



MISSION NEW MEXICO

Affordable Housing Opportunities from MFA

**Joint Meeting of the MFA Act Legislative Oversight Committee
and Economic & Rural Development Committee**

September 15, 2017

Jay Czar, Executive Director
Teri Baca, Homeownership Representative

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.

About MFA

In 2016, MFA provided more than **\$450** million in low-interest financing and grants for affordable housing and related services.



2,300 new homeowners

totaling \$316 million in MFA mortgage loans and \$12 million in down payment assistance.



550 rental homes built and 770 preserved

totaling \$82 million in MFA financing.



1,770 homes rehabilitated or weatherized

totaling \$7.4 million in MFA funding.



5,300 low-income renters assisted

with project-based Section 8 rental assistance totaling \$29 million.



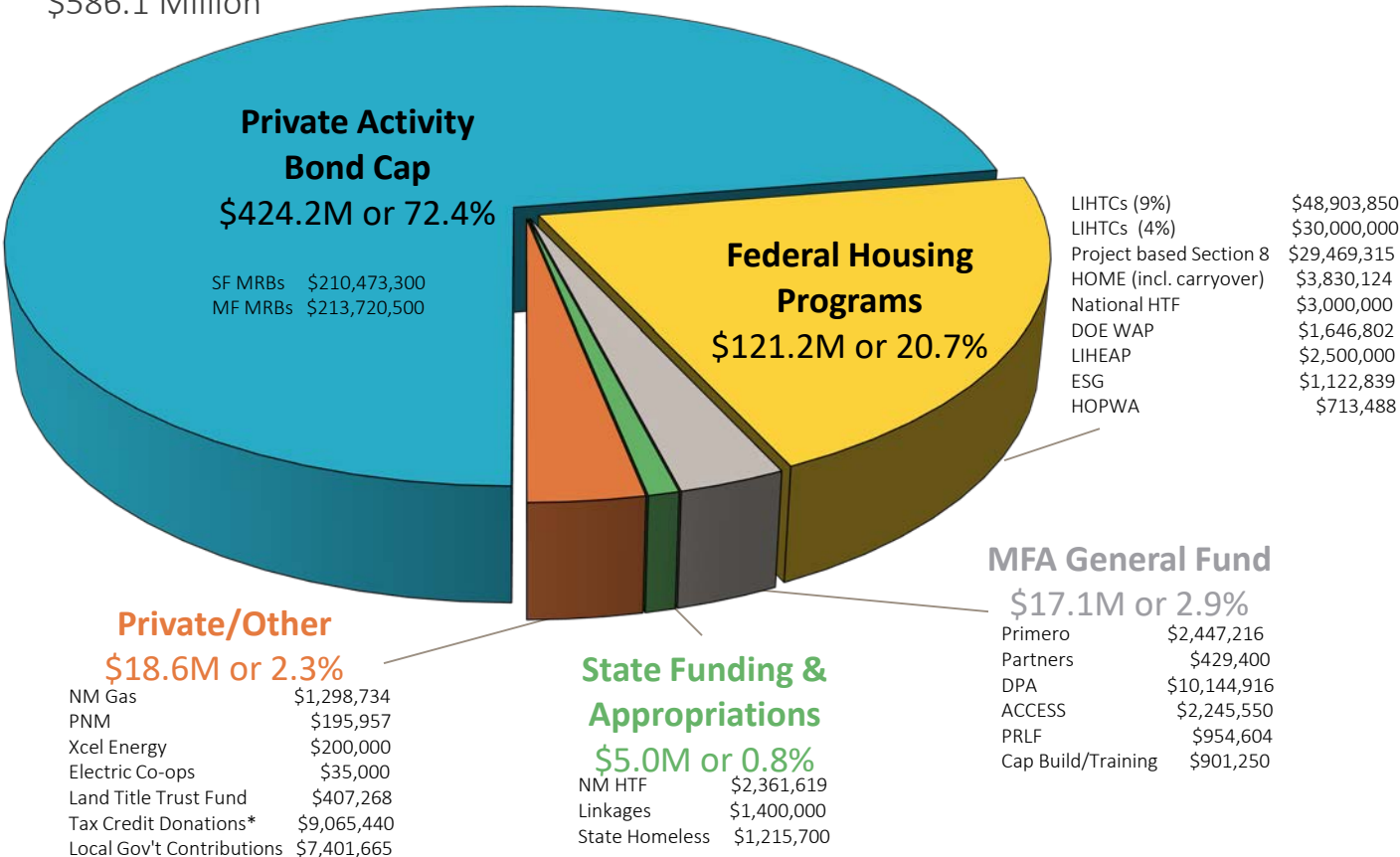
8,000 persons sheltered and housed and 600 for which homelessness was prevented

totaling \$1.9 million in shelter support and rental assistance.

