

New Mexico Mortgage Finance Authority



MFA

Housing New Mexico

Legislative Oversight Committee

August 24, 2021



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New Mexico
Mortgage Finance Authority (MFA)
Affordable Housing Act Overview

Sonja Unrau, Research and Development Manager

Legislative Oversight Committee
August 24, 2021

What is the Affordable Housing Act?

- The Affordable Housing Act (AHA) is an exception to the anti-donation clause in the New Mexico constitution
- AHA allows governmental entities to contribute or donate to affordable housing projects and programs
- MFA works with local governments to ensure compliance with the Act

How does the Affordable Housing Act work?

Entities eligible to donate

- State of New Mexico
- Counties
- Municipalities
- School districts

Entities permitted to receive donations (qualified grantees)

- Public entities
 - Non-profit organizations
 - Private enterprises
- ✓ *Qualified grantees must be organizations whose mission is to provide affordable housing*

Allowable donations

- Land for affordable housing construction
- An existing building or conversion or renovation into affordable housing
- Costs of infrastructure necessary to support affordable housing projects
- Cost of acquisition, development, construction, financing, operating or owning affordable housing

How does the Affordable Housing Act work?



What Has Been Accomplished Under the Affordable Housing Act?

- 37 local governments have AHA compliant plans and ordinances
- \$72.6 million worth of donations have been made to affordable housing projects
 - \$12.7 worth of donations were made in 2020

Nuevo Atrisco

- Residential construction complete on September 29, 2020
- Residential multi-family development with 88 units with a planned second phase to include 42,000 sf of retail/restaurant/plaza space
- 24 units at 30% AMI, 16 units at 50% AMI, 28 units at 60% AMI, 12 units with no income restrictions and 8 live/workspaces with no income restrictions
- Total development cost of \$18.8 million, including:
 - \$3 million from City of Albuquerque Workforce Housing Trust Fund
 - \$100,000 from City of Albuquerque donated off site infrastructure
 - Land donation (valued at \$600,000) from the City of Albuquerque





New Mexico
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August 24, 2021

Tab 2



Regional Housing Authorities

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MFA Legislative Oversight Committee

August 24, 2021

Santa Fe, New Mexico

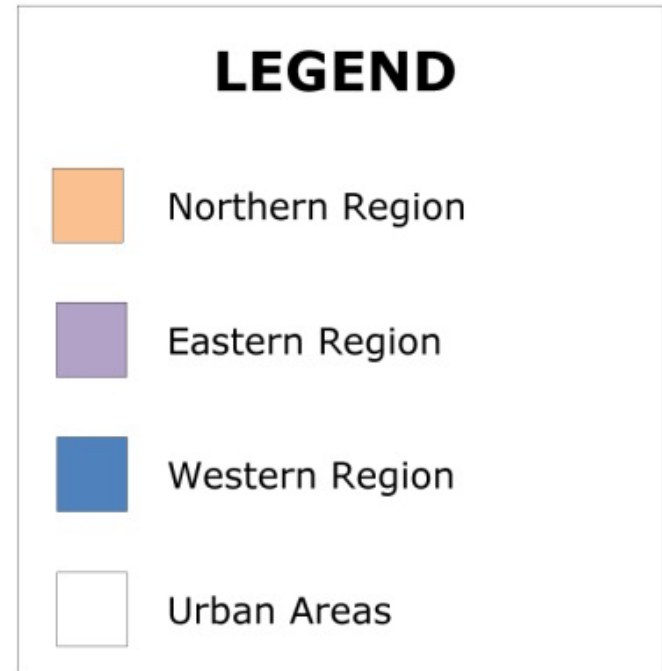
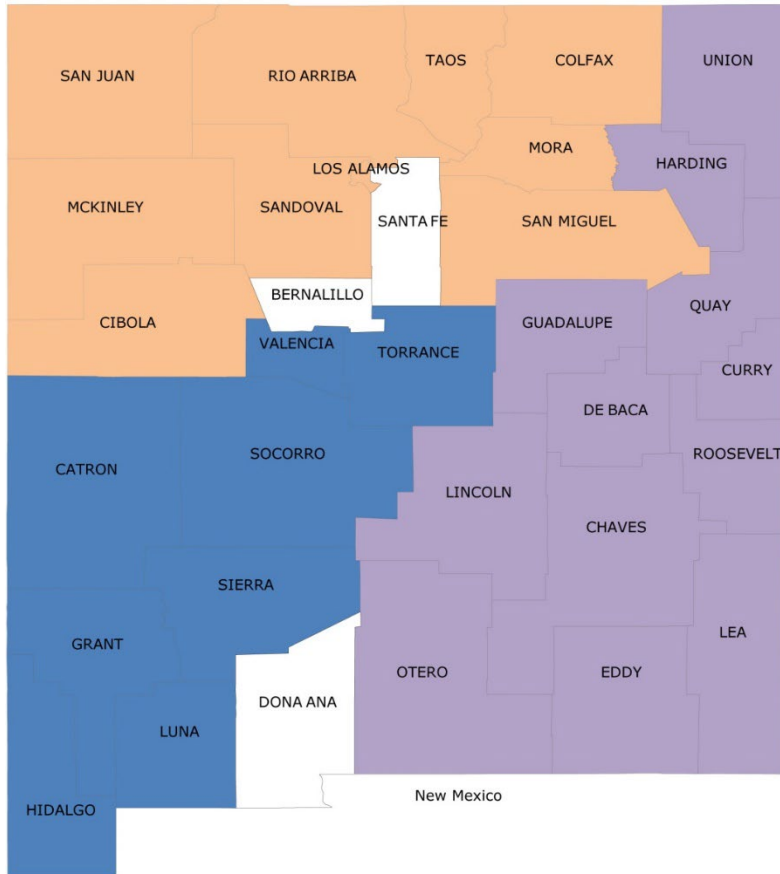
Legislative Change to Regional Housing Authorities

