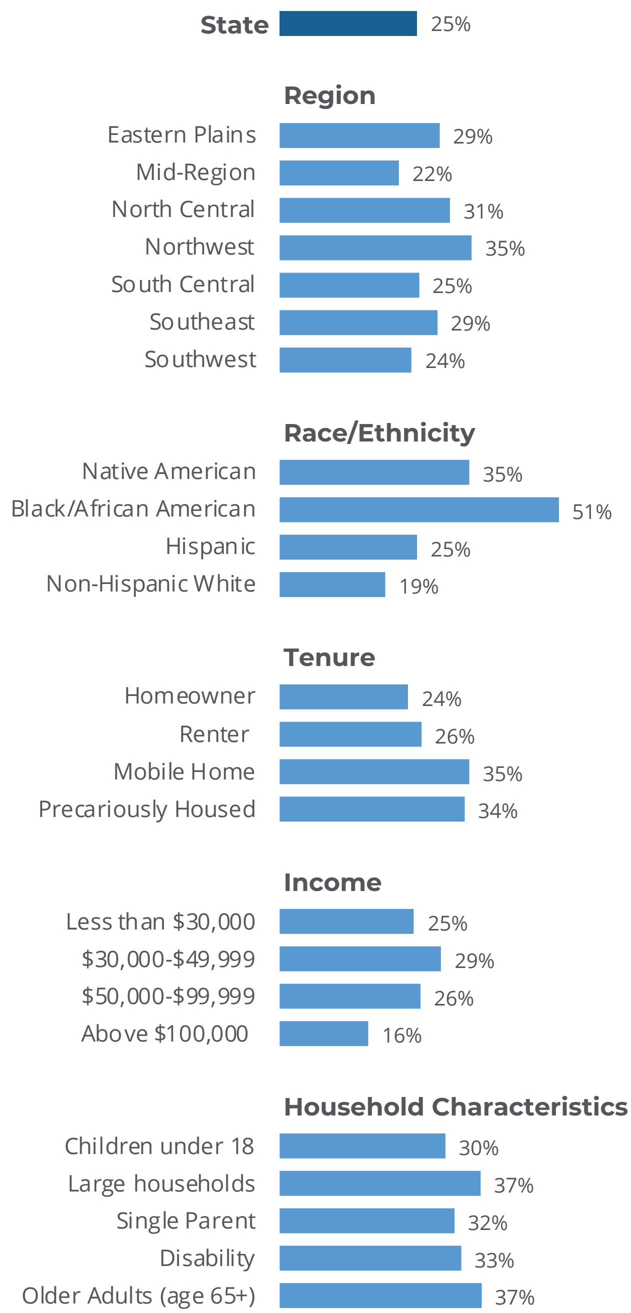
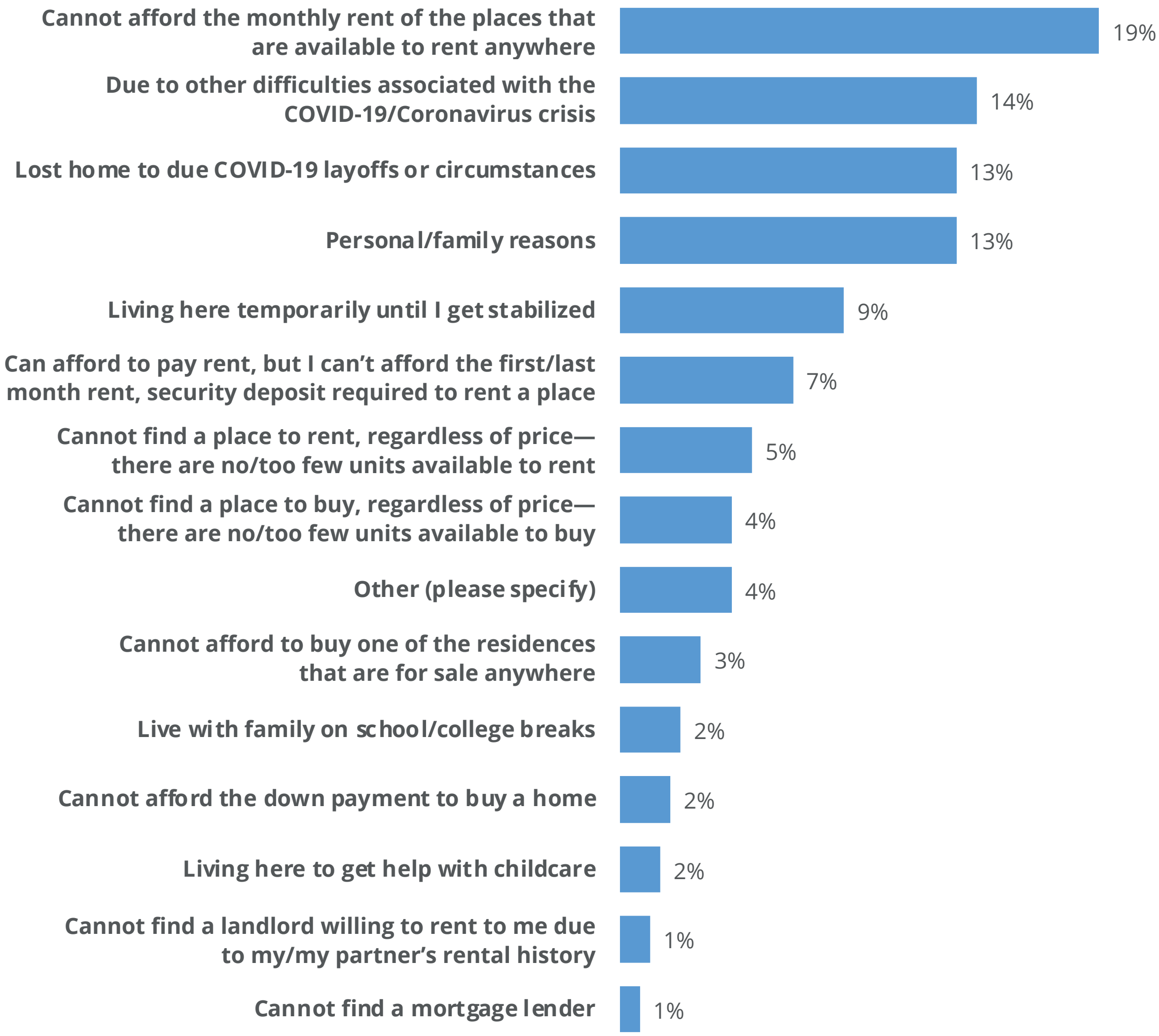


Figure V-6 shows the primary reasons residents are doubled up. The top reason was that residents cannot afford monthly rent costs (20%). The COVID-19 pandemic also had a destabilizing impact on residents, 14% of those doubled up indicated the reason was difficulties associated with the COVID-19 crisis, and 13% indicated they lost their home due to COVID-19 layoffs and circumstances. There is not a significant variance in the ranking of reasons by region or household characteristics.

Figure V-6.
What is the primary reason you live with relatives/friends?



Note: n=252.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Housing condition. Figure V-7 shows the percent of respondents who rated the condition of their home as fair or poor. Overall, 22% of respondents indicated their home is in fair/poor condition.

- One in three respondents in the northwest region (33%) deem their home to be in fair/poor condition, this compares to around one in five in the state overall.
- Native American (26%) and Hispanic (25%) respondents are more likely to deem their home to be in fair/poor condition than Black/African American (19%) and non-Hispanic White (18%) respondents.
- Almost 40% of mobile home occupants deem their home to be in fair/poor condition, this is the highest among housing types. Precariously housed respondents are also more likely to deem their home to be in fair/poor condition (32%).
- One in three respondents with income below $30,000 (33%) indicated their home is in fair/poor condition, this incidence decreases as income increases.
- Around a third of large households (30%), single parents (31%), and households with a disability (29%) indicated their home is in fair/poor condition, while older adults are less likely to deem their home to be in fair/poor condition compared to the state (19% v. 22%).

Figure V-7.
How would you rate the condition of your home? (% Fair/Poor)

Note:
n=1,311.

Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

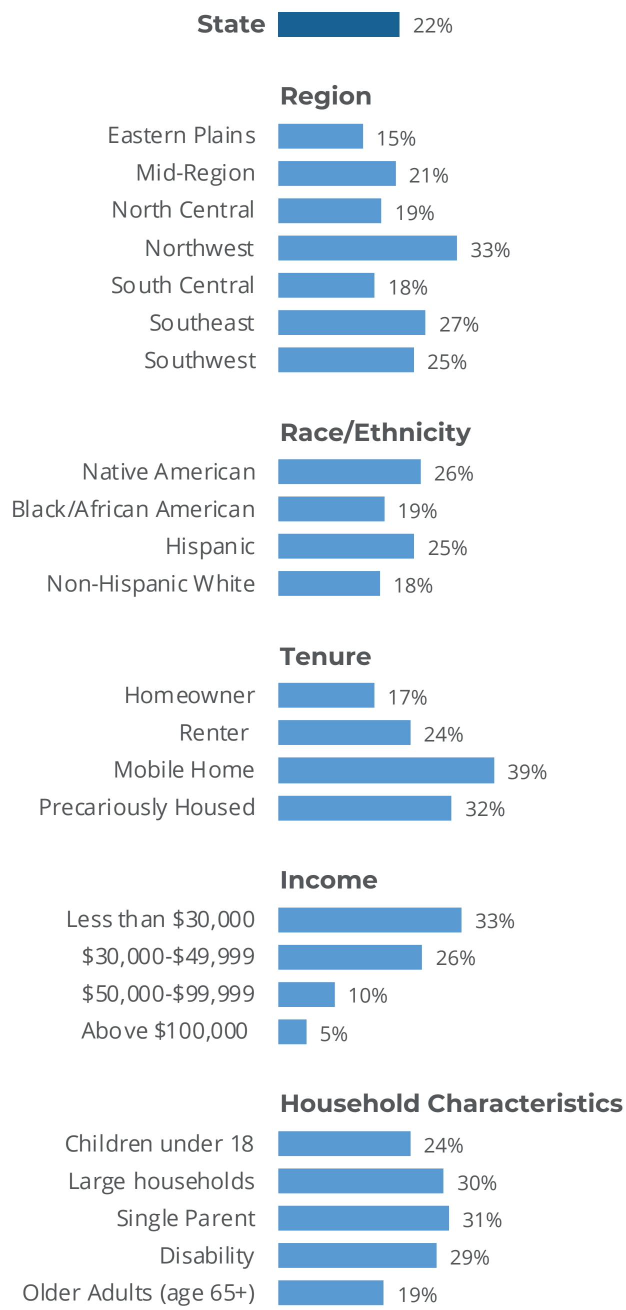
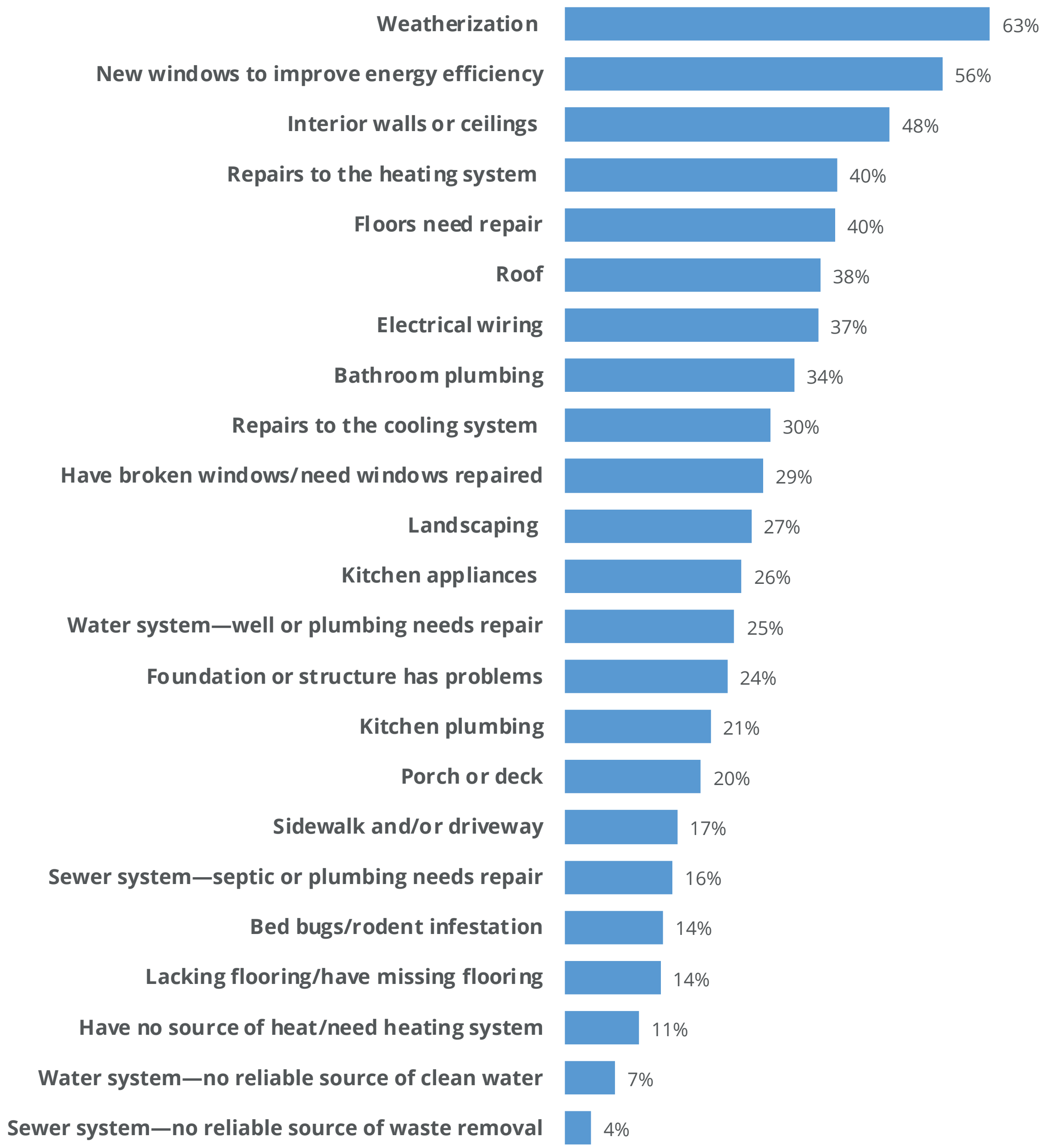


Figure V-8 shows that the most common needed repair is related to weatherization (e.g., insulation, weather stripping, caulking) (63%), followed by new windows to improve energy efficiency (56%). The third most needed repairs are fixes to interior walls or ceilings (e.g., cracks, holes, water damage) at 48%.

Figure V-8.
What are the most important repairs you need?



Note: n=284.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

In the majority of cases (56%), respondents indicated the repairs have not been made because the resident "can't afford to make them." Among renters, 24% indicated "I have asked the landlord and he/she won't make them" and another 24% indicated "I worry that if I request a repair it will result in a rent increase or eviction."

Housing costs. Figures V-9 and V-10 compare median housing costs for owners and renters. For owners, utilities and internet costs are fairly similar across regions and household characteristics. Mortgage costs are highest in the Mid-region and the North Central region. Black/African American respondents report higher home costs than other races. HOA/Condo fees are highest among households with income below $30,000, and households with children.

Figure V-9.
Owner Median Housing Costs by Region and Selected Characteristics

	Mortgage, Insurance, Taxes	HOA/Condo Fees	Utilities	Internet
State	**$950**	**$107**	**$250**	**$80**
Region				
Eastern Plains	$800	-	$300	$65
Mid-Region	$1,079	$75	$250	$80
North Central	$1,111	-	$200	$70
Northwest	$609	-	$200	$100
South Central	$900	-	$263	$80
Southeast	$800	-	$300	$85
Southwest	$650	-	$250	$75
Race/Ethnicity				
Native American	$700	-	$200	$100
Black/African American	$1,200	-	$298	$84
Hispanic	$950	$167	$300	$75
Non-Hispanic White	$986	$87	$248	$80
Income				
Less than $30,000	$800	$275	$235	$65
$30,000-$49,999	$894	$155	$300	$80
$50,000-$99,999	$1,050	$60	$250	$80
Above $100,000	$1,400	$90	$250	$100
Household Characteristics				
Children under 18	$966	$200	$300	$80
Large households	$975	$187	$300	$93
Single Parent	$833	$100	$296	$70
Disability	$896	$150	$250	$85
Older Adults (age 65+)	$850	$175	$250	$80

Note: Data not reported for samples under 20.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Similarly for renters, utilities and internet costs are fairly similar across regions and household characteristics. Rent costs are highest in the Mid-region and the North Central region and they are also higher among Black/African American residents and large households.

The survey also collected responses on lot rents among mobile home residents; however, too few observations were collected to produce reliable estimates by subpopulation. Overall, the median lot rent reported was $543. The median lot rent was higher, at $675, for the Mid region, and $600 for Hispanic residents. For households with income below $30,000 the median lot rent was $450. Households with disabilities and older adults reported median lot rent over $500.

Figure V-10. Renter Median Housing Costs by Region and Selected Characteristics

Note:

Data not reported for samples under 20.

Source:

Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

	Rent	Lot Rent	Utilities	Internet
State	**$850**	**$543**	**$218**	**$80**
Region				
Eastern Plains	$765	-	$250	$63
Mid-Region	$950	$675	$200	$80
North Central	$900	-	$300	$80
Northwest	$575	-	$200	$83
South Central	$825	-	$250	$80
Southeast	$800	-	$300	$81
Southwest	$650	-	$250	$80
Race/Ethnicity				
Native American	$671	-	$200	$80
Black/African American	$900	-	$200	$100
Hispanic	$850	$600	$240	$76
Non-Hispanic White	$950	-	$205	$80
Income				
Less than $30,000	$710	$450	$200	$65
$30,000-$49,999	$975	-	$250	$85
$50,000-$99,999	$1,006	-	$223	$90
Above $100,000	$1,500	-	$300	$98
Household Characteristics				
Children under 18	$852	$500	$250	$85
Large households	$950	-	$300	$90
Single Parent	$800	$313	$250	$75
Disability	$800	$511	$250	$82
Older Adults (age 65+)	$895	$550	$250	$81

COVID-19 impacts. Survey respondents were asked to select the ways in which the COVID-19 crisis impacted their housing situation. Figures V-11 through V-15 present the list of challenges respondents could select from and compares them across region, race/ethnicity, tenure, income, and selected household characteristics.

These responses allow a way to compare the severity of impacts across the state; impacts for which other types of data do not exist. In this analysis, "above state average"—shaded in light red or pink—is defined as the proportion of responses that is 25% higher than the overall state proportion. "Below state average"—shown in light blue— occurs when the proportion of responses is 25% lower than the overall state proportion.

As shown in Figure V-11, residents in Northwest and Southeast regions experienced several housing impacts at a higher rate than the state overall. In the state overall, the top three impacts were skipping payments on some bills (27%), taking on debt to pay for housing costs (21%), and paying less than the minimum amount due on some bills (21%). Notable trends by geographic area include:

- Residents in the Eastern Plains were more likely to indicate they continued to live in housing in poor condition, they picked up more work/another job, and turned their home into a vacation rental.
- Residents in the Mid region were more likely to note other impacts from the pandemic. Among the comments noting other impacts from the pandemic, residents shared that they also had to cut back on spending on other essentials such as food, energy, and clothing. Others noted putting home repairs on hold. Respondents also noted how COVID impacted their employment situation, especially those who suffered long COVID, and how missing payments impacted their credit scores.
- Residents in the North Central region were more likely to have paid their full rent or mortgage late, moved in with family or friends, continued to live in an unsafe family situation, and turned their home into a vacation rental.
- In the Northwest region, residents were more likely to have skipped payment(s) on some bills, have taken on debt to pay housing costs, have paid less than the minimum amount due on some bills, have family/friends moved in, continued to live in housing in poor condition, picked up more work/another job, and continued to live in an unsafe family situation.
- Residents in the South Central region were more likely to, have skipped payment(s) on some bills, have taken on debt to pay housing costs, have paid less than the minimum amount due on some bills, and paid only part of their rent or mortgage payments.
- In the Southeast region, residents were more likely to have skipped payment(s) on some bills, have taken on debt to pay housing costs, have paid less than the minimum amount due on some bills, paid only part of their rent or mortgage payments, paid their full rent or mortgage late, have family/friends moved in, continued to live in housing in poor condition, moved in with family or friends, rented part of their house/a room, and turned their home into a vacation rental.
- Residents in the Southwest region were less likely to have their housing situation impacted by the COVID-19 crisis.

Figure V-11.
COVID-19 Housing Impacts, by Region

25% Above State average

25% Below State average

	State	Eastern Plains	Mid-Region	North Central	Northwest	South Central	Southeast	Southwest
Valid cases	1,200	50	597	129	90	102	73	159
I/we have skipped payment(s) on some bills	27%	20%	27%	26%	42%	35%	37%	11%
I/we have taken on debt to pay housing costs (e.g., credit cards, payday loans, loans from family/friends)	21%	20%	20%	19%	27%	26%	30%	14%
I/we have paid less than the minimum amount due on some bills	21%	12%	22%	17%	32%	27%	29%	10%
I/we paid only part of our rent or mortgage payments	19%	16%	19%	19%	20%	25%	27%	11%
I/we paid our full rent or mortgage late	14%	8%	13%	28%	9%	13%	25%	6%
Family/friends moved in with me/us	12%	4%	13%	11%	16%	12%	15%	8%
I/we continued to live in housing in poor condition	9%	12%	8%	10%	16%	6%	12%	8%
I/we picked up more work/another job	9%	14%	8%	11%	11%	9%	10%	6%
Other (please specify)	8%	4%	11%	5%	10%	8%	5%	4%
I/we moved in with family or friends	6%	4%	6%	11%	7%	3%	11%	5%
I/we continued to live in an unsafe family situation	3%	4%	3%	5%	8%	2%	4%	2%
I/we rented part of our house/a room	3%	2%	3%	2%	2%	3%	5%	2%
I/we turned our home into a vacation rental	1%	2%	1%	4%	0%	0%	4%	0%
My housing situation has not been affected by the COVID-19 crisis	36%	44%	36%	26%	23%	32%	23%	53%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-12 shows impacts by race/ethnicity. Compared to residents in the state overall and to non-Hispanic White households:

- Native American respondents were more likely to have skipped payment(s) on some bills, have paid less than the minimum amount due on some bills, have family/friends moved in, continued to live in housing in poor condition, picked up more work/another job, moved in with family or friends, continued to live in an unsafe family situation, rented part of their house/a room, and turned their home into a vacation rental.
- Black/African American residents were more likely to have paid only part of their rent or mortgage payments, paid their full rent or mortgage late, have family/friends moved in, continued to live in housing in poor condition, moved in with family or friends, continued to live in an unsafe family situation, rented part of their house/a room, turned their home into a vacation rental.
- Hispanic residents were more likely to have paid less than the minimum amount due on some bills, paid only part of their rent or mortgage payments, paid their full rent or mortgage late, and have picked up more work/another job.

Figure V-12.
COVID-19 Housing Impacts, by Race/Ethnicity

25% Above State average

25% Below State average

	State	Native American	Black/ African American	Hispanic	Non-Hispanic White
Valid cases	1,200	131	57	423	382
I/we have skipped payment(s) on some bills	27%	40%	32%	32%	18%
I/we have taken on debt to pay housing costs (e.g., credit cards, payday loans, loans from family/friends)	21%	23%	25%	25%	18%
I/we have paid less than the minimum amount due on some bills	21%	28%	19%	26%	14%
I/we paid only part of our rent or mortgage payments	19%	22%	28%	25%	14%
I/we paid our full rent or mortgage late	14%	15%	26%	18%	8%
Family/friends moved in with me/us	12%	18%	21%	14%	8%
I/we continued to live in housing in poor condition	9%	11%	14%	7%	10%
I/we picked up more work/another job	9%	13%	7%	12%	7%
Other (please specify)	8%	8%	12%	7%	8%
I/we moved in with family or friends	6%	11%	9%	7%	4%
I/we continued to live in an unsafe family situation	3%	5%	9%	3%	2%
I/we rented part of our house/a room	3%	7%	4%	2%	2%
I/we turned our home into a vacation rental	1%	3%	4%	1%	1%
My housing situation has not been affected by the COVID-19 crisis	36%	19%	7%	28%	50%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-13 shows impacts by tenure. Compared to the state and to homeowners:

- Renters were more likely to have taken on debt to pay housing costs and have paid their full rent late.
- Residents living in mobile homes were more likely to have skipped payment(s) on some bills, have paid less than the minimum amount due on some bills, continued to live in housing in poor condition, picked up more work/another job, continued to live in an unsafe family situation, and rented part of their house/a room.

- Precariously housed residents were more likely to have picked up more work/another job, moved in with family or friends, and continued to live in an unsafe family situation.

Figure V-13.
COVID-19 Housing Impacts, by Tenure

25% Above State average

25% Below State average

	State	Owner	Renter	Mobile Home	Precariously Housed
Valid cases	1,200	578	519	122	71
I/we have skipped payment(s) on some bills	27%	22%	34%	39%	20%
I/we have taken on debt to pay housing costs (e.g., credit cards, payday loans, loans from family/friends)	21%	17%	27%	26%	15%
I/we have paid less than the minimum amount due on some bills	21%	18%	25%	29%	11%
I/we paid only part of our rent or mortgage payments	19%	20%	20%	22%	6%
I/we paid our full rent or mortgage late	14%	11%	18%	17%	4%
Family/friends moved in with me/us	12%	14%	11%	13%	6%
I/we continued to live in housing in poor condition	9%	8%	10%	17%	8%
I/we picked up more work/another job	9%	7%	10%	13%	14%
Other (please specify)	8%	7%	9%	6%	8%
I/we moved in with family or friends	6%	3%	6%	7%	34%
I/we continued to live in an unsafe family situation	3%	2%	4%	5%	4%
I/we rented part of our house/a room	3%	3%	3%	3%	0%
I/we turned our home into a vacation rental	1%	1%	1%	1%	0%
My housing situation has not been affected by the COVID-19 crisis	36%	47%	25%	22%	27%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-14 shows the impacts by income. As expected, households with income below $50,000 were more like to experience adverse impacts.

Households with income below $30,000 were more likely to have skipped payment(s) on some bills, have taken on debt to pay housing costs, have paid less than the minimum amount due on some bills, paid only part of their rent or mortgage payments, paid their full rent or mortgage late, continued to live in housing in poor condition, moved in with family or friends, and rented part of their house/a room.

Conversely, certain households reported benefitting from the pandemic—e.g., households with income above $50,000 were twice as likely than others to have turned their home into a vacation rental, although the proportion doing this (just 2%) is very small.

Figure V-14.
COVID-19 Housing Impacts, by Income

25% Above State average

25% Below State average

	State	Less than $30,000	$30,000-$49,999	$50,000-$99,999	Above $100,000
Valid cases	1,200	416	227	254	117
I/we have skipped payment(s) on some bills	27%	39%	34%	14%	7%
I/we have taken on debt to pay housing costs (e.g., credit cards, payday loans, loans from family/friends)	21%	29%	26%	16%	3%
I/we have paid less than the minimum amount due on some bills	21%	31%	24%	11%	3%
I/we paid only part of our rent or mortgage payments	19%	29%	24%	13%	3%
I/we paid our full rent or mortgage late	14%	19%	17%	9%	3%
Family/friends moved in with me/us	12%	13%	14%	10%	9%
I/we continued to live in housing in poor condition	9%	14%	10%	5%	1%
I/we picked up more work/another job	9%	10%	10%	11%	4%
Other (please specify)	8%	13%	7%	4%	7%
I/we moved in with family or friends	6%	8%	7%	4%	3%
I/we continued to live in an unsafe family situation	3%	4%	4%	3%	1%
I/we rented part of our house/a room	3%	4%	2%	2%	1%
I/we turned our home into a vacation rental	1%	1%	1%	2%	2%
My housing situation has not been affected by the COVID-19 crisis	36%	17%	29%	51%	71%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-15 shows the impacts by household characteristics. Among different households:

- Those with children were more likely to have skipped payment(s) on some bills, have taken on debt to pay housing costs, have paid less than the minimum amount due on some bills, paid only part of their rent or mortgage payments, paid their full rent or mortgage late, have family/friends moved in, and continued to live in an unsafe family situation.
- Large households were more likely to have skipped payment(s) on some bills, have paid less than the minimum amount due on some bills, paid only part of their rent or mortgage payments, paid their full rent or mortgage late, have family/friends moved in, continued to live in housing in poor condition, continued to live in an unsafe family situation, and rented part of their house/a room.
- Single parents were more likely to have skipped payment(s) on some bills, have taken on debt to pay housing costs, have paid less than the minimum amount due on some bills, paid only part of their rent or mortgage payments, paid their full rent or mortgage late, have family/friends moved in, continued to live in housing in poor condition, continued to live in an unsafe family situation, and rented part of their house/a room.
- Households with disabilities were more likely to have continued to live in housing in poor condition, moved in with family or friends, continued to live in an unsafe family situation, rented part of their house/a room, and turned their home into a vacation rental.
- Older adults were more likely to have continued to live in an unsafe family situation, turned their home into a vacation rental, yet were also less likely to have their housing situation impacted.

