

State of New Mexico Action Plan Substantial Amendment



**For the U.S. Department of Housing and Urban
Development; Neighborhood Stabilization Program 3**

October 15, 2019

All changes are in **RED**

<p>Jurisdiction(s): State of New Mexico -</p> <p>Jurisdiction Web Address: http://www.nmdfa.state.nm.us/Local_Government.aspx <i>(URL where NSP3 Substantial Amendment materials are posted)</i></p>	<p><i>State of New Mexico</i> NSP3 Contact Person: Scott Wright Address: Bataan Memorial Bldg. Room 202, Santa Fe, NM 87501 Telephone: 505-827-4974 Fax: 505-827-4948 Email: scotth.wright@state.nm.us</p>
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EXECUTIVE SUMMARY

This document is a proposed substantial amendment to the New Mexico State Consolidated Plan for 2011 to 2015 and the subsequent Action Plan for Program Year 2011. The amendment includes the expected distribution and use of New Mexico’s allocation of the U.S. Department of Housing and Urban Development’s (HUD) recently announced Neighborhood Stabilization Program 3 (NSP3) provided through HUD’s Community Development Block Grant (CDBG) Program as authorized in the U.S. Housing and Economic Recovery Act of 2008 (HERA) as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). HUD established NSP3 to provide emergency assistance to state and local governments to assist in the redevelopment of abandoned and foreclosed homes. The State of New Mexico received the minimum allocation of \$5,000,000.00.

AREAS OF GREATEST NEED

In 2009, New Mexico ranked 29th in the US with properties that had foreclosure filings, an increase of 75.33 percent from 2008 (Realtytrac.com: <http://www.realtytrac.com/content/press-releases/us-foreclosure-activity-decreases-6-percent-in-may-4956?acct=209374>).

According to the State of New Mexico Analysis of Impediments to Fair Housing the 2000 census reported a total of 780,579 housing units in the State of New Mexico. Of these units 102,608 units or 13.1 percent of the entire housing stock of New Mexico was counted as vacant, more than 21.4 percent of the vacant units are in poor condition and not available to the marketplace. The remaining housing units (86.9 percent) were occupied, approximately 70 percent were owned and 30 percent were rented. At the time the 2000 census was taken 10,678 of renter-occupied units were overcrowded and another 9,399 were severely overcrowded (http://factfinder.census.gov/servlet/QTable?_bm=y&-geo_id=04000US35&-qr_name=DEC_2000_SF1_U_DP1&-ds_name=DEC_2000_SF1_U).

HUD developed the NSP3 mapping tool to assist grantees in targeting the areas of greatest need within their jurisdictions, measuring the estimated foreclosure and abandonment risk of every census tract block group in the State. This score is scaled from 1 to 20, with 20 being the greatest risk. The identified target area(s) must be higher than the State’s minimum qualifying score. The State of New Mexico’s minimum qualifying score is 11; there are 531 qualifying census tracts in the State of New Mexico.

The Dodd-Frank Act directs state and local governments to invest these funds as a matter of priority in “areas of greatest need,” which are defined by three major determinants:

- The greatest percentage of home foreclosures.
- The highest percentage of homes financed by a subprime mortgage related loan.
- The number and percent of homes in default or delinquency.

On December 20, 2010 HUD published guidance on Mapping and Needs Data for State NSP3 Action Plans allowing state grantees to submit a description of the criteria they will use to select subrecipients or developers, and allowing the state to submit a second amendment with the final needs and target area mapping data and selections by June 30, 2011.

The identification of areas of greatest need will be accomplished through the use of the NSP3 mapping tool. Subrecipients will be required to use the NSP3 mapping tool, and submit the target area mapping data to the State of New Mexico by **April 1, 2011**. **To access the NSP3 mapping tool subrecipients can go to the following link <http://www.huduser.org/NSP/NSP3.html>.** In addition, subrecipients will be required to provide market analysis, using the most current and accurate data available, in support of the proposed activities in the identified target areas.

A minimum of 20 percent of real estate-owned (REO) units in the target area will need to be addressed to make a visible impact in the area. Subrecipients will be required to identify areas small enough to make this type of impact. If more than one target area is selected, goals must be established, level of assistance must be determined, and each area must have an appropriate program design.

The State of New Mexico will assure the areas identified will be those where there is a reasonable likelihood that the identified activities will have a stabilizing impact on the neighborhood and result in long term sustainable revitalization.

DISTRIBUTION AND USES OF FUNDS

The State of New Mexico will conduct a process to select subrecipients. Eligible subrecipients may include units of local governments, non-profit organizations, developers, governmental housing agencies, regional housing authorities, and governmental entities.

Eligible subrecipients shall meet the following criteria:

- Provide documentation of being duly organized in accordance with state or local law and in good standing with any state authority such as the Public Regulation Commission (e.g. Articles, Bylaws, and Certificate of Good Standing for a Corporation; Articles, Operating Agreement, and Certificate of Good Standing for a Limited Liability Company; partnership agreement and certificate of limited partnership for a partnership; 501 (c) (3) designation for a non-profit).
- Not have been suspended, debarred or otherwise restricted by any department of the federal government or any state government.
- Audit reports must be conducted in accordance with OMB Circular No. A-133.

Eligible NSP3 uses of funds:

Each NSP3-funded activity must also be CDBG-eligible under 42 U.S.C. 5305 (a). The chart below provides the NSP3 eligible uses and correlated CDBG eligible activities.

NSP3-Eligible Uses	Correlated Eligible Activities From the CDBG Entitlement Regulations
(A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers	<ul style="list-style-type: none"> • As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206. • Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.
(B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties	<ul style="list-style-type: none"> • 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation and (n) Direct homeownership assistance (as modified below). • 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. <p>*HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.</p>
(C) Establish and operate land banks for homes and residential properties that have been foreclosed upon	<ul style="list-style-type: none"> • 24 CFR 570.201 (a) Acquisition and (b) Disposition. <p>*HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.</p>
(D) Demolish blighted structures	<ul style="list-style-type: none"> • 24 CFR 570.201 d) Clearance for blighted structures only.
(E) Redevelop demolished or vacant properties as housing	<ul style="list-style-type: none"> • 24 CFR 570.201 (a) Acquisition, (b) Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and (n) Direct homeownership assistance (as modified below). • 24 CFR 570.202 eligible rehabilitation and preservation activities for demolished or vacant properties. • 24 CFR 570.204 community based development organizations. <p>*HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.</p> <p>New construction of housing is eligible as part of the redevelopment of demolished or vacant properties.</p>

As stated above New Mexico ranked 29th in the US with properties that had foreclosure filings in 2009 and 13.1 percent of the entire housing stock of New Mexico is considered vacant; more than 21.4 percent of the vacant units are in poor condition and not available to the marketplace. The State of New Mexico anticipates using NSP3 funds for the following eligible uses (A) Financing, (B) Purchase and rehabilitation of homes and residential structures, (D) Demolish blighted structures, and (E) Redevelopment of demolished or vacant properties as housing. By concentrating on the above-mentioned uses NSP3 funds will have a stabilizing impact on the neighborhood and result in long term sustainable revitalization in New Mexico, for the areas of greatest need.