- MFA provides financing for affordable housing for persons of low and moderate income.
- 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 Estimated Resources, 2017

\$586.1 Million



*The New Mexico Affordable Housing Tax Credit incentivizes up to \$9 million in private donations for affordable housing.

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 20 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.

The Housing Continuum

MFA operates more than 20 programs that assist low and moderate income households, from people experiencing homelessness to homeowners.

Homeless

Special Needs

Renter

First-Time Homebuyer

Homeowner



Emergency Shelter

Subsidized Rental

Down Payment Assistance

Transitional Shelter

Low-Interest Mortgages

Rental Assistance

Rehabilitation

Homeless Prevention

Weatherization

Financing Affordable Rental Housing

Multiple funding sources are typically used to finance rental development, including tax credits, MFA gap financing, bank loans and other resources.



OTHER GAP FINANCING

MFA has other products available, such as Risk Share 542(c) loan guarantees, USDA Preservation Revolving Loan Fund for rehabilitation of Rural Development rental housing, and Ventana Fund construction loans.



PRIMERO

MFA funding source for construction phase that can be used for new construction, rehabilitation and acquisition/rehab projects.



HOME

Federal funding source that can be used for construction or permanent financing for new construction, rehabilitation and acquisition/rehab projects.



NATIONAL HOUSING TRUST FUND

New, federal funding source of \$3 million per year, for projects serving extremely-low income households.



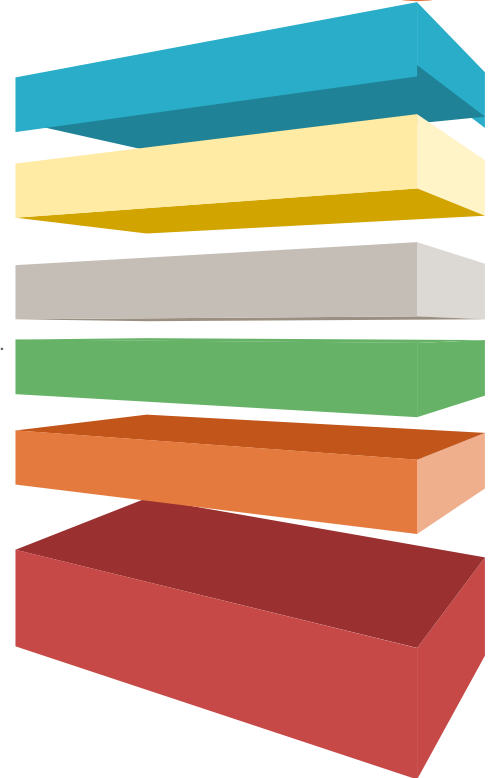
NEW MEXICO HOUSING TRUST FUND

State funding source for construction and permanent financing for new construction, rehabilitation and acquisition/rehab projects.



FEDERAL LOW INCOME HOUSING TAX CREDITS (LIHTC)

Most affordable rental projects in New Mexico rely on federal LIHTCs for financing. Nine percent competitive credits provide up to 70 percent equity for a project; four percent non-competitive credits provide roughly 30 percent equity. New Mexico receives \$5 million in credits each year which are sold to investors and are worth roughly \$50 million over the ten-year period in which the credit is taken.



Low Income Housing Tax Credits (LIHTCs)

MFA allocates approximately \$4.9 million ($\$2.35 \times$ state population) in 9% federal tax credits each year through a competitive process. Non-competitive 4% credits are also available with tax-exempt bond financing.

