Housing New Mexico | MFA

Single-Family Housing Development Funding Overview

Infrastructure & Vertical Construction

Josh Howe
Development Loan Manager II
Housing Development Department

Jeff Payne
Chief Lending Officer

Agenda

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Housing New Mexico Single Family Loan Basics

- **Programs (Funding Source)**
  - ZIHP Single Family Development/Construction (New Mexico Housing Trust Fund)
  - Single Family Development/Construction (New Mexico Housing Trust Fund/Primero Investment Fund)
  - HOME Single Family (HOME Investment Partnership Program)
- **Maximum Term & Repayment**
  - Sixty (60) Months – Draw Down Structure (Infrastructure)
    Thirty-Six (36) Months – Revolving Line of Credit (Vertical Construction)
  - Monthly Interest Only / Lot Release Price and/or Sale of Home
- **Interest Rate**
  - Interest Rate Range: 0.00% - 2.50% per Annum Adjusted Upward for Project Specifics and/or Risk Profile
- **Simplified Loan Application Process**
- **Maximum Loan Amount**
  - $3,000,000

Eligible Business Entities and Project Activities

- **Eligible Applicants**
  – For Profit Entities, Non-Profit Entities, Government Housing Agencies & Regional Housing Authorities, Governmental Entities & Instrumentalities, Tribal Governments & Housing Agencies
- **Eligible Project Activities**
  – Infrastructure– All expense items must be related to **ON-SITE** activities (i.e., street improvements, sidewalks, utilities, etc. that will be located within the confines of the designated plat).
  – Site-Built / Manufactured Housing on Permanent Foundation / Modular
    – Minimum Mandatory Design Standard Requirement
- **Eligibility Requirements**
  – Minimum Project Size of 5+ Units
  – Applicable Builder Experience / Financial Feasibility
- **Construction Lending is a High-Risk Enterprise. Housing NM Providing a SERVICE.**

Promoting Affordable Starter Homes

Zero Interest Homebuilder Program (ZIHP)

ZIHP is designed to encourage the construction of homes with cost-effective floor plans and amenities that balance affordability and functionality.

Home features:

- Floor plans range from 950-1,500 square feet
- Number of bedrooms is 2-3 and bathrooms is 1-2 (no more and no less).
- Amenities and materials must be appropriate for cost-effective construction.
- Project plans must meet Housing New Mexico's Universal Single-Family Design Standards

Eligibility

Eligible Homebuyers

Targeted home buyers may earn up to 150% of the Area Median Income (AMI) for the county.

Exceptions exceeding 150% AMI may be considered for households purchasing homes in high-cost counties (Lincoln, Santa Fe, and Taos).

Sales Price Limitations

Homes financed by ZIHP will have a maximum sales price of ~$250,000-$325,000. Exceptions exceeding maximum sales price may be considered for homes constructed in high-cost counties (Lincoln, Santa Fe, and Taos).

Land Use Restriction Agreements (LURA)

Homes will have Five (5) Year Master LURA / Deed Restrictions on development and on individual homebuyer and

