OPPORTUNITY ENTERPRISE AND HOUSING DEVELOPMENT REVIEW BOARD HOUSING DEVELOPMENT EVALUATION AND PRIORITIZATION POLICY

This Policy was adopted on the 11 day of July, 2024, and revised on 16 day of July, 2026, by the Board of Directors of the Opportunity Enterprise and Housing Development Review Board, a public body politic and corporate, created by the Opportunity Enterprise and Housing Development Act, Sections 6-34-1, et seq., NMSA 1978.

I. PURPOSE

A. Purpose Statement

On February 28, 2024, Governor Michelle Lujan Grisham signed House Bill 195 which expanded and retitled the Opportunity Enterprise and Housing Development Act ("Act"), NMSA 1978, Section 6-34-1, et seq., to catalyze below-market housing production across the State to increase the supply of attainable housing for New Mexicans. The expanded Act creates the Housing Development Revolving Fund ("Fund") within the New Mexico Finance Authority ("NMFA") and authorizes the NMFA to establish rules, administer the Fund, and recover from the Fund such costs of administering the Fund and originating housing development assistance.

The Opportunity Enterprise and Housing Development Review Board ("OE Board") established rules and this Housing Development Evaluation and Prioritization Policy to guide the evaluation, selection, and prioritization of projects to recommend to the NMFA for financing consideration from the Fund. Pursuant to the Act, the NMFA Board adopts separate rules approved by the NMFA Oversight Committee that govern the origination and administration of housing development loans.

B. Implementation

The Policy shall be implemented by the OE Board and may, at times, be waived by the OE Board if the OE Board determines that a deviation from its adopted policy is necessary. Such waiver will be reflected in the agenda for the public meeting at which the waiver is considered.

II. DEFINITIONS

A. "Act" means the Opportunity Enterprise and Housing Development Act, Sections 6-34-1 through 6-34-15, NMSA 1978, as the same may be amended and supplemented.

B. "Affordable Housing" means residential housing primarily for persons or households of low or moderate income as defined in a local housing plan or by programs managed by the HNM.

C. "Affordable Housing Infrastructure Project" means infrastructure projects needed to support affordable housing.

D. "Applicant" means a housing development partner.

E. "Application" means a written document made publicly available by the NMFA and filed with the NMFA for the purpose of evaluating, in consultation with the department, the applicant's qualifications and proposed projects for types of assistance which may be provided by the NMFA under the Act.

F. "Amenities" means facilities, services, destinations, or infrastructure that support the daily needs, economic opportunity, health, safety, mobility, or quality of life of residents. Amenities may include, but are not limited to, grocery stores, food markets, pharmacies, health care facilities, public transportation, schools, child care facilities, parks, trails, community centers, libraries, government service centers, financial institutions, employment centers, retail and commercial services, and other facilities determined by NMFA to provide a meaningful benefit to residents.

G. "Below-Market For Rental Housing" means rental housing offered at rents below the market rate for comparable housing within the applicable market area, as determined by NMFA. In making this determination, NMFA may consider market data, area median income, affordability standards, comparable rents, and other factors it deems relevant. NMFA may recommend exceptions to the OE Board on a case-by-case basis.

H. "Below Market For Sale Housing" means housing built and sold below the median sales price for comparable housing within the applicable market area, as determined by NMFA. In making this determination, NMFA may consider market data, area median income, affordability standards, comparable sales prices, and the anticipated cost of ownership, including principal, interest, taxes, and insurance. Eligible purchasers shall be Middle-Income Workers. NMFA may recommend exceptions to the OE Board on a case-by-case basis.

I. "Employment Centers" means areas of existing or planned economic activity and concentration of employment opportunities as determined by the regional council of governments in coordination with the counties they represent.

J. “For Sale Workforce Housing” means a Housing Development Project that includes lots released to home builders, units (duplexes and/or condominiums), and/or standalone single-family units which are for sale to middle income workers, as defined and are deemed to be Workforce Development Housing, also as defined herein.

