

HAFP-0109-New Mexico
Treasury Feedback for Resubmission of Plan

Please revise the HAF plan by providing a response to the question(s).

Completeness

The participant's response(s) to the following questions was/were either incomplete or unresponsive:

- Your plan lists Donna M. Trujillo as the Authorized Official, while the original application for HAF payments was signed by Deborah Romero. To ensure prompt payment upon approval, the Authorized Official needs to be the same as the signatory on the original application for HAF payments. If you need to establish a new authorized representative for HAF payments, a request should be submitted by email to HAF@treasury.gov.
- Please submit the plan narrative currently hosted on the Minnesota Housing website as an attachment with your full plan resubmission.

Note to Treasury:

The State of New Mexico will administer the utility assistance program through the Department of Finance and Administration and has contracted with MFA to administer the housing cost assistance programs for reinstatement, principal reduction, payment assistance and cost assistance for taxes and insurance.

Homeowner Needs and Community Engagement

Data

- No questions.

Community Engagement and Public Participation

- Please describe any coordination you intend with Tribes or Tribal entities.

New Mexico has 23 federally recognized Tribes and Pueblos. We understand that Treasury will make allocations to Tribes and Tribal entities based on the allocation formulas used for the Emergency Rental Assistance Program. Following allocation of funds to both the state and to tribal entities, the New Mexico HAF program will reach out to these entities to coordinate HAF outreach efforts to support alignment and to maximize effectiveness.

For applications for housing assistance, tribal residency will be identified by the applicant during the initial application process. If an applicant indicates they are a tribal member, the application will request the applicant to identify their tribe from a dropdown list. MFA can then determine if their tribe has or will have an HAF program. In cases where a tribal program is

available, MFA will refer the applicant to the tribal program. In cases where a tribal program is not available, MFA will provide assistance to otherwise eligible homeowners.

- Please provide an update indicating any public comments you have received since you submitted your HAF Plan, from which organization you received any such comment, and whether you have responded to the comments.

No additional public comments have been received.

Ongoing Assessment of Homeowner Need

- Please explain how the program will address changes in homeowner needs in the coming years.

The housing cost assistance programs are intended to support homeowners in a couple of ways. One way is to cure delinquency, resulting in immediate relief for the homeowner as well as foreclosure avoidance. Another way the program will support homeowners is by preserving their equity. In cases where HAF funds can be used to reduce the principal balance or reimburse a partial claim, homeowners are able to preserve their hard-earned equity and leverage it the future. This results in fewer foreclosures and better overall economic conditions in the state. Additionally, homeowners will have the opportunity to achieve a sustainable housing cost payment which will lead to better future outcomes.

MFA will continue to adjust the HAF program to address the hardships of New Mexico homeowners, within the boundaries of Treasury's guidance. MFA expects to change or add certain program design elements over the coming years, particularly during the next 12 months as moratoria expire and foreclosure referrals resume. For example, we may adjust the household maximum benefit, allow for more than a one-time reinstatement, or loosen other program restrictions if we find the program no longer meets current needs.

MFA will strive to provide homeowners with access to resources other than HAF, specifically housing counselors and legal services providers, who can assist homeowners who have been permanently impacted by the pandemic, those who remain unemployed or underemployed, and those at imminent risk of displacement.

Program Design

- Will there be a method in your HAF program, early in the process of engaging with a household, to evaluate immediate threats to the housing stability of applicants, which may need to be addressed under an expedited or prioritized timeline (e.g. HOA liens, tax delinquencies, utility shut off)?

The State of New Mexico is currently working with 41 utility providers through the New Mexico Emergency Rental Assistance Program and will continue to work with these providers, and

others, to identify applicants with immediate threats of utility shut off or whose utilities have already been disconnected.

The New Mexico Homeowner Assistance Fund Utility Assistance program will assign priority to applications for qualified individuals with utilities that have been disconnected, or whose utilities are scheduled to be disconnected. Prioritizing applications will allow the program to process awards for high-priority applications more quickly.