In 2009 MFA, Legislative Oversight Committee, Department of Finance & Administration and the Legislative Finance Committee were mandated to create a plan to reform the Regional Housing Authorities. MFA has been providing the required oversight since 2009.

During the 2020 Legislative Session, the Regional Housing Authorities supported by HUD attempted to remove MFA as an oversight entity

The attempt passed the House and Senate however the Governor vetoed the change

Regional Housing Authorities



Regional Housing Authorities

Regional Housing Authority	Low-Rent Units	Section 8 Vouchers	Consolidations to Date	HUD's Rating
Eastern Regional Housing Authority (ERHA) Office located in Roswell	402	2,088	<u>Consolidations Include</u> Alamogordo 11/05 (Consolidation of Section 8 Program only) Region IV 07/09 Vaughn 07/10 Eunice 10/14 Lovington 01/16 Artesia 01/20 Tucumcari 01/21	High Performer Last scored in 2019
Northern Regional Housing Authority (NRHA) Office located in Taos	643	561	<u>Consolidations Include</u> Taos 08/14 Cimarron 07/16 Grants 01/17 Las Vegas 01/21 Raton 01/21 (Maxwell Consolidated with Raton in April 2018)	Troubled Last scored in 2019
Western Regional Housing Authority (WRHA) Office located in Silver City	154	911	<u>Consolidated Include</u> Lordsburg 07/20	High Performer Last scored in 2019
TOTAL	1199	3,560		

Eastern Regional Housing Authority Region

Public Housing Authority	Low-Rent Units	Section 8 Vouchers	HUD's Rating
Alamogordo	221	0	Standard Last scored in 2019
Clayton	50	0	Standard Last scored in 2019
Clovis	132	608	High Performer Last scored in 2019
Fort Sumner	47	0	High Performer Last scored in 2019
TOTAL	450	608	

Western Regional Housing Authority Region

Public Housing Authority	Low-Rent Units	Section 8 Vouchers	Troubled/Sub-standard
Bayard	70	0	Standard Last scored in 2019
El Camino Real	0	591	Standard Last scored in 2019
Santa Clara	32	0	Standard Last scored in 2019
T or C	100	190	Standard Last scored in 2019
TOTAL	202	781	

Northern Regional Housing Authority Region

Public Housing Authority	Low-Rent Units	Section 8 Vouchers	Standard Sub-standard Troubled
Chama	38	0	Troubled Last scored in 2019
Cuba	28	0	Standard Last scored in 2019
Gallup	263	63	Standard Last scored in 2019
Pecos	32	0	Standard
Rio Arriba	53	25	Sub-Standard Last scored in 2019
San Juan	0	372	High Performer Last scored in 2019
San Miguel	0	177	High Performer Last scored in 2019
Springer	56	0	High Performer Last scored in 2019
Wagon Mound	19	0	High Performer Last scored in 2019
TOTAL	489	637	

HUD vs. MFA Responsibilities

- HUD
 - Funds all Housing Authorities
 - Approves Operational Activities
 - Conducts all Monitoring Activities
- MFA
 - Oversight of Regional Housing Authorities



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MFA's Oversight Responsibilities

Review of the RHAs operating budgets

(HUD approves RHA's Budgets. MFA staff reviews them but since MFA does not provide any funding to the RHAs, MFA does not have the authority to approve their budgets)