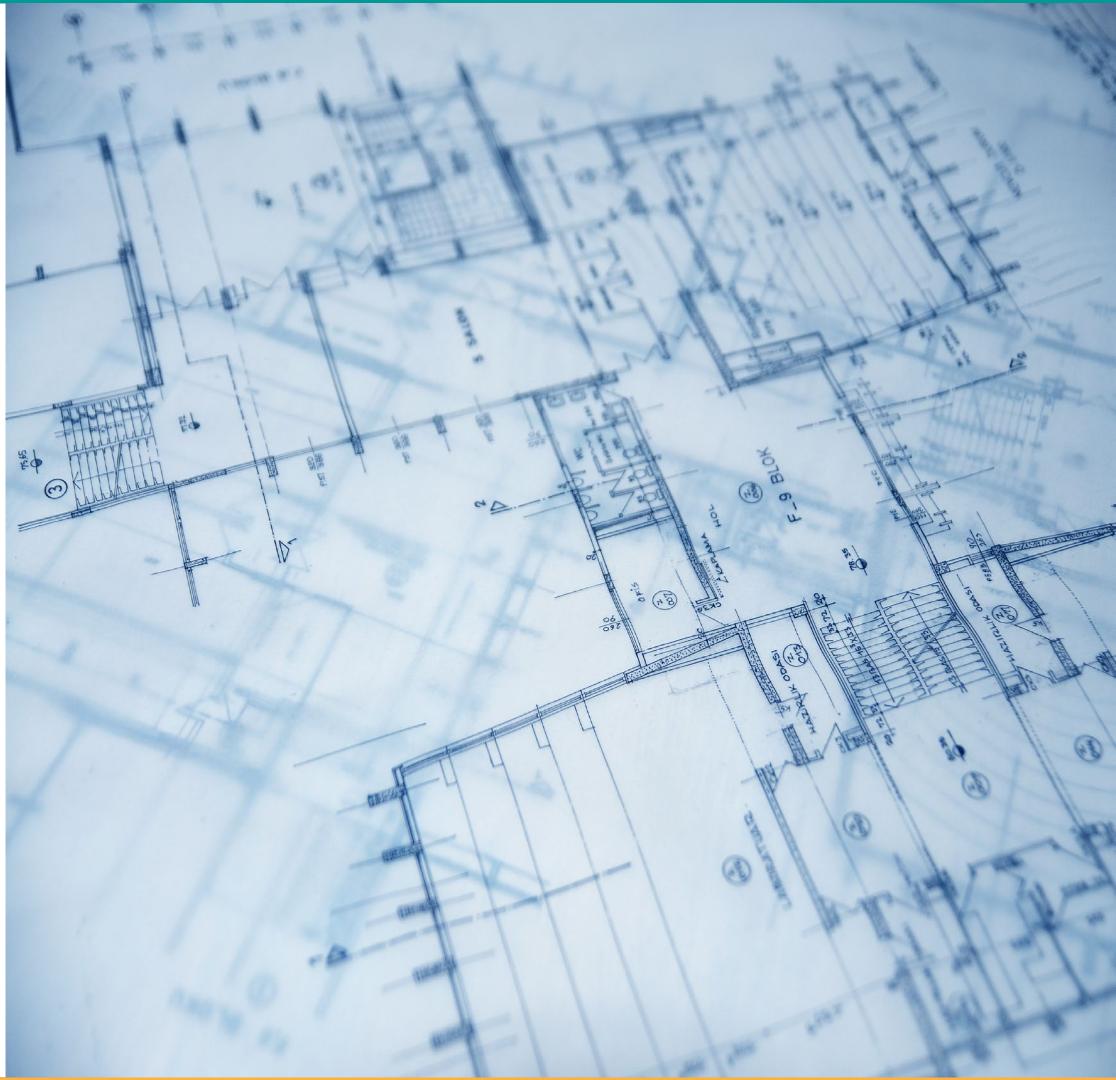
Tiered net sales proceeds penalty for home re-sale in first 5 years of ownership to non-income qualifying buyer.