BACKGROUND

- Tax Reform Act of 1986 – IRS/Treasury administered
- Credits allocated to Housing Credit Agencies
- Dollar for dollar tax reduction for 10 years
- Investors purchase tax credits to offset federal tax liability
- Tax credit equity reduces debt, resulting in lower rents

REQUIREMENTS

- Low income tenants (20/50 or 40/60)
- Rent limits (30% of qualifying income)
- 30 year affordability (minimum)
- State QAP (Allocation Priorities)
 - ✓ Focus groups
 - ✓ Public hearing
 - ✓ Governor approval
- Financial feasibility/underwriting

NEED FOR MORE LIHTCS

MFA can only award three to five 9% projects per year (1/3 of all applications) with its small allocation. There are two bipartisan bills in Congress (Senate and House) to improve the LIHTC program. The Senate version of the bill proposes to expand allocations by 50%.

LIHTC Projects in Doña Ana County

\$9.9 million in LIHTC awards and 1,547 housing units, 2000-2016

ANTHONY (\$1.9 M in credits, 221 units)		LAS CRUCES (\$5.1 M in tax credits, 905 units)	
Cimmaron (2004, 2008)	801, 825 4 th St.	Paseo del Oro (2014)	4350 Elks Dr.
Franklin Vista (2001, 2006)	855 Clark Ave., 505 Curry St.	Robledo Ridge (2011)	1571 Medina Dr.
HATCH/PLACITAS (\$1.7 M in tax credits, 147 units)		Alta Tierra Apts. (2008)	1500 E. Madrid Ave. SW
El Camino Real (2015)	21 Chile Capital St.	Highland Park* (2006)	2013 S. Triviz Dr.
Falcon Ridge (2007)	20 Chile Capital St.	Los Altos Apts. (2005)	2301 El Camino Real
Valle Verde Apts. (2002)	360 Bienes St.	Stone Mt. Place (2005)	930 E. Boutz Rd.
SANTA TERESA (\$1.2 M in tax credits, 274 units)		Four Hills (2003)	2595 Mars Ave.
Doña Ana 6* (2016)	Scattered sites	Vista Montana (2003)	316 Foster Rd.
Santa Teresa Family Homes (2002)	155 Comerciantes Blvd.	Mesquite Village (2003)	1851 N. Mesquite St.
		Desert Palms Apts. (2003)	2405 W. Picacho Ave.
		Mira Vista Villas (2001)	2141 N. Solano Dr.
		Montana Senior Village (2001)	335 E. Montana Ave.
		Montana Meadows* (2001)	201 E. Montana Ave.

GEOGRAPHIC DISTRIBUTION (2000-2016)

- 45% of tax credits awarded in Albuquerque, Farmington, Las Cruces & Santa Fe; 55% of tax credits awarded in rural areas.
- 26% of tax credits awarded in Congressional District (CD) 1, 38% in CD 2 and 36% in CD 3.

Important Leverage

State of New Mexico Affordable Housing Tools

AFFORDABLE HOUSING ACT

Like LEDA, the Affordable Housing Act allows local governments to donate resources for affordable housing. Local governments have donated more than \$43 million in land, cash and other resources to date, mostly for LIHTC projects. MFA administers the AHA on behalf of the state and requires adoption of an affordable housing plan and ordinance.