Approve any new member(s) of the RHA's Board of Commissioners

(The Governor's Office approves new Commissioners through the Boards and Commissions Department)

Approve new Executive Directors

(MFA does not interview or make any initial decisions for Executive Directors. The Housing Authorities Board of Directors approves new Executive Directors prior to presenting to MFA for Approval)

Review reports of the creation/dissolution of nonprofit entities of the RHAs

(In order to form a non-profit, articles of Incorporation must be submitted to the NM Secretary of State)

(This state mandate is not funded in the state budget)

MFA's Oversight Responsibilities Con't

Approval of contracts and MOUs with a value great than \$100,000

(HUD approves contracts over \$100,000)

Approve transfers, sales or liquidations of any real or personal property with a value greater than \$100,000

(RHA's must submit a package of information to the State Board of Finance for approval to sale property if it is valued over \$5,000)

Review RHA's external financial audits

(Both the State Auditor and HUD receive the Housing Authorities external audits)

Provide an annual report of financial and operational activities and dissemination to DFA, MFA Oversight Comm and the Legislative Oversight Committee

(This state mandate is not funded in the state budget)

Remaining Consolidation Benefits

There are still 17 Housing Authorities that could be consolidated into a Regional Housing Authority. Benefits of these consolidations include:

- ✓ Minimizes financial burden of HUD's operational oversight
- ✓ Ensures the consistency and integrity of the program operations and regulations by allowing for more direct (Regional) oversight
- ✓ Maximizes return on training and operational dollars
- ✓ Reporting requirements are the same whether there is 1 unit or 1,000 units
- ✓ One audit for the Consolidated Housing Authorities
- ✓ For smaller agencies there may not be enough money to employ key staff

Annual Report Update

- MFA is scheduled to provide the annual report to MFA's Board on September 15, 2021. The annual report was postponed due to audit delays as a result of COVID 19
- Upon MFA Board of Director's approval, the annual report and external audits will be distributed to:
 - ✓ Department of Finance and Administration
 - ✓ Legislative Finance Committee
 - ✓ Legislative Oversight Committee



NRHA Update

- Terry Baca from Raton Housing Authority is now the official Executive Director
- NRHA consolidated with Las Vegas and Raton Housing Authorities in January 2021
- 10 out of 11 findings from the 2020 NRHA external audit have been cleared
- Cross training for all major staff functions is in place
- Governance has improved by training with the NRHA Board of Commissioners
- Updated and/or adoption of policies have been put in place to meet regulatory guidelines
- Procurement of a contract with a new external audit firm will ensure compliance with audit guidelines
- Occupancy has improved by 10% since 2017 (92%)





