

Building Better Homes

HOME Homeowner Rehab
Policy Updates & Introduction
of the Home Improvement
Program

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Agenda

- ◆ Introduction to HOME Rehab
- ◆ HOME Homeowner Rehab Policy Update Overview
- ◆ HOTMA-Related Changes
- ◆ How to become a HOME Rehab Partner
- ◆ Introduction to the Home Improvement Program (HIP)
- ◆ Next Steps and Q&A

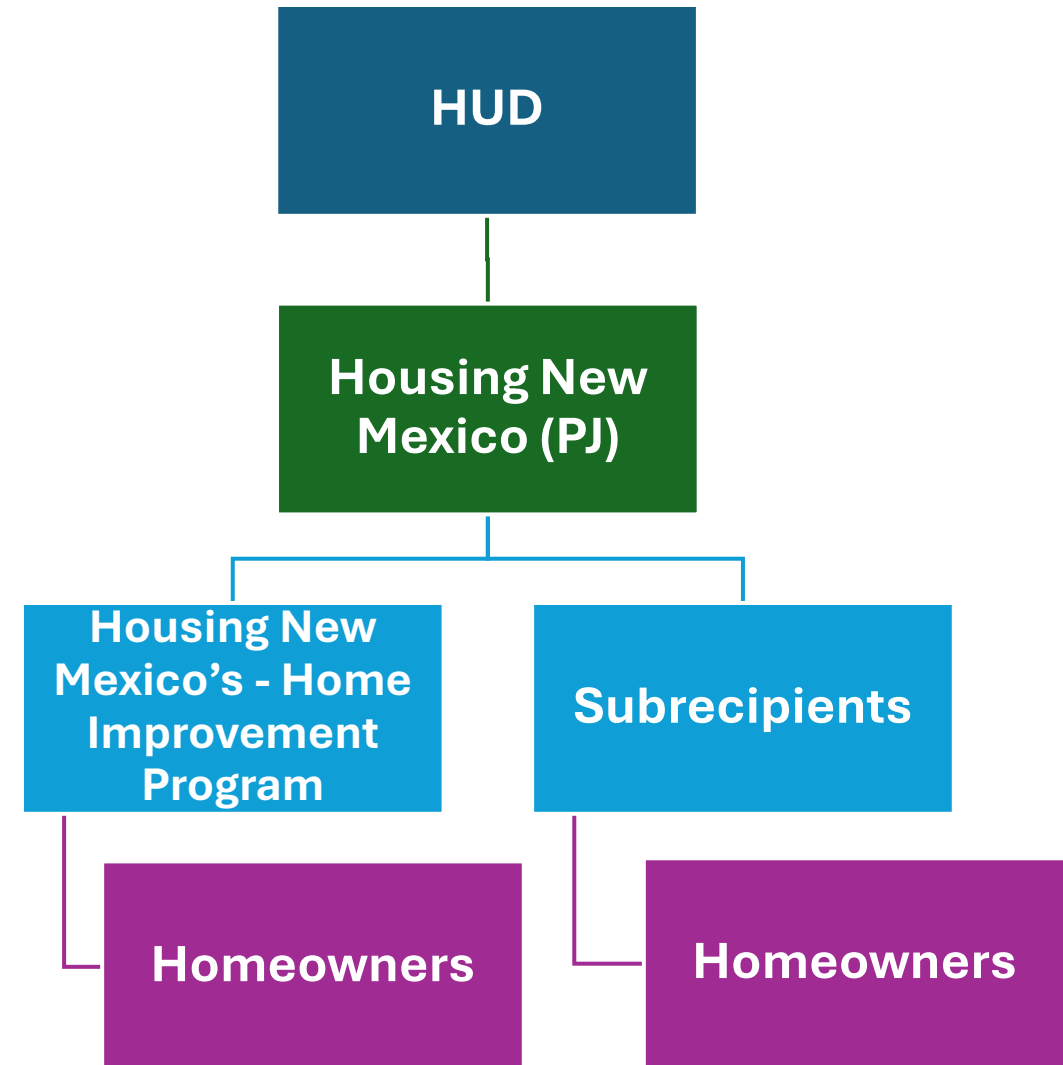
HOME Rehab Program Goals

- ◆ Provide decent, safe, affordable housing
- ◆ Assist eligible homeowners with essential improvements
- ◆ Support sustainable housing preservation



HOME Participants and Roles

- ◆ HUD funds & monitors the Participating Jurisdiction (PJ).
- ◆ HOME PJ is a designated entity responsible for managing and implementing the HOME Investment Partnerships Program.
- ◆ Housing New Mexico is the PJ of the HOME Investment Partnerships Program (HOME) which receives HOME funds directly from HUD.
- ◆ Subrecipients - Local administrators that work directly with homeowners on HOME Rehab projects



What is a “Subrecipient's Responsibilities”?