The State of New Mexico anticipates that activities will benefit both owners and renters.

Anticipated NSP3 budget	
(A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers	\$ 200,000.00
(B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties for families below 50% AMI (25% set-aside)	\$ 1,250,000.00
(B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties for families at or below 120% AMI	\$ 2,050,000.00
(D) Demolish blighted structures (10%)	\$ 500,000.00
(E) Redevelop demolished or vacant properties as housing	\$ 500,000.00
10% Administrative set-aside (Grantee and Subrecipients)	\$ 500,000.00
	\$ 5,000,000.00

All funds appropriated or made available under NSP3 shall be used to benefit individuals and families whose income does not exceed 120 percent of area median income (AMI) and meet the low-and moderate income benefit national objective. For the purposes of NSP3 the income limit will be referred to as “middle income.”

An NSP3 activity may meet the national objective of low-and moderate income if the activity:

- provides or improves permanent residential structures that will be occupied by a household whose income is below 120 percent of area median income (LMMH);
- serves an area in which at least 51 percent of the residents have incomes at or below 120 percent of area median income (LMMA); or
- serves a limited clientele whose incomes are at or below 120 percent area median income (LMMC).

ACTIVITY REQUIREMENTS:

Acquisition Price:

Any NSP3 acquisition of a foreclosed-upon home or residential property under NSP3 shall be at a minimum 1% discount from the current market appraised value of the home. In order to assess the current market appraised value, an appraisal is required within the 60 days prior to the final offer.

After Rehabilitation Value:

The State of New Mexico will adopt the HOME program after rehabilitation value requirements, these requirements can be found at the following website (<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/maxprice.cfm>), a 203(b) After Rehab Value Certification form must be maintained in all project files.

Maximum Sales Price

The maximum sales price is limited to the total amount of costs and cannot exceed fair market value.

Minimum Sales Price:

There is no minimum sales price, however, grantees and subrecipients are subject to OMB Circular A-87, which requires they pay “reasonable costs.” If the grantee or subrecipient subsidizes the home excessively beyond what is reasonable – it may be in violation of the Cost Reasonableness Act under OMB Circular A-87.

Financial Assistance:

The State of New Mexico is proposing that NSP3 will provide subsidies in the form of a soft second mortgage plus reasonable closing costs and down payment assistance to help pay for an NSP3 home. Payments are based on income category. The soft second mortgage will be provided as a zero to three percent interest, forgivable loan to cover the difference in the purchase price and what the buyer otherwise could borrow. The soft second mortgage will be 100% forgivable after the affordability period.

Our proposed financial assistance is provided below:

Soft Second	Total Purchase Price
Low income	Up to 20%
Moderate Income	Up to 15%
Middle Income	Up to 10%

Down Payment Assistance	Total Loan Amount
Low income	Up to 2%
Moderate Income	Up to 1.5%
Middle Income	Up to 1%

Lease purchase:

NSP3 funds may be used to assist homebuyers through lease purchase programs. The housing must be purchased by the homebuyer within 36 months of signing the lease-purchase agreement. The homebuyer must qualify as under 120% AMI at the time the lease purchase agreement is signed. Homebuyer will also be required to seek council for credit repair if not included in the HUD counseling to ensure proper qualifications after the 36-month purchase requirement.

Demolition:

NSP3 grantee may not use more than 10% of allocation for demolition.

Administrative Funds:

The distribution plan will assume 10% (\$500,000.00) will be allocated to program administration costs and will establish an Administrative Funds set-aside. These funds will be used for administration by the State and by any subrecipients that receive suballocations, if any, until the end of the affordability requirements.

Activity description: Administrative funds related to carrying out NSP3 will be available for general administrative and technical assistance costs. If applicable, subrecipients are provided a specific dollar amount or percentage of sub-allocation for administrative costs. Administrative costs are reasonable costs to meet the requirements of NSP3 and are not related to a specific activity.

Program Income:

~~Revenue generated by NSP3 funds and received by the subrecipient must be returned to the State of New Mexico for redistribution for additional NSP3-eligible activities.~~

DEFINITIONS AND DESCRIPTIONS

The following definitions and descriptions will be applied to all NSP3 activities:

Blighted Structures:

The Metropolitan Redevelopment Act NMSA 1978M 3-60A-4, defines blighted structures as

“an area within the area of operation other than a slum area that, because of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or lack of adequate housing facilities in the area or obsolete or impractical planning and platting or an area where a significant number of commercial or mercantile businesses have closed or significantly reduced their operations due to the economic losses or loss of profit due to operating in the area, low levels of commercial or industrial activity or redevelopment or any combination of such factors, substantially impairs or arrests the sound growth and economic health and well-being of a municipality or locale within a municipality or an area that retards the provisions of housing accommodations or constitutes an economic or social burden and is a menace to the public health, safety, morals or welfare in its present condition and use.”

Affordable Rents:

The State of New Mexico will adopt the HOME affordable rent limits for NSP3 per 24 CFR Part 92.252. Fair market rents are established by HUD each year therefore subrecipients will be required to go to the following website below and use the most current rents established by HUD <http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/rent/>.

Ensuring Continued Affordability:

NSP3-assisted housing units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. Restrictions must be imposed by deed restrictions, covenants running with the land, or other mechanisms, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Subrecipients must maintain copies of the recorded instruments in their project files.

Rental - Each subrecipient is encouraged to exceed the minimum periods of affordability as determined below for the longest feasible term. Affordability requirements will be maintained through a use restriction.

Rental Housing Activity	Minimum Period of Affordability in Years
Rehabilitation or acquisition of existing housing per unit amount of NSP3 funds:	
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000 or rehabilitation involving refinancing	15
New construction or acquisition of newly constructed rental housing (92.252.e)	20
The refinancing of existing debt secured by housing that is being rehabilitated with NSP3 funds (92.206.b)	20

Homeownership - For NSP3-assisted homeownership, resale or recapture provisions will be placed against the property in the form of a use restriction.

Grant Amount Per Unit	Minimum Period of Affordability in Years
Under \$25,000	5
\$25,000 to \$50,000	10
Over \$50,000	15

In cases where the property was sold for market value (or total cost, whichever is less) and NSP3 funds provided a direct subsidy through a soft second or other form of homeownership assistance (below market value), the resale or recapture approach can be used. In cases where there is a development subsidy (above market value) or where there is no direct subsidy (sold for cost), then subrecipients must use the resale approach.