Comments/Questions

Tab 3

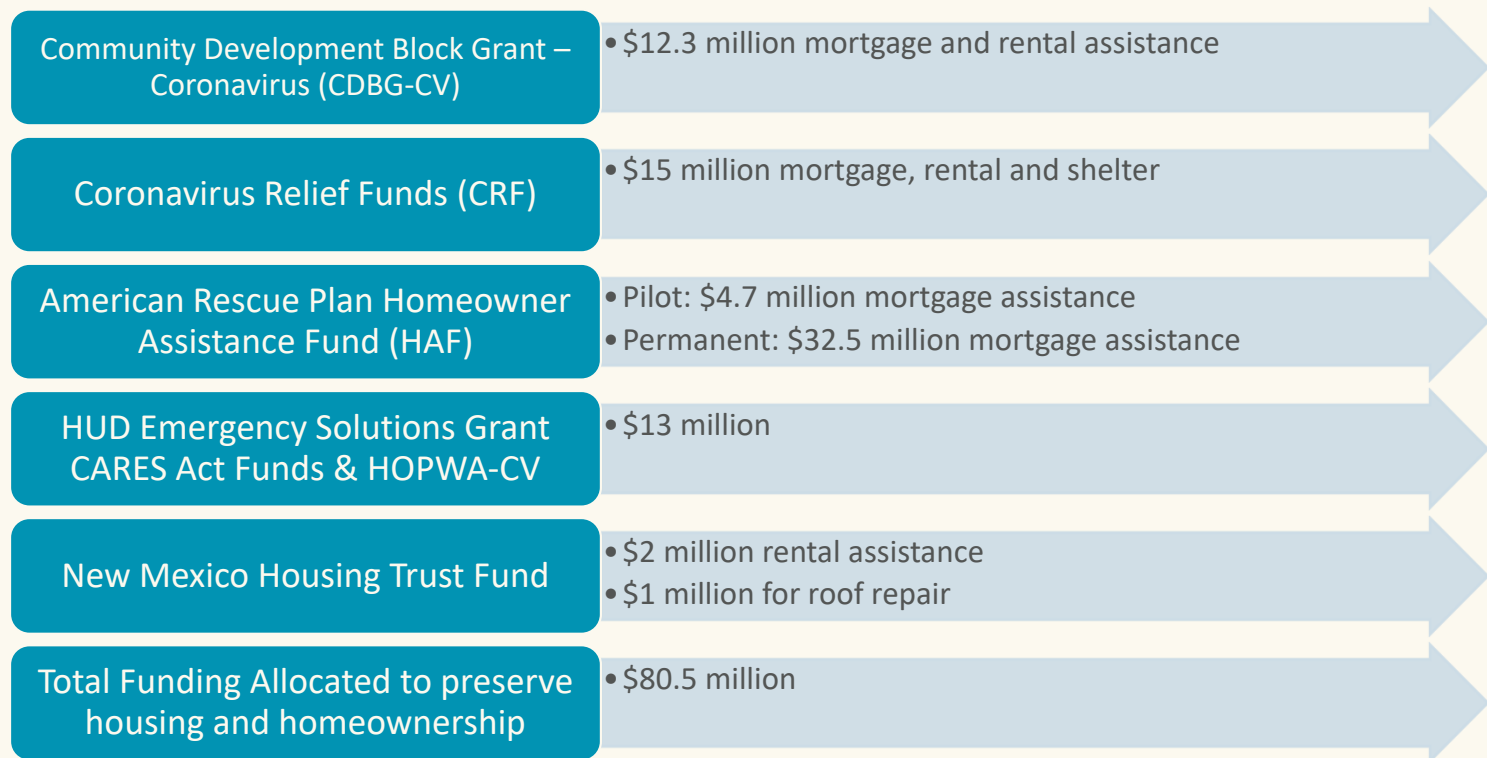


COVID-19 Housing Programs

Amanda Mottershead-Aragon, Amy Gutierrez
Robyn Powell, Shannon Tilseth

Legislative Oversight Committee
August 24, 2021

COVID-19 Programs Total Funding



COVID-19 Housing Cost Assistance Program

Funding	Homeownership Assistance Program	Client Eligibility	Results
<ul style="list-style-type: none">• \$12.3 million in CDBG-CV from the State of New Mexico, \$608k in CDBG-CV from the City of Las Cruces and \$612k in CRF for both rental and homeownership assistance	<ul style="list-style-type: none">• Three months of consecutive assistance up to a maximum of \$1,500/month• Household-based application	<ul style="list-style-type: none">• Households at or below 80% of Area Median Income• New Mexico residence• Mortgage and rental assistance• Experienced financial hardship related to COVID-19	<ul style="list-style-type: none">• 3,206 total households assisted with \$7.3 million, including:<ul style="list-style-type: none">○ 867 mortgage households with \$2.3 million○ 2,042 rental assistance with \$4.5 million○ 172 manufactured home households with \$310k○ 125 tribal households with \$178k

COVID-19 Housing Cost Assistance Program Lessons Learned

- Low Barrier certification process improved responses from applicants and shortened the review process.
- Removing priorities on the waiting list for assistance improved access to funding and shortened the application time.
- Consumer access to reviewers by phone and email makes the application process more accessible for anyone needing support navigating the application and approval process.



Residential Ownership Assistance through Servicers

Coronavirus Relief Funds

Funding	Homeownership Assistance Program	Client Eligibility	Results
<ul style="list-style-type: none">• \$15 million in CRF allocated for residential ownership assistance through servicers, rental assistance and shelter assistance	<ul style="list-style-type: none">• Residential ownership assistance for delinquencies incurred between April 2020 through November 2020• Servicer-driven applicant identification	<ul style="list-style-type: none">• FHA, USDA or VA mortgage if servicer is traditional servicer (any type of homeownership if servicer is a non-profit, tribal entity or ICBA/NM member bank)• New Mexico resident• Have a COVID-19 impact	<ul style="list-style-type: none">• 1,882 homeowner households served with \$11.3 million• Accomplished in 20 calendar days