- ◆ Non-profit, tribal or government agency
 - Market program
 - Create and manage waiting list
 - Determines eligibility for assistance
 - Manages project construction
 - Responsible for adhering to program requirements

92.504(a) says:

- ◆ Housing New Mexico “...is responsible for managing the day-to-day operations of its HOME program.... The use of State recipients, subrecipients, or contractors does not relieve the PJ of this responsibility.”
- ◆ “The performance and compliance of each... subrecipient must be reviewed at least annually.”
- ◆ “The PJ must have and follow written policies, procedures, and systems, including a system for assessing risk of activities and projects and a system for monitoring entities.”

Available Funding

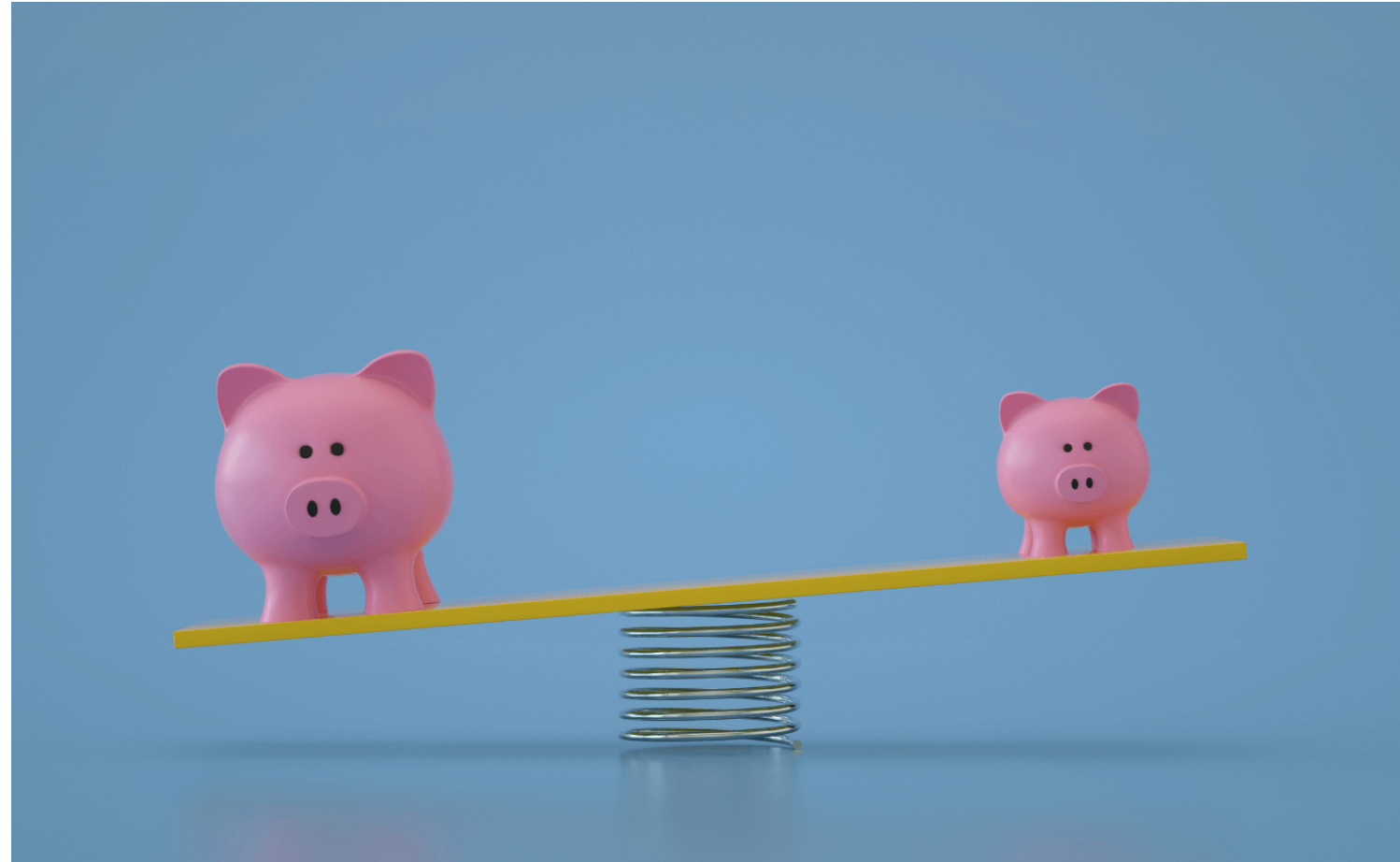
Currently, there is approximately \$3 million in available funding under the open Notice of Funding Availability (NOFA)



https://housingnm.org/uploads/documents/HOME_Rehab_NOFA_Updated_2025.pdf

Policy Update: Higher Project Caps

- ◆ Increased project caps from \$95K to \$200K
- ◆ Adjustment to account for the rising costs in materials and labor.



Policy Update: Increased Administrative Award

- ◆ Increased from 3% to 5%
- ◆ Not part of project costs
- ◆ Administrative Award can now be used to cover preliminary costs for projects deemed infeasible or ineligible.