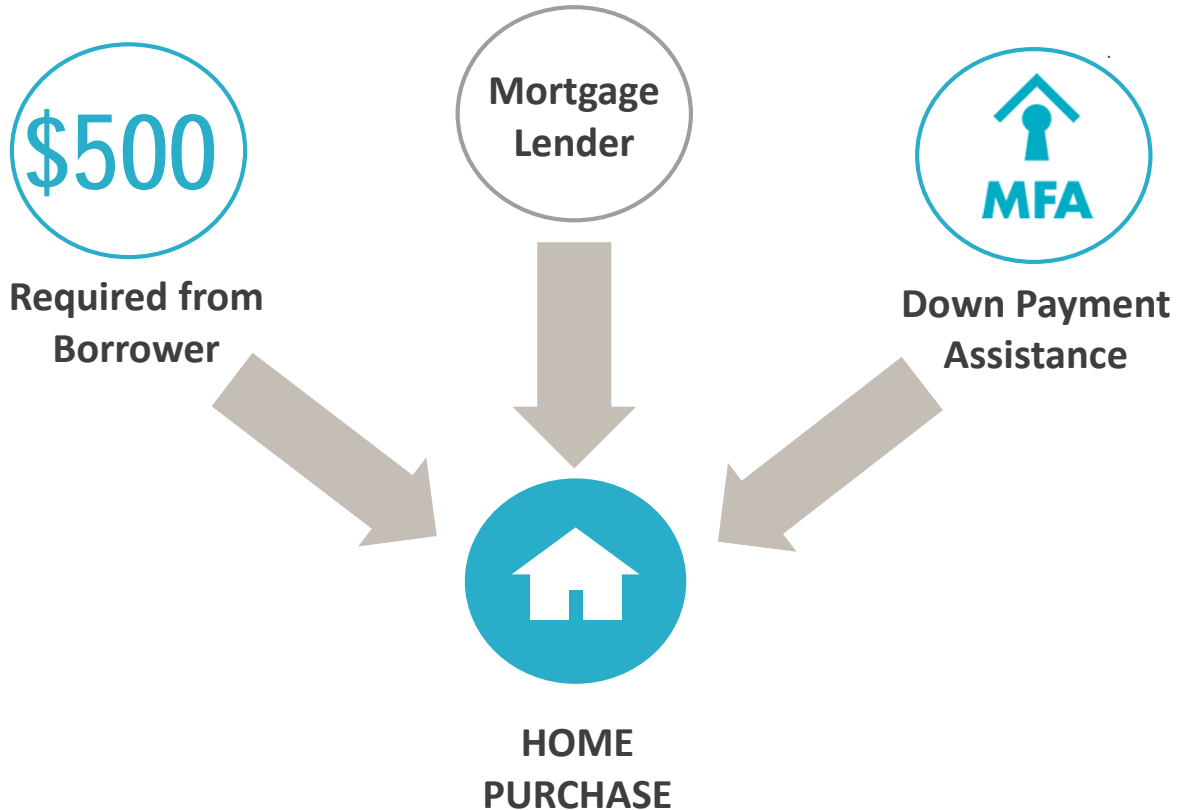
NM AFFORDABLE HOUSING TAX CREDIT

Private donations for affordable housing are eligible for a 50 percent credit on state tax liability, plus the federal charitable contribution deduction if the donation is made to a non-profit. Private donors and employers can receive up to 75 percent of their donation back in tax credits and deductions. MFA issues tax credit vouchers once it certifies that the project qualifies as affordable housing.

Donations from local governments, private individuals and employers can fill the gap or provide a needed component for many affordable housing projects. MFA helps communities use the Affordable Housing Act and the New Mexico Affordable Housing Tax Credit to leverage important resources for affordable housing.

Home Purchase Financing with MFA

Lack of down payment is one of the major barriers to those purchasing their first home



MFA Single Family Programs

For first time homebuyers and homeowners



FIRST HOME

- First time homebuyer requirement
- Up to 115% Area Median Income allowed, based on family size
- Single unit, owner occupied properties
- Pre-Purchase Homebuyer Counseling Required for all first time homebuyers
- Buyer needs 620 min. credit score & at least \$500 to invest

FIRST DOWN (Optional)

- Used in conjunction with “First Home” Program
- Up to \$8,000 assistance with down payment and closing costs
- Second mortgage loan
- 30 year amortization, to provide affordable payment
- 6.00% interest rate