K. “Fund” means the Housing Development Revolving Fund.

L. “Housing Development Assistance” means loans made by NMFA to housing development projects.

M. “Housing Development Committee” means a standing committee appointed by the chairman of the OE Board from the members of the OE Board pursuant to the bylaws to review proposed housing development projects to be recommended for funding from the Fund.

N. “Housing Development Partner” or **“Partner”** means a domestic corporation, a general partnership, a limited liability company, a limited partnership, a public benefit corporation, a nonprofit entity or any other private business entity or combination thereof that the NMFA determines is or will be engaged in a project that creates or expands housing within the state and is eligible for housing development assistance pursuant to the Act.

O. “Housing Development Project” means an affordable housing infrastructure project or a workforce development housing project.

P. “HNM” means the New Mexico Mortgage Finance Authority (Housing New Mexico).

Q. “Infrastructure” means improvements tied to or enabling the development of housing including: (i) sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge; (ii) drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge; (iii) water systems for domestic purposes, including production, collection, storage, treatment, transport, delivery, connection and dispersal; (iv) areas for motor vehicle use for road access, ingress, egress and parking; (v) trails and areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for access, ingress, egress and parking; (vi) parks, recreational facilities and open space areas to be used by residents for entertainment, assembly and recreation; (vii) landscaping, including earthworks, structures, plants, trees and related water delivery systems; (viii) electrical transmission and distribution facilities, including renewable energy infrastructure; (ix) natural gas distribution facilities; (x) lighting systems; (xi) cable or other telecommunications lines and related equipment; and (xii) traffic control systems and devices, including signals, controls, markings and signs;(xiii) other public or private improvements, utility facilities, site improvements, or related infrastructure necessary to support, serve, access, or enable the development, occupancy, or operation of housing.

R. “Market Study” means a project description and analysis of geographic conditions, demographic trends, and competitive market conditions that will impact the success of the project, including absorption estimates for the subject property. Market Studies must be dated within the last one-year and must meet the content parameters established by the HNM.

S. **"Middle-Income Workers"** means households with incomes exceeding the applicable income limits for housing assistance established by the local jurisdiction or HNM, whichever is lower, but not exceeding 300% of the U.S. Department of Housing and Urban Development (HUD) Area Median Income for the applicable county, as determined by the NMFA.

T. **"NMFA"** means the New Mexico Finance Authority.

U. **"OE Board"** means the Opportunity Enterprise and Housing Development Review Board created by the Act.

V. **"Policy"** means the Housing Development Evaluation and Prioritization Policy.

W. **"Project"** means an affordable housing infrastructure project or a workforce development housing project.

X. **"Redevelopment"** means the rehabilitation, adaptive reuse, redevelopment, or infill development of existing properties, including vacant, underutilized, obsolete, or environmentally impaired sites, for the purpose of restoring productive use, increasing housing or economic opportunity, and supporting community revitalization.

Y. **"Rural"** means any area in New Mexico that does not meet the definition of Urban.

Z. **"Site Control"** means at least one of the following:

1. a fully executed purchase contract or purchase option,

2. a written governmental commitment to transfer or convey the property to the applicant, or

3. a fully executed lease that terminates no sooner than five years after the loan matures and/or five years after the income-restriction compliance period end date.

AA. **"Total Project Cost"** means the total of all costs incurred or to be incurred by the Housing Development Partner in planning, designing acquiring, constructing, renovating, rehabilitating and financing a Housing Development Project, including predevelopment costs and Market Studies.

BB. "**Universal Design**" means the incorporation of design features that improve accessibility, visibility, usability, and adaptability for people of all ages and abilities. Universal Design features may include, but are not limited to, access features, bathroom features, kitchen features, circulation features, usability features, and other elements that support independent living and aging in place.