Income Determination: HOTMA

- ◆ The Housing Opportunity Through Modernization Act (HOTMA) modernized how income and assets are defined, calculated, and verified across HUD programs.
- ◆ Key changes took effect on Jan 1, 2024, with full PHA compliance required by July 1, 2025.



Income Determination: HOTMA

Key HOTMA Impacts on HOME-Funded Single-Family Rehab

1. Income Determination Changes

- **New exclusions** (e.g., student aid, foster payments, ABLE accounts) means more households may qualify for assistance.
- **Safe Harbor provisions** allow determination of annual income based on income information from other means-tested federal public assistance programs (e.g. SNAP, Medicaid).

2. Annual Asset Adjustment Factors

- Income Threshold for Imputed Returns on Assets (currently \$51,600)
- Annual **Passbook** rate adjustments (currently 0.45%)



Eligible Costs

1. Rehabilitation “hard” costs = Construction
2. Project soft costs – Third party costs necessary to qualify the project (i.e. Environmental Review costs)
3. Subrecipient costs
 - **Project delivery expenses** –in-house staff time and direct costs incurred by the Subrecipient to implement and carry out a specific project that is found eligible and feasible.

Assistance Limits

- ◆ Housing New Mexico limits: total project costs must be below \$200,000
 - ◆ Hard costs limited to construction costs
 - ◆ Project Soft Costs + Project Delivery Costs \leq 20% of hard costs
- ◆ Example at maximum cost

Hard cost of rehab	\$	165,000
Project Soft Costs	\$	33,000
Subrecipient Project Delivery Costs		
	\$	198,000

Admin costs

- ◆ General project management
- ◆ Program outreach
- ◆ Reporting
- ◆ Compliance
- ◆ ***Costs for projects that do not proceed***
- ◆ *Not to exceed 5% of award*

Project delivery costs

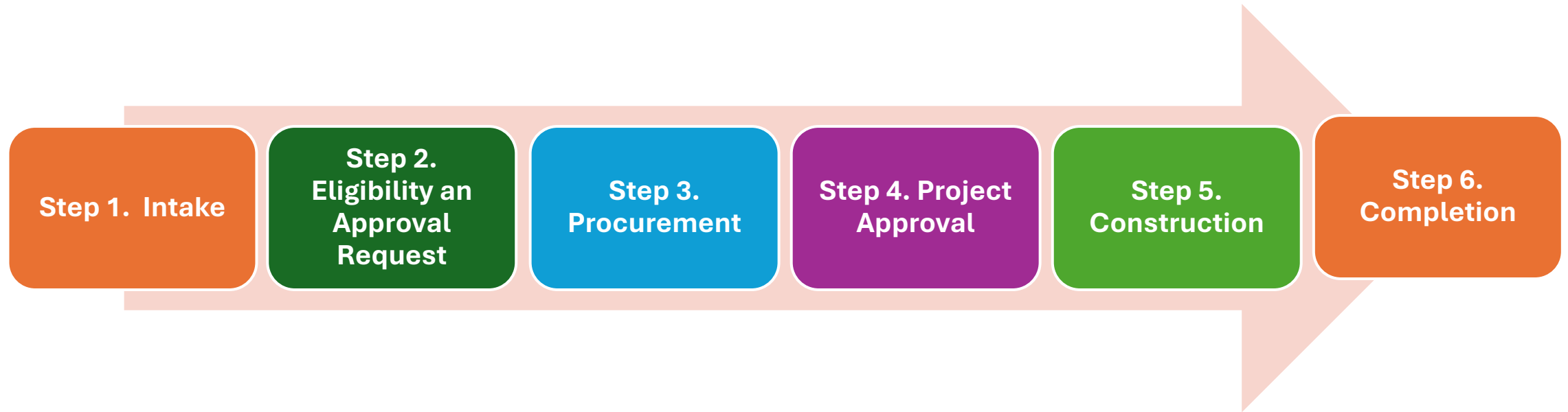
- ◆ Application intake/processing
- ◆ Owner/property eligibility
- ◆ Work scope & contracting
- ◆ Supervision & inspections
- ◆ Project-specific environmental review & other compliance
- ◆ Documents & closing
- ◆ *Part of 20% cap for project soft costs & delivery expenses*