Current Pipeline

City/Town	County	Loan Type	Home Type	Project Phase	Awarded	Drawn	Award Date	Funding Awarded	Affordable Units
Hobbs	Lea	Infrastructure	Manufactured	Under Construction	$2,000,000	$0	2/19/2025	NMHTF	47
Santa Fe	Santa Fe	Vertical Construction/New	Stick-Built	Awaiting Closing	$1,000,000	$15,676	2/19/2025	NMHTF	8
Moriarty	Torrance	Infrastructure	Stick-Built	Under Construction	$2,900,000	$2,025,529	6/18/2025	NMHTF	83
Roswell	Chaves	Infrastructure	Modular	Awaiting Closing	$2,163,000	$0	1/21/2026	NMHTF	48
Roswell	Chaves	Vertical Construction/New	Modular	Awaiting Closing	$3,000,000	$0	6/17/2026	NMHTF	48
Vado	Doña Ana	Infrastructure	Stick-Built	Planning and Bidding	$3,500,000	$0	9/18/2024	Primero / NMHTF	56
Los Lunas	Valencia	Infrastructure	Stick-Built	Preparing Application	Pre-Application	Pre-Application	Pre-Application	Pre-Application	70
Angel Fire	Colfax	Infrastructure	Stick-Built	Preparing Application	Pre-Application	Pre-Application	Pre-Application	Pre-Application	5
Angel Fire	Colfax	Infrastructure	Stick-Built	Preparing Application	Pre-Application	Pre-Application	Pre-Application	Pre-Application	5
Moriarty	Torrance	Vertical Construction/New	Stick-Built	Preparing Application	$3,000,000	$0	04/15/20266	NMHTF	83
Las Cruces	Dona Ana	Vertical Construction/New	Stick-Built	Preparing Application	Pre-Application	Pre-Application	Pre-Application	Pre-Application	64
					$20,563,000	**$4,781,102**			**546**

Developer Feedback and Hurdles

- Concerns about limiting buyer pool
- Shrinking profit margins
- Income restrictions
- Development exit plan contingency



Program Improvements

- Qualifying Income Definitions and Housing New Mexico Interdepartmental Program Alignment
- Removal of Contractor Profit Restrictions
- Inspection Fees and Draw Process
- Reduced Fees
- Developer LURA Non-Compliance Fee

Housing Innovation Single-Family Awards

ECOHAB

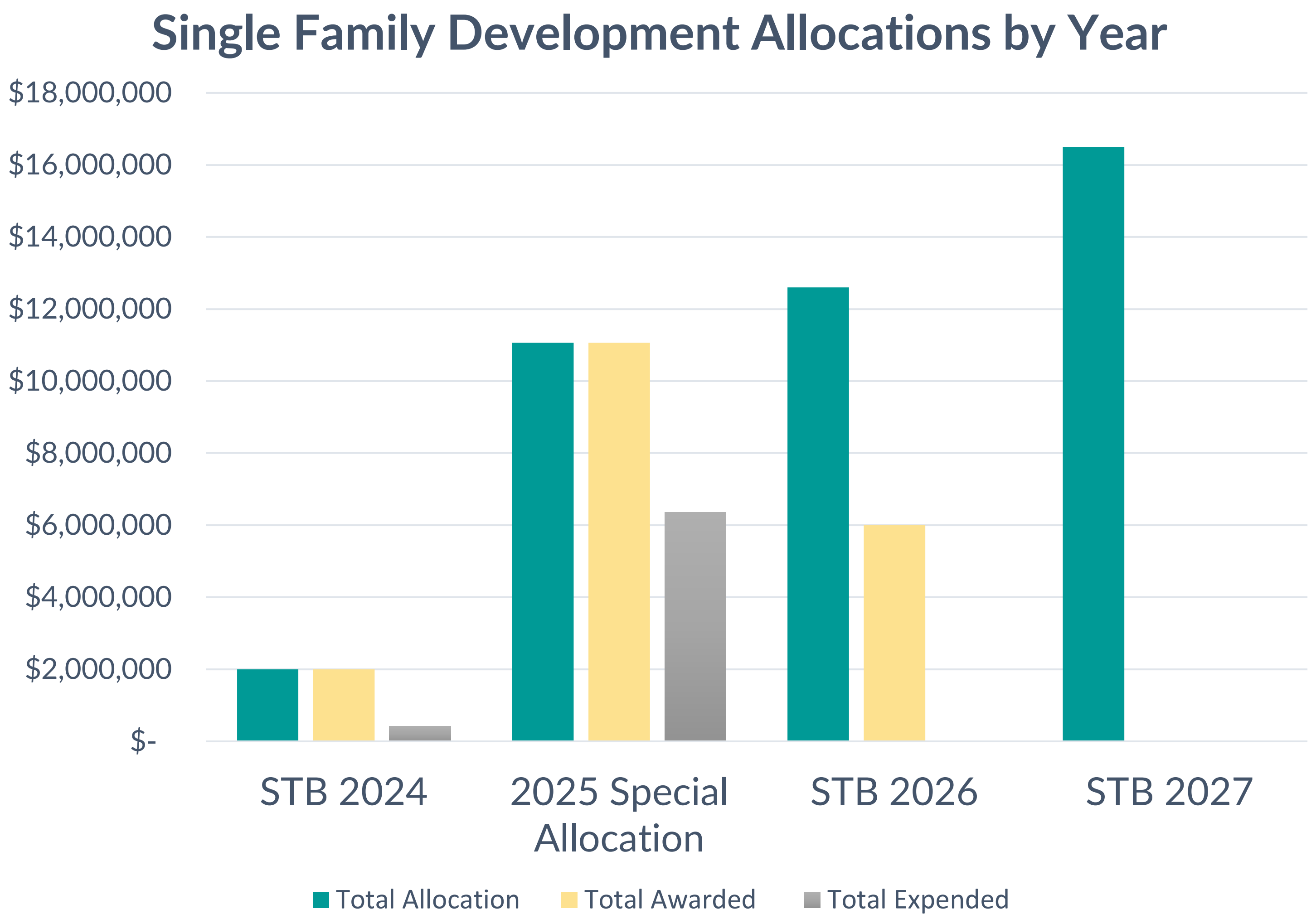
ECOHAB is a nonprofit dedicated to affordable & sustainable housing builds using passive solar & adaptive design principles.

