



**TAOS COUNTY  
RESOLUTION NO. 2025-14**

TAOS COUNTY  
VALERIE RAEL MONTOYA, CLERK  
000485183  
Book 1228 Page 290  
1 of 13  
04/03/2025 03:30:08 PM  
BY MELANIEH

**ADOPTING THE TAOS COUNTY HOUSING ADMINISTRATIVE MANUAL, PROVIDING ADMINISTRATIVE PROCEDURES FOR AFFORDABLE HOUSING PROGRAMS FOR TAOS COUNTY**

**WHEREAS**, the Taos County Board of Commissioners is the duly authorized governing body of Taos County, a New Mexico political subdivision; and

**WHEREAS**, Taos County, New Mexico (the "County") affordable housing represents a critical component to enhance the quality of life of County residents; and

**WHEREAS**, the Board of County Commissioners of Taos County commits to exploring a range of options to promote affordable housing in Taos County; and

**WHEREAS**, both the 2017 Taos County Comprehensive Plan Update and the draft 2025 Comprehensive Plan contain Housing elements that support County efforts to increase availability of affordable housing for all residents; and

**WHEREAS**, under an exception to the "anti-donation" clause as set forth in Article IX, § 14 of the New Mexico Constitution, the County is not prohibited from:

- A. Donating or otherwise providing or paying a portion of the costs of land for the construction on it of affordable housing;
- B. Donating or otherwise providing or paying a portion of the costs of construction or renovation of affordable housing, or the costs of conversion or renovation of buildings into affordable housing;
- C. Providing or paying the costs of financing or infrastructure necessary to support affordable housing projects; or
- D. Donating or otherwise paying a portion of the costs of acquisition, development, construction, financing and operating or owner affordable housing; and

**WHEREAS**, the Affordable Housing Act, NMSA 1978 § 6-27-1 et seq. (the "Act") implements the provisions of Subsections E and F of Section 14 of Article 9 of the New Mexico Constitution; and

**WHEREAS**, the County Commission has adopted an Affordable Housing Plan (Resolution 2021-38) pursuant to the Act and Housing New Mexico (formally the New Mexico Mortgage Finance Authority) Affordable Housing Rules; and

**WHEREAS**, the County Commission approved Ordinance 2022-4, an Ordinance Establishing an Affordable Housing Program pursuant to the Taos County Affordable Housing Plan; Defining Terms; Establishing Application Requirements and Review Criteria; and Establishing Procedures to Administer and Affordable Housing Program; and

**WHEREAS**, the County Commission approved a contract and scope of work with Taos Housing Partnership that includes work to develop best practices and standards for submission procedure, qualifying grantee eligibility, application review, and tenant income verification in accordance with Ordinance 2022-4; and

**WHEREAS**, the scope of work also included the consultant assisting and advising the County in identifying qualified development partners and/or team members to support the County's development activities, and the consultant will support the procurement and contracting of qualified development partners and/or team members and, as part of this scope of work, drafted a Taos County Housing Administrative Manual to provide County staff guidance on these processes;

**SIGNATURE PAGE FOLLOWS**

Resolution 2025-14

Page 1 of 2

**NOW THEREFORE, BE IT RESOLVED**, by the Taos County Board of Commissioners that the attached "Taos County Housing Administrative Manual" be adopted.

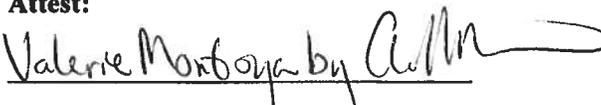
**PASSED, ADOPTED, AND APPROVED** this 18th day of March, 2025.