Figure V-15.
COVID-19 Housing Impacts, by Household Characteristics

25% Above State average

25% Below State average

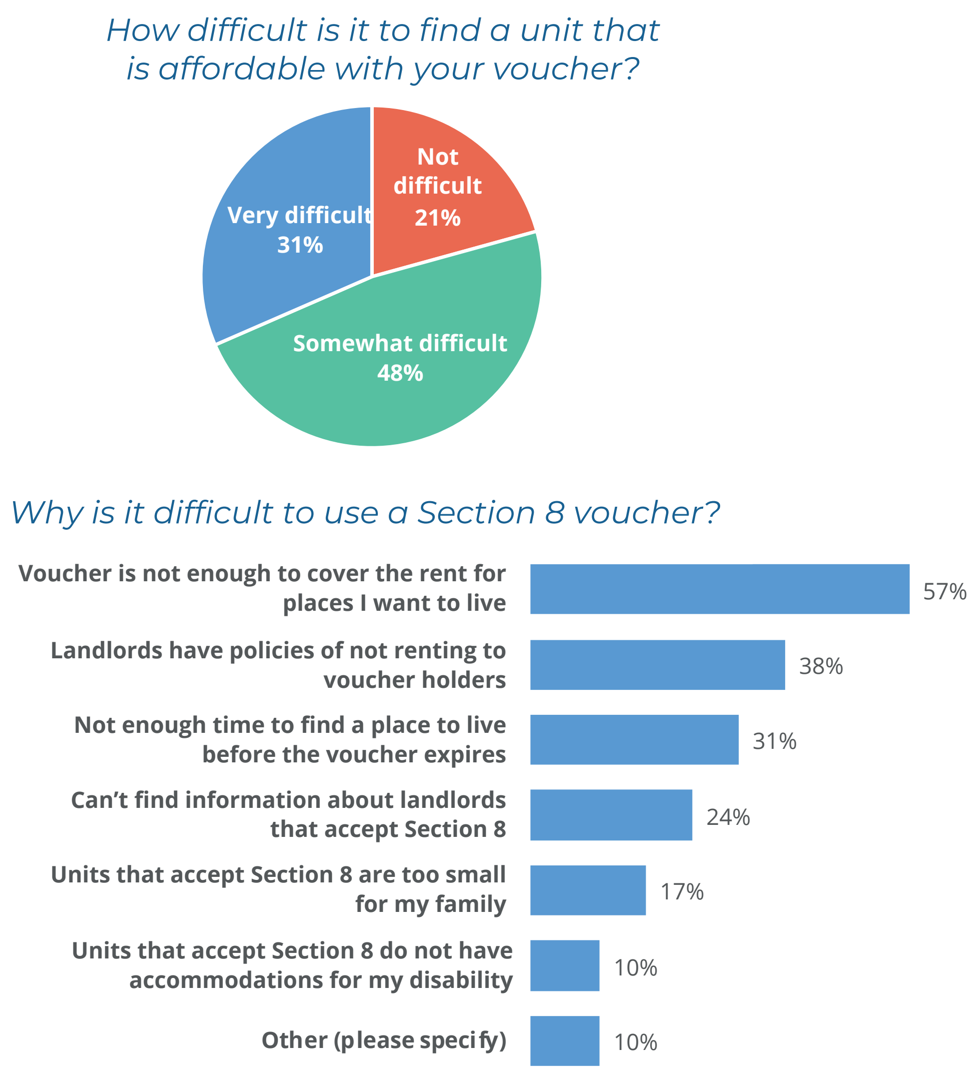
	State	Children under 18	Large households	Single Parent	Disability	Older Adults (age 65+)
Valid cases	1,200	486	170	230	500	221
I/we have skipped payment(s) on some bills	27%	38%	39%	46%	30%	13%
I/we have taken on debt to pay housing costs (e.g., credit cards, payday loans, loans from family/friends)	21%	27%	25%	31%	26%	13%
I/we have paid less than the minimum amount due on some bills	21%	29%	26%	40%	22%	10%
I/we paid only part of our rent or mortgage payments	19%	27%	24%	30%	22%	15%
I/we paid our full rent or mortgage late	14%	21%	21%	27%	16%	9%
Family/friends moved in with me/us	12%	17%	23%	17%	13%	14%
I/we continued to live in housing in poor condition	9%	11%	12%	15%	13%	9%
I/we picked up more work/another job	9%	11%	8%	10%	9%	7%
Other (please specify)	8%	6%	9%	7%	12%	10%
I/we moved in with family or friends	6%	6%	6%	7%	9%	7%
I/we continued to live in an unsafe family situation	3%	5%	6%	8%	6%	5%
I/we rented part of our house/a room	3%	3%	4%	3%	4%	2%
I/we turned our home into a vacation rental	1%	1%	1%	1%	1%	3%
My housing situation has not been affected by the COVID-19 crisis	36%	21%	22%	13%	26%	46%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Housing voucher holders. The resident survey collected responses from 113 residents with a housing voucher. Among these residents, the vast majority (79%) describe their experience trying to find a landlord to accept their voucher as "somewhat difficult" (48%) or "very difficult" (31%).

As shown in Figure V-16, most residents attribute their difficulty using a voucher to the voucher not being enough to cover the rent for places they want to live in (57%), followed by landlords having policies of note renting to voucher holders (38%), and not enough time to find a place to live before the voucher expires (31%).

Figure V-16.
Housing Barriers Among Voucher Holders



Note: n= 111 for voucher difficulty, n=86 for difficulty reason.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Residents experiencing homelessness. The resident survey did not collect enough responses from homeless individuals and individuals in shelters and transitional housing to present results without compromising their privacy. However, their answers and comments were analyzed, and several housing needs and topics rose to the top:

- Several individuals indicated they lost their housing due to the COVID pandemic.
- Long waiting lists for housing subsidies are keeping them homeless; and
- The lack of places to rent that accept vouchers as well as minimum income requirements are significant barriers to finding housing.

Residents with a disability. Figure V-17 shows that among residents who indicated they or someone in their household has a disability, one in four indicated the place where they live does not meet the needs of their household member with a disability.

The top improvement needed to their living environment was supportive services to help maintain housing—paying rent on time, completing paperwork, submitting documents, finding, and applying for resources, etc.

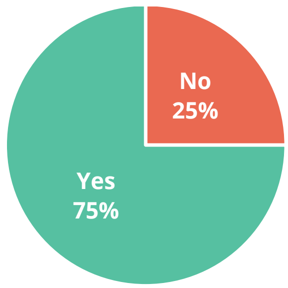
The top accessibility modifications needed were grab bars in bathroom or bench in shower, ramps, and wider doorways.

Comments under other improvements or modifications included:

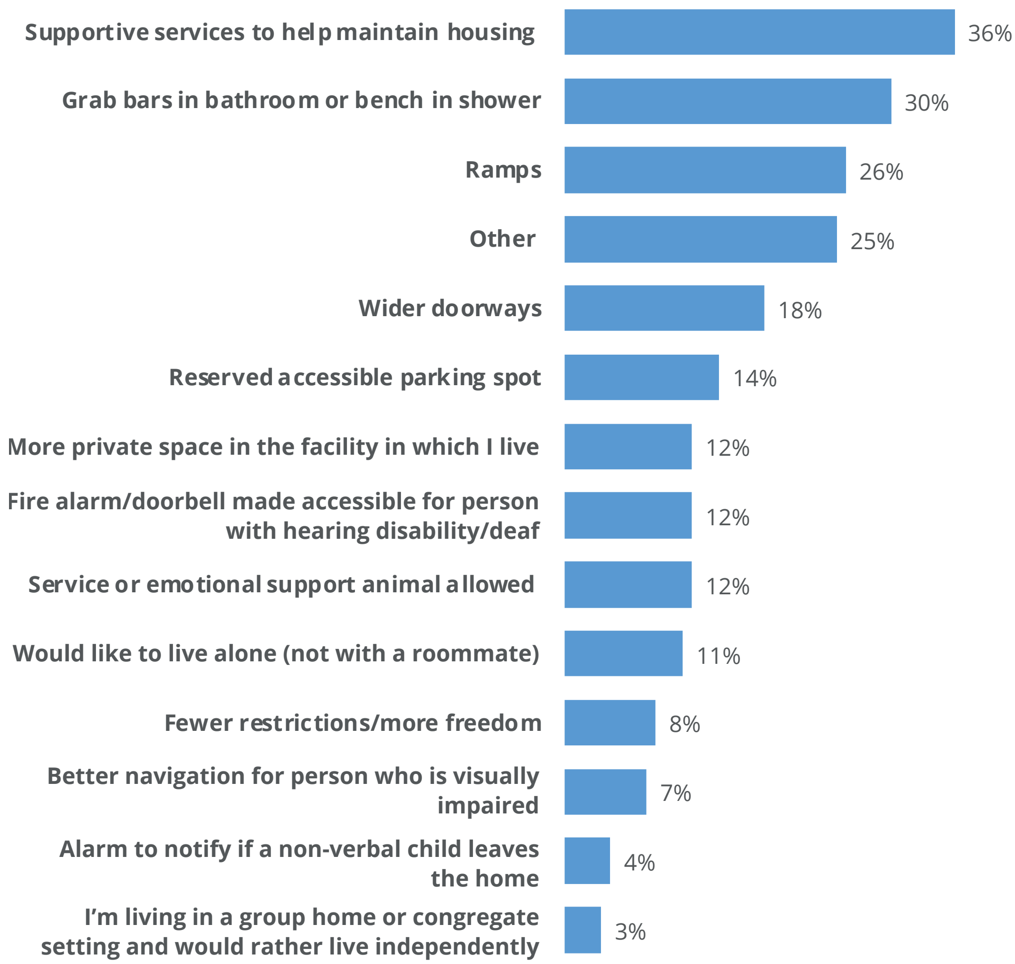
- "Lower floor apartment or elevator"
- "I urgently need railings on the outdoor stairs."
- "Legal representation/pro bono"
- "Need to be on the 1st floor"
- "Rails on my porch"
- "Roll in or walk in shower"
- "We need a single floor home"
- "Washer and drier and privacy"

Figure V-17.
Needs for Residents with Disabilities

Does the place where you live meet the needs of your household member with a disability?



If no, what improvements or modifications do you need to better meet your or your family's needs?



Note: n= 536 for improvement need, n=121 for type of improvement needed.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Improving Housing Stability

Respondents were presented a set of housing assistance options and asked to select the ones that they need to improve their hosing security and/or stability. Figures V-18 through V-22 present the list of options respondents could select and compares them across region, race/ethnicity, tenure, income, and selected household characteristics.

Again, in this analysis, "above state average"—**shaded in light red or pink**—is defined as the proportion of responses that is **25% higher than the overall state** proportion. "Below the state average"—**shown in light blue**— occurs when the proportion of responses is **25% lower than the overall state** proportion.

As shown in Figure V-18, among potential interventions, "help me pay rent each month" was the top response (26%), followed by "help me with a down payment/purchase for a home" (20%), and "give me money to make critical repairs to my home (heating, cooling)" (20%).

Notable trends by geographic area include:

- Residents in the Eastern Plains were more likely to indicate they would benefit from money for their disability accommodation, and from education on landlord/tenant relationships.
- Residents in the North Central region were more likely to indicate they would benefit from help finding a home they can afford to buy, prevent landlords from evicting for no reason, and getting them someone to assist with personal in-home care.
- In the Northwest region, residents were more likely indicate they would benefit from money to make critical repairs (heating, cooling).
- Residents in the South Central region were more likely to indicate they would benefit help with a down payment, help getting a loan to buy a house, and help with the rental housing search.
- In the Southeast region, residents were more likely to indicate they would benefit from money to make critical repairs to their home (heating, cooling), money for their disability accommodation, prevent landlords from evicting for no reason, from education on landlord/tenant relationships, and getting them someone to assist them with personal in-home care.
- Residents in the Southwest region were more likely to indicate they would benefit from getting them someone to assist with personal in-home care.

Figure V-18.
What do you feel you need to improve your housing security/stability? By Region

25% Above State average

25% Below State average

	State	Eastern Plains	Mid-Region	North Central	Northwest	South Central	Southeast	Southwest
Valid cases	1,236	51	613	131	94	108	73	166
Help me pay rent each month	26%	20%	31%	29%	27%	20%	25%	11%
Help me with a down payment	20%	22%	24%	20%	16%	26%	11%	10%
Give me money to make critical repairs to my home (heating, cooling)	20%	20%	16%	21%	30%	23%	29%	20%
Find a home I can afford to buy/increase inventory of affordable for sale homes	18%	16%	20%	23%	9%	21%	15%	9%
Help me get a loan to buy a house	18%	22%	21%	17%	13%	24%	10%	8%
Help me with the rental housing search	10%	10%	12%	11%	10%	13%	8%	3%
Other (please specify)	9%	4%	11%	7%	7%	11%	12%	7%
Have someone routinely help me care for my home	9%	4%	10%	9%	6%	3%	7%	10%
Find a landlord who accepts Section 8	6%	4%	6%	7%	6%	7%	7%	4%
Give me money for disability accommodation	6%	8%	6%	4%	6%	4%	10%	3%
Prevent landlords from evicting me for no reason	5%	2%	5%	8%	5%	6%	11%	2%
Move to a different city/town/county	5%	2%	5%	5%	2%	4%	5%	6%
Help me learn how to be a good renter, how to get along with my landlord	3%	4%	3%	3%	2%	2%	4%	2%
Get me someone to help me care for myself in my home	1%	0%	1%	2%	0%	0%	3%	3%
I am satisfied with my housing situation	31%	43%	29%	28%	24%	30%	22%	44%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Among different racial/ethnic groups, Black/African American and Native American respondents indicated they needed more types of assistance compared to Hispanic and Non-Hispanic White respondents. As shown in Figure V-19:

- Native American respondents were more likely to indicate they would benefit from help with a down payment, money to make critical repairs to their home (heating, cooling), help with the rental housing search, help finding a landlord who accepts Section 8, and from education on landlord/tenant relationships.
- Black/African American respondents were more likely to indicate they would benefit from help with a down payment, help finding an affordable home to buy, help getting a loan to buy a house, help with the rental housing search, help finding a landlord who accepts Section 8, money for their disability accommodation, preventing landlords from evicting for no reason, education on landlord/tenant relationships, and from getting them someone to assist with personal in home care.
- Non-Hispanic White respondents were more likely to indicated they would benefit from having someone routinely help them care for their home.

Figure V-19.
What do you feel you need to improve your housing security/stability? By Race/Ethnicity

25% Above State average

25% Below State average

	State	Native American	Back/ African American	Hispanic	Non-Hispanic White
Valid cases	1,236	131	57	427	384
Help me pay rent each month	26%	31%	30%	29%	18%
Help me with a down payment	20%	31%	32%	22%	16%
Give me money to make critical repairs to my home (heating, cooling)	20%	26%	18%	22%	19%
Find a home I can afford to buy/increase inventory of affordable for sale homes	18%	19%	26%	16%	18%
Help me get a loan to buy a house	18%	22%	39%	19%	14%
Help me with the rental housing search	10%	14%	21%	11%	7%
Other (please specify)	9%	10%	7%	10%	8%
Have someone routinely help me care for my home	9%	3%	7%	6%	12%
Find a landlord who accepts Section 8	6%	9%	25%	4%	3%
Give me money for disability accommodation	6%	6%	12%	5%	5%
Prevent landlords from evicting me for no reason	5%	6%	18%	5%	4%
Move to a different city/town/county	5%	4%	4%	3%	5%
Help me learn how to be a good renter, how to get along with my landlord	3%	5%	16%	1%	2%
Get me someone to help me care for myself in my home	1%	0%	4%	1%	2%
I am satisfied with my housing situation	31%	23%	9%	30%	40%

Note: n=1,236.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-20 shows impacts by tenure. Homeowners were more like to indicate they would benefit from money to make critical repairs to their home (heating, cooling). Compared to the state and to homeowners:

- Renters were more likely to indicate they would benefit from help paying rent each month, help with a down payment, help finding an affordable home, help getting a loan to buy a house, help with the rental housing search, help finding a landlord who accepts Section 8, preventing landlords from evicting for no reason, help moving to a different city/town/county, education on landlord/tenant relationships, and from getting them someone to assist with personal in home care.

- Mobile home residents were more likely to benefit from help paying rent each month, and from getting them someone to assist in personal in home care.

- Precariously housed residents were more likely than other residents to report help with nearly all types of needs, the exception being caring for a home and needing repairs, which is logical given that these residents are not in permanent homes.

Figure V-20.
What do you feel you need to improve your housing security/stability? By Tenure

25% Above State average

25% Below State average

	State	Homeowner	Renter	Mobile Home	Precariously Housed
Valid cases	1,236	595	533	123	75
Help me pay rent each month	26%	-	41%	34%	37%
Help me with a down payment	20%	-	36%	23%	32%
Give me money to make critical repairs to my home (heating, cooling)	20%	29%	9%	24%	24%
Find a home I can afford to buy/increase inventory of affordable for sale homes	18%	7%	28%	17%	25%
Help me get a loan to buy a house	18%	-	33%	19%	23%
Help me with the rental housing search	10%	-	16%	11%	24%
Other (please specify)	9%	10%	8%	12%	13%
Have someone routinely help me care for my home	9%	10%	7%	5%	5%
Find a landlord who accepts Section 8	6%	-	9%	6%	15%
Give me money for disability accommodation	6%	5%	6%	6%	9%
Prevent landlords from evicting me for no reason	5%	-	8%	3%	13%
Move to a different city/town/county	5%	3%	6%	4%	12%
Help me learn how to be a good renter, how to get along with my landlord	3%	-	4%	1%	3%
Get me someone to help me care for myself in my home	1%	1%	2%	3%	0%
I am satisfied with my housing situation	31%	48%	16%	19%	9%

Note: n=1,236.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-21 shows the impacts by income. As expected, households with income below $50,000 are more like to benefit from different types of support, while households with income above $50,000 were more like to be satisfied with their housing situation.

- Households with income below $30,000 are more likely to indicate they would benefit from help paying rent each month, money to make critical repairs to their home (heating, cooling), help with the rental housing search, help finding a landlord who accepts Section 8, money for their disability accommodation, preventing landlords from evicting for no reason, education on landlord/tenant relationships, and getting them someone to assist in personal in home care.
- Households with income between $30,000 to $50,000 are more likely to indicate they would benefit from help with a down payment, money to make critical repairs to their home (heating, cooling), and help getting a loan to buy a house.
- Households with income exceeding $100,000 report very low needs.

Figure V-21.
What do you feel you need to improve your housing security/stability? By Income

25% Above State average

25% Below State average

	State	Less than $30,000	$30,000-$49,999	$50,000-$99,999	Above $100,000
Valid cases	1,236	418	228	255	119
Help me pay rent each month	26%	44%	21%	9%	2%
Help me with a down payment	20%	24%	26%	15%	7%
Give me money to make critical repairs to my home (heating, cooling)	20%	27%	26%	16%	8%
Find a home I can afford to buy/increase inventory of affordable for sale homes	18%	17%	21%	18%	12%
Help me get a loan to buy a house	18%	21%	23%	15%	5%
Help me with the rental housing search	10%	16%	9%	5%	3%
Other (please specify)	9%	11%	10%	9%	5%
Have someone routinely help me care for my home	9%	10%	10%	8%	5%
Find a landlord who accepts Section 8	6%	8%	4%	4%	3%
Give me money for disability accommodation	6%	9%	6%	3%	0%
Prevent landlords from evicting me for no reason	5%	7%	4%	4%	3%
Move to a different city/town/county	5%	5%	4%	3%	3%
Help me learn how to be a good renter, how to get along with my landlord	3%	4%	3%	1%	1%
Get me someone to help me care for myself in my home	1%	3%	0%	0%	2%
I am satisfied with my housing situation	31%	15%	25%	44%	72%

Note: n=1,236.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-22 shows the impacts by household characteristics. Compared to the state, among different households:

- Households with children report about the same needs for home improvements as state residents overall. As noted below, however, this differs for single parent households.
- Large households are more likely to benefit from help with a down payment, money to make critical repairs to their home (heating, cooling), education on landlord/tenant relationships, and from getting them someone to assist with personal in home care.
- Single parent households are more likely to benefit from help paying rent each month, help with a down payment, money to make critical repairs to their home (heating, cooling), help getting a loan to buy a house, help with the rental housing search, help finding a landlord who accepts Section 8, preventing landlords from evicting tenants for no reason, and education on landlord/tenant relationships.
- Households with a member with a disability are more likely to benefit from help paying rent each month, help with the rental housing search, having someone routinely help take care of their home, help finding a landlord who accepts Section 8, money for their disability accommodation, preventing landlords from evicting tenants for no reason, moving to a different city/town/county, education on landlord/tenant relationships, and from getting them someone to assist with personal in home care.
- Households with older adults are more likely to benefit from having someone routinely help take care of their home, preventing landlords from evicting tenants for no reason, and education on landlord/tenant relationships.

Figure V-22.
What do you feel you need to improve your housing security/stability? By Households Characteristics

25% Above State average
25% Below State average

	State	Children under 18	Large households	Single Parent	Disability	Older Adults (age 65+)
Valid cases	1,236	490	172	231	516	223
Help me pay rent each month	26%	31%	29%	40%	35%	15%
Help me with a down payment	20%	24%	28%	29%	24%	11%
Give me money to make critical repairs to my home (heating, cooling)	20%	24%	26%	26%	24%	20%
Find a home I can afford to buy/increase inventory of affordable for sale homes	18%	17%	22%	18%	18%	12%
Help me get a loan to buy a house	18%	21%	20%	28%	20%	13%
Help me with the rental housing search	10%	11%	9%	14%	15%	11%
Other (please specify)	9%	9%	14%	7%	14%	13%
Have someone routinely help me care for my home	9%	8%	5%	10%	12%	12%
Find a landlord who accepts Section 8	6%	7%	4%	9%	10%	7%
Give me money for disability accommodation	6%	5%	6%	5%	13%	5%
Prevent landlords from evicting me for no reason	5%	6%	5%	7%	9%	7%
Move to a different city/town/county	5%	4%	3%	5%	7%	5%
Help me learn how to be a good renter, how to get along with my landlord	3%	4%	4%	4%	4%	4%
Get me someone to help me care for myself in my home	1%	2%	2%	1%	3%	2%
I am satisfied with my housing situation	31%	23%	24%	10%	16%	35%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Displacement Experience

Figure V-23 presents the proportion of residents who experienced displacement in the past five years, as well as the reason for displacement.

- Overall, over one if four (27%) respondents experienced displacement in the past five years. Among all survey respondents, the main reason for displacement was "I was behind on rent."
- Among the different regions, residents from the North Central region had the highest rate of displacement (37%), followed by the Southeast (33%) and the Eastern plains (31%) regions. In the North Central region, the top reason for displacement was "rent increased more than I could afford," in the Southeast it was "landlord wanted to move back in or move in family," and in the Eastern Plains it was a tie between "rent increased more than I could afford" and "legal eviction."
- Black/African Americans had the highest rate of displacement (60%) among racial groups, followed by Native Americans (31%). Among Black/African Americans the top reason for displacement was "rent increased more than I could afford", among Native Americans the top reason was "I was behind on rent."
- Renters (41%), precariously housed residents (38%), and mobile home residents (35%) had a higher rate of displacement comparted to the state. As in the state overall, among precariously housed residents, and mobile home residents the main reason for displacement was "I was behind on rent," but among renters the top reason was "rent increased more than I could afford."
- Among income categories, 36% of households with income below $30,000 have experienced displacement. As in the state overall, the main reason for displacement was "I was behind on rent."
- Among different household characteristics, single parents (38%), households with a disability (37%), and households with children (32%) experienced higher rates of displacement. As in the state overall, the main reason for displacement for these households was "I was behind on rent."

Figure V-23. Displacement Experience and Reasons for Displacement

	Percent Displaced	Reason for Displacement: I was behind on rent	Rent increased more than I could pay	Landlord was selling the home/ apartment	Lost job/hours reduced	Landlord wanted to rent to someone else	Landlord wanted to move back in or move in family	Forced out for no reason	Health reasons	Housing was unsafe
Region										
State	27%	22%	18%	17%	15%	10%	9%	8%	8%	7%
Eastern Plains	31%	19%	25%	31%	13%	13%	0%	13%	13%	13%
Mid-Region	27%	25%	20%	17%	15%	10%	9%	9%	9%	7%
North Central	37%	16%	25%	18%	18%	14%	12%	10%	8%	8%
Northwest	27%	20%	8%	16%	20%	12%	8%	4%	4%	12%
South Central	26%	17%	14%	28%	17%	3%	3%	7%	7%	10%
Southeast	33%	16%	12%	16%	4%	8%	24%	4%	4%	4%
Southwest	19%	29%	13%	3%	13%	10%	3%	3%	6%	3%
Race/Ethnicity										
Native American	31%	24%	22%	17%	15%	15%	5%	15%	7%	10%
Black/African American	60%	18%	21%	18%	15%	12%	15%	18%	3%	6%
Hispanic	25%	22%	18%	19%	19%	12%	13%	6%	9%	9%
Non-Hispanic White	22%	21%	14%	18%	13%	8%	5%	5%	6%	8%
Tenure										
Homeowner	12%	16%	12%	22%	12%	8%	11%	9%	9%	4%
Renter	41%	21%	23%	18%	15%	11%	7%	7%	9%	7%
Mobile Home	35%	23%	16%	16%	14%	14%	9%	9%	9%	9%
Precariously Housed	38%	24%	17%	10%	7%	10%	21%	7%	0%	14%
Income										
Less than $30,000	36%	28%	18%	16%	17%	13%	8%	9%	9%	12%
$30,000-$49,999	25%	16%	16%	19%	19%	14%	5%	12%	3%	7%
$50,000-$99,999	20%	14%	18%	24%	12%	10%	18%	4%	10%	0%
Above $100,000	10%	0%	8%	25%	0%	0%	8%	0%	0%	0%
Household Characteristics										
Children under 18	32%	25%	13%	20%	17%	14%	10%	10%	6%	8%
Large households	26%	24%	2%	24%	24%	13%	7%	11%	7%	4%
Single Parent	38%	24%	13%	17%	15%	17%	10%	14%	7%	10%
Disability	37%	20%	19%	16%	12%	9%	10%	9%	12%	10%
Older Adults (age 65+)	30%	16%	21%	25%	9%	10%	13%	12%	7%	9%

Note: n=1,294 for percent displaced, n= 347 for reasons for displacement.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-23. Displacement Experience and Reasons for Displacement (continued)

	Percent Displaced	Reason for Displacement: Because of apartment rules	Legal eviction	Utilities were too expensive	Poor condition of property	Career move/job change	Natural disaster	Foreclosure	Landlord converted apartment to short term rental
Region									
State	**27%**	7%	7%	7%	7%	6%	2%	2%	2%
Eastern Plains	**31%**	0%	25%	6%	0%	13%	13%	0%	0%
Mid-Region	**27%**	6%	6%	6%	5%	5%	1%	3%	1%
North Central	**37%**	4%	6%	0%	10%	6%	4%	0%	2%
Northwest	**27%**	16%	4%	4%	8%	8%	0%	0%	8%
South Central	**26%**	3%	10%	24%	7%	7%	0%	3%	0%
Southeast	**33%**	20%	4%	4%	4%	4%	4%	4%	0%
Southwest	**19%**	6%	3%	10%	16%	13%	0%	0%	3%
Race/Ethnicity									
Native American	**31%**	15%	5%	5%	7%	5%	0%	2%	0%
Black/African American	**60%**	18%	18%	6%	6%	3%	9%	0%	0%
Hispanic	**25%**	5%	4%	7%	3%	6%	0%	1%	1%
Non-Hispanic White	**22%**	3%	6%	9%	10%	13%	2%	6%	2%
Tenure									
Homeowner	**12%**	8%	5%	8%	9%	8%	1%	5%	5%
Renter	**41%**	6%	6%	6%	7%	7%	1%	1%	0%
Mobile Home	**35%**	7%	11%	9%	5%	9%	0%	2%	0%
Precariously Housed	**38%**	14%	7%	3%	7%	3%	0%	0%	3%
Income									
Less than $30,000	**36%**	6%	5%	7%	7%	7%	2%	2%	1%
$30,000-$49,999	**25%**	9%	5%	10%	5%	9%	0%	2%	3%
$50,000-$99,999	**20%**	6%	12%	2%	4%	6%	6%	6%	0%
Above $100,000	**10%**	0%	8%	8%	8%	8%	8%	0%	0%
Household Characteristics									
Children under 18	**32%**	10%	10%	10%	6%	7%	4%	3%	1%
Large households	**26%**	11%	13%	4%	2%	4%	7%	0%	2%
Single Parent	**38%**	8%	10%	10%	9%	3%	5%	2%	1%
Disability	**37%**	9%	8%	8%	8%	7%	2%	3%	3%
Older Adults (age 65+)	**30%**	7%	12%	10%	9%	6%	3%	4%	1%

Note: n=1,294 for percent displaced, n= 347 for reasons for displacement.

