



Legislative Finance Committee

Presentation by the New Mexico Mortgage Finance Authority (MFA)

November 1, 2019

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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**.

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.

Our Programs

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

Development Financing

Down Payment Assistance

Subsidized Rental

Low-Interest Mortgages

Transitional Shelter

Rehabilitation

Rental Assistance

Weatherization

Homeless Prevention

Our Results

In 2018, MFA provided more than **\$531** million in low-interest financing and grants for affordable housing and related services.

Homeless



8,700 persons sheltered & housed and **700** households where homelessness was prevented with \$2.1 million in shelter and rapid rehousing assistance.

Special Needs



300 special needs households assisted with \$1.9 million in housing vouchers and services.

Renter



5,200 low-income renters assisted with project-based Section 8 rental assistance totaling \$30 million.

370 rental homes built and preserved with \$52.4 million in MFA financing.

First-Time Homebuyer



2,800 New Mexico families became homeowners with \$420.1 million in MFA mortgage loans and \$16.8 million in down payment assistance.

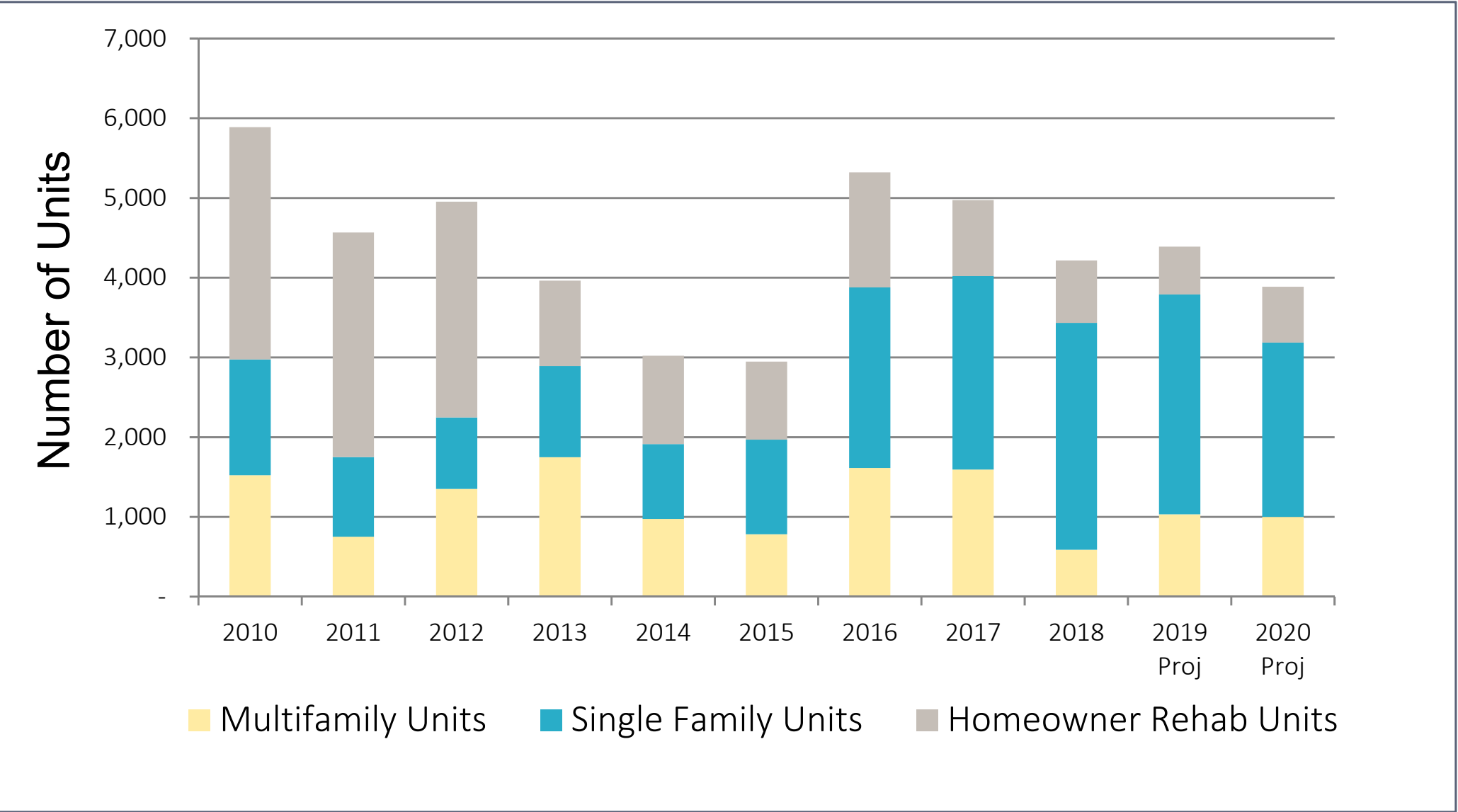
Homeowner



800 homes rehabilitated or weatherized with \$8 million in MFA funding.