Housing Rehabilitation Standards:

The State of New Mexico will adopt the Construction and Rehabilitation Standards of the HOME program at 24 CFR 92.252(a), (c), (e), and (f) and 92.254. The Construction and Rehabilitation Standards define a standard and code compliance level for the construction and rehabilitation necessary to correct health, safety and building code violations to achieve decent, sanitary, safe and affordable housing. The Construction and Rehabilitation Standards include the Lead Based Paint requirements and the requirements related to physical accessibility standards for persons with disabilities (Section 504 of the Rehabilitation Act).

Standards also include the following NSP3 requirements:

- All gut rehabilitation or new construction (i.e. general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns, or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.
- All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
- Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g. replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers, clothes dryers, and dishwashers) with Energy Star-46 labeled products.
- Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.
- Where relevant, the housing should be improved to mitigate the impact of disasters (e.g. earthquake, hurricane, flooding, and fires).

Subrecipients are encouraged to adopt energy efficiency standards such as Green Communities or Equivalent.

LOW INCOME TARGETING:

NSP3 grantees are required to allocate at least 25 percent of their total NSP3 funding allocation to housing for individuals and families whose incomes are at or below 50 percent of the area median income. Therefore, the State of New Mexico will allocate at least \$1,250,000.00 to housing for individuals and families whose incomes are at or below 50 percent of the area median income. Units assisted under this set-aside must provide permanent housing.

NSP3 requires that grantees and subrecipients establish procedures to create preference for the development of affordable rental housing. Therefore, the State of New Mexico anticipates that single and multifamily rental, and single and multifamily special needs housing will be used to meet this goal. Eligible subrecipients will be required to submit a summary that describes the manner in which they will meet the 25 percent requirement.

ACQUISITION AND RELOCATION:

The State of New Mexico does not anticipate providing relocation assistance, however if relocation assistance is needed the Uniformed Relocation Act provisions and relocation assistance pursuant to 24 CFR 570.606 must be followed, to tenants displaced as a result of an NSP3-related activity and maintain records in sufficient detail to demonstrate compliance with the provisions of that section. NSP3 tenant protection requirements under the Recovery Act are separate and apart from the URA. Subrecipients must not assume that a person entitled to NSP3 tenant protections under the Recovery Act is also eligible for URA assistance or vice versa. For further details subrecipients shall refer to the NSP Tenant Protections at Foreclosure under the Recovery Act; guidance can be found at the following <http://www.hud.gov/offices/cpd/library/relocation/nsp/pdf/nsp-tenant-protection-8122010.pdf>.

NSP3 property acquisitions shall all be voluntary acquisitions as defined by URA.

The State of New Mexico has budgeted approximately \$500,000.00 (10%) for demolition activities, and does not anticipate the demolition or conversion of any occupied low and or moderate income dwelling units. New Mexico anticipates demolition of approximately 5 dwelling units that may be reconstructed to provide housing for approximately 5 households qualifying below 120% AMI.

ADDITIONAL REQUIREMENTS: (COMPLETED)

Timeliness of use and expenditure of funds:

50 percent of NSP3 funds must be expended within two years and 100 percent of funds within three years. In order to assure the expenditure of funds within this strict time frame, if applicable, the State of New Mexico will evaluate each subrecipient's progress during time of monitoring. If in the sole opinion of the State of New Mexico the subrecipient is not on target with the expenditure deadline, subrecipients will be at risk for recapture of funds.

Local hiring requirements:

NSP3-funded projects must to the maximum extent feasible provide for hiring of employees that reside in the vicinity (the neighborhood) of the NSP3-funded projects. For the purposes of administering this requirement, HUD adopted the requirements of the Section 3 thresholds for the CDBG program. NSP3 local hiring requirement does not replace the Section 3 requirements under NSP3. Contractors will be required to self-certify that they are making all efforts to hire employees that reside in the vicinity of the NSP3-funded project.

Rehabilitation/Repair:

Rehabilitation/Repair activity costs must be considered necessary and reasonable. By definition of OMB circulars, a reasonable cost is something a prudent person would pay.

Reporting:

The Office of Management and Budget has established reporting requirements in compliance with the Federal Accountability and Transparency Act. NSP3 subrecipients must comply with this reporting requirement. In addition, mandatory two -month progress reports will be submitted by the subrecipients to the grantee.

Records:

Each entity must maintain sufficient documentation for each activity. The State of New Mexico will determine compliance at the time of monitoring.

Fair Housing:

All subrecipients will be required to carry out NSP3 activities that further fair housing through innovative housing design or construction to increase access to persons with disabilities, language assistance services to persons with limited English proficiency (on the basis of national origin), or location of new rehabilitation housing in a manner that provides greater housing choice or mobility for persons in classes protected by the Fair Housing Act and maintain records reflecting the actions in this regard.

Environmental:

The State and all subrecipients will be required to adhere to all National Environmental Protection Act (NEPA) requirements.

Citizen Participation:

All subrecipients will be required to adhere to all Citizen Participation requirements established by NSP3.

Homebuyer Counseling:

Each homebuyer to receive NSP3 assistance will be required to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

Labor Standards:

The rehabilitation of eight or more units will require compliance with the Davis Bacon law and related acts and compliance with the New Mexico Public Works Minimum Wage Act.

PROPOSAL (DEVELOPER TERMINATED AGREEMENT)

Any interested eligible subrecipients must submit a proposal by **April 1, 2011** to the following address:

The State of New Mexico
Department of Finance and Administration
Local Government Division
Dolores Gonzales
Bataan Memorial Building, Suite 202
Santa Fe, NM 87501

EVALUATION CRITERIA:

Subrecipients will be evaluated based on the following criteria:

- Demonstrated capacity to implement NSP3 and meet the statutory expenditure period including staff capacity and organizational structure.
- Subrecipients who have identified areas of greatest need through the NSP3 mapping tool.
- Focused strategy for effective neighborhood stabilization, including addressing the factors that make the area vulnerable to future foreclosures.
- Experience administering and delivering the specific activities for which the NSP3 funds would be used. If administrative responsibilities will be assigned to another entity via subcontract, the experience of that entity will be considered as well.
- Provide leverage or other funding commitments to expand the production and capability of the program.
- Experience complying with federal funding requirements.

The State of New Mexico will make the determination as whether or not subrecipients have the capacity and experience to administer the proposed activities, to include activities relating to providing housing or services to persons or households of low or moderate income.

Activities will be evaluated based on the following criteria:

- Longest possible affordability period, especially those in which the local applicant provides ongoing monitoring.
- Anchor redevelopment efforts (such as infrastructure, employment centers, neighborhood retails, schools and are transit accessible).
- Activities that might generate program income to undertake additional NSP3 activities.

All requirements of the HERA as amended by the Dodd-Frank Act are incorporated into this plan. In addition, if funds are awarded to subrecipients the State of New Mexico may impose additional requirements.

