



# Legislative Finance Committee

## Presentation by the New Mexico Mortgage Finance Authority (MFA)

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**November 14, 2017**

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# MFA Board and Legislative Oversight

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Founder, Burt & Company CPAs

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# About MFA



## OUR VISION

All New Mexicans will have quality affordable housing opportunities.

## OUR MISSION

MFA is New Mexico's leader in affordable housing. We provide innovative products, education and services to strengthen families and communities.

- We were created by the State Legislature in 1975. The MFA Act defines MFA as a “public body corporate, separate and apart from the state.” MFA is not a state agency and receives no operating funds from the state.
- MFA became the state government’s designated housing agency in 1997. All of New Mexico’s state and federal housing programs are now administered by MFA.
- MFA is a Housing Finance Agency (HFA). Each state in the U.S. has one or more.
- MFA provides **financing** for **affordable housing** for **persons of low and moderate income**.

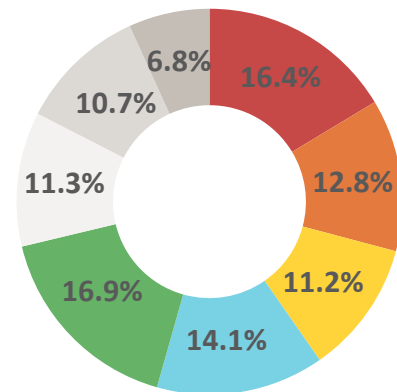
# What is affordable housing?

Affordable housing is a function of income and housing costs. The standard for affordability used by the US Department of Housing and Urban Development (HUD) is that housing costs are affordable if they do not exceed 30 percent of income. This standard is highly dependent on income level. For example, if a household is wealthy, choosing to spend more than 30 of income on housing costs would not be burdensome. However, lower income households, some of which earn below \$15,000 per year, are hard pressed to even *find* housing priced at 30 or even 50 percent of their income. For these households, the 30 percent standard is an important guideline for establishing what should be spent on housing so that other essential needs, like food and health care, can also be met. An illustration of what affordable housing looks like in New Mexico for different income ranges is at right. More than 16 percent of households earn less than \$15,000 per year and fall into HUD's extremely low income limit of \$15,250. An additional 13 percent earn less than \$25,000 per year and fall into HUD's very low income limit of \$25,400. And roughly another 16 percent fall below HUD's low income limit of \$40,600. In total, 45 percent of New Mexico households are low-income and qualify for various HUD programs. Income limits correspond to families of three, because New Mexico's median household and family size is 2.4 and 2.6, respectively.

Source: American Community Survey 5-year estimates for 2011-2015

## Household Income in New Mexico

- Less than \$15,000
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to 99,999
- \$100,000 to \$149,999
- \$150,000 or more



### AFFORDABLE HOUSING COSTS BASED ON 30% OF HOUSEHOLD INCOME

Annual HH Income	Monthly HH Income	Maximum Monthly Housing Cost
\$15,000	\$1,250	\$375
\$25,000	\$2,083	\$625
\$35,000	\$2,917	\$875
\$50,000	\$4,167	\$1,250
\$75,000	\$6,250	\$1,875
\$100,000	\$8,333	\$2,500

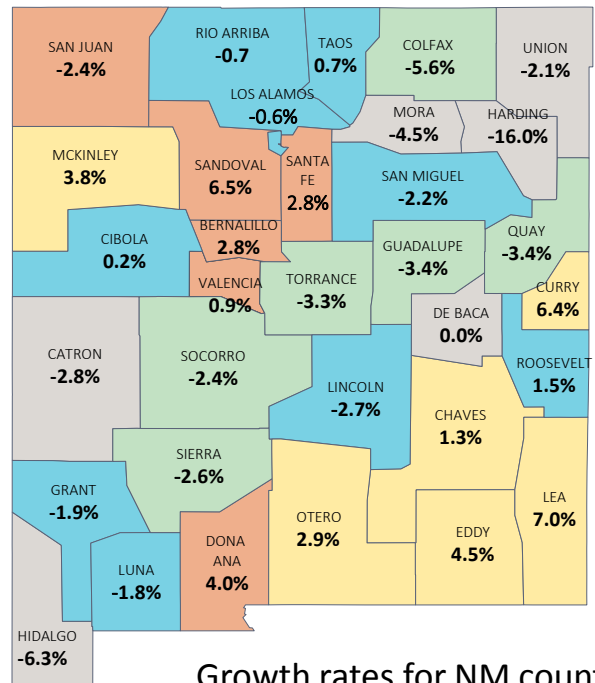
# Urban and Rural Trends

New Mexico is the fifth largest state in the U.S. with a relatively small population of just over two million. Two-thirds of the state's population is located in four Metropolitan Statistical Areas (MSAs), with 43 percent within the Albuquerque MSA (Bernalillo, Sandoval, Valencia and Torrance counties). One-third of the state's population lies outside of the MSAs, in largely rural areas.

As shown in the map at right which depicts variable growth rates by counties, disparities exist between New Mexico's urban and rural areas. Generally speaking, urban communities offer more employment opportunities, are younger and growing and have low housing vacancy rates. Most rural counties are aging and losing population while grappling with older housing stock and higher vacancies. This is not surprising given a national and global trend toward urbanization and the relative lack of economic opportunity in rural areas.

Source for growth rates: American Community Survey 5-year estimates for 2011-2015 and 2007-2011

Note: 5 year estimates were used to allow comparison among all counties



## Growth rates for NM counties

- URBAN** Counties within MSAs with population center/s with more than 50,000 people
- SEMI-URBAN** Counties with population center/s between 20,000 and 50,000 people
- RURAL** Counties with population center/s between 10,000 and 20,000 people
- SMALL RURAL** Counties with well-located population center/s between 3,000 and 10,000 people
- EXETREMELY RURAL** Counties with isolated population center/s with less than 3,000 people

# Delivery System

MFA allocates resources and works with partners to serve all New Mexicans.



## FUNDERS

MFA receives affordable housing resources from the federal government and the state. We also use bonding capacity, investments and our own revenue to support affordable housing programs.



## MFA

MFA allocates resources to more than 20 different affordable housing programs.



## PARTNERS

MFA contracts with and monitors service providers throughout New Mexico. We also work with lenders, realtors, developers, property owners and tribal and local governments.