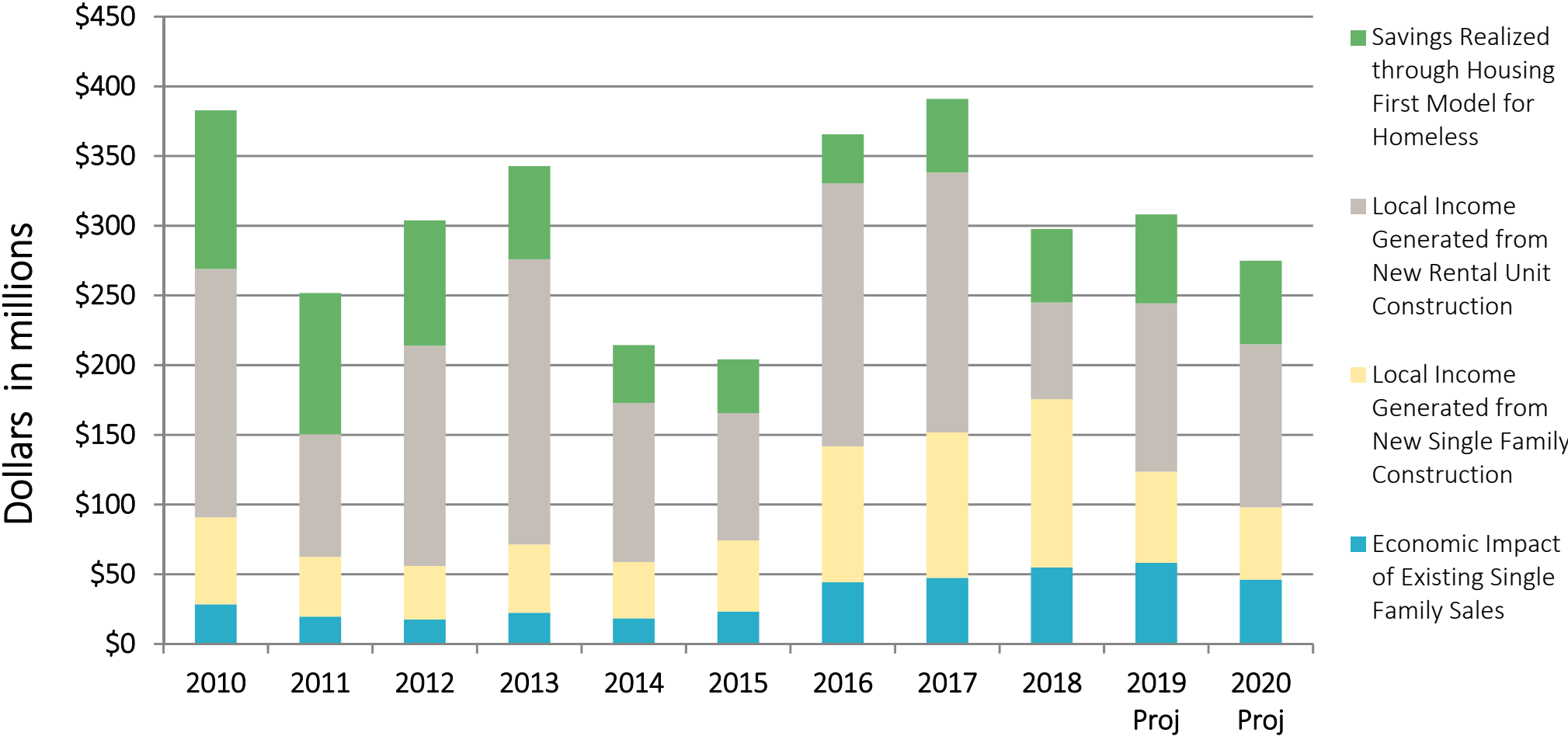
MFA Production Data

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



Economic Impact of MFA Programs

Housing is economic development



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

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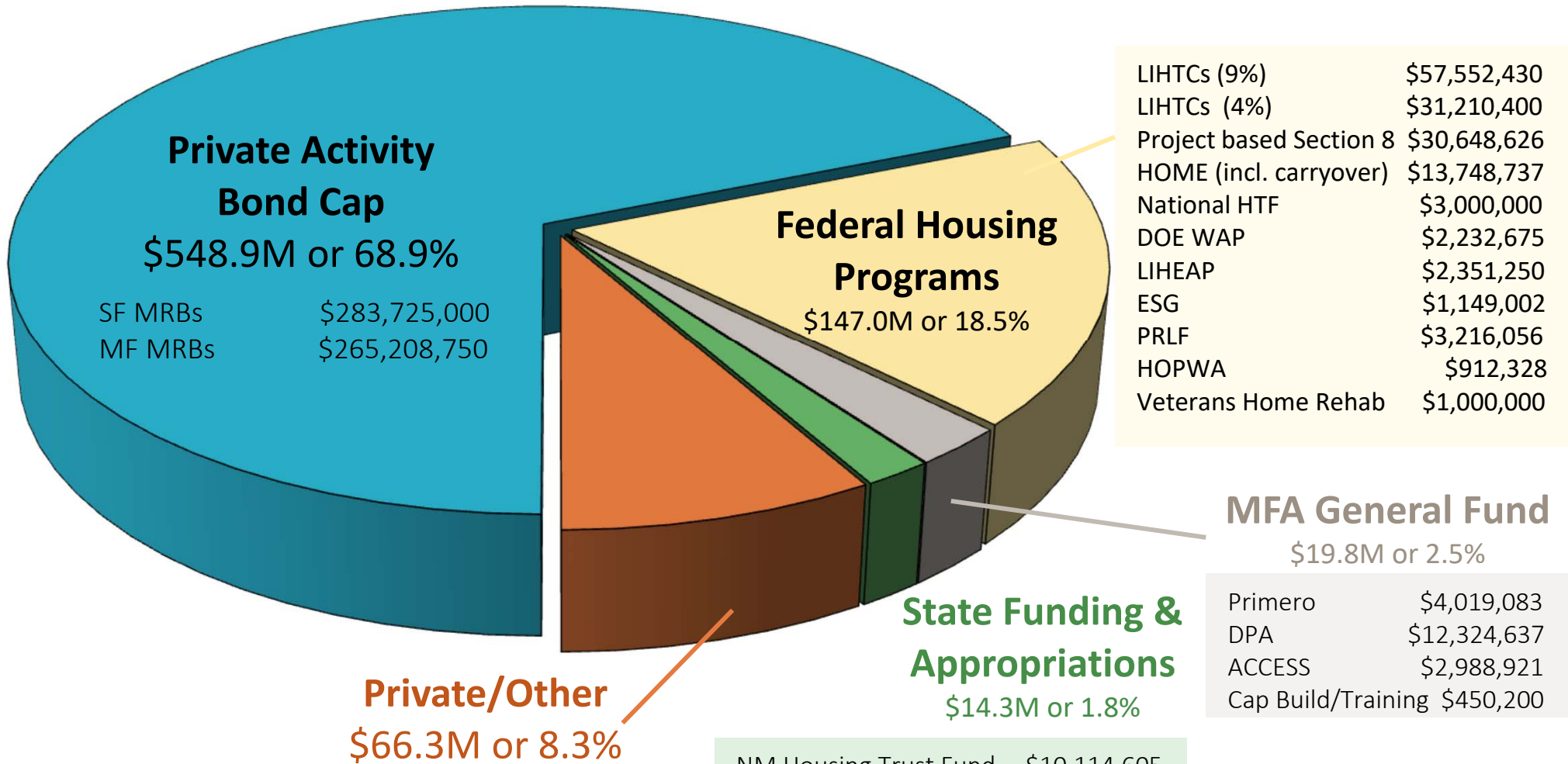
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MFA Estimated Funding Sources - 2019

Estimated Total: \$796.4 Million



LIHTCs (9%)	\$57,552,430
LIHTCs (4%)	\$31,210,400
Project based Section 8	\$30,648,626
HOME (incl. carryover)	\$13,748,737
National HTF	\$3,000,000
DOE WAP	\$2,232,675
LIHEAP	\$2,351,250
ESG	\$1,149,002
PRLF	\$3,216,056
HOPWA	\$912,328
Veterans Home Rehab	\$1,000,000

MFA General Fund	
\$19.8M or 2.5%	
Primero	\$4,019,083
DPA	\$12,324,637
ACCESS	\$2,988,921
Cap Build/Training	\$450,200

NM Housing Trust Fund	\$10,114,605
Linkages	\$1,400,000
State Homeless	\$1,215,700
NM EnergySmart	\$1,000,000
Veterans Home Rehab	\$177,500
Affordable Housing Act	\$232,000
Regional Housing Authorities	\$200,000

Taxable SF MRBs	\$51,134,990
NM Gas	\$1,298,734
PNM	\$206,225
Electric Co-ops	\$35,000
Land Title Trust Fund	\$515,631
Tax Credit Donations*	\$9,135,372
Local Gov't Contributions	\$4,007,891

**The New Mexico Affordable Housing Tax Credit incentivizes \$9 million in potential private donations for affordable*

MFA FY 2020 Operating Budget Summary

MFA's FY20 General Fund budget was approved by the MFA Board of Directors on September 18, 2019

**\$4.3
million**

**FY 2020
budgeted excess revenue over
expenses before capital items**

The reserves created from excess revenue over expenses are used to meet rating agency reserve requirements and to fund MFA's internal revolving loan fund to [support affordable housing activities.](#)

FY20 Operating Budget Summary (cont.)

Revenues

MFA's operating budget for FY20 estimates revenue at \$23.5 million, an increase of \$2.8 million or 13 percent over projected FY19 actuals and an increase of \$.7 million or 3 percent over prior year budget

Expenses

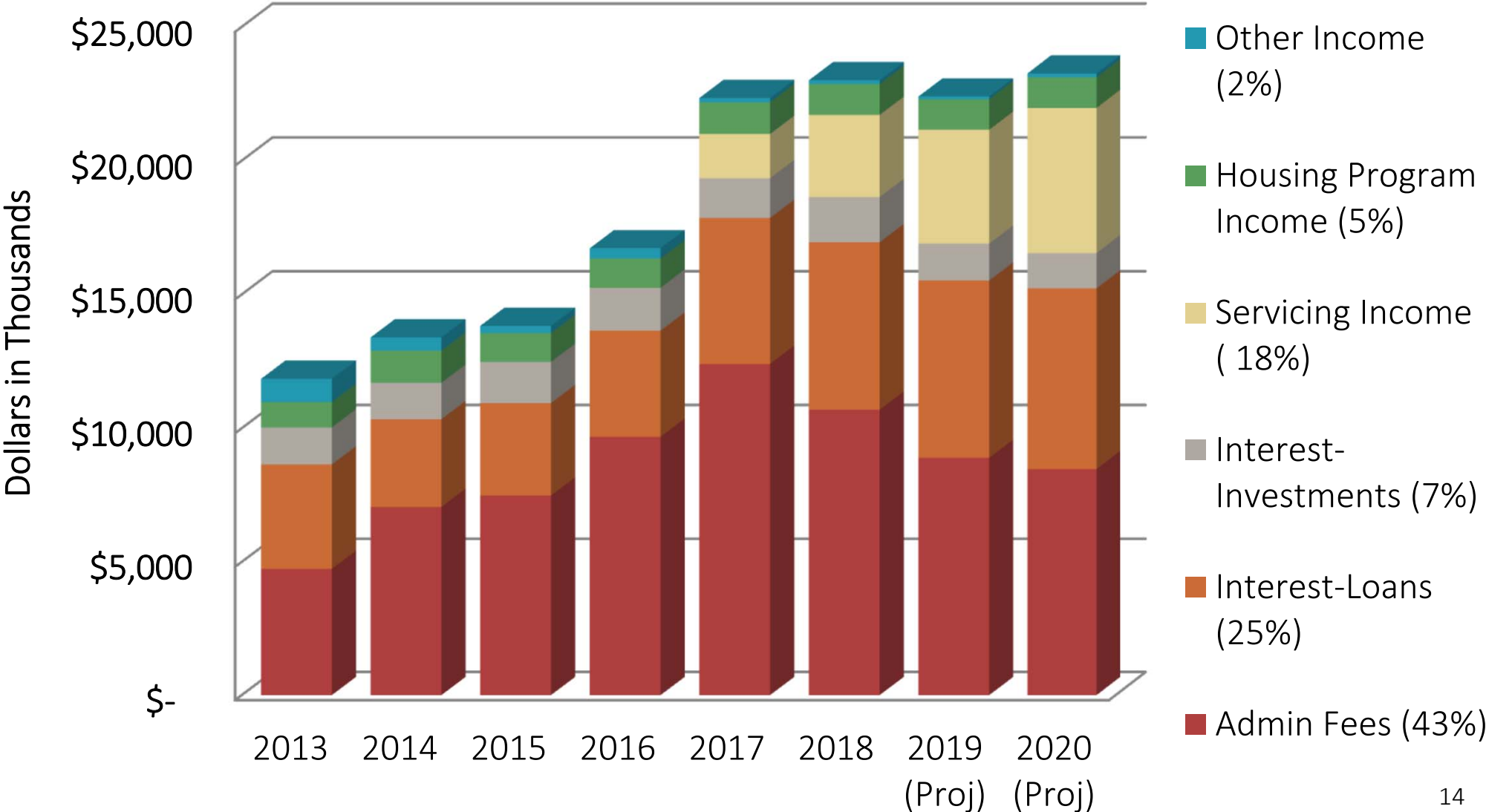
The expense budget is projected at \$19.3 million, an increase of \$3.0 million or 18 percent over FY19 projected actuals and an increase of \$1.2 million or 7 percent over prior year budget

