

**Grantee: New Mexico**

**Grant: B-08-DN-35-0001**

**July 1, 2018 thru September 30, 2018 Performance Report**

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**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:**

\$9,498,219.17

**Total Budget:**

\$29,098,219.17

## 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:**

The 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 Admin

**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 \$1,978,34 Close

**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
<b>Total Projected Budget from All Sources</b>	N/A	\$28,490,135.00
<b>Total Budget</b>	\$0.00	\$28,490,135.00
<b>Total Obligated</b>	\$0.00	\$26,281,534.60
<b>Total Funds Drawdown</b>	\$0.00	\$26,136,593.42
<b>Program Funds Drawdown</b>	\$0.00	\$17,698,048.81
<b>Program Income Drawdown</b>	\$0.00	\$8,438,544.61
<b>Program Income Received</b>	\$0.00	\$8,494,193.59
<b>Total Funds Expended</b>	\$0.00	\$26,136,593.42



<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

<b>Requirement</b>	<b>Target</b>	<b>Actual</b>
<b>Overall Benefit Percentage (Projected)</b>		0.00%
<b>Overall Benefit Percentage (Actual)</b>		0.00%
<b>Minimum Non-Federal Match</b>	\$0.00	\$0.00
<b>Limit on Public Services</b>	\$2,940,000.00	\$0.00
<b>Limit on Admin/Planning</b>	\$1,960,000.00	\$1,476,871.52
<b>Limit on Admin</b>	\$0.00	\$1,476,871.52
<b>Most Impacted and Distressed Threshold (Projected)</b>	\$0.00	\$0.00
<b>Progress towards LH25 Requirement</b>	\$7,274,554.79	\$7,930,280.55

## Overall Progress Narrative:

During the quarter, with the help of the technical assistance provider, DFA/LGD identified the various steps that need to take place in order to resume successful activity on NSP-1. Issue #1: Correcting the disproportionate use of administrative expenses for the contractor. For years DFA/LGD operated under the assumption that NSP-1 administrative expenses could not be utilized because program income had been generated through the NSP-3 program. Upon the realization that this was incorrect, DFA/LGD reviewed over 70 timesheets dating back 4 years. The contractor is revising the timesheets to reflect the actual work completed during those years on each NSP program. Once the timesheets are corrected, DFA intends to charge the administrative expenses correctly in the DRGR. Issue #2: Closeout with the City of Albuquerque. After consulting with the local HUD Field Office, it was determined that City of Albuquerque is not the best option at this time for continuing the NSP-1 program. A Closeout Agreement was drafted, approved by DFA Legal Counsel and is ready to be distributed to the City. The City has been notified of this intent.

Issue #3: Entering into an agreement with MFA to resume responsibilities for NSP-1. After consulting with the local HUD Field Office, it was determined that Mortgage Finance Authority (MFA) has the most administrative capacity to utilize this funding in the most expeditious manner. Research was conducted to determine which Census Tracts could be used by MFA for the NSP-1 program. In order to move forward with this agreement, DFA/LGD must budget rectified expenses from the timesheets (issue 1), enter those expenses in DRGR, and closeout the City of Albuquerque (issue 2).

## Project Summary

<b>Project #, Project Title</b>	<b>This Report Period</b>	<b>To Date</b>	
	<b>Program Funds Drawdown</b>	<b>Project Funds Budgeted</b>	<b>Program Funds Drawdown</b>
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	\$8,978,345.63	\$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	\$0.00	\$484,160.56	\$308,119.08



## Activities

**Project # / Title:** 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**

**Jul 1 thru Sep 30, 2018**

**To Date**

<b>Total Projected Budget from All Sources</b>	N/A	\$484,160.56
<b>Total Budget</b>	\$0.00	\$484,160.56
<b>Total Obligated</b>	\$0.00	\$453,060.26
<b>Total Funds Drawdown</b>	\$0.00	\$308,119.08
<b>Program Funds Drawdown</b>	\$0.00	\$308,119.08
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$0.00	\$308,119.08
The State of New Mexico	\$0.00	\$308,119.08
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00

**Activity Description:**

Administrative Money1/3/2012-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

**Location Description:**

Administrative Money



## Activity Progress Narrative:

Correcting the disproportionate use of administrative expenses for the contractor. For years DFA/LGD operated under the assumption that NSP-1 administrative expenses could not be utilized because program income had been generated through the NSP-3 program. Upon the realization that this was incorrect, DFA/LGD reviewed over 70 timesheets dating back 4 years. The contractor is revising the timesheets to reflect the actual work completed during those years on each NSP program. Once the timesheets are corrected, DFA intends to charge the administrative expenses correctly in the DRGR.

## 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

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## 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