**BOARD OF COUNTY COMMISSIONERS  
OF TAOS COUNTY, NEW MEXICO**

  
\_\_\_\_\_  
Ronald Mascareñas, Chair

TAOS COUNTY  
VALERIE RAE L MONTOYA, CLERK  
000485183  
Book 1228 Page 291  
2 of 13  
04/03/2025 03:30:08 PM  
BY MELANIE M

**Attest:**

  
\_\_\_\_\_  
Valerie Montoya, Taos County Clerk

**VOTE RECORD:**

FR B. Romero	<u>Yes</u> No	Abstain	Absent
M. Romero, Jr	<u>Yes</u> No	Abstain	Absent
D. Vigil	<u>Yes</u> No	Abstain	Absent
A. Brush	<u>Yes</u> No	Abstain	Absent
R. Mascarenas	<u>Yes</u> No	Abstain	Absent

**Approved as to legal form:**

  
\_\_\_\_\_  
Patrick Trujillo, Contract County Attorney





# **Taos** *County*

NEW MEXICO

## **TAOS COUNTY HOUSING ADMINISTRATIVE MANUAL**

### **ADMINISTRATIVE PROCEDURES FOR AFFORDABLE HOUSING PROGRAMS FOR TAOS COUNTY**

Accepted by the  
Board of County Commissioners  
March 18, 2025

## TABLE OF CONTENTS

	PAGE NO.
<b>1. PURPOSE</b>	<b>3</b>
<b>2. AUTHORITY</b>	<b>3</b>
<b>3. DEFINITIONS</b>	<b>3</b>
<b>4. AFFORDABLE HOUSING PROGRAMS</b>	<b>5</b>
4.1. Homebuyer Assistance Programs	5
4.2. For-Sale Housing Program Responsibilities Administered by the County's Agent	6
4.3. Rental Assistance Programs	6
<b>5. PROCEDURES FOR ADMINISTERING STATE AND LOCAL HOUSING ASSISTANCE FUNDS</b>	<b>7</b>
5.1 Qualifying Projects	7
5.2 For-Sale Pricing	7
5.3 Qualifying Grantees	8
5.4 Application Process	8
5.5 Qualified Grantee Affordable Housing Act Compliance	9
<b>6. LONG-TERM AFFORDABILITY MECHANISMS</b>	<b>10</b>
6.1 Assistance Levels	10
<b>7. ADMINISTRATIVE PROCEDURE AMENDMENTS</b>	<b>11</b>

# 1. PURPOSE

The purpose of this administrative manual is to establish procedures for Taos County, herein referred to as “the County”, and its agent, to work with private development partners, homeowners, lenders, title companies, and all interested parties for the creation of affordable housing within the County in compliance with the State’s Affordable Housing Act (“Act”) and the County’s Affordable Housing Ordinance 2022-4. Because the nature of affordable housing programs are complex and require specific expertise, the County may want to procure a third-party to administer some or all of the activities of this administrative manual on their behalf. This third-party will hereby be known throughout this document as “agent” or “County’s agent”.

# 2. AUTHORITY

The Taos County Board of County Commissioners (herein referred to as “County Board”) adopted this document March 18, 2025. The following guidelines within this manual will be used to manage the County’s affordable housing programs.

# 3. DEFINITIONS

The following words and terms shall have the following meanings. These definitions include terms found in the Affordable Housing Act and the County’s Affordable Housing Ordinance as well as terms used when administering federal and state affordable housing programs.

- **Act** - shall mean the Affordable Housing Act, NMSA 1978, §6-27-1 et seq.
- **Affordable Housing**- shall mean residential housing primarily for persons or households of low or moderate income.
- **Area Median Income (AMI)** - the median income for Taos County statistical area as adjusted for various household sizes and published and revised annually by the United States Department of Housing and Urban Development (HUD). The median divides the income distribution into two equal parts: one-half of the cases falling below the median income and one- half above the median. In the event of a discrepancy between the Area Median Income established by HUD and HUD’s Program Income Limits, the higher of the two shall be used to establish Area Median Income for the purpose of the County programs.
- **County Board** - a group of people who have been appointed or elected to govern a County.
- **Downpayment Assistance** - shall mean the County or its agent’s residential subordinate second mortgage loans. May also be referred to as Mortgage Assistance.