Capital Budget

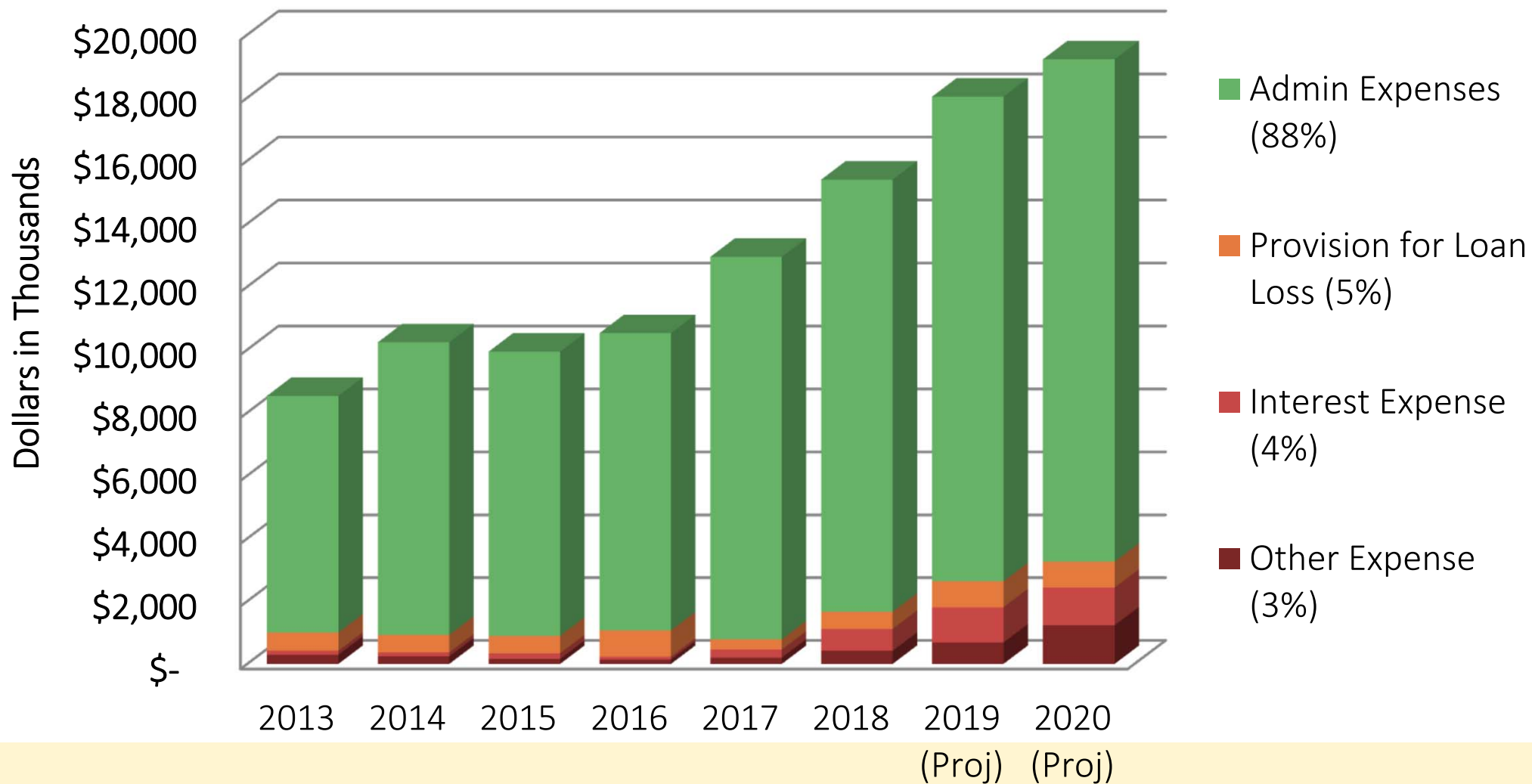
The capital budget is \$4.8 million, an increase of \$1.0 million or 26 percent over FY19 projected actuals and an increase of \$.2 million or 5 percent over prior year budget



Operating Revenue Analysis 2013-2020 (Projected)

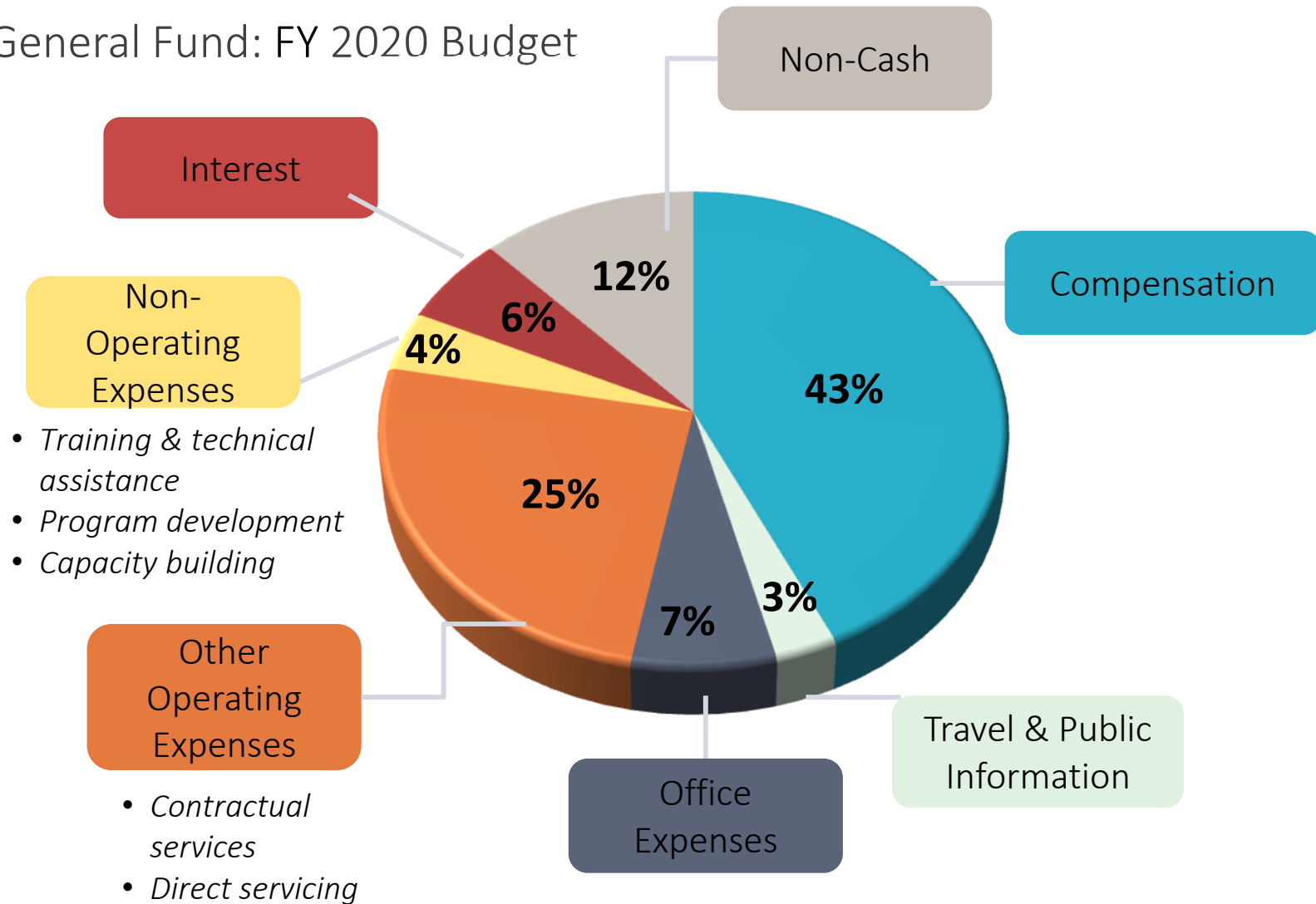


Operating Expenditure Summary 2013-2020 (Projected)



MFA Detailed Administrative Expense Breakout

MFA General Fund: FY 2020 Budget



MFA's Housing Opportunity Fund

Investing in New Mexico

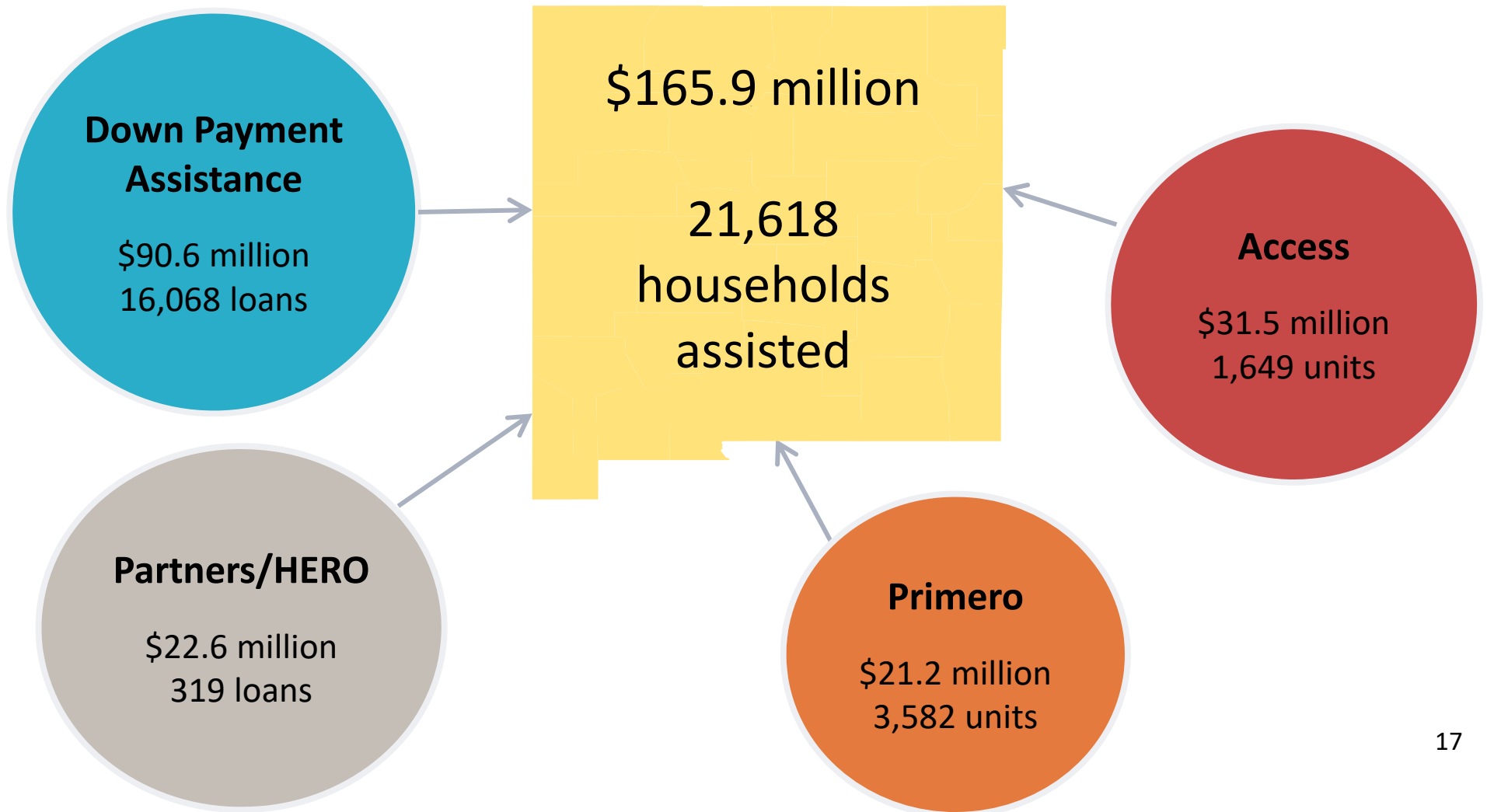


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MFA Single Family Programs

For first time homebuyers and homeowners



FIRST HOME

- First time homebuyer first mortgage loan
- Up to 115% Area Median Income allowed, based on family size
- Single unit, owner occupied properties
- Pre-Purchase homebuyer counseling required
- Buyer needs 620 min. credit score & at least \$500 to invest

