

AFFORDABLE HOUSING ACT (AHA)
Description of Revised Rules and Regulations
October 17, 2007



What is the Affordable Housing Act?

- The Affordable Housing Act (“the Act”) is the enabling legislation that exempts affordable housing from the anti-donation clause of the New Mexico state constitution.

What does the Affordable Housing Act allow?

- Under the Act, a state, a county, a municipality or the authority may:
 - donate, provide or pay all, or a portion, of the costs of land for the construction on the land of affordable housing;
 - donate, provide or pay all or a portion of the costs of conversion or renovation of existing buildings into affordable housing;
 - provide or pay the costs of financing or infrastructure necessary to support affordable housing projects; or
 - provide or pay all or a portion of the costs of acquisition, development, construction, financing, operating or owning affordable housing.
- The state can appropriate funds for affordable housing through enactment of specific laws authorizing “housing assistance grants.” The laws should direct the Department of Finance and Administration to execute a Joint Powers Agreement with MFA to administer the appropriation(s) and certify applicants’ eligibility for the appropriation(s).
- Counties and municipalities may provide funding (“housing assistance grants”) through enactment of an ordinance for each project or program. Housing assistance grants can be made either through a project-specific RFP or through a program application process. Ordinances, RFPs, program guidelines, and applications must be submitted to MFA to review for compliance with the Act.
- Appropriations and housing assistance grants may be leveraged with other funding sources.
- School districts and post-secondary educational institutions may transfer land to counties and municipalities to be further granted as part or all of an affordable housing grant. The transfer must be made through a contractual agreement, and a negotiated number of housing units must be reserved for employees of the educational entity.
- Applicants may be individuals, governmental housing agencies, regional housing authorities, tribal housing agencies, for-profit organizations, or non-profit organizations that meet eligibility criteria specified in the Act, as well as any additional criteria set by the local government and/or the MFA.

What are the Affordable Housing Act Requirements?

- Non-individual applicants must have among their purposes significant activities related to providing housing or services to low- or moderate-income persons or households.
- Counties and municipalities wishing to provide housing assistance grants must have a housing plan or a housing component in their development plans.
- The MFA has completed rules and regulations to administer the Act in accordance with provisions set in the Act.
- MFA is prepared to offer assistance to local governments in developing housing plans that meet the new requirements. First, MFA has created a sample scope of work/request for proposal that can be used to solicit and hire consultants for housing plan development. Second, MFA has two matching fund sources for housing plans that are available on a first-come, first-served basis.

If you have any questions or need additional information, please contact Isidoro (Izzy) Hernandez or Debbie Davis at (505) 843-6880.

New Housing Plan Requirements

- 4.2. An Affordable Housing Plan. A valid affordable housing plan or housing elements in a general plan of a county or municipality shall contain the following elements:
1. Community and housing profile, which shall include;
 - a. demographic characteristics, such as race and ethnicity, income, age, employment and population trends;
 - b. household characteristics including the number of existing households and housing units by tenure; and,
 - c. housing market analysis including housing costs, rents, vacancy rates, and sales prices;
 2. Housing needs assessment that describes;
 - a. existing needs, such as the number of households with a cost burden for housing, living in overcrowded situations, or with special needs, including disabilities, elderly, headed by a female, homeless, and other identified needs, and;
 - b. projected needs which shall include the number of new units needed by tenure, type, and cost to meet current needs and to accommodate expected population growth and job generation and a determination of the number of homes to be created through new construction, rehabilitation and preservation;
 3. Land use and policy review that includes;
 - a. general analysis of land use parcels including zoning, size and existing use, environmental constraints, availability of infrastructure;
 - b. an evaluation of suitability, availability and realistic development capacity of developable sites, including appropriate zoning for special needs housing, such as multi-family rental, mobile homes, transitional and homeless shelters;
 - c. identification of constraints, such as land use controls, codes and enforcement, fees and exactions, processing and permit procedures, on/off site improvements, reasonable accommodation, availability of financing, land availability and prices, construction costs, local capacity to assist, finance and manage construction, provide housing support services and administer housing funds and programs;
 4. Goals, policies and quantifiable objectives that include;
 - a. an estimate of the number and percentage of units, by income levels, to be constructed, rehabilitated or conserved over a set period of time;
 - b. identification of needed programs and agencies responsible for constructing new housing stock, improving existing housing stock, promoting access and equal opportunity to affordable housing, and increasing the capacity of residents to lower their housing cost burden, build long term equity, stabilize their housing situations through home-buyer training, rental vouchers, assistance to persons with disabilities, and other capacity assistance as deemed appropriate and necessary;

- c. plan to promote potential regulatory concessions and incentives for removing or mitigating governmental and non-governmental constraints to development, rehabilitation or conservation of affordable housing;
- d. identification of potential sources of federal, state and local financing and subsidies to support affordable housing;
- e. a thorough consideration of related issues, such as public participation, job/housing mix, consistency with existing planning and land use policy, protection of ecological resources, promotion of efficient development patterns and green building.

