



October 20, 2026

Mortgage Finance Authority, Budget Hearing

Witness: Isidoro Hernandez, Director

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Overview

- The Mortgage Finance Authority (MFA) board approved the FY27 annual budget at its September board meeting. MFA operates on the federal fiscal year calendar, which begins in October. Projected operating revenue for FY27 is \$40.1 million, a two percent or \$734 thousand decrease over the FY26 operating budget.
- Projected expenditures for FY27 are \$36.4 million, a 0.5 percent or \$63 thousand increase over FY26. The expense increase is primarily driven by compensation and benefits including a 4 percent average merit increase for staff over current level and a 4 percent increase in medical insurance premiums. The FY27 compensation budget is one percent lower than FY26, largely because the 15 percent health insurance increase budgeted in FY26 did not materialize.
- MFA projects a \$3.7 million surplus in revenue in FY27, which will be available to fund cash reserves and future housing opportunity fund initiatives approved by the board. Their projected internal capital budget for FY27 is approximately \$4.4 million, a 4 percent or nearly \$200 thousand decrease from FY26.
- MFA's financial position has strengthened steadily, with assets under management growing from \$8.1 billion in FY24 to a projected \$10.2 billion in FY27. From FY24 to FY27, federal and state program disbursements have increased by approximately 30 percent. MFA-owned single-family mortgage loan values have decreased from \$631.2 million in FY24 to a projected \$587 million in FY27, and the number of units purchased peaked in FY24 and is gradually declining. Production of multifamily units, single family units, and single family homeowner rehabilitations in FY27 are expected to increase slightly over FY26.
- Additionally, MFA is requesting \$250 million in special appropriations in FY28 to improve housing opportunities and address housing needs.

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- MFA released its 2026 New Mexico Housing Strategy Report in May. Significant findings include:
 - Housing production continued to be dominated by single-family construction, with multifamily permitting increasing from 2021 to 2023, and since declining. From 2020 to 2024, single family permitting made up 80 percent of residential permits.
 - Between 2020 and 2024, the population is estimated to have grown by 0.6 percent, and the housing stock is estimated to have increased by 3.5 percent. From 2010 to 2023, households grew faster (9 percent) than residents (5 percent), reflecting declining household sizes due to an aging population and declining birthrates.
 - Vacant units for “other” purposes are increasing. Between 2010 and 2013, for-sale vacancies fell 44 percent and for-rent vacancies fell 22 percent, while “other” vacancies increased by 28 percent. “Other” vacancy purposes include foreclosure, personal or family reasons, legal proceedings, repairs, preparing to rent sell, repair, or being abandoned.

New Mexico Housing Trust Fund

- The New Mexico Housing Trust Fund (NMHTF), established in 2005, provides flexible funding for housing initiatives. Laws 2022, Chapter 38, amended the Severance Tax Bonding Act to earmark 2.5 percent of annual senior severance tax bonds (STBs) for the NMHTF. As of July 2026, the status of NMHTF funding is as follows:
 - **FY24 STB (\$37.5 million):** 100 percent awarded; 82 percent expended.
 - **FY25 STB (\$34.6 million):** 100 percent awarded; 87 percent expended.
 - **FY25 GF transfer (\$50 million):** 95 percent awarded; 56 percent expended.
 - **FY26 STB (\$44.8 million):** 83 percent awarded; 32 percent expended.
 - **FY27 STB (\$1.6 million):** 44 percent awarded, 0 percent expended.
 - **FY 27 GF transfer (\$50 million):** 63 percent awarded, 0 percent expended.
- Funding has supported downpayment assistance, rental development, single-family development, home preservation loan programs, weatherization, housing improvement and innovation, and homelessness and homelessness prevention initiatives. MFA anticipates the trust fund will impact 10,984 households.