HOME Requirements

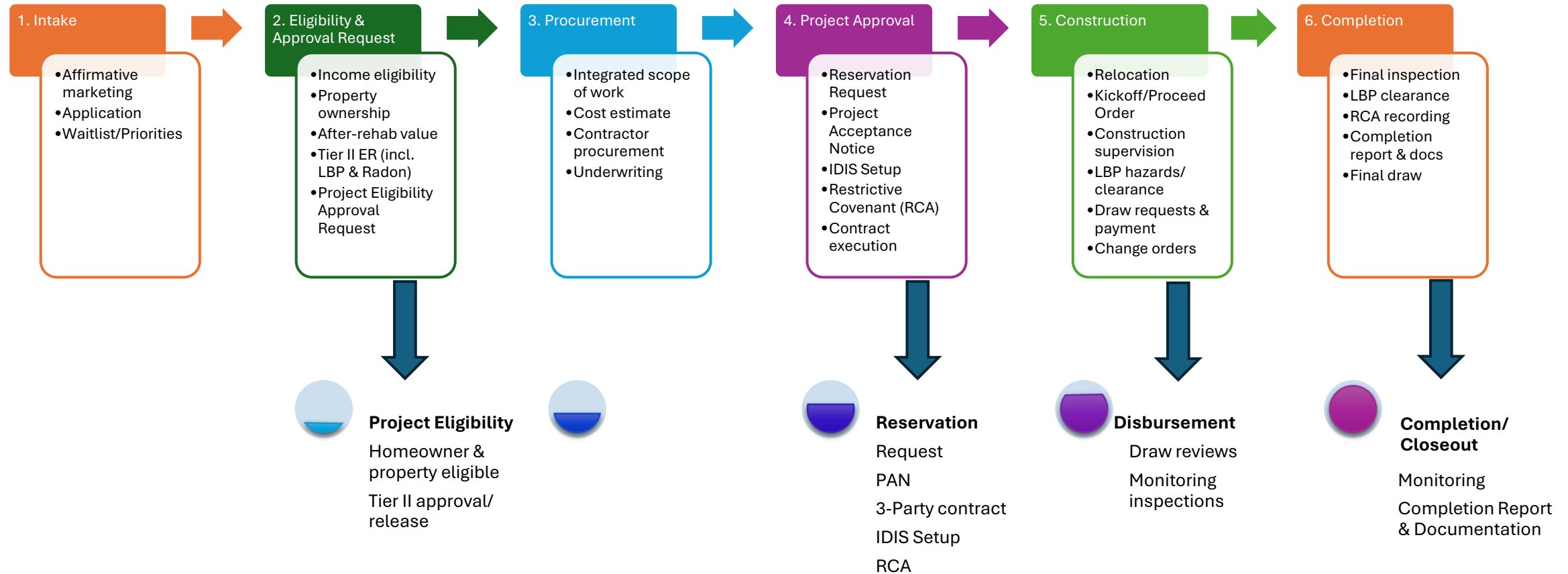
- ◆ Subrecipients can only be reimbursed for costs incurred
 - HOME only advances for costs to be paid within 15 days
- ◆ Staff costs:
 - Indirect costs: federally approved rate or 15% de minimis (200.414)
 - Personnel costs: documentation standards in 200.430(i)
- ◆ Project delivery time must be documented to project
 - Admin should be documented to program

