

Grantee: New Mexico

Grant: B-08-DN-35-0001

April 1, 2019 thru June 30, 2019 Performance Report

Grant Number: B-08-DN-35-0001	Obligation Date: 	Award Date: 03/20/2009
Grantee Name: New Mexico	Contract End Date: 03/20/2013	Review by HUD: Reviewed and Approved
Grant Award Amount: \$19,600,000.00	Grant Status: Active	QPR Contact: No QPR Contact Found
LOCCS Authorized Amount: \$19,600,000.00	Estimated PI/RL Funds: \$9,998,219.17	
Total Budget: \$29,598,219.17		

Disasters:

Declaration Number

No Disasters Found

Narratives

Areas of Greatest Need:

The Housing and Economic Recovery Act of 2008 (HERA) and the Neighborhood Stabilization Program (NSP) was created for emergency assistance to help problems associated with abandoned homes due to foreclosure. HUD selected local governments to stabilize communities hardest hit by foreclosures and delinquencies. HUD estimates 10,573 homes will be foreclosed in New Mexico and according to Realtytrac.com. New Mexico ranks 37 in the US with properties that have foreclosure filing. In addition, The Wall Street Journal states that in 2006 New Mexico had 22,782 high interest rate loans which makes up 26.2% of all Mortgages in the State. HUD allocated the State of New Mexico \$19,600,000 to help with the foreclosure and abandonment problems. The five CDBG entitlement cities, Albuquerque, Santa Fe, Las Cruces, Rio Rancho, and Farmington, received no direct NSP funding. Department of Finance and Administration (DFA)/Local Government Division (LGD) requested all the entitlement cities and New Mexico Mortgage Finance Authority (MFA) to submit a narrative describing the eligible NSP uses and their intent for implementation. Those entitlement cities that expressed a need and had the capacity for NSP funds were the City of Albuquerque, City of Santa Fe, City of Las Cruces and MFA. Therefore, DFA/LGD will administer NSP funds and will work in cooperation with City of Albuquerque, City of Santa Fe, City of Las Cruces, and New Mexico Mortgage Finance Authority (MFA) in order to effectively distribute the NSP funds to the areas of greatest need in New Mexico. The State of New Mexico awarded the following distribution of uses: City of Albuquerque \$7,000,000; City of Santa Fe \$2,000,000; City of Las Cruces \$1,500,000; Mortgage Finance Authority (MFA) \$8,708,000 and the State will keep \$392,000 for administrative funds to implement the program. DFA/LGD estimates \$4,191,276.00 will be spent on eligible use (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 homebuyers. Approximately \$12,510,504.00 will be spent on eligible use (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. Roughly, \$437,500.00 will be spent on eligible use (C) Establish land banks for homes that have been foreclosed upon. It is also estimated that \$250,000 will be spent on eligible use (D) Demolish blighted structures and \$200,000 will be spent on eligible use (E) Redevelop demolished or vacant Properties. Additionally, each NSP activity is also CDBG-eligible under 42 U.S.C. 5305 (a) and meets a CDBG national objective. The project start and end dates for the activities listed above are estimated to start March 20, 2009 and end no later than June 20, 2013. Action Plan: At the current time exact locations are unknown but the City of Albuquerque will focus on the following Census Tracts which are LMMA's and scored highest on the three risk factors 0205, 0603, 0707, 0901, 0904, 1300, 1400, 1500, 2402, 2900, 4401, 4300, 4705, 4712, 4713, 4732. See Amendments. Action Plan: The City of Las Cruces will concentrate on those areas of Greatest Need identified in the following Census Tracts, in order of priority: First Priority is 0300; 0500; 0102; 0402; 0200; Second Priority is 0401; 06

Areas of Greatest Need:

00; 0700; 0800; 0900. Action Plan: The City of Santa Fe will concentrate in the following Census Tracts where the Greatest Need was identified 0700; 1106; 1202; 1107; 0101; 0200; 0300; 0400; 0500; 0600; 0800; 1002; 1201; 0500. Action Plan: MFA will use their funds in the following counties who scored the highest on the Areas of Greatest Need; Sandoval County (including Rio Rancho); Valencia County; Bernalillo County (without Albuquerque); Chaves County; Lea County; Luna County; Eddy County; Curry Co