FIRST DOWN (Optional)

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

HomeNow (New)

- Used in conjunction with “First Home” Program
- Second mortgage loan
- Up to 80% of the Area Median Income
- Assistance limited to the lesser of 8% of the purchase price or \$8,000
- 10-year, non-amortizing, forgivable loan
- 0% interest, no payment

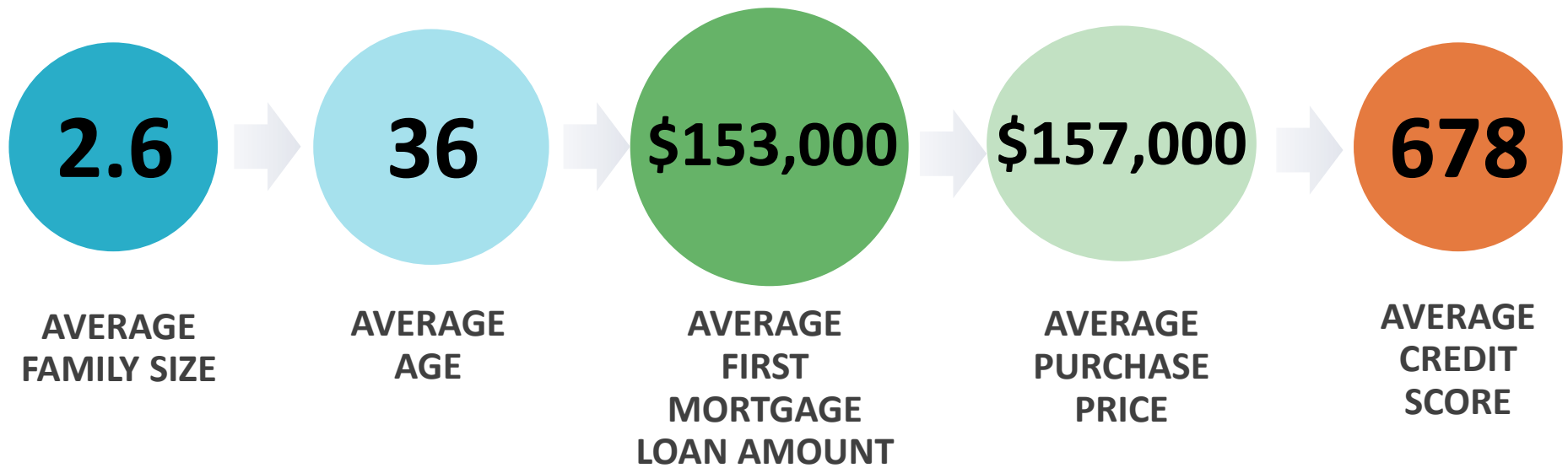
NEXT HOME

- First mortgage loan
- Non-first time homebuyer allowed
- Favorable household income limits
- Single unit, owner occupied properties
- Pre-Purchase homebuyer counseling required for first time homebuyers
- Buyer needs 620 min. credit score & at least \$500 to invest

NEXT DOWN

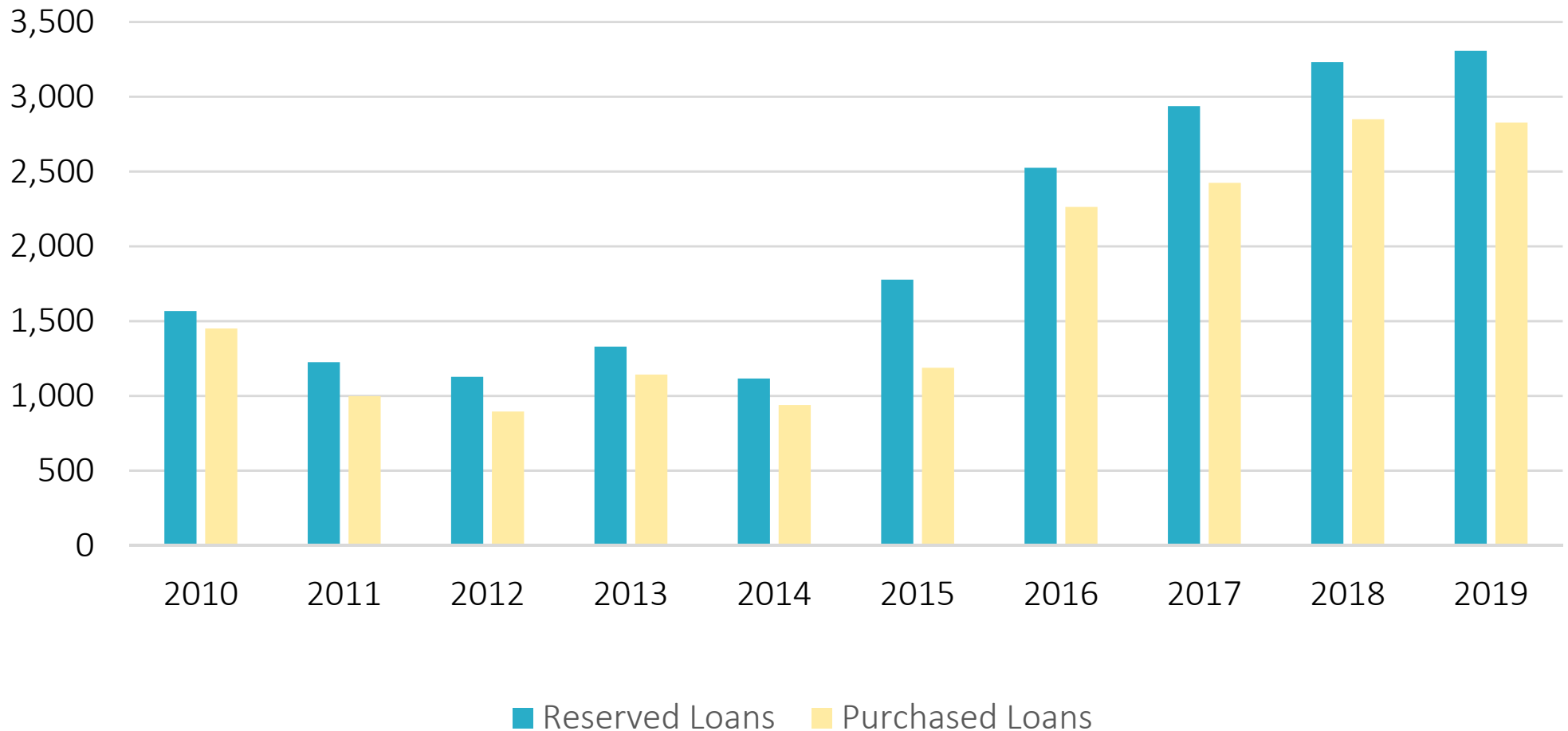
- Automatic part of “Next Home” program
- Second mortgage loan
- 3% of total loan amount to assist with down payment
- 15-year non-amortizing, forgivable loan
- 0% interest rate, no payment

MFA Homebuyer Demographics



MFA Record-Breaking Single Family Loan Activity

Loan Reservations vs Loan Purchases (In Units): FY 2010 through FY 2019



MFA Programs for Persons with Special Needs

MFA administers programs for persons experiencing homelessness, persons who are precariously housed and persons with disabilities

Homeless



Special Needs



Renter



EMERGENCY HOMELESS ASSISTANCE PROGRAM

- ✓ Grants for operating costs and essential services at emergency shelters
- ✓ State Funding: \$291,768
- ✓ Federal Funding: \$608,971

LINKAGES

- ✓ Permanent supportive housing vouchers for persons with serious mental illness who are homeless or precariously housed
- ✓ State Funding: \$1,370,000 from Behavioral Health Services Division

SPECIAL NEEDS SET ASIDE

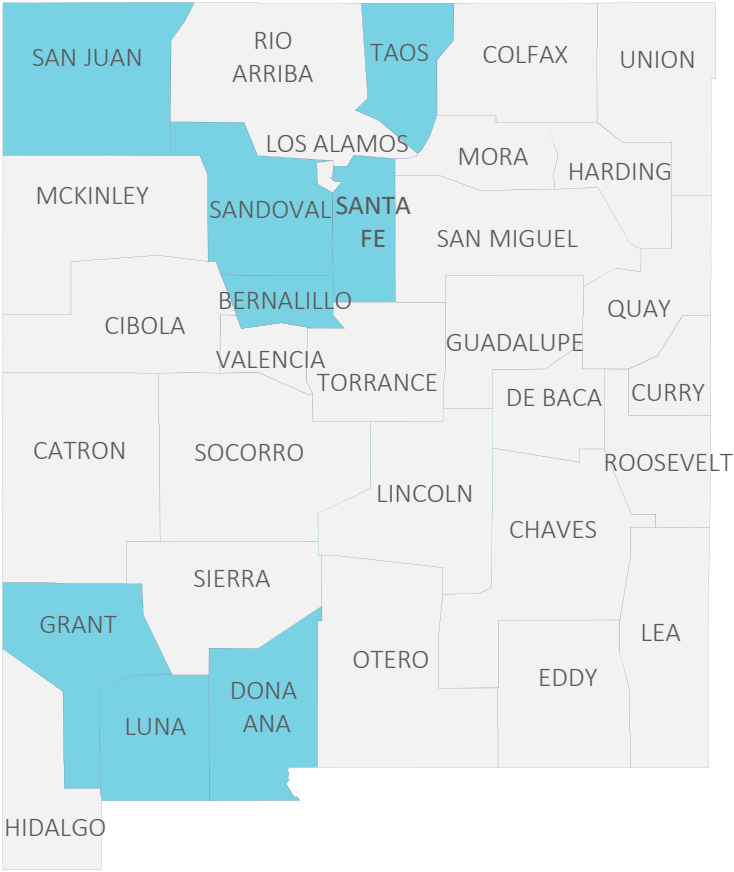
- ✓ Extra points given to competitive low-income housing tax credit projects that set units aside for special needs households