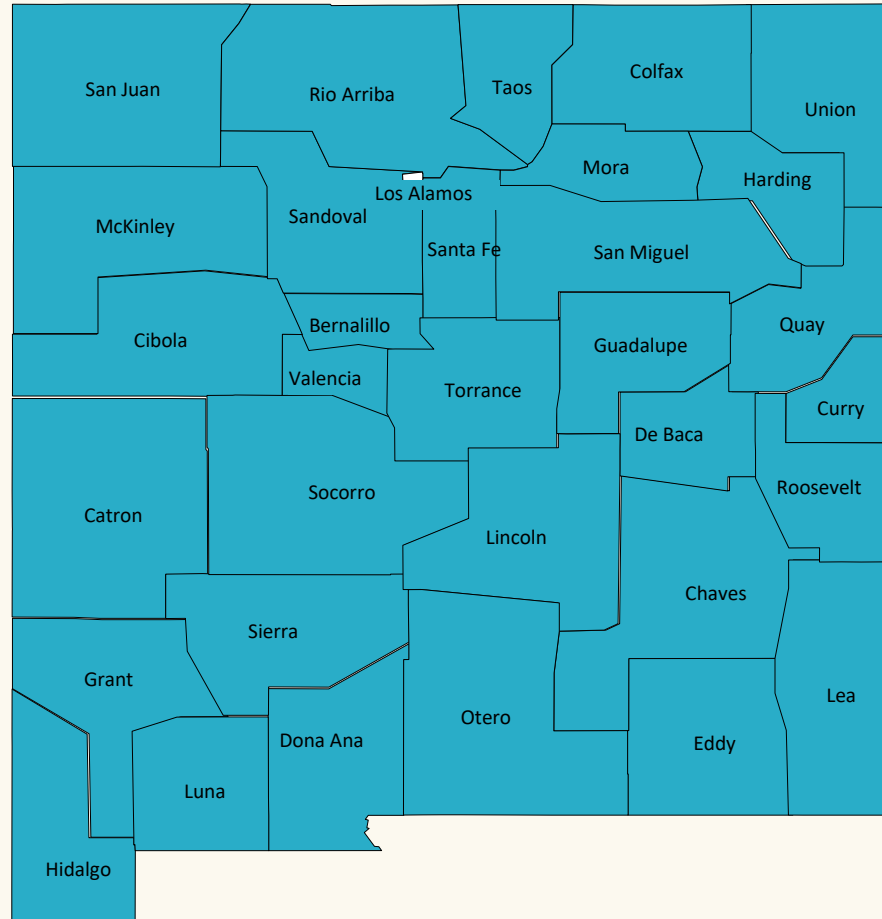
Homeowner Assistance Fund Pilot

Funding	Homeownership Assistance Program	Client Eligibility	Results
<ul style="list-style-type: none">• \$4.7 million in HAF allocated to mortgage assistance pilot	<ul style="list-style-type: none">• Up to \$10k per household in assistance for delinquencies	<ul style="list-style-type: none">• Households at or below 100% of Area Median Income• Owner-occupied residence in New Mexico• Experienced financial hardship related to COVID-19	<ul style="list-style-type: none">• 674 households assisted with \$3.3 million

Homeowner Assistance Fund Permanent Program

Funding	Homeownership Assistance Program	Client Eligibility	Goals
<ul style="list-style-type: none">• \$32.5 million in HAF allocated to mortgage assistance	<ul style="list-style-type: none">• Up to \$20k per household in assistance for delinquent or ongoing housing costs	<ul style="list-style-type: none">• Households at or below 150% of Area Median Income• Owner-occupied residence in New Mexico• Experienced financial hardship related to COVID-19	<ul style="list-style-type: none">• Projected to assist 1,500+ households• Pending Treasury approval

CRF and CDBG Service Area Map



- Statewide coverage is achieved with an online application portal
- MFA staff and regional partners are available to support homeowners with the application process