## CONSTITUENTS

New Mexico residents have access to affordable housing and related services and resources statewide.

# Our Programs

MFA operates more than 20 programs that assist low and moderate income households, from people experiencing homelessness to homeowners.

Homeless

Special Needs

Renter

First-Time Homebuyer

Homeowner



Emergency Shelter

Development Financing

Down Payment Assistance

Subsidized Rental

Low-Interest Mortgages

Transitional Shelter

Rehabilitation

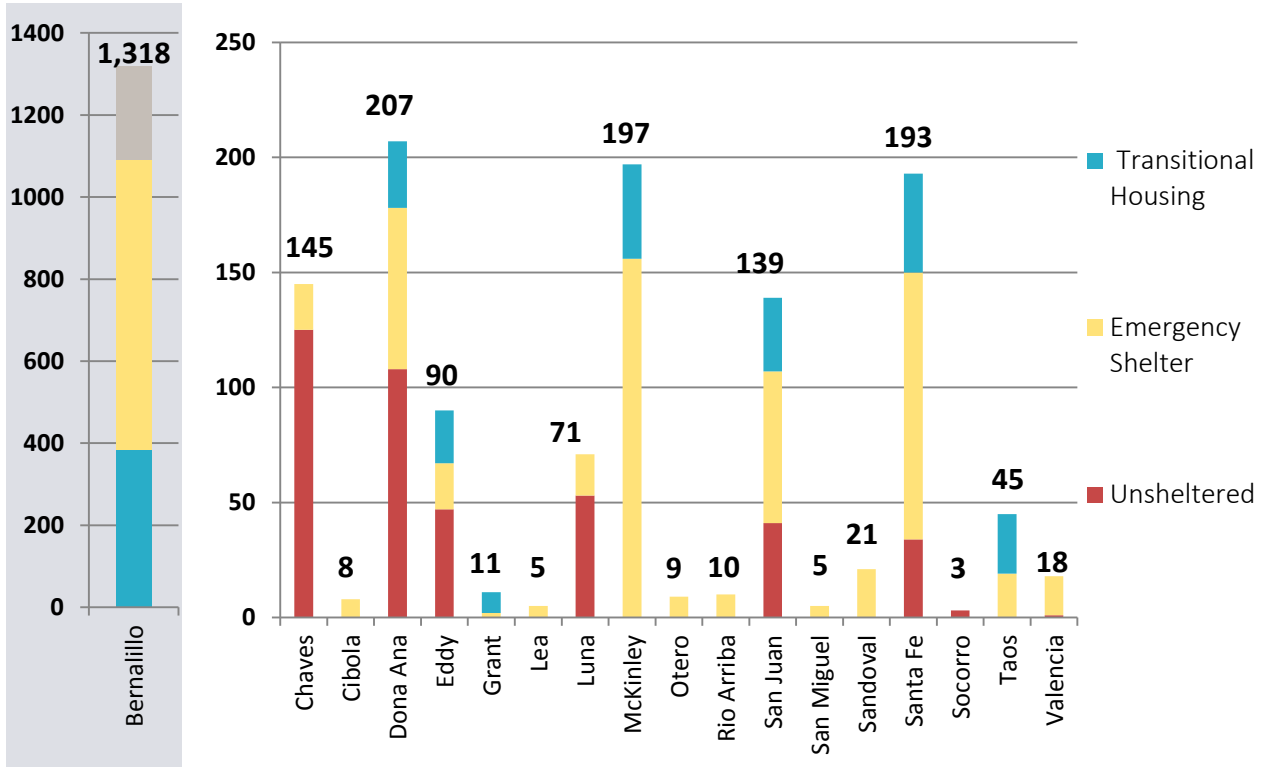
Rental Assistance

Weatherization

Homeless Prevention

# Number of People Experiencing Homelessness

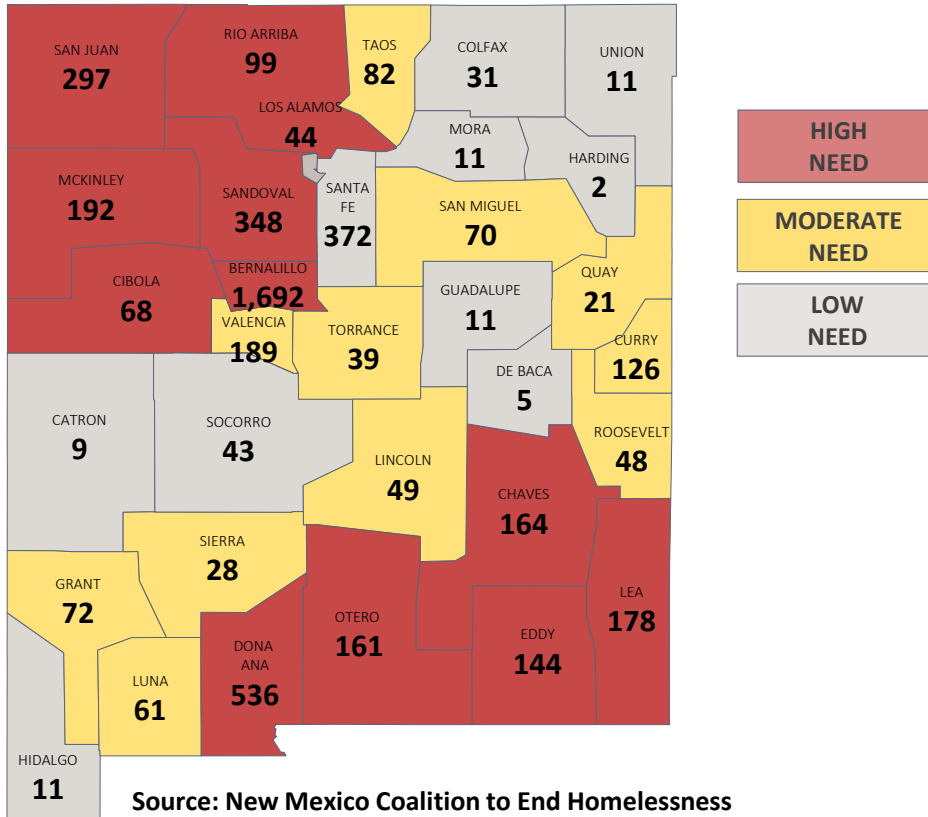
Point in Time Count, 2017: 2,495 statewide, 1,318 in Bernalillo County