CC. "**Urban**" means a continuously built-up area located in New Mexico with a population of 60,000 or more, as determined by the most recently available population data. An Urban area may include one or more municipalities, census-designated places, or other contiguous developed areas.

DD. "**Workforce Development Housing**" means below-market housing addressing demand for workforce housing for middle income workers in proximity to employment centers.

EE. "**Workforce Development Housing Project**" means a residential real estate development project that involves the purchase, planning, designing, building, surveying, improving, operating, furnishing, equipping or maintaining of land, buildings or infrastructure that provides housing, including housing the provides the option of home ownership.

FF. "**Zoning Reforms**" means policies, procedures and regulations implemented by political subdivisions intended to decrease the costs and timing of constructing affordable housing and workforce housing, including expedited permitting, high density zoning, and other criteria as determined by policies of the board.

III. APPLICATION EVALUATION AND PRIORITIZATION

A. Housing Development Assistance Applications

The goal of the Fund is to incentivize and support the efficient production of attainable housing, including homes offered for sale and rental units, through flexible, low interest loans.

The OE Board will periodically solicit applications for housing development assistance on a schedule established by the OE Board and posted on the NMFA website. The NMFA will conduct outreach to stakeholders and potential applicants prior to the application opening. Application forms for housing development assistance will be made available through an application system operated by the NMFA. Applicants will be required to submit a Market Study and provide complete forms, schedules and required attachments to enable the OE Board and NMFA to make responsible decisions. Incomplete applications will not be accepted.

B. Determination of Need ("But For Test")

Consistent with the Act and NMAC, applicants must demonstrate that other means of financing the proposed Housing Development Project are unavailable or insufficient to complete the project as proposed.

Applicants should describe in part one of the application barriers encountered in obtaining sufficient financing, including limitations related to loan proceeds, collateral requirements, repayment terms, pricing, timing, risk allocation, or other factors affecting project feasibility. The NMFA and Board may consider the extent to which Enterprise Assistance fills a demonstrated financing gap, leverages other sources of capital, and is necessary for the project to proceed in substantially the form proposed.

C. Evaluation Criteria

The OE Board will prioritize and recommend to the NMFA projects that align with community needs, are able to efficiently leverage the Fund and are able to proceed within nine (9) months of NMFA Board approval. Wherever possible, the points will be awarded incrementally and will be evaluated and prioritized using the following criteria:

1. Community Need and Alignment: (Maximum 53 Points)

a. Applications will be evaluated for the project's ability to fill known demand for attainable housing within a community.

b. Projects located in Rural Communities will be awarded points.

c. Projects in Urban areas will be evaluated on the project's proximity to amenities and public transportation; projects in Rural areas will be evaluated on the project's proximity to amenities or proximity to employment centers.

d. Projects contributing to revitalization are awarded points.

e. Projects developed by New Mexico-based developers and have experience within the community which the project will be located will be awarded points. Out of state developers will not receive points.

f. Projects that hire participants from registered New Mexico apprenticeship programs or other approved construction/trades training programs are awarded points.

g. Projects utilizing Universal Design techniques will be awarded points.

2. Fund Efficiency: (Maximum 25 Points)

Fund efficiency will be based upon the amount of the request as a percentage of Total Project Costs, the amount of the request per unit, and the duration of the housing development assistance.

a. **Fund Leverage**: The OE Board prioritizes applications seeking to leverage private investment. Applicants will be required to submit evidence of secured private commitments to be leveraged by the housing development assistance. Applications requesting less than 35% of the Total Project Costs will be awarded points in this category.

b. **Funds requested per dwelling unit:** Projects seeking little funding relative to the number of dwelling units supported or created will receive maximum point. This will be calculated by Total Project Cost/Number of units. Applicants seeking more than $300,000 per dwelling unit will not receive points.

c. **Duration of assistance:** Projects that can return the capital quickly to allow for funding to be reinvested in other worthy projects are prioritized. Applications seeking loan terms of less than seven years will receive maximum points.