NSP3 INFORMATION BY ACTIVITY

ACTIVITY #1 (Developer Terminated Agreement)

Activity Name: Financing

Uses: (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers

CDBG eligible Activity:

As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206.

Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.

National Objective: Low to Moderate Income Housing (LMMH)

Activity Description:

New Mexico anticipates the financing of single family properties.

The State of New Mexico is proposing that NSP3 will provide subsidies in the form of a soft second mortgage plus reasonable closing costs and down payment assistance to help pay for an NSP3 home. Payments are based on income category. The soft second mortgage will be provided at zero to three percent interest (see above), forgivable loan to cover the difference in the purchase price and what the buyer otherwise could borrow. The soft second mortgage will be 100% forgivable after the affordability period.

Single family affordability requirements listed above.

This activity will stabilize the neighborhood by moving people into previously foreclosed or abandoned homes.

Location Description:

Grantee will accept applications through **April 1, 2011** to determine the location description using the NSP3 mapping tool.

Total Budget:

Source: NSP3
Dollar Amount: \$ 200,000.00

Performance Measures:

It is projected financing will be provided to the following:

- 4 homebuyers

Responsible Organization:

To be determined

Projected Start Date:

July 1, 2011

Projected End Date:

February 1, 2014

NSP3 INFORMATION BY ACTIVITY

ACTIVITY #2 (Developer Terminated Agreement)

Activity Name: Purchase and rehabilitate homes to benefit households below 50% AMI.

Uses: (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties for families below 50% AMI (25% Set-Aside).

CDBG eligible Activity:

24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation, and (n) Direct homeownership assistance (as modified below);

24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.

*HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.

National Objective: Low-Income Housing to Meet 25% Set-Aside (LH25)

Activity Description:

Establish a funding mechanism to purchase and rehabilitate residential properties that have been abandoned or foreclosed upon, in order to benefit families below 50% AMI.

New Mexico anticipates rentals to be used for this activity. Duplexes, triplexes and fourplexes are encouraged. However some single family units may also be acquired in an area targeted to those persons making less than 50% of AMI at the time of occupancy.

The State of New Mexico is proposing that NSP3 will provide subsidies in the form of a soft second mortgage plus reasonable closing costs and down payment assistance to help pay for an NSP3 home. Payments are based on income category. The soft second mortgage will be provided as a zero to three percent interest (see above), forgivable loan to cover the difference in the purchase price and what the buyer otherwise could borrow. The soft second mortgage will be 100% forgivable after the affordability period.

Rental and single family affordability requirements listed above.

How New Mexico is going to ensure vicinity hiring is listed above.

This activity will address the high foreclosure rates in New Mexico

Location Description:

Grantee will accept applications through **April 1, 2011** to assist in location determination using the NSP3 mapping tool.

Total Budget:

Source: NSP3

Dollar Amount: \$1,250,000.00

Performance Measures:

It is projected that properties will be acquired and rehabilitated or redeveloped and will benefit households below 50% AMI as follows:

- 20 rental units
- 1 single family home

Responsible Organization:

To be determined

Projected Start Date:

July 1, 2011

Projected End Date:

February 1, 2014

NSP3 INFORMATION BY ACTIVITY

ACTIVITY #3 (Developer Terminated Agreement)

Activity Name: Purchase and rehabilitate homes to benefit households at or below 120% AMI.

Uses: (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties for families at or below 120% AMI.

CDBG eligible Activity:

24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation, and (n) Direct homeownership assistance (as modified below);

24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties.

*HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.

National Objective: Low to Moderate Income Housing (LMMH)

Activity Description:

Establish a funding mechanism to purchase and rehabilitate residential properties that have been abandoned or foreclosed upon, in order to sell the redeveloped homes and properties to families at or below 120% AMI.

New Mexico anticipates single family properties will be purchased and rehabilitated in order to sell.

The State of New Mexico is proposing that NSP3 will provide subsidies in the form of a soft second mortgage plus reasonable closing costs and down payment assistance to help pay for an NSP3 home. Payments are based on income category. The soft second mortgage will be provided as a zero to three percent interest (see above), forgivable loan to cover the difference in the purchase price and what the buyer otherwise could borrow. The soft second mortgage will be 100% forgivable after the affordability period

Single family affordability requirements listed above.

How New Mexico is going to ensure vicinity hiring is listed above.

This activity will address the high foreclosure rates in New Mexico.

Location Description:

Grantee will accept applications through **April 1, 2011** in order to assist in assist in location determination using the NSP3 mapping tool.

Total Budget:

Source: NSP3

Dollar Amount: \$ 2,050,000.00

Performance Measures:

It is projected that properties will be acquired and rehabilitated or redeveloped and will benefit households at or below 120% AMI as follows:

- 11 single family homes

Responsible Organization:

To be determined

Projected Start Date:

July 1, 2011

Projected End Date:

February 1, 2014

NSP3 INFORMATION BY ACTIVITY

ACTIVITY #4 (Developer Terminated Agreement)

Activity Name: Demolition of blighted structures

Uses: (D) Demolish blighted structures

CDBG eligible Activity:
24 CFR 570.201 d) Clearance for blighted structures only.

National Objective: Low to Moderate Income Housing (LMMH)

Activity Description:
New Mexico will demolish blighted structures to redevelop approximately 5 housing units targeted at households at or below 120% AMI.

Removing blighted properties will stabilize population and property values.

Location Description:
Grantee will accept applications through **April 1, 2011** to assist in location determination using the NSP3 mapping tool.

Total Budget:
Source: NSP3
Dollar Amount: \$ 500,000.00

Performance Measures:
It is projected New Mexico will demolish the following:

- 5 single family blighted structures

Responsible Organization:
To be determined

Projected Start Date:
July 1, 2011

Projected End Date:
February 1, 2014

NSP3 INFORMATION BY ACTIVITY

ACTIVITY #5 (Developer Terminated Agreement)

Activity Name: Redevelop demolished or vacant properties as housing

Uses: (E) Redevelop demolished or vacant properties as housing

CDBG eligible Activity:

24 CFR 570.201 (a) Acquisition, (b) Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and (n) Direct homeownership assistance (as modified below).

24 CFR 570.202 eligible rehabilitation and preservation activities for demolished or vacant properties.

24 CFR 570.204 community- based development organizations.

New construction of housing is eligible as part of the redevelopment of demolished or vacant properties.

*HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.

National Objective: Low to Moderate Income Housing (LMMH)

Activity Description:

New Mexico will redevelop demolished or vacant properties as housing.

Redevelopment of demolished or vacant properties will attract new residents to the target area.

Location Description:

Grantee will accept applications through **April 1, 2011** to assist in location determination using the NSP3 mapping tool.