Policy Update: Project Processing Steps

Introduction of a new and improved six-point system for program implementation



Project Process & Submissions

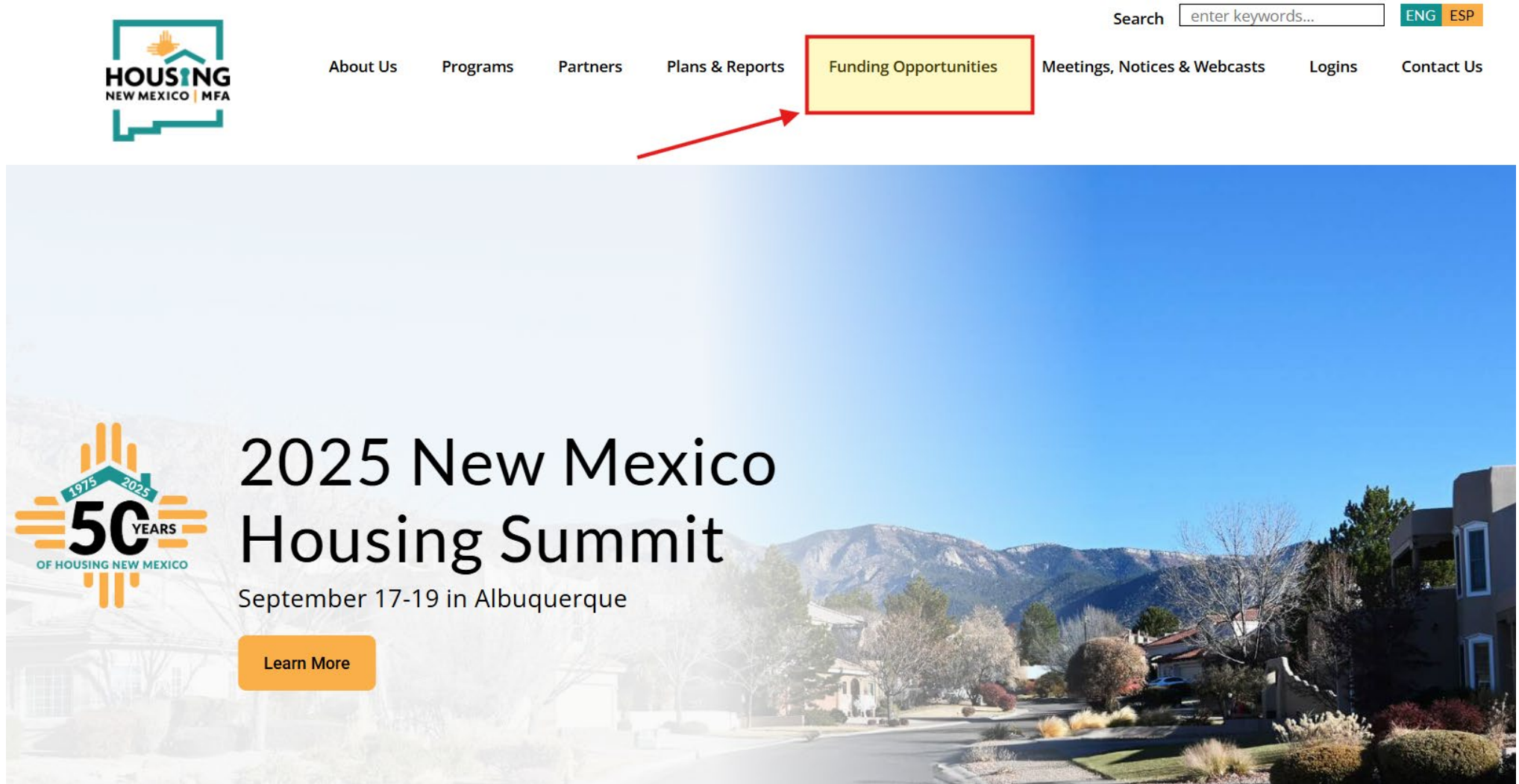


Terms of Homeowner Assistance

- ◆ Non- amortizing, 0% interest loan
- ◆ Principal loan amount: hard cost of rehab
 - Excludes Project Delivery & Soft Costs
- ◆ Loan term: fifteen (15) years (“*Restricted Period*”)
 - Pro rata forgiven in last 5 years of term (1/5th per year)
 - During term: balance due to Housing New Mexico on sale, refinance, transfer to non-qualified owner, or default, includes failure to occupy
- ◆ Restrictive Covenant Agreement executed and recorded
 - Subordinate to approved senior loans or first mortgages

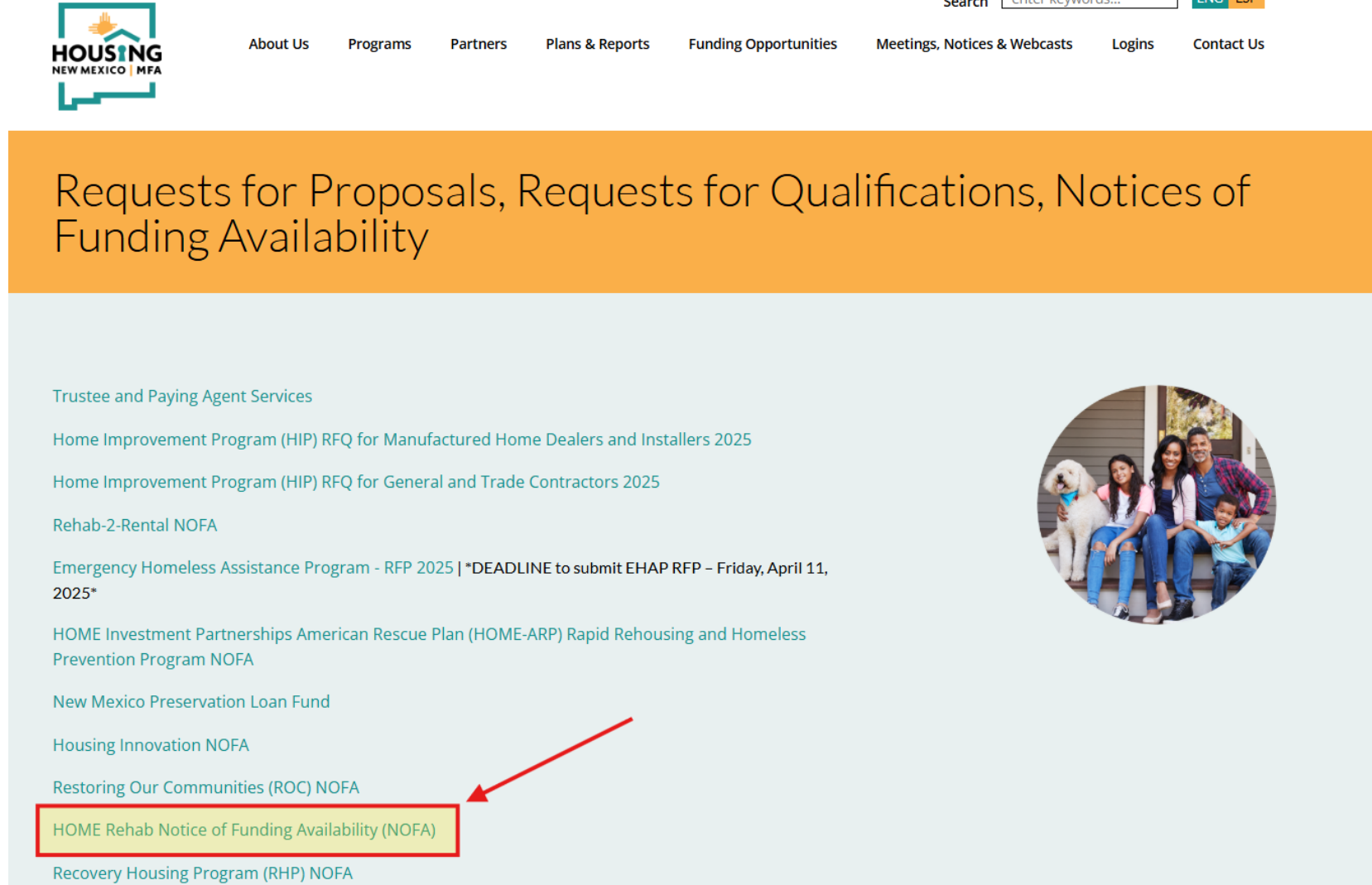
How to become a HOME Rehab “Subrecipient”