3. Project Need and Readiness (Maximum 10 Points)

Availability of private capital to support the project and likelihood of success will be measured.

a. **Qualified Development Team:** the application must demonstrate that the proposed Development Team (e.g., the Project Owner, developer, general contractor, architect, and management and/or sales team) is experienced in successfully completing similar projects on time and with the resources budgeted.

b. **Project Readiness**: Priority will be given to projects that have site control, are permissively zoned for proposed use, have completed the schematic designs, and are otherwise able to begin the project expeditiously.

4. Supportive Land Use Practices: (Maximum 12 Points)

Development of attainable housing is frequently hindered by and made more costly by local government regulations and zoning ordinances, such as density restrictions, setbacks, or lengthy approval processes. Communities that have established or are implementing zoning reforms supporting attainable housing development through transparent and streamlined regulations, incentives, and more flexible zoning strategies will reduce the costs of home development. Projects located in communities that have adopted best practices land use regulations in the areas of land use approval, allowance for varied housing types, incentives, and zoning will be awarded points.

C. Recommendation to the NMFA for Housing Development Loans

To be considered for Housing Development Assistance, applicants shall submit a complete application in the manner requested by NMFA. An NMFA staff review team will evaluate each application using the evaluation criteria contained in this Policy and present its findings to the Housing Development Committee. The Housing Development Committee will consider the recommendations made by NMFA staff and may consider the recommendations of outside parties in making its recommendation to the OE Board on the priority order of the applications. The Housing Development Committee may recommend to the OE Board reduced scopes of projects and/or reduced amounts of funding. Such reductions of scope or funding will be noted in the Housing Development Committee's recommendation.

Applications meeting a minimum score of 60 and a High or Moderate Readiness determination will be placed on a priority list that the Housing Development Committee recommends to the OE Board. The OE Board may accept all or a portion of the recommendations made by the OE Board Committee. Applications recommended by the OE Board to the NMFA must be able to demonstrate to the satisfaction of the OE Board the 1) ability to proceed within six

(6) months of OE Board approval, and 2) proper site control, including zoning which is permissive or allowable.

In the priority order recommended by the OE Board, NMFA will underwrite applications using its own rules and policies to determine whether housing development assistance should be provided and the terms and conditions of any housing development loans offered. NMFA will report back to the OE Board on the status of any applications recommended by the OE Board to NMFA. The OE Board's recommendation of applications to NMFA is in no way a guarantee that an application will be funded.

IV. PORTFOLIO CONCENTRATION

The Board promotes investment in projects and communities with the aim of increasing housing stock across the State and across the income continuum. To ensure housing development assistance is equitably distributed, the following concentration limitations are established:

A. **Project Limitations:** Housing development assistance will be limited to no more than $15,000,000 per Project.

B. **Place-Based Limitations:** At least 30% of the Fund must be dedicated to projects in Rural communities.

C. **Applicant Limitations:** Housing Development Partners, including any person with an ownership interest in a Housing Development Partner, may only participate in one Project application per application round.

