

New Mexico EnergySavers Program for Housing Development Notice of Funding Availability

Introduction and Background

The New Mexico EnergySavers Program for Housing Development was created by the New Mexico Mortgage Finance Authority (MFA) in October 2007 to facilitate the distribution of one million dollars appropriated by Governor Bill Richardson and the New Mexico State Legislature during its 2007 legislative session for the purpose of funding energy efficiency improvements for low-to-moderate income households around the state. The EnergySavers Program for Housing Development provides below-market interest rate loans for energy efficiency improvements, including alternative energy upgrades to new single-family and multi-family housing development projects and to projects involving the acquisition and rehabilitation of existing rental and for-sale housing throughout the state. To the extent that the EnergySavers Program for Housing Development is funded by the State of New Mexico, all New Mexico Affordable Housing Act Rules, including affordability period requirements, will apply.

The New Mexico Mortgage Finance Authority is a governmental instrumentality separate and apart from the state, created by the New Mexico Mortgage Finance Authority Act for the purpose of financing affordable housing for low and moderate income New Mexico residents. The New Mexico State Legislature has designated MFA as the administrator of the EnergySavers Program. Proceeds to MFA from the repayment of loans made through the EnergySavers Program for Housing Development will be used for funding future loans through the program.

Contact Person

Applicants are encouraged to direct questions regarding the New Mexico EnergySavers Program for Housing Development Notice of Funding Availability (“NOFA”) and Funding Application Guidelines to:

Felipe Rael
New Mexico Mortgage Finance Authority
344 4th Street SW
Albuquerque, NM 87102
Phone: (505) 767-2249 or toll-free statewide (800) 444-6880
Fax: (505) 242-2766
E-mail: Frael@housingnm.org

Application Submission

Applications will be reviewed on a continuous basis, as long as funds are available. Complete applications must be received at the MFA office to be considered. The required forms will be provided electronically and may be

downloaded from MFA's website at www.housingnm.org/developer/. Applications will NOT be accepted electronically or via facsimile. All applications shall be submitted in sealed envelopes marked "New Mexico EnergySavers Program for Housing Development Application" in readily visible print. All applications must include an application fee of \$50.

Applicants must deliver one (1) original application to:

Felipe Rael
New Mexico Mortgage Finance Authority
344 4th Street SW
Albuquerque, NM 87102

Program Summary

Eligible Applicants

Eligible applicants include non-profit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with MFA.

In accordance with the New Mexico Affordable Housing Act, to be eligible to receive assistance under the EnergySavers Program for Housing Development, an applicant shall:

- Be organized under state, local, or tribal laws and provide proof of such organization and that the applicant is in good standing, as applicable;
- Have a functioning accounting system that is operated in accordance with generally accepted accounting principles or has designated an entity that will maintain such an accounting system consistent with generally accepted accounting principles;
- Have (a) no significant financial audit findings and (b) no significant findings on its most recent MFA monitoring or outstanding or unresolved issues with MFA; and
- Not have been suspended, debarred or otherwise restricted by any department or agency of the Federal Government or any State government from doing business with such department or agency because of misconduct or alleged misconduct.

If a non-profit organization, an applicant shall:

- Provide proof of its 501(c)(3) tax status;

- Provide proof that it is in compliance with the Charitable Solicitations Act NMSA 1978, §57-22-1, et. seq. and with the filing requirements by the New Mexico Attorney General's Office under that Act; if applicable,
- Have among its purposes significant activities related to providing housing or services to Persons of Low or Moderate Income; and
- Have no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.

Eligible Activities

EnergySavers Program funds may be used to assist in financing activities that improve the energy efficiency of affordable housing, including new construction and acquisition and rehabilitation of single-family and multi-family units. MFA encourages contact and inquiries from potential applicants prior to and during application preparation to help assure that proposed activities are eligible. Eligible activities may include, but are not limited to, the improvement of energy efficiency for the following housing types:

Homeownership

- New construction or acquisition, rehabilitation, and resale of single-family homes including manufactured housing.

Rental Housing

- New construction or acquisition and rehabilitation of permanent rental housing.

Special Needs Housing

- New construction or acquisition and rehabilitation of housing for special needs populations including, but not limited to, transitional, group or congregate housing, and temporary housing for the homeless.