Sample Scope of Work/Request for Proposal for Housing Plans

Purpose

To create a planning tool to help identify and analyze existing and projected housing needs; to develop goals, policies, and quantifiable objectives for increased housing types, tenure and affordability; and to address program needs for the construction, rehabilitation, preservation and financing of affordable housing.

The successful proponent will provide the following:

1. Community and Housing Profile

- a. Demographic characteristics: race and ethnicity, income, age, employment, population trends;
- b. Household characteristics: the number of existing households and housing units (by tenure);
- c. Housing market analysis: housing costs, rents, vacancy rates, and sales prices.

2. Housing Needs Assessment

- a. Existing needs: the number of households with a cost burden for housing, living in overcrowded situations, or with special needs (people with disabilities, elderly, large households, female-headed households, homeless, and others), the number of homes needing rehabilitation, or at-risk of no longer being affordable;
- b. Projected needs: identify # of new units needed, by tenure, housing type, and cost to meet current needs and accommodate expected population growth and job generation, determine # of homes to be created through new construction, rehabilitation and preservation.

3. Land Use and Policy Review

- a. General analysis of land use parcels including zoning, size and existing use, environmental constraints, availability of infrastructure;
- b. Evaluation of suitability, availability and realistic development capacity of developable sites, including appropriate zoning for special needs housing (for instance: multi-family rental, transitional and homeless shelters, mobile homes, etc.);
- c. Identification of constraints: 1) governmental (for instance: land use controls, codes and enforcement, fees and exactions, processing and permit procedures, on/off site improvements, reasonable accommodation, etc.); 2) non-governmental (availability of financing, price/availability of land, cost of construction, local capacity to assist/finance/manage construction, provide housing support services, administer housing funds/programs).

4. Goals, Policies, and Quantifiable Objectives

- a. Estimate the number/percentage increase of units, by income level, to be constructed, rehabilitated or conserved over a set period of time;
- b. Identify needed programs and agencies responsible for: constructing new and improving existing housing stock, promoting access to affordable housing (equal housing opportunity), and increasing capacity of residents to lower housing cost burden, build long term equity, stabilize housing situations (through homebuyer training, rental vouchers, assistance for people with disabilities, etc.);
- c. Promote potential regulatory concessions and incentives for removing or mitigating governmental and non-governmental constraints;

- d. Identify potential sources of federal, state and local financing and subsidies to support affordable housing;
- e. Consider all related issues such as public participation, job/housing mix, consistency with existing planning and land use policy, protection of ecological resources, promotion of efficient development patterns and green building.

Funding Sources for Housing Plans

MFA has several sources of matching funds for local governments interested in developing housing plans:

1. **MFA Housing Plan Matching Grants:** MFA has matching funds available for hiring consultants to develop housing plans that meet the proposed criteria in the Affordable Housing Act. Local governments can receive up to a \$10,000 match for the cost of their plan. A total of \$30,000 is available, on a first-come, first-served basis. Please contact Joseph Montoya at 505-843-6880 for more information.
2. **HUD Technical Assistance Funds:** MFA has a total \$40,000 available in HUD TA funds that may be used for housing plans. This funding is available on a first-come, first-served basis and will serve as a match to funds already committed by the local government. The housing plan must indicate that HUD HOME funds will be used for housing construction. Please contact Lionel Holguin at 767-2259 for more information.

State funding is also available through the Department of Finance and Administration.

1. **Small Communities Community Development Block Grant (CDBG):** The New Mexico Department of Finance and Administration, Local Government Division, administers the CDBG program for local governments in New Mexico. A local government can obtain up to \$50,000 in planning grants through CDBG. The planning grant is specifically for comprehensive plans, although the money can be spent for the housing element of the comprehensive plan. Please contact Dolores Gonzales at 505-827-4972 for more information.