Total Budget:

Source: NSP3

Dollar Amount: \$500,000.00

Performance Measures:

It is projected New Mexico will redevelop the following:

- 5 single family homes

Responsible Organization:
To be determined

Projected Start Date:
July 1, 2011

Projected End Date:
February 1, 2014

**SUB GRANT AWARD TO MORTGAGE FINANCE AUTHORITY
JPA #19-NSP3-2-J-01**

WHEREAS, DFA received a grant award in the amount of five million (\$5,000,000) from the U.S. Department of Housing and Urban Development, (“HUD”) for the purpose of the Neighborhood Stabilization Program. An additional two million, three hundred twenty thousand, seven hundred forty-seven dollars and eleven cents (\$2,320,747.11) is available.

1. **Common Power.** The common power to be excised is the implementation of the HUD NSP3 grant made to DFA, the implementation of the NSP3 sub grant to MFA and the implementation of the NSP3 Substantial Amendment.
2. **Purpose.** The purpose of this Agreement is to set out the responsibilities of MFA as sub grantee of the NSP3 grant and set out the terms and conditions placed upon MFA in its implementation of the NSP3 grant and the NSP3 Substantial Amendment. To that end, MFA agrees to implement one or more of the following:
 - A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft seconds, loan reserves, and shared-equity loans for low and moderate-income homebuyers;
 - B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;
 - C. Establish land banks for homes that have been foreclosed upon;
 - D. Demolish blighted structures;
 - E. Redevelop demolished or vacant properties;
 - F. The NSP3 activities, set forth in Paragraph 2(A)-(E), shall meet the Community Developments Block Grant objectives stated in Title 1 of the Housing and Community Development Act of 1974, as modified by NSP3 Substantial Amendment; and
 - G. Use up to (5) percent of their total allocation for administrative purposes as defined in Attachment A
3. **DFA’s Responsibilities.**
 - A. Not later than (10) working days after DFA approves a Request for Payment Form submitted by MFA requesting a payment of sub grant funds described in this Agreement, DFA shall transfer the amount of requested funds from the HUD NSP3 grant to MFA. Payments shall only be made upon receipt by DFA of an official completed Request for Payment, which shall include a transmittal letter, and proper supporting documentation for all related expenditures. A mutually agreed upon checklist of required documentation will be produced and utilized for all financial transactions. Requests for Payment may be disputed and withheld, if in the sole opinion of the DFA, MFA has failed to fulfill its

responsibilities for the implementation of NSP3 Substantial Amendment and the HUD NSP3 sub grant, as set forth in this Agreement.

4. MFA's Responsibilities.

MFA agrees that all NSP3 activities provided by MFA with NSP3 sub grant funds of two million dollars (\$2,000,000.00) shall meet the national objective benefiting low, moderate- and middle-income households whose income is at or below 120% of area median income and hereby further agrees:

- A. To establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft seconds, loan reserves, and shared-equity loans for low, moderate and middle income homebuyers; to purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties; and to establish land banks for homes that have been foreclosed upon; to demolish blighted structures; and to redevelop demolished or vacant properties.
- B. To ensure that all activities meet the Community Developments Block Grant objectives stated in Title I of the Housing and Community Development Act of 1974, as modified by NSP3 Substantial Amendment.
- C. To not use more than five (5) percent of their total allocation for administrative purposes as defined in Attachment A.
- D. To have rental program income remain within the project to ensure long term financial feasibility and viability. MFA may place limits on rent increases and direct net operating income towards reserve accounts. In the event of the sale of a rental property, program income from the sale will be returned to MFA.
- E. To ensure that proposed properties are in an NSP3 Target Area as identified in Attachment A.
- F. To re-review the foreclosure data to determine whether there are additional Target Areas identified. If additional areas are identified under the "NSP3 Target Areas" (other than those identified in the approved NSP3 Substantial Amendment) and there are un-obligated NSP3 funds available, MFA may proceed to use those funds identified in the new identified Target Areas. DFA must review and approve the new "Target Areas" identified prior to MFA redistributing funds.
- G. To maintain flood insurance on all properties as defined in 24 CFR Part 55 located in the 100-year flood plain.
- H. To follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended ("TJRA") under the new rule at 49 CFR Part 24 and published on March 2, 1989 in the Federal Register (54 Fed. Reg. 8912); and a "residential anti-displacement and relocation plan" as described in 24 CFR § 570.496, as approved by HUD.
- I. To ensure that the NSP sub grant activities will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the

Fair Housing Act (42 U.S.C. 3601-3619), and the corresponding implemented regulations.

- J. To conduct environmental reviews according to the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act, as issued pursuant to section 104(g) of the Housing and Urban Development Act and contained in 24 CFR Part 58. There must be no substantial environmental factors as determined by an environmental review.
- K. To ensure that rehabilitation/repair activities do not exceed sixty-five thousand (\$65,000) in NSP3 funds for hard cost for each home as per State of New Mexico CDBG rule, NMAC 2.110.2.11(B)(11). Soft costs per home shall not exceed \$1,000. DFA may review and approve written requests for exceptions to hard and soft cost limits.
- L. To require that the value at time of offer and acceptance of all properties to be purchased by the developer is 1% below actual market value. Exceptions may be granted below or above this amount by MFA provided all properties in the aggregate are acquired at or below 1% of market value.
- M. To ensure that all appraisals meet the Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs (“URA”) definition of an appraisal according to 49 CFR Part 24. Appraisals shall be completed within 60 days of the offer made for the property. If a contract (fee) appraiser is used to perform the appraisal, such appraiser shall be State licensed or certified in accordance with Title XI of the Financial Institutions Recovery, Reform, and Enforcement Act of 1989, 12 U.S.C. 3331 et seq. (“FIRREA”).
- N. To require that the value at time of offer and acceptance of all properties to be purchased by the developer is 1% below actual market value. Exceptions may be granted below or above this amount by MFA provided all properties in the aggregate are acquired at or below 1% of market value.
- O. That each NSP3 activity funded shall also be CDBG-eligible under 42 U.S.C. 5305(a) and meet a CDBG national objective.
- P. NSP3 funds will not be expended for nonresidential purposes.
- Q. NSP3 funds will not be expended toward foreclosure prevention activities
- R. To make funding available to participating lenders to provide first mortgage financing. Loans originated under the financing mechanisms shall need to meet the following requirements:
 - I. One-unit, single family properties including modular construction and manufactured or mobile homes are permitted. All manufactured housing must meet the property standards at 24 CFR § 92.251(a)(4), which states that the construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards. Manufactured housing must also be defined as real estate and placed on a permanent foundation.
 - II. Eligible Properties – Eligible Properties shall meet the “abandoned” and “foreclosure” definitions below and be vacant. Residential foreclosed

properties according to the following new definition as defined in the NSP Policy Alert of April 2, 2010:

Abandoned

A home or residential property is abandoned if either a) mortgage, tribal leasehold, or tax payments are at least 90 days delinquent, or b) a code enforcement inspection has determined that the property is not habitable and the owner has taken no corrective actions within 90 days of notification of the deficiencies, or c) the property is subject to a court-ordered receivership or nuisance abatement related to abandonment pursuant to state or local law or otherwise meets a state definition of an abandoned home or residential property.