# Estimated Need for Supportive Housing

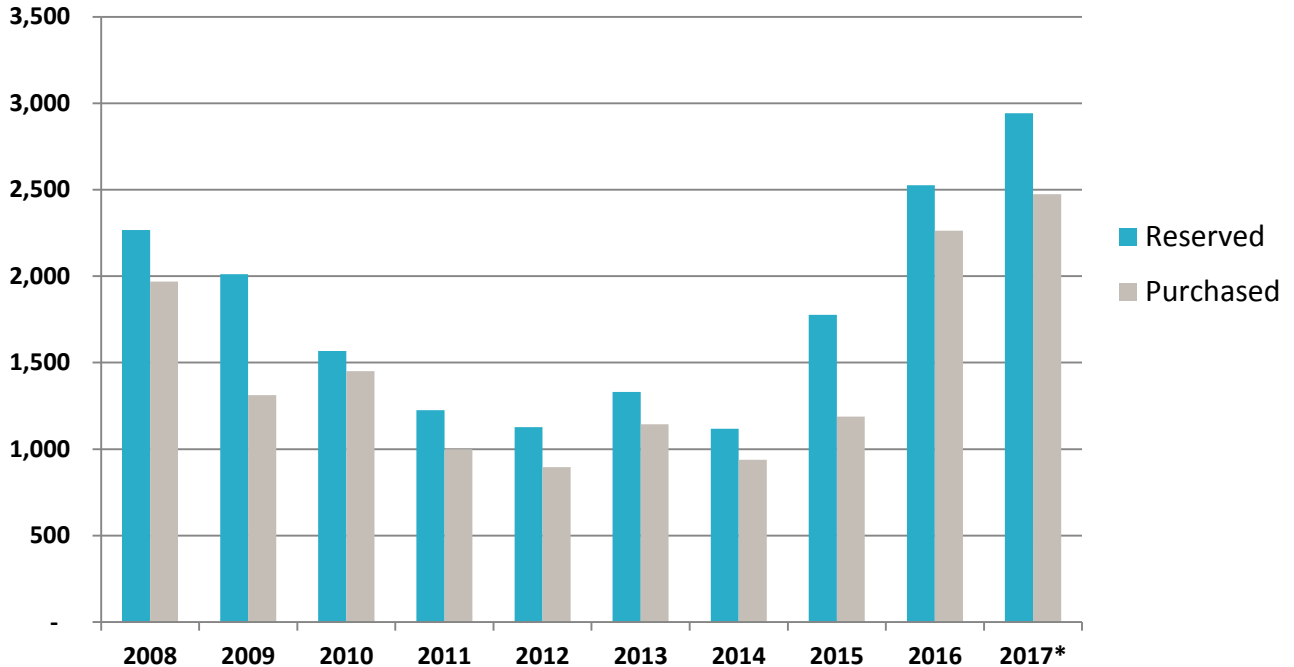
5,213 beds/units needed statewide, 1,692 in Bernalillo County



Source: New Mexico Coalition to End Homelessness

# MFA Record-Breaking Loan Activity

Loan Reservations vs Loan Purchases: FY 2008 through FY 2017 (\*projected)



Source: MFA

# MFA Single Family Programs

For first time homebuyers and homeowners



## FIRST HOME

- First time homebuyer requirement
- Up to 115% Area Median Income allowed, based on family size
- Single unit, owner occupied properties
- Pre-Purchase Homebuyer Counseling Required for all first time homebuyers
- Buyer needs 620 min. credit score & at least \$500 to invest

## FIRST DOWN (Optional)

- Used in conjunction with “First Home” Program
- Up to \$8,000 assistance with down payment and closing costs
- Second mortgage loan
- 30 year amortization, to provide affordable payment
- 6.00% interest rate



## NEXT HOME

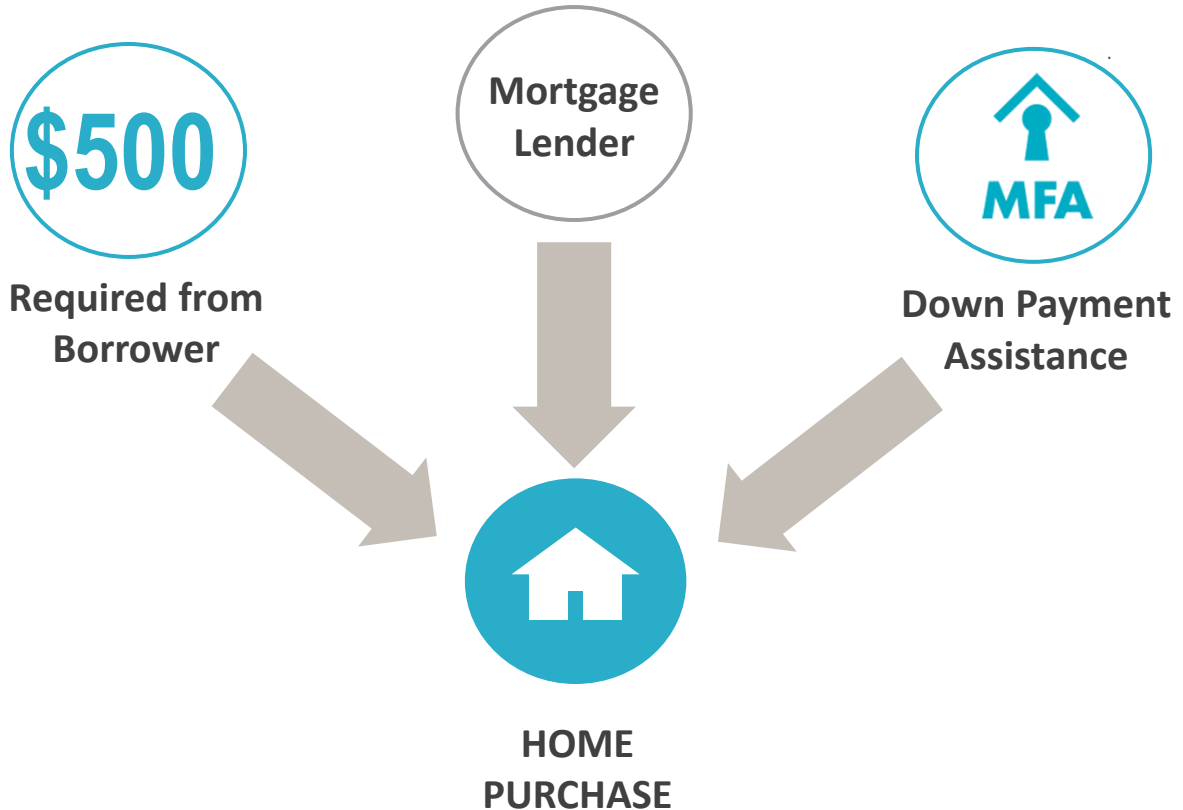
- Non-first time homebuyer allowed
- Favorable household income limits
- Works with FHA, VA, USDA & HFA Preferred Conventional
- Single unit, owner occupied properties