Beneficiary Income Limits and Other Requirements

Beneficiary households residing in units financed in part by EnergySavers Program funds must meet the following requirements:

Homeownership

- Households must have incomes at or below 115% of area median income adjusted for family size as determined by HUD;

Rental Housing

- 40% of households served must have incomes at or below 60% of area median income, adjusted for family size as determined by HUD; *OR*
- 20% of households served must have at or below 50% of area median income, adjusted for family size as determined by HUD;

Special Needs Housing

- Although there is no prescribed income eligibility requirement for this activity, households must have the special needs characteristics identified in the application such as elderly, disabled, victims of domestic violence, homeless, etc.

Affordability Standards and Compliance Period

Energy efficiency improvements financed in whole or in part by the EnergySavers Program for Housing Development must benefit housing units that meet the above affordability standards, depending on the type of housing provided.

The New Mexico Mortgage Finance Authority assists housing that will remain affordable on a long term or permanent basis. MFA shall establish a required affordability period with each successful applicant based on the housing activity, amount of EnergySavers Program financing provided to the project, enforceability, and other considerations that, in MFA's discretion, are relevant to the particular project. The affordability period requirements on all projects may be satisfied through legally binding provisions for recapture or repayment of EnergySavers financing if the project fails to satisfy the affordability requirements as established by MFA. Recognizing that EnergySavers Program for Housing Development is not intended as a stand-alone source of funding source, applicants are encouraged to propose an affordability period and enforcement mechanism that will comply with the most restrictive funding source for their project.

Eligible Expenses

For the purposes of the EnergySavers Program for Housing Development, the New Mexico Mortgage Finance Authority defines *energy efficiency improvements* as any measures taken in the construction or rehabilitation of housing units that will result in reduced energy consumption and thus utility costs in the home, including the production of alternative energy for use in the home. Greater energy efficiency in units of affordable housing financed by the New Mexico Mortgage Finance Authority will reduce the monthly cost of living for low-to-moderate income households served and will further state and local efforts to conserve energy. EnergySavers Program financing must be used only for costs that are directly attributable and traceable to energy efficiency improvements *that are affixed to real property* for affordable housing projects statewide. Such costs may include but are not limited to:

Energy Efficient Site Design	<ul style="list-style-type: none">• Landscaping to effectively shade east and west windows and reduce heat islands;• Other fixed shading devices, such as awnings, louvers, adequate roof overhangs, etc.
------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Energy Efficient Building	<ul style="list-style-type: none">• Energy efficient, thermal pane windows and
---------------------------	----------------------------------------------------------------------------------------------

Envelope	<ul style="list-style-type: none"> skylights; • Wall and/or roofing systems that exceed standard thermal resistance (R-value) through added insulation; • Wall systems that exceed standard levels of thermal massing, thereby increasing a building's capacity to absorb and store heat; • Reduction of air infiltration through efforts to seal the building.
Energy Efficient Systems	<ul style="list-style-type: none"> • Energy-efficient heating/cooling systems, water-heating systems, and lighting fixtures such as ENERGY STAR certified systems.
Use of Renewable Energies	<ul style="list-style-type: none"> • Passive solar building design; • Solar hot water heating systems; • Photovoltaic (PV) systems; • Wind turbines, where appropriate.

Further clarifications of minimum standards for eligible expenses are provided in the New Mexico Mortgage Finance Authority Energy Efficiency Guidelines (Appendix A). The Energy Efficiency Guidelines may be periodically updated by New Mexico Mortgage Finance Authority staff.

Threshold Requirements

To be considered for funding, an applicant must first demonstrate that it meets each of the following threshold criteria:

1. The application is complete and legible, including all schedules and attachments.
2. The application complies with all applicable requirements established in these Guidelines and NOFA.
3. The applicant provides sufficient evidence of its ability to undertake and complete the proposal in the areas of financing, acquiring, rehabilitating, developing, and/or managing an affordable housing project.
4. The application provides sufficient evidence that the proposed project is financially and technically feasible and includes a proposed budget and performance schedule for the proposed project.

Applications that do not meet all of the threshold requirements will not receive further consideration for funding. The application will be returned to the applicant for resubmission; a list of those threshold items that were not met will be included with the returned application.

