

**MINUTES  
of the  
SECOND MEETING  
of the  
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**October 8, 2020  
Video Conference Meeting**

The second meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, on Thursday, October 8, 2020, at 10:06 a.m. by video and audio conference via an online platform.

**Present**

Sen. Nancy Rodriguez, Chair  
Rep. Eliseo Lee Alcon, Vice Chair  
Rep. Alonzo Baldonado  
Rep. Rod Montoya  
Sen. Michael Padilla  
Rep. Andrea Romero

**Absent**

Sen. Gregory A. Baca  
Sen. Stuart Ingle

**Advisory Members**

Rep. Rachel A. Black  
Rep. Kelly K. Fajardo  
Rep. Javier Martínez  
Sen. Richard C. Martinez  
Sen. Gerald Ortiz y Pino  
Rep. Sheryl Williams Stapleton

Rep. Georgene Louis  
Sen. Sander Rue

**Guest Legislator**

Sen. Roberto "Bobby" J. Gonzales

**Staff**

Anthony Montoya, Staff Attorney, Legislative Council Service (LCS)  
Catherine Sayler, Committee Staff, LCS  
Madelyn Lucas, Intern, LCS

**Minutes Approval**

Because the committee will not meet again this year, the minutes for this meeting have not been officially approved by the committee.

**Handouts**

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

## **Thursday, October 8**

### **Welcome and Introductions (10:06 a.m.)**

Senator Rodriguez welcomed committee members, staff and guests. Committee members and staff introduced themselves.

### **Executive Director Update (10:15 a.m.)**

Isidoro "Izzy" Hernandez, executive director, New Mexico Mortgage Finance Authority (MFA), gave the committee an update on strategic plan development and plans to allocate emergency coronavirus disease 2019 pandemic funding.

Comments from committee members included the following:

- an additional \$2 million from the United States Department of Housing and Urban Development (HUD) is earmarked for existing and new partners that deliver services to the homeless; and
- New Mexico's council of governments (COGs) are not involved in the distribution of coronavirus disease 2019 pandemic funding; rather, individuals within each COG will apply to the MFA for assistance.

### **MFA 2021 Budget (10:23 a.m.)**

Gina Hickman, deputy director of finance and administration, MFA, reviewed the MFA budget and revenue projections for fiscal year (FY) 2020 and FY 2021. The presentation can be found here, at Tab 2:

<https://www.nmlegis.gov/handouts/MFA%20100820%20Item%200%2010-8-20%20LOC%20packet.pdf>.

Comments from committee members included the following:

- the MFA achieved a 17% increase in revenue in the current fiscal year; the two drivers of that increase were: 1) the MFA began funding some single-family mortgage loans by selling the loans for a one-time immediate payment rather than issuing bonds and receiving annuitized revenue over a 30-year period; and 2) in 2017, the MFA started earning revenue in its servicing portfolio, and those revenues have grown with time;
- during the coronavirus disease 2019 pandemic, the MFA could continue to sell loans rather than issue bonds; the MFA monitors the market every day to make those decisions;
- the distinction between "administrative fees" and "servicing revenue" is depicted on Slide 4. Administrative fees are earned up front for setting up the mortgage, and servicing revenue is a strip of revenue that the MFA earns over the life of the mortgage; and

- administrative fees and servicing revenue add to the cost of a mortgage, but that is typically the way mortgages are set up; there are costs associated with creating the mortgage, and these fees are how those costs are funded.

#### **Minutes Approval (10:43 a.m.)**

On a motion made and seconded, the minutes of the September 11, 2020 meeting were approved.

#### **New Mexico Housing Trust Fund Update (10:46 a.m.)**

George Maestas, assistant director of housing development, MFA; Tim Martinez, development loan manager, MFA; and Sabrina Su, reporting and grant specialist, MFA, gave the committee an update on development awards for low-income housing and rental assistance provided through the New Mexico Housing Trust Fund. The presentation can be found here, at Tab 3:

<https://www.nmlegis.gov/handouts/MFA%20100820%20Item%200%2010-8-20%20LOC%20packet.pdf>.

Comments from committee members included the following:

- the MFA plans to continue with monthly funding rounds on the \$2.9 million balance of rental assistance yet to be awarded;
- rental assistance is awarded in three-month increments;
- the MFA is seeing an uptick in applications for rental assistance as federal emergency assistance expires; and
- the rental assistance program does not expire as long as the funds exist.

#### **Regional Housing Authority Update (10:59 a.m.)**

Donna Maestas-De Vries, deputy director of programs, MFA; Gina Bell, assistant director of community development; and Julian J. Barela, division director, Office of Public Housing, Region 6, HUD, gave an overview and update on the activities of New Mexico's regional housing authorities. The presentation can be found here, at Tab 4:

<https://www.nmlegis.gov/handouts/MFA%20100820%20Item%200%2010-8-20%20LOC%20packet.pdf>.

Comments from committee members included the following:

- the status for a regional housing authority is determined by the HUD through an evaluation of four measures: financials, management, use of capital funds and physical assessment;
- an authority with a substandard status is evaluated annually; and

- the MFA has oversight functions over the regional housing authorities, but no enforcement powers; the HUD develops action plans when an authority enters a troubled status.

**Proposed Amendments to the New Mexico Housing Trust Fund Act and Rules (11:25 a.m.)**

Rebecca Velarde, director of policy and planning, MFA, explained the need for changes to rules established in conjunction with the New Mexico Housing Trust Fund Act. The presentation can be found here, at Tab 5:

<https://www.nmlegis.gov/handouts/MFA%20100820%20Item%200%2010-8-20%20LOC%20packet.pdf>.

Comments from committee members included the following:

- committee approval of rule changes happens every year, and this year, the changes would allow the trust fund to cover a wider variety of housing needs, such as assisting people in market-rate housing who have been affected by the coronavirus disease 2019 pandemic and need assistance with repairs; and
- without accompanying statutory changes, it may not be possible to provide rental assistance through the trust fund.

Upon a motion made and seconded, the rule changes outlined in the presentation were approved without objection.

**MFA 2021 Legislative Agenda: Final Review of Bills (11:37 a.m.)**

Mr. Hernandez and Ms. Velarde discussed MFA legislative requests for the 2021 legislative session. The presentation can be found here, at Tab 6:

<https://www.nmlegis.gov/handouts/MFA%20100820%20Item%200%2010-8-20%20LOC%20packet.pdf>.

Questions and comments from committee members included the following:

- continued funding of the New Mexico Housing Trust Fund is important, given that the fund generates a 25:1 benefit-to-cost ratio; and
- what is being done to help homeless New Mexicans, particularly those in the international district of Albuquerque; the MFA has distributed approximately \$8 million to homeless shelters across the state to create new housing opportunities, but Community Block Development Grant funds are specifically targeted to assist with rental and mortgage payments.

***Motions for endorsement:*** Upon motions duly made and seconded and with no objections, the committee approved endorsement of the proposed legislation identified in the presentation as .218281.2SA and .218278.1SA.

**Public Comment (11:52 a.m.)**

There was no public comment.

**Adjournment**

There being no further business before the committee, the meeting adjourned at 11:56 a.m.