Foreclosed

A home or residential property has been foreclosed upon if any of the following conditions apply: (a) the property's current delinquency status is at least 60 days delinquent under the Mortgage Bankers of America delinquency calculation and the owner has been notified of this delinquency, (b) the property owner is 90 days or more delinquent on tax payments, or (c) under state, local, or tribal law, foreclosure proceedings have been initiated or completed, (d) foreclosure proceedings have been completed and title has been transferred to an intermediary aggregator or servicer that is not an NSP grantee, sub-recipient, contractor, developer, or end user or (e) a transfer in lieu of foreclosure, in accordance with New Mexico law.

- III. Homes shall meet FHA Mortgage Property Standards after rehabilitation has been completed.
- IV. The purchase price of a home under the financing activity may not exceed two hundred thirty-seven thousand, thirty-one dollars (\$237,031) for all counties.
- V. The home when resold must be an owner-occupied home located in New Mexico and must be the principal residence of the Borrower(s).
- VI. Homebuyers are subject to FHA Mortgage Loan Credit standards, subject to revision by MFA.
- VII. MFA will provide loan servicing activities for soft second mortgages.
- VIII. Homebuyers receiving funding through the NSP financing activity are required to take at least 8 hours of homebuyer counseling from a HUD approved housing counseling agency before obtaining a mortgage loan.
- IX. The lead-based paint notice is required to be given to all mortgagor(s) purchasing a home that was built prior to 1978.

S. MFA will use NSP3 sub grant funds as defined in Attachment A to purchase and rehabilitate homes and residential properties that have been abandoned or

foreclosed upon, in order to sell, rent, or redevelop such homes and properties. Properties purchased and rehabilitated shall meet the following requirements.

- I. To establish a low-income set-aside in an amount not less than 25% of the grant for projects serving households at less than 50% of area median income.
 - II. MFA will provide acquisition rehabilitation and subsequently sell to low-income purchasers. MFA and/or recipients may acquire, rehabilitate and rent the housing with medium income families that are in need of service enriched housing.
 - III. Foreclosed upon or abandoned properties shall be located within one of the counties listed in the NSP3 Substantial Amendment.
 - IV. NSP rental assisted units shall meet the rent, income and affordability requirements. MFA will have a restrictive covenant recorded to assure compliance with this requirement.
 - V. All properties will be purchased at a minimum discount rate of 1% below current market appraised value.
 - VI. Eight (8) hours of housing counseling assistance is required of all homebuyers, by a HUD approved housing counseling agency.
 - VII. NSP3 sub grant funds may be provided in the form of a non-amortizing grant.
 - VIII. Priority to purchase HUD-Real Estate owned ("REO") foreclosed properties will be encouraged.
- T. MFA may establish land banks for homes that have been foreclosed upon. Establishing the land banks for homes that have been foreclosed upon shall meet the following requirements:
- I. A land bank will operate in a specific, defined geographic area to stabilize neighborhoods and encourage re-use or redevelopment of property. MFA will purchase foreclosed upon properties for the purpose of creating land banks to assemble, temporarily manage, facilitate redevelopment of, market, and dispose of the land banked property.
 - II. Land banking may include properties with or without structures, as long as they are foreclosed upon.
 - III. A land bank may not hold a property for more than 10 years without obligating the property for a specific, eligible redevelopment of that property in accordance with NSP requirements.
 - IV. All properties will be purchased at a minimum discount rate of 1% below current market appraised value, unless a lesser discount is pre-approved by MFA. In no circumstance can a discount be less than 1%.
 - V. NSP sub grant funds as defined in Attachment A will provided in the form of a zero percent non-amortizing loan due on sale. Deed restrictions shall require a future redevelopment within 10 years that meets NSP requirements.
- U. Mandatory quarterly progress reports shall be submitted by MFA to DFA starting with an October report to cover the initial period of the project through

September 30, 2019. For the years 2020-2022 reports are due on or before the fifteenth (15th) of the following months: January, April, July, and October. Each progress report shall include information on each activity, providing detailed information on MFA's progress toward achieving the benchmarks referred to in Paragraph 4, the uses of funds, the project name, activity, location, national objective, funds budgeted and expended, the funding source and total amount of any non-NSP funds, numbers of properties and housing units, beginning and ending dates of NSP activities, any and all rental income received and numbers of low and moderate income persons or households benefited, as defined by the Federal Register. Within 45 days after completion of the Neighborhood Stabilization Program, MFA shall submit a final report and Post Yearly Reports to DFA concerning the project.

5. Generated NSP Program Income to be retained by MFA for NSP approved expenditures.
 - A. In the event that MFA's administration of the NSP3 program subject to this Agreement generates additional Program Income, MFA may use this additional Program Income for NSP3 purposes, so long as MFA submits a written request to DFA for approval and receives DFA's approval before expending additional Program Income. The request for approval should include the total existing allocations, the additional Program Income, the applicable budgets and corresponding changes, and any updates to Attachment A of this Agreement.
 - B. Up to \$1,000,000.00 new allocations of budget increases from generated Program Income may be requested and approved by written request. Program Income in excess of \$1,000,000.00 must be allocated by an Amendment to this JPA.
 - C. MFA must first draw down reimbursements of NSP3 Program Income that MFA generates and DFA approves before DFA may honor a request for reimbursement that would require DFA to draw down from the originally allocated NSP3 funds.
6. Stranded Property. In concert with DFA, MFA will take all necessary actions to come into ownership of the property having the common address of 210 59th St. SW, Albuquerque, NM 87121 ("the Stranded Property"), including, but not limited to, receiving a deed in lieu of foreclosure or, if necessary, receiving an assignment of a mortgage from DFA and initiating foreclosure proceedings. Once MFA has title to the Stranded Property, MFA agrees to use non-NSP funds to rehabilitate and sell the property to an NSP3 qualified purchaser, in accordance with the provisions of this Agreement. At the time of the resale of the Stranded Property, MFA will be reimbursed from the proceeds of the sale.
7. Period of Agreement. This Agreement shall become effective upon approval by the DFA Secretary and HUD. It shall terminate 24 months from date of execution.
8. Strict Accountability of Funds. Each party shall be strictly accountable for any receipts and disbursements under this Agreement and maintain fiscal records related to the Agreement in accordance with generally accepted accounting principles. MFA shall

make all relevant financial records available to DFA and the New Mexico State Auditor upon request and shall maintain all such records for three (3) years after this Agreement has expired. Audits shall be conducted by MFA in accordance with OMB Circular No. A133.