Project Selection Criteria

To qualify for funds under the EnergySavers Program for Housing Development, proposals must incorporate one or more energy efficiency improvements into the project, choosing either to follow a *prescriptive path* (Option A) or a *performance path* (Option B). Projects choosing Option A will qualify for short-term financing by performing one or more energy efficiency improvements that meet or exceed standards prescribed by MFA's Energy Efficiency Guidelines (Appendix A). Alternatively, projects choosing Option B will qualify for long-term financing by meeting or exceeding a minimum Home Energy Rating System (HERS) Index, as specified in MFA's Energy Efficiency Guidelines (Appendix A). HERS ratings must be conducted by a certified Residential Energy Services Network (RESNET) provider. All EnergySavers financing will be distributed on a reimbursement basis for eligible expenses (see "Funding Terms and Conditions" below).

Housing Standards

All housing receiving EnergySavers financing must meet the following housing standards prior to occupancy and throughout the affordability period:

- State and local code requirements;
- 2006 New Mexico Energy Conservation Code¹;
- MFA Design Standards; and
- All new manufactured housing must be attached to a permanent foundation.

Funding Terms and Conditions

Awards will be made in the form of loans. Short-term loans will have a term of up to 5 years. Long-term loans will not exceed 32 years consisting of a construction period of up to 2 years and an amortizing loan period of up to 30 years. Short-term loans will be awarded for projects that follow the *prescriptive path* and incorporate one or more energy-efficiency improvements, according to minimum standards set in MFA's Energy Efficiency Guidelines. Long-term loans will be awarded for projects that follow the *performance path* and achieve a minimum HERS Index, as specified in MFA's Energy Efficiency Guidelines. For long-term loans, documentation of the intent to gain a HERS rating must be provided with the application and an official HERS report conducted by a certified RESNET provider must be submitted upon project completion, in order for the full funding amount to be awarded.

Funds will be distributed on a reimbursement basis only for Eligible Expenses upon receipt of adequate documentation that the cost has been incurred and work completed. Loan terms and conditions will be governed by a Loan

¹ Equivalent to the 2006 International Energy Conservation Code, as adopted by the State of New Mexico in January 2008.

Agreement. Affordability restrictions will be enforced with the use of a Land Use Restriction Agreement.

Funding Limits

The following funding limits have been set for EnergySavers Program awards:

Maximum Funding Amount:

- \$250,000 per project.

Maximum Amount Per Unit*:

- \$15,000 per unit for new construction; and
- \$20,000 per unit for acquisition and rehabilitation.

* "Per Unit" amounts shall be calculated as total eligible expenses divided by total number of beneficiary affordable housing units.

Incurred Expenses

MFA shall not be responsible for any expenses incurred by an applicant in applying for EnergySavers Program funding. All costs incurred by an applicant in the preparation, transmittal or presentation of any application or material submitted in response to this NOFA will be borne solely by the applicant.

Award Notice

MFA shall provide written notice of the award to all applicants within fifteen (15) days of the date of the award. The award shall be contingent upon successful negotiations of a final loan agreement and related agreements between MFA and the applicant whose application has been selected by MFA for EnergySavers Program financing.

Loan Agreement

A successful applicant will enter into a loan agreement and related agreements with MFA for the services to be performed. Related agreements may include, but are not limited to, notes, financing statements and Land Use Restriction Agreements. The loan agreement shall include the scope of services, term of performance, fees or costs, and shall describe the conditions under which the successful applicant shall perform the scope of services.

Application Confidentiality

Prior to application submission, MFA encourages inquiries and contacts with its Contact Person from potential applicants regarding the NOFA or sound housing project policies and procedures. The MFA shall not disclose any information regarding a proposed application provided during such inquiries and contacts to any third party.

After an application is submitted and until an award has been made, the MFA will not disclose the contents of that application or discuss the contents of that

proposal with an applicant or potential applicant. After awards have been made and notice given to those applicants, successful applications shall be available and open to the public for review.

Irregularities in Applications

MFA may waive technical irregularities in the form of proposal of any applicant selected for award which do not alter the price, quality or quantity of the services offered.

Responsibility of Applicants

If an applicant who otherwise would have been awarded a loan agreement is found not to be a responsible applicant, a determination that the applicant is not a responsible applicant, setting forth the basis of the finding, shall be prepared and the applicant shall be disqualified from receiving the award.

A responsible applicant is one who submits an application that conforms in all material respects to the requirements of this NOFA and the EnergySavers Program application and who has furnished, when required, information and data to prove that the applicant's financial resources, production or service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in this NOFA.

The unreasonable failure of an applicant to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the applicant is not a responsible applicant.