Taos Affordable Homeownership Pilot Project

New construction of **four** passive solar single-family homes in the high-cost area of El Prado (Taos County).

Awarded **$450,000** in November of 2025, via a $350,000 revolving line of credit & $100,000 soft loan (split between the 4 homes and due upon refinance, sale, or transfer).

New Mexico Housing Trust Fund Financing



Recurring funding has made it possible to provide low or zero percent financing to encourage construction of new homes.

Single family development lending is relatively new to Housing New Mexico.

New*Home* Rate Advantage Program

Program Features

Permanent interest rate buydown pilot program

- Initial **$5 million** allocated (first come, first served)
- Eligible for **new construction**
  - Homes not previously occupied and Certificate of Occupancy issued within the past 12 months
  - Owner occupied homes only
- Follows established Housing New Mexico income limits and sales price limits
- Leverages existing Housing New Mexico participating lender network
- **1% interest rate reduction on Housing New Mexico Home*Forward* Program loans**
- Estimated **350 transactions**

Programmatic Considerations

- Potential to combine new rate buy down with existing Home*Forward* down payment loan, e.g., 3% of sales price
- Marketing plan in partnership with NM Home Builders Association
- No repayment or recapture of buydown funds required
- Must use participating Housing New Mexico mortgage lenders

New Homes for New Mexico Program

Down Payment Assistance (DPA) for New Construction

- **Initial $10 million allocation**
  - First time homebuyers of newly constructed homes
  - 120% of Area Median Income (AMI)
  - $50,000 DPA loan at mortgage loan closing
  - No interest or monthly payments
  - Repaid at sale, refinance of home or change in occupancy

- **Competitive Proposals from Builders to Reserve Funds**
  - Scored based on published criteria
  - Number and price of entry level homes proposed
  - Max 1,800 square feet home
  - Max 5,000 square feet lot
  - Affordable to target AMI homebuyers
  - Mortgage loans through Housing New Mexico participating lenders only

- House Bill 200 set certain requirements
- Housing New Mexico tasked with implementation
- Notice of Funding Availability (NOFA) and Program Terms Approved by Housing New Mexico Board of Directors
- Housing New Mexico Board of Directors will consider approval of eligible builder applications

Questions?

Josh Howe

Development Loan Manager II

Tel: 505-532-1853

Email: jhowe@housingnm.org

Jeff Payne

Chief Lending Officer

Tel: 505-532-1904

Email: jpayne@housingnm.org

7425 Jefferson St. NE, Albuquerque, NM 87109

Tel: 505-843-6880

www.housingnm.org

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