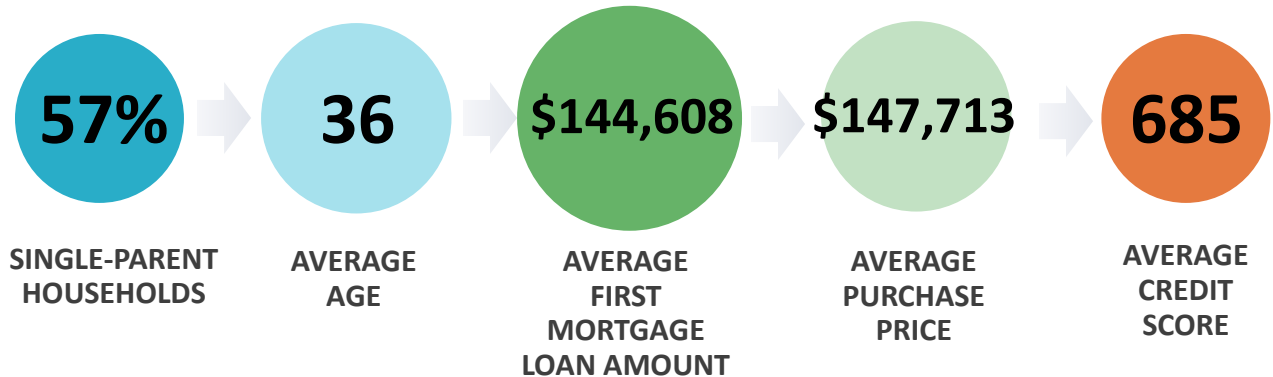
NEXT HOME

- Non-first time homebuyer allowed
- Favorable household income limits
- Works with FHA, VA, USDA & HFA Preferred Conventional
- Single unit, owner occupied properties

NEXT HOME GRANT

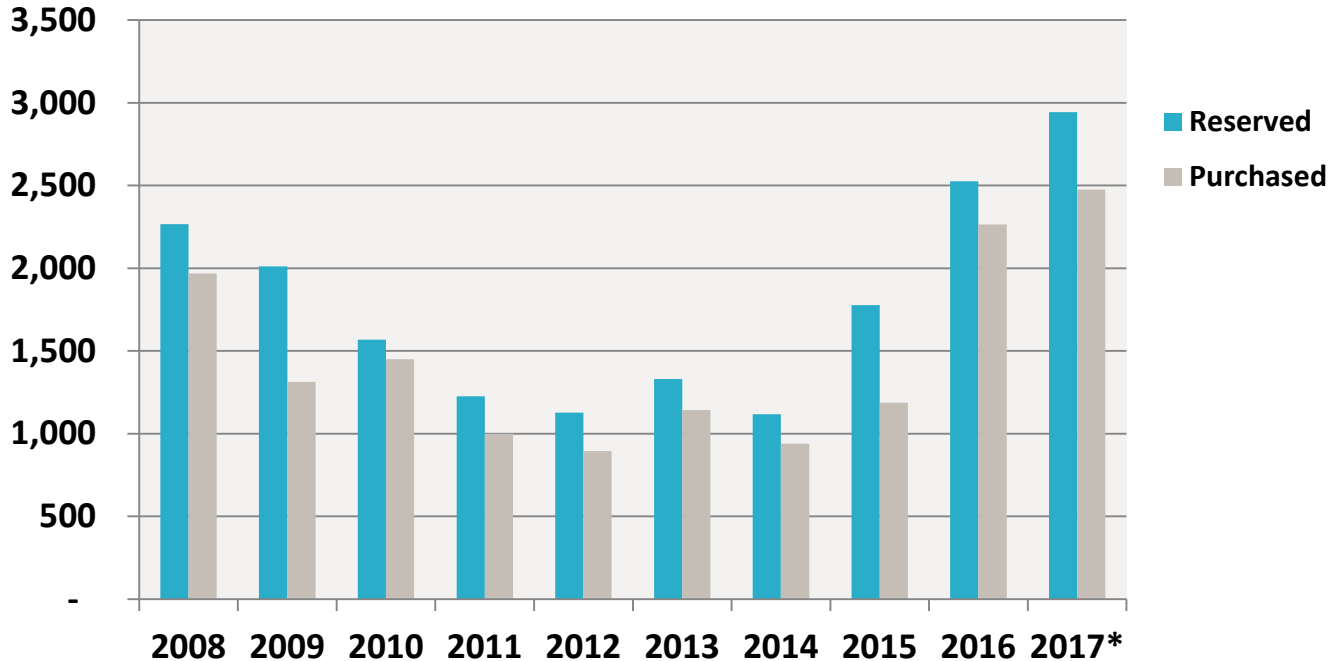
- Automatic part of “Next Home” program
- Grant is 3% of total loan amount (helps w/down payment)
- No repayment of the grant required
- Provides instant equity to the homebuyer

MFA Homebuyer Demographics



MFA Loan Activity Trend

Loan Reservations vs Loan Purchases: FY 2008 through FY 2017 (*projected)