## NEXT HOME GRANT

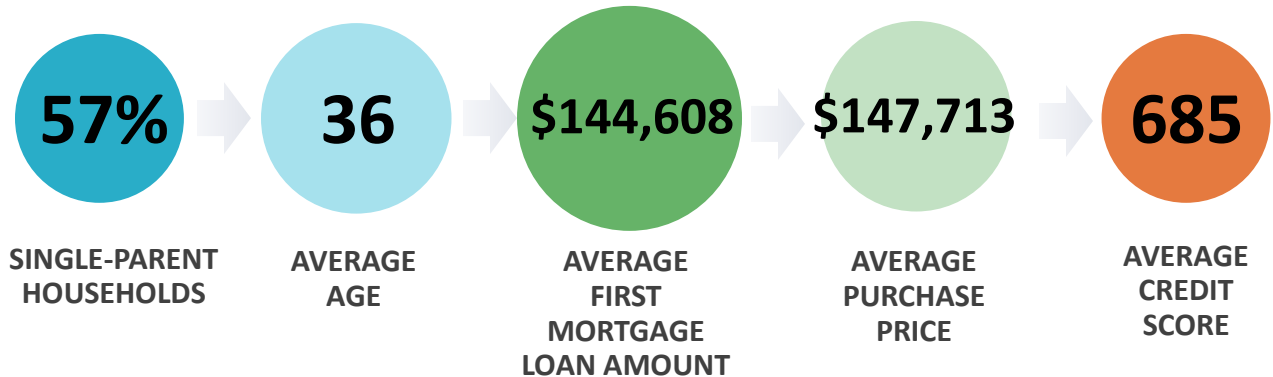
- Automatic part of “Next Home” program
- Grant is 3% of total loan amount (helps w/down payment)
- No repayment of the grant required
- Provides instant equity to the homebuyer

# Home Purchase Financing with MFA

Lack of down payment is one of the major barriers to those purchasing their first home

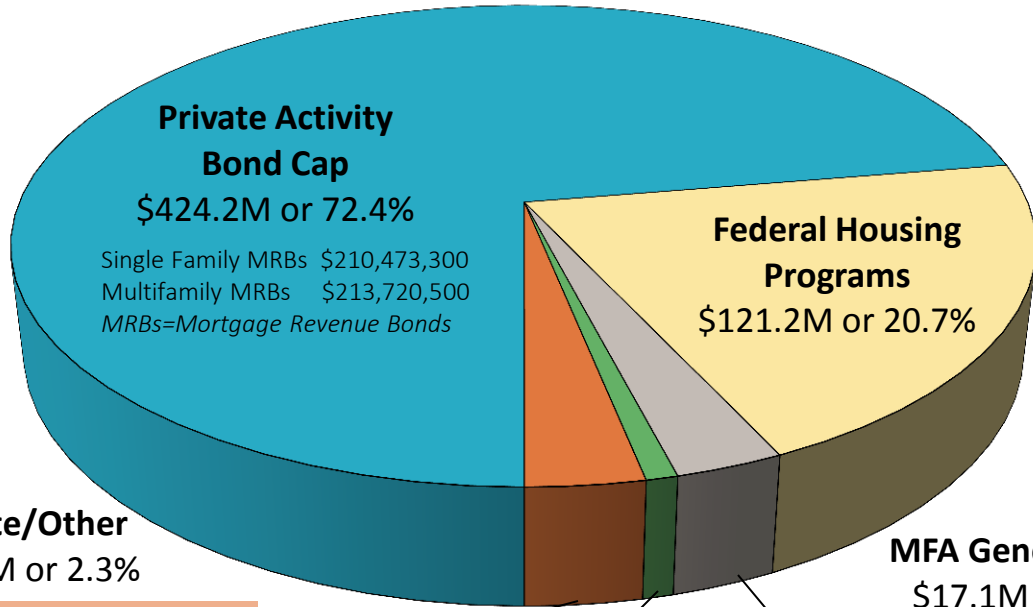


# MFA Homebuyer Demographics



# MFA Universe of Available Resources, 2017

Estimated Total: \$586.1 million



NM Gas	\$1,298,734
PNM	\$195,957
Xcel Energy	\$200,000
Electric Co-ops	\$35,000
Land Title Trust Fund	\$407,268
Tax Credit Donations*	\$9,065,440
Local Gov't Contributions	\$7,401,665

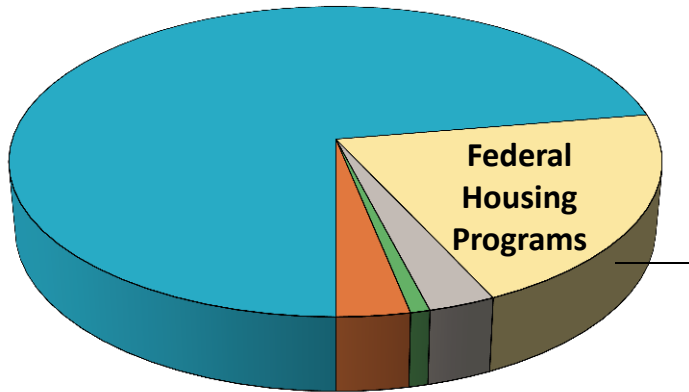
NM Housing Trust Fund	\$2,361,619
Linkages	\$1,400,000
State Homeless	\$1,215,700

Primero	\$2,447,216
Partners	\$429,400
Down Payment Assist.	\$10,144,916
ACCESS	\$2,245,550
Pres. Revolving Loans	\$954,604
Capacity Build/Training	\$901,250

\*The New Mexico Affordable Housing Tax Credit incentivizes up to \$9 million in private donations for affordable housing.

