

# THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): <u>State of New Mexico</u>	NSP Contact Person: Dolores Gonzales Address: Bataan Memorial Building, Room 202, Santa Fe, NM, 87501 Telephone: (505) 827-4972 Fax: (505) 827-4948 Email: Dolores.Gonzales2@state.nm.us
Jurisdiction Web Address: <ul style="list-style-type: none"><li>• <a href="http://cdbg.nmdfa.state.nm.us">http://cdbg.nmdfa.state.nm.us</a></li></ul>	

The State of New Mexico, Local Government Division, State Small Cities Community Development Block Grant Program (CDBG) will implement NSP funds and will work in cooperation with City of Albuquerque, City of Santa Fe, City of Las Cruces, Mortgage Financing Authority (MFA), local governments and other statewide agencies in order to effectively distribute the NSP funds to the areas of greatest need in New Mexico. The entitlement cities are Albuquerque, Santa Fe, Las Cruces, Farmington, Rio Rancho.

## ***A. AREAS OF GREATEST NEED***

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

### Response:

HUD has an average abandonment risk of 4.10 and estimates 10,573 homes will be foreclosed in New Mexico. According to Realtytrac.com New Mexico ranks 37 in the US with properties that have foreclosure filing. According to The Wall Street Journal in 2006 New Mexico had 22,782 high interest rate loans which make's up 26.2% of all Mortgages in the State.

HUD's estimated foreclosure percentage for the City of Albuquerque is 35% of homes that will be foreclosed in New Mexico. According to City-Data.Com the estimated median household income for Albuquerque in 2007 was \$43,677, the estimated median house value was \$184,700 of which 15.8% of residents lived in poverty. According to HUD's foreclosure and abandonment risk score Albuquerque has an average abandonment risk of 4.33, which is higher than the state average.

HUD's estimated foreclosure percentage for the City of Santa Fe is 2% of homes that will be foreclosed in New Mexico. According to Realtytrac.com the City of Santa Fe has the third highest number of homes in pre-foreclosure. The City of Santa Fe believes Santa Fe is seeing a delayed hit in foreclosures and the amount of foreclosures will become more intense over the next year. According to City-Data.Com the estimated median household income in 2007 was \$44,266, the estimated median house value is \$330,000 of which

17.3% of Santa Fe's residents lived in poverty. According to HUD's foreclosure and abandonment risk score Santa Fe has an average abandonment risk of 2.47.

HUD's estimated foreclosure percentage for the City of Las Cruces is 4% of homes that will be foreclosed in New Mexico. According to City-Data.Com the estimated median household income in 2007 was \$36,307, the estimated median house value was \$148,800 of which 20.6% of Las Cruces' residents lived in poverty. According to HUD's foreclosure and abandonment risk score Las Cruces has an abandonment risk of 4.47 which is also higher than the state average.

After eliminating the entitlement cities, MFA has identified the following Counties with the greatest need, with an assessment risk over 7.00; Eddy County 8.24, Valencia County 8.00, Santa Fe County 8.00, Otero County 7.44, Chavez County 8.27, Cibola County 8.69, San Juan County 7.82, Luna County 8.89, San Miguel County 8.03, Grant County 7.70, Curry County 9.20, Lea County 9.16, Guadalupe County 9.0 and Bernalillo County (w/o ABQ) 7.16.

#### ***B. DISTRIBUTION AND USES OF FUNDS***

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

#### Response:

On October 31, 2008, LGD requested all the entitlement cities and MFA submit a narrative describing the eligible NSP uses and their intent for implementation. Albuquerque, Santa Fe, Las Cruces, Rio Rancho and MFA all responded. Albuquerque, Santa Fe, Las Cruces and MFA provided documentation regarding the uses of NSP funds and demonstrated the capacity and resources to implement the funds. However, in its response, the City of Rio Rancho expressed that they neither have the personnel nor the expertise to administer the NSP program. MFA will be available to help the City of Rio Rancho, if needed. The City of Farmington verbally informed LGD that they do not have a foreclosure problem and were not interested in this program.

NSP eligible uses are as follows:

- (A) Establishing 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) 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;
- (C) Establish land banks for homes that have been foreclosed upon;
- (D) Demolish blighted structures;
- (E) To redevelop demolished or vacant properties

The Local Government Division recommends the following distribution of funds:

City of Albuquerque receive \$6,510,000 to be able to (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 and (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. (D) Demolish blighted structures and (E) to redevelop demolished or vacant properties. Albuquerque has identified 90 properties that are foreclosed and 99 distressed, vacant or abandoned properties where they would use the funds. In addition, LGD will award an amount not to exceed 7% of the funds used by Albuquerque for NSP purposes or \$490,000, which ever is less, for administration.