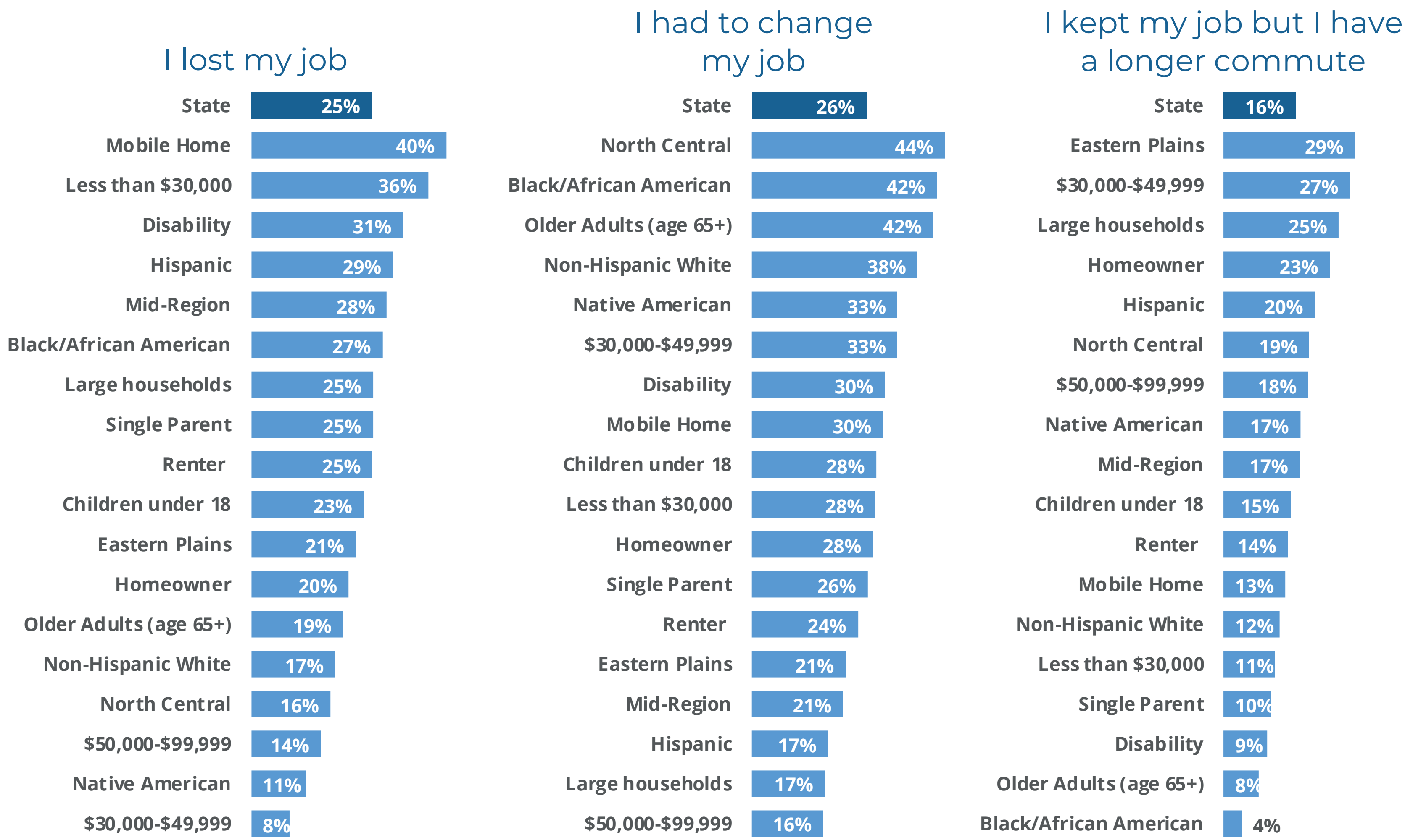
Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Employment impacts from displacement. In the state, of those who have experienced displacement and indicated having a job, 26% indicated they had to change their job as a result of the move, 25% indicated they lost their job as a result of the move, and 16% indicated they kept their job but have a longer commute.

Figure V-24 shows the share of working residents whose employment situation was negatively impacted by the move (among those groups for which over 25 responses were collected). The data reveal that:

- Mobile home residents, households with income below $30,000, and households with a disability were the most likely to have lost their job as a result of the move.
- Residents in the North Central region, Black/African American residents, and adults over 65 were the most likely to have changed jobs as a result of the move.
- Residents in the Eastern Plains region, households with income between $30,000 and $49,999, and large households were the most likely to have kept their job but have a longer commute as a result of the move.

Figure V-24.
Did you lose or have to change your job as a result of (an involuntary housing) move?



Note: n=263.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

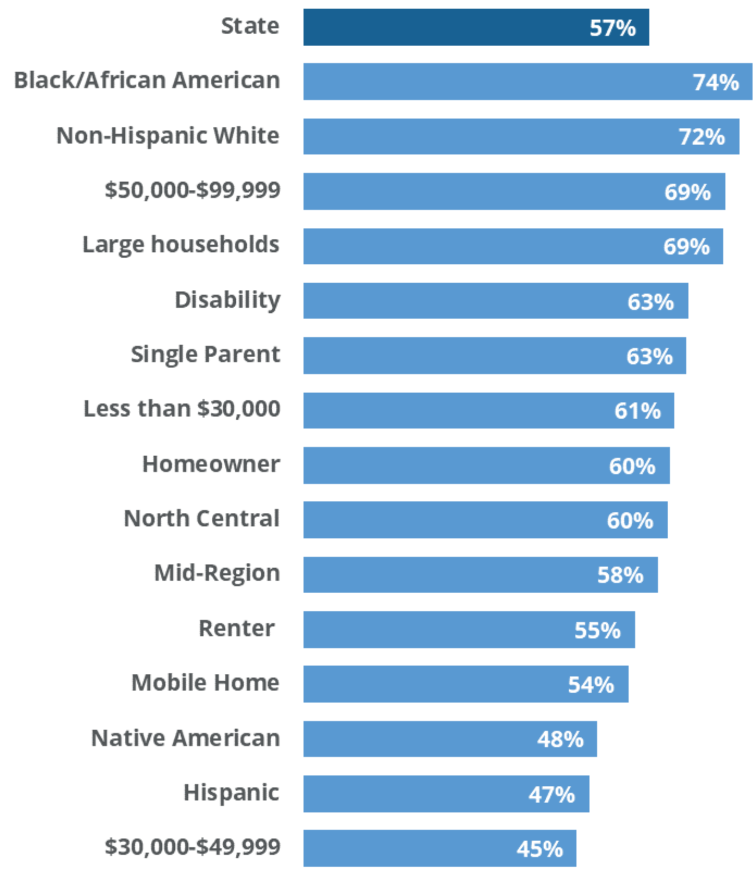
Children changing schools after displacement. Overall, the majority (57%) of those with children who have been displaced indicated their children had to change school as a result of the move.

Compared to the state overall, children in Black/African American households (74%), Non-Hispanic White households (72%), households with income between $50,000 and $99,999 (69%), and large households (69%) were significantly more likely to had to change school as a result of the move (Figure V-25).

Figure V-25.
If you have children, did your children have to change schools as a result of the move? (%Yes)

Note:
N=214.

Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.



Future Housing Preferences

Survey respondents shared their future housing preferences, including their plans for moving, type of house they would like to move to, interest in accessory dwelling units, their desire for homeownership, and major barriers to homeownership.

Desire to move. Overall, 45% of survey respondents plan to move within the next 5 years. The top primary reason for planning to move is because they rent and would like to own (23%).

As shown in Figure V-26:

- This share is higher in the North Central (53%) and Mid regions (50%).
- Among racial/ethnic groups, Black/African Americans (67%) and Native Americans (51%) were more likely to express they plan to move. Among Black/African American respondents the top primary reason was "to find a more affordable home to buy" (32%), and among Native Americans it was "I rent and want to own" (21%).
- Across tenure categories, homeowners were the least likely to plan on moving while 75% of precariously housed residents, and 64% of renters indicated they planned to move. The top primary reason renters want to move is because they want to own (35%), and the top primary reason precariously housed residents want to move is to find a more affordable home to buy.
- The desire to move decreases as income increases. Almost half (47%) of households with income below $30,000 plan to move and the top primary reason is "to find a more affordable home to rent" (22%).
- Among different household characteristics, single parents are the most likely to plan on moving (55%), and the top primary reason is because they want to own (29%).

Figure V-26. Moving Plans and Reasons for Moving

	Percent Plan to Move	Primary Reason for Move: I rent and want to own	To find a more affordable	To find a more affordable home to buy	Want a larger home/larger lot	I want to move to a different city/town	I want to move to a different neighborhood	Want to retire
Region								
State	45%	23%	13%	13%	11%	6%	4%	3%
Eastern Plains	36%	17%	11%	11%	6%	11%	6%	6%
Mid-Region	50%	21%	14%	14%	11%	4%	5%	4%
North Central	53%	26%	17%	7%	9%	9%	1%	3%
Northwest	32%	21%	7%	17%	21%	0%	0%	0%
South Central	40%	43%	10%	10%	10%	8%	0%	3%
Southeast	45%	24%	6%	18%	0%	15%	0%	0%
Southwest	32%	22%	10%	8%	14%	8%	4%	2%
Race/Ethnicity								
Native American	51%	21%	13%	13%	18%	1%	4%	1%
Black/African American	67%	18%	11%	32%	8%	0%	0%	0%
Hispanic	40%	25%	16%	15%	10%	5%	5%	1%
Non-Hispanic White	44%	23%	8%	7%	11%	10%	4%	6%
Tenure								
Homeowner	23%	-	7%	9%	22%	12%	8%	6%
Renter	64%	35%	15%	13%	7%	4%	2%	2%
Mobile Home	45%	33%	9%	13%	5%	4%	2%	0%
Precariously Housed	75%	6%	13%	19%	6%	6%	2%	2%
Income								
Less than $30,000	47%	21%	22%	11%	8%	6%	4%	2%
$30,000-$49,999	46%	28%	9%	19%	7%	7%	3%	2%
$50,000-$99,999	43%	28%	3%	10%	13%	8%	5%	6%
Above $100,000	34%	10%	3%	10%	28%	3%	3%	5%
Household Characteristics								
Children under 18	48%	27%	10%	16%	15%	3%	2%	1%
Large households	42%	26%	4%	21%	14%	3%	0%	1%
Single Parent	55%	29%	11%	15%	8%	2%	2%	1%
Disability	47%	20%	18%	16%	6%	5%	2%	1%
Older Adults (age 65+)	38%	11%	15%	12%	2%	6%	4%	4%

Note: n=1,204 for percent who plan to move, n= 533 for reasons for moving.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-26. Moving Plans and Reasons for Moving (continued)

	Percent Plan to Move	Primary Reason for Move: Find a job outside of this city/town	Want a smaller home	Live closer to place of work	I need a place that is easier to take care of	I want to turn my home into an income-producing property	where I can get services/ someone can help care for me	I own and want to rent	My landlord is converting my rental into a vacation rental
Region									
State	45%	3%	3%	2%	2%	1%	1%	1%	0%
Eastern Plains	36%	0%	6%	0%	0%	0%	6%	6%	0%
Mid-Region	50%	3%	2%	2%	1%	1%	1%	1%	0%
North Central	53%	3%	4%	1%	4%	3%	1%	1%	1%
Northwest	32%	7%	3%	7%	0%	0%	0%	0%	0%
South Central	40%	3%	3%	0%	0%	0%	3%	0%	0%
Southeast	45%	3%	3%	6%	0%	3%	0%	6%	0%
Southwest	32%	2%	6%	0%	8%	0%	0%	0%	2%
Race/Ethnicity									
Native American	51%	6%	6%	1%	3%	1%	0%	0%	0%
Black/African American	67%	0%	11%	3%	5%	0%	0%	5%	3%
Hispanic	40%	2%	1%	1%	1%	2%	1%	1%	0%
Non-Hispanic White	44%	3%	3%	3%	2%	1%	2%	1%	1%
Tenure									
Homeowner	23%	4%	6%	4%	2%	5%	2%	2%	0%
Renter	64%	2%	2%	1%	2%	0%	1%	0%	1%
Mobile Home	45%	5%	5%	2%	5%	0%	0%	0%	2%
Precariously Housed	75%	6%	2%	4%	4%	0%	0%	0%	0%
Income									
Less than $30,000	47%	3%	2%	1%	2%	1%	1%	1%	0%
$30,000-$49,999	46%	2%	3%	3%	2%	2%	1%	1%	0%
$50,000-$99,999	43%	4%	6%	2%	4%	2%	0%	2%	2%
Above $100,000	34%	3%	5%	8%	0%	3%	8%	3%	0%
Household Characteristics									
Children under 18	48%	2%	3%	2%	3%	1%	0%	2%	0%
Large households	42%	0%	0%	7%	1%	1%	0%	4%	0%
Single Parent	55%	2%	4%	3%	5%	1%	1%	2%	1%
Disability	47%	3%	4%	2%	3%	0%	2%	1%	0%
Older Adults (age 65+)	38%	1%	7%	4%	7%	0%	2%	5%	1%

Note: n=1,204 for percent who plan to move, n= 533 for reasons for moving.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Residents were asked the type of housing they want to move to and if they think their community offers the type of housing they would like to move to. As shown in Figure V-27:

- In the state overall the top housing type was larger single-family home (45%), followed by smaller single-family home (24%), home with a larger yard (23%), and more affordable home or apartment (23%). Only 45% of respondents indicated they believe their community offers the type of housing they would like to move into.

- Desire of smaller single family homes is highest among precariously housed residents (35%), residents in the South Central region (32%), and households with income between $50,000 to $99,999 (30%).

- Desire for townhomes and condominiums is highest among residents in the South Central region (22%), precariously housed residents (22%), and Black/African American residents (16%).

Figure V-27. Housing Type and Housing Availability

	Place offers the type of housing you would like to move to	Type of Housing You Want to Move to						
		Larger single-family home	Smaller single-family home	Home with a larger yard	More affordable home or apartment	Newly constructed/ remodeled home or apartment	Townhome/ condo	Home without stairs
Region								
State	45%	39%	24%	23%	23%	15%	10%	8%
Eastern Plains	44%	33%	20%	27%	7%	20%	7%	13%
Mid-Region	48%	41%	24%	24%	26%	12%	12%	8%
North Central	44%	37%	28%	28%	15%	17%	9%	6%
Northwest	28%	41%	21%	17%	17%	14%	0%	3%
South Central	43%	49%	32%	35%	38%	22%	22%	19%
Southeast	47%	19%	19%	16%	19%	22%	6%	9%
Southwest	38%	37%	12%	8%	12%	16%	4%	2%
Race/Ethnicity								
Native American	37%	46%	28%	25%	17%	18%	9%	6%
Black/African American	62%	35%	19%	27%	16%	32%	16%	16%
Hispanic	48%	50%	24%	30%	29%	17%	9%	7%
Non-Hispanic White	43%	29%	25%	16%	20%	9%	12%	7%
Tenure								
Homeowner	50%	37%	18%	20%	9%	15%	9%	5%
Renter	43%	42%	25%	26%	26%	15%	10%	8%
Mobile Home	35%	42%	15%	13%	26%	21%	2%	11%
Precariously Housed	40%	25%	35%	12%	33%	16%	22%	16%
Income								
Less than $30,000	38%	40%	21%	25%	31%	12%	8%	10%
$30,000-$49,999	47%	39%	26%	26%	26%	14%	10%	8%
$50,000-$99,999	56%	39%	30%	23%	10%	21%	14%	6%
Above $100,000	58%	43%	11%	17%	9%	14%	11%	3%
Household Characteristics								
Children under 18	48%	55%	15%	30%	17%	17%	5%	7%
Large households	38%	68%	15%	25%	18%	15%	7%	7%
Single Parent	46%	58%	14%	36%	24%	17%	6%	10%
Disability	47%	33%	22%	23%	24%	19%	10%	13%
Older Adults (age 65+)	50%	14%	26%	17%	21%	19%	13%	14%

Note: n=526 for percent who think the current place offers the type of housing they want like to move to, n= 506 for type of housing they want to move to.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-27. Housing Type and Housing Availability (continued)

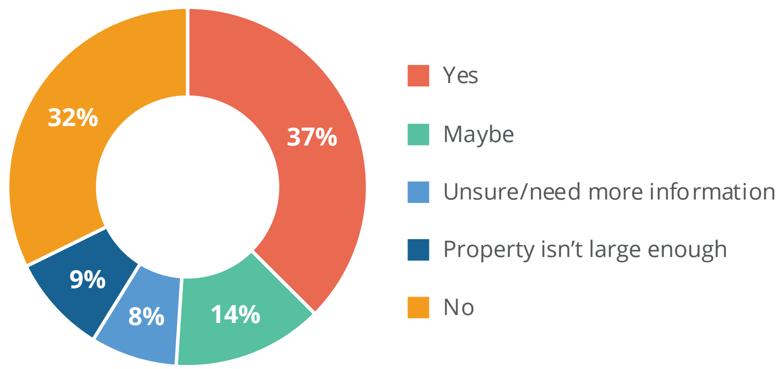
	Place offers the type of housing you would like to move to	Type of Housing You Want to Move to: Larger apartment	Home with smaller yard	Home with more walkability	Retirement community/ seniors-only	Smaller apartment	Assisted living	I plan to move in with family	Group home
Region									
State	45%	8%	6%	5%	4%	4%	1%	1%	0%
Eastern Plains	44%	7%	13%	0%	7%	13%	7%	0%	0%
Mid-Region	48%	10%	4%	6%	4%	4%	0%	0%	0%
North Central	44%	6%	5%	2%	6%	6%	2%	2%	2%
Northwest	28%	7%	3%	0%	0%	0%	0%	0%	0%
South Central	43%	8%	11%	11%	8%	0%	0%	0%	0%
Southeast	47%	3%	19%	0%	3%	0%	3%	3%	0%
Southwest	38%	2%	4%	4%	4%	2%	0%	0%	0%
Race/Ethnicity									
Native American	37%	14%	0%	3%	3%	5%	0%	2%	0%
Black/African American	62%	5%	14%	0%	5%	0%	3%	0%	0%
Hispanic	48%	8%	4%	3%	2%	6%	0%	1%	0%
Non-Hispanic White	43%	4%	7%	8%	5%	2%	1%	0%	0%
Tenure									
Homeowner	50%	2%	5%	4%	4%	1%	1%	0%	1%
Renter	43%	10%	5%	5%	4%	4%	1%	1%	0%
Mobile Home	35%	2%	6%	6%	4%	0%	0%	0%	0%
Precariously Housed	40%	4%	10%	4%	4%	8%	0%	2%	0%
Income									
Less than $30,000	38%	13%	5%	4%	5%	4%	1%	0%	0%
$30,000-$49,999	47%	4%	8%	6%	1%	1%	1%	0%	0%
$50,000-$99,999	56%	3%	6%	6%	2%	4%	1%	1%	0%
Above $100,000	58%	3%	0%	3%	6%	3%	0%	0%	0%
Household Characteristics									
Children under 18	48%	8%	5%	2%	3%	1%	1%	0%	0%
Large households	38%	6%	6%	1%	0%	1%	0%	0%	0%
Single Parent	46%	11%	4%	2%	3%	1%	1%	0%	0%
Disability	47%	8%	8%	6%	7%	4%	1%	1%	0%
Older Adults (age 65+)	50%	5%	12%	4%	14%	5%	1%	0%	0%

Note: n=526 for percent who think the current place offers the type of housing they want like to move to, n= 506 for type of housing they want to move to.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Homeowners were asked to share their views on accessory dwelling units (ADUs)—a housing type growing in interest nationally. Figure V-28 shows homeowners' appetite for ADUs. Thirty-seven percent indicated that they would consider building and renting out an accessory dwelling if they had the resources and another 14% indicated they might consider it.

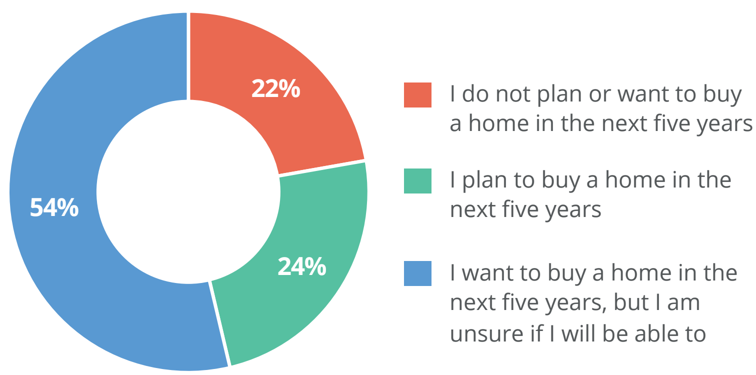
Figure V-28.
If you had the resources, would you consider building and renting out an accessory dwelling unit on your property?



Note:
n=539.
Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Desire to own. Across the board, most residents who rent want to own (Figure V-29). Around four in five (78%) renters aspire to be homeowners within the next five years, and a slight majority are unsure they will be able to do so (54%).

Figure V-29.
Desire to Own Among Renters



Note:
n=432.
Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figures V-30 through V-33 show the top five barriers to ownership by region, race/ethnicity, income, and household characteristics.

- In the state overall 32% indicated down payment was a top barrier to homeownership, 27% indicated a top barrier was bad credit/low credit score, and 25% indicated having too much debt to qualify for a mortgage was a top barrier.

- In the North Central and Northwest regions, the top barrier was having too much debt to qualify for a mortgage.

- Among racial/ethnic groups, down payment was the biggest barrier among Hispanic and Non-Hispanic White residents; high debt was the top barrier among Native American residents; and low credit score was the top reason among Black/African American residents.
- Down payment was the biggest barrier among households with income below $50,000 and high debt was the top barrier among those with income above $50,000.
- Down payment was the biggest barrier among households with children and with a member with a disability. High debt was the top barrier among large households and older adults. Low credit score was the top barrier among single parents.

Figure V-30. Top 5 Barriers to Homeownership, by Region

TOP 5	Region: State		Eastern Plains		Mid-Region		North Central		Northwest		South Central		Southeast		Southwest	
1	Can't come up with a down payment	32%	Can't come up with a down payment	48%	Can't come up with a down payment	33%	I have too much debt to qualify for a mortgage	27%	I have too much debt to qualify for a mortgage	39%	Can't come up with a down payment	47%	Can't come up with a down payment	25%	Can't come up with a down payment	29%
2	Bad credit/low credit score	27%	Bad credit/low credit score	22%	Bad credit/low credit score	31%	Can't come up with a down payment	25%	Bad credit/low credit score	39%	Bad credit/low credit score	38%	I plan to move to a different city	22%	I plan to move to a different city	18%
3	I have too much debt to qualify for a mortgage	25%	I have been told by lenders that I won't qualify for a loan	22%	I have too much debt to qualify for a mortgage	25%	Housing is not affordable to buy where I want to live	24%	Can't come up with a down payment	17%	I have too much debt to qualify for a mortgage	29%	I don't want to buy in this city	17%	I have too much debt to qualify for a mortgage	18%
4	Housing is not affordable to buy where I want to live	19%	I have too much debt to qualify for a mortgage	17%	Housing is not affordable to buy where I want to live	21%	Bad credit/low credit score	16%	I plan to move to a different city	11%	Housing is not affordable to buy where I want to live	16%	I have too much debt to qualify for a mortgage	17%	Bad credit/low credit score	18%
5	There is no affordable housing I want to buy	12%	Housing is not affordable to buy where I want to live	13%	There is no affordable housing I want to buy	13%	Affordable housing isn't available at all—I would live anywhere in this city	13%	Housing is not affordable to buy where I want to live	11%	Cash and above-market offers by other buyers	9%	Housing is not affordable to buy where I want to live	17%	There is no affordable housing I want to buy	16%

Note: n=520.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-31.
Top 5 Barriers to Homeownership, by Race/Ethnicity

TOP 5	Race/Ethnicity: Native American		Black/African American		Hispanic		Non-Hispanic White	
1	I have too much debt to qualify for a mortgage	39%	Bad credit/low credit score	25%	Can't come up with a down payment	36%	Can't come up with a down payment	35%
2	Bad credit/low credit score	30%	I have too much debt to qualify for a mortgage	23%	Bad credit/low credit score	35%	I have too much debt to qualify for a mortgage	20%
3	Can't come up with a down payment	27%	Can't come up with a down payment	23%	I have too much debt to qualify for a mortgage	25%	Housing is not affordable to buy where I want to live	20%
4	Housing is not affordable to buy where I want to live	13%	I plan to move to a different city	17%	Housing is not affordable to buy where I want to live	19%	Bad credit/low credit score	20%
5	I don't want to buy in this city	11%	Housing is not affordable to buy where I want to live	17%	There is no affordable housing I want to buy	9%	There is no affordable housing I want to buy	17%

Note: n=512.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-32.
Top 5 Barriers to Homeownership, by Income

TOP 5	Income: Less than $30,000		$30,000-$49,999		$50,000-$99,999		Above $100,000	
1	Can't come up with a down payment	40%	Can't come up with a down payment	31%	I have too much debt to qualify for a mortgage	24%	I have too much debt to qualify for a mortgage	26%
2	Bad credit/low credit score	34%	Bad credit/low credit score	31%	Can't come up with a down payment	23%	There is no affordable housing I want to buy	21%
3	I have too much debt to qualify for a mortgage	25%	I have too much debt to qualify for a mortgage	24%	Housing is not affordable to buy where I want to live	20%	Housing is not affordable to buy where I want to live	18%
4	Housing is not affordable to buy where I want to live	17%	Housing is not affordable to buy where I want to live	22%	Bad credit/low credit score	18%	Can't come up with a down payment	18%
5	There is no affordable housing I want to buy	10%	There is no affordable housing I want to buy	10%	There is no affordable housing I want to buy	14%	Cash and above-market offers by other buyers	18%

Note: n=512.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure V-33.
Top 5 Barriers to Homeownership, by Household Characteristics

TOP 5	Household Characteristics: Children under 18		Large households		Single Parent		Disability		Older Adults (age 65+)	
1	Can't come up with a down payment	30%	I have too much debt to qualify for a mortgage	31%	Bad credit/low credit score	35%	Can't come up with a down payment	35%	I have too much debt to qualify for a mortgage	26%
2	Bad credit/low credit score	29%	Can't come up with a down payment	31%	Can't come up with a down payment	34%	Bad credit/low credit score	30%	Can't come up with a down payment	25%
3	I have too much debt to qualify for a mortgage	27%	Bad credit/low credit score	31%	I have too much debt to qualify for a mortgage	30%	I have too much debt to qualify for a mortgage	24%	There is no affordable housing I want to buy	16%
4	Housing is not affordable to buy where I want to live	17%	Housing is not affordable to buy where I want to live	15%	Housing is not affordable to buy where I want to live	17%	Housing is not affordable to buy where I want to live	18%	I plan to move to a different city	14%
5	I have been told by lenders that I won't qualify for a loan	9%	There is no affordable housing I want to buy	9%	I have been told by lenders that I won't qualify for a loan	9%	There is no affordable housing I want to buy	9%	Housing is not affordable to buy where I want to live	13%

Note: n=520.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

SECTION VI.

