



## **Low-or-no-Interest Repair Loans for Existing Affordable Rental Housing**

**The Problem:** Naturally Occurring Affordable Housing (also known as NOAH), are rental units that are not subsidized but still affordable to lower-income families. Often these buildings are affordable because of deferred maintenance – repairs aren’t made by owners in order to avoid passing the costs on in the form of higher rent. When landlords can’t afford to make major repairs without raising the rents, the repairs don’t happen, and the units fall apart. When costs get too high, the owner might have to sell the building and the new owner has to make repairs and upgrades. In order to finance the project, the new owner passes on the costs and the rents are no longer affordable for the people living there, and they are forced to move out and find other housing.

**The Solution:** In order to keep these units in the market, landlords need the ability to affordably finance the cost of major repairs. The financing should be available for low-or-no-interest to housing providers, and the state should back these loans, assuming the risk. We suggest an appropriation of \$1 million, to be paid back by the housing providers so it can revolve and be accessed by other providers.

**Legislative Proposal:** We propose a low-or-no-interest revolving loan fund, backed by the state, that can be accessed by housing providers to make major, expensive repairs on their units. In exchange for accessing these funds, the housing provider would be required to keep the rents at their current rate for the lifetime of the loan.

**Potential Partners:** Support is expected from state and local apartment associations, realtors and associations of realtors, both urban and rural legislators, and neighborhood associations.

**Potential Opposition:** Tenant advocate groups may see this as a “give away” to landlords.

**How will we pay for it?** This would be an appropriation to create a fund, to be managed and administered by the Mortgage Finance Authority or New Mexico Economic Development Department.