Distribution and and Uses of Funds:

9,esloThe City of Albuquerque: Action Plan: HUD estimated foreclosure percentage for the City of Albuquerque is 35% of homes 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. Therefore, DFA awarded The City of Albuquerque \$7,000,000 of which \$490,000 is to be used for administration. \$3,375,000 will be used to purchase and rehabilitate approximately 22 homes



above 50% of AMI (Eligible use B). \$1,750,000 will be used to purchase and rehabilitate approximately 20 homes 50% of AMI (Eligible use B-25% set aside). \$1,035,000 will be used for financing mechanisms on 22 homeowners whose income levels are above 50% of AMI (Eligible use A). \$250,000 will be used demolish approximately 10 blighted structures (Eligible use D). \$100,000 will be used for HUD-Certified Counseling Provider (Eligible use E). The activities above are expected to Start March 20, 2009 and Finish June 20, 2013. Amendment #1: In September 2009, City of Albuquerque re-evaluated their activities and decided it would be most beneficial if they canceled the demolition activity. The City added the additional funds from demolition to their purchase and rehabilitation activity and they also reduced their financing activity. As of September 2009 the City will use \$490,000 in Administration, \$4,310,000 will be used to purchase and rehabilitate approximately 34 homes above 50% of AMI (Eligible use B); \$1,750,000 will be used to purchase and rehabilitate approximately 22 rental units 50% of AMI (Eligible use B-25% set aside). \$350,000 for financing mechanisms on 7 homeowners whose income levels are above 50% of AMI (Eligible use A). \$100,000 will be used for HUD-Certified Counseling Provider (Eligible use E) Amendment #2: On January 12, 2010 the City of Albuquerque did an evaluation of their target area and determined that the following census tracts needed to be included 2010:0110, 0114, 0120, 0121, 0123, 0128, 0204, 0208, 0206, 0207, 0604, 0704, 0708, 0712, 0713, 0903, 1200, 2000, 2401, 2700, 3201, 3202, 3400 and 4714, DFA and HUD approved. Amendment #3: On May 5, 2010 The City of Albuquerque requested budget changes, decreasing the budgeted amount for financing to \$0 and increasing the amount for acquisition and rehab at or below 50% AMI and 50% to 80% AMI from \$4,310,000 to \$6,412,500.00 which will then increase the amount of rental units from 10 to 38 and also increase home ownership for income levels between 81% to 120% AMI from 5 to 20. Amendment #4: On July 2, 2010 The City of Albuquerque requested budget changes, splitting the budgeted amount of \$6,412,500.00 for acquisition and rehab for at or below 50% AMI to \$3,011,004.00 (25%) for 49 rental units and for income levels between 51% to 120% AMI to \$3,401,496.00 (above 50%) for 20 homes, for a combined total of \$6,412,500.00 Amendment #5 During the NSP Clinic the State of New Mexico learned that HUD counseling should have been a direct activity Albuquerque increased the Acquisition and Rehab Budget by \$97,500.00 for the HUD counseling actd zeroed out to reflect the change. Amendment #6: On May 17, 2013, The City of Albuquerque requested to use \$91,590.39 of Program Income received for Adm

Distribution and and Uses of Funds:

istrative expenditures. As of that date the City of Albuquerque had actually received \$1,526,506.58 in Program Income. The City of Albuquerque's request to use an additional \$91,590.39 plus the existing \$490,000 of Administration expenditures which gave Albuquerque a new Administration budget total of \$581,590.39 for Activity #09-NSP-6-G-03. The City of Albuquerque also revised their 1/3/2012 of estimated Program Income from \$2,284,979.40 to be \$1,978,345.63. The new estimate of \$ NSP-1 has&a

Definitions and Descriptions:

None at this time

Low Income Targeting:

The minimum budget requirement for all grantees to meet low income set aside for the needs of families at or below 50% AMI is a combined total of \$4.9 Million. At June 30, 2010 ,the overall progress of this requirement had exceeded the minimum amount.