Step 1: Go the Housing New Mexico Website at housingnm.org and select Funding Opportunities



How to become a HOME Rehab “Subrecipient”

Step 2: Once on the Funding Opportunities page select "HOME Rehab Notice of Funding Availability (NOFA)"




HOUSING NEW MEXICO MFA

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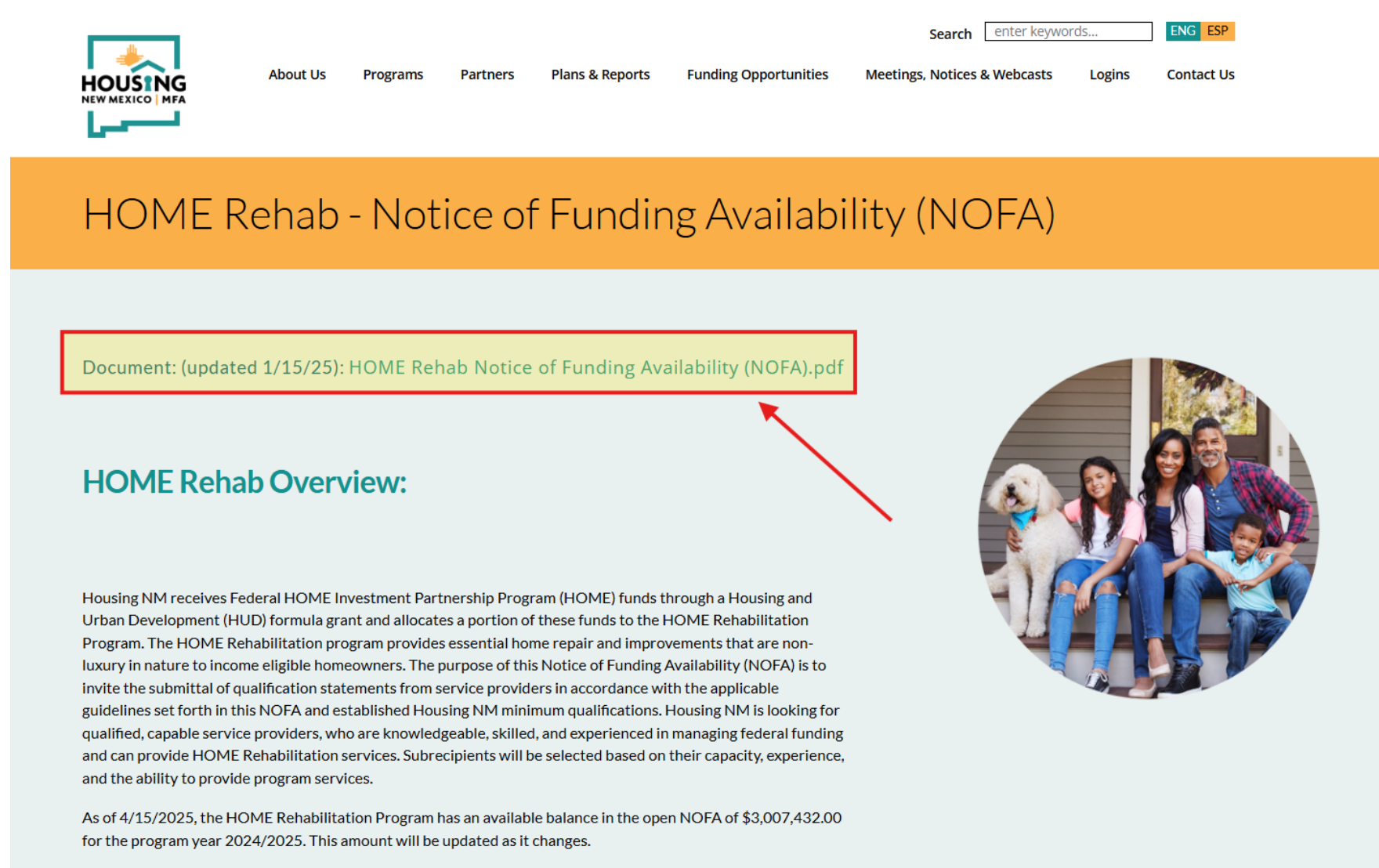
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Requests for Proposals, Requests for Qualifications, Notices of Funding Availability