For the housing cost programs, the applicant will be able to provide information at various stages in the application process which we will then use to prioritize processing for those facing immediate threats to housing stability. We will request the applicant provide their past due status in days or months, inquire whether they have received a foreclosure notice or foreclosure sale notice, eviction notice, and/or are at imminent risk of losing their home.

- Please explain what steps, if any, your program will take to assist the homeowner in determining whether a HAF-resolution will result in a sustainable monthly payment?

MFA intends to offer housing counseling resources to eligible applicants to assist them in pursuing all available options to resolve the delinquency. MFA will partner with housing counselors who can assist homeowners with accessing loss mitigation and who will provide a complete financial review to ensure that the servicer option offered, including the use of HAF funds, results in a sustainable payment. Based on information gained and feedback received since plan submission, MFA intends to adjust the reinstatement program to include both reinstatement and principal reduction. This will allow for a more robust solution to ensure the monthly payment is sustainable.

Only those receiving unemployment will be eligible for on-going assistance at this time. By limiting access to monthly assistance, the program will drive applicants towards a loss mitigation solution. Applicants will have access to a housing counseling or can work with their servicer individually to obtain that sustainable solution. MFA plans to support those homeowners who need both reinstatement and/or principal reduction through this program.

- Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve?

The State of New Mexico recognizes the possibility of increased winter home energy costs for some applicants. However, the New Mexico Homeowner Assistance Utility program caps available assistance for eligible applicants at \$1,000.00. This cap will adequately address utility needs during the winter months.

- Your programs set \$20,000 as the maximum amount of assistance per homeowner. Please explain how you determined this amount will be sufficient to resolve housing-related delinquencies and whether the cap will be sufficient in areas with higher housing costs?

During the last 12-15 months, MFA has administered housing cost assistance programs using various funding sources including CDBG-CV and Coronavirus Relief Act funds. Data from these programs informed the average monthly payment and delinquency amounts for households with incomes up to 100% AMI. During the HAF pilot program, there was a household maximum of \$10,000, and 22% of eligible applicants reached the cap. The average amount funded was \$5,481 per household.

Using a very conservative monthly housing cost of \$1,249, \$20,000 would cure up to 16 months of delinquency. In New Mexico 48% of homeowners have monthly homeowner cost at or below \$1,249. In the three counties with the highest home prices, the rates at that cost are 30% (Santa Fe), 19% (Los Alamos) and 57% (Taos). In New Mexico's most populous county, Bernalillo, the rate is 42%. (American Community Survey 2014-2019 5 Year Estimates)

MFA will adjust the maximum household benefit if data indicates that is necessary to assist households who would be eligible for assistance.

Eligibility

- No questions.

Outreach

- No questions.

Prioritization

- No questions.

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public.

Both DFA and MFA will communicate progress of the programs through our public facing websites. The MFA website will include a dashboard feature for reporting important metrics related to the housing cost programs. Additionally, MFA is overseen by and reports regularly to the New Mexico Legislative Oversight Committee regarding all programs, including HAF, and we will report the progress of both housing assistance and utility assistance in those updates. We are also required to report to the State of New Mexico, including to the Department of Finance and ultimately to the Deputy Secretary of Finance and Administration and the Governor.

- Please indicate which three metrics will serve as the best indicators of the success of your program.

Programmatic metrics of success for MFA are the number of people assisted through our programs, including those who receive a reinstatement and/or principal reduction award, those we assist with monthly payment, and those who are assisted through a combination of loss mitigation and HAF funds.

In addition, we feel that the success of our program will manifest in low foreclosure rates, a drop in delinquency rates, and a return to pre-pandemic conditions in the housing market.

- Please indicate whether you intend to disaggregate metrics by income, race, gender, etc.

Yes, software will be able to disaggregate by any metrics required for reporting.

- Please consider including as an additional metric the number of homeowners assisted/foreclosures prevented solely through counseling or legal services without payment of HAF funds to resolve the homeowner's defaults or delinquencies.