Acquisition and Relocation:

None at this time

Public Comment:

None to at this time

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$26,512,038.24
Total Budget	\$199,403.34	\$26,512,038.24
Total Obligated	\$230,503.64	\$26,512,038.24
Total Funds Drawdown	\$162,665.96	\$26,299,259.38
Program Funds Drawdown	\$162,665.96	\$17,860,714.77
Program Income Drawdown	\$0.00	\$8,438,544.61
Program Income Received	\$0.00	\$8,494,193.59
Total Funds Expended	\$0.00	\$26,136,593.42
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00



Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$2,940,000.00	\$0.00
Limit on Admin/Planning	\$1,960,000.00	\$1,639,537.48
Limit on Admin	\$0.00	\$1,639,537.48
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$7,399,554.79	\$7,930,280.55

Overall Progress Narrative:

Albuquerque Closeout: DFA completed the process of Albuquerque Closeout last quarter. This quarter the City of Albuquerque requested information of transferring \$46,000 of program income to CDBG.

NSP Post Yearly Reports: DFA's Consultant continued to work with the City of Santa Fe on their Post Yearly Report which was accepted and approved this quarter. The Post Yearly Report referred to Program Income they had received. The City having misplaced some of the previous HUD forms for transferring NSP Program Income to CDBG required the Consultant to send new forms and conducted technical assistance on what to do to document a transfer of NSP program income to CDBG. In early June the City submitted a draft requesting their transfer but it was missing important inhouse information and the City explained that was all the information they had. The Consultant furnished the DRGR status and before submitting consulted with the Local HUD Office questioning which entity should submit the request to HUD for approval. DFA submitted the request to HUD to transfer \$11,051.72 of Program Income to their CDBG Project. This request process took longer than it should because after the City of Santa Fe closed their active part of the NSP program the personnel have either left the City or have been assigned to other departments. The CDBG personnel were not fully involved in NSP to understand the process.

HUD Technical Assistance: DFA did not receive technical assistance this quarter.

Admin: DFA received HUD approval on amendment of the Action Plan to increase the administration budget to \$683,563.90.

DFA drew down \$206,369.79 from admin funds this quarter. The \$206,369.79 to be entered in Admin for NSP-1 became \$162,665.96 entered in the 2ndqt and \$43,703.83 entered in the third quarter.

Unfortunately, DFA has operated under the assumption that program income must be expended prior to drawing down NSP funds, regardless of whether it pertained to NSP-1 or NSP-3. Because NSP-3 had generated program income, a portion of that income was used for NSP-1 expenses. After consulting with HUD technical assistance, it was realized that program income from NSP-3 could not be used for NSP-1 expenses. In an attempt to rectify this error, contractor time sheets (administrative expenses) dating back to 2014 had to be reexamined to determine how much NSP-3 program income was mistakenly used for NSP-1. In June of 2018, DFA reconciled the budget (increase NSP-1 and replenish NSP-3) for program years 2014 through 2018, which resulted in a substantial increase in administrative expenses in the amount of \$206,369.79 (funding drawdown) and \$102,947.58 (program income) from NSP-1 and NSP-3 respectively. The \$102,947.58 to be entered in Admin for NSP-3 became \$83,576.41 entered in the 2ndqt and \$19,371.17 entered in the third qt. During the time period of researching this data an additional \$54,295.18 of Admin was expended and will be entered in the 4th 2019 quarter due to the lateness of this quarter's report. The \$54,295.18 will include \$16,843.64 for the 4th quarter of 2018: \$2,494.09 for the 1st quarter of 2019: \$22,088.07 for the 2nd quarter of 2019: \$8,803.67 for the 3rd quarter of 2019 and \$4,065.71 expended and entered in the 4th quarter of 2019. This has resulted in a typical spending during the reporting period, but since receiving clarification from HUD technical assistance, this issue will be considered resolved.

DFA conducted a new procurement for Consultant services and concluded a new contract with the Consultant.