Source: MFA

Typical Household Payment Affordability

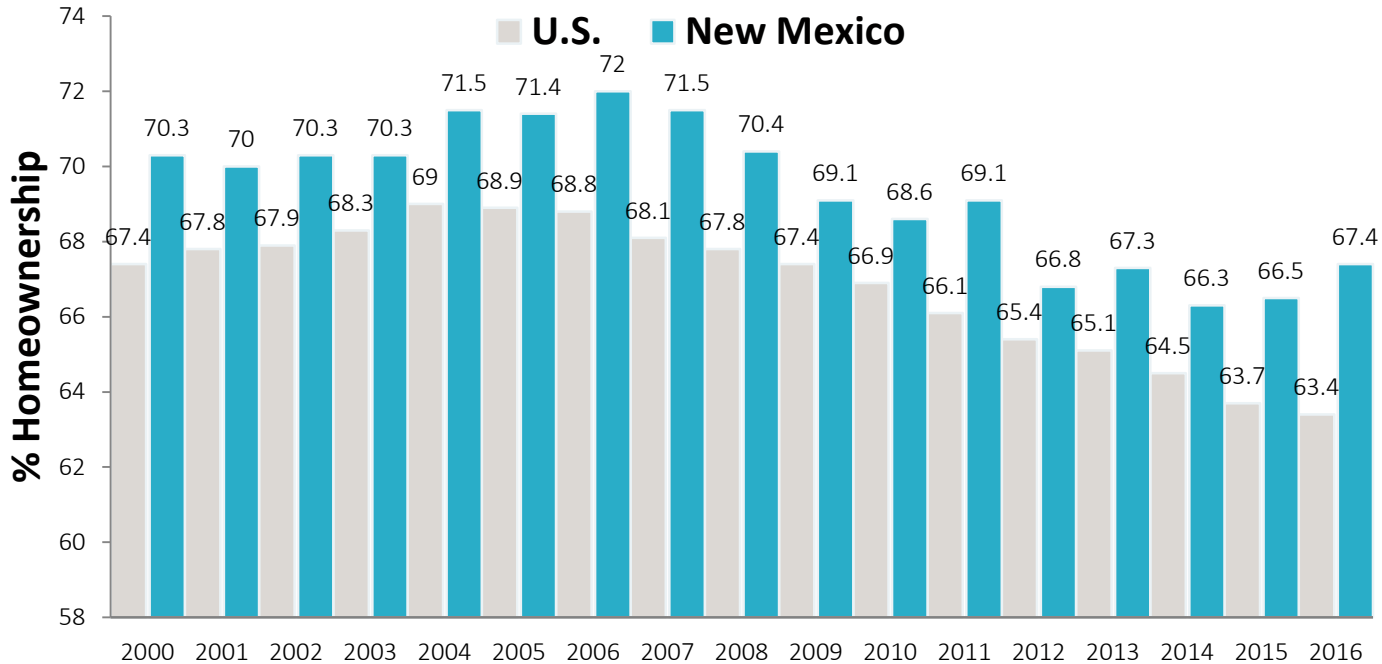
Percent of households that can afford payments on the median-priced single family home

Metro Area	All Households	Renter Households	Median Home Price	Median Payment	Median Household Income
Santa Fe	47%	23%	\$290,800	\$1,780	\$55,680
Albuquerque	61%	41%	\$180,600	\$1,110	\$48,940
Farmington	60%	47%	\$171,400	\$1,050	\$46,610
Las Cruces	60%	42%	\$144,500	\$ 880	\$39,900

Source: Harvard Joint Center for Housing Studies.

