

A Bold Path Forward

MFA FY 2018-2022 Strategic Plan



MFA Vision, Mission and Core Values

VISION

All New Mexicans will have quality affordable housing opportunities.



MISSION

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

CORE VALUES

Responsive

To meet New Mexico's needs, MFA optimizes resources, cultivates partnerships and makes our programs accessible.

Professional

MFA upholds high personal and professional standards. We comply with regulations and ensure prudent financial stewardship.

Dynamic

MFA is a dynamic place to work. Our employees are our strength. We embrace diversity and provide opportunities for personal and professional growth.

Message from the Executive Director

Jay Czar



In the face of uncertainty for affordable housing funding and programs, Our strategic plan, *A Bold Path Forward*, focuses on bolstering resources to accomplish our mission, leading the way in addressing New Mexico's unique affordable housing needs and improving internal systems to support our work. Even in potentially challenging times, MFA will continue its affordable housing mission and make it more robust and successful in meeting the needs of all New Mexicans.

Our strategic planning process identified several themes, described at right, which drove the strategic initiatives in this plan. In the context of goals and objectives that reflect our core affordable housing work, the strategic initiatives will be updated annually to reflect progress made, changes to conditions and trends and risks identified through our annual enterprise risk management process.

Affordable housing funding is under threat and diminishing. MFA continues to be proactive in developing new resources, efficiencies, business opportunities and financial innovations, as well as fostering creative partnerships.

New Mexico's rural areas are struggling and require unique approaches. MFA will evaluate ways to serve more rural residents with mortgage products and nimble development financing and to strengthen our partners throughout the state.

Along with the US, New Mexico is at risk of losing many affordable rental homes. MFA is working to provide financial options and rehabilitation financing, and to make all rental properties financially sustainable over the long term.

New Mexico's high poverty rate and low incomes indicate a great need for financial education. Our strategic initiatives focus on better educating MFA borrowers so that they can enjoy stability, sustain homeownership and build wealth.

Significant changes in the workforce and in technology are on the horizon. MFA is working to create a technology platform that supports innovation and future growth and to foster a dynamic, diverse work environment that supports our mission.

The MFA Planning Process

MFA updates its strategic plan every three years. The planning process is led by MFA's Strategic Management Committee.



Housing Needs Assessment

In 2016, MFA prepared an assessment of affordable housing needs to inform the strategic planning process.



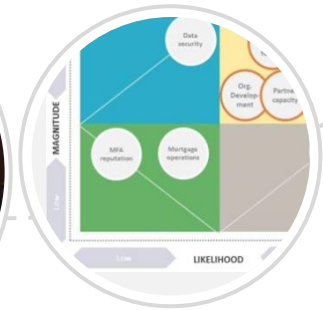
Interviews and SWOT Analysis

In January-March 2017, interviews were conducted with board members and each MFA department. The Strategic Management Committee translated the interview results into an analysis of strengths, weaknesses, opportunities and threats (SWOT).



Housing Trends Series

MFA hosted five speakers who spoke to staff on MFA finances, fair housing and trends in housing policy, multifamily and single family housing.



Enterprise Risk Management

MFA's Strategic Planning Committee participated in an enterprise risk management exercise based on the SWOT analysis. The Committee prioritized risks and developed mitigation strategies for the strategic plan.

Goal Statements

1



Respond to New Mexico's affordable housing needs.

2



Ensure prudent stewardship of affordable housing resources.

3

Strengthen affordable housing partners.



4

Provide robust technology solutions.



5

Foster a dynamic work environment.



Goal 1 Respond to New Mexico's affordable housing needs.



Like all housing finance agencies, MFA administers affordable housing programs in accordance with its enabling legislation and program requirements. MFA seeks opportunities to improve and develop products, programs and processes to address our state's unique needs.

Objective 1
Strengthen and improve existing MFA products and programs.

Strategic initiatives:

- Preferred lenders program
- Vendor management
- Low Income Housing Tax Credit program improvements
- *Homeowner rehab program expansion*
- *Homeless programs alignment*
- *Freddie Mac & Fannie Mae loan sales & affordable housing programs*

Objective 2
Develop specialty products to meet demand and community needs.

Strategic initiatives:

- *Correspondent lending*
- *Financing for single family development*
- *Financing for small rental development*
- *Manufactured home lending*

Objective 3
Increase awareness of affordable housing and MFA products and programs.

Strategic initiatives:

- Enhanced public awareness of MFA
- Digital presence for marketing MFA mortgage products

Objective 4
Promote sustainable homeownership.

Strategic initiatives:

- Delinquency prevention strategies
- *Homebuyer counseling enhancements*

Objective 5
Provide options to preserve and improve affordable rental homes.

Strategic initiatives:

- Loan modification and restructuring strategies
- Risk rating of properties

Strategic initiatives in italics require evaluation prior to implementation.

Goal 2 Ensure prudent stewardship of affordable housing resources.



MFA has long maintained a level of excellence in managing its financial resources. As a self-supporting agency, MFA continually works to expand and diversify available resources through government sources, self-generated earnings from lending and investments, operational efficiencies, and the use of creative partnerships and financial tools.

Objective 1
Optimize existing financial strategies.

Strategic initiatives:

- Best execution for financing single family mortgages
- Investment approach

Objective 2
Expand MFA business models and diversify financial tools.