EVALUATION AND PRIORITIZATION CRITERIA

Community Need and Alignment	Up to 53
Need: Points will be awarded based on the extent to which the proposed project addresses a demonstrated need for attainable housing within the applicable market area, as supported by a Market Study. Consideration may be given to factors including housing shortages, unmet demand, cost burden, vacancy rates, workforce housing needs, population and employment trends, projected absorption rates, and the availability of comparable housing options.	**Up to 5**
Affordability: Points will be awarded based on the extent to which proposed rents or sales prices are below market rates for comparable properties within the applicable market area, as determined by NMFA. Applicants must provide market comparables and other documentation sufficient to demonstrate affordability.	**Up to 10**
Location: Projects located in Rural communities will be awarded points.	**10 Points**
Location Convenience: Urban Areas: Projects must be located within convenient access to amenities, including public transportation. • Within a one-half (1/2) mile walking distance of at least three amenities; or • Within a one (1) mile walking distance of at least six amenities, including at least one food store offering fresh produce. Rural Areas: Projects must create amenities or provide convenient access to amenities and employment centers. • Within a five (5) mile driving distance of amenities; or • Within a thirty (30) mile driving distance of a major employment center.	**Up to 3**
Redevelopment: Points may be awarded to projects that contribute to community revitalization through adaptive reuse, rehabilitation or redevelopment of vacant or underutilized properties, infill development, environmental remediation, or other investments that return properties to productive use.	**Up to 5**
Developer Experience and Preference: Points are given for the developer's proven experience with similar housing projects in size, scope, complexity, affordability, and target population. Applicants must list past and current projects, including units developed, project type, affordability limits, target beneficiaries, and outcomes. In-state Developer that demonstrates completion of multiple projects in the location of the proposed project **10 points** In-state Developer that demonstrates completion of multiple projects in different communities outside of the location of the proposed project **5 points** Out-of-state developers **0 points**	**Up to 10**

Training and Apprenticeship: Points may be awarded to projects that utilize participants from registered New Mexico apprenticeship programs or other NMFA-approved workforce training programs. Participants may be employed by the borrower, contractor, subcontractor, or other entities performing work on the project. Borrowers receiving points must provide documentation sufficient to verify participation.	**Up to 5**
Universal Design: Points may be awarded to applications that incorporate Universal Design features that promote accessibility, visitability, usability, and independent living for people of all ages and abilities. Applicants seeking points under this criterion shall identify the Universal Design features included in the proposed project and the categories addressed, which may include access, circulation, kitchen, bathroom, usability, safety, or other Universal Design elements. • 1–2 UD features **1 point** • 3–5 UD features across multiple categories **3 points** • 6 or more UD features across multiple categories **5 points** The OE Board may consider the quality, functionality, and distribution of Universal Design features throughout the project when awarding points.	**Up to 5**

Fund Efficiency	**Up to 25**
Fund Leverage: Projects efficiently leveraging private funds with housing development assistance will be awarded points. Applicants will be required to submit evidence of secured private capital commitments related to Total Project Costs to be leveraged by the housing development assistance. ♦ 10% or less **10 points** ♦ Greater than 10%, but less than 35% **5 points** ♦ 35% or greater **0 points**	**Up to 10**
Funds requested per dwelling unit: Projects requesting lower funding per dwelling unit will receive the highest points. This will be calculated by Total Project Cost/Number of units. Applicants seeking more than $300,000 per dwelling unit will not receive points. ♦ $100,000 or less **10 points** ♦ Greater than $100,000, but less than or equal to $200,000 **7 points** ♦ Greater than $200,000, but less than or equal to $300,000 **5 points** ♦ Greater than $300,000 **0 points**	**Up to 10**

Duration of assistance: Projects that are able to return the capital in a reasonably short time frame allow for funding to be reinvested in other projects. Applications seeking loan repayment terms of seven years or less will receive points. ♦ Loans maturing in 7-years or less **5 points** ♦ Loans maturing in more than 7-years **0 points**	**5 points**

Applicant Need and Readiness	**Up to 10**
Qualified Development Team: The application must demonstrate that the proposed development team (e.g., the project owner, developer, general contractor, architect, and management and/or sales team) is experienced in successfully completing similar projects on time and with the resources budgeted.	**Up to 5**
Project Readiness: Priority will be given to Projects that have site control, are properly zoned, have a schematic set of construction plans, and are otherwise able to begin the project expeditiously within six (6) months of the NMFA Board Approval. ♦ High Readiness Determination **5 points** Within 6 months after NMFA Board approval ♦ Moderate Readiness Determination **3 points** 6 to 9 months after NMFA Board approval ♦ Low Readiness Determination **0 points** Beyond 9 months from NMFA Board approval	**Up to 5**