NEW MEXICO HOUSING STRATEGY

SECTION VI.
New Mexico Housing Strategy

This section provides strategic direction to meet the wide variety of housing challenges faced by New Mexicans.

The Housing Strategy leads the state, New Mexico local governments, and private and nonprofit partners toward the **highest impact actions** to address challenges in:

- **Producing** housing across the income continuum;
- **Preserving and Improving** existing affordable housing, both privately and publicly owned, and **Redeveloping** underutilized and vacant properties to increase supply and catalyze economic development;
- **Building Homeownership** opportunities to retain the state's high homeownership rate, especially among low and moderate income, and racially and ethnically diverse, households;
- **Creating Housing Stability** for people vulnerable to and experiencing homelessness and residents with special housing needs; and
- **Advocating** for effective federal housing policies and regulations.

A Call to Action

The backdrop of the New Mexico Housing New Strategy is a housing market that has become increasing difficult for all but the highest income New Mexicans to afford.

Lack of affordable housing not only impedes the ability of households to be self-sufficient and invest in economic growth for their families—it also has negative consequences for state and local economic development and growth. The latter can be easy to overlook, as it is often hidden, but the impacts are significant.

Without adequate affordable housing:

- New Mexico's urban areas cannot continue to attract new businesses,
- Existing businesses, particularly small businesses, cannot keep standard operating hours and cannot grow;
- Low income renters are forced to move more frequently, disrupting community ties, stable employment, and educational consistency for their children;
- Moderate income renters cannot achieve ownership and pass on wealth to their families; and

- Persons with special needs—including seniors, New Mexicans with disabilities, residents vulnerable to and experiencing homelessness—are caught in a perpetual and costly cycle of housing instability.

An "all hands on deck" approach is needed to address the significant need for housing in New Mexico. This Call to Action enlists the State of New Mexico, local governments, nonprofits and foundations, private entities, and elected officials to join together and address the state's housing challenges. It provides the strategic direction to collectively move forward.

Background on Housing Strategy Development

To support development of the Housing Strategy, an Advisory Committee volunteered their knowledge and expertise in bi-monthly meetings and participated in focus groups and interviews. The Housing Strategy was also informed by a resident survey that reached nearly 1,400 New Mexicans and represented the needs of socioeconomically diverse residents.

The Advisory Committee (AC) provided leadership over development of the New Mexico Housing Strategy that is:

- A living strategy that provides a "roadmap" for all partners to address the continuum of housing needs;
- A common source of communication to housing partners and residents about the state's goals and intentions;
- Practical solutions for streamlining barriers to addressing housing needs and reforming existing systems and programs; and
- Big ideas to change and improve the housing landscape.

The AC engaged in in-depth discussions about the strategies to meet the variety of housing needs in New Mexico. Those meetings included unconventional outside-of-the-box ideas, strategies that are complementary across the needs continuum, and strategies that will stabilize households and help them attain economic mobility.

The AC discussions were also informed by research briefs that served as building blocks for the Housing Strategy. Those briefs are publicly available on the *Advisory Committee and Housing Strategy materials website.*

A Call to Action to Create More Housing

What challenges are the strategies and action items trying to resolve?

- If current development patterns continue, housing unit production in growth counties will lag demand. In Bernalillo County alone, by 2025, 5,900 new units are needed that are affordable to < 100% AMI households. Accelerated job growth could further exacerbate production gaps.
- Public sector investments in housing—particularly federal funds—have lagged needs for decades, leading to inequities in housing choice.
- Public infrastructure—water and wastewater systems, public utilities—is expensive to extend and can prevent needed housing from being developed.
- High costs of development—due to materials costs, land costs, and labor shortages—complicate the ability to build new housing to meet needs. The more remote the location, the higher the costs.
- Contractors and laborers are nearly impossible to find in the state's non-urban areas. Very few contractors operate in the market overall and they often need to import labor from other states.
- Local zoning, land use regulations, and building codes present a variety of challenges to getting units built.
- Community resistance to all types of new construction—affordable and market rate—prevents needed units from being built or adds significant delays.

What goals and action items will address these challenges?

Goal: Increase housing production across the housing continuum.

1) Prioritize existing federal block grant, state, and local infrastructure resources to fund public improvements to support residential development with the most favorable programs for developments that incorporate affordable housing. This includes infrastructure extensions for new (and improvements for existing) manufactured home communities/parks with affordability and lot lease requirements.
2) Take state policy action to boost residential construction workforce, such as partnerships with technical education and training providers, streamlined licensing, and opportunities for re-entry workforce and persons formerly homeless.
3) Advocate for increased local, state, and federal appropriations, revenue generating policy changes benefiting affordable housing, and tax exemptions for affordable housing development and operation.

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

1) Advocate for concrete changes to state law to reduce regulatory barriers to housing development. Examples of changes considered or adopted in other states and localities that could be studied include:
   - ➢ Incentivize and/or require that planning commissions consider housing needs documented in local or regional housing needs assessments when making zoning and land use decisions;
   - ➢ Incentivize and/or require that economic development incentives, such as those offered through LEDA, include a workforce housing component for production and/or preservation;
   - ➢ Incentivize by right or administrative approval for developments with a significant share of affordable units including casitas/ADUs and plexes;
   - ➢ Allow density bonuses and/or fast track approval for homes that meet energy efficiency requirements (to offset higher costs of green building);
   - ➢ Create a model development code that includes feasible land use incentives for affordable housing, mixed-income housing, and mixed-use development;
   - ➢ Create an incentive program that provides funding to local governments that adopt policies that facilitate flexibility and efficiency in development approval, infill development, income-diverse development, and efficient zoning. Funding could be used for: community revitalization, economic development, or infrastructure expansion activities;
   - ➢ Create a program to mitigate resistance to affordable housing at the local level, including training to build community awareness and support of needs.

A Call to Action to: Preserve and Improve Existing Affordable Housing and Catalyze Redevelopment

What challenges are the strategies and action items trying to resolve?

- New Mexico communities have many under-utilized and vacant properties that could be redeveloped into housing but lack the knowledge, staff capacity, and financial resources to facilitate redevelopment.
- Counties where growth is modest or stagnant have trouble attracting capital; investors migrate to higher-return urban areas.
- It is often less expensive to rehabilitate homes to keep them affordable v. build new—but funding (such as 9% tax credits) is harder to secure.
- Public housing is aging and has not had resources to keep up with maintenance.

- Naturally occurring affordable housing (NOAH) provided by the private market is being lost due to rent increases at a much faster pace than new affordable housing is being developed.
- Private property owners are incentivized to raise their rents to keep up with the market, resulting in a loss of NOAH.
- Low income homeowners can be at-risk of losing housing due to rising costs of taxes, maintenance, and economic shocks.

What goals and action items will address these challenges?

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

1) Create a comprehensive technical assistance (TA) fund, a resource catalogue, and access to TA providers to assist with redevelopment of underutilized and vacant parcels and address staff capacity gaps.

Goal: Preserve existing naturally occurring affordable housing and publicly subsidized housing stock.

1) Support preservation and provide funding to improve the condition of existing affordable housing; and consider prioritizing projects owned and/or managed by public, regional and tribal housing authorities.
2) Reconsider how new funding sources for weatherization and rehabilitation funds could be allocated to ensure that the funding distribution aligns with needs (v. population based distribution).
3) Monitor the Qualified Allocation Plan (QAP) to ensure that 9% credits adequately support multifamily acquisition/rehabilitation.

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

1) Incentivize landlords—through a “signing bonus,” “holding fees” while they wait for a voucher approval, enhanced loss mitigation, and subsidies to pay rents above fair market rent standards—to provide units to vulnerable renters.
2) Create a permanent housing stability fund serving renters who need help paying rental costs (including application fees and security deposits), households who do not qualify for housing through the Coordinated Entry System (CES), homeowners vulnerable to foreclosure, and manufactured home park owners who face personal situations (job losses, injuries) that create challenges in paying lot leases.
3) Create a case management program to assist vulnerable housing voucher holders apply for housing and maintain housing stability.

A Call to Action to Build Homeownership and Wealth

What challenges are the strategies and action items trying to resolve?

- Down payment/closing cost assistance has not kept up with what is needed to attain homeownership in many parts of the state.
- The state residential inspection process delays completion of new homes and adds to building costs; this is exacerbated by rapidly rising construction costs.
- Local zoning, land use regulations, and building codes are antiquated in many communities and present a variety of challenges to getting units built.
- Community resistance to all types of new construction—affordable and market rate—prevents needed units from being built or adds significant delays.
- Manufactured homes are a relatively affordable option for ownership in New Mexico and contribute to the state's high ownership rate. Challenges to manufactured ownership include:
  - The process for receiving a placement permit, entitling a manufactured home, and connecting to water and sewer can be cumbersome for new owners, and the timing can be poorly aligned. Homeowners may be paying for a home they cannot occupy for months while awaiting utility connections.
  - Like all types of housing, the price to purchase and cost to rent manufactured homes has increased. Low income owners and renters are more vulnerable to displacement from manufactured home park communities when they cannot maintain their lot leases in addition to their home or rent payments.
  - Financing is a challenge for manufactured home buyers. According to the NCSHA, buyers who don't have the option of buying the land on which their homes are sited have to rely on chattel financing, which tends to be more expensive and less liquid than conventional home mortgage loans. Manufactured home lending is concentrated within a handful of lenders, who account for more than 40% of manufactured home purchase loans and 75% of chattel lending.1
  - It has become increasingly difficult to find land of all types for manufactured homes: infill within incorporated city boundaries, rural lots with land, and land for manufactured home communities.

[1] https://www.consumerfinance.gov/about-us/newsroom/manufactured-housing-loan-borrowers-face-higher-interest-rates-risks-and-barriers-to-credit/

What goals and action items will address these challenges?

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

1) Streamline the local and state residential inspection processes to make the system more efficient, practical, and timely—e.g., by allowing video inspections, allowing third party contractors—while preserving public health and safety objectives.
2) Seek funding sources that allow for down payment assistance programs to adequately meet the needs of consumers and explore programs to support their success as homeowners.
3) Explore and advocate for innovative homeownership programs to expand wealth building opportunities, including extended mortgage terms, accelerated mortgage terms, and land trust models.
4) Explore and advocate for programs aimed at maintaining homeownership.
5) Explore financial capability programs to expand access to homeownership and wealth building.

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

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

A Call to Action for Create Stable Housing Environments for Persons experiencing Homelessness and with Special Needs

What challenges are the strategies and action items trying to resolve?

- New Mexico needs to expand its range of evidence-proven and housing+services models, tailored to local needs, to address homelessness
- Urban areas need both site-based and scattered site models. Predevelopment funding, developer capacity, deeper subsidies, and adequate and consistent supportive services are needed to create successful exits from homelessness
- Small (< 30 unit) housing+services developments or scattered site developments are often the best solution in rural counties, yet funding favors larger developments. Rural areas need adequate and consistent supportive services for small and scattered site single family homes

- Federal requirements and guidance for defining chronic homelessness and assessing needs through the Coordinated Entry System (CES) can be misaligned with local needs
- Lack of a comprehensive behavioral health care system makes it difficult for housing providers, including private sector property managers, to address the complex needs of tenants. Providers may not recognize the behavioral health needs of residents and be unsure of how to properly address challenges, perpetuating the cycle of housing instability.

What goals and action items will address these challenges?

Goal: Expand successful housing+services models tailored to local needs.

1) Provide annual funding for predevelopment grants to cultivate Permanent Supportive Housing (PSH) development partners and build local developer and supportive service provider capacity. Funding would support capacity building/local support, needs assessments, zoning and planning review, architecture and engineering, and development applications.

2) Increase collaboration between service providers and property managers through training and technical assistance that results in successful housing of PSH clients.

3) Expand funding for the Linkages program to ensure that New Mexicans with mental health challenges, are experiencing or at-risk of homelessness, and are extremely low income have the resources needed to remain in stable housing environments.

4) Address the operating subsidy deficits common in PSH projects through encouraging PHAs to project-base vouchers and by exploring options to project-base the Linkages program.

5) Evaluate how the Coordinated Entry System (CES) could be tailored through state and local programs so that vulnerable households are prioritized in an equitable manner. Advocate for state and local solutions to ensure that the most vulnerable households are able to fill gaps in emergency housing. This would include households in first-time homelessness and/or who are housed but in unsafe situations.

Goal: Strengthen supportive service programs that foster housing stability.

1) Increase service provision funding options for PSH developments. Examine how Medicaid waivers could be used for supportive services, allowing supportive service providers to be reimbursed at a rate that can sustain programming and operations.

2) Support actions to strengthen statewide behavioral health system including satellite care facilities.

Goal: Strengthen support for emergency homelessness interventions.

1) Advocate for increased state and local appropriations to support emergency homeless shelters and other immediate interventions, including funding to improve the conditions of shelters.

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

Federal grant funds, federal tax credits, and the federal authority to issue tax-free bonds to finance housing development collectively make up the vast majority of resources available to address housing needs in the U.S.—and in New Mexico. As such, advocating for continued federal investments—and initiatives that would benefit New Mexico communities—is critical for the state to continue to meet needs.

Current initiatives that would significantly boost the ability of New Mexico and its local governments address housing needs include:

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

- The Affordable Housing Credit Improvement Act (S.1136/H.R. 2573), introduced in 2021, would have increased LIHTC allocations by 50% and enabled the credit to better serve "hard to reach" communities including rural, Native American, high-poverty, and high-cost communities, as well as extremely low income (<30% AMI) and formerly homeless tenants.
- Because these credits are allocated based on population—not on need—New Mexico receives a disproportionately lower share of credits relative to its need. MFA receives twice as many applications for LIHTC developments annually than it has credits to allocate.
- An amendment to LIHTC legislation to increase the amount of credits would help the state meet affordable rental production needs and alleviate renter cost burden.
- Revisions that would prioritize credits in "hard to reach communities"—all of which exist in New Mexico—would benefit New Mexico communities by making capital, which is challenging to raise locally, more readily available for affordable rental housing development.

Create equitable opportunities to attain homeownership and build wealth.

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

- New Mexico would benefit from new federal initiatives to develop affordable homeownership products.

Maximize federal appropriations for affordable housing programs.

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

Streamline federal regulations related to affordable housing policies and programs.

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

Support federal initiatives to lower housing development costs including tariff reductions on building materials and programs that would add flexibility to non-domestic workers.

APPENDIX.

STAKEHOLDER CONSULTATION

APPENDIX.
Stakeholder Consultation

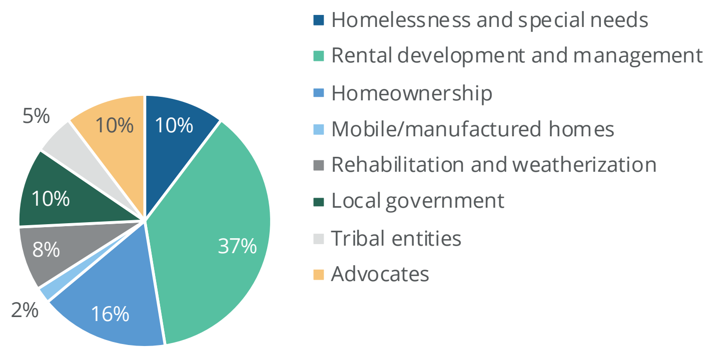
During January 2022, 99 stakeholders participated in interviews and focus groups to inform the Housing Strategy.

These stakeholders represented a wide variety of industries associated with housing production, preservation, and stability, as shown below.

Stakeholder Consultation

Note:
97 stakeholders participated in interviews and focus groups.

Source:
Root Policy Research.



This section presents the primary findings from those interviews and meetings, organized by topic.

Overall Market Impressions

The initial question asked of stakeholders was: *"How would you describe New Mexico's housing market today—in 1-3 words?"* In some cases, this prompted an active discussion about current market conditions; in other cases, stakeholders were brief in their descriptions. As demonstrated by the word cloud below, stakeholders typically organized their responses around the three themes of Affordability, Challenges, and Potential.

How would you describe New Mexico's housing market today?

Source:
Root Policy Research.

Homelessness/Special Needs Housing

Stakeholders who work with unhoused populations and residents with special needs were asked to describe the state of homelessness, housing and service gaps, and other related issues. The primary themes that emerged from those discussions included: the need for more permanent supportive housing, the shortage of behavioral health services, and the inadequacy of shelters and special needs housing.

"The deficit of permanent supportive housing is a major challenge in the state."

"We need PSH everywhere in the state."

"We have a high share of homeless children in the Colonia designations."

Permanent supportive housing. Overall, stakeholders described a dire need for permanent supportive housing (PSH) throughout the state, as well as the need for more supportive services and staff/capacity to provide these services. Stakeholders agreed that MFA and the state, in general, needs to take a stronger position on preventing homelessness and strengthening the supportive services network for homeless and at-risk residents.

Shortages of behavioral health services. The shortage of behavioral health services statewide was frequently raised in the context of PSH, and housing persons experiencing homelessness in general. Many stakeholders reiterated that to be successfully implemented, PSH needs to be paired with an appropriate level and type of services, and that service provision carry adequate funding.

The challenges are twofold:

1) There is a shortage of service providers in general; and
2) The service providers that do exist are oversubscribed and do not have the expertise or capacity to address serious behavioral health issues.

Almost all stakeholders spoke to the need for more capacity to best serve populations who need PSH and the wraparound services. These same stakeholders noted how challenging it is to put and keep behavioral support services—especially services for high needs populations—in place.

The experience of one PSH provider demonstrates these challenges: The stakeholder noted that there is only one staff member on the ground charged with providing support to 40 people. The stakeholder said efforts to bring on other partners who provide supportive services has been difficult, leading to a lack of comprehensive infrastructure to support these residents.

Many stakeholders noted organizations that provide services do not have the capacity to assist people experiencing severe behavioral health challenges. One stakeholder noted that within their housing department, the *"…people we're helping have needs that are much greater than we're able to take on…it's a hard population to work with. It's also hard to provide services for those who don't want them."*

A stakeholder from the northwest area of the state mentioned how even though their organization partners with mental health organizations and service providers, they need much more support. Serving people experiencing severe mental illness, they noted that they *"keep housing them over and over and over again…they get into housing, they leave, go to the State hospital, get back on the street, and then we try and get them reengaged with services."*

Stakeholders agreed that local service providers do fine with average needs but can't be expected to respond to very acute, complicated needs.

One PSH developer estimated that service costs per household can run from $7,500 to $10,000 per year.

"Overall, the state of New Mexico needs a much more robust behavioral and mental health support services system."

Many stakeholders pointed to the lack of a comprehensive, functioning mental health system as a major barrier to supporting a successful PSH housing system. Some stakeholders attributed the current shortage on the significant reduction in funding for behavioral health services in 2013, which reduced provider capacity statewide.

One participant noted that if a PSH developer is not partnering with a community mental health center, it's hard for them to be successful.

Several stakeholders noted that since the beginning of COVID-19 pandemic, there has been an increase in demand for supportive services. Some of this stems from a rise in drug use, particularly the rampant use of opioids (namely Fentanyl), which is further exacerbating the demand for intensive services. Demand for behavioral health services have increased—but capacity and funding have not yet caught up to that demand.

Most said that the gaps in services are largest in rural areas. Other stakeholders said the need was becoming acute in high cost, urban areas, citing that landlords in Santa Fe are now less likely to take referrals from organizations serving people with unstable housing situations because of the higher prices they can command from other types of tenants.

Local Lead Agencies (LLAs). The LLA program is an MFA and New Mexico Human Services Department, Behavioral Health Services Division, partnership that aims to utilize local service providers to provide tenant screening, eligibility and referrals, tenant advocacy, and support services by a tenant's selected provider. LLAs receive an annual stipend of $900 per BHSD-designated unit.[1]

Stakeholders appreciate the LLA program yet acknowledge that *"the state is still trying to bridge gaps in the system."* A major challenge for property owners is the inconsistency of service providers:

"Staff typically only stay for 6 months because of the low pay and demanding work. [The state] underfunds both the amount and level of services and the wages of those providing the services."

"When people have been at LLAs and service providers for a while, that's when the process runs the smoothest. When not on the same page, that's when problems arise."

"People are looking for full time work and we experience a lot of turnover. Because New Mexico has a lot of smaller communities, it's hard to support a full time case manager or resident services coordinator."

One stakeholder felt there was an imbalance with the level of service some populations received from LLAs due to differences in capacity. Service providers differ in quality due to staff tenure and experience, and strong communication between staff and case managers is critical to make the appropriate referral for the individual or household.

One stakeholder noted that many organizations *"…just don't have the money to pay case managers to support all of the residents on different properties who need special services."* Another stakeholder noted that their company sets aside around $100,000 each year for supportive services in their development but it is not enough to serve all of their tenants.

Several stakeholders recommended that when LLAs do not have the capacity to provide support services or play a case management role, engaging with additional partners whose sole charge is providing supportive services should be allowed.

Other stakeholders expressed concern about developers not notifying LLAs when units become available.

Advance planning for service provision. It is common for developers to commit to supportive service provision to be more competitive in LIHTC awards *without "really having a plan in place."* When the development is built, and service providers are hard to find, the property managers become *"de facto service providers,"* which is not what they are trained to do, nor skilled to do.

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[1] https://newmexico.networkofcare.org/mh/content.aspx?cid=8823

"To put the burden on the developer and property management to help with supportive services is ludicrous…especially in rural areas."

One affordable housing developer described that *"one of the main problems we had in the beginning with providing services was companies pop up and then go under overnight. We would bring in a case manager to provide services and they would disappear. The government would then have to take over [providing services] but they don't have the capacity to help out. When they couldn't help, we had to take over the case management role…[as developers] we're not qualified to help out with these people."*

One stakeholder noted that MFA makes it difficult to use services provided by nonprofits that provide supportive services, saying it forces *"…property managers into case management providers. They are not qualified to play these roles. When asking developers to put more services into their buildings, and taking into account the local context, we need to make sure people are set up to be supported and we don't turn property managers into case managers."*

Barriers to building PSH. Stakeholders consistently mentioned the shortage of developers who specialize in PSH, and the need to build capacity.

"We don't have developers who can churn out PSH projects…we've worked with a few out-of-state developers and a few local ones but we don't have a huge swath of them."

One stakeholder noted that to get developers to build more PSH properties, it's important to bring up the additional expenses that will be incurred upfront. This stakeholder noted that they've seen developers who have built these types of projects but didn't understand everything that was needed to make them successful.

One stakeholder pointed to how critical predevelopment funding is to make permanent supportive housing projects viable. As this stakeholder added*, "It's complicated to make [PSH projects] work without it."*

Some stakeholders feel that local governments are focusing on the wrong efforts to combat homelessness. Rather than policing camping, local governments should be putting their efforts into creating more PSH.

"PSH is the ONLY solution to street homelessness. If we could get cities/counties/state all in alignment that we need to build more PSH to address homelessness, at that point, we could start a real conversation about ending homelessness. MFA could be a leader in this space."

One participant noted that LIHTC projects can be successful with a portion of PSH included in the development (around 20% will still make it attractive to developers). The challenge is, as articulated frequently, on the services side: Stakeholders described a major disconnect between developers, property managers, and service providers in ensuring that tenants in need of these services actually get them. One stakeholder who operates several properties with special needs renters in market rate units said finding qualified case managers to support their tenants is the primary issue— and this is true regardless of the type of development (100% special needs or a mixed unit development.)

Another stakeholder noted that it's difficult when these units are in a larger market-rate property. Another stakeholder noted that a mix of units works better in larger cities (e.g., Albuquerque) because *"you can't build big enough developments to make it financially viable in smaller cities."* Another stakeholder suggested that these types of projects have less chance for success in smaller cities because of the lack of local support service organizations to serve residents (unlike Albuquerque or Santa Fe).

Community attitudes toward PSH. Overall, stakeholders described the need for a better community understanding about PSH. One stakeholder recalled a listening session hosted by MFA for a PSH project in northern New Mexico where there appeared to be a general lack of education around the project.

Another stakeholder added that in combination with the lack of developers building this type of housing, as well understanding that it's not as profitable as other types of development, community resistance (Not-In-My-Backyard-Syndrome or NIMBYism) is growing barrier to getting PSH built in the state.

One stakeholder said that stigma exists in all PSH projects and the potential of *"ghettoization"* in a community, which can harm the people the projects are supposed to help. *"One of the biggest parts of helping people who need supportive services is integration into society."*

On the flip side, another stakeholder noted that in mixed developments (market rate and set aside), they have witnessed some animosity from market rate renters who don't receive the same level of service as renters with special needs.

One stakeholder advocated for a holistic approach to supporting those who live in permanent supportive housing by working to build a sense of community between residents and those who support residents. They noted that more collaboration around behavioral health support services and ability to be on site with residents would better help support these residents.

Housing for seniors and persons with disabilities. Stakeholders discussed the needs of seniors who rent, seniors who own, and the accessibility needs of both older adults and non-seniors with disabilities.

Low income seniors and persons with disabilities who rent are very vulnerable to displacement in the current market. When rent increases—commonly due to multifamily properties being purchased by investors and rehabilitated—they have no ability to manage those rent increases. Many of these residents are reliant on fixed-income programs (Social Security, disability insurance) and, as such, to stay in their units they must become increasingly cost burdened.

Some stakeholders described unlawful actions by landlords, such as evicting seniors and tenants with disabilities because of medical equipment they are required to have on site.

"A landlord tried to evict a tenant who needed a dialysis machine in their apartment because they didn't like having a 'blood machine' on the premises."

The needs of low income owners typically involve maintenance that they cannot pay for or foreclosure risks caused by life events such as job losses, a working spouse's death, and medical costs. Job losses are particularly difficult to manage because it is harder to get a job as an older adult and/or worker with a disability.

Stakeholders noted that most seniors want to age in place and not move to senior-specific living facilities. One stakeholder noted that, anecdotally, about 80% of seniors want to age in place; another stakeholder felt it was higher than that.

The migration of mortgage and utility payments to online platforms has disrupted many low income seniors' ability to keep up with bills, as they typically have a basic cell phone but no computer access. Some foreclosures are related to transfers of mortgage servicers that seniors do not understand. They need better training, computer access, and/or free wireless access.

Similarly, one participant noted that technology presents a major barrier for seniors accessing healthcare and support services. This stakeholder described that *"a lot of seniors don't know how to work their phones but it's the only way to make medical appointments now."*

Seniors who are property owners and rent their units are very incentivized to sell their homes, often to new owners who raise the rents. State assistance to these *"Ma and Pa"* landlords to maintain their properties could help mitigate this loss of affordable rental housing.

One stakeholder mentioned that their municipal government is interested in providing senior housing and that the provision of technical assistance to demonstrate how to complete a senior housing project would be helpful.

Supportive service needs. Similar to PSH, stakeholder discussions about housing for seniors and persons with disabilities included many comments about the need to bolster service provision.

One stakeholder noted that senior housing (Section 202) usually has services built into funding, but in housing for people with disabilities (Section 811), it is more difficult to provide services.

One stakeholder commented on consistently unhelpful interactions with Adult Protective Services and the extensive time it takes to rectify just one situation. Another stakeholder noted that some service providers are not able to bill Medicaid for their work.

Stakeholders again emphasized that it's difficult for smaller communities to provide a higher level of service to residents in need.

Several participants suggested that if the QAP requires projects to include set aside units for supportive housing, MFA should provide more money to help deliver these services. Another stakeholder suggested the state to play a more hands-on role with the Linkages program and require community health centers to provide services; stakeholders felt this would make the program more effective.

Stakeholders were conflicted on including special needs housing with market rate housing. Some felt that it is better to house people with significant special needs in housing that can adequately support them: One stakeholder brought up a situation of a resident who had reoccurring night terrors who lived next door to a conventional market rate renter who found the episodes very disruptive.

Accessible housing. Many seniors, and certainly persons with disabilities, have a lot of difficulty finding new places to rent when they are forced to leave their units because of evictions or non-renewals of leases. Some landlords refuse to accommodate their accessibility needs, which is legal if the tenant cannot pay for improvements. Stakeholders thought they knew of a program that could help (New Mexico's Residential Accessible Modification Program) but were unaware of the terms or conditions.