Considerations for HAF Permanent Program

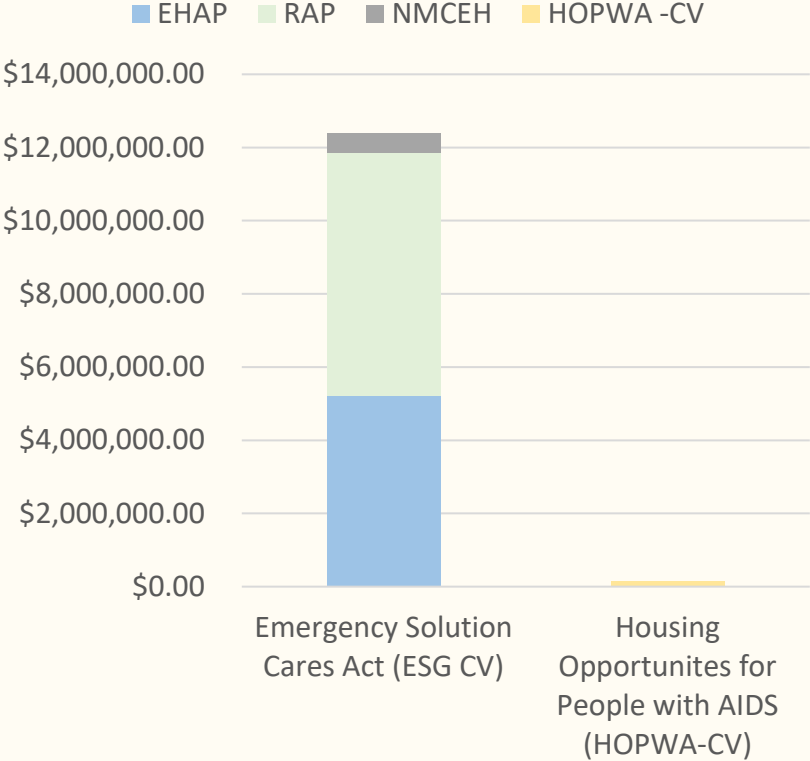
- The HAF permanent homeowner assistance programs are still in development and will require Treasury approval
- MFA intends to submit the Plan for approval no later than September 30, 2021
- Program goals include:
 - Fully funding delinquent housing payments
 - Aid homeowners as they work with their housing provider to achieve an affordable and sustainable housing payment
 - Assist with other housing costs:
 - Utilities including water, gas, electric
 - Taxes
 - Homeowner insurance
 - HOA/COA fees



HUD Emergency Solutions Grant CARES Act & HOPWA-CV

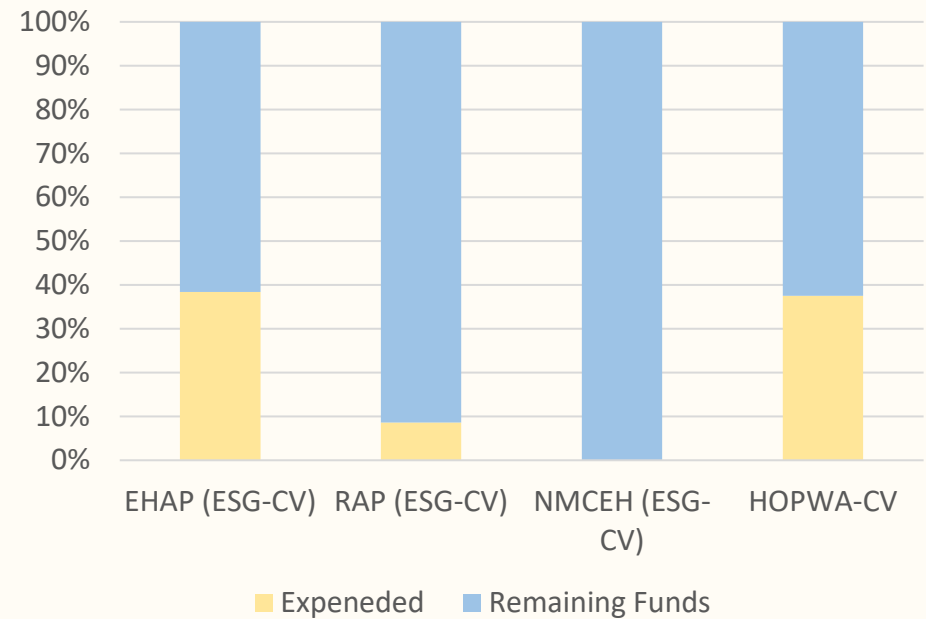
MFA received \$13,082,472 to prepare for, prevent and respond to COVID-19.

Emergency Solution Cares Act (ESG CV)	
Shelter Operations and Essential Services (EHAP)	\$5,222,310.00
Homeless Prevention & Rapid Re-Housing (RAP)	\$6,642,601.00
Homeless Management Information System (NMCEH)	\$528,087.00
Housing Opportunities for People with AIDS/HIV (HOPWA -CV)	
	\$146,170.00



CARES Act Expenditures

Emergency Solution Cares Act (ESG CV)	
Shelter Operations and Essential Services (EHAP)	\$2,006,296.00
Homeless Prevention & Rapid Re-Housing (RAP)	\$570,529.00
Homeless Management Information System (NMCEH)	\$0.00
Housing Opportunities for People with AIDS/HIV (HOPWA -CV)	\$54,864.00