- **Homebuyers** - shall mean clients utilizing the Mortgage Assistance Program.
- **Homebuyer Assistance Programs** - shall mean a suite of programs offered by the County or its agent and includes mortgage assistance, counseling, education offerings and affordably priced homes when available.
- **Housing New Mexico** - is a self-supporting quasi-governmental entity that provides financing to make quality affordable housing and other related services available to low- and moderate-income New Mexicans. It was previously called the New Mexico Mortgage Finance Authority (MFA).
- **HUD** - shall mean the United States Department of Housing and Urban Development.
- **Income Qualified** - a buyer whose household income does not exceed the amount which establishes eligibility to buy an affordable housing unit, within income ranges established for the program or under specific development agreements.
- **Interest List** - shall mean a list where interested community members have had their income qualified and want to be contacted when a product or home becomes available.
- **LURA**- shall mean a Land Use Regulatory Agreement.
- **Median Income** - Area Median Income as defined.
- **Mortgage Assistance Loans** - the County's residential subordinate second mortgage loans. May also be referred to as downpayment assistance.
- **Mortgage** - shall mean a mortgage, mortgage deed, deed of trust or other instrument creating a lien, subject only to title exceptions as may be acceptable to the County and/or Housing New Mexico, on a fee interest in real property located within the State or on a leasehold interest that has a remaining term at the time of computation that exceeds or is renewable at the option of the lessee until after the maturity day of the Mortgage Loan.
- **NOFA** - shall mean a Notice of Funding Availability which refers to a process that informs the public that funding is available for a specific purpose and can be requested through an application process.
- **Procedures** - the document, this manual that goes over procedures for the County's programs and approved by the County Board.
- **Qualifying Grantee** - shall mean:
  - A. An individual who is qualified to receive assistance pursuant to the Act and is approved by the Governmental Entity and/or MFA; and
  - B. A governmental housing agency, regional housing authority, tribal housing agency, corporation, limited liability company, partnership, joint venture, syndicate, association or a nonprofit organization that:
    - 1) Is organized under State, local, or tribal laws and can provide proof of such organization;
    - 2) If a non-profit organization, has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; and
    - 3) Is approved by the Governmental Entity and/or Housing New Mexico.

- **Subsidy** - a housing policy tool or a sum of money granted by a government or public body to keep the cost of housing affordable.
- **RFP** - shall mean any request for proposals made by the County.
- **Second Mortgage** - a home-secured loan taken out while the original or first mortgage is still being repaid.
- **Silent Subordinate Loan (aka Silent Second Mortgage)** - payments on these loan types are deferred so the borrower does not have to make a payment on this assistance until their home is either sold, refinanced or paid in full.
- **Staff** - shall mean the County's staff or their agent's staff.

TAOS COUNTY  
 VALERIE RAEI MONTOYA, CLERK  
 000485183  
 Book 1228 Page 296  
 7 of 13  
 04/03/2025 03:30:08 PM  
 BY MELANIE M

## 4. AFFORDABLE HOUSING PROGRAMS

Taos County is interested in developing ways of providing affordable housing opportunities to its constituents. As a local government, there are a few ways that the County anticipates providing resources in the future to increase affordable for-sale and rental housing. This manual anticipates the County providing land for affordable housing development and identifying resources to subsidize developments in the future. For-sale affordable housing initiatives are greatly needed in Taos County and are more complex to administer. For this reason the County will use a third-party to assist with administration. Homebuying programs will focus on subsidizing development, recapturing public subsidies with the use of a second mortgage and ensuring homebuyers are educated and financially ready to obtain mortgages to purchase homes.

Rental housing will primarily focus on ways to leverage state and federal resources to develop multi-family projects, in partnership with experienced development partners, that will be selected through a competitive process.

### 4.1. Homebuyer Assistance Programs

The primary purpose of homebuyer assistance programs is to create opportunities for low- and moderate-income residents in Taos County (up to 120% of AMI) to purchase moderately priced existing housing available in the open market or to qualify for a County financial product, like a second mortgage, or to qualify for a discounted home provided through a County housing project or County sponsored project.

The County will utilize a third-party (known herein as 'County's agent' or 'the agent') in order to administer the County's Homebuyer Assistance Programs.