RENTAL ASSISTANCE PROGRAM

- ✓ Short and medium term rental assistance for those at risk of becoming homeless or experiencing homelessness
- ✓ State Funding: \$401,181, Federal Funding: \$365,856

Linkages

Nationally recognized program that relies on partnership between housing and services



County	Housing Provider	Services Provider
Bernalillo Sandoval	Bernalillo County Housing Department	HopeWorks, Healthcare for the Homeless, First Nations
Dona Ana Luna	Mesilla Valley Community of Hope	La Clinica, St. Luke’s
Grant	Western Regional Housing Authority	Hidalgo Medical Services
San Juan	San Juan County Partnership	Presbyterian Medical Services
Santa Fe	The Life Link	The Life Link
Taos	Northern Regional Housing Authority	Valle del Sol (in transition)

Needed to expand to more counties



New Programs, Products & Improvements

MFA is evaluating these initiatives through its FY 2018-2022 Strategic Plan

FY 2019

FY 2020-22



Neighborhood Stabilization Program



Delinquency Mitigation Strategies.



Expanded Homebuyer Counseling Program



Correspondent Lending: Lender partners in rural areas



NEXT Home Improvements



NM EnergySmart and Homeowner Rehab Expansion



Rural Development Program



Private Activity Bond Cap Preservation Program



Veterans Home Rehabilitation and Modification



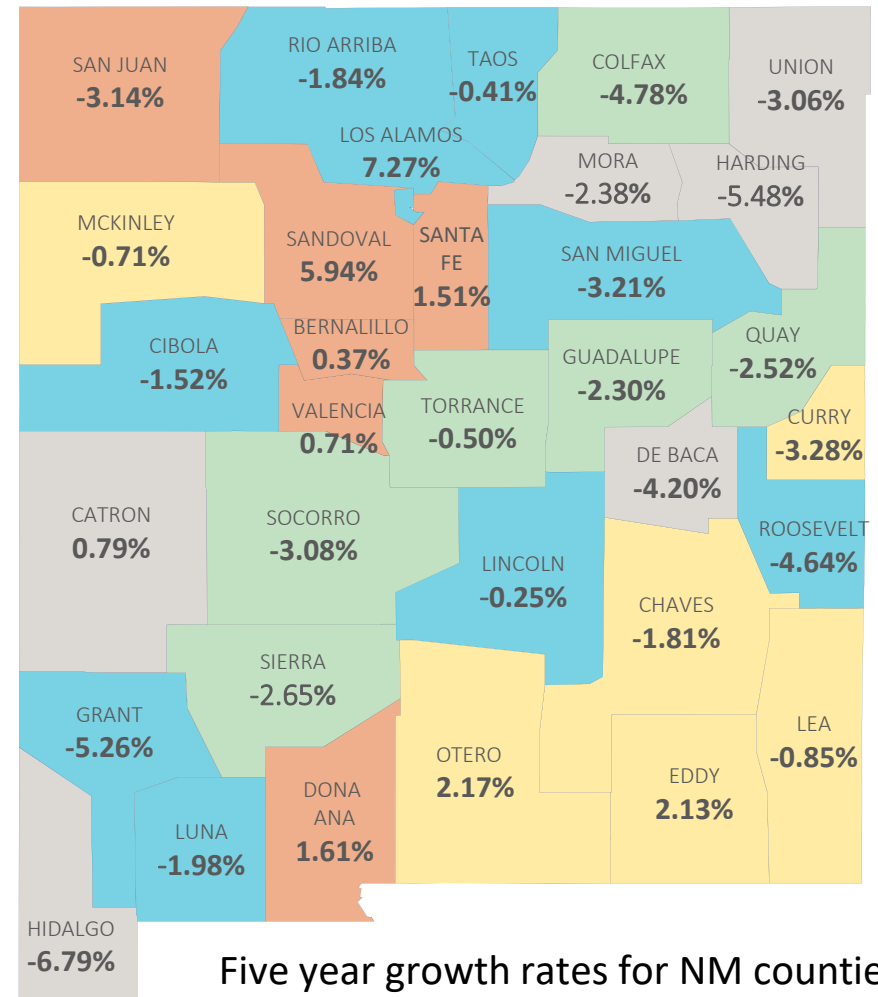
Comprehensive Homeownership Expansion in Rural Areas

Statewide Housing Needs Assessment

Helps MFA better serve New Mexico and helps local governments attempting to develop affordable housing and programs

New Mexico is the fifth largest state in the U.S. with a relatively small population of just over two million. Two-thirds of the state's population is located in four Metropolitan Statistical Areas (MSAs), with 44% within the Albuquerque MSA (Bernalillo, Sandoval, Valencia and Torrance counties). One-third of the state's population lies outside of the MSAs, in largely rural areas.

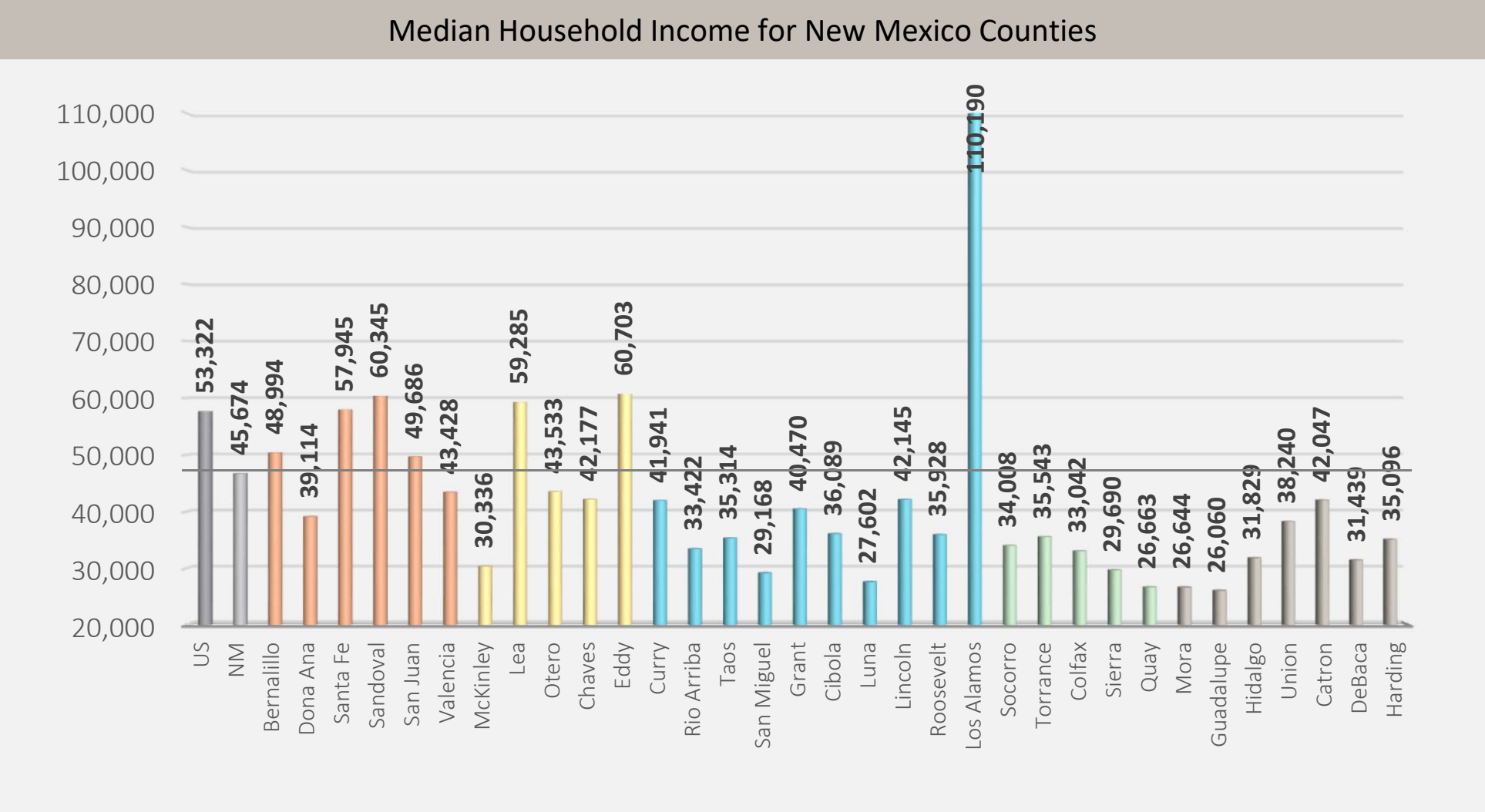
As shown in the map at right which depicts variable growth rates by counties, disparities exist between New Mexico's urban and rural areas. Generally speaking, counties with urban communities offer more employment opportunities, are younger and growing and have low housing vacancy rates. Most rural counties are aging and losing population while grappling with older housing stock and higher vacancies. This is not surprising given a national and global trend toward urbanization and the relative lack of economic opportunity in rural areas. Given these differences and their implications for communities and affordable housing, this report organizes data according to county population.



