

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

**September 11, 2020
Video Conference Meeting**

The first meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, on Friday, September 11, 2020, at 10:12 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. Kelly K. Fajardo
Rep. Georgene Louis
Sen. Richard C. Martinez
Sen. Gerald Ortiz y Pino
Rep. Sheryl Williams Stapleton

Rep. Rachel A. Black
Rep. Javier Martínez
Sen. Sander Rue

Staff

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

Handouts

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

Friday, September 11

Welcome and Introductions (10:12 a.m.)

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

Executive Director Update (10:17 a.m.)

Isidoro "Izzy" Hernandez, executive director, New Mexico Mortgage Finance Authority (MFA), gave the committee an overview of the mission and work of the MFA since its inception in 1975.

2020 MFA Reference Guide: Overview of Programs and Funding (10:21 a.m.)

Mr. Hernandez; Gina Hickman, deputy director of finance and administration, MFA; and Donna Maestas-De Vries, deputy director of programs, MFA, provided the committee with an overview of MFA programs and funding. The presentation can be found here:

<https://www.nmlegis.gov/handouts/MFA%20091120%20Item%200%20MFA%202020%20Reference%20manual.pdf>.

Questions and comments from committee members included the following:

- New Mexico has received \$13.3 million in federal funding for eviction and foreclosure prevention, but estimates of need may be as high as \$200 million. The current plan is to launch the Community Development Block Grant (CDBG) program in late October 2020, with \$1 million set aside for each regional council of governments to distribute;
- if CDBG funding is first come, first served, it is possible that only those who are adept at navigating government systems will receive funding. A committee member suggested that all applications for funding need to be accepted and then assessed by the level of need;
- the federal Department of Housing and Urban Development (HUD) is considering how to prevent landlords from receiving three months of rent through the CDBG program and still evicting the tenant for nonpayment of additional rent, but nothing has been finalized;
- a committee member requested that the MFA update the committee on the development of policies for CDBG funding at the next committee meeting;
- New Mexico had one of the highest homelessness rates in the nation before the COVID-19 pandemic. About \$12 million has been received in HUD funding, of which \$4 million has been allocated to providers and the other \$8 million will be allocated within a few months;
- a committee member noted that homeless children are currently not getting an education because, although they may have been provided with a computer, they do not have reliable access to power and the internet; and
- at the federal level, the Centers for Disease Control and Prevention issued a directive to prevent eviction for nonpayment of rent, but that directive is not law. However, the New Mexico Supreme Court put a stay on evictions for nonpayment of rent. At this time, there is no proposal for when the stay will be lifted.

Reports on Bonds Issued, Financing Strategies and Market Update (11:13 a.m.)

David Jones, principal, CSG Advisors, and Mina Choo, director, Housing Finance Group, RBC Capital Markets, gave a presentation on bonds, market changes since the COVID-19 pandemic began and adaptations in financing strategies. The presentation can be found here, at Tab 3:

<https://www.nmlegis.gov/handouts/MFA%20091120%20Item%200%20MFA%202020%20Reference%20manual.pdf>.

A committee member asked about recent MFA delays in responding to lender requests. The MFA has recently initiated new loan origination software and is in the process of getting lenders trained.

Affordable Housing Act Update (11:45 a.m.)

Rebecca Velarde, director of policy and planning, MFA, and Sonja Unrau, community relations manager, MFA, updated the committee on Affordable Housing Act activities. The presentation can be found here, at Tab 4:

<https://www.nmlegis.gov/handouts/MFA%20091120%20Item%200%20MFA%202020%20Reference%20manual.pdf>.

Housing Issues Related to the Ongoing Public Health Crisis (11:50 a.m.)

Jeff Payne, senior director of mortgage operations, MFA; Patrick Ortiz, director of asset management, MFA; and Representative Andrea Romero gave a presentation on COVID-19-related forbearance and delinquency rates and rental eviction moratoriums. The presentation can be found here, at Tab 5:

<https://www.nmlegis.gov/handouts/MFA%20091120%20Item%200%20MFA%202020%20Reference%20manual.pdf>.

Questions and comments from committee members included the following:

- significant barriers to accessing rental assistance exist for many New Mexicans. Without the ability to afford transportation and child care, as well as rent, many individuals are unable to get the proper forms to the proper programs to start the process;
- a committee member noted that the landlords' burdens also need to be considered in the eviction moratorium. Some landlords have only one or two rentals, and they depend on the income from those rentals;
- the MFA is developing a marketing plan with public service announcements and specific education for service providers in the state to increase awareness of CDBG funding and the application process. The MFA also plans to have a central online portal to receive all applications; and
- many magistrate courts mistakenly believe that there is a stay on all evictions, rather than just a stay on evictions for nonpayment of rent.

MFA 2021 Legislative Agenda: Initial Review (12:28 p.m.)

Mr. Hernandez and Ms. Velarde reviewed the MFA's 2021 legislative requests. The presentation can be found here, at Tab 6:

<https://www.nmlegis.gov/handouts/MFA%20091120%20Item%200%20MFA%202020%20Reference%20manual.pdf>.

Public Comment (12:36 p.m.)

Karen Meyers, director, Consumer Financial Protection Initiative, City of Albuquerque, told the committee that, while New Mexico does have a stay on evictions for nonpayment of rent, many tenants are still losing their homes. Rental leases are beginning to expire, and landlords are not renewing leases when the rent is in arrears. The courts are taking the position that rental termination due to lease expiration is within the law.

Ms. Meyers told the committee that nonpayment of rent does not need to be COVID-19-pandemic-related to qualify for the stay of eviction. Nonpayment for any reason is covered in the New Mexico Supreme Court ruling.

Ms. Meyers also cautioned the committee and the MFA on adopting a time-consuming allocation process for rental relief. The worry is that renters will be evicted before receiving the rental assistance they applied for, Ms. Meyers said.

Adjournment

There being no further business before the committee, the meeting adjourned at 12:47 p.m.