Fixed income senior residents have a lot of trouble affording accessibility modifications. Stakeholders noted that New Mexico has a segmented system of grants to help residents with disabilities get the modifications they need.

Many affordable housing developers noted that, for accessible units, there is a *"huge disconnect between what we are required to provide and what is requested."* For example, when developments have federal funds, 5% of the units built must be accessible and 1% must be built to accommodate vision and hearing impairments. However, there is much more demand for vision and hearing accessible units (around 5% versus the 1% required) so developers must alter these units after the fact, making the changes more expensive.

Several participants noted that the primary requests they get is for accessible parking spaces, typically in older properties. Storage space for scooters, bathrooms or rolling showers, accommodations to transfer into the shower are also common. Due to the lack of resources for tenants or grants for property owners to make such improvements, these costs usually come from project funds.

One participant noted that because of tax credit requirements, their organization makes half of the units in their developments visitable. However, they also noted that building a visitable unit can eliminate other features (e.g., no pantry, limited storage space) that *"…is not as nice for people not experiencing disabilities."*

Another stakeholder noted there is high demand for single story two bedroom units among residents with accessibility needs.

Housing for justice involved residents. New Mexico's rule that residents who leave the justice system have a housing sponsor can make it very difficult to rehouse justice-involved New Mexicans. Sponsors agree to be responsible for the released resident and sometimes family members are unwilling to take on that role. Sometimes people cannot be released if they are living alone. Halfway houses commonly become the sponsored facility. Most of those are located in Albuquerque and many have very long wait lists. Each has different rules. When people are unable to find sponsors, they stay incarcerated, on *"in house parole."*

Another challenge is community resistance for halfway houses. A recent rezoning for a proposed with a very strong provider in Albuquerque was denied.

Stakeholders noted that the lack of a pathway to housing in New Mexico is costly.

Stakeholders believe the biggest need for justice-involved residents is flexible transitional housing with support services. State corrections can pay for supports for up to 6 months, but sometimes residents need supports for a longer period.

Solutions. Stakeholders offered solutions for addressing the needs they identified:

- Provide funding for ongoing training for property managers who will continue to act as de facto service providers until a more comprehensive statewide behavioral health system is established.

- Provide training to developers and LLAs on the most successful and proven models for service integration and how best to work together.

- Shift funding in rural areas away from LIHTC. Instead, fund small (<5 unit) developments run by small nonprofits who are not competitive in volume-based grants.

- Adjust the QAP to better reflect the variety of needs in the state and not just continue to have the same template; also encourage more permanent supportive housing development, including by nonprofits.

- Invest in creating a development pipeline for permanent supportive housing including predevelopment funding, technical assistance, and developer education.
- Increase funding for the Linkages program, recognizing that further capitalizing the Linkages program would only be successful if more PSH developments are built. One stakeholder noted that the Legislature is looking at doubling the amount of funding the program gets but it really *"…needs to be ten times as great."*
- [MFA to] Spearhead a legislative effort to help establish funding for supportive services.

A Las Cruces stakeholder mentioned that part of the success of their PSH project was a strong partnership with the local housing authority. They also credited a training put on by the New Mexico Coalition to End Homelessness that had participants work through a toolkit to develop a PSH project through the LIHTC program, as well as *"having a lot of time in front of City Council to achieve buy-in."* The stakeholder noted that having a lot of face time with the Council, as well as the City's current focus on housing issues, made it easier for the City support the project financially. It was suggested that housing authorities could play a more prominent developer role for these types of projects.

Tribal Housing

Stakeholders who live and work in Tribal Areas participated in two in-depth focus groups about housing conditions and barriers. They raised a number of concerns, ranging from lack of supply and poor condition of housing, to homeownership barriers, to ineffective policies and programs.

Housing supply and needs. Stakeholders described the housing market in native communities *as "non-existent"* and *"zero."* Several stakeholders described that many native communities are impacted by no supply of new housing, low to zero vacancy of existing housing, and severe overcrowding. Some stakeholders also noted that lack of land to develop is a barrier to building new housing.

Several stakeholders noted that the cost of construction, as well as supply chain issues, are also adversely affecting the development of new housing on tribal lands. One stakeholder noted a tribal housing authority was awarded a tax credit project in 2020; however, they still haven't been able to close on the project due to supply chain issues and construction costs. One stakeholder noted that tribes need "*more money, more time, and more opportunity."* Another stakeholder noted that buying new mobile trailers is one strategy to supply housing but mobile homes have become increasingly expensive.

When asked about new technologies, stakeholders noted that Tribes are skeptical of promises of innovative building products because of their history of being *"scammed."*

Housing needs are acute on Tribal lands, and stretch across the income continuum. One stakeholder noted that there is a lack of culturally responsive housing and trauma informed services. Another stakeholder advocated for housing with supportive services included, noting that without supportive services on the reservation, tribal members will go to urban areas for housing.

The high costs of extending public infrastructure in support of affordable housing is also a major barrier. Funding to help support infrastructure improvements and extensions is needed. The Tribal Indian Fund (TIF) was a *"game changer"*—we need more funding sources like that.

Housing condition. *"People will put up with a lot,"* remarked one stakeholder when asked about housing conditions on Tribal lands.

Overall, the need for housing rehabilitation is extremely high and waiting lists for funding are common. Due to limited availability of resources, funding is competitive among tribes and does not meet demand. Private sector home improvement loans do not typically work well on Tribal lands for a variety of reasons, including land ownership and credit history.

Stakeholders noted that rehabilitation costs on Tribal lands can be very high due to the lack of contractors, travel costs associated with reaching Tribal lands, age of housing, and condition of housing. The cost to rehabilitate a modest (1,100 sq. ft.) single family home may be as high as $100,000. Homes typically need intensive repairs including roof, and electrical, HVAC, as well as updates to bring them up to code. On Pueblos, where historic preservation is a priority, the average cost for rehabilitation can be between $250,000 and $350,000.

Older residents in the reservations cannot do many repairs themselves and also need accessibility modifications; however, these tend to receive lower priority and usually funding is not available after health, safety, and code issues are tackled. Needed accessibility modifications are expensive and include ramps, expanded doorways, and walk-in showers.

Other issues noted by stakeholders is the lack of code enforcement. One stakeholder noted that this should be in the purview of tribal governments and advocated for the training of tribal members to be certified code inspectors. This stakeholder noted that *"these need to be more than just rules that need to be followed."*

Overcrowding was described as a major issue in tribal communities. One stakeholder said they are looking at acquisition of smaller homes, but it doesn't address the overcrowding issue. They noted it's *"hard to get around the cultural piece—everyone lives together."* Another stakeholder added that they need buy-in from families around separating into smaller groups, saying that *"we've looked into this and there is a lot of sensitivity. We need to do a lot of community engagement for our people to see what would be beneficial."*

Clusters of smaller homes arranged around a shared open space (cottage clusters) was proposed as a potential idea.

Homeownership barriers. The lack of access to traditional capital (for both mortgage loans and construction loans) was described as a major barrier to homeownership. Another stakeholder emphasized that low income and credit score qualifications are also hindrances. They noted that tribal homeownership programs need to provide deep subsidies to make homeownership viable for the majority of people. One stakeholder noted that *"sometimes we need to get people into a debt consolidation program before we offer them a loan. Sometimes people will income qualify but not credit qualify…they might just have lots of obligations."* Another stakeholder noted that the biggest barrier to homeownership in Tribal Areas is precedent. *"If your parents are homeowners, it's more likely that you'll also be a homeowner."*

A stakeholder also mentioned that Home Mortgage Disclosure Act (HMDA) data is not required to be collected in Tribal Areas; as such, homeownership gaps are an *"unknown problem."*

Program and policy barriers. One stakeholder noted that most federal and public policy was not designed with tribes in mind, noting *"Inner-city solutions are not going to work on tribal land."* Because tribes have different needs and the federal government has specific obligations to Native communities, programs should be created to serve the specific needs of tribes. This stakeholder also advocated for the public sector to double and triple down its efforts to get resources to Tribal Areas.

One stakeholder advocated for tribes to be at the table for state- and federal-level housing conversations, noting "*ERAP was created without tribal community input. It puts a toll on tribes when they are not involved in discussions."* Another stakeholder emphasized that not being at the table exacerbates their capacity issues, noting they weren't able to disperse ERAP funds until June even though they received the funds in February. They noted that *"there is a lot of compliance and reporting for funds we accept but not a lot of capacity."*

On the flip side, another stakeholder noted that they do have the capacity but don't have adequate funding. This stakeholder again emphasized the need for tribal voices at the table for state- and federal-level conversations. *"When they come up with these programs, they don't have Native people in the room. The level of capacity depends on the tribe."*

One stakeholder advocated for a better partnership with MFA, and increased funding, to help them reach parity with their non-Native neighbors: *"We can't operate like affordable housing developers off reservation."*

"We just need major investment…it's not just an issue of capacity, we haven't had historic access to funding."

Stakeholders also advocated to see a commitment from MFA to help solve Native-identified issues. One stakeholder was interested to better understand MFA's financial commitment tribes, asking: *"How much of MFA's budget is allocated to tribal interests, how many FTEs are dedicated to Native needs?"*

Solutions. Stakeholders representing Tribal interests suggested solutions that focused on increasing funding and capital for Tribal entities and improving Tribal representation in policymaking.

- Every stakeholder emphasized the need for more funding to address their housing issues, both at the state and federal levels. Stakeholders emphasized the need for tribal-specific funding sources to address ongoing housing needs. Current and potential new fund allocations should be determined with Native voices at the table to ensure that when state programs are developed, they take into account tribal needs and specific structural barriers faced by tribes in program participation.
- One stakeholder suggested having MFA buy tribal mortgages to create a secondary market for tribes, which could help establish a revolving loan fund to help more tribal communities. They noted a big issue is that tribal mortgages aren't bought because they are not originated to conventional mortgage loan standards. He noted that *"MFA should be willing to buy B and C paper, not just A paper."*
- One stakeholder recommended that MFA evaluate how down payment assistance, closing cost assistance, homeowner assistance, and housing counseling could be better structured for use in Tribal Areas.
- Another stakeholder emphasized how important the combination of funding sources would be to help people get into homeownership, as well as an entity that can coordinate these efforts and understands the rules around tribal trust lands. They added that *"being able to combine the Primero Fund and USDA 502 with other MFA products and services would be really helpful."*
- One stakeholder suggested establishing a set aside for tribal housing for LIHTC projects through the QAP, suggesting that the set aside be based on historic access to tax credits in New Mexico. They noted that it is currently a risk for tribal housing authorities to submit a LIHTC application.
- Some stakeholders advocated for the ability for tribal governments to speak directly with the heads of state agencies (currently, they have to go through the New Mexico Indian Affairs Department). Stakeholders emphasized that this was not a criticism of IAD, but just a desire to streamline communication and the ability to articulate needs to state leaders directly.
- One stakeholder suggested forming a statewide advisory committee to understand housing needs in Native communities. A stakeholder suggested that MFA set up

quarterly meeting with Tribal leaders to talk about how they can best assist Native communities throughout the state to address their needs, adding "*that would be huge.*" Another stakeholder suggested forming a statewide coalition, similar to the Southwest Tribal Housing Alliance (SWTHA), to collaboratively address each community's housing issues. This stakeholder suggesting that this would help *"change the current paradigm…multiple partners and more resources."* One stakeholder advocated for more general collaboration between tribes and state government.

Challenges faced by Renters

The main themes that emerged from stakeholder discussions about renters needs were:

1) The loss of affordable housing—both hard units and willingness of landlords to accept Housing Choice/Section 8 vouchers—related to the rapid increase in rents;

2) The increasingly stricter requirements imposed on tenants by property owners, makes it harder for under-resourced tenants to qualify for housing; and

3) Evictions becoming more common as properties change hands.

Loss of affordable rental options. Overall, stakeholders noted that the availability of landlords willing to take potential tenants with housing vouchers or tenants who have special needs is dwindling, partly driven by very low vacancy rates, especially in urban areas. In some areas of Albuquerque, the Housing Authority has increased the voucher payment standard yet the Fair Market Rents (FMR) published by HUD have not kept up with rent growth in the metro area. Another stakeholder, who lives in an area of the state with a high poverty rate and tourism-based economy, noted that units are currently going for double the HUD FMR.

Stakeholders said the primary reasons that landlords are less accepting of vouchers is related to the perception of administrative burdens, the need to bring units or complexes up to Housing Quality Standards (HQS), and the stigma of potential renters. Stakeholders suggested providing a fund that landlords can take advantage of to pay for property damage or repairs—or even to bring their units up to HQS—if they rent to voucher holders. Several stakeholders noted the need for more incentives in order to entice landlords to rent to voucher holders.

One stakeholder mentioned a pilot landlord risk mitigation program sponsored by the New Mexico Children, Youth & Families Department (CYFD) that was informed by research about landlord preferences and behaviors. This research tested a number of potential incentives with landlords and found the most effective to be:

- Landlord support, especially for small (Ma and Pa) landlords—e.g., assistance with tenant issues, help finding the next tenant, $1,000 in upgrades to meet HUD quality standards, and easy reimbursement of damage claims; and

- Tenant support, targeted at tenants that are perceived to be higher risk, which includes young tenants. Support would include case management, navigation, life skills, financial literacy.

One stakeholder noted that landlords that do accept vouchers are usually concentrated in one area, which means that tenants don't actually have true choice of where they live.

One participant attributed the inconsistency of service availability among voucher holders to the entity funding the voucher (e.g. City-funded supportive housing voucher vs. Section 8 voucher). This stakeholder described that the ideal situation for voucher holders would be to *"choose the area they want to live, the school they want their kids to go to, and to be close to their job."*

Another participant said that, anecdotally, they have heard that people are coming from California, where waitlists are incredibly long, and moving to New Mexico, getting a housing voucher, and then moving back to California. While the stakeholder was not able to speak the frequency of this occurrence, they did suggest re-examining Section 8 rules and regulations to better understand if rules are still effective and applicable to the current housing market.

One stakeholder noted that the State's QAP requires HUD approval for use of project based vouchers, but that other states do not have this requirement. This participant noted that demand for these vouchers is very high and it is a challenging process to utilize project based vouchers in New Mexico.

Stakeholders also advocated for more education for landlords, particularly around the administrative responsibilities of taking on tenants with housing vouchers. Stakeholders felt that many landlords are not aware that voucher holders have a higher incentive to not get evicted since that would cause them to lose their voucher. Additionally, voucher holders can help stabilize rental markets during downturns in economically vulnerable (e.g., oil dependent) economies.

Education on the requirements around quality of construction of low income housing is also important for stakeholders. The perception that such housing is lower quality than market rate housing makes neighbors very resistant against such housing, but in many areas, such construction would *"beatify the neighborhood."* Stakeholders suggested support on marketing campaigns to combat NIMBYism from MFA would be helpful.

Several participants noted the need for more rental housing for people making 30% AMI or below, as well as how to link services to these populations. One stakeholder articulated that the primary driver of unaffordability are increased constructions costs and the lack of profitability from building low income housing.

Several stakeholders spoke to the lack of affordable housing for families with vouchers in need of larger accommodations (3 or 4 bedroom units).

Second homes and short term rentals. One stakeholder noted that in popular tourist destinations, such as Santa Fe and Taos, short-term rentals are taking rental stock off the market. Another stakeholder observed that many people are buying second homes or moving from California to work remotely in northwest New Mexico. A stakeholder from a resort community estimated that 30% of the rental stock has been lost to tourism.

Stakeholder noted the state's economic development strategies include increasing marketing efforts of outdoor and recreation opportunities in the state, yet many of such rural communities do not have the appropriate housing stock to meet the increase demand.

Stricter requirements of tenants. An example of stricter requirements imposed on prospective renters was given by a stakeholder from Albuquerque*:*

"Renters' insurance is required, past evictions are scrutinized more, credit checks are more stringent and more administrative fees are imposed."

They noted that the most stringent requirements are coming from larger developments. They also reported that out-of-state property management firms have *"come in and taken away voucher-eligible units that had previously been available to voucher holders under previous landlords."*

One stakeholder wondered how many out-of-state property management firms now own developments in New Mexico and how this has changed over the last five years.

Evictions. Stakeholders from the advocacy community described that apartment communities are increasingly owned by out-of-state owners who commonly increase rents with only 30-days notice, which is too little time for tenants to find another, more affordable, unit.

When asked to describe the current state of eviction law in New Mexico and related major issues, one stakeholder described the eviction process as *"very fast."* They noted that advocates have been trying to slow down the process because *"there is not a lot of time to prepare or remedy for an eviction."*

A downside of rules during the pandemic that prevented landlords from evicting due to non-payment of rent is that landlords sought out other reasons to evict, most commonly simply refusing to renew leases. Increasingly, landlords are getting around evictions by not renewing leases. People face evictions due to accepting family members and taking in caregivers; one stakeholder described a tenant being evicted for needing to bring a dialysis machine into their unit. Stakeholders noted they are seeing more disability and health condition discrimination in evictions.

Stakeholders emphasized the need to give tenants a longer time to cure. According to stakeholders New Mexico has one of the shortest time frames in the country. Right now tenants have:

- Three days to pay rent before the landlord can file an eviction;
- Seven days before a trial can be scheduled (often too little time to arrange to get off work, to find legal counsel, to prepare a defense), and
- Another seven days to leave the apartment if judge rules against them.

One stakeholder added that legislation is being introduced to modify the timeline, as well as a prohibition on not renewing leases for non-payment or lease violations.

Advocates are encouraged by a new eviction diversion pilot program in Curry and Roosevelt counties. A downside of the program is that participation is not mandatory and both parties have to agree to participate. Because the program may take up to 60 days, advocates feel that landlords may not participate.

One stakeholder shared that City of Albuquerque staff are currently providing support for tenants going through the eviction process through the ERAP program. This stakeholder said that in addition to helping tenants apply for emergency rental assistance, they are attending all eviction proceedings and helping them through the process. Through these efforts, the city is currently building a model for tenant support.

Evictions have a considerable *"stain"* on a tenant's record, even when they occurred many years ago. Stakeholders noted residents who have been evicted have a lot of difficulty finding new housing. Current landlords are scrutinizing rental histories of tenants and findings of any missed or late payments—regardless of how long ago this happened—disqualifies applicants. Criminal records are also closely scrutinized, and many residents need help getting their criminal records expunged.

Stakeholders noted that New Mexico has a great public records system, but that means that landlords can easily search tenant's records; evictions that didn't go through the court process or were dismissed still show up.

Stakeholders suggested increased enforcement and education of current laws and regulations is needed in the state. Landlords are not aware of rules and protections of tenants. Even for HUD properties they do not follow the rules; stakeholders indicated they are aware of several instances where tenants have not given the required 30 day notice that is required under the CARES Act. They also noted that while applicants have the right to dispute the findings or provide additional clarification about their background check, most of the time they are not aware that they can do this. In addition, stakeholders noted that enforcement of rules in LIHTC is lacking, especially after the first 10 years.

Stakeholders also noted that the state of New Mexico does not have an agency that enforces fair housing; New Mexico Legal Aid used to do it but stopped years ago. Organizations in the state have applied for HUD funding to do it but have been denied twice in the past few years.

> *"We need an organization that advocates for the resident but understands how to negotiate with the property owners and how owners need to manage properties."*

Solutions. Stakeholders offered solutions for addressing the needs they identified:

- An educational process/program that helps tenants learn how to become *"acceptable renters."* Several stakeholders felt that for tenants who have behavioral health issues or other challenges, implementing such a program would help more people not get evicted.
- Regarding evictions, advocates would like to see eviction legislation reform that:
    - Extends the time to trial to between 14 and 21 days;
    - Requires landlords to provide a list of rental assistance resources with a summons;
    - Requires courts to keep an updated list of rental assistance resources to provide to tenants;
    - Allows 20 days to leave the property after an eviction ruling by the judge;
    - Requires right to counsel; and
    - Prevents a landlord from refusing to renew a lease during periods of emergency (such as a pandemic).
- An MFA sponsored public relations and communications campaign to help change property owners, local officials', and public opinion about affordable housing.
- A new fund that landlords can take advantage of to pay for property damage or repairs—or even to bring their units up to Housing Quality Standards (HQS)—if they rent to voucher holders.
- Increased landlord and tenant education and fair housing enforcement, ideally through a well-funded fair housing organization.

Affordable Homeownership

Stakeholder discussions about affordable homeownership centered on:

1) The growing challenges in attaining homeownership among moderate income households and lack of programs to serve them;

2) The mismatch between the type of housing being developed, and available, and household needs; and

3) Barriers to obtaining lending for purchases.

Income eligibility. Stakeholders described a major mismatch between supply of entry-level homes (within the $250,000-$300,000 range) and demand from first time, income-eligible homebuyers. In Socorro a recent development (2 story walkup with around 30 units) came out at an average of $272,000 per unit. In Artesia, developers are starting to build in the $300,000 to $400,000 range and moving away from the $250,000 range. In Las Cruces, a builder of starter homes also noted the market for such homes is now in the $260,000 to $320,000 range.

"People are being left behind."

Many stakeholders described the increasing need for ownership programs to target workforce with incomes too high to qualify for current programs yet not high enough to purchase market rate housing. They suggested that state might want to start considering 150% AMI as *"moderate income"* in high cost areas. The challenges for nurses and teachers working in Taos was given as an example; housing for these workers is not affordable without subsidies, yet their incomes are too high to quality for current programs.

Most stakeholders feel that down payment assistance and price caps are not keeping up with current price appreciation. Higher prices have increased the amount of down payment assistance a household must have available, and cash buyers and investors buying the homes that are targeted by mortgage-and down payment assistance programs. Even in smaller urban areas, such as Farmington, home prices are not *"just above"* the price thresholds for assistance programs.

One stakeholder reported that workers must have two years of employment to count their second job toward loan qualification. Another stakeholder noted that applicants can include child support payments when applying for loans but they don't count for qualifying purposes. On the flip side, families who experienced an unexpected increase in income during the pandemic no longer meet qualify for assistance but did not earn enough to save for a down payment fast enough in this market.

Stakeholders acknowledged that this is a tricky area because there is a general perception that the private sector will produce enough housing for this sector of the population, but that is no longer the case—and, as such, it is appropriate for the public sector to intervene.

More flexibility in price and income limits, as well as increasing the allowed second lien would be beneficial to get people into homes.

Housing types. Stakeholders had an active debate over market demands for diverse housing types. Some were skeptical that products other than single family detached homes on medium-to-large lots would be attractive to New Mexicans.

"Outside of Albuquerque, we are a suburban and rural state."

Some stakeholders articulated that the traditional 3 bedroom, 2 bathroom home is still very popular with families, yet acknowledged that the market is shifting. "Empty nesters" are demanding smaller units (2 bedroom, 2 bath), which are easier to maintain, and Millennials, who cannot find housing, are willing to purchase non-ideal homes now in hopes of moving up in the future when their household grows.

Townhouse products are very popular, although some households worry about noise. One developer noted that smaller homes on subdivided lots are also picking up in popularity but still are not a large share of sales. Condominiums are easier to sell, especially in communities where people are ready to live with only one or fewer cars.

"It's worth experimenting with different housing types; people might be surprised by how popular they are."

Stakeholders noted that the biggest issue to innovation and bringing new housing types online is the lack of comparable products. One stakeholder said it's not the valuing of the building or the land that is the challenge—it's finding similar products that have sold and what their prices are.

One stakeholder noted that they've started to develop live-work spaces by *"condo-izing"* them. However, a big barrier in New Mexico is that you can't start selling condos until they are complete. This makes it more difficult to finance the developments. MFA could play a role here, and help finance these types of projects until a market is established for them.

Another stakeholder noted that it's difficult to innovate with the current system that is standardized to developing single family detached homes. Developers, especially small developers, need flexibility to push the boundaries on building different housing types, which helps hedge against losses from housing types that end up not working.

Lending barriers. Several stakeholders noted that credit was a major barrier to homeownership, which can also adversely affect the rental market. One stakeholder gave the example of when a new employer moved into their community, 90% of the workforce had credit issues that prevented them from purchasing a home. These new workers ended up flooding the rental market; prices went up and inventory plummeted.

Stakeholders agreed that high debt-to-income (DTI) ratios are a major problem in obtaining mortgage loans, even among prospective borrowers with better credit scores. One stakeholder suggested that MFA could help create flexibility in this regard, and allow for a higher DTI threshold in their programs.

Stakeholders also said that there is a perception among sellers that working with MFA funded loans will be slower and more time consuming than conventional offers, and often such offers will not receive priority and become more like back-up offers. Education that clarifies that MFA loans do not require extra work from the seller is needed.

Stakeholders representing tribal lands spoke about HUD's Section 184 Indian Home Loan Guarantee Program. They agreed that the program is good, but not all lenders have it available, and the credit requirements are very stringent (zero collections on an applicant's record). Tribal members need better education around credit management for this program to be more effective.

Education of all New Mexicans who hope to be owners was highlighted as well.

"People have this assumption that they can't become homeowners."

Many stakeholders felt that community banks and Community Development Financial Institutions (CDFIs) could play a larger partnership role in decreasing barriers to homeownership. Services to build comfort with becoming an owner, paired with down payment assistance and closing cost assistance, is needed. CDFIs, in particular, may have funding they could use to match MFA programs.

"We need to have better outreach to potential homeowners and need to enhance our relationships with lenders and federal partners."

For condo products, the Federal Housing Administration (FHA) requires a certain percentage of owner occupancy, which can prohibit first time homebuyers from getting into condos. Stakeholder said after financial crisis, it got much harder. Condo projects fell out of compliance, and could only be sold to a cash buyer. These technical issues associated with condominium ownership can be barriers.

Home improvement loans. Stakeholders indicated that the lack of inventory to purchase is increasing demand for home improvement loans. However, credit barriers are an even bigger challenge, since these loans tend to have higher credit requirements. In rural areas, where rehabilitation demand is higher, finding contractors needed to get the loan approval is currently a significant challenge.

Foreclosures. Foreclosures were mostly raised in the context of seniors' needs. Stakeholders noted the best way to keep low income seniors housed is to keep them out of foreclosure. If seniors can't retain home, their prospects for finding affordable housing are very, very limited. There are a lot of owners paying only $800 per month in mortgage payments; finding a rental at that price is pretty hard.

Senior homeowners can lose track of mortgage payments due a change in the servicing institution (they keep paying the old servicer) or are unaware of what to do when a spouse who used to take care of the mortgage passes.

Although there are more protections in place for homeowners than renters, many homeowners are not aware of programs to assist them. Continued education about such programs is needed.

Solutions. Stakeholders offered solutions for addressing the needs they identified:

- MFA should consider modifying its programs to be sure that they are maximizing homeownership potential:
  - Offer flexibility in DTI threshold for borrowers who have good credit and/or have faced historical barriers to wealth accumulation ;
  - Allow for a higher AMI threshold to qualify for down payment assistance and lending programs in high cost areas;
  - Raise the amount of down payment assistance and/or price limits;
  - Raise the amount of money provided for a second lien;
  - Maximize partnerships with small and local lenders; and
  - Invest in resident education about available ownership programs, how to build good credit, and where to seek foreclosure assistance.
- MFA should also work to counter the impression by real estate agents, sellers, and lenders that MFA funded loans take longer and require more of a seller.

Mobile/Manufactured Homes

Stakeholders participating in discussions about mobile homes had expertise in park and unit ownership and sales, and park tenant and owner advocacy.

Stakeholders representing the ownership and sales industries described several barriers to obtaining a loan for a manufactured or mobile home. One stakeholder articulated lenders they've worked with only provide loans to homes on permanent foundations. Another stakeholder spoke to the administrative burdens of getting a loan for a manufactured/mobile home, specifically all of the *"documents needed up front,"* including a deactivated title and structural engineer report. Because of the lack of structural engineers in northeast New Mexico, they need to get engineers from other areas in the state to conduct the inspection, which adds time and cost to the entire process. The stakeholder emphasized how expensive these upfront costs can be for the potential purchaser, noting that *"…in this current market, the seller is not paying for anything."*

Stakeholders felt that MFA does a good job supporting manufactured home purchases. The biggest challenges to using MFA's programs are income limits (which can be too low for some households) and amount of the second lien, regardless of the collateral.

Stakeholders who work for mobile home manufacturers and/or own and operate parks describe the products as a unique solution to homeownership—one that is attractive to a range of buyers. Supply chain challenges and lack of land near the state's more urban and growing areas has posed challenges in meeting demand.