Source: PEPANNRES Annual Estimates of the Resident Population, April 1, 2010 to July 1, 2017

Economic Indicators

Median Household Income for New Mexico Counties



Source: American Community Survey 5-year estimates for 2013-2017

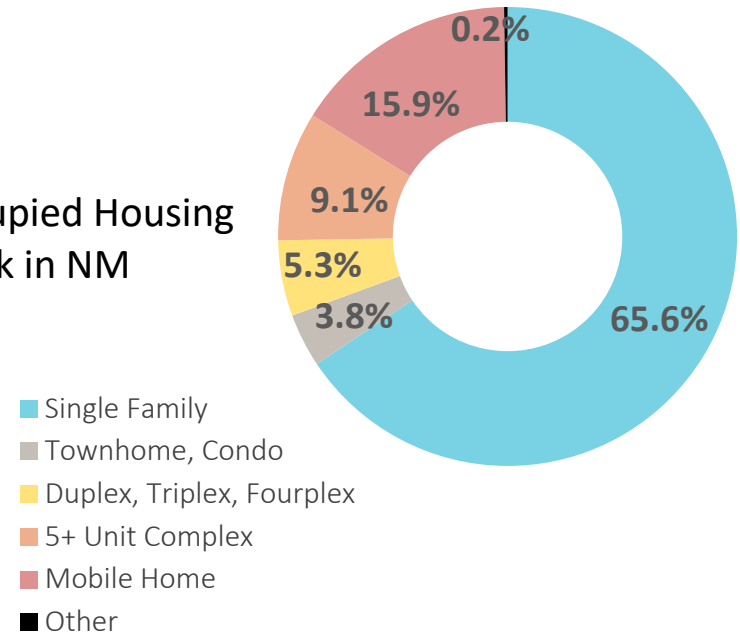
HOUSING IN NM

Mix of Occupied Housing Stock

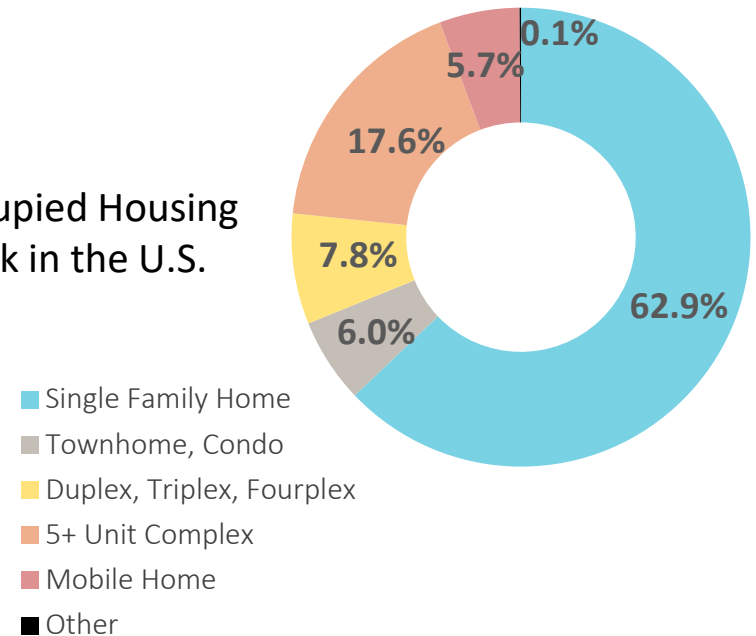
New Mexico has a slightly higher percentage of single family homes than the U.S. (65.6% vs 62.9%). Of the 65.6% single family homes, 53.1% are owned and 12.5% are rented. New Mexico also has a lower percentages of multifamily units, including townhomes/condos, duplexes, triplexes, four plexes and significantly, larger apartment communities, than the U.S. This lack of housing diversity and choice can be problematic in urban and rural communities alike.

The most significant difference between housing stock in New Mexico and the U.S. is the high percentage of mobile homes (15.9% vs 5.7%). Of the 15.9% mobile homes, 11.7% are owned and 4.2% are rented. This category includes older, single-wide models, some of which are not on permanent foundations. These models do not meet modern building codes and are no longer manufactured. Ultimately, they will reach the end of their useful life and will no longer be habitable. On the other hand, the mobile home classification also includes manufactured homes on permanent foundations that meet residential building codes. These homes are good quality and often appreciate in value.

Occupied Housing Stock in NM



Occupied Housing Stock in the U.S.



Source: American Community Survey 5-year estimates for 2013-2017

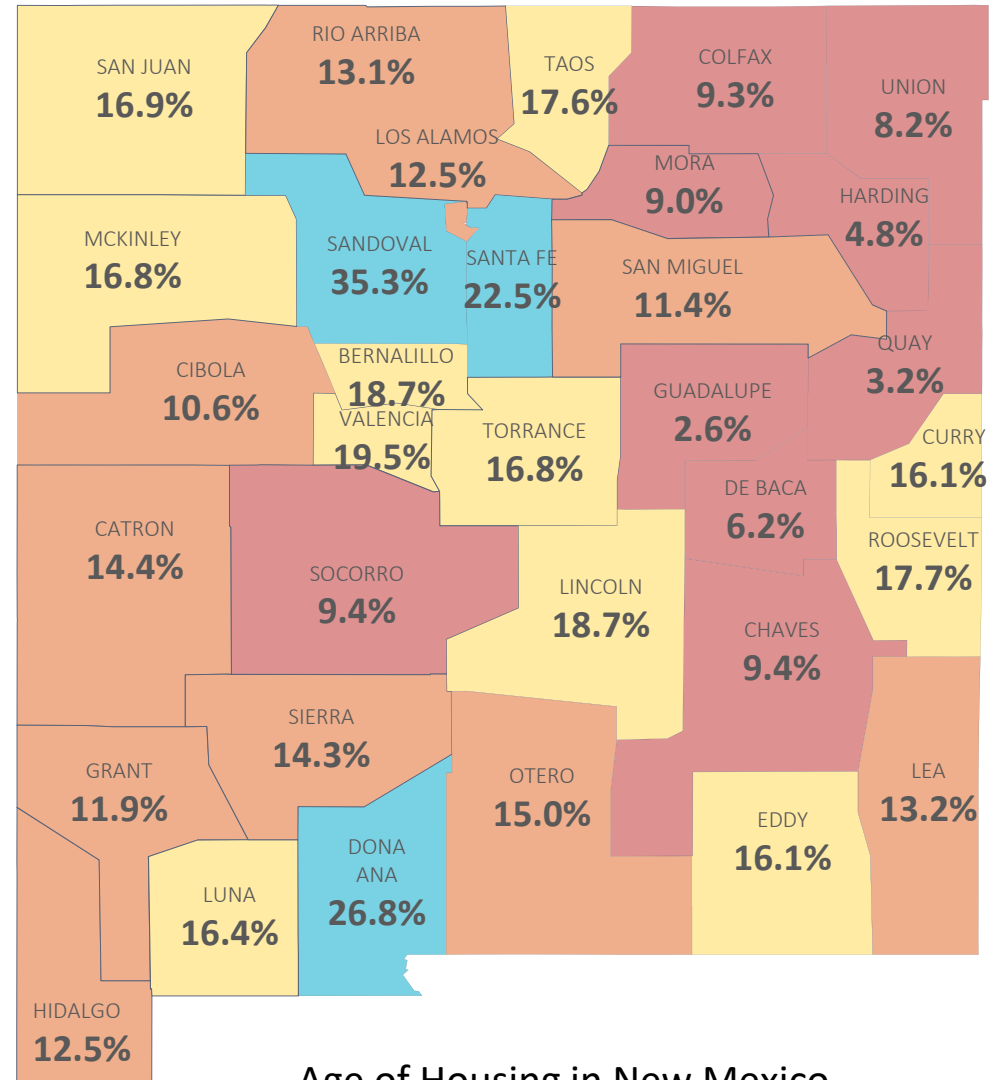
HOUSING IN NM

Age of Housing

Like other western states, housing development boomed in NM in the 1970s and kept up a consistent pace in the 1980s and 1990s. According to the U.S. Census, approximately 52.3% of the state's housing units were built in that time period, at a pace of 16-17% per decade. The rate of new construction remained relatively consistent in the 2000s, when 15.9% of the state's housing units were built. Since 2010, development has been stagnant both in NM and the U.S., due to a slowdown in single family residential construction that has lingered since the Great Recession.

Housing is generally newer in NM than in the U.S., however, development activity is quite uneven in NM's urban and rural counties. In total, 18.9% of NM's housing was developed after 2000. All counties located within the MSAs are close to that average with Sandoval, Dona Ana and Santa Fe exceeding it substantially. In contrast, all but two rural counties have aging or old housing stock and stagnant recent development. Taos and Lincoln counties, both of which attract higher rates of investment and development because of tourism, were the only two rural counties with an average-age housing stock.