9. Amendment. This Agreement shall not be amended except by a written instrument executed by both parties. Any amendments that modify the NSP3 Substantial Amendment shall not be effective until approved in writing by both HUD and DFA.
10. Contingent on Authority Granted by HUD. Performance under this Agreement is contingent upon sufficient authority granted by HUD.
11. Governing Law. This Agreement shall be construed and governed by the laws of the State of New Mexico.
12. Liability. Each party shall be solely responsible for its own liability under this Agreement, subject to the immunities and limitations of the New Mexico Tort Claims Act, NMSA 1978, Sections 41-4-1 et seq.
13. Administering Agency. MFA is the administering agency under this Agreement.
14. Closeout. If MFA and DFA agree to close-out the NSP3 program pursuant to this Agreement, such closeout, and any distributions that result therefrom, must follow the closeout rules and guidelines established by HUD.

Mortgage Finance Authority (MFA):

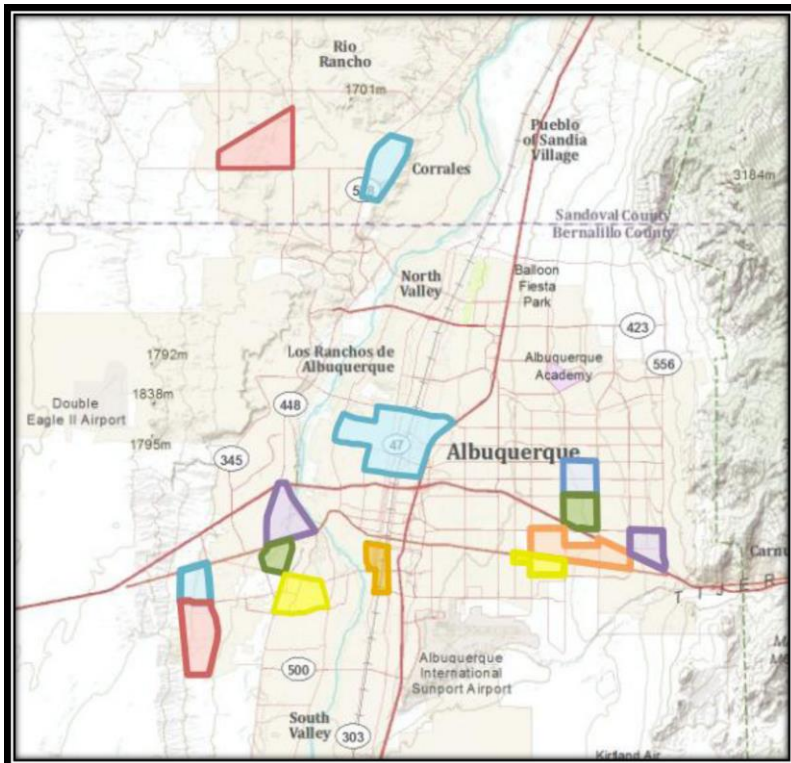
(1) \$2,000,000.00 in NSP3 Funds

Administration Budget: To be determined from total allowable

The use of NSP funds to pay program administrative costs is authorized under 24 CFR 570.206, Program Administrative Costs, which permits NSP funds to be used for "reasonable administrative costs related to the planning and execution of community development activities assisted in whole or in part with NSP funds."

(2) Locations MFA may use the dollar amounts of NSP3 funds based on approved Tiger Maps:

8825286 ABQ- Small Southwest Valley North End (Bernalillo), **6215484** ABQ- Small Southwest Valley Central to Bridge (Bernalillo), **2514465** ABQ - Small Mesa 98th to 118th Central to De Vargas (Bernalillo), **4059967** ABQ - Small Mesa De Vargas to Denis Chaves 98th to 118th (Bernalillo), **7200958** ABQ - Small Bridge to Arenal around Atrisco (Bernalillo), **3517517** ABQ - Small Barelvas Area (Bernalillo), **2544128** ABQ - North Valley 2 (Bernalillo), **5067413** ABQ - Small Wyoming to Eubank, Indian school to Candelaria (Bernalillo), **2346374** ABQ - Small Wyoming to Eubank, loams to Indian school (Bernalillo), **5066040** ABQ - Small Juan Tabo to Tramway Lomas to I-40 (Bernalillo), **2270843** ABQ - Northeast South of I-40 (Bernalillo), **5644470** San Pedro to Wyoming, South of Central (Bernalillo), **2161254** Rio Rancho North Leon Grande: South of Sara: West NM 528- **8473449** North Idalia, South Southern, East Unser, West Rainbow



(3) Eligible NSP3 uses of funds:

NSP3-Eligible Uses	Correlated Eligible Activities from the CDBG Entitlement Regulations
(A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income	<ul style="list-style-type: none"> • As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206. • Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out.
(B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties	<ul style="list-style-type: none"> • 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation and (n) Direct homeownership assistance (as modified below). • 24 CFR 570.202 eligible rehabilitation and preservation activities for homes and other residential properties. *HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.
(C) Establish and operate land banks for homes and residential properties that have been foreclosed upon	<ul style="list-style-type: none"> • 24 CFR 570.201 (a) Acquisition and (b) Disposition. *HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost.
(D) Demolish blighted structures	<ul style="list-style-type: none"> • 24 CFR 570.201 d) Clearance for blighted structures only.
(E) Redevelop demolished or vacant properties as housing	<ul style="list-style-type: none"> • 24 CFR 570.201 (a) Acquisition, (b) Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and (n) Direct homeownership assistance (as modified below). • 24 CFR 570.202 eligible rehabilitation and preservation activities for demolished or vacant properties. • 24 CFR 570.204 community-based development organizations. *HUD notes that any of the activities listed above may include required homebuyer counseling as an activity delivery cost. New construction of housing is eligible as part of the redevelopment of demolished or vacant properties.

Rental Housing Activity

Rental - The sub-grantee is encouraged to exceed the minimum periods of affordability as determined below for the longest feasible term. Affordability requirements will be maintained through a use restriction.

(4) Periods of Affordability

NSP-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion. The affordability requirements apply without regard to the term of any loan or mortgage or the transfer of ownership. Restrictions must be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by MFA and/or entitlement entity, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Sub-recipients must maintain copies of the recorded instruments in their project files.

(5) Minimum Period of Affordability in Years

Rental - Each sub-recipient is encouraged to exceed the minimum periods of affordability as determined below for the longest feasible term. Affordability requirements will be maintained through a use restriction.