Costs to purchase homes have increased rapidly: a manufactured home today (900 sq ft, single wide) starts at $70,000; this includes appliances. Utility connections add another $15,000, and land costs $40,000 to $45,000. Homes can resell at $250,000; recently $150,000 was the average.

Lack of land to place manufactured homes has become a problem. Local governments can be slow to produce *"placement permits."* Mobile home park buyers can be put in a situation where they are paying for the home and the lot but do not yet have a permit—and are therefore paying for a home they cannot occupy. Local governments must get better in issuing permits. In Santa Fe, homes must be placed within a mobile home subdivision. But new subdivisions haven't been permitted since the 1990s.

Advocates began by discussing the limitations of the state's Mobile Home Park Act. Advocates felt the Act could be strengthened by:

- Covering park occupants who rent the mobile home. The Act currently only applies to residents of parks who own their unit. Renters are covered by standard tenant laws and agreements that are not as favorable.
- Covering park occupants who own recreational vehicles (RVs). People who live in RVs and rent a lot in a mobile home park have no protections under the Act.
- Limit exorbitant lot rent or unit rent increases. Frequent increases are common in short term leases (especially month to month increases), and make it difficult for tenants to plan and prepare for the additional cost. Those most vulnerable live in areas where housing is limited and employment has increased rapidly—e.g., communities near oil fields.
- Expanding the familiarity and knowledge of the Act by park owners, as well as local judges who are enforcing the act. Many times, parks are owned by out of state owners who are not aware of the Act or do not treat occupants fairly (e.g., including terms in new leases for maintaining park infrastructure, such as gas lines). Local judges in many rural areas are unaware of how to enforce the Act.
- Clarifying the *"right to cure"* provisions of the Act; this should be made more explicit in the Act.

A mobile home unit owner who is evicted can have a very hard time finding a replacement lot in a park. Owners face the risk of not being accepted in other parks if their home is too old, and homes are expensive to move—about $5,000. Some owners of parks take advantage of this condition, impose small fines on occupants that build up leading to an eviction, and will offer to purchase the mobile home as part of eviction proceedings, usually at a below-market price—a new form of blockbusting. Advocates feel that strengthening the state's eviction laws would help prevent this predatory behavior and stabilize the housing for both renters and owners in mobile home parks.

Similar to advocates, mobile home manufacturers are also concerned with *"lot rent increases creating hardships. A lot of people who continued to work during the pandemic didn't get pay increases—but their lot rents went up. Parks are forcing owners out and buying their homes to rent."* The high lot rents prevent some buyers from getting mortgages.

Solutions. In addition to strengthening provisions of the Mobile Home Park Act (see recommendations above), advocates recommended:

- Pursue funding for a fair housing enforcement nonprofit in New Mexico, through foundations and eventually HUD;
- Explore how MFA could incentivize or require more reasonable eviction and lease terms by park owners through federally backed mortgages and/or federal and state funding; and
- Create a permanent homeowner assistance fund for mobile park owners to avoid eviction and loss of their homes when faced with lot rent increases that they cannot manage.

Housing Production

When asked about the current state of housing production, one stakeholder described the market as:

"Highly competitive and not geared at all for people with low incomes."

Several stakeholders reported that builders are unable to keep up with demand, mostly due to supply chain issues (e.g. cost of lumber, acquiring materials).

Others said that production had been lacking for decades. One stakeholder from northeast New Mexico shared that new housing had not been built in their area since the 1980s, noting that they *"wish we could get developers to build apartment complexes here…we think there is a market out here."*

Many stakeholders attributed slow production to government processes.

"The rules that we have currently in place to put affordable housing on the ground don't actually lead to getting affordable housing built."

One stakeholder described the development review and permitting processes as *"bureaucratic and slow."* Although local governments are allowed to outsource plan reviews to the private sector, most don't. Another stakeholder described local governments not as "*understaffed but under-led*" and wished that the private sector played a bigger role in this area to *"free up administrative bottlenecks"*.

A very common complaint was related to state regulations for building inspectors and code compliance. Developers described the code compliance system as a *"patchwork of enforcement"* where the state has become the main organization providing code enforcement but there is not enough capacity at the state or local level. This means builders have to pause construction while waiting for inspections; the problem is acute in rural areas. Developers indicated that code requirements and inspections requirements should be proportional to the state's enforcement capacity and code requirements should pass a cost benefit analysis. For example, it is now as expensive to build in Los Lunas as in Albuquerque because they now have the same building standards—yet less labor available.

Developers suggested 3rd party permit review and inspection, which in their view is much more efficient and would not cost the state. Some indicated that many states they work in already have such a program, and that this would be low hanging fruit that can help accelerate production.

Stakeholders also noted there is a growing challenge in getting utility companies to work in new subdivisions in a timely manner. Currently, many local governments do not have the capacity to manage new subdivisions. Some utility companies have long waiting lists to get utilities out to new construction projects.

Zoning barriers were raised only for urban areas. Developers said that getting the appropriate zoning to build in smaller lots is difficult, and smaller lots are crucial in building affordable homes. For example, in Rio Rancho all of the zoning is single family, and all the current neighbors expect big lots for new development. In Las Cruces, higher standards to improve neighborhood conditions (sidewalks, green space) have raised costs significantly. Urban areas express the desire to do infill projects, yet can have lengthy and expensive permitting process. For example, some will require a commercial permit for units in a four-plex, which discourages more affordable attached housing. Additional regulations around storm water management in Albuquerque make the cost of getting lots ready very expensive, the cost of land alone is significantly higher than in the past decade.

Some developers raised the additional costs for energy efficiency in LIHTC, acknowledging that "*MFA is trying to do the right thing and build the best housing*" but that requirements can add between $80,000 to $100,000 in compliance costs to a development. Similarly, one developer described the QAP points for fresh food as "*silly*" and recommended that small vendors count toward the points, especially in areas where grocery stores are closing.

When asked about incorporating new technologies into building to reduce building time, stakeholders acknowledged this was a solution that needed to be more intentionally explored. Many jurisdictions are unfamiliar with the potential: *"It's hard to be disruptive in many New Mexico communities."* New Mexico needs to be more innovative and competitive; new technologies are easier to achieve in California, or Colorado. New Mexico has a great solar incentive tax credit program and could consider the same for new technologies in residential development.

Developers also noted that jurisdictions economic development strategies do not incorporate the need for housing. They agree that municipalities should include land subsidies into the packages they offer big employers to come to town. They need to realize that they need the infrastructure to support employment growth. Some developers proposed that the state look into some form of regulation that ties housing production to employment recruitment efforts; if municipalities cannot house the extra workers they should not offer economic incentives to employers.

One stakeholder spoke about the barriers to participating in the LIHTC program, noting that their small operation does not have the appropriate amount of funding to participate in the program. They noted that they have the staff and experience to run small affordable housing properties well and efficiently but don't necessarily want to rely on others to participate in the program, noting *"[Our organization] is mission driven but we can't move forward [in the LIHTC] program without forcing ourselves on a partnership."*

Another stakeholder agreed, noting that even though there is demand for smaller developments in rural towns throughout the state, MFA funding was limited in addressing this need. Several stakeholders felt their organizations were *"overshadowed*" because they work with 5 to 15-unit developments even *though "[they] are one of the most effective people doing this work."* They also felt more rural parts of the state, when it came to affordable housing development, were overlooked by MFA.

NIMBYism. When asked directly about zoning and land use barriers, stakeholders said NIMBYism and the entitlement process were the primary barriers inhibiting the production of housing (versus land use regulations or code).

NIMBYism in Albuquerque and, secondarily, Santa Fe, was most frequently cited by stakeholders. Increasingly, developers in Albuquerque find neighborhood opposition to projects a bigger barrier to construction than zoning. They believe that the City gives too much power to community members; this is especially the case in Albuquerque under the new Integrated Development Ordinance. It is increasingly common for developers to face community resistance after initial project investment, which adversely affects budgeting and increases project risk and uncertainty.

A developer in Silver City mentioned getting pushback for building next to a mobile home community, while acknowledging that, generally, smaller towns are easier to work with (especially Ruidoso, Deming, Carlsbad, Hobbs).

Stakeholders feel that education is key to address some of the NIMBYism. In many places not even the city council members are aware of the affordability challenges faced by their communities. Some stakeholders suggested that MFA invest in a public relations and communications campaign to help change local officials' and public opinion about affordable housing. Local officials and the public do not understand that the quality of affordable housing—and the tenant screening process—is much higher than some market rate developments. *"Affordable housing gets inspected consistently, has higher quality standards, and can't accept certain very high risk populations."*

One stakeholder offered that the state could have a housing advocate to represent the needs without being seen as biased. In addition, talking about the housing continuum can help with the public and the messaging, and making the public understand the broader consequences of housing: *"If we reduce housing costs we can reduce poverty and increase local spending."*

Solutions. Stakeholders had several different ideas related to creating more housing throughout the state.

- Some stakeholders felt that using tax credits to build low income housing was the most effective strategy, advocating for more money from the federal program to build these projects. One stakeholder noted that "…there are just not many people who will put money into brand new low income projects, especially when you can get a big return on market rate projects."
- Other stakeholders felt that relying on tax credit projects to build affordable housing should not be the end-all, be-all approach. One stakeholder articulated that "there needs to be a much more robust way to attack the problem [of building affordable housing]."
- Rural stakeholders advocated for programs that would facilitate developments of smaller developments.
- To facilitate new technologies in building, MFA could support demonstration projects, to help local governments and developers understand the potential.
- Many stakeholders advocated for MFA sponsored public relations and communications campaign to help change local officials' and public opinion about affordable housing.
- All stakeholders agreed on the need to revise the state building inspection and code compliance regulations to be more efficient and streamlined.

Preservation/Rehabilitation/Weatherization

Stakeholder discussions associated with preservation, rehabilitation, and weatherization spanned a variety of issues, from QAP incentives, to energy efficiency requirements, to increasing the amount and allocation of funding.

Qualified Allocation Plan (QAP). Stakeholders generally agree that the current QAP prioritizes new construction over rehabilitation—and that this works against the needs of rural areas. Stakeholders noted that for rehabilitation projects to be competitive, they need more gap financing. Stakeholders who work nationally noted MFA is more reasonable and easier to work with compared to other states, and that having rolling applications is a huge help.

Green building standards in the QAP are difficult to meet with rehabilitation projects. A lot of the units that need rehabilitation are built before 1970, which makes adding insulation very hard. The only solution to meet green building standards is to fully reframe the walls—significantly raising costs.

Stakeholders also talked about how the HERS score for energy efficiency (65 or lower) is not feasible for 4% projects and suggested that MFA consider different benchmarks for 4% deals.

Weatherization and rehabilitation applications and funding. Stakeholders raised other technical barriers in applications. For some, multifamily units are treated as single family units, meaning that every tenant needs to submit an application, and 66% of tenants must qualify as low income for the property to qualify.

Multifamily units and units in warmer areas of the state present an additional challenge. The smaller size of multifamily units means the heating space is smaller even though the cost of a new furnace is the same, bringing down the SIR (savings to investment ratio, which has to be greater than one)—and returning a lower return for smaller units. In such cases, adopting a programmatic approach that allows the SIR to range (for example between .9 and 1.2) but still achieve an average of 1 would work better.

Rural stakeholders said that low income and elderly households are not well-informed about weatherization grants. These households do not have access to computers, and need hands on assistance to apply. If would be nice for MFA to hold office hours in the region to take applications.

Another challenge in rural areas is workers have to travel far to get to the sites and grants must cover travel costs, increasing overall costs. The state's additional cost and per diem rates are outdated and do not generally cover the cost of travel. Adjusting the per diem rate or increasing the funding allotment per units in such rural areas (Colfax, Union) would help cover travel costs and make projects more feasible.

Low bid requirements also limit the number of contractors who will take the jobs.

Rehabilitation and weatherization needs. The per unit cost of rehabilitation can be high and varies significantly by project, ranging from $5,000 to $50,000. Most units need basic work—new flooring, cabinets, HVAC systems, water heaters, windows, doors, and a lot of cometic work inside. Less common are new roofs and new ventilation systems. Rehabilitation costs based on one stakeholder's experience with Section 8-acquired properties are closer to $50,000 per unit.

Seniors have disproportionate needs, often related to their mobility limitations. Johns Hopkins has a program that one stakeholder would like funding to replicate, where seniors who are leaving institutional care have an occupational therapist who assesses their homes (e.g., for fall prevention) and recommends improvements.

The exception is the Colonias, where families often live in overcrowded and very unsafe conditions. The use of propane tanks inside the homes for heating is common, as is improper electrical wiring from one home to another.

Stakeholders in rural areas said the allocation of weatherization and rehabilitation funding is severely inadequate compared to needs.

"The EnergySmart and rehab programs are heavily oversubscribed."

Waitlists for weatherization programs can range anywhere from 6 months to 5 years and it is estimated three fourths of units in the state need some weatherization update. This is driven by the high need in rural areas where it is common for people to add rooms to their homes themselves as their family expands. A lot of the funding available for weatherization is allocated through population based formulas which means small rural counties can get just 2 to 3 units per year.

Stakeholders also noted that more rehabilitation incentives for residents that own their homes should be considered as many residents are land or home rich but income poor and do not have the cash to keep up their homes. This housing stock is in danger of being lost to investors.

One stakeholder noted there is a very high need for rehabilitation dollars for public housing units in Albuquerque, where most of the units were built in the 1970s—it is estimated over 80% of the public housing units need rehabilitation. The federal government has historically and consistently under-funded public housing capital improvements.

The pandemic brought additional challenges to weatherization needs in the state. Residents were reluctant to have workers in their homes, and a lot of the appliances needed were in short supply. In addition, demand for programs in rental multifamily units decreased, in part due to landlords being more cautious about investment spending under higher uncertainty around collecting rent from tenants.

Solutions to challenges in preservation/rehabilitation/weatherization. Stakeholders offered a number of solutions, many of which were informed by specific challenges they had encountered in preservation/rehabilitation/weatherization projects:

- For 4% rehabilitation deals, make soft money available to support funding gaps.
- Prioritize acquisition and rehabilitation funding for developments that are at-risk of converting to market versus any type of project.
- Consider having different HERS benchmarks for 4% versus 9% deals.
- Reconsider how weatherization and rehabilitation funds are allocated and ensure that the allocation formula aligns with needs (versus overall population distribution).
- Examine funding terms for reasonableness in contractor pay (travel costs, per diems, low bid requirements) and update to make the weatherization and rehabilitation programs more attractive and competitive to other types of work.
- Invest in training new workers who serve rural areas to get required certifications to conduct improvements and inspections.
- Increase funding for weatherization and rehabilitation, and make the applications more accessible—even traveling to communities or working with community navigators to accept applications onsite.
- Explore other funding sources—e.g., through Area Agencies on Aging—to provide improvements to seniors (who are disproportionate beneficiaries of EnergySmart) and free up funding and resources for other types of families.
- Direct funding to improving public housing unit conditions.
- Create a *"displacement index"* to drive the prioritization of rehabilitation dollars. Alternatively, weight allocation of funds based on the age of the housing stock, not the size of the population.

General Topics

Funding. The need for additional funding was mentioned in nearly all of the stakeholder discussions. Stakeholders affirmed that the public sector needed to play a larger role in affordable housing production.

- Stakeholders advocated for capitalizing the State's Housing Trust Fund, particularly for gap financing.
- One stakeholder suggested directing a portion of the state's marijuana tax revenue to fund affordable housing.
- Stakeholders also described the need for flexible funding, with one stakeholder noting that the State of New Mexico *"has this one-size-fits-all delivery mechanism of housing through the tax credit program."* Echoing this, some stakeholders asked for *"one pot of funding that we could draw on for projects that meet our unique needs."*
- Stakeholders noted there is a need for more rehabilitation funds, and a larger separate/stand alone and noncompetitive rehabilitation fund to help local

governments that have abandoned, dilapidated homes develop conservation programs.

- Stakeholders also advocated for a stable source of funding to replace ERAP funds once they all get spent.

Rural capacity. Overall, stakeholders in more rural areas of the state advocated for MFA to be more proactive in communicating and actively engaging with rural communities about MFA programs and resources. In addition to providing information about MFA programs, stakeholders felt that MFA could play a larger role in building capacity in these communities—particularly in addressing supportive service gaps.

Other stakeholders from rural areas asked for a *"toolkit"* to address more complex challenges like infill and condemnation of dilapidated properties.

Other stakeholders thought a simple *"one stop shopping"* state webpage for all resources is needed and would be a low cost solution to getting people resources.

"Local governments do not have a dedicated housing person or a planner for us to work with on initiatives."

One stakeholder noted that their organization is lacking capacity and limited administrative funding makes it difficult to hire staff. Several stakeholders advocated for MFA use their own resources to help support participant organizations, especially providing more flexible funding.

Overall, stakeholders were highly complimentary of MFA staff. They described MFA staff as very committed, willing to innovate, accessible, and easy to work with. One participant noted that MFA staff has been really great in responding to their organization's needs. MFA *"boot camps"* and trainings have been helpful and MFA staff do a great job of listening and allowing people to be heard. Another stakeholder reiterated this sentiment, adding *"[MFA] is very supportive of us even during crazy amounts of turnover…[and] recognizes what we need."*

COVID impacts on housing market. Overall, several stakeholders did not believe COVID-19 was a primary factor in the lack of affordable housing but exacerbated the current housing issues experienced by the state. In 2020, one stakeholder in northeastern New Mexico said that many people were moving to the area to *"get out of the city."* This stakeholder also noted that the remaining available housing supply in the area was bought up in 2020 and 2021. An Albuquerque stakeholder added that *"COVID has intensified everything…housing prices have increased."*

Displacement of low income households. One stakeholder in Albuquerque noted that there is no City-specific strategy to address displacement ; instead, the City is focusing on increasing housing supply and finding housing for unhoused residents. This stakeholder advocated for more state funding to provide housing stabilization support for those at-risk of displacement.

Another stakeholder recommended creation of a *"displacement index"* to drive the prioritization of rehabilitation dollars.

Low wages. A few stakeholders noted that in addition to a limited amount of housing supply, low income workers have not seen wage rate increases at the same level as moderate and high income workers. One stakeholder in northwestern New Mexico said that they've observed a simultaneous decrease in livable wage jobs and increase in housing prices. One stakeholder in Albuquerque emphasized the mismatch between people making low wages and those on fixed incomes with the availability of housing at their price points. They noted this would continue to be an issue if not addressed.

Local government capacity/local government education. Stakeholders primarily pointed to local governments' lack of capacity to help address the affordable housing shortage. Specifically, stakeholders described the lack of capacity for implementing zoning or land use changes to help with market shifts and how long it takes developers to get through the entitlement process.

One stakeholder suggested more education and advocacy for local governments to better understand what goes into a permanent supportive housing project. Stakeholders also advocated for more education around affordable housing along the continuum of needs.

Some stakeholders from urban local governments noted cities need to revamp their codes and start looking at eliminating single family zoning in the core of cities, allowing casitas by right, and encouraging infill with attached products. They need to start looking at opportunities for development created density bonuses, setback flexibility, and reduced fees to take advantage of infill opportunities with existing infrastructure. A toolkit would be a welcome solution.

Stakeholders also noted the state should encourage local jurisdictions to have affordable housing plans. The state needs to help local governments learn how to address housing needs. Some local governments have land available but they need to have an affordable housing plan to take advantage of opportunities.

Climate change concerns. One participant advocated for thinking about climate change in the context of the Housing Strategy. The participant noted the need for density and building housing close to amenities and services, in addition to thinking about the placement of housing in terms of how energy is generated and used. Most cities are not set up for this type of development. Concerns about density and the needs of some residents (e.g., those with mental health issues), can be mitigated by the design and organization of development.

APPENDIX.

SURVEY RESULTS BY COUNTY

APPENDIX.
Survey Results by County

This appendix presents figures for counites where more than 50 responses were collected. These include Bernalillo, Doña Ana, Luna, McKinley, Sandoval, and Santa Fe. This appendix supplements Section V. Resident Survey of the Housing

Figure X-1.
Number of Responses by County

Source:

Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

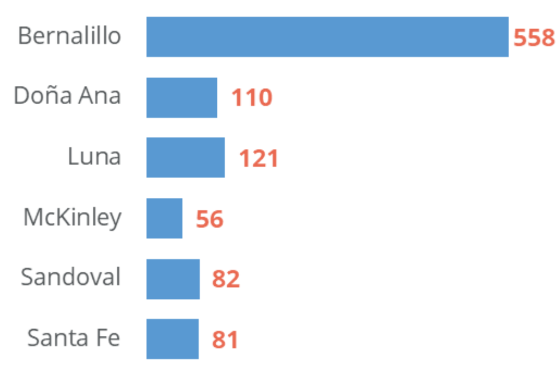


Figure X-2.
Do you currently live with family or friends or others not as part of a lease due to lack of housing that meets your needs?

Note:

n=972.

Source:

Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

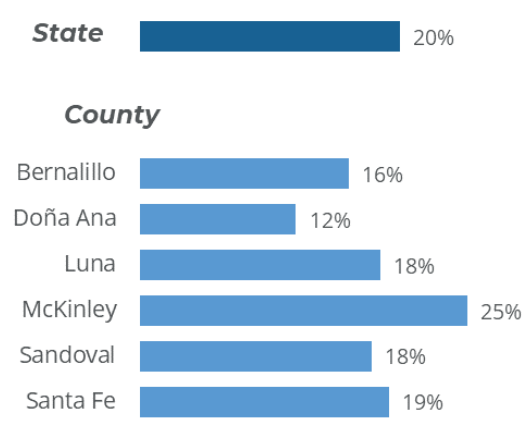


Figure X-3.
Do any of your friends/relatives live with you due to lack of housing that meets their needs?

Note:
n=961.

Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

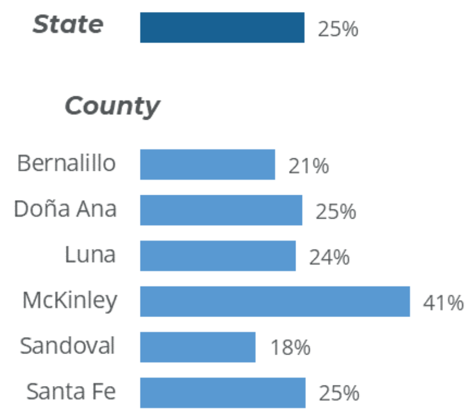


Figure X-4.
How would you rate the condition of your home? (% Fair/Poor)

Note:
n=952.

Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

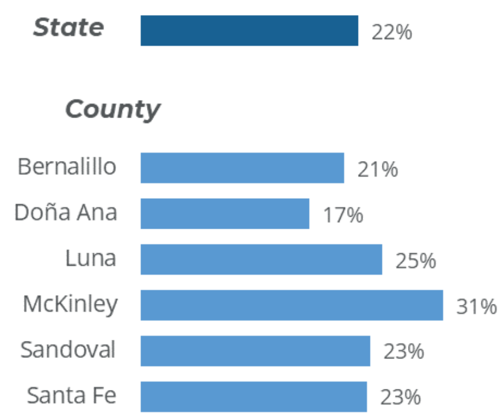


Figure X-5. Owner Housing Costs by County

Note:

Data not reported for samples under 20.

Source:

Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

	Mortgage, Insurance, Taxes	HOA/ Condo Fees	Utilities	Internet
State	$950	$107	$250	$80
County				
Bernalillo	$1,050	$82	$200	$80
Doña Ana	$905	-	$250	$80
Luna	$637	-	$235	$70
McKinley	$498	-	$200	$88
Sandoval	$1,200	-	$300	$80
Santa Fe	$1,156	-	$200	$70

Figure X-6. Renter Housing Costs by County

Note:

Data not reported for samples under 20.

Source:

Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

	Rent	Lot Rent	Utilities	Internet
State	$850	$543	$218	$80
County				
Bernalillo	$925	$650	$200	$75
Doña Ana	$850	-	$250	$80
Luna	$630	-	$250	$80
McKinley	$445	-	$200	$73
Sandoval	$1,250	-	$300	$90
Santa Fe	$1,186	-	$300	$78

Figure X-7.
COVID-19 Housing Impacts, by County

25% Above State average

25% Below State average

	State	Bernalillo	Doña Ana	Luna	McKinley	Sandoval	Santa Fe
Valid cases	1,200	480	95	108	49	73	67
I/we have skipped payment(s) on some bills	27%	25%	37%	14%	43%	34%	37%
I/we have taken on debt to pay housing costs (e.g., credit cards, payday loans, loans from family/friends)	21%	19%	26%	15%	22%	25%	21%
I/we have paid less than the minimum amount due on some bills	21%	20%	28%	10%	33%	29%	24%
I/we paid only part of our rent or mortgage payments	19%	18%	23%	8%	14%	22%	21%
I/we paid our full rent or mortgage late	14%	12%	13%	5%	6%	25%	36%
Family/friends moved in with me/us	12%	12%	13%	6%	22%	10%	12%
I/we continued to live in housing in poor condition	9%	9%	4%	6%	12%	4%	13%
I/we picked up more work/another job	9%	8%	9%	6%	8%	8%	12%
Other (please specify)	8%	10%	8%	6%	8%	15%	7%
I/we moved in with family or friends	6%	6%	3%	6%	10%	4%	7%
I/we continued to live in an unsafe family situation	3%	3%	0%	1%	12%	1%	4%
I/we rented part of our house/a room	3%	2%	2%	2%	2%	0%	3%
I/we turned our home into a vacation rental	1%	1%	0%	0%	0%	0%	1%
My housing situation has not been affected by the COVID-19 crisis	36%	37%	34%	54%	27%	38%	21%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure X-8.
What do you feel you need to improve your housing security/stability? By County

25% Above State average

25% Below State average

	State	Bernalillo	Doña Ana	Luna	McKinley	Sandoval	Santa Fe
Valid cases	1,236	493	101	112	50	74	68
Help me pay rent each month	26%	31%	21%	12%	22%	31%	31%
Help me with a down payment	20%	24%	26%	12%	16%	26%	28%
Give me money to make critical repairs to my home (heating, cooling)	20%	14%	21%	20%	28%	18%	24%
Find a home I can afford to buy/increase inventory of affordable for sale homes	18%	20%	22%	6%	8%	23%	31%
Help me get a loan to buy a house	18%	22%	25%	7%	10%	20%	24%
Help me with the rental housing search	10%	13%	13%	3%	4%	9%	12%
Other (please specify)	9%	11%	12%	8%	10%	14%	12%
Have someone routinely help me care for my home	9%	10%	2%	11%	4%	11%	13%
Find a landlord who accepts Section 8	6%	7%	7%	4%	2%	4%	1%
Give me money for disability accommodation	6%	6%	4%	4%	4%	7%	6%
Prevent landlords from evicting me for no reason	5%	5%	5%	3%	0%	5%	10%
Move to a different city/town/county	5%	5%	4%	5%	0%	4%	10%
Help me learn how to be a good renter, how to get along with my landlord	3%	3%	1%	2%	4%	1%	4%
Get me someone to help me care for myself in my home	1%	1%	0%	3%	0%	1%	1%
I am satisfied with my housing situation	31%	28%	31%	44%	26%	36%	25%

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure X-9.
Displacement Experience and Reasons for Displacement

	Percent Displaced	Reason for Displacement: I was behind on rent	Rent increased more than I could pay	Landlord was selling the home/apart ment	Lost job/hours reduced	Landlord wanted to rent to someone else	Landlord wanted to move back in or move in family	Forced out for no reason	Health reasons	Housing was unsafe
Region										
State	27%	22%	18%	17%	15%	10%	9%	8%	8%	7%
Bernalillo	27%	25%	22%	15%	16%	10%	9%	9%	10%	6%
Doña Ana	25%	15%	15%	31%	15%	0%	4%	8%	8%	12%
Luna	19%	29%	14%	5%	14%	10%	5%	5%	10%	5%
McKinley	14%	0%	14%	0%	0%	0%	14%	14%	0%	0%
Sandoval	20%	27%	13%	33%	7%	0%	7%	7%	0%	13%
Santa Fe	29%	14%	33%	29%	19%	14%	0%	10%	10%	10%

Note: n=1,294 for percent displaced, n= 347 for reason for displacement.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

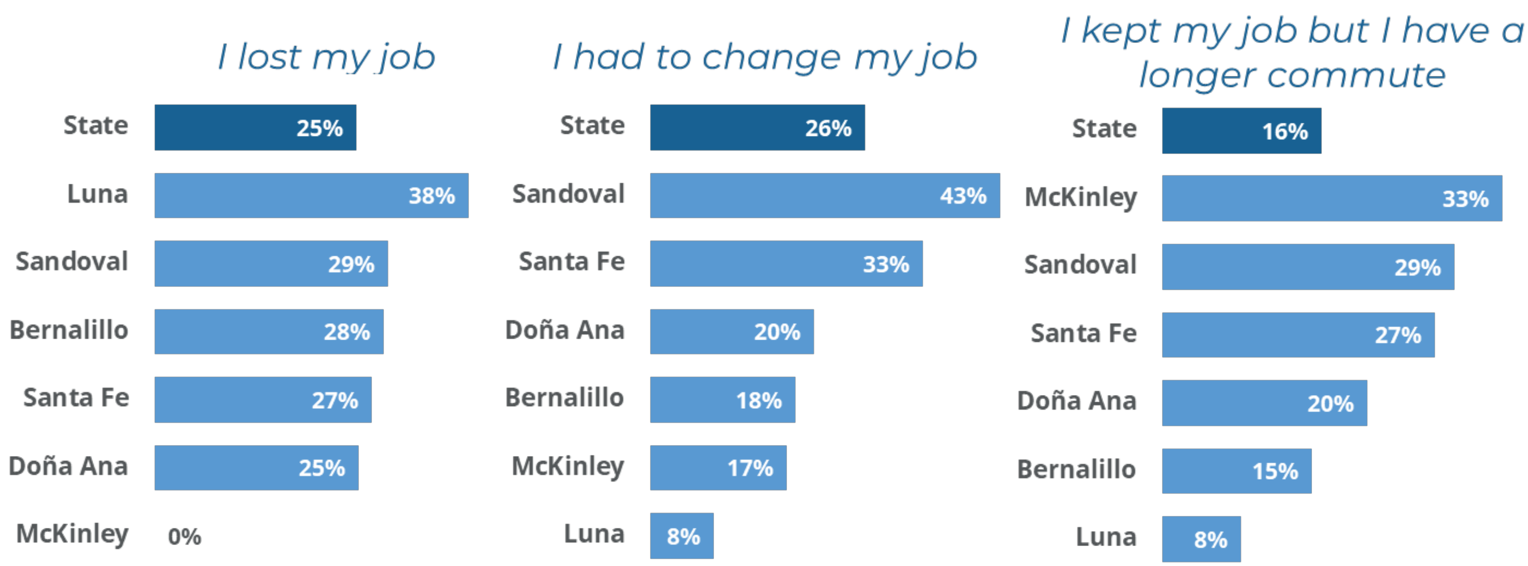
Figure X-10.
Displacement Experience and Reasons for Displacement (continued)

	Percent Displaced	Reason for Displacement: Because of apartment rules	Legal eviction	Utilities were too expensive	Poor condition of property	Career move/job change	Natural disaster	Foreclosure	Landlord converted apartment to short term rental
Region									
State	27%	7%	7%	7%	7%	6%	2%	2%	2%
Bernalillo	27%	6%	7%	7%	5%	6%	1%	2%	1%
Doña Ana	25%	4%	8%	23%	8%	8%	0%	4%	0%
Luna	19%	10%	5%	10%	14%	5%	0%	0%	5%
McKinley	14%	14%	14%	0%	14%	0%	0%	0%	0%
Sandoval	20%	7%	7%	7%	7%	0%	0%	0%	0%
Santa Fe	29%	5%	5%	0%	19%	5%	5%	0%	0%

Note: n=1,294 for percent displaced, n= 347 for reason for displacement.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure X-11.
Did you lose or have to change your job as a result of (an involuntary housing) move?



