



Foreclosure Prevention Programs

Isidoro Hernandez, CEO and Executive Director

Legislative Health and Human Services Committee
August 19, 2021

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About MFA



OUR VISION

All New Mexicans will have quality affordable housing opportunities.

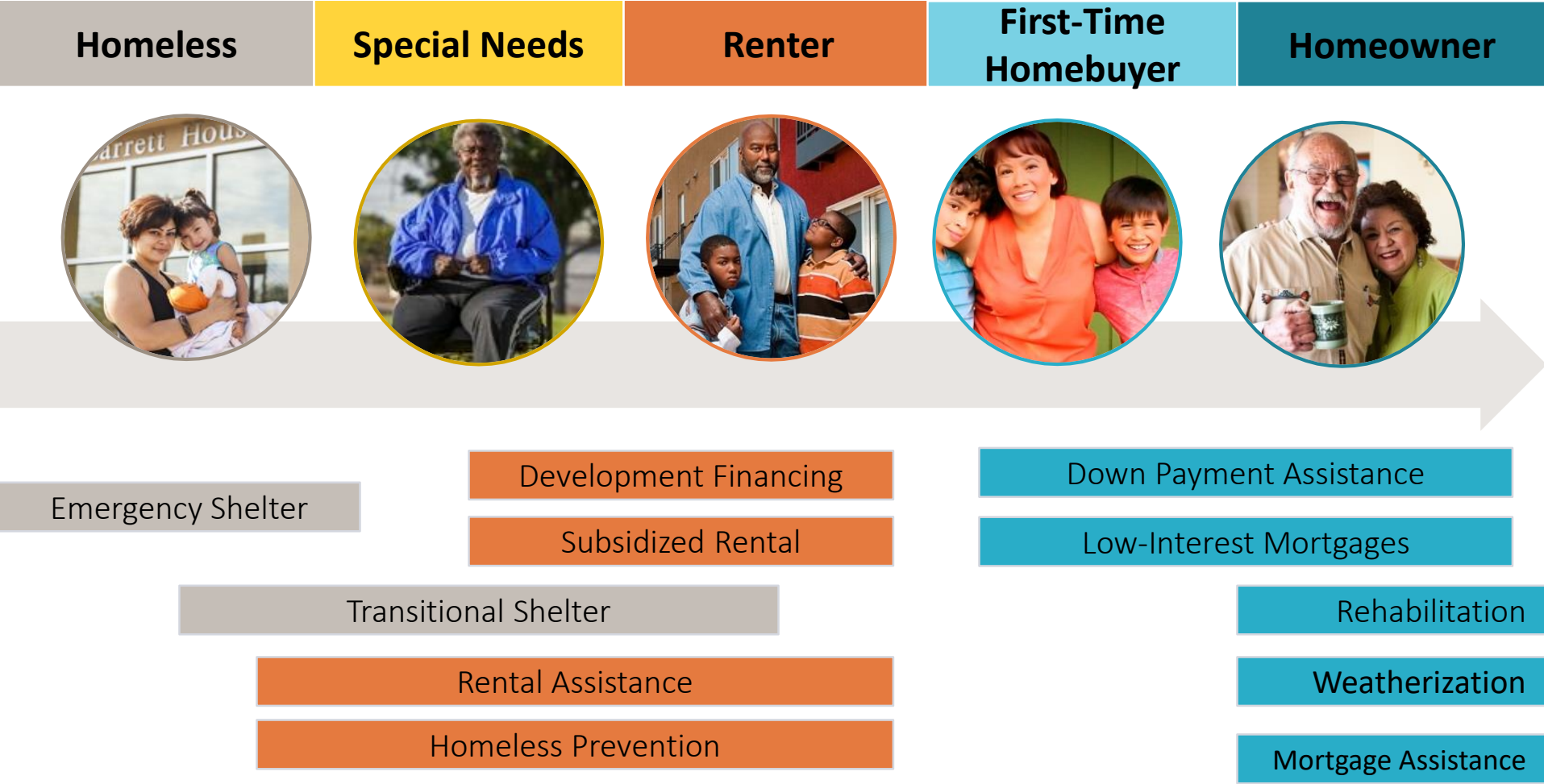
OUR MISSION

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**.