NM and U.S. Homeownership Rates

2000-2016



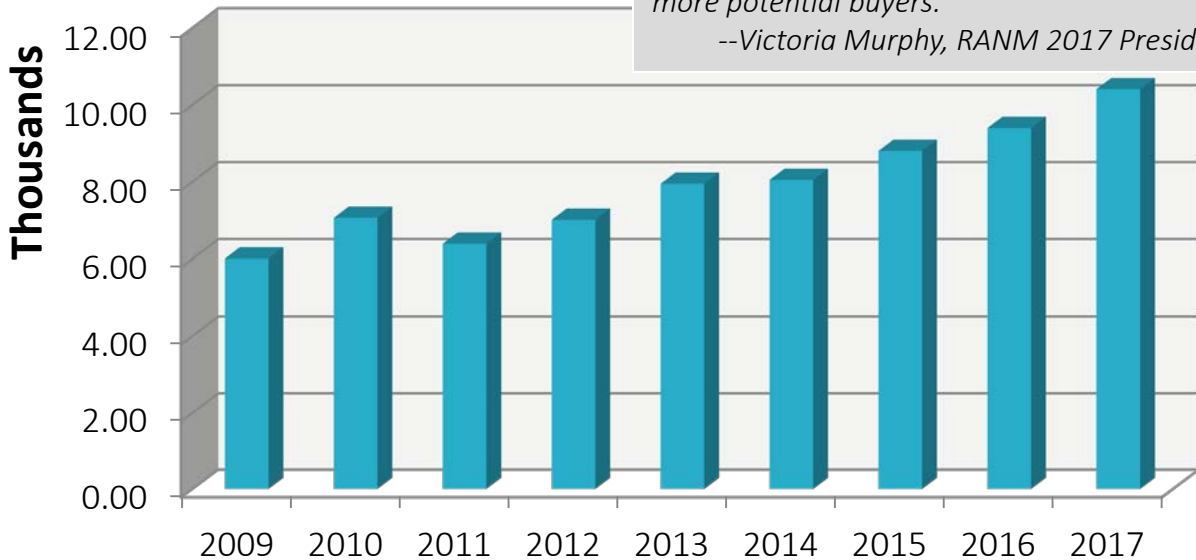
Source: Federal Reserve Bank of St. Louis

New Mexico Market Trends

January through June Home Sales

“We’re still hearing reports of low inventory in many areas from our members. Rising prices and limited supply, while good for sellers, make it tough for everyone looking to purchase a home. Student debt and economic conditions in general continue to hinder many potential buyers. Recent changes to Fannie Mae rules easing their debt-to-income requirements should open lending to more potential buyers.”

--Victoria Murphy, RANM 2017 President



Source: Realtors Association of New Mexico, June 2017 Housing Report

First-Time Homebuyers

Leading the Housing Recovery

“Between 1994 and 2016 first-time homebuyers accounted for 45% of the purchase mortgages originated.”

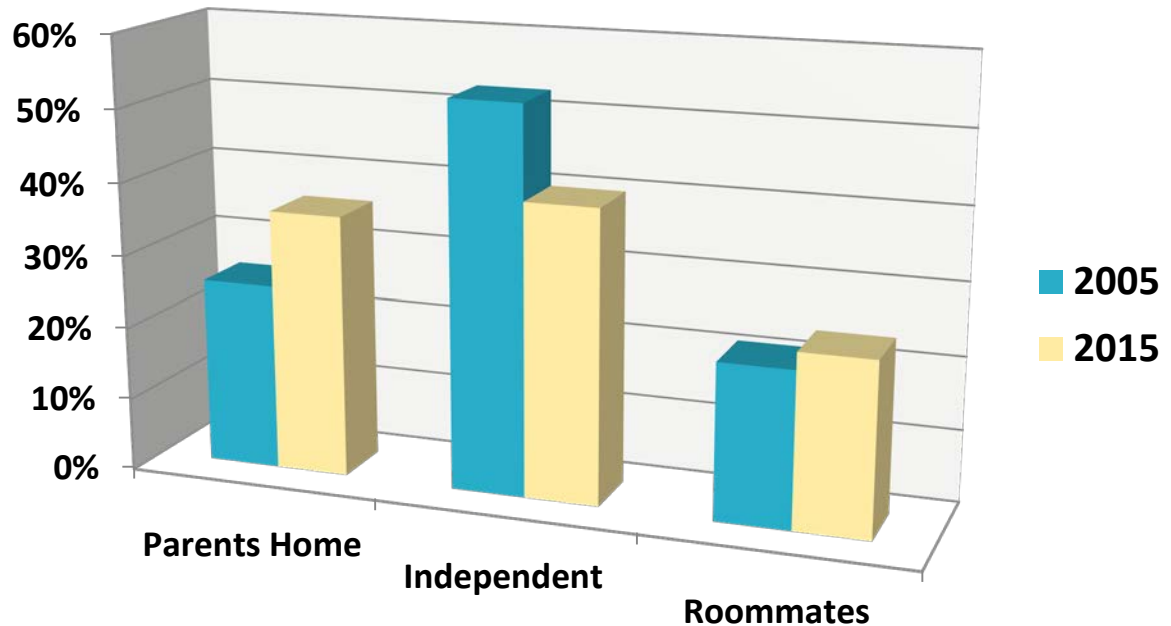
“First-time homebuyers have led the housing recovery, contributing 85 % of the growth in the past two years.”