Supportive Land Use Practices	**12**
Land Use Approval: One point for each of the following (up to three points): ♦ Time limits for review and approval of development application or permit application review. ♦ Clearly disclosed and complete standards and processes that minimize subjectivity or discretionary submission requirements (for submission of development application, permits, or code requirements). ♦ Limited discretionary review, including by-right approvals, administrative approval, or limited public hearings for certain development types. ♦ Pre-approved technical plans. This can include pre-approved building plans, landscaping, drainage, other engineering, or other sample submission documents. ♦ Clear review criteria. Utilization of checklists and other documents that detail internal and external review and approval requirements.	**3**

♦ Allowance for third-party inspections or plan review. Allowance for builders to hire accredited third-party inspectors when there are scheduling delays from local inspectors. ♦ Collection and publication of data around entitlement and building permit review time. Systems in place that track review benchmarks including pre-application, application date (distinct from determination of a complete application), final entitlement decision date, and permit issuance. ♦ Internally established goals for the average entitlement and building permit review times.	
Allowance for Varied Housing Types: Three points will be awarded if any of the four exist: ♦ Accessory Dwelling Units (ADU) by-right. Local codes which allow for the construction of a guesthouse or casita on any residential lot without a public hearing. ♦ Allowance for two-unit and multi-unit structures in all residential zones without any special use review or public hearing, optimally providing by-right multi-unit development on any conforming lot (also called single-family zoning prohibition). ♦ Pre-approved ADU permit drawings. Pre-approved building plan samples adopted by the local government. ♦ Projects integrating affordable, below-market and market-rate housing units.	**3**
Incentives: One point for each of the following (up to three points): ♦ Attainable housing fee waivers. Waiver or deferral of development review, building, impact, or permit fees for affordable housing or workforce housing projects. ♦ Incentives for infill development. Benefits for projects on sites currently surrounded by existing development and utilizing existing infrastructure. ♦ Zoning and land use incentives for affordable and workforce housing. Incentives for income restricted, workforce, missing middle, teacherages etc. ♦ Streamlined approval process for certain types of projects. Simplified approval processes available to projects meeting specific criteria, typically affordability requirements. ♦ Presence of policies which provide financial and in-kind donations to projects that provide affordable housing. This could include public provision of infrastructure, affordable housing funding, affordable housing trust funds, or downpayment assistance programs. ♦ Impact fee benefits for infill. Fee structures that recognize that infill development is less infrastructure intensive and provides for reduced fees compared to fees for greenfield development.	**3**

Zoning: One point for each of the following (up to three points): ♦ Regularly updated zoning documents. Communities that have a requirement in law or established practices to update their General Plan and/or macro zoning documents at least every five (5) years. ♦ Systematic, streamlined, or by-right rezoning process for higher densities, Frameworks that allow developers to provide more units on a given tract of land without a rezoning, including established targets for higher density zoning based on identified housing needs. ♦ Evidence of expedited permitting and shovel-ready development sites. ♦ Increased land area zoned for multi-unit housing. Recent actions (within five years) to "upzone" existing land to support higher density housing. ♦ Liberalized design standards. Recent actions to reduce building setbacks or increase height allowance. ♦ Reduction or removal of minimum lot standards. Removal from zoning code of a base standard for the minimum size a lot can be in a given zoning district. ♦ Form-based codes or "character districts". Elimination of use-specific zoning codes that instead rely on the shape or character of a building to guide its allowable design. ♦ Reduced or flexible parking requirements. Recent actions to reduce required parking, or parking standards for residential housing at or below one space per unit. ♦ Minimum density targets. Policies that establish a minimum amount of housing units per acre that are connected with a disincentive (e.g. connected to approval criteria, requires a variance, requires a special agreement, fee or other additional benefit to the community). ♦ Mixed-use districts. The allowance of residential uses in downtowns, some commercial districts, and in other central business areas. ♦ Higher density allowed within a specified distance of a transit hub.	**3**