Note: n=157.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure X-12.
If you have children, did your children have to change schools as a result of the move? (%Yes)

Note:
n=157.

Source:
Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

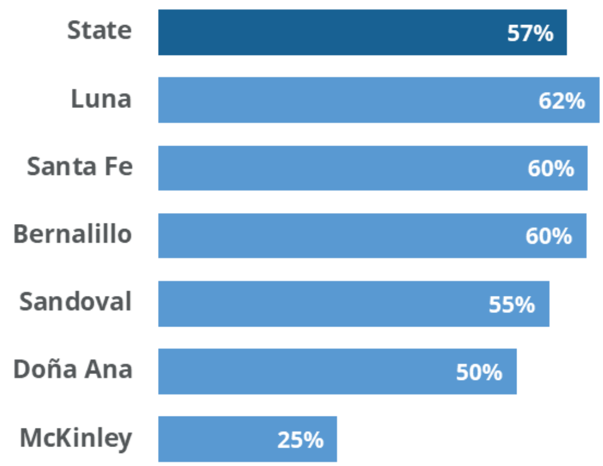


Figure X-13.
Moving Plans and Reasons for Moving

	Percent Plan to Move	Primary Reason for Move						
		I rent and want to own	To find a more affordable home to rent	To find a more affordable home to buy	Want a larger home/larger lot	I want to move to a different city/town	I want to move to a different neighborhood	Want to retire
Region								
State	45%	23%	13%	13%	11%	6%	4%	3%
Bernalillo	51%	21%	15%	13%	11%	4%	6%	4%
Doña Ana	42%	44%	10%	10%	10%	8%	0%	3%
Luna	33%	25%	8%	6%	14%	11%	6%	0%
McKinley	27%	23%	15%	15%	23%	0%	0%	0%
Sandoval	48%	21%	9%	15%	15%	3%	3%	0%
Santa Fe	47%	31%	22%	9%	9%	6%	3%	3%

Note: n=872 for percent who plan to move, n= 392 for reason for moving.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure X-14.
Moving Plans and Reasons for Moving (continued)

	Percent Plan to Move	Primary Reason for Move							
		Find a job outside of this city/town	Want a smaller home	Live closer to place of work	I need a place that is easier to take care of	I want to turn my home into an income-producing property	I need a place where I can get services/someone can help care for me	I own and want to rent	My landlord is converting my rental into a vacation rental
Region									
State	45%	3%	3%	2%	2%	1%	1%	1%	0%
Bernalillo	51%	3%	1%	0%	1%	2%	1%	0%	0%
Doña Ana	42%	3%	3%	0%	0%	0%	0%	0%	0%
Luna	33%	3%	6%	0%	8%	0%	0%	0%	0%
McKinley	27%	8%	0%	8%	0%	0%	0%	0%	0%
Sandoval	48%	0%	6%	9%	0%	0%	0%	0%	0%
Santa Fe	47%	3%	0%	0%	0%	3%	3%	0%	0%

Note: n=872 for percent who plan to move, n= 392 for reason for moving.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure X-15.
Housing Type and Housing Availability

	Place offers the type of housing you would like to move to	Type of Housing You Want to Move to: Larger single-family home	Smaller single-family home	Home with a larger yard	More affordable home or apartment	Newly constructed/remodeled home or apartment	Townhome/condo	Home without stairs
Region								
State	45%	39%	24%	23%	23%	15%	10%	8%
Bernalillo	50%	39%	25%	26%	27%	10%	13%	8%
Doña Ana	41%	50%	33%	36%	39%	22%	22%	19%
Luna	34%	32%	18%	9%	18%	21%	3%	3%
McKinley	31%	46%	23%	15%	23%	23%	0%	0%
Sandoval	47%	53%	15%	15%	15%	15%	6%	3%
Santa Fe	42%	47%	31%	25%	22%	19%	16%	6%

Note: n=386 for percent who think the current place offers the type of housing they want like to move to, n= 224 for type of housing they want to move to.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure X-16.
Housing Type and Housing Availability (continued)

	Place offers the type of housing you would like to move to	Type of Housing You Want to Move to: Larger apartment	Home with smaller yard	Home with more walkability	Retirement community / seniors-only	Smaller apartment	Assisted living	I plan to move in with family	Group home
Region									
State	45%	8%	6%	5%	4%	4%	1%	1%	0%
Bernalillo	50%	11%	4%	8%	4%	4%	0%	0%	0%
Doña Ana	41%	8%	11%	11%	6%	0%	0%	0%	0%
Luna	34%	3%	3%	3%	3%	3%	0%	0%	0%
McKinley	31%	8%	0%	0%	0%	0%	0%	0%	0%
Sandoval	47%	6%	0%	0%	0%	6%	0%	0%	0%
Santa Fe	42%	6%	6%	3%	9%	9%	3%	0%	0%

Note: n=386 for percent who think the current place offers the type of housing they want like to move to, n= 224 for type of housing they want to move to.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

Figure X-17.
Top 5 Barriers to Homeownership, by County

	County													
TOP 5	State		Bernalillo		Doña Ana		Luna		McKinley		Sandoval		Santa Fe	
1	Can't come up with a down payment	32%	Can't come up with a down payment	31%	Can't come up with a down payment	46%	Can't come up with a down payment	33%	Bad credit/low credit score	43%	Can't come up with a down payment	41%	I have too much debt to qualify for a mortgage	31%
2	Bad credit/low credit score	27%	Bad credit/low credit score	31%	Bad credit/low credit score	37%	There is no affordable housing I want to buy	21%	I have too much debt to qualify for a mortgage	35%	Bad credit/low credit score	30%	Housing is not affordable to buy where I want to live	25%
3	I have too much debt to qualify for a mortgage	25%	I have too much debt to qualify for a mortgage	26%	I have too much debt to qualify for a mortgage	29%	Bad credit/low credit score	18%	Can't come up with a down payment	17%	Housing is not affordable to buy where I want to live	15%	Can't come up with a down payment	25%
4	Housing is not affordable to buy where I want to live	19%	Housing is not affordable to buy where I want to live	22%	Housing is not affordable to buy where I want to live	17%	I have too much debt to qualify for a mortgage	15%	Affordable housing isn't available at all	13%	I have been told by lenders that I won't qualify for a loan	15%	No credit history	16%
5	There is no affordable housing I want to buy	12%	There is no affordable housing I want to buy	14%	Cash and above-market offers by other buyers	10%	Housing is not affordable to buy where I want to live	15%	No credit history	13%	Cash and above-market offers by other buyers	15%	Affordable housing isn't available at all	13%

Note: n=373.

Source: Root Policy Research from the 2022 New Mexico Housing Needs Resident Survey.

APPENDIX.

WHY HOUSING MATTERS

APPENDIX.
Why Housing Matters

This section synthesizes academic research supporting the benefits provided by increased access to adequate affordable housing.

Six benefits to increasing and providing affordable housing are featured and expanded upon in this section:

- Improved child development,
- Better mental and physical health conditions and outcomes,
- Economic growth and public sector cost savings,
- Reduced poverty and economic mobility, and
- Improved environmental quality.

The benefits identified here make clear the importance of housing in not only supporting lower-income families and individuals but contributing to the well-being of the entire state.

Despite the many benefits associated with adequate housing supply and housing stability, the expansion of housing is often met with resistance from existing residents, especially homeowners. Resistance is particularly strong against affordable housing and higher density housing.

Fear of the deterioration of property values is at the center of opposition to affordable housing development in many neighborhoods. Homeowners' concerns typically range from increased traffic, on-street parking, neighborhood crime, and effects on property values. While concerns about potential negative spillovers from higher density and multifamily housing nuisances are valid, there is not enough strong empirical evidence to validate such concerns. Most of that research has focused on the effects of affordable housing developments.

A meta-analysis that focuses exclusively on high quality research that uses rigorous statistical analysis of large datasets conducted since 2000 provides an evaluation of the impacts of Low-Income Housing Tax Credit (LIHTC) development on surrounding neighborhoods. [i] The analysis found that LIHTC is a useful tool for new residential investment and community revitalization, especially for lower income neighborhoods. Although in higher income neighborhoods the impacts are less robust, the results do not suggest affordable housing is detrimental to neighboring property values. In addition, there is little to no evidence that LIHTC developments cause an increase in crime or decrease in school quality. Moreover, tenant mix, property design, and ongoing property management can help mitigate negative impacts.

How Housing Affects Child Development

Housing instability is not only a consequence of poverty, but a cause of poverty. Households that lack affordable housing are also more likely to involuntarily move frequently—and frequent movers have lower educational outcomes, labor market stability, and health outcomes.[2] Instability can determine income trajectories of children. Studies have shown that children who are stably housed often have better educational and labor market outcomes. A study of children's participation in public and voucher-assisted housing, for instance, found that childhood participation in assisted housing reduces the likelihood of adult incarceration and increases adult earnings.[3]

Children in low-income households who move frequently show increased attention and behavioral problems [4] and lower academic achievement. Furthermore, negative impacts on academic achievement are not only experienced by the children who were displaced. Evidence suggests that schools experiencing high rates of mobility exhibit lower achievement levels among nonmobile children—in other words, high mobility rates negatively affect the achievement of levels of nonmobile children.[5] Despite evidence demonstrating the harmful impacts children experience due to frequent involuntary moves, families with children face high levels of housing discrimination and having children has been identified as a risk factor for eviction.[6]

At its most acute level, housing instability leads to homelessness—which has significant long term consequences for children.

Experiencing homelessness at a young age has long-standing impacts on wellbeing. Homeless children are more likely to become ill and have more academic and behavioral problems. [7] Researchers collected data between 2009 and 2014 from over 20,000 caregivers of low income children under the age of four and found that children who experience homelessness were more likely to be in fair or poor health and were more likely to be at risk for developmental delays, compared to low income children who were never homeless.

In addition, the study found that children who experienced *only pre-natal homelessness* were more likely to be in fair or poor health and more likely to have been hospitalized since birth, compared to children who did not experience pre-natal homelessness.[8] This can lead to high health care expenditures due to emergency department and inpatient hospital use.

In San Francisco, researchers conducted a study to estimate the mortality rate for a cohort of street youth and found that homeless youth in San Francisco experience a mortality rate over ten times that of the state's general youth population.[9]

How Housing Affects Mental and Physical Health

Mental health. Housing instability is linked to poor mental health outcomes. Foreclosure, for instance, has been found to have negative impacts on physical and mental health.[10] A study focusing on low-income urban mothers—a population at high risk of eviction— found that compared to mothers who were not evicted, mothers who were evicted in the previous year experienced more material hardship, were more likely to suffer from depression, reported worse health for themselves and their children, and reported more parental stress. It also found evidence of lasting impacts: Mothers experienced significantly higher rates of material hardship and depression than peers for at least two years after their eviction.[11]

Physical health. It has long been recognized that living environments have impacts on health. Researchers have studied and analyzed the ways in which housing factors affect people's health and concluded that housing is one of the social determinants of health.[12]

Studies have shown that environmental factors within the home impact health outcomes of residents. For example, children are particularly vulnerable to the toxic effect of lead and can experience profound and permanent health complications due to brain and nervous system developmental problems.[13] This is largely a concern in homes built before 1978, which are more likely to contain lead-based paint and lead in the plumbing systems.

Indoor allergens and damp housing conditions—such as water leaks, poor ventilation, dirty carpets, and pest infestation—play an important role in the development and exacerbation of respiratory conditions including asthma.[14] In 2010, the nationwide cost of preventable hospitalizations for asthma was $1.9 billion.[15] Currently, an estimated 8.4% of adults and 5.8% of children under age 18 years have asthma.[16]

The importance of weatherization efforts will continue to grow as populations age. Cold indoor conditions have been associated with poorer health, including an increased risk of cardiovascular disease. Increased mortality from cardiovascular disease in winter is partly explained by increased blood pressure caused by cold exposure[17] and extreme low and high indoor temperatures have been associated with increased mortality.[18]

More recently, the importance of housing in public health has been highlighted by the COVID-19 pandemic. Social distancing and social isolation are important public health measures that depend on people having access to safe and secure housing.[19] A study analyzing trends in the early months of the pandemic found a strong association between poor housing condition—measured in terms of overcrowding, high housing cost, incomplete kitchen facilities, or incomplete plumbing facilities— and COVID-19 cases and deaths. The study found that a 5% increase in the share of households with poor housing conditions was associated with a 50% higher risk of COVID-19 incidence and a 42% higher risk of COVID-19 mortality.[20]

How Housing Affects Economic Growth and Public Sector Costs

Housing affordability problems continue to grow as house prices and rents grow faster than incomes, and these high housing costs can crowd out spending in other necessities. In 2017, among low-income households, cost-burdened households spent 13% less on food, 40% less on healthcare, and 23% less on transportation compared to households with housing they could afford. Comparatively, severely cost burdened households spent 37% less on food, 77% less on healthcare, and 60% less on transportation.[21]

During economic downturns low-income households with excessive cost burdens—over 50% of income— are also more likely to experience material hardship, including food insecurity, difficulty paying bills, and foregoing needed medical care.[22]

Government spending. There is strong evidence that high housing costs negatively impact the national economy. One study, for instance, covered 220 cities and almost 50 years of American growth and found that high housing prices lead to labor misallocations that have lowered the country's GDP by 9.5%.[23]

Researchers have also provided evidence that unaffordable housing slows growth in local employment. A study looking at U.S. metropolitan areas and counties from 1980 to 2000 found that a one-unit increase in the housing affordability ratio—measured as the ratio of housing prices to income—reduces employment growth by about ten percentage points over ten years. Researchers involved in the study noted that policies that increase housing affordability without reducing local amenities will make a region more attractive to both workers and firms and will lead to faster employment growth.[24]

Costs of homelessness. Housing instability further threatens wellbeing when it leads to homelessness. Low income and lack of affordable housing are the major reasons for homelessness, and homeless persons are more likely to become ill, have greater hospitalization rates, and are more likely to die at a younger age than the general population.[25]

Having a safe place to stay can improve health and decrease health care costs. The Housing First model, in which chronically homeless people with a diagnosis of a behavioral health condition receive supportive housing, has been shown to be cost-effective. In Seattle, a study using a quasi-experimental design comparing Housing First participants[a] relative to wait-list controls between 2005 and 2007 found a total cost rate reduction of 53% for housed participants relative to wait-list controls over the first 6 months of the

[a] The Housing First program removes the requirements for sobriety, treatment attendance, and other barriers to housing entrance.

program, with total cost offsets[b] for Housing First participants averaging $2,449 per person per month after accounting for housing program costs.[26] In Denver, a similar program found a 40% reduction in shelter stays, a 34% reduction in police interactions, a 40% reduction in arrests (40%), and a 27% reduction in jail days among participants.[27]

Keeping families housed is a fiscally sound choice; one study comparing public costs for people in supportive housing to similar people that are homeless in Los Angeles found that providing services for homeless persons can be up to five times more expensive than the costs of supportive housing services. Housing plus supportive care was found to lead to a 79% reduction in public costs for housed residents.[28]

How Housing Affects Economic Mobility and Stability

Employment stability is closely tied to housing stability. Among low-income workers, forced moves are associated with job loss. A study comparing observationally identical workers found that the likelihood of being laid off was between 11 to 22 percentage points higher among workers who experienced a preceding forced move.[29] This is particularly concerning given that the probability of finding employment decreases as the length of time unemployed increases and communities with a higher share of long-term unemployed workers also tend to have higher rates of crime and violence.[30]

Availability of housing in stable neighborhoods is key for economic mobility. A robust body of research has shown that counties with less concentrated poverty, less income inequality, better schools, and lower crime rates tend to produce better outcomes for children in low-income families. Using a larger sample of over 7 million families, researchers found that low-income children who are exposed to better neighborhoods exhibit larger rates of intergenerational mobility. In better neighborhoods, children are also more likely to have higher earnings, higher college attendance rates, and lower rates of teenage births.[31] [32]

Availability of housing is important for economic prosperity. A balanced housing market can alleviate poverty concentrations, which are costly for the community overall—neighborhoods with poverty rates over 20% encourage negative outcomes for individuals like crime, leaving school, and longer duration of poverty spells.[33]

Having an adequate housing supply that allows for the transition from renter to homeowners is important for economic stability. Homeownership is considered one of the most common methods of wealth building, particularly for low- and moderate-income households. The paydown of a mortgage principal can act as savings that allows a family to build wealth, to support retirement and/or pass down to the next generation.

[b] Cost of services included jail bookings, days incarcerated, shelter and sobering center use, hospital-based medical services, publicly funded alcohol and drug detoxification and treatment, emergency medical services, and Medicaid-funded services.

Homeownership can also provide economic stability, as it can serve as a type of protection against inflation and involuntary displacement.

Among older adults, research on homeownership has found that owning a home can help reduce financial risk in retirement. Home equity plays an important role in retirement savings and is one of the largest components of net worth. Although homeowners often don't access the equity directly, they take advantage of the rent-free use of their property.

Home equity is the principal source of savings for most American households. This is especially true for BIPOC households and households in the lower segments of the income distribution. Ownership serves to protect households from the financial risk of rising rents. Numerous studies show that homeowners have more wealth and accumulate wealth faster than non-homeowners. Financially, the returns to purchasing a home are strong, typically matching the stock market on an after-tax basis.

In the long term, homeownership is associated with strong wealth accumulation, particularly for those borrowers who have the ability to maintain homeownership during economic fluctuations. [34]

This form of wealth accumulation also has implications for economic mobility. Children with mothers who own a home have shown to be more likely to own a home themselves and have higher educational attainment than their peers whose mothers did not own a home.[35] Furthermore, homeownership is associated with lower material hardship. During the Great Recession, homeowners were less likely to experience inability to pay bills, unmet medical or dental needs, and food insufficiency—even when comparing families with the same incomes, income instability, liquid assets, age, race, and education.[36]

How Housing Affects Environmental Quality

When it comes to resistance of higher density development, the benefits of development are often overlooked. For example, a study found that compared to lower-density development, higher density development generates less stormwater runoff and less impervious cover, and ensures more space is retained for watershed services, compared to lower density development.[37] Denser development also reduces the amount of water used in lawn irrigation[38] and increases water quality by reducing the per capita runoff volume and pollutant load.[39]

According to research by the Center for Housing Policy increasing density in places with good transportation access to job centers can help add to the ridership base for public transit and reduce transportation costs, commute times, and increase air quality for working families.[40] Multi-family and attached housing consume less energy than single family detached homes, data show that an average multifamily unit uses half the energy of an average single family detached home.[41]

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Tab 12

MEMO

TO: MFA Board of Directors

Through: Strategic Management Committee – August 23, 2022

FROM: Rebecca Velarde, Senior Director of Policy and Planning

DATE: September 14, 2022

SUBJECT: Year 3 (FY 2023) 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 objectives, initiatives and benchmarks for Year 3 (FY 2023).

Background:
MFA's current strategic plan is for FY 2021-2025. MFA will complete the second year (FY 2022) of the plan on September 30, 2022 and will begin the third year (FY 2023) on October 1, 2022. The Strategic Management Committee is recommending changes to some strategic objectives, initiatives and benchmarks to reflect work planned for Year 3.

Summary:
Board approval is requested for changes to MFA's FY 2021-2025 Strategic Plan for Year 3 (FY 2023). MFA will complete the second year (FY 2022) of the plan on September 30, 2022 and will begin the third year (FY 2023) on October 1, 2022. Year 3 strategic plan changes include new/changed strategic objectives, initiatives and benchmarks.

MFA
Housing New Mexico

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.

MFA
Housing New Mexico

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.

MFA Housing New Mexico

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~~ Ensure the benefits package offered continues to attract and retain staff

2021-2025 Strategic Plan Objectives, Initiatives and Benchmarks

MFA
Housing New Mexico

GOAL 1

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

	objective	initiatives
Objective 1	Promote health, safety and environmental efficiency through improvements to New Mexico's existing housing stock.	• Expand and update weatherization and rehabilitation programs • Increase rehabilitation of older single-family housing stock through an acquisition/rehab/resale program.
Objective 2	Reduce the personal and societal costs of homelessness through programs and housing opportunities for persons experiencing or at risk of homelessness.	• Connect more individuals experiencing homelessness with services • Prevent homelessness through expansion of the Rental Assistance Program (RAP).
Objective 3	Strengthen financial security and stability and improve long-term outcomes of low- to moderate-income households through new affordable multifamily housing.	• 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
Objective 4	Increase wealth building opportunities through promoting sustainable, affordable homeownership programs and affordable single-family home development.	• 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
Objective 5	Address unmet housing needs for underserved populations including vulnerable and rural populations.	• 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

benchmarks

1. Provide mortgage financing for 2,043 homebuyers.
2. Maintain average mortgage product utilization of 25% of all FHA loans recorded in New Mexico.
3. Finance the development and/or preservation of ~~850~~ 900 rental and homeownership units.
4. Maintain a 35% exit rate of individuals experiencing homelessness served to permanent housing through EHAP.
5. Achieve annual combined average loan delinquencies of MFA serviced portfolio below ~~9.0~~ 9.5%.
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.	• 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.	1. Achieve an average of ~~1,925~~ 2,118 social media engagements each quarter across all platforms. 2. Expand services of at least one program to an underserved area of the state. 3. Conduct outreach to and/or assist at least ~~105~~ 50 local governments, tribal governments, potential new program partners and/or elected officials. 4. Provide at least 50 formal group training opportunities for property owners, developers, service providers and/or lenders. 5. Implement MFA housing summit or ~~open house~~ networking event.
Objective 2	Strengthen partners' capacity to deliver MFA's affordable housing products and programs in every area of the state.	• Evaluate mechanisms to increase partner capacity	
Objective 3	Expand the network of stakeholders that are committed to affordable housing and housing-related programs.	• 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~~ Lead the implementation of the statewide housing strategy • ~~Evaluate the effect of housing programs on societal issues and consider future collaborations~~	

2021-2025 Strategic Plan Objectives, Initiatives and Benchmarks

MFA
Housing New Mexico

GOAL 3

Maintain judicious financial stewardship and principled, efficient business practices.

	objective	initiatives
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.
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.
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.

benchmarks

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.
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.
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 98% ~~95~~% or greater for compliance monitoring fees.
10. Meet commitment and expenditure requirement of 95% of recurring grant funding.
11. Provide at least $9.7 million ~~$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 source.
14. Improve at least 15 MFA process or resource.

2021-2025 Strategic Plan Objectives, Initiatives and Benchmarks

MFA Housing New Mexico

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.	• Continue evaluating and implementing technology solutions • Address software capacity limits as servicing grows	1. Maintain a RS3 score greater than or equal to 780 ~~765~~, averaged over four quarters. 2. 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. 3. Implement three new software solutions.
Objective 2	Maintain system reliability.		
Objective 3	Protect MFA's data and systems.	• 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.	• Maintain culture and encourage open exchange of ideas • Reward creativity, innovation and performance • Improve communication and collaboration	1. Participate in Annual Employee Engagement Survey and determine and implement actionable steps to address opportunities for improvement. 2. ~~Complete compensation survey.~~ Conduct internal benefits survey and address opportunities for enhancements.
Objective 2	Offer opportunities for staff development and advancement and ensure the transfer of institutional knowledge.	• 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.~~ Ensure the benefits package offered continues to attract and retain staff	• ~~Conduct staffing assessment.~~ Conduct companywide survey to address benefit offerings.	