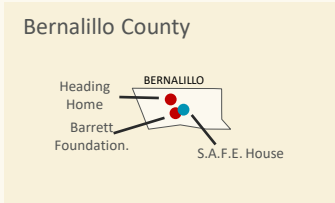
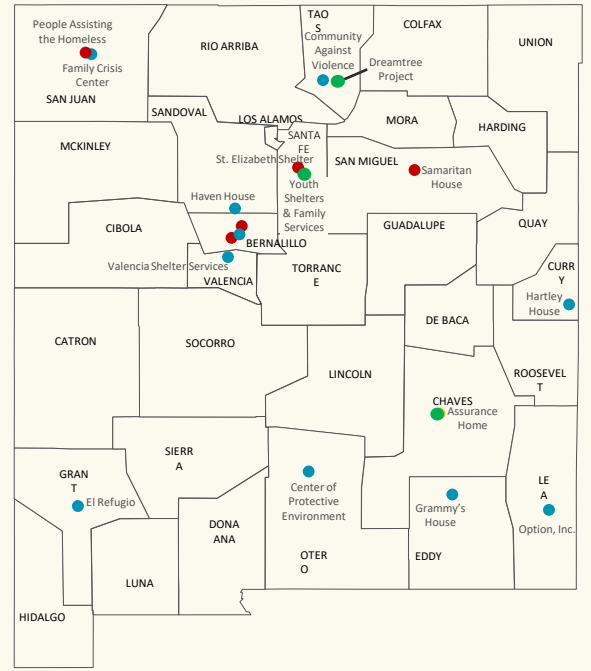


Emergency Solutions Grant CARES Act Shelter Operations & Essential Services

Funding	Purpose	Eligible Expenses	Results
<ul style="list-style-type: none">• \$5,222,310 HUD ESG CARES Act	<ul style="list-style-type: none">• Prepare for, prevent and respond to COVID-19	<ul style="list-style-type: none">• Shelter operation expenses; food, supplies, rent, insurance, staff salaries• Case management• Renovations associated with reducing the spread of COVID-19	<ul style="list-style-type: none">• \$2,006,296 expended by 23 shelters statewide

EHAP Service Area Map

- Legend:**
- Adult/Family Homeless Shelters
 - Domestic Violence Shelters
 - Youth Shelters



Challenges for the Shelter Operations & Essential Services Program - EHAP

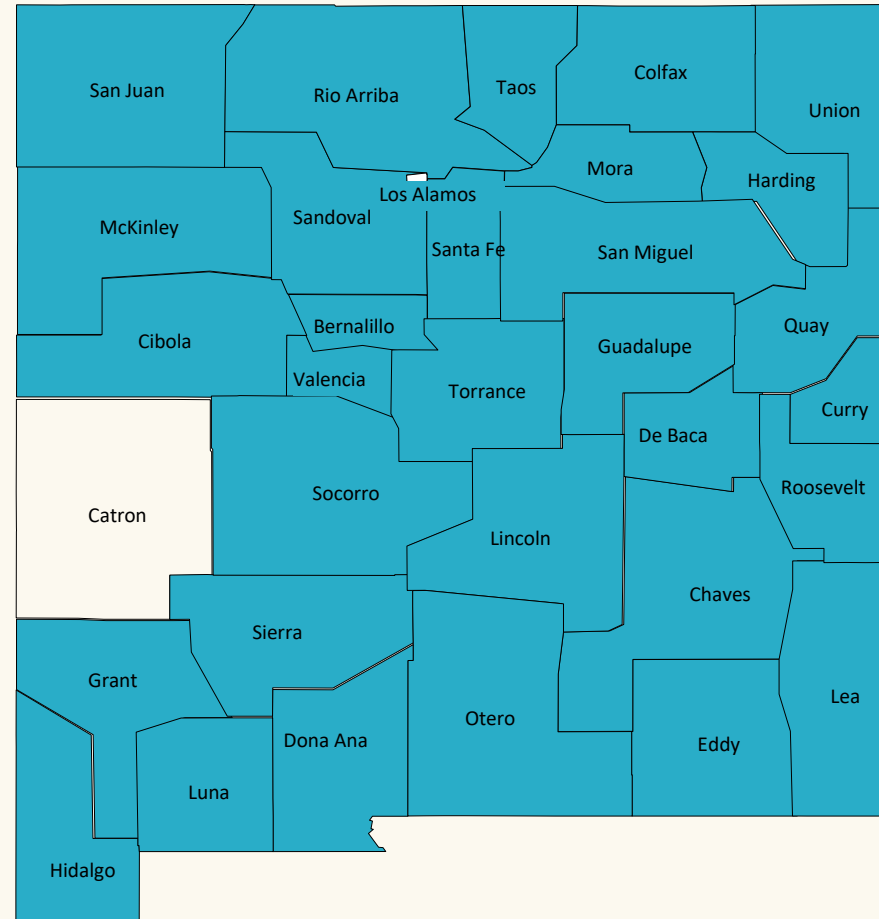
- Limited Shelter Participation
- Program regulations are often a deterrent to expanding the service territory
- Service Provider Capacity – many have received an overabundance of funding due to COVID-19 and lack the capacity to administer the funds