MFA will work with selected housing counselors to report this data.

Readiness

- Please provide the most recent available information about your program's readiness, including staffing, contractors, etc.

The Department of Finance and Administration is currently administering the Emergency Rental Assistance Program, which provides federal assistance for eligible renters for past-due, current, and future rent and utility bills. With the established infrastructure and operational framework from the current federal housing assistance program, and the previous HAF pilot program, the Department of Finance and Administration and MFA are ready to develop, launch, and administer the HAF housing cost and utility assistance programs.

Aside from software, MFA intends to handle programmatic activity in-house without the need for contractors. MFA has dedicated and trained staff on hand to complete program administration. We currently employ 6 file reviewers and 1 administrative staff person who will be dedicated fulltime to HAF. Additionally, preferred staff, systems, and contract support are identified and ready to be mobilized.

Upon plan approval, DFA and MFA will immediately start the outreach and media campaigns described in the plan. Additionally, MFA has been collecting potential applicant email addresses and will notify them when the program opens. As of November 18, 2021, we have collected more than 1,300 email addresses.

MFA will notify the District Courts Foreclosure Settlement Program staff when the program is available so they can begin referring homeowners in foreclosure.

- Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval?

The housing cost assistance program will be launched within 90 days of approval. In the meantime, MFA has made available the Housing Cost Assistance Interim Program using New Mexico Housing Trust Fund funds to assist those at imminent risk of displacement and will continue to run that program until HAF is launched.

The utility assistance program will be ready to launch within 14 days after approval. New Mexico was one of the few states that launched a pilot program in 2021. Through the pilot program, New Mexico was able to test systems and processes that will be refined in the program. Additionally, the existing infrastructure from the Emergency Rental Assistance Program will support the launch and administration of HAF Utility Assistance Program.

The utility assistance program is already operating for renters under the Emergency Housing Assistance Program (ERAP) and the additional HAF funding will be provided for homeowners through the existing infrastructure. While MFA did operate a HAF pilot program, we are in the process of converting software and incorporating the additional design elements, including foreclosure prevention, into the program. As of January 4, 2022, we are well into the program manual and documents as well as the software implementation and anticipate launching in February.

- Please provide updated information about your progress in spending the initial 10% payment from your jurisdiction's full allocation and the status of any pilot assistance already offered or made available to homeowners.

The New Mexico Homeowner Assistance Fund Pilot Program opened on May 18, 2021 and stopped accepting applications on August 16, 2021. The total amount received to administer this pilot was \$5,517,268. Of that \$4,671,917 was allocated for applicant awards in the HAF homeowner assistance program.

- Please clarify the anticipated timeframe for reviewing a housing cost assistance application and how the timeframe compares to the review of an application for a prioritized homeowner.

Applications will be processed on a first come first served basis. Within 5-10 days, staff will complete an initial review, request any missing documents or information, and communicate as needed with the applicants. After the first review is complete, files will go through a second review within approximately 5 days where the application will be approved and submitted for funding. At the same time, the CDF process will be initiated with the servicer. Applicants may need to also consult with their servicer or a housing counselor if they are in active loss mitigation. While we do not have direct experience with the CDF, we understand there may be a delay of up to a couple of weeks awaiting servicer information. Baring all this in mind, we predict a completed payment may take up to 60 days.

If an applicant indicates that they have a scheduled eviction or foreclosure sale, the system will create a flag. Staff will then be able to prioritize as needed to assist the applicant. This may include referring them to a housing counselor or legal services provider.

Other system flags will include demographic information, census tract/geo coding, etc., which can be used to prioritize applications. We will only prioritize applications based on the “socially disadvantaged individuals” definition or by income if we reach a point where the allocations do not align with published program targeting requirements.

Budget

- Your plan provides a total budget amount of \$55,772,679, less than your full allocation amount of \$55,772,684. Please indicate whether, upon approval, you wish to receive your entire remaining allocation, and if not, the amount you wish to receive.

We wish to receive the full remaining allocation.