Tab 15a

Staff Actions Requiring Notice to Board
During the Period of August 2022

Department and Program	Project	Action Taken	Comments / Date Approved
Community Development-HOME Funding	Reallocate 2018 HOME Funds – Espanola Habitat for Humanity	Approval to reallocate a total of $47,534.50 ($46,150.00 in program funds and $1,384.50 in admin funds) remaining from Espanola Habitat for Humanity (EHH) under the 2018 HOME RFP awards to Bernalillo County Housing Department (BCHD).	Approved by Gina Bell on August 24, 2022
Community Development HOPWA-ESG	Reimbursements	Approval for MFA to reimburse Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) subrecipients for pre-award costs that are incurred prior to the effective date of the federal awards to ensure that there is not an interruption in services.	Approved by Policy committee on August 8, 2022
Administration	RFQ for Architectural Services	RFQ for Architectural Services was awarded to Mullen Heller	Approved by Property Committee on September 6, 2022

Tab 15b

COVID-19
Staff Actions Requiring Notice to Board
During the Period of August 17, 2022 – September 7, 2022

Department and Program	Project	Action Taken	Comments / Date Approved

New Mexico Mortgage Finance Authority

Combined Financial Statements

and Schedules

July 31, 2022

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

	COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):	10 months 7/31/2022	10 months 7/31/2021	% Change Year / Year	Forecast 7/31/2022	Actual to Forecast	Forecast/Target 9/30/22
	PRODUCTION						
1	Single family issues (new money):	$289.9	$133.0	118.0%	$289.9	0.0%	$376.0
2	Single family loans sold (TBA):	$83.0	$303.5	-72.7%	$83.0	0.0%	$94.0
3	Total Single Family Production	$372.9	$436.5	-14.6%	$372.9	0.0%	$470.0
4	Multifamily issues (new money):	$24.0	$0.0	0.0%	$24.0	0.0%	$57.0
5	Single Family Bond MBS Payoffs:	$129.8	$134.5	-3.4%	$137.7	-5.7%	$165.2
	STATEMENT OF NET POSITION						
6	Avg. earning assets:	$1,543.3	$1,416.2	9.0%	$1,611.1	-4.2%	$1,611.1
7	General Fund Cash and Securities:	$112.9	$85.9	31.4%	$95.4	18.3%	$95.4
8	General Fund SIC FMV Adj.:	($4.5)	$3.8	-217.5%	$0.0	N/A	$0.0
9	Total bonds outstanding:	$1,302.8	$1,078.1	20.8%	$1,429.1	-8.8%	$1,429.1
	STATEMENT OF REVENUES, EXPENSES AND NET POSITION						
10	General Fund expenses (excluding capitalized assets):	$20.0	$18.6	7.5%	$21.2	-5.7%	$25.9
11	General Fund revenues:	$20.2	$38.1	-47.0%	$23.7	-14.6%	$29.0
12	Combined net revenues (all funds):	($3.2)	$21.5	-115.1%	($0.9)	-253.1%	($1.1)
13	Combined net revenues excluding SIC FMV Adj. (all funds):	$3.3	$17.8	-81.2%	($0.9)	-464.8%	($1.1)
14	Combined net position:	$282.7	$284.8	-0.8%	$284.8	-0.7%	$284.8
15	Combined return on avg. earning assets:	-0.25%	1.83%	-113.8%	-0.07%	-259.5%	-0.07%
16	Combined return on avg. earning assets exluding SIC FMV Adj. (all funds):	0.26%	1.51%	-82.8%	-0.07%	471.4%	-0.07%
17	Net TBA profitability:	0.33%	2.15%	-84.7%	0.17%	94.1%	0.17%
18	Combined interest margin:	0.52%	0.63%	-16.6%	0.44%	18.6%	0.44%
	MOODY'S BENCHMARKS						
19	Net Asset to debt ratio (5-yr avg):	27.14%	29.08%	-6.7%	26.03%	4.2%	26.03%
20	Net rev as a % of total rev (5-yr avg):	10.40%	13.17%	-21.1%	10.69%	-2.7%	10.69%
	SERVICING						
21	Subserviced portfolio	$1,881.7	$1,672.8	12.5%	$1,687.7	11.5%	$2,025.2
22	Servicing Yield (subserviced portfolio)	0.41%	0.41%	0.4%	0.41%	0.5%	0.41%
23	Combined average delinquency rate (MFA serviced)	8.15%	8.05%	1.2%	9.00%	-9.4%	9.00%
24	DPA loan delinquency rate (all)	8.12%	7.25%	12.0%	N/A	N/A	N/A
25	Default rate (MFA serviced-annualized)	0.65%	0.71%	-8.7%	1.30%	-50.2%	1.30%
26	Subserviced portfolio delinquency rate (first mortgages)	11.62%	13.99%	-16.9%	N/A	N/A	N/A
27	Purchased Servicing Rights Valuation Change (as of 6/30/22)	$10.4	$3.5	197.1%	N/A	N/A	N/A

Legend: Positive Trend | Caution | Negative Trend | Known Trend/Immaterial

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

SUMMARY OF BOND ISSUES:

Single Family Issues:

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

Multi-family Issues:

- $11.0 mm Series 2021 JLG Central (October)
- $13.0 mm Series 2022 Vista Mesa Villa Apartments Project (June)

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

● The single-family production has decreased by 14.6% from July last year due to headwinds from rising home prices, climbing mortgage rates, and high inflation. TBA loans sold to date wei 72.7% lower than last year since the execution of the bonds was more favorable than at the beginning of FY21. The issuance of bonds is currently producing a lower mortgage rate than the sales of loans to the TBA market. As a result, MFA is likely to lean more heavily toward bond financing and continue to use the TBA market where appropriate. MFA issued the 2021D Series for $99.9 million in November, the 2022 A Series for $100.00 mm in February 2022, the 2022 C Series bond for $90 mm in May, and the 2022 D Series bond for $99.9 was closed on August 18. MFA also issued Series B refunding for $33.5 million in February. Payoffs slowed by 3.4% due to rising mortgage rates discouraging homeowners from refinancing their loans.

● The multifamily JLG Central bond issue closed in October for $11 million. The bond issue for the Vista Mesa Villa Apartments project for $13m was closed on June 29. The EMLI at Wells of Artesia project for $33m closed on July 28 as a governmental note instead of a bond and will not be included in MFA financials as it is considered conduit debt.

● In ten months of activities, the Return on Average earnings assets was negative 0.25% lower than last year because of an award made to the Homeowner Assistance Fund (HAF) program from the NM Housing Trust Fund on consolidated revenues ($1.1m), the Cost of Issuance of bonds ($2.9m) and YTD SIC Investments losses ($6.6m) and lower TBA loan production curtailing immediate recognition of revenue, has affected general fund revenues and Moody's net revenue benchmark.

● The General Fund expenses increased by 7.5% due to increased compensation, technology system, and services contract for the HAF program, and increased purchase of Mortgage Servicing Rights (MSR), while the General Fund revenue decreased by 47% due to administrative fee income from selling loans to the TBA market significantly lower compared to last year. The State Investment Council (SIC) General Fund portfolio valuation decreased by $4.5 m. While the investment losses are non-operational, they impact General Fund revenues, combined net revenues, and Return on Average Earning Assets.

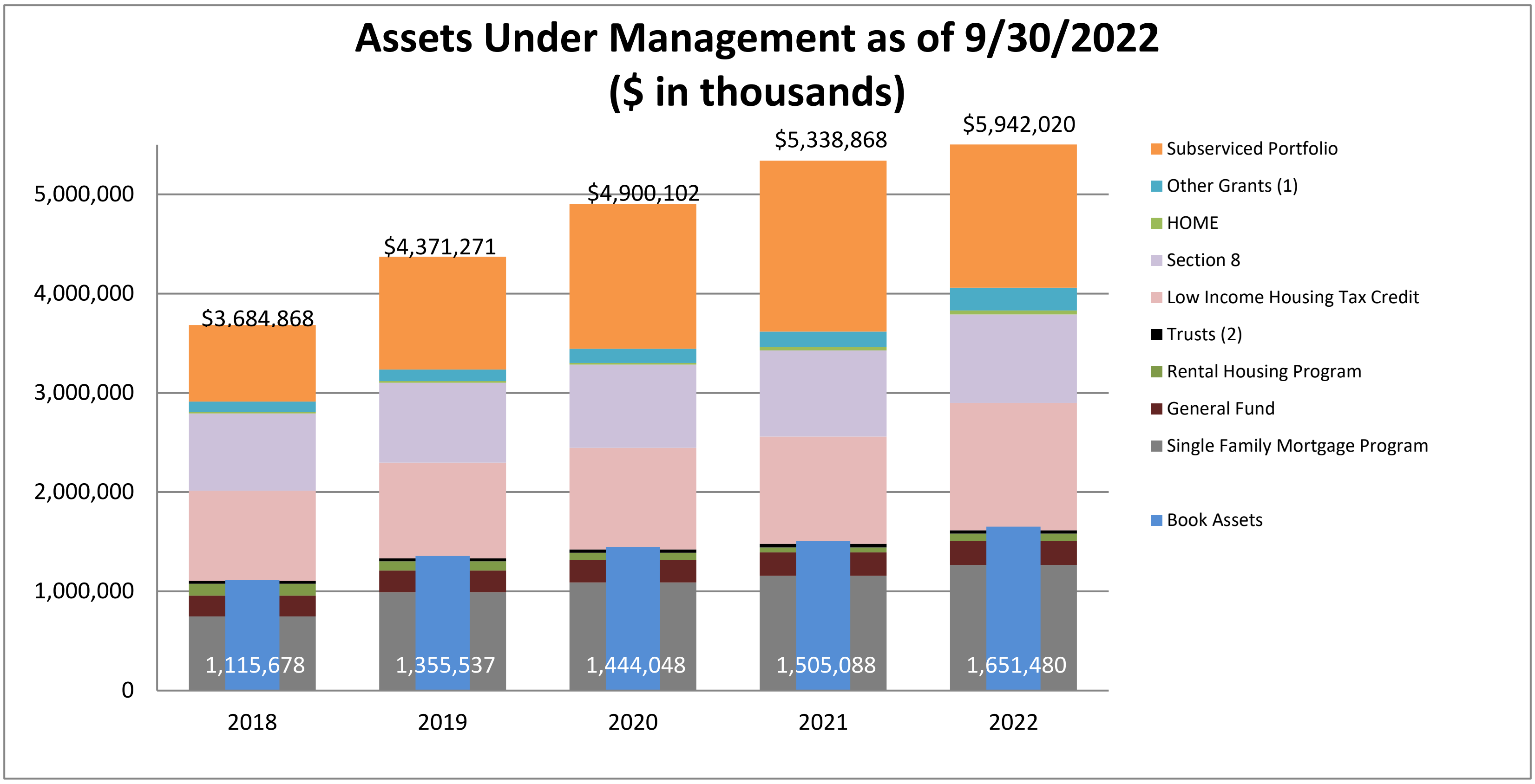
● The combined interest margin of 0.52% decreased from the FY21 year-end mark of 0.68% due to lower income from interest on loans and investments. The interest income is lower as some of the MBS portfolios acquired earlier in the year have lower interest rates and faster prepayments as borrowers refinanced when the mortgage rates were lower. Also, we recently had some of the large multifamily loans paid off.

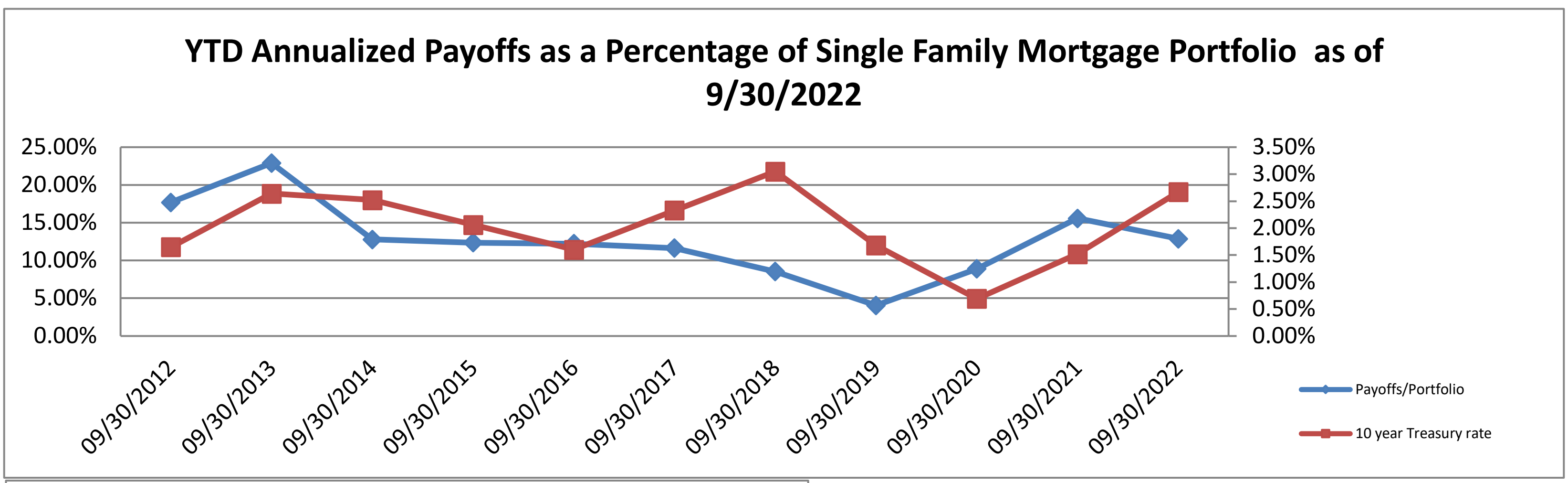
● Based on Moody's issuer credit rating scorecard, MFA's 27.14% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (> 20 %). The net revenue as a percent of total revenue measures performance and profitability. We take caution as MFA's 10.40% ratio (5-year average) is within the lower end of the range (10-15%) because of varied reasons, including board-approved award made through NMHTF for the emergency roofing repair program, cost of issuance of bonds, decreased FMV of SIC investments, lower TBA profitability resulting from market changes and increased expense in the purchase of Mortgage Servicing Rights (MSR).

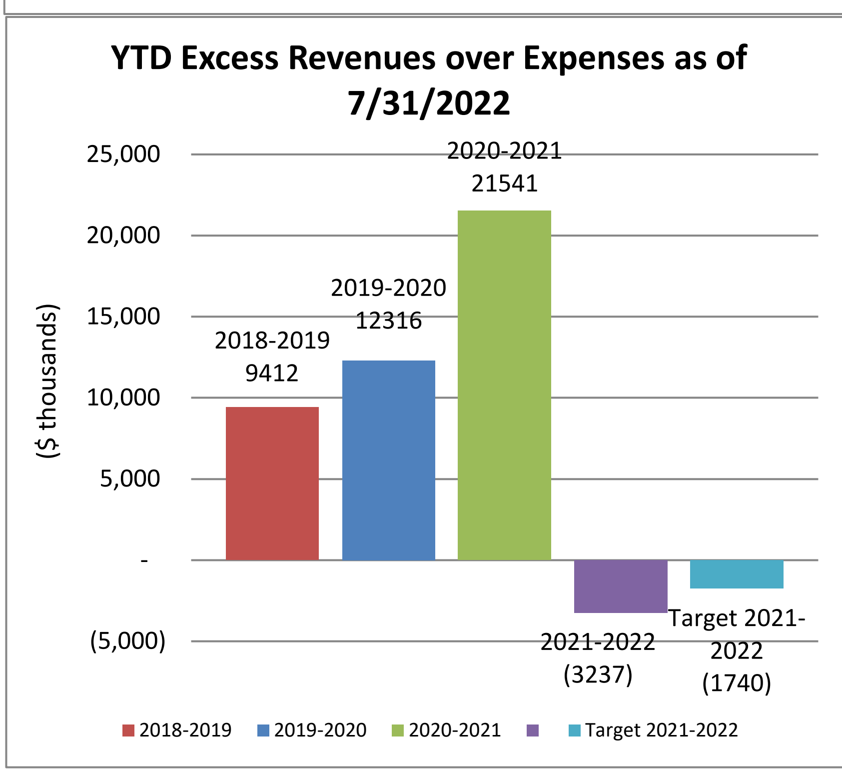
● Moody's Investor Services completed an updated credit opinion on MFA's Issuer Rating in June 2020. They reaffirmed the Aa3/stable rating. Comments included high asset-to-debt ratio, good profitability, and low-risk profile due to mortgage-backed security structure, multifamily Risk Sharing Program, and no exposure to variable-rate debt. Additionally, Moody's reaffirmec the Aaa/stable rating on the single-family indenture in April 2021, noting a growing asset to debt ratio and stabilizing profitability.

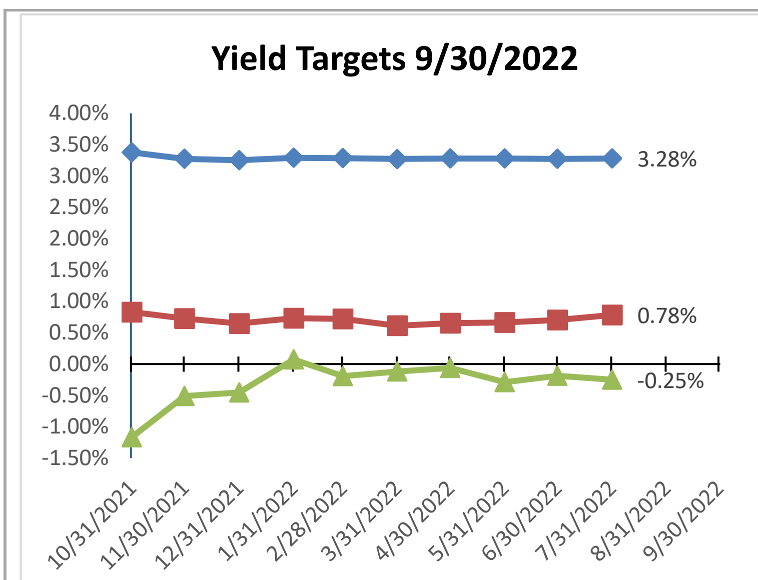
● The Servicing Department monitors delinquencies and defaults to identify reduction strategies and refer borrowers to available loss mitigation programs. Sub-serviced Portfolio delinquency rate is 11.62%. The sub-serviced portfolio is approximately 85% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of June 30, 2022, indicates that the delinquency rate for FHA loans nationally is 8.85%, and for New Mexico is 7.25%. FHA Single Family Loan Performance Trends for June 2022 showed 12.29% delinquency (for purchase loans only), marginally down from 12.60% in March 2022.

● The fair market value for purchased servicing rights as of June 2022 is $29 million, an increase of about $10.4 million over cost. GASB requires MFA to record the value of servicing rights a the 'lower of cost or market'. A steady increase over the last two quarters in FMV related to decreased prepayment speed projections and increased earnings rates impacted portfolio value positively. The current recorded cost of the asset is $18.6 million. Valuations are obtained every quarter.









	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

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

	YTD 7/31/22	YTD 07/30/21
ASSETS:		
CURRENT ASSETS:		
CASH & CASH EQUIVALENTS	$65,724	$34,644
RESTRICTED CASH HELD IN ESCROW	9,546	9,101
SHORT-TERM INVESTMENTS	(100)	679
ACCRUED INTEREST RECEIVABLE	4,390	3,999
OTHER CURRENT ASSETS	5,785	5,928
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	(0)	-
INTER-FUND RECEIVABLE (PAYABLE)	(0)	0
TOTAL CURRENT ASSETS	85,344	54,352
CASH - RESTRICTED	75,943	56,604
LONG-TERM & RESTRICTED INVESTMENTS	61,763	70,249
INVESTMENTS IN RESERVE FUNDS	11,001	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,195,529	1,011,383
MORTGAGE LOANS RECEIVABLE	209,942	207,858
ALLOWANCE FOR LOAN LOSSES	(10,044)	(7,819)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	1,772	1,949
OTHER REAL ESTATE OWNED, NET	1,396	817
OTHER NON-CURRENT ASSETS	14	-
INTANGIBLE ASSETS	18,629	16,900
TOTAL ASSETS	1,651,287	1,412,293
DEFERRED OUTFLOWS OF RESOURCES		
REFUNDINGS OF DEBT	192	215
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	1,651,480	1,412,508
LIABILITIES AND NET POSITION:		
LIABILITIES:		
CURRENT LIABILITIES:		
ACCRUED INTEREST PAYABLE	$6,101	$5,419
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	26,855	12,608
ESCROW DEPOSITS & RESERVES	9,425	8,902
TOTAL CURRENT LIABILITIES	42,381	26,930
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,302,772	1,078,169
MORTGAGE & NOTES PAYABLE	23,159	22,441
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	218	140
TOTAL LIABILITIES	1,368,530	1,127,679
DEFERRED INFLOWS	286	-
TOTAL LIAB/DEFERRED INFLOWS	1,368,816	1,127,679
NET POSITION:		
NET INVESTED IN CAPITAL ASSETS	1,772	1,949
UNAPPROPRIATED NET POSITION (NOTE 1)	61,126	68,455
APPROPRIATED NET POSITION (NOTE 1)	219,766	214,425
TOTAL NET POSITION	282,664	284,829
TOTAL LIABILITIES & NET POSITION	1,651,480	1,412,508

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

	YTD 7/31/22	YTD 07/30/21
OPERATING REVENUES:		
INTEREST ON LOANS	$36,434	$36,955
INTEREST ON INVESTMENTS & SECURITIES	1,538	1,417
LOAN & COMMITMENT FEES	3,062	1,508
ADMINISTRATIVE FEE INCOME (EXP)	5,521	15,591
RTC, RISK SHARING & GUARANTY INCOME	396	106
HOUSING PROGRAM INCOME	1,610	1,227
LOAN SERVICING INCOME	6,848	6,545
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	55,408	63,349
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	(6,320)	4,504
OTHER NON-OPERATING INCOME	115	11
GRANT AWARD INCOME	51,098	78,198
SUBTOTAL NON-OPERATING REVENUES	44,893	82,712
TOTAL REVENUES	100,302	146,062
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	17,204	16,036
INTEREST EXPENSE	31,222	30,946
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,737)	(2,524)
PROVISION FOR LOAN LOSSES	171	(136)
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	128	113
AMORT. OF SERV. RIGHTS & DEPRECIATION	2,428	2,337
BOND COST OF ISSUANCE	2,907	1,334
SUBTOTAL OPERATING EXPENSES	51,323	48,105
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	214	444
GRANT AWARD EXPENSE	52,002	75,729
OTHER NON-OPERATING EXPENSE	-	243
SUBTOTAL NON-OPERATING EXPENSES	52,216	76,416
TOTAL EXPENSES	103,538	124,521
NET REVENUES	(3,237)	21,541
OTHER FINANCING SOURCES (USES)	-	(0)
NET REVENUES AND OTHER FINANCING SOURCES(USES)	(3,237)	21,541
NET POSITION AT BEGINNING OF YEAR	285,900	263,288
NET POSITION AT 7/31/22	282,664	284,829

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

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

UNAPPROPRIATED NET POSITION:

$	27,304	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
$	32,943	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
$	879	is held for New Mexico Affordable Housing Charitable Trust.
$	**61,126**	Total Unappropriated Net Position

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

$	117,129	for use in the Housing Opportunity Fund ($106,126 in loans plus $11,003 unfunded, of which $4,281 is committed).
$	57,533	for future use in Single Family & Multi-Family housing programs.
$	1,126	for loss exposure on Risk Sharing loans.
$	1,772	invested in capital assets, net of related debt.
$	18,531	invested in mortgage servicing rights.
$	6,515	for the future General Fund Budget year ending 09/30/22 ($31,538 total budget less $25,023 expended budget through 07/31/22.)
$	202,606	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

$	18,932	for use in the federal and state housing programs administered by MFA.
$	18,932	Subtotal - Housing Program
$	**221,538**	Total Appropriated Net Position
$	**282,664**	Total Combined Net Position at July 31, 2022

Total combined Net Position, or reserves, at July 31, 2022 was $282.6 million, of which $61.1 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. $221.5 million of available reserves, with $112.9 million primarily liquid in the General Fund and in the federal and state Housing programs and $108.6 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 nine months ended 7/31/2022

	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	580,239	5,727,274	6,203,547	7,444,257	476,273	1,716,983	76.94%
Interest on Investments & Securities	127,376	1,037,132	987,179	1,184,614	(49,953)	147,482	87.55%
Loan & Commitment Fees	29,292	161,212	152,114	182,537	(9,098)	21,325	88.32%
Administrative Fee Income (Exp)	653,934	8,647,295	8,123,724	10,480,358	(523,571)	1,833,063	82.51%
Risk Sharing/Guaranty/RTC fees	38,984	389,675	69,339	83,207	(320,337)	(306,469)	468.32%
Housing Program Income	157,988	1,609,811	1,256,761	1,332,863	(353,050)	(276,948)	120.78%
Loan Servicing Income	685,640	6,847,600	6,863,041	8,329,639	15,441	1,482,039	82.21%
Other Operating Income			-	-	-	-	
Operating Revenues	2,273,454	24,419,999	23,655,704	29,037,475	(764,294)	4,617,476	84.10%
Gain (Loss) Asset Sale/Debt Ex	(1,397,491)	(4,208,229)	-	-	4,208,229	4,208,229	
Other Non-operating Income	-	30	83	100	53	70	30.00%
Non-Operating Revenues	(1,397,491)	(4,208,199)	83	100	4,208,282	4,208,299	-4208199.14%
Revenue	875,963	20,211,800	23,655,788	29,037,575	3,443,988	8,825,775	69.61%
Salaries	560,671	5,403,764	6,061,374	7,205,901	657,610	1,802,137	74.99%
Overtime	764	10,891	25,414	30,051	14,523	19,160	36.24%
Incentives	1,413	451,396	508,986	604,381	57,590	152,985	74.69%
Payroll taxes, Employee Benefits	243,516	2,432,818	2,989,878	3,580,904	557,060	1,148,086	67.94%
Compensation	806,364	8,298,869	9,585,652	11,421,237	1,286,782	3,122,368	72.66%
Business Meals Expense	90	1,869	4,058	4,870	2,189	3,001	38.38%
Public Information	14,270	97,119	305,729	366,875	208,610	269,756	26.47%
In-State Travel	4,093	42,601	109,510	131,412	66,909	88,811	32.42%
Out-of-State Travel	9,245	46,003	157,362	188,834	111,359	142,831	24.36%
Travel & Public Information	27,699	187,591	576,659	691,991	389,068	504,400	27.11%
Utilities/Property Taxes	8,079	66,686	63,593	76,311	(3,094)	9,625	87.39%
Insurance, Property & Liability	1,239	153,025	170,161	204,194	17,136	51,168	74.94%
Repairs, Maintenance & Leases	153,421	1,296,542	1,047,234	1,285,715	(249,307)	(10,827)	100.84%
Supplies	1,244	22,350	31,833	38,200	9,483	15,850	58.51%
Postage/Express mail	4,037	44,131	45,833	55,000	1,702	10,869	80.24%
Telephone	1,463	6,073	18,918	22,701	12,845	16,628	26.75%
Janitorial	3,227	31,809	30,417	36,500	(1,392)	4,691	87.15%
Office Expenses	171,335	1,613,368	1,405,424	1,715,542	(207,944)	102,174	94.04%
Dues & Periodicals	3,309	43,530	48,350	58,020	4,820	14,490	75.03%
Education & Training	24,313	72,346	124,882	149,859	52,536	77,513	48.28%
Contractual Services	85,080	926,274	1,351,670	1,673,004	425,396	746,730	55.37%
Professional Services-Program	5,178	63,276	57,000	68,400	(6,276)	5,124	92.51%
Direct Servicing Expenses	742,898	5,696,632	4,444,143	5,769,601	(1,252,489)	72,969	98.74%
Program Expense-Other	2,787	38,640	52,516	63,019	13,876	24,379	61.32%
Rebate Analysis Fees			-	-	-	-	
Other Operating Expense	863,565	6,840,699	6,078,562	7,781,903	(762,137)	941,204	87.91%

GENERAL FUND
Fiscal Year 2021-2022 Budget
For the nine months ended 7/31/2022

	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	36,451	119,958	348,187	417,824	228,229	297,866	28.71%
Non-Cash Expenses	163,144	2,596,072	2,818,545	3,382,254	222,473	786,182	76.76%
Expensed Assets	1,253	170,648	99,875	119,850	(70,773)	(50,798)	142.38%
Operating Expenses	2,069,811	19,827,206	20,912,903	25,530,602	1,085,697	5,703,395	77.66%
Program Training & Tech Asst	8,723	70,892	137,417	164,900	66,525	94,008	42.99%
Program Development	65,040	142,717	170,418	204,502	27,702	61,785	69.79%
Capacity Building Costs	73,763	213,609	307,835	369,402	94,226	155,793	57.83%
Non-Operating Expenses	73,763	213,609	307,835	369,402	94,226	155,793	57.83%
Expenses	2,143,574	20,040,815	21,220,738	25,900,004	1,179,923	5,859,189	77.38%
Excess Revenue over Expenses	(1,267,611)	170,985	2,435,050	3,137,571	2,264,065	2,966,586	5.45%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2021-2022 Budget
For the ten months ended 7/31/2022

	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	85,896	3,305,203	3,886,421	5,369,388	581,218	2,064,185	61.56%
2950 COMPUTER HARDWARE	13,898	23,650	153,603	184,324	129,953	160,674	12.83%
2960 SOFTWARE LICENSES	-	-	-	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR			69,917	83,900	69,917	83,900	0.00%
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	-	-	-	-	-	-	
Capital Budget	99,794	3,328,853	4,109,941	5,637,612	781,088	2,308,759	59.05%

Tab 15
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Closed Session

Tab 16

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Open Session