# MFA Federal Funding Sources, 2017

\$121.2 million or 20.7 percent of MFA funding sources



Low Income Housing Tax Credits (9%)

\$48,903,850

Low Income Housing Tax Credits (4%)

\$30,000,000

Project based Section 8

\$29,469,315

HOME (including carryover)

\$3,830,124

National Housing Trust Fund

\$3,000,000

DOE Weatherization Assistance Program

\$1,646,802

Low Income Home Energy Assistance Program

\$2,500,000

Emergency Solutions Grant

\$1,122,839

Housing Opportunities for Persons with AIDS

\$713,488

# MFA FY 2018 General Fund Budget Summary

MFA's FY18 General Fund budget was approved by the MFA Board of Directors on September 20, 2017 and was presented to the MFA Legislative Oversight Committee on November 6, 2017.

**\$4.2  
million**

**FY 2018  
budgeted excess revenue  
over expenses before  
capital items**

**\$1.3  
million**

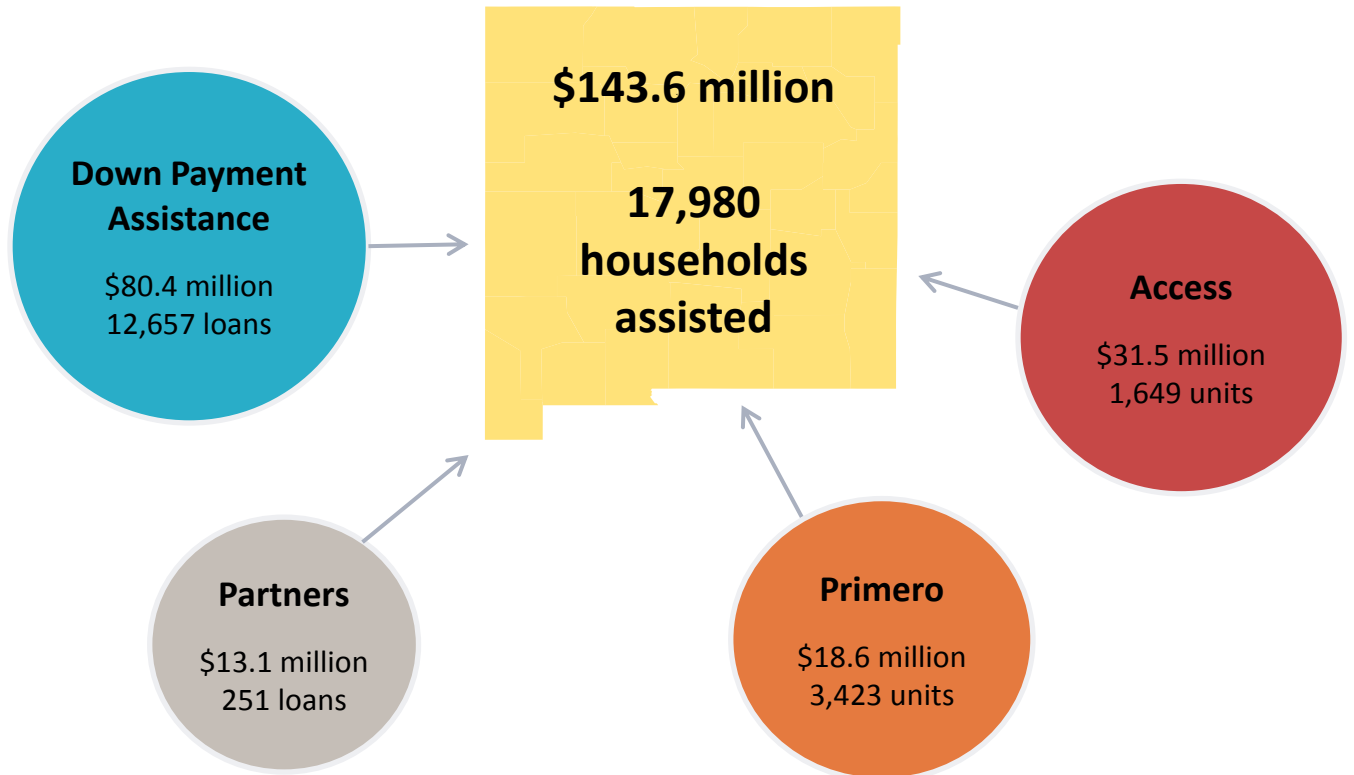
**FY 2018  
budgeted excess revenue  
over expenses after  
capital items**

The reserves created from excess revenue over expenses are used to fund MFA's internal revolving loan fund to meet rating agency reserve requirements and to [support affordable housing activities](#).