## 4.2. For-Sale Housing Program Responsibilities Administered by the County's Agent

The list of administrative responsibilities performed by the agent are as follows:

- 1) **Home Affordability Reference Charts** - annually, the agent will provide an Area Median Income (AMI) chart for Taos County that confirms household income limits for that year and provides for sale and rental pricing to help guide program implementation. The agent will provide both for sale pricing (see details below) and rental targets based on Housing New Mexico's annual rental limits from the Low Income Housing Tax Credit Program (LIHTC).
- 2) **For-Sale Pricing** - annually, the agent will establish an affordable home pricing methodology that creates home prices at or below Housing New Mexico's mortgage programs serving households up to 120% AMI. This pricing methodology establishes a systematic process for determining what qualifies as an "affordable" housing project.
- 3) **Housing program client eligibility guidelines** - the agent will establish broad client eligibility for assistance through the County's programs. These eligibility guidelines will be established by reviewing requirements of the Affordable Housing Act, and guidelines provided by federal and state funders.
- 4) **Income qualification** - the agent will use a systematic process to verify that the household income of a client is within the income range established for the affordable housing unit.
- 5) **Underwriting criteria** - the agent will take into consideration requirements for a conventional mortgage as County funded loans or homes for sale must pair with a conventional first mortgage product to ensure long-term affordability and to meet federal and state funding requirements.
- 6) **Interest lists** (i.e. waitlists) - the agent will establish and manage interest lists for below market homes, and other homebuyer assistance resources.

## 4.3. Rental Assistance Programs

Affordable rental housing is mainly built through federal programs like the Low Income Housing Tax Credit (LIHTC) Program. Experienced developers use these programs to secure private and state funding, ensuring the rentals remain affordable for at least 30 years as required by law.

The County can support affordable housing projects by offering land or financial resources through a competitive process, using a Request for Proposals (RFP) or Notice of Funding Availability (NOFA). Since federal funds are involved, resale rules are clearly defined through a Land Use Regulatory Agreement (LURA), managed by Housing New Mexico.

Rent limits for County-funded projects will follow Housing New Mexico's LIHTC guidelines, published each May.

# 5. PROCEDURES FOR ADMINISTERING STATE AND LOCAL HOUSING ASSISTANCE FUNDS

TAOS COUNTY  
VALERIE RAEI MONTROYA, CLERK  
000485183  
Book 1228 Page 298  
9 of 13  
04/03/2025 03:30:08 PM  
BY MELANIE M

The County intends to provide resources for third-parties committed to providing affordable housing opportunities in Taos County. The State's Affordable Housing Act ("Act") establishes specific protocols for the County to receive applications for resources and make awards to Qualified Grantees. This section establishes a process to ensure that State and local housing assistance grantees are Qualifying Grantees who meet the requirements of Taos County's Affordable Housing Ordinance 2022-4.

## 5.1 Qualifying Projects

When the County has resources for affordable housing projects, staff and/or its agent will create RFP's or NOFA's as the process for qualifying affordable housing projects. The following sections describe key information and methods for establishing qualifying affordable housing projects.

## 5.2 For-Sale Pricing

For homeownership development being undertaken by private development partners, the County's agent will establish an affordable home pricing methodology that creates home prices at or below Housing New Mexico's mortgage programs serving households up to 120% AMI. This pricing methodology establishes a systematic process for determining what qualifies as an "affordable" housing project. This includes a process to ensure that homebuyers are neither oversubsidized nor put in financially unsustainable housing situations. Similarly, this framework creates a standardized pricing methodology for builders that allows them to receive grants and incentives for producing qualifying affordable housing.

### For Sale Pricing

Specifically, to ensure homes negotiated by the County's agent are affordable, the home prices are calculated to ensure that the sum of principal and interest payments, taxes, property insurance and mortgage insurance does not exceed thirty-three percent (33%) of the assumed household's monthly income. This ratio is based on best practices for first-time programs in other New Mexico communities and aligns with state and federal programs.

Whether the County decides to partner with a third party to develop affordable home opportunities or directly sponsors a project; most of the resources for these projects and developments will come from federal and state funding resources. The County will also follow local and state building codes. Further, each project's mortgage payment will take into consideration operational expenses like utilities, to ensure that households can afford the mortgage payment in alignment with the Affordable Housing Act. The County will follow annual pricing guidelines provided by their agent to ensure that RFP and NOFA applicants can meet those established pricing.