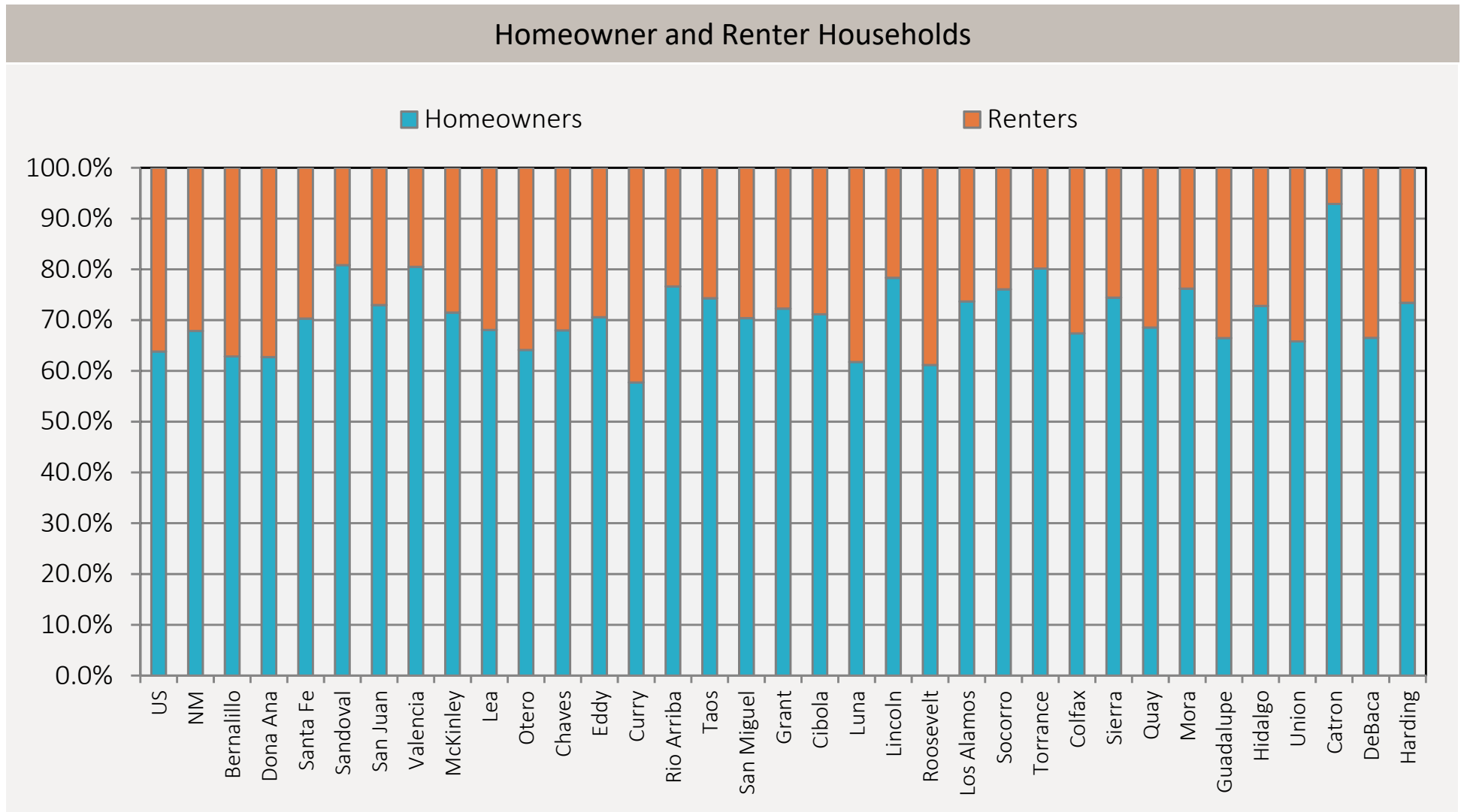
Housing stock is aging and old in some semi-urban counties as well, including Chaves and Lea. It is important that these counties attract new investment and remain viable to support the large rural regions of NM that they serve.



Age of Housing in New Mexico

RECENT HOUSING STOCK	More than 20% of housing units built in 2000 or later
AVERAGE-AGE HOUSING STOCK	16-20% of housing units built in 2000 or later
AGING HOUSING STOCK	10-15% of housing units built in 2000 or later
OLD HOUSING STOCK	Less than 10% of housing units built in 2000 or later

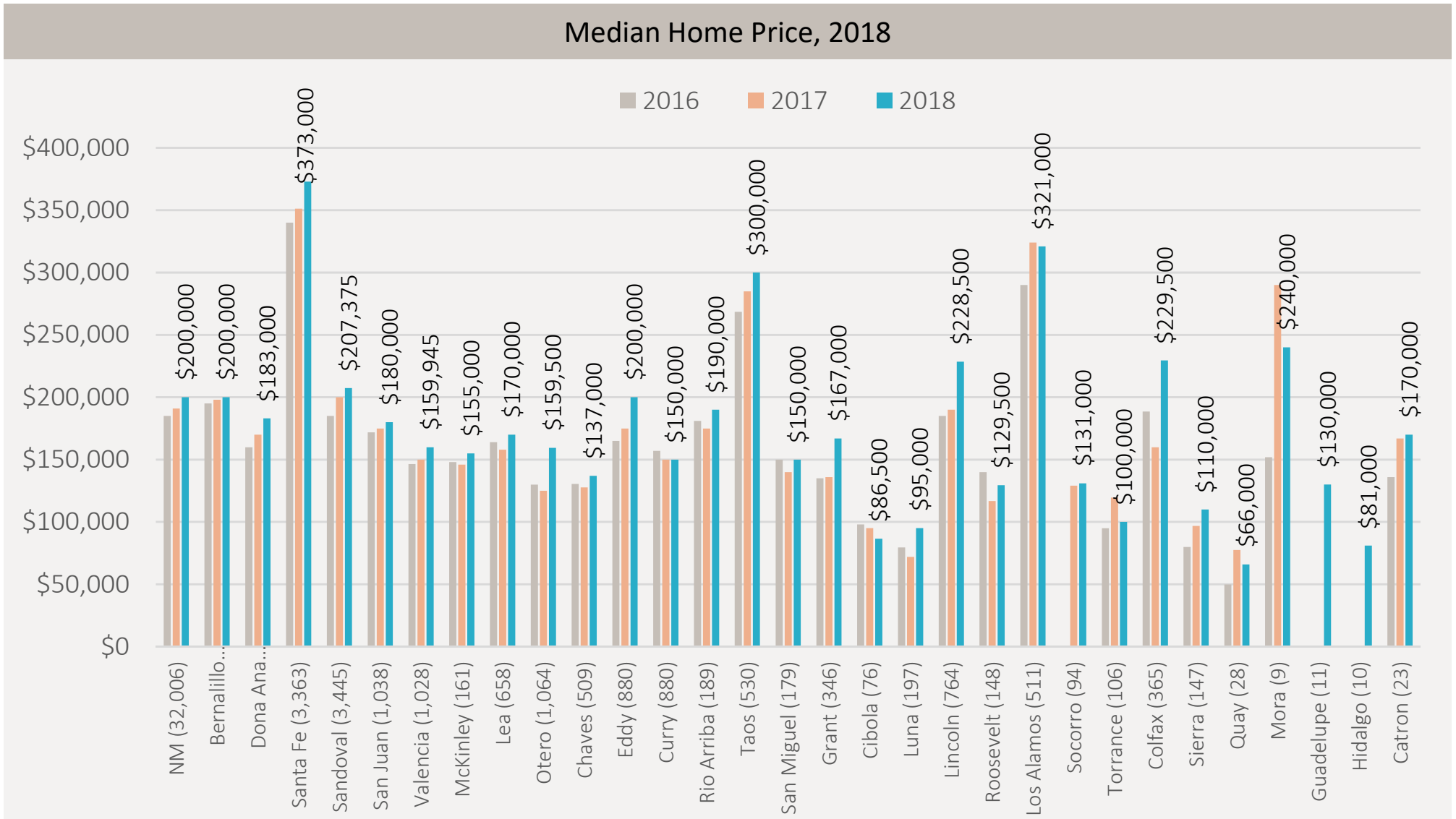
Homeowners and Renters



Source: American Community Survey 5-year estimates for 2013-2017

Affordability Indicators

Median Home Sales Prices

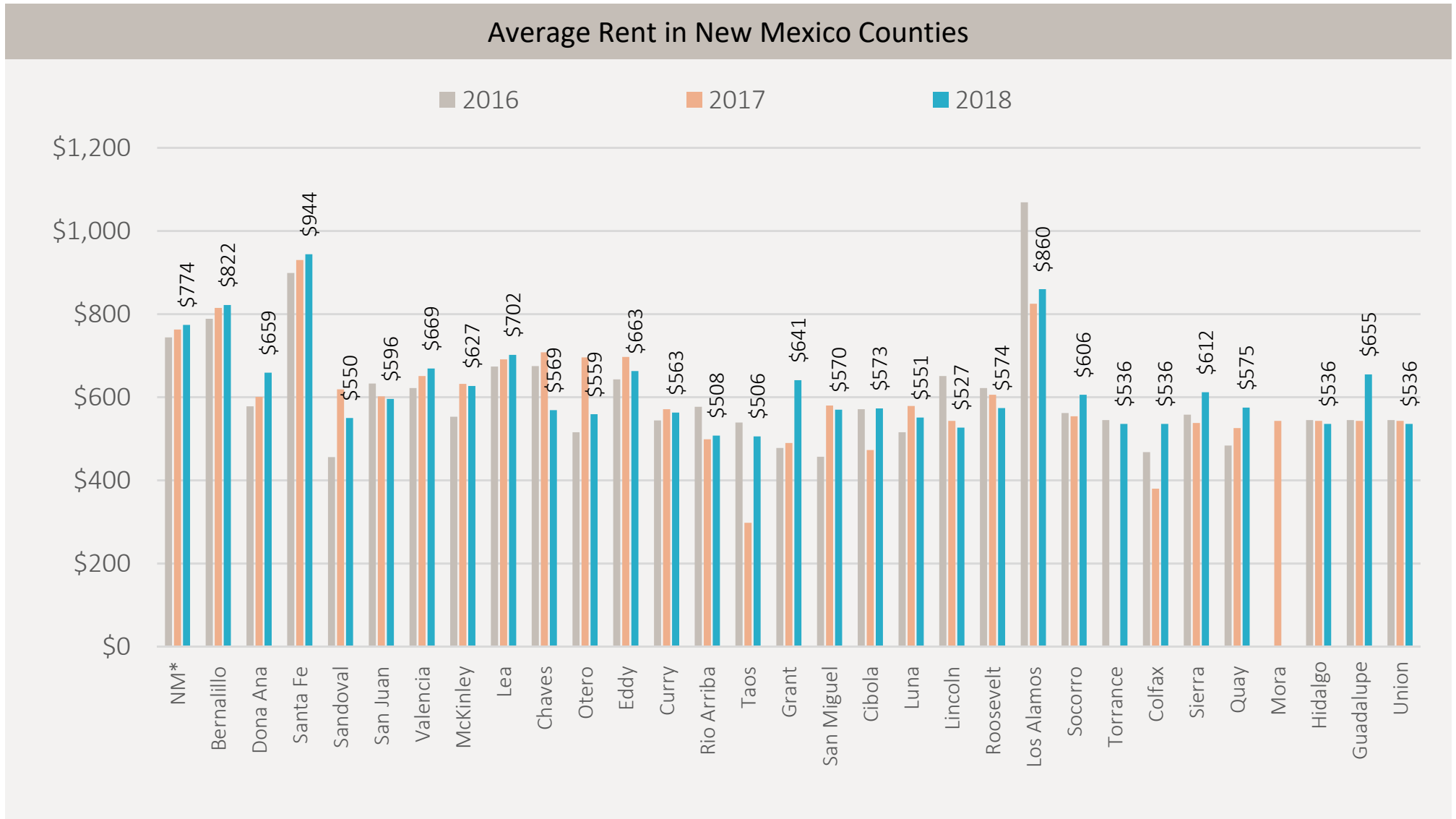


Number of home sales, 2018 in parenthesis

Source: New Mexico Association of REALTORS, 2018

Affordability Indicators

Average Rents



*NM Average Rent is a weighted average among CBRE average rents for Albuquerque and Santa Fe and the statewide average rent from the BBER survey.