Our Programs

MFA operates around 30 programs that assist low- and moderate-income households, from people experiencing homelessness to homeowners.



Traditional 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 30 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.

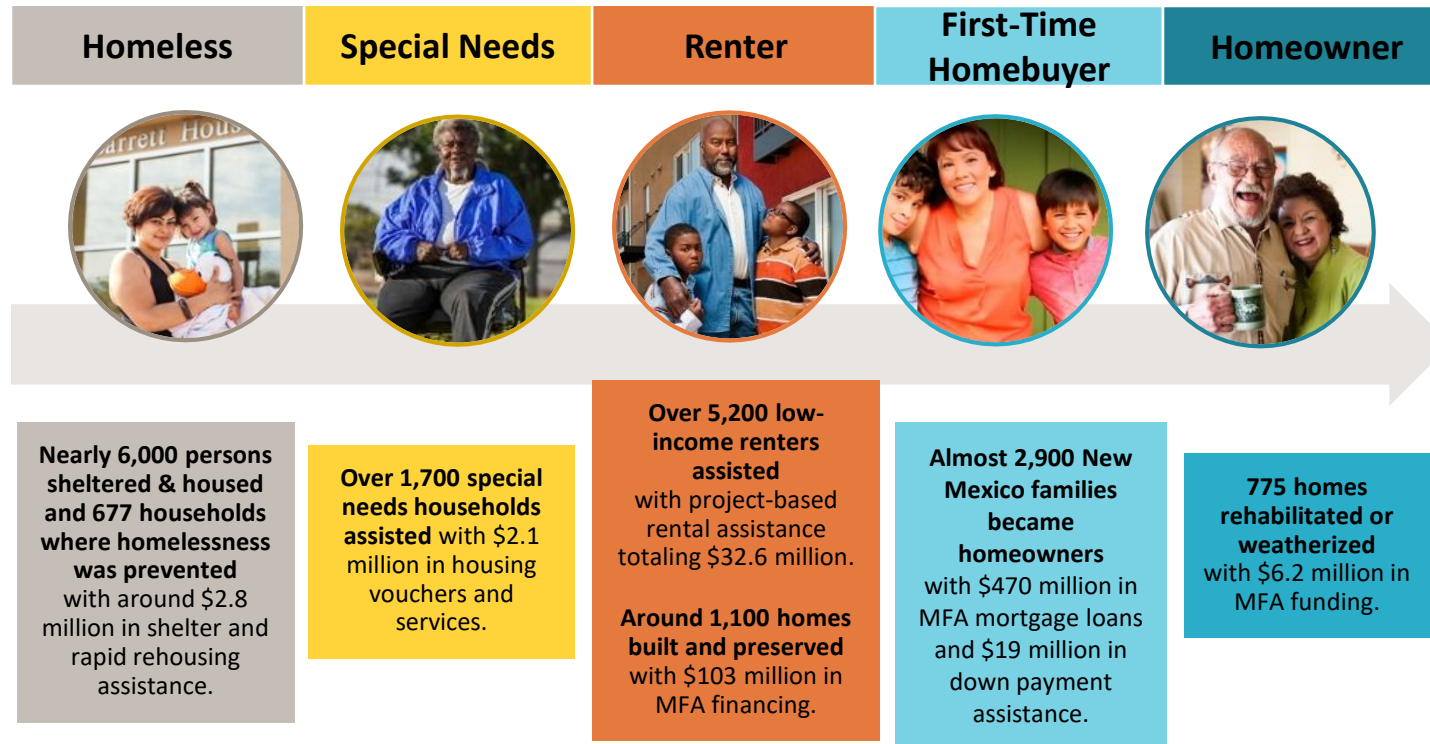


CONSTITUENTS

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

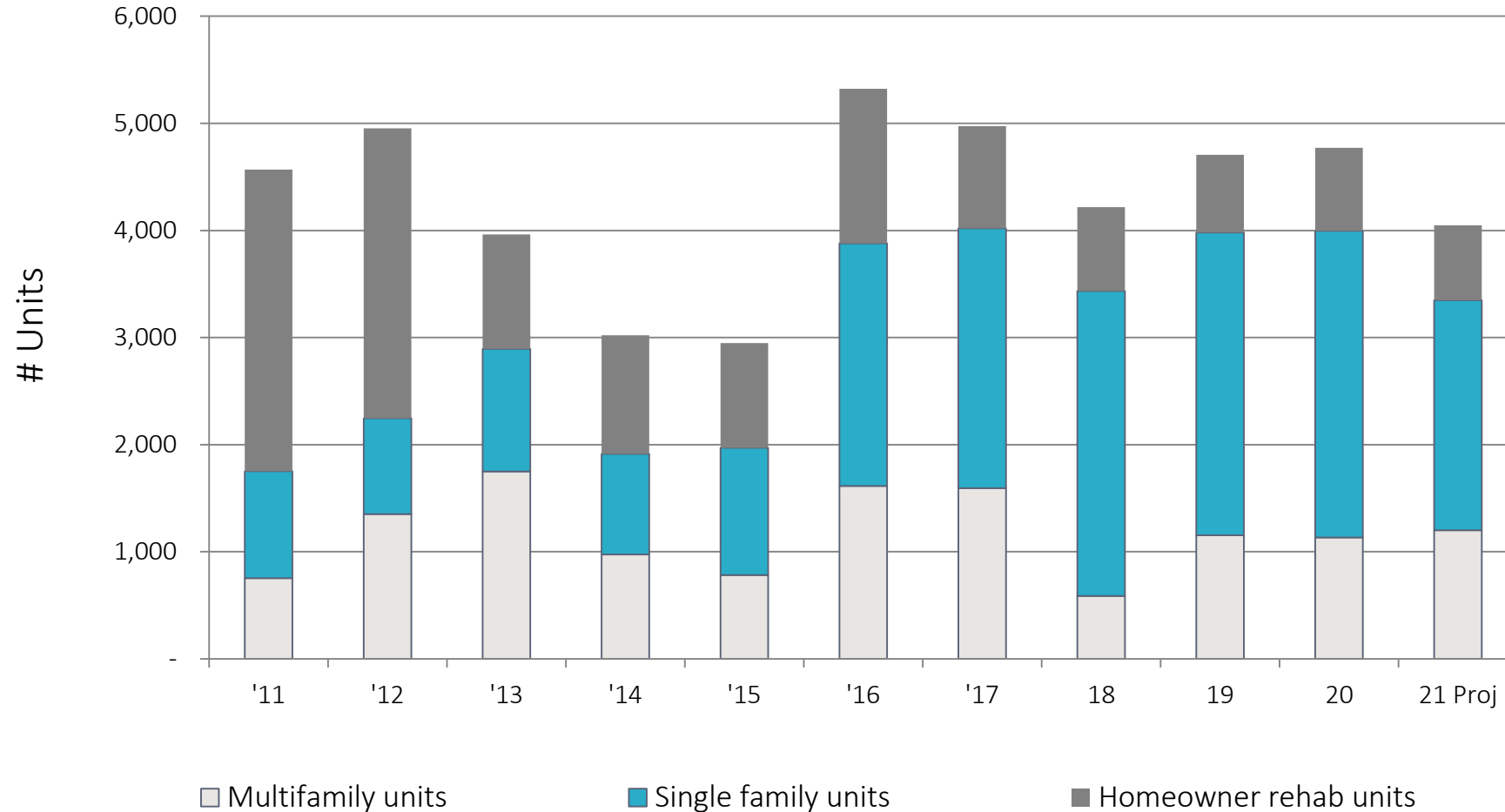
Our Results

In 2020, MFA provided **\$638** million in low-interest financing and grants for affordable housing and related services.