City of Santa Fe receive \$2,790,000 to be able to (A) Establishing 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) 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; (D) Demolish blighted structures; (E) To redevelop demolished or vacant properties. The City of Santa Fe would focus its efforts on purchasing and rehabilitating homes and residential properties abandoned or foreclosed. In addition, LGD will award an amount not to exceed 7% of the funds used by City of Santa Fe for NSP purposes or \$210,000, which ever is less, for administration.

City of Las Cruces receive \$1,395,000 to be able to focus on (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. Their focus would be split between homeownership opportunities and rental properties. However, the following eligible activities either solely or in combination would be considered; (A) Establishing 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. (D) Demolish blighted structures and (E) to redevelop demolished or vacant properties. In addition, LGD will award an amount not to exceed 7% of the funds used by City of Las Cruces is for NSP purposes or \$105,000, which ever is less, for administration.

MFA receive \$6,056,160 to be able to help in all categories of the eligible uses for NSP funds except (C) establish land banks for homes that have been foreclosed upon.

Depending on the counties with the greatest need other than the entitlements cities listed. MFA has identified 14 counties, Eddy County, Valencia County, Santa Fe County, Otero County, Chavez County, Cibola County, San Juan County, Luna County, San Miguel County, Grant County, Curry County, Lea County, Guadalupe County, and Bernalillo County (w/o ABQ). MFA will also help City of Rio Rancho. MFA will consider any other counties that can provide specific area of need. In addition, LGD will award an amount not to exceed 7% of the funds used by MFA for NSP purposes or \$455,840, which ever is less, for administration.

Other statewide agencies or local governments receive \$930,000 to be able to (D) Demolish blighted structures through out the entire state of New Mexico in those areas with the greatest need. In addition, LGD will award an amount not to exceed 7% of the funds used by statewide agencies or local governments for NSP purposes or \$70,000, which ever is less, for administration.

Local Government Division shall use \$588,000 (3%) for administrative funds to be able to effectively distribute and monitor all grantees to ensure all regulations are in compliance with the Federal Register Part III of the Department of Housing and Urban Development.

### ***C. DEFINITIONS AND DESCRIPTIONS***

(1) Definition of “blighted structure” in context of state or local law.

Response:

“Blighted area” as used in the Community Development Act, Sections 3-60-1 to 3-60-37 NMSA 1978, means an area, other than a slum area, which is found by the local governing body by reason of the presence of a substantial number of slum, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty low 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 subdivisions or obsolete platting, or the existence of conditions which endanger life or property, or any combination of such factors to substantially impair or arrest the sound growth of the municipality, retard the provision of housing accommodations or constitute an economic or social liability and is a menace to the public health, safety, morals or welfare in its present conditions and use.

(2) Definition of “affordable rents.”

Response:

According to HUD “The generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing.”

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

If NSP funds will be used for rental properties, LGD will require quarterly reports to ensure the continued affordability of housing.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

Housing rehabilitation will be in accordance to Section 8 Standards as used in the CDBG program.

***D. LOW INCOME TARGETING***

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income:

Response:

On November 14, 2008, LGD will receive proposals from Albuquerque, Santa Fe, Las Cruces and MFA that will include these estimated amounts. LGD will supplement this Amendment as soon as LGD receives these estimated amounts.

City of Albuquerque stated it will identify eligible homebuyers whose income does not exceed 50% of AMI through a HUD Certified Housing Agency.

City of Santa Fe stated it will work with Homewise and the Housing Trust to target those who earn less than 100% AMI and their local housing program to target those who earn up to the 120% AMI. In order to meet the income requirements for those who do not exceed 50% AMI Santa Fe would work with both the Coalition to End Homelessness and Life Link/La Luz.

City of Las Cruces stated it will work with local non-profits such as Tierra Del Sol, Mesilla Valley Habitat for Humanity, Community Action Agency of Southern New Mexico and the Housing Authority of Las Cruces to identify the households that qualify under the 120% of AMI. In order to meet the income requirements for those who do not exceed the 50% AMI Las Cruces would work with Mesilla Valley Community of Hope (homeless service and housing provider).