## 5.3 Qualifying Grantees

The Application Process outlined below requires applicants requesting funds or other resources for affordable housing projects, as a result of a competitive process, to provide information which ensures they will meet the criteria of a Qualifying Grantees as set forth by the Affordable Housing Act.

## 5.4 Application Process

Taos County, when providing any resources for affordable housing, will use an RFP or NOFA process.

- A. The application evaluation process will require the following information as part of the applicant response:
1. The financial and management stability of the Applicant;
  2. The demonstrated commitment of the Applicant to the community;
  3. A cost-benefit analysis of the project proposed by the Applicant;
  4. The benefits to the community of a proposed project;
  5. The type or amount of assistance to be provided;
  6. The scope of the Affordable Housing Project;
  7. Any substantive or matching contribution by the Applicant to the proposed project;
  8. A performance schedule for the Qualifying Grantee with performance criteria; and
  9. Any other rules or procedures the County believes are necessary for a full review and evaluation of the Applicant and the Application or which Housing New Mexico believes is necessary for a full review of the County's evaluation of the Applicant;
  10. The County will establish an application and award timetable for State housing assistance grants or loans in each RFP to permit the selection of the Qualifying Grantee(s) by the County.
- B. Require long-term affordability of Taos County's Affordable Housing Projects so that a project cannot be sold shortly after completion and taken out of the affordable housing market. Taos County will use a second mortgage to capture subsidies for for-sale projects as detailed in Section 6 below.

According to the Affordable Housing Act; the following amounts of subsidy trigger the following:

1. If the fair market value of any Housing Assistance Grant or the total amount of Affordable Housing Funds that have been awarded, loaned, donated, or otherwise conveyed to the Qualifying Grantee is from one dollar (\$1.00) to fourteen thousand nine hundred

TAOS COUNTY  
VALERIE RAEI MONTROYA, CLERK  
000485183  
Book 1228 Page 300  
11 of 13  
04/03/2025 03:30:08 PM  
BY MELANIEH

ninety nine dollars and ninety nine cents (\$14,999.99), then the Affordability Period shall be not less than ten (10) years.

2. If the fair-market value of any Housing Assistance Grant or the total amount of Affordable Housing Funds is from fifteen thousand dollars (\$15,000.00) up to and including forty thousand dollars (\$40,000.00), then the Affordability Period shall be not less than fifteen (15) years.

3. If the fair market value of any Housing Assistance Grant or the total amount of Affordable Housing Funds is from forty thousand dollars (\$40,000.00) up to and including one hundred thousand dollars (\$100,000.00), then the Affordability Period shall be not less than twenty (20) years.

4. If the fair market value of any Housing Assistance Grant or the total amount of Affordable Housing Funds is greater than one hundred thousand dollars (\$100,000.00), then the Affordability Period shall be not less than twenty-five (25) years.

- C. Once a project and a Grantee are selected through a competitive process; the County will develop a funding agreement that captures all requirements including security provisions, collateral requirements, performance schedule, reimbursement timelines, pricing schedules, recapture provisions, annual compliance reporting requirements and any other details required for the County to demonstrate compliance with the Affordable Housing Act.

## **5.5 Qualified Grantee Affordable Housing Act Compliance**

The County or its agent will certify to Housing New Mexico in writing that to the best of its knowledge the Qualifying Grantee is in compliance with applicable provisions of the Affordable Housing Act ("Act") and the rules of the Taos County Affordable Housing Ordinance. Specifically, the County will ensure that any Qualified Grantees meet requirements of the Act.

1. The Qualifying Grantee must meet the requirements of the Act, the Rules and the County Affordable Housing Ordinance both at the time of any award and throughout the term of any grant and contract related thereto.
2. The County may establish procedures for recertifying Qualifying Grantees from time to time.
3. Qualifying Grantees that fail to satisfy the requirements for Recertification shall cease to be eligible and shall be denied further participation in Affordable Housing programs until the requirements of the County and Housing New Mexico are satisfied.