Strategic initiatives:

- Servicing expansion
- *Community Reinvestment Act lending credit program*
- *Tax-exempt mortgage-backed securities program*
- *Multifamily pass-through structures*
- *Mortgage credit certificates*

Objective 3
Maintain and grow existing funding sources.

Strategic initiatives:

- Renewal of HUD Section 8 Project-Based Contract Administration (PBCA)
- Marketing for private contributions
- State and federal policy engagement
- Tax-exempt bond partnerships

Objective 4
Evaluate new funding and business opportunities.

Strategic initiatives:

- Marketing for development financing
- State funding sources
- Grant writing capacity

Strategic initiatives in italics require evaluation prior to implementation.

Goal 3 Strengthen affordable housing partners.



MFA relies heavily on its partners in a rural and geographically large state like New Mexico. Yet partners face many challenges that may hinder their ability to succeed. MFA is committed to helping its partners build capacity, prosper and provide all New Mexicans access to affordable housing.

Objective 1

Expand access to MFA products and services in underserved and high-need areas.

Strategic initiatives:

- *Additional HOPWA service provider/s*
- *NM EnergySmart expansion*

Objective 2

Help partners realize strong organizational, technical and financial capacity.

Strategic initiatives:

- *Regional Housing Authority on-site monitoring*
- *Service provider training program*
- *Property manager training program*
- *Developer training*

Objective 3

Provide resources and processes that strengthen partner capacity and program effectiveness.

Strategic initiatives:

- *Lender training videos*
- *Streamlining of the affordable housing plan process*
- *Alignment of MFA and formula grant plans*
- *Online applications*

Strategic initiatives in italics require evaluation prior to implementation.

Goal 4 Provide robust technology solutions.



Technology is fundamental to MFA's day-to-day business operations as well as partner and customer service needs. Increased integration and automation will support current needs while providing an essential platform for business growth.

Objective 1

Protect MFA's data and systems.

Strategic initiatives:

- Best practices in cybersecurity

Objective 2

Maintain system reliability and implement redundancy improvements.

Strategic initiatives:

- *Data center migration*

Objective 3

Build and maintain a technology platform that supports MFA's long-term plans for innovation, functionality and growth.

Strategic initiatives:

- Software improvements
- Document management system

Strategic initiatives in italics require evaluation prior to implementation.

Goal 5 Foster a dynamic work environment.



MFA provides a fulfilling work environment to support the many generations in its changing workforce. Skilled, professional and engaged employees are at the core of MFA's unique business model and specialized programs.

Objective 1

Provide a competitive compensation and benefits package to attract and retain employees.

Strategic initiatives:

- Biennial compensation survey

Objective 2

Support opportunities that increase flexibility and engagement for employees.

Strategic initiatives:

- Office space needs assessment
- Web-based training opportunities
- *Work schedule options*

Objective 3

Maintain stability in staffing and operations throughout MFA.

Strategic initiatives:

- Employee cross-training
- Succession planning
- Intern/management trainee program
- External specialty training
- Robust on-boarding

Benchmarks

Each quarter, MFA assesses its performance using these benchmarks, which relate to goals and objectives in the strategic plan. At the end of the fiscal year, the status of each benchmark (did not meet, met, exceeded) determines payouts made through MFA's incentive compensation plan.

Goal 1	1. Provide mortgage financing for 1,900 homebuyers (1.1)	Goal 2, Continued	15. Earn 100 percent base fees for PBCA contract (2.3)
	2. Attain mortgage product utilization of 45% of all FHA loans recorded in New Mexico (1.1)		16. Yield a collection rate of 95 percent or greater for compliance monitoring fees (2.3)
	3. Finance 975 rental units (1.5)		17. Meet commitment and expenditure requirement of 95 percent of grant funding (2.3)
	4. Maintain combined loan delinquencies of MFA serviced portfolio below x percent (1.4)		18. Increase contributions made through the state affordable tax credit program (2.3)
	5. Implement MFA's housing summit and open house (1.3)		19. Evaluate at least one new business model or financial tool (2.2)
	6. Implement one new digital or social media advertising effort (1.3)		20. Increase funding by at least one new source (2.4)
	7. Evaluate at least one new specialty product or significant program or product improvement (1.2)		21. Expand services of at least one program to an underserved area of the state (3.1)
Goal 2	8. Obtain unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs, excluding first-time audits (2.0)	Goal 3	22. Assist at least five local or tribal governments with affordable housing plans, implementation or programs (3.2)
	9. Maintain or improve credit rating (2.0)		23. Provide at least five formal training opportunities for property owners, developers and/or service providers (3.2)
	10. Achieve operating performance and profitability equal to net revenues over total revenues of at least x percent, based on five-year average (2.1)		24. Improve at least one MFA process or resource (3.3)
	11. Obtain balance sheet strength equal to net asset position over total bonds outstanding of at least x percent, based on five-year average (2.1)		25. Maintain a low risk in semi-annual vulnerability scans (4.1)
	12. Realize administrative fee of at least 18 basis points on all bond issues (2.1)		26. Maintain system availability at 99 percent (4.2)
	13. Realize profitability of 1.34 percent on TBA executions (2.1)		27. Implement new software solutions (4.3)
	14. Maintain servicing income threshold at a weighted average of 0.4 percent of the purchased portfolio (2.2)		Goal 5
	29. Complete compensation survey (5.1)		

X indicates benchmark will be determined after year-end close and forecast update