Source: BBER and CBRE Rental Surveys

AFFORDABILITY

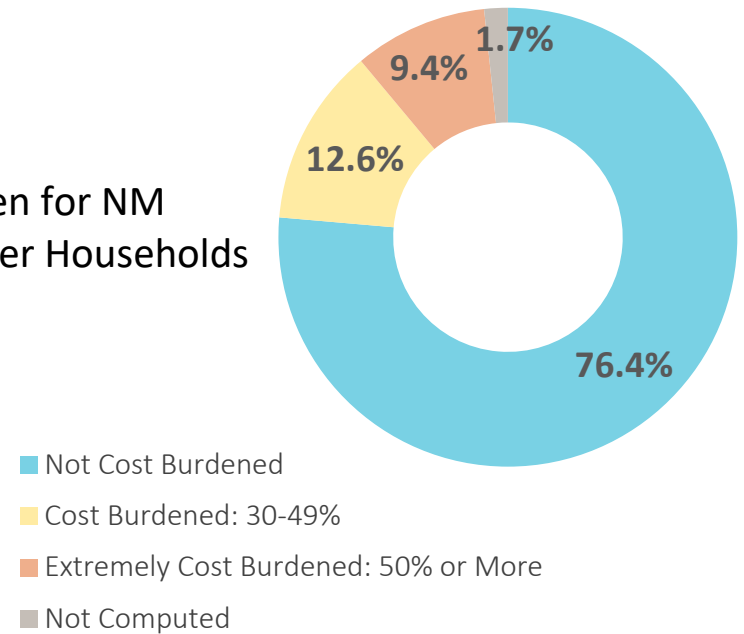
Cost Burden

In the U.S., cost burden has declined from its peak in 2010. However, the decline has occurred among homeowners as a result of low interest rates and because many cost burdened homeowners became renters during the Great Recession. On the other hand, renter cost burden has only improved modestly, leaving close to half of renters cost-burdened nationwide. (*Joint Center for Housing Studies, 2018*)

In New Mexico, a total of 22.0% of homeowners are cost-burdened, including 9.4% that are extremely cost-burdened. This is lower than the U.S. rates of 23.7% and 9.5%, respectively, primarily because New Mexico has a high rate of owner-occupied homes without mortgages, 44.5% compared to 36.5% in the U.S.

Because renters have lower incomes than homeowners, 44.5% of New Mexico renters are cost-burdened, including 22.6% that are extremely cost-burdened. In the U.S., the percentages of cost-burdened and extremely cost-burdened renters are slightly higher at 46.8% and 23.7%, respectively.

Cost Burden for NM Homeowner Households



Cost Burden for NM Renter Households

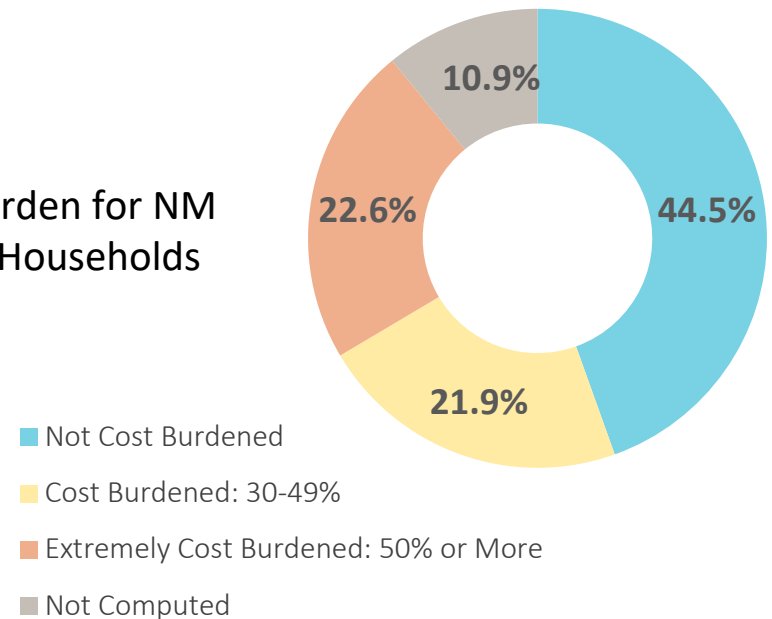


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MFA 2020 Legislative Requests

To Be Endorsed by the MFA Act Legislative Oversight Committee



New Mexico Housing Trust Fund

To develop and rehabilitate approximately 1,000 affordable homes.

\$10 million

Also ICIP Request



Low Income Residential Energy Conservation

Weatherizes an additional 300 homes for low-income homeowners

\$2 million

Also ICIP Request



Regional Housing Authority Oversight

Funds MFA's oversight of and support for NM's three regional housing authorities.

\$300,000



Affordable Housing Act Oversight

Funds MFA's oversight and assistance to local governments under the Affordable Housing Act.

\$250,000



Veteran Rehabilitation

Rehabilitates approximately 120 homes for honorably discharged, low-income veterans.

\$2 million



Emergency Home Repair

Funds emergency repairs for 250 low-income households.

\$2 million



Pre-Purchase Homebuyer Education

Funds MFA to provide additional pre-purchase homebuyer counseling.

\$500,000

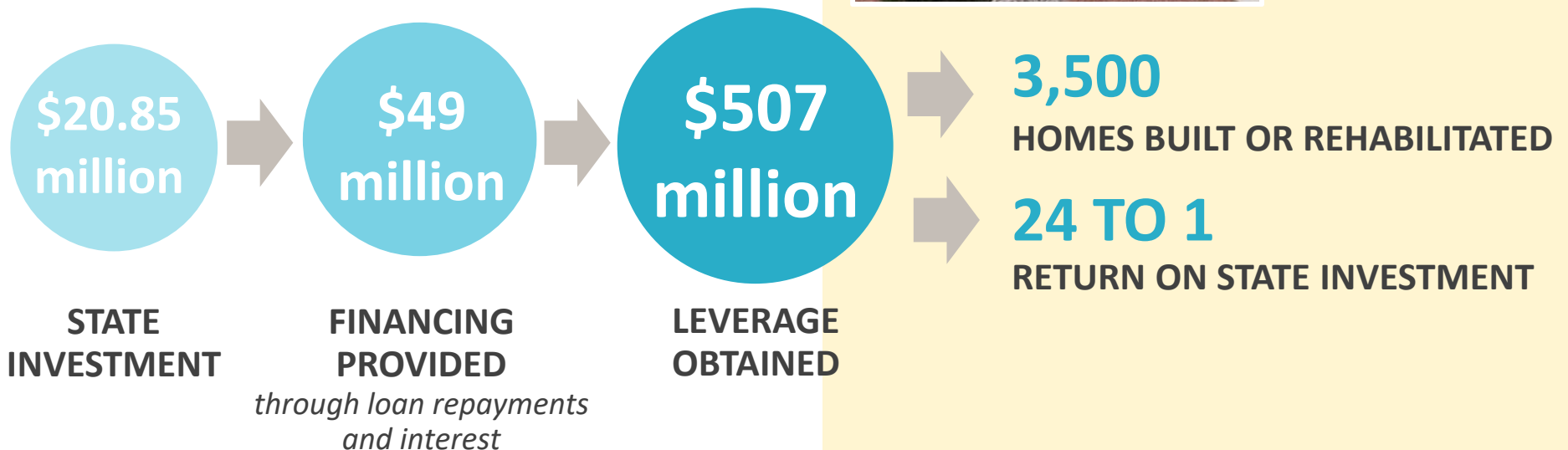
New Mexico Housing Trust Fund

\$10 million requested for 1,000 additional homes

The New Mexico Housing Trust Fund was created by the State Legislature in 2005 with an initial appropriation of \$10 million and subsequent appropriations totaling \$10.85 million.

✓ **THE NEED**
MFA rental financing is oversubscribed **3:1** for eligible projects with planning, feasibility and site control in place.

✓ **PROVEN RESULTS**



New Mexico Housing Trust Fund

Usage, Leverage and Economic Impact

Usage and Leverage					Economic Impact*		
Project/ Expenditure Type	Total Units	Dollars	% of Total	Leverage	Jobs	Local Income	Gov't Revenue
Single Family New Construction	314	7,900,561	16%	52,076,516	1,225	90,026,312	10,546,632
Single Family Rehabilitation	30	160,679	0%	160,679	-	-	-
Multifamily New Construction	1,670	22,880,899	47%	267,870,865	2672	195,273,100	36,923,700
Multifamily Rehabilitation	1,488	17,776,680	36%	187,227,188	2,381	173,991,840	32,899,680
MFA Administration	-	1,193,187	1%	-	-	-	-
Totals	3,502	4,912,006	100%	507,335,248	6,278	459,291,252	80,370,012

*Economic impact calculated using the National Association of Home Builders, *Local Economic Impact of Home Building* models, 2015

New Mexico Housing Trust Fund

Example of NMHTF Leveraging

Valle Verde (Placitas/Hatch)		
Funding Source	Construction Financing	Permanent Financing
New Mexico Housing Trust Fund	\$1,500,000	\$500,000
MFA Primero	\$1,000,000	
Ventana Fund	\$750,000	
HOME	\$290,890	\$290,890
LIHTC Equity	\$1,400,000	\$4,524,927
Bank Financing	\$800,000	\$400,000
Tierra del Sol	\$14,793 \$297,212	\$174,060 \$297,212
TOTAL	\$6,052,895	\$6,187,089



25%
of construction
financing

8%
of permanent
financing

Thank You

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