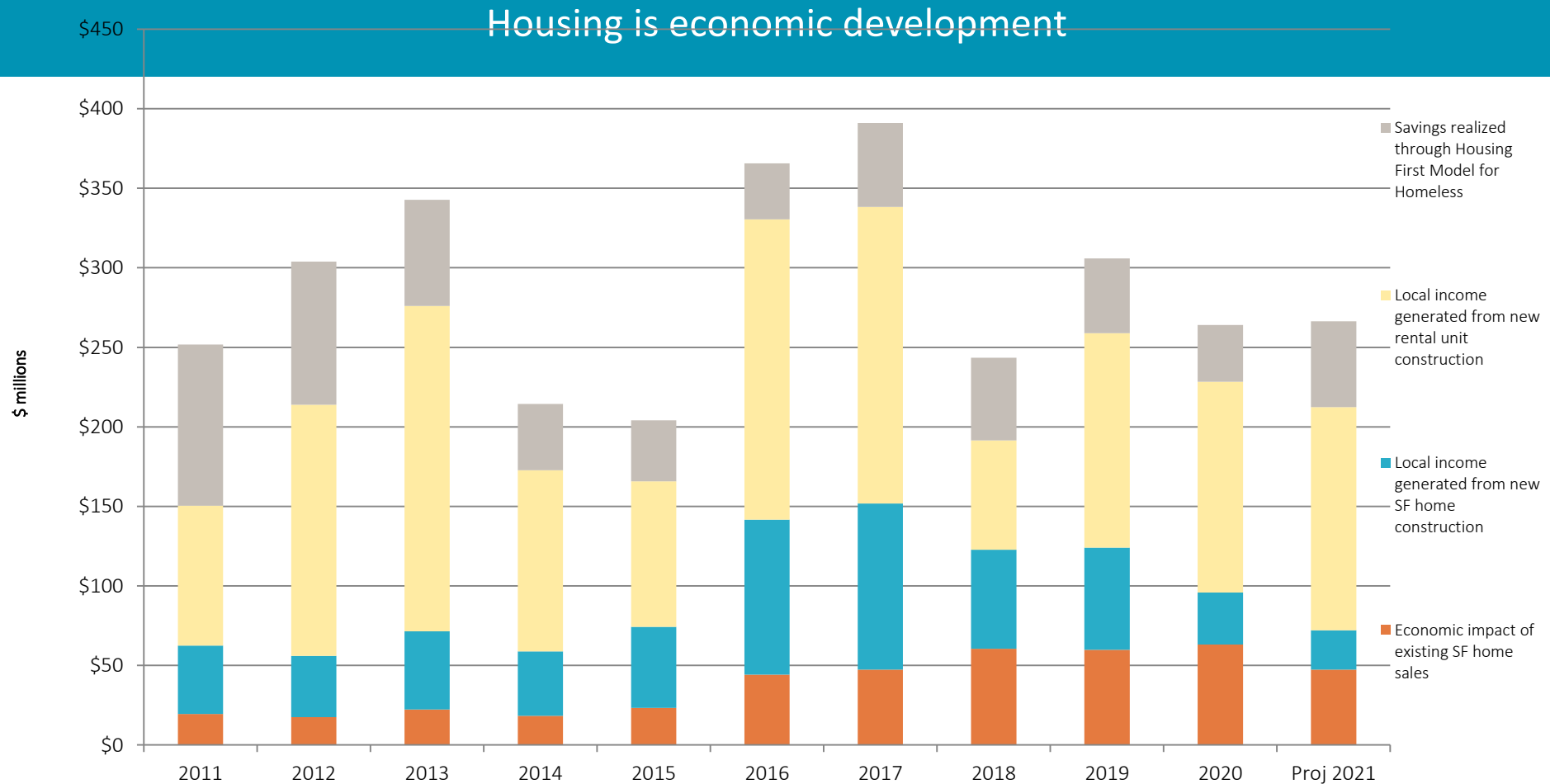


MFA Production Data

Multifamily, Single Family First Mortgage and Single Family Homeowner Rehab Units



Economic Impact of MFA Programs



Sources:

- Economic impact of single family home sales assumes \$23,000 per sale per the REALTORS Association of New Mexico
- Economic impact of construction 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

Social Impact of Housing



- Homelessness programs reduce reliance on costly de facto housing solutions like emergency rooms and jails. (United States Interagency Council on Homelessness, 2017, University of Pennsylvania, 2002, and Urban Institute, May 2017)
- Home rehabilitation alleviates the health risks of substandard housing, which include asthma, stunted growth, neurological damage, accidents, injury and disease. (*Health Affairs*, June 2018)
- Housing development addresses the deficit of affordable housing units that contributes to housing insecurity. (*Urban Institute*, July 2016)
- Homeownership for low- and moderate- income households is associated with increased ability to build wealth and greater social engagement and satisfaction. (*HUD*, February 2006)

Role of MFA in Mitigating Foreclosures



FUNDERS

MFA funding to prevent foreclosures is drawn from Coronavirus Relief Funds (CRF), Community Development Block Grant (CDBG) funds and Homeowner Assistance Funds (HAF).