MFA is the housing agency for the State of New Mexico and already administers

approximately \$335,000,000 in housing resources on an annual basis. MFA stated it will use their existing base of non-profit housing counselors and agencies to meet the income requirements for those who earn less than 120% and 50% of AMI.

#### ***E. ACQUISITIONS & RELOCATION***

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e.,  $\leq 80\%$  of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e.,  $\leq 80\%$  of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e.,  $\leq 120\%$  of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

#### **Response:**

LGD does not intend at this time to demolish or convert any low and moderate income dwellings. If this intention changes, LGD will submit an amendment to this Plan. The entities that LGD communicated with have not yet identified any acquisition that would require relocation.

#### ***F. PUBLIC COMMENT***

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

#### **Response:**

Substantial Amendment to 2009 Action Plan will be published on November 8, 2008, with a comment period of 15 days which ends on November 23, 2008. Once the State of New Mexico receives public input we will provide a summary under this section.

#### ***G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

As stated above, LGD requested proposals from Albuquerque, Santa Fe, Las Cruces and MFA, due on November 14, 2008. The proposals will require all NSP information by activity, certifications and the NSP Substantial Amendment Checklist Sections G. and H. herein and provide LGD with the information needed for Section D. herein. Proposals shall be returned to Local Government Division, Bataan Memorial Building Room 202,

no later than 5:00 pm on November 14, 2008. The proposals shall include the following information:

(1) Activity Name:

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

(3) National Objective: (Must be a 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:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

(5) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

(7) Total Budget: (Include public and private components)

(8) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

(9) Projected Start Date:

(10) Projected End Date:

(11) Specific Activity Requirements:

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

For housing related activities, include:

duration or term of assistance;

- tenure of beneficiaries--rental or homeownership;
- a description of how the design of the activity will ensure continued affordability

## **CERTIFICATIONS**

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

(9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.

(10) **Use NSP funds ≤ 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

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Title

# NSP Substantial Amendment Checklist

## Contents of an NSP Action Plan Substantial Amendment

Contact:	Phone Number:
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### **G. INFORMATION BY ACTIVITY**

Does the submission contain information by activity describing how the grantee will use the funds, identifying:

- eligible use of funds under NSP,  
Yes  No . Verification found on page \_\_\_\_.
- correlated eligible activity under CDBG,  
Yes  No . Verification found on page \_\_\_\_.
- the areas of greatest need addressed by the activity or activities,  
Yes  No . Verification found on page \_\_\_\_.
- expected benefit to income-qualified persons or households or areas,  
Yes  No . Verification found on page \_\_\_\_.
- does the applicant indicate which activities will count toward the statutory requirement that at least 25% of funds must be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals and families whose incomes do not exceed 50% of area median income?  
Yes  No . Verification found on page \_\_\_\_.
- appropriate performance measures for the activity,  
Yes  No . Verification found on page \_\_\_\_.
- amount of funds budgeted for the activity,  
Yes  No . Verification found on page \_\_\_\_.
- the name, location and contact information for the entity that will carry out the activity,  
Yes  No . Verification found on page \_\_\_\_.
- expected start and end dates of the activity?  
Yes  No . Verification found on page \_\_\_\_.
- If the activity includes acquisition of real property, the discount required for acquisition of foreclosed upon properties,  
Yes  No . Verification found on page \_\_\_\_.

- If the activity provides financing, the range of interest rates (if any),  
Yes  No . Verification found on page \_\_\_\_\_.
- If the activity provides housing, duration or term of assistance,  
Yes  No . Verification found on page \_\_\_\_\_.
- tenure of beneficiaries (e.g., rental or homeownership),  
Yes  No . Verification found on page \_\_\_\_\_.
- does it ensure continued affordability?  
Yes  No . Verification found on page \_\_\_\_\_.

**H. CERTIFICATIONS**

The following certifications are complete and accurate:

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| (1) Affirmatively furthering fair housing                  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (2) Anti-lobbying  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (3) Authority of Jurisdiction                              | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (4) Consistency with Plan                                  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (5) Acquisition and relocation                             | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (6) Section 3  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (7) Citizen Participation                                  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (8) Following Plan   | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (9) Use of funds in 18 months                              | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (10) Use NSP funds $\leq$ 120 of AMI                       | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (11) No recovery of capital costs thru special assessments | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (12) Excessive Force                                       | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (13) Compliance with anti-discrimination laws              | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (14) Compliance with lead-based paint procedures           | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| (15) Compliance with laws                                  | Yes <input type="checkbox"/> | No <input type="checkbox"/> |