“Rising first-time homebuyers in the housing market drain housing inventory and the supply of homes for sale much faster than a similar increase in repeat homebuyers.”

“First-time homebuyers who purchased in 2015 and later will likely accumulate sufficient home equity over the next five to ten years to fuel the next wave of repeat homebuyers.”

New Mexico Young Adults

Age 18 to 34 Living Arrangements

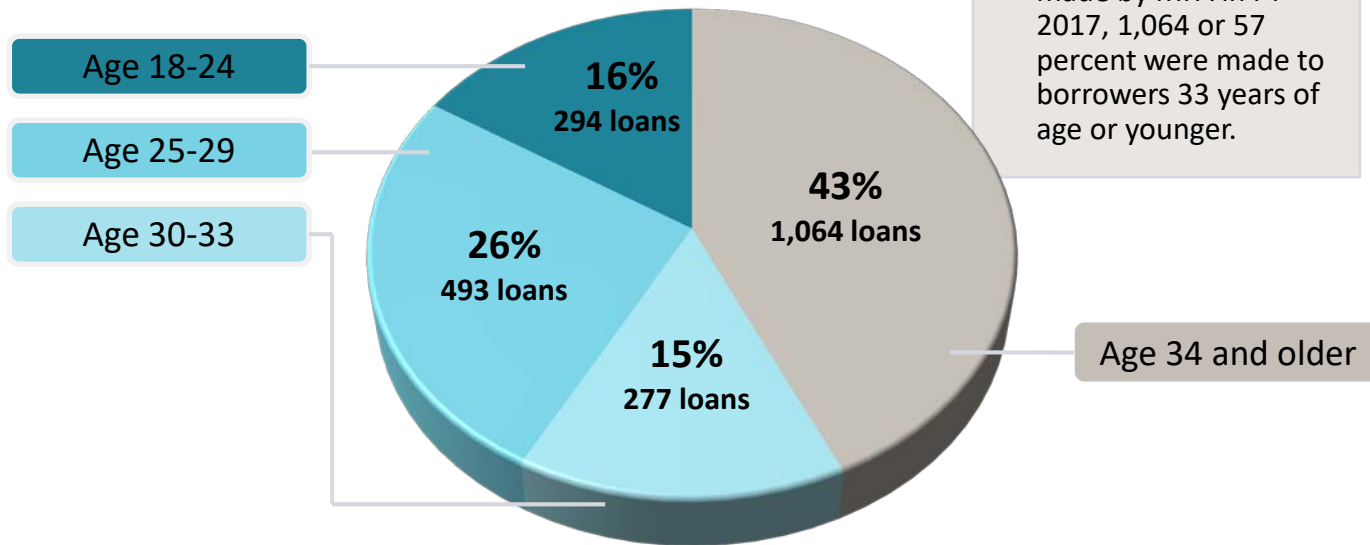


Source: US Census Bureau

Serving the Needs of Younger Homebuyers

MFA First-Time Homebuyer Loans to Millennials, FY YTD 2017

57% of MFA Loans to Millennial Homebuyers



Our Partners are the Key to Success

Some of our many partners in Doña Ana County

REALTORS 
refer prospective buyers

BUILDERS 
refer prospective buyers

- Accent Homes
- Classic American Homes
- Desert View Homes
- Gil Jr.
- Hakes Brothers
- Lenmark
- New Beginnings Realty
- Pointe Homes
- PVH
- Winton Flair

LENDERS 
access MFA programs

- Amcap/Gold Financial
- Bank 34
- Castle & Cooke
- Cherry Creek
- Citizens Bank
- Cornerstone Home
- First American Bank
- First New Mexico Bank
- FirstLight Federal Credit Union
- Gateway
- HomeBridge Financial
- Homeowners Financial
- Pioneer Bank
- The Home Lending Group

NON-PROFITS 
provide counseling

- Southwest Regional Housing and Community Development Corporation
- Tierra del Sol Housing Corporation

Thank You

We look forward to working with you!

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