MFA

MFA allocates resources to servicers or other housing providers on behalf of homeowners.



CONSTITUENTS

New Mexico residents with low and moderate incomes may be eligible for housing cost assistance to prevent foreclosures.

COVID-19 Housing Cost Assistance Program

Funding	Homeownership Assistance Program	Client Eligibility	Results
<ul style="list-style-type: none">• \$12.3 million in CDBG-CV from the State of New Mexico, \$608k in CDBG-CV from the City of Las Cruces and \$612k in CRF for both rental and homeownership assistance	<ul style="list-style-type: none">• Three months of consecutive assistance up to a maximum of \$1,500/month• Household-based application	<ul style="list-style-type: none">• Households at or below 80% of Area Median Income• Owner-occupied residence in New Mexico• Experienced financial hardship related to COVID-19	<ul style="list-style-type: none">• 3,206 total households assisted with \$7.34 million, including:<ul style="list-style-type: none">• 867 mortgage households with \$2.3 million• 172 manufactured home households with \$310k• 125 tribal households with \$178k

Residential Ownership Assistance through Servicers

Coronavirus Relief Funds

Funding	Homeownership Assistance Program	Client Eligibility	Results
<ul style="list-style-type: none">• \$11.3 million in CRF allocated for residential ownership assistance through servicers	<ul style="list-style-type: none">• Residential ownership assistance for delinquencies incurred between April 2020 through November 2020• Servicer-based application	<ul style="list-style-type: none">• FHA, USDA or VA mortgage if servicer is traditional servicer (any type of homeownership if servicer is a non-profit, tribal entity or ICBA/NM member bank)• New Mexico resident• Have a COVID-19 impact	<ul style="list-style-type: none">• 1,882 homeowner households served with \$11.3 million• Accomplished in 20 calendar days

Homeowner Assistance Fund Pilot

Funding	Homeownership Assistance Program	Client Eligibility	Results
<ul style="list-style-type: none">• \$4.7 million in HAF allocated to pilot	<ul style="list-style-type: none">• Up to \$10k per household in assistance for delinquencies	<ul style="list-style-type: none">• Households at or below 100% of Area Median Income• Owner-occupied residence in New Mexico• Experienced financial hardship related to COVID-19	<ul style="list-style-type: none">• 674 households assisted with \$3.3 million

Challenges for HAF Permanent Program

- The HAF permanent residential ownership assistance program will likely be designed very differently than the pilot due to new Treasury guidance released in August 2021, which includes language that requires MFA to:
 - Only allocate assistance to households that have gone through the loss mitigation process, if available
 - Ensure households can resume payments after receiving assistance
- These new requirements will make it more challenging for MFA to expend HAF funding and will likely cause applicant consternation.



Homeownership Challenges

- Mortgage Bankers Association combined COVID forbearance rate (Ginnie/Fannie/Freddie) is 3.4% and has been decreasing.
- MFA's combined forbearance rate is 8.74% and has been decreasing.
- Of MFA forborne loans, 91.6% are delinquent; the remainder are current despite their forborne status.



*Data as of August 8, 2021

New Mexico Housing Trust Fund

- Created by the New Mexico Legislature in 2005 with an initial appropriation of \$10 million and subsequent appropriations of \$17.05 million.
- MFA can utilize New Mexico Housing Trust Funds to both build or rehabilitate affordable housing in addition to providing other types of housing assistance for low-income New Mexicans.
- MFA has grown the New Mexico Housing Trust Fund to \$33 million through loan and investment interest and has awarded more than \$59 million by recycling interest and principal payments.
- The fund has helped to construct or rehabilitate 4,292 homes in 62 housing developments and has leveraged approximately \$653 million in other funding—a 29-to-1 return on the state’s investment.

2022 Legislative Session Request

For the upcoming 2022 Legislative Session MFA is requesting **\$12 million to be appropriated to the New Mexico Housing Trust Fund** to help build, rehabilitate, preserve, weatherize and/or provide energy efficiency upgrades for approximately 1,300 quality affordable homes for low-income New Mexicans.



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