- [Trustee and Paying Agent Services](#)
- [Home Improvement Program \(HIP\) RFQ for Manufactured Home Dealers and Installers 2025](#)
- [Home Improvement Program \(HIP\) RFQ for General and Trade Contractors 2025](#)
- [Rehab-2-Rental NOFA](#)
- [Emergency Homeless Assistance Program - RFP 2025 | *DEADLINE to submit EHAP RFP – Friday, April 11, 2025*](#)
- [HOME Investment Partnerships American Rescue Plan \(HOME-ARP\) Rapid Rehousing and Homeless Prevention Program NOFA](#)
- [New Mexico Preservation Loan Fund](#)
- [Housing Innovation NOFA](#)
- [Restoring Our Communities \(ROC\) NOFA](#)
- [HOME Rehab Notice of Funding Availability \(NOFA\)](#)**
- [Recovery Housing Program \(RHP\) NOFA](#)



Step 3: Once on this page, select "HOME Rehab Notice of Funding Availability (NOFA)". The NOFA Contains all the information that a perspective subrecipient will need to submit their application with supporting documentation



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HOME Rehab - Notice of Funding Availability (NOFA)

[Document: \(updated 1/15/25\): HOME Rehab Notice of Funding Availability \(NOFA\).pdf](#)

HOME Rehab Overview:

Housing NM receives Federal HOME Investment Partnership Program (HOME) funds through a Housing and Urban Development (HUD) formula grant and allocates a portion of these funds to the HOME Rehabilitation Program. The HOME Rehabilitation program provides essential home repair and improvements that are non-luxury in nature to income eligible homeowners. The purpose of this Notice of Funding Availability (NOFA) is to invite the submittal of qualification statements from service providers in accordance with the applicable guidelines set forth in this NOFA and established Housing NM minimum qualifications. Housing NM is looking for qualified, capable service providers, who are knowledgeable, skilled, and experienced in managing federal funding and can provide HOME Rehabilitation services. Subrecipients will be selected based on their capacity, experience, and the ability to provide program services.

As of 4/15/2025, the HOME Rehabilitation Program has an available balance in the open NOFA of \$3,007,432.00 for the program year 2024/2025. This amount will be updated as it changes.



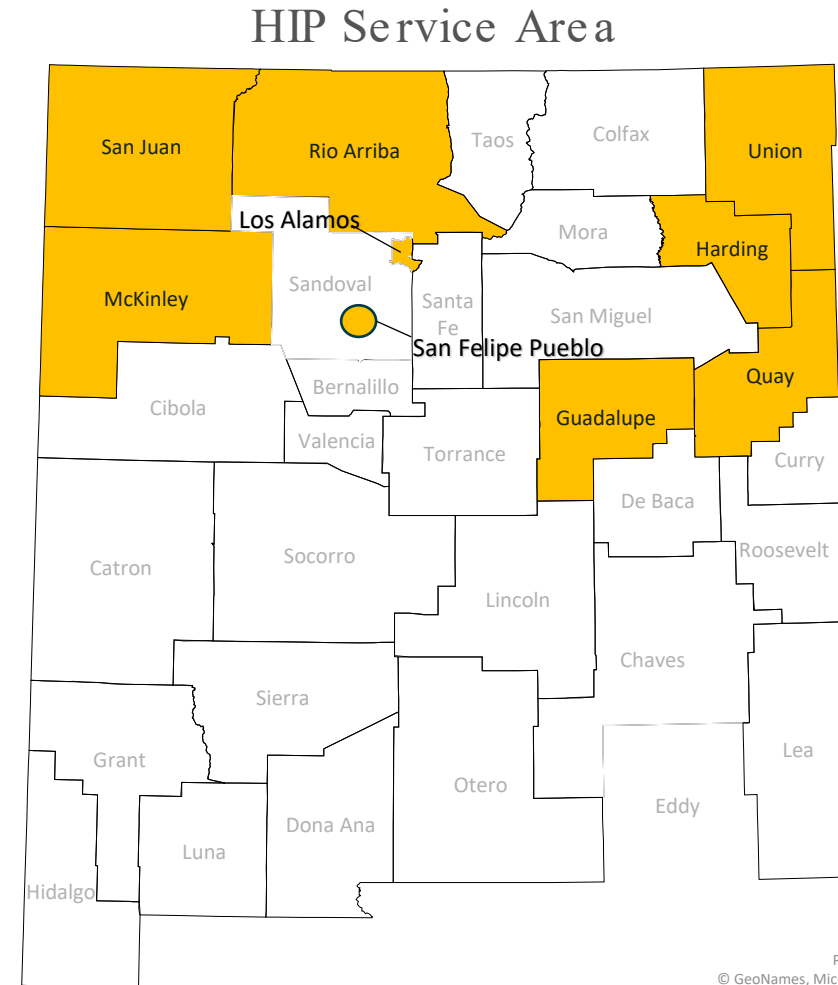
Introducing the Home Improvement Program (HIP)