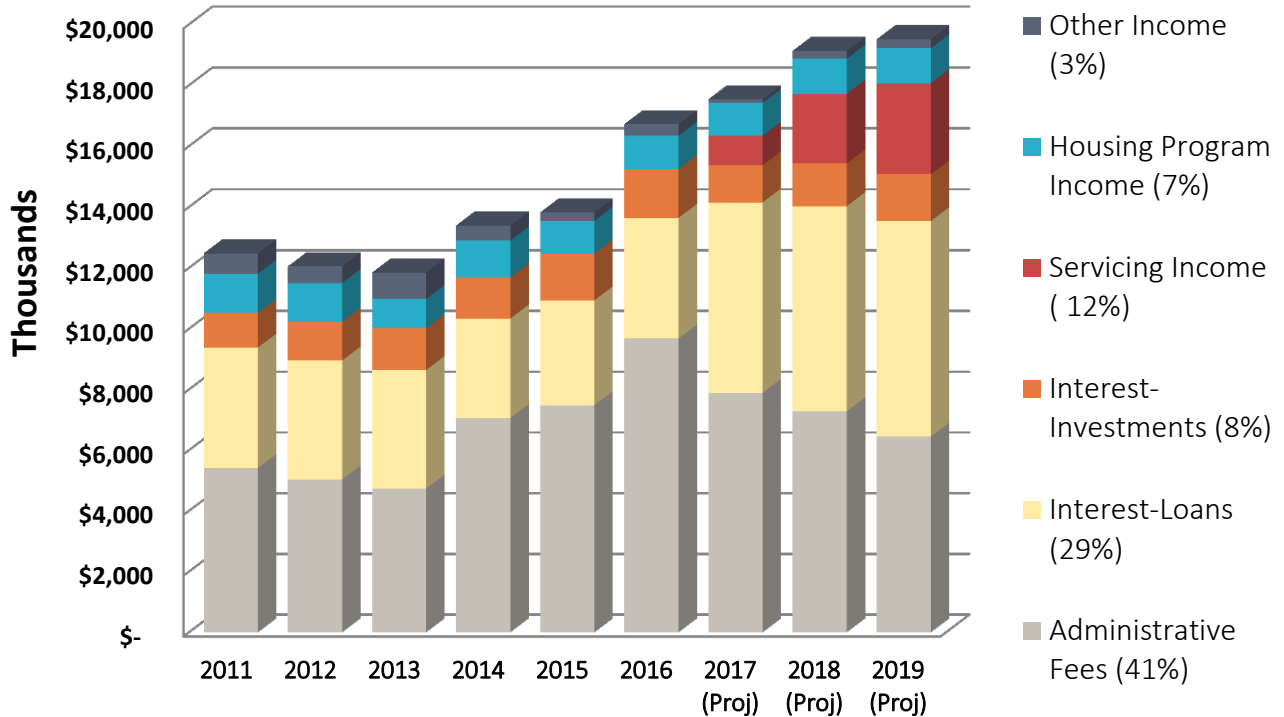
# MFA's Housing Opportunity Fund

Investing in New Mexico



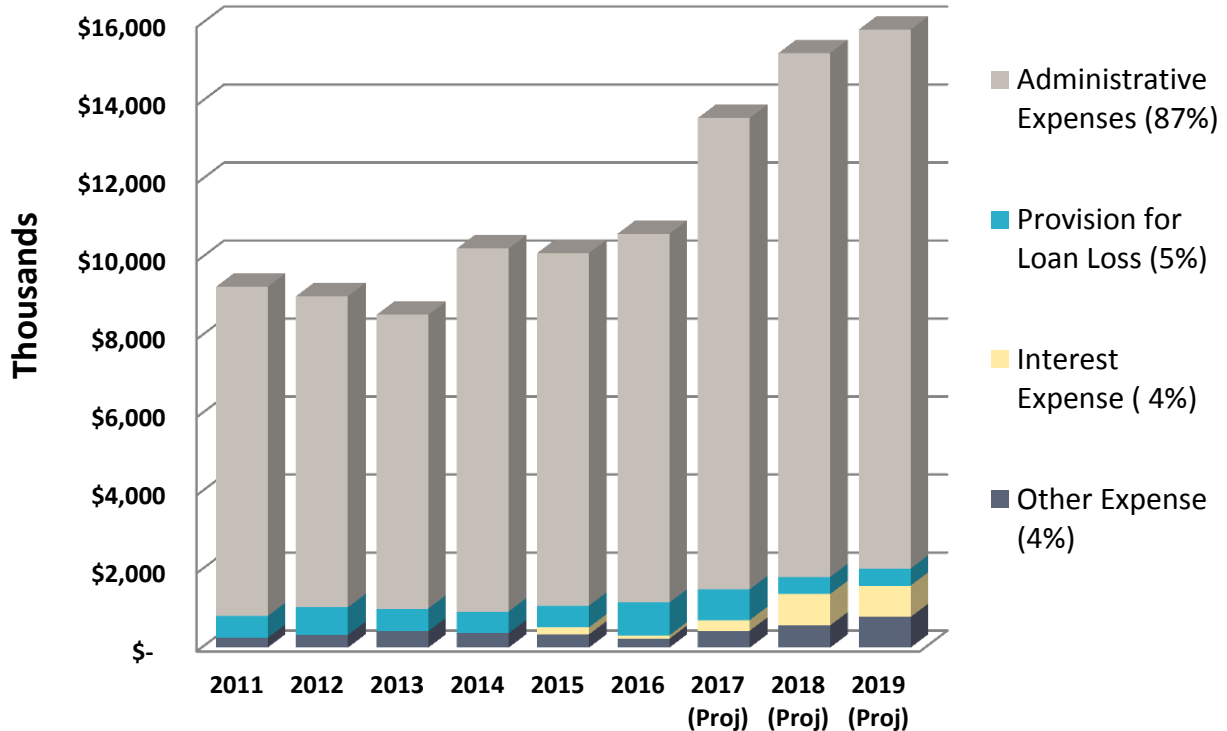
# MFA General Fund Revenue Analysis

2011-2019 (Projected)