A Qualifying Grantee shall provide the County with any certifications or other proof that it may require in order for the County and Housing New Mexico to confirm that the Qualifying Grantee and the Qualifying Grantee's proposed Project are in compliance with all applicable federal, State and local laws, rules and ordinances. At a minimum, on an annual basis, the Qualifying Grantee shall provide the County with certifications and proof of compliance, and the County shall certify to Housing New Mexico in writing that the Qualifying Grantee is still in compliance with the Act and the Rules.

## 6. LONG-TERM AFFORDABILITY MECHANISMS

### For Sale Projects and Second Mortgages

The County or its agent will apply for public and private funding to make the sale prices feasible for development partners as they are far below market prices and the cost to build entry level homes. In order to be in compliance with the Affordable Housing Act, the County will have to recapture any public subsidies provided to third-parties. Direct housing subsidies, created through larger mortgage assistance loans provided by cash or through significantly discounting a home from appraised value, are important community assets and should be secured through a common resale control mechanism such as a second mortgage lien in order to grow a long-term asset base for affordable housing, create resources to keep homes affordable long-term, to disincentivize “flipping” of affordable units and to prevent windfall profits for program participants.

Second mortgages are often chosen as the recapture mechanism with public subsidies because they are recorded as a mortgage lien on the property and are easier to administer. Further, second mortgages are recognized as a best practice by state agencies and have a long track record of successful use in other New Mexico communities and by federal housing initiatives such as the HOME program. It is recommended that second mortgages be managed by the County’s agent or a Community Development Financial Institution (CDFI) given the level of complexity in administering a mortgage program in-house.

### 6.1 Assistance Levels

The following section addresses how these second mortgages may be structured based on the amount of subsidy being provided. These different tiers of subsidy and suggested recapture formulas meet the requirements of the Affordable Housing Act. These suggested amounts and second mortgages structures were developed in 2023 and 2024 as part of a process to establish second mortgage program guidelines for Taos Housing Partnership (THP).

Type	Resale Control	Suggested Amount		Terms		Sells Before Term Ends		At Term Ends	
		THP	County	THP	County	THP	Cnty	THP	Cnty
Small Assistance	Second mortgage	\$0-\$15K	\$1-\$15K	10 year loan w/zero interest	10 year affordability period	repaid		forgiven	
Moderate Assistance	Second mortgage	\$15K-\$100K	\$15K-\$40K (15yr) \$40K-\$100K (20yr)	30 year loan w/zero interest	15 year or 20 year affordability period	repaid		forgiven	
Large Assistance	Second mortgage	> \$85K	>\$100,000 (25 years)	30 year loan w/zero interest	25 year affordability period	30 year share appreciation loan		forgiven	

**Small Assistance** are small subsidies which are too small to justify the long-term administrative overhead of maintaining them. To maintain compliance with the Affordable Housing Act, the buyer will be required to maintain the dwelling as a primary residence for 10-years, after which the requirements extinguish.

**Moderate Assistance** are subsidies that will primarily be downpayment assistance loans, small development loans or financing subsidies. These take the form of second mortgage loans offered at zero-interest, and are considered “silent” subordinate loans because they will not require payback until transfer or sale of the property with limited exceptions for rate-term refinance. The loans are structured this way to facilitate homeownership by decreasing the amount needed for the first-mortgage loan and to help homebuyers stretch their purchasing power.

**Large Assistance** will typically be a deep discount created through County development subsidies. These discounts will be secured through a perpetual shared appreciation silent subordinate mortgage (i.e. second mortgage). The County’s share of the homes’ appreciation will be equal to the proportion of County’s original assistance amount (i.e. second mortgage) relative to the home’s purchase price.



## 7. ADMINISTRATIVE PROCEDURE AMENDMENTS

County staff will manage changes to this manual, develop new programs to be presented to the County Commission and provide guidance for implementation of all County’s programs. Any changes to this manual will require approval by the Board of Commissioners. Changes should be infrequent (i.e. annually) to provide continuity for program partners and the community.