Rental Housing Activity	Minimum Period of Affordability in Years
Rehabilitation or acquisition of existing housing per unit amount of NSP funds: Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000 or rehabilitation involving refinancing	15
New construction or acquisition of newly constructed rental housing (92.252.e)	20
The refinancing of existing debt secured by housing that is being rehabilitated with NSP funds (92.206.b)	20

Homeownership – The sub-grantee is encouraged to exceed the minimum periods of affordability below for the longest feasible term. For NSP assisted housing used for homeownership, resale or recapture provisions will be placed against the property in the form of a use restriction.

Grant Amount Per Unit	Minimum Period of Affordability in Years
Under \$25,000	5
\$25,000 to \$50,000	10
Over \$50,000	15

(6), Housing rehabilitation standards that will apply to NSP assisted activities.

Housing rehabilitation will be conducted in accordance with MFA Housing Rehabilitation Standards, which include energy efficiency requirements can be found at

<http://www.housingnm.org/programs/PublicationsCA.htm>, and in the NSP policy and procedure Manual.

ACTIVITY #1 (Mortgage Finance Authority) #19-NSP3-3-J-01

(1) Activity Name: Purchase and Rehabilitate Homes

(2) Activity Type:

NSP Eligible Use	CDBG Eligible Use
Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.	24 CFR 570.206 Activity Delivery Costs, 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) relocation, (n) direct homeownership assistance (as modified), 24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties. Rehabilitation may include housing counseling for those seeking to take part in the activity.

(3) National Objective: Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice, i.e., $\leq 120\%$ of area median income.

(4) Activity Description: The activity will allow foreclosure multi-family properties purchased and rehabilitated. All housing and residential properties purchased and

rehabilitated with NSP funds must either be rented to or purchased by individuals with incomes less than or equal to 120% of the area median income where the property is located. Rental property will have rent limitations on the units.

MFA anticipates a wide range of projects being funded under this activity. NSP funds may be used to purchase abandoned or foreclosed properties, provide rehabilitation and subsequently be sold to low to middle income purchasers. MFA and/or recipients may acquire, rehabilitate and rent the housing to lower income families or special needs populations that are in need of service enriched housing. The NSP resources also provide the opportunity for the development of land trusts. The land trust model ensures continued affordability for low, moderate and middle-income families.

- (5). Location Description: Specific sites will not be known until properties are identified. Foreclosed upon and abandoned properties located within one of the targeted areas with the greatest need as indicated above will take priority, but this activity can encompass additional approved areas from the NSP3 Mapping Tool after the targeted areas have been helped.

Through the NSP performance period, foreclosure data will be re-reviewed to determine whether additional LMMA areas need to be identified as “greatest need” areas. Any unobligated NSP funds will be eligible for redistribution in the additional identified area(s) for eligible projects.

- (6) Performance Measures: It is anticipated that 10 abandoned or foreclosed homes will be purchased with NSP funds.

- (7) Total Budget: To be determined from total allowable.

- (8) Responsible Organization:

New Mexico Mortgage Finance Authority
344 4th St. SW
Albuquerque, NM 87102

- (9). Specific Activity Requirements:

- a. NSP rental assisted units must meet the rent, income and affordability requirements for a period of 5 to 20 years. A restrictive covenant will be recorded to assure compliance with this requirement.
- b. All properties must be purchased at a minimum discount rate of 1% below current market appraised value unless a lesser discount is pre-approved by MFA. In no circumstance can a discount be less than 1%.
- c. Eight hours of housing counseling assistance will be required of all homebuyers.
- d. NSP resources will be provided in the form of a non-amortizing grant.
- e. Priority to purchase FHA foreclosed properties is encouraged.
- f. All purchases must be voluntary transactions. Displacement of individuals is not allowed.
- g. Investment of NSP resources to properties located in the 100-year flood plain is discouraged. For properties located in a 100-year flood plain, flood insurance must be maintained on the property.
- h. Any sale of property shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such property.

ACTIVITY #2 (Mortgage Finance Authority) #19-NSP3-3-01-25%

(1) Activity Name: Purchase and Rehabilitate Homes

(2) Activity Type:

NSP Eligible Use	CDBG Eligible Use
Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.	24 CFR 570.206 Activity Delivery Costs, 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) relocation, (n) direct homeownership assistance (as modified), 24 CFR 570.202 rehabilitation and preservation activities for homes and other residential properties. Rehabilitation may include housing counseling for those seeking to take part in the activity.

(3) National Objective: Meets national objective benefiting low, moderate and middle-income persons, as defined in the NSP Notice, i.e., ≤ 50% of area median income.

(4) Activity Description: The activity will allow foreclosure multi-family properties purchased and rehabilitated. All housing and residential properties purchased and rehabilitated with NSP funds must either be rented to or purchased by individuals with incomes less than or equal to 50% of the area median income where the property is located. Rental property will have rent limitations on the units.

MFA anticipates a wide range of projects being funded under this activity. NSP funds may be used to purchase abandoned or foreclosed properties, provide rehabilitation and subsequently be sold to low to middle income purchasers. MFA and/or recipients may acquire, rehabilitate and rent the housing to lower income families or special needs populations that are in need of service enriched housing. The NSP resources also provide the opportunity for the development of land trusts. The land trust model ensures continued affordability for low, moderate and middle-income families.

- (5) Location Description: Specific sites will not be known until properties are identified. Foreclosed upon and abandoned properties located within one of the counties with the greatest need as indicated above will take priority, but this activity can encompass the entire state depending on where the need is after the priority counties have been helped.

Through the NSP performance period, foreclosure data will be re-reviewed to determine whether additional LMMA areas need to be identified as “greatest need” areas. Any unobligated NSP funds will be eligible for redistribution in the additional identified area(s) for eligible projects.

- (6) Performance Measures: It is anticipated that at least 3 abandoned or foreclosed homes will be purchased with NSP funds.

- (7) Total Budget: To be determined from total allowable

- (8) Responsible Organization:

New Mexico Mortgage Finance Authority
344 4th St. SW
Albuquerque, NM 87102

- (9) Specific Activity Requirements:

- a, NSP rental assisted units must meet the rent, income and affordability requirements for a period of 20 years. A restrictive covenant will be recorded to assure compliance with this requirement.
- b. All properties must be purchased at a minimum discount rate of 1% below current market appraised value unless a lesser discount is pre-approved by MFA. In no circumstance can a discount be less than 1%.
- c. Eight hours of housing counseling assistance will be required of all homebuyers.
- d. NSP resources will be provided in the form of a non-amortizing grant.
- e. Priority to purchase FHA foreclosed properties is encouraged.
- f. All purchases must be voluntary transactions. Displacement of individuals is not allowed. Investment of NSP resources to properties located in the 100-year flood plain is discouraged. For properties located in a 100-year flood plain, flood insurance must be maintained on the property.
- g. Any sale of property shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such property.

PUBLIC COMMENT:

The Draft Substantial Amendment was available for public comment from October __, 2019 through November __, 2019.

As of 5:00 P.M. November __, 2019, ____ public comments were received.