MFA: DFA continued discussions with MFA about the proposed sub grant. These discussions included MFA senior management, DFA's Consultant, Legal Counsel and others in DFA. Topics of discussions included proposed scope of work for the program, approved NSP project areas, budget, and how to address 210 59th Street. A scheduled conference call in early April included discussions about previous approved areas, how Program Income is disbursed, and wording for a JPA. The Consultant e-mailed the approved areas for each program as well as a list of allowable projects in HUD's Federal Register for MFA to consider. Other questions in April included amount of NSP funds available to allocate. Starting in May DFA and MFA have met weekly or exchanged e-mail for technical assistance. Forms of the projects progress reporting to DFA were explained. A draft JPA was produced for DFA and MFA to agree on terms and types of projects allowed by HUD. MFA will be purchasing residential units in both NSP-1 and NSP-3 to rehab and resale to low/moderate income families. The draft agreement is also being reviewed by Legal Counsel. MFA presented the proposed project at their Board Meeting.



DFA anticipates that we will be able to make the agreement next quarter.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
09-NSP-2-G-02, City of Las Cruces	\$0.00	\$1,828,628.40	\$1,484,432.07
09-NSP-2-G-03, City of Albuquerque	\$0.00	\$6,800,596.87	\$5,274,090.29
09-NSP-2-G-04, City of Santa Fe	\$0.00	\$2,182,521.25	\$1,998,707.97
09-NSP-2-J-01, MFA	\$0.00	\$15,016,727.82	\$8,632,699.40
09-NSP-STATE, The State of New Mexico	\$162,665.96	\$683,563.90	\$470,785.04



Activities

Project # / 09-NSP-STATE / The State of New Mexico

Grantee Activity Number: 09-NSP-1-GJ-01
Activity Title: Administration

Activity Category: Administration	Activity Status: Under Way
Project Number: 09-NSP-STATE	Project Title: The State of New Mexico
Projected Start Date: 03/20/2009	Projected End Date: 12/31/2019
Benefit Type: ()	Completed Activity Actual End Date:
National Objective: N/A	Responsible Organization: The State of New Mexico

Overall	Apr 1 thru Jun 30, 2019	To Date
Total Projected Budget from All Sources	N/A	\$683,563.90
Total Budget	\$199,403.34	\$683,563.90
Total Obligated	\$230,503.64	\$683,563.90
Total Funds Drawdown	\$162,665.96	\$470,785.04
Program Funds Drawdown	\$162,665.96	\$470,785.04
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$308,119.08
The State of New Mexico	\$0.00	\$308,119.08
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Activity Description:

Administrative Money 1/3/2012-State of New Mexico 09-NSP-6-JG-01 grant funds \$392,000.00 no estimated program income at this time.

The Sub-Grantee MFA closed out their Grant. As part of the Closeout Agreement the \$75,300.60 listed in their Line of Credit was transferred to the State for other NSP approved expenditures. This budget was raised to \$467,300.60 to accommodate the transfer.

2/5/2018 The NSP Agreement for the City of Santa Fe was closed and the \$1,292.03 left in the Line of Credit is transferred to the State's Admin Budget, Activity 09-NSP-6-GJ-01. The budget will now be \$468,592.63

NSP-1 has \$1,901,951.19 of funds left to expend. From that an additional \$375,444.82 is needed to cover the Admin of \$162,626.24 to correct the expenditures paid but not entered in the DRGR, \$46,285.22 Admin expenses for the period of 7/1/2018 to 6/30/2019 and \$166,533.36, added to the State Admin Budget for expenditures for the next two years. The \$162,626.24 plus the 46,285.22, plus the 166,533.36 would equal the \$375,444.82. Adding the \$375,444.82 to the \$308,119.08 of State Admin already expended and entered required a total State Admin Budget of \$683,563.90.



Location Description:

Administrative Money

Activity Progress Narrative:

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Accomplishments Performance Measures

No Accomplishments Performance Measures

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Monitoring, Audit, and Technical Assistance

Event Type	This Report Period	To Date
Monitoring, Audits, and Technical Assistance	0	53



Monitoring Visits	0	30
Audit Visits	0	0
Technical Assistance Visits	0	23
Monitoring/Technical Assistance Visits	0	0
Report/Letter Issued	0	30