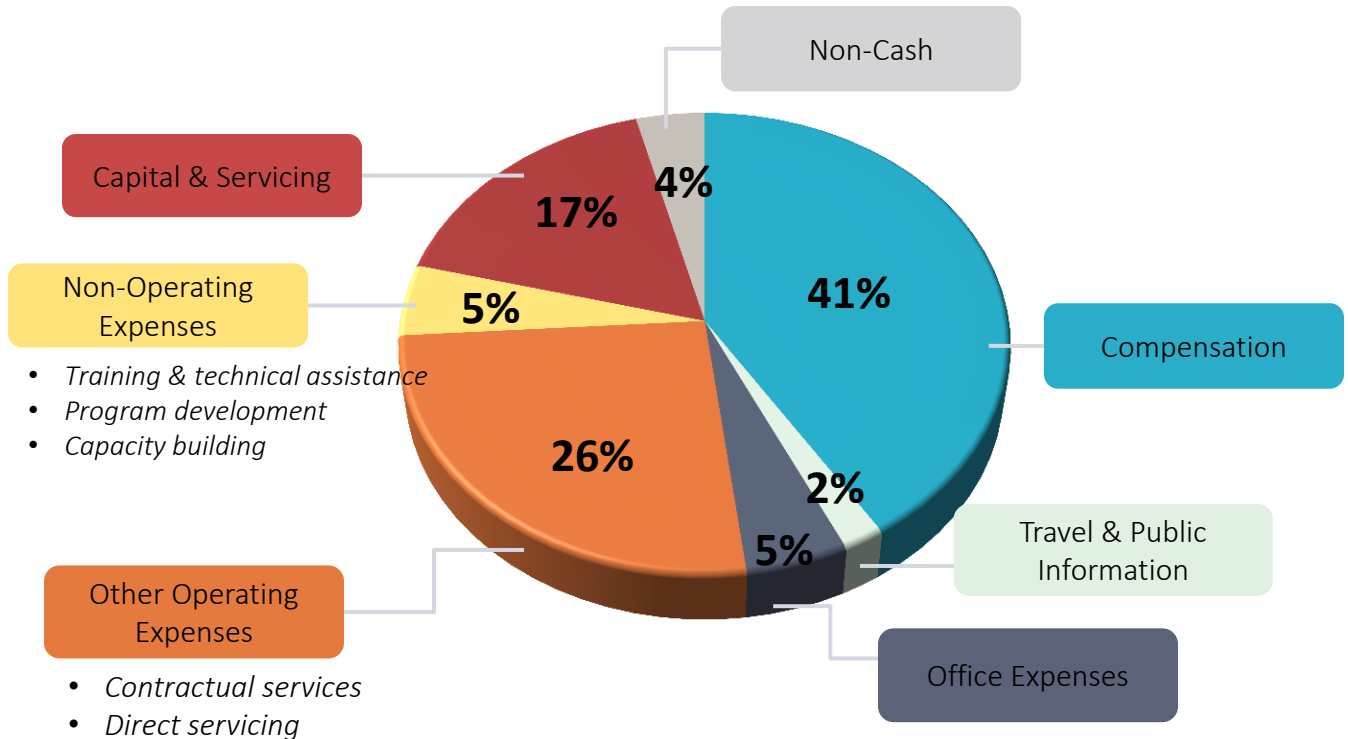
# MFA General Fund Expenditure Summary

2011-2019 (Projected)



# MFA Detailed Administrative Expense Breakout

MFA General Fund: FY 2018 Budget



# MFA 2018 Legislative Requests

Endorsed by the MFA Act Legislative Oversight Committee



## **New Mexico Housing Trust Fund**

Provides critical leverage to develop and rehabilitate approximately 500 affordable housing units throughout NM.

**\$5 million**

*ICIP Request*



## **Low Income Residential Energy Conservation**

Weatherizes an additional 150 homes for low-income homeowners through MFA's NM EnergySmart program.

**\$2 million**

*ICIP Request*



## **Regional Housing Authority Oversight**

Funds the state mandate for MFA to oversee and provide critical support for NM's three regional housing authorities.

**\$300,000**



## **Affordable Housing Act Oversight**

Funds the state mandate for MFA to oversee the Affordable Housing Act and provide technical assistance to local governments.

**\$250,000**



## **Veteran Rehabilitation**

Rehabilitates approximately 100 homes for honorably discharged, low-income veterans.

**\$2 million**



## **Pre-Purchase Homebuyer Education**

Provides funding for MFA to provide additional pre-purchase homebuyer counseling.

**\$500,000**

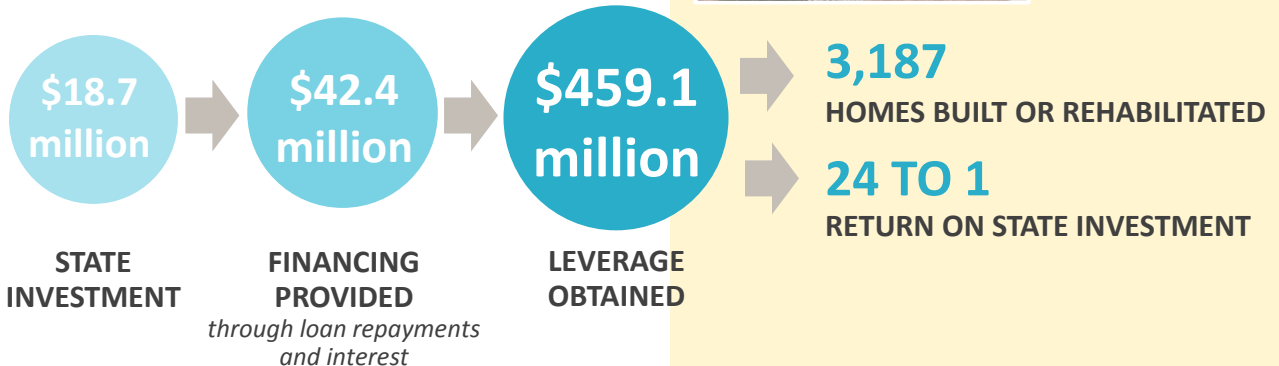
# New Mexico Housing Trust Fund

\$5 million requested for 500 additional homes

The New Mexico Housing Trust Fund was created by the State Legislature in 2005 with an initial appropriation of \$10 million and subsequent appropriations totaling \$8.7 million.

✓ **THE NEED**  
MFA rental financing is oversubscribed **3:1** for eligible projects with planning, feasibility and site control in place.

✓ **PROVEN RESULTS**



# New Mexico Housing Trust Fund

Usage, Leverage and Economic Impact

Usage and Leverage					Economic Impact		
Project/ Expenditure Type	Total Units	Dollars	% of Total	Leverage	Jobs	Local Income	Gov't Revenue
Single Family New Construction	314	7,900,561	18%	52,181,509	1,225	90,026,312	10,546,632
Single Family Rehabilitation	30	160,679	0%	160,679	-	-	-
Multifamily New Construction	1,537	20,080,899	46%	242,383,624	2,459	179,721,410	33,983,070
Multifamily Rehabilitation	1,306	14,276,680	33%	164,294,977	2,090	152,710,580	28,875,660
MFA Administration	-	1,067,056	3%	-	-	-	-
<b>Totals</b>	<b>3,187</b>	<b>43,485,875</b>	<b>100%</b>	<b>459,020,789</b>	<b>5,774</b>	<b>422,458,302</b>	<b>73,405,362</b>

Source: Economic impact calculated using the National Association of Home Builders, *Local Economic Impact of Home Building* models, 2015

# Our Results

In 2016, MFA provided more than **\$450** million in low-interest financing and grants for affordable housing and related services.

## Homeless



**8,000 persons sheltered and housed and 600 for which homelessness was prevented** totaling \$1.9 million in shelter support and rental assistance.