- ◆ Housing New Mexico First Direct Service Program
- ◆ Extension of the HOME rehab program
- ◆ Created in response to address unserved counties in New Mexico
- ◆ Provides services where providers were not available

Current Service Area:

- ◆ Guadalupe County
- ◆ Quay County
- ◆ Harding County
- ◆ Union County
- ◆ Rio Arriba County
- ◆ Los Alamos County
- ◆ San Juan County
- ◆ McKinley County
- ◆ San Felipe Pueblo



HIP Program Milestones

Launch: February 2024 – Applications open for one month

Applications Received: 30 total

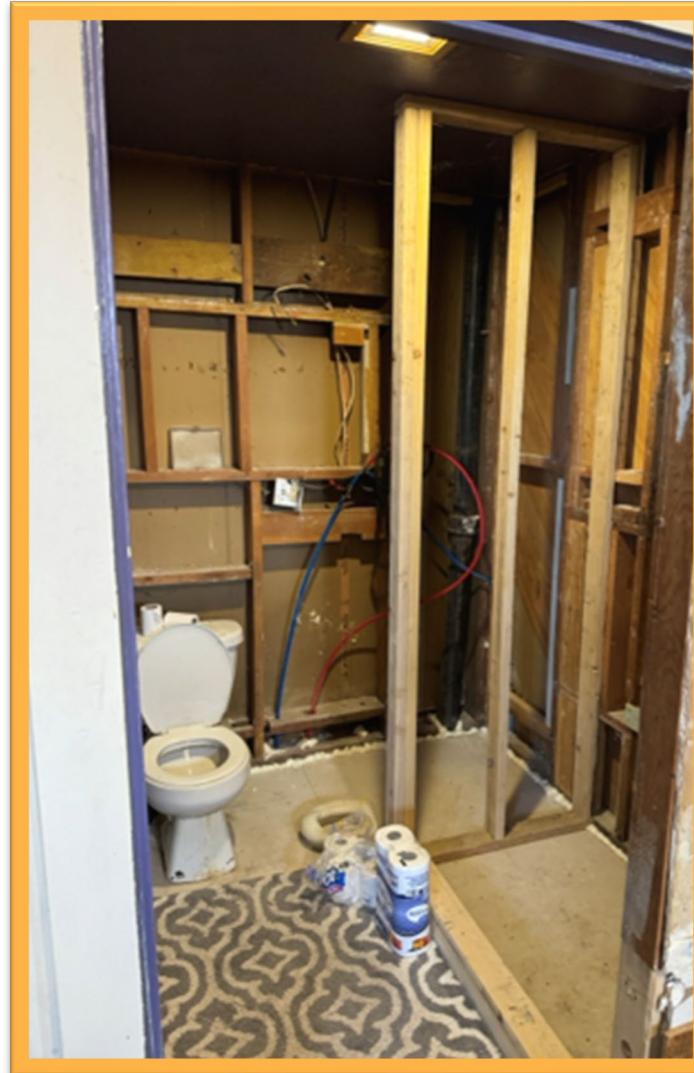
First Project: Broke ground September 2024

Completed Projects: 6 to date

Total Allocation: \$1.6M

Total Expenditures: \$1,164,273 (73%)

In Progress: 6 new projects in various stages of eligibility or procurement



Bathroom – BEFORE



Bathroom-AFTER

HIP in Action - Hybrid Model

Administrative Services (San Felipe)

- Application Intake
- Waitlist Management
- Eligibility Verification
- Environmental & Historic Review
- Property Valuation
- Project Documentation
- Affirmative Marketing
- Housing Affordability Compliance

HIP Hybrid Pilot Model

Program and Project Management (Housing NM)

- Site Physical Inspection
- Scope of Work
- Field Contamination & Project Abstract
- After Rehab Value Determination
- Procurement
- IDIS Set up
- Prepare Three Party Contract
- Invoicing and Change Orders
- Closeout Project

Lessons learned

- ◆ First-hand view of challenges faced by homeowners and local agencies
 - Qualified contractors
 - Environmental Review – Floodplains
 - Eligibility verification delays

- ◆ Pinpoint areas for improvement in program delivery

- ◆ Opportunities to develop targeted solutions based on real experience
 - 95% After Rehab Value policy update
 - Waiting List Management policy update
 - Contractor Eligibility policy update



Planning for the HIP Future

- ◆ Expand reach & adjust guidelines
- ◆ Strengthen program capacity
- ◆ Grow contractor participation
- ◆ Scale to meet community needs



- ◆ HUD HOME Program: www.hud.gov/homeprogram/
- ◆ HUD Exchange: www.hudexchange.info/home/
- ◆ Mailing list: www.hudexchange.info/maillinglist/

Questions?

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