## Special Needs



**500 persons with special needs housed** totaling \$1.7 million in rental assistance and related services

## Renter



**5,300 low-income renters assisted** with project-based Section 8 rental assistance totaling \$29 million.

**550 rental homes built and 770 preserved** totaling \$82 million in MFA financing.

## First-Time Homebuyer



**2,300 new homeowners** totaling \$316 million in MFA mortgage loans and \$12 million in down payment assistance.

## Homeowner

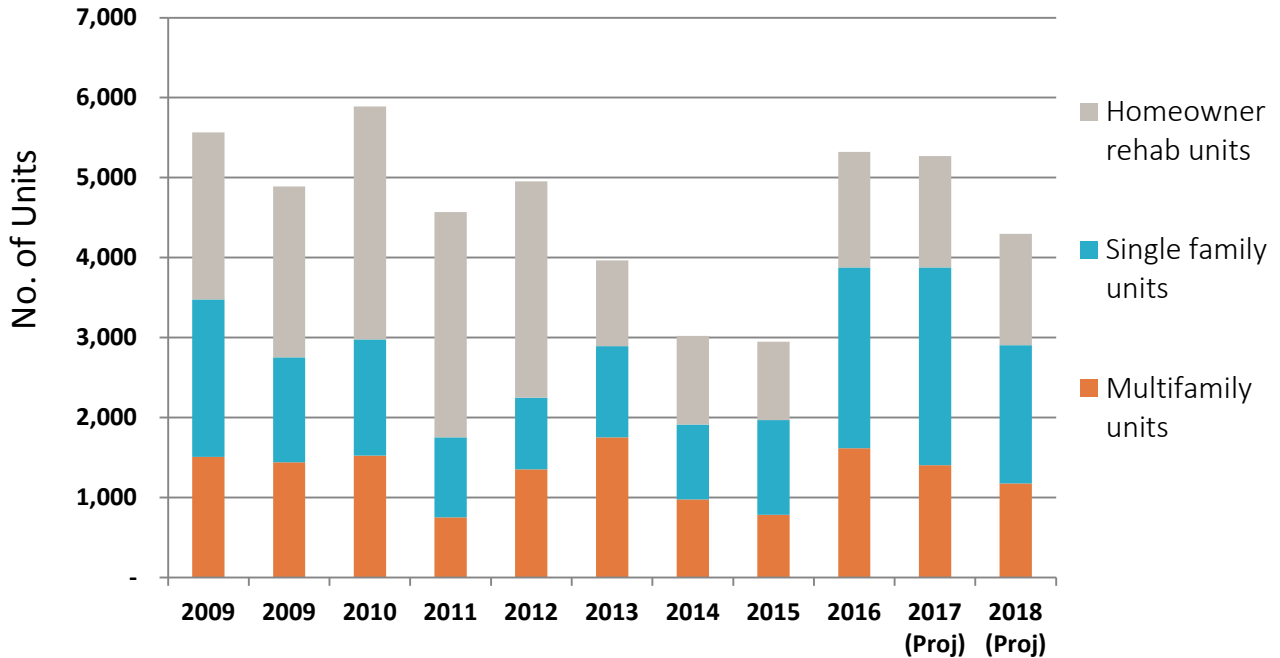


**1,770 homes rehabilitated or weatherized** totaling \$7.4 million in MFA funding.



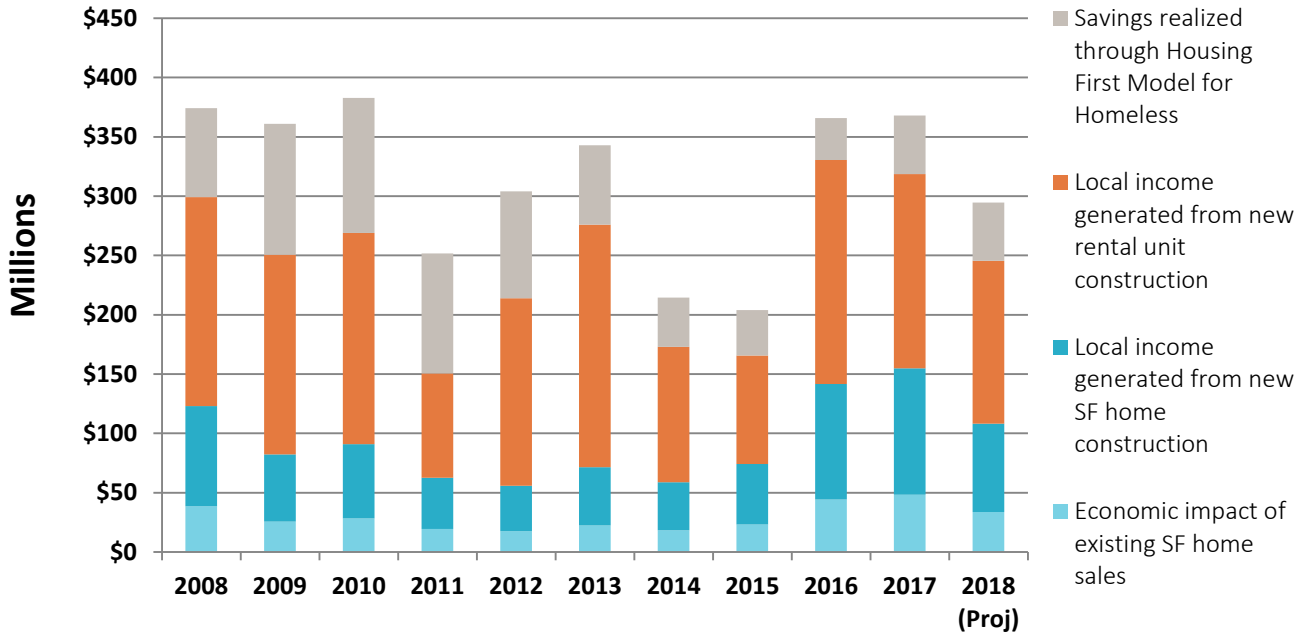
# MFA Production Data, FY 2008-2018

Number of multifamily, single family first mortgages and homeowner rehab units



# MFA Economic Impact

Housing is economic development



Source: Economic impact calculated using the National Association of Home Builders, *Local Economic Impact of Home Building* models, 2015

Savings realized through Housing First Model assumes savings of \$6,000 per person assisted, City of Albuquerque Heading Home Cost Study, May 2016

# Thank You

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