Emergency Solutions Grant CARES Act Rapid Re-Housing & Homeless Prevention

Funding	Purpose	Eligibility - Homeless Prevention	Eligibility – Rapid Re-Housing	Results
<ul style="list-style-type: none">• \$6,642,601 in HUD ESG CARES Act	<ul style="list-style-type: none">• Prepare for, prevent and respond to COVID-19 by housing those that are homeless and preventing homelessness	<ul style="list-style-type: none">• Household income at or below 50% of area median income• Must meet HUD’s definition of at-risk• Lack supports and resources• Would otherwise be homeless but for this assistance	<ul style="list-style-type: none">• Must meet HUD’s definition of homelessness• Lack supports and resources	<ul style="list-style-type: none">• \$570,529 expended• 265 clients assisted

RAP Service Area Map



Challenges for the Rapid Re-housing & Homeless Prevention Program - RAP

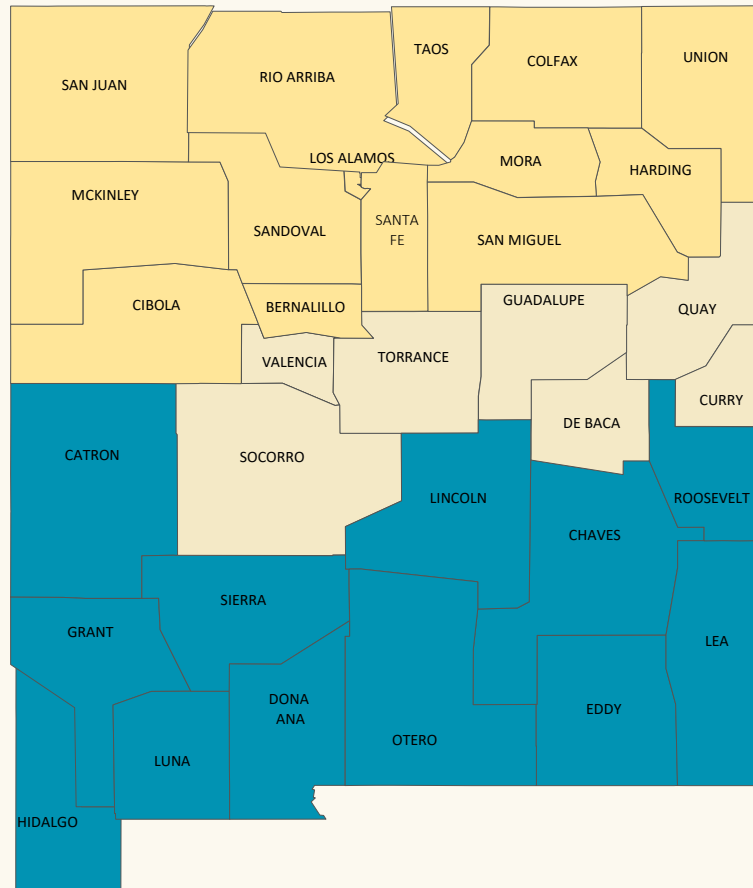
- Severe lack of affordable housing in the state
- Eviction moratorium has caused an even greater rental housing shortage
- Housing options can be very limited due to a client's rental history
- ESG funding is targeted to those that are literally homeless or would otherwise be homeless but for this assistance
- Service Provider Capacity – many are overburdened and lack the capacity to take on another program



Housing Opportunities for Persons with AIDS/HIV CARES Act

Funding	Purpose	Client Eligibility	Results
<ul style="list-style-type: none">• \$146,170 in HUD HOPWA CARES Act	<ul style="list-style-type: none">• Provides rent and mortgage assistance, security deposits and utility deposits to individuals with AIDS/HIV	<ul style="list-style-type: none">• A member of the household must have an AIDS/HIV diagnosis• Household income at or below 80% of area median income	<ul style="list-style-type: none">• \$54,834 expended• 80 individuals assisted

HOPWA Service Area Map



Service Providers:

- Northern Region:
Southwest Care Center
- Southern Region I:
El Camino Real Housing Authority
- Southern Region II:
Alianza of New Mexico

Emergency Repair Program Pilot

Funding

- \$1,075,000 allocated to Emergency Repair Program pilot from the NM Housing Trust Fund

Emergency Repair Program Pilot

- Up to \$12k per household in assistance for emergency repairs or roof replacement
- Program developed from May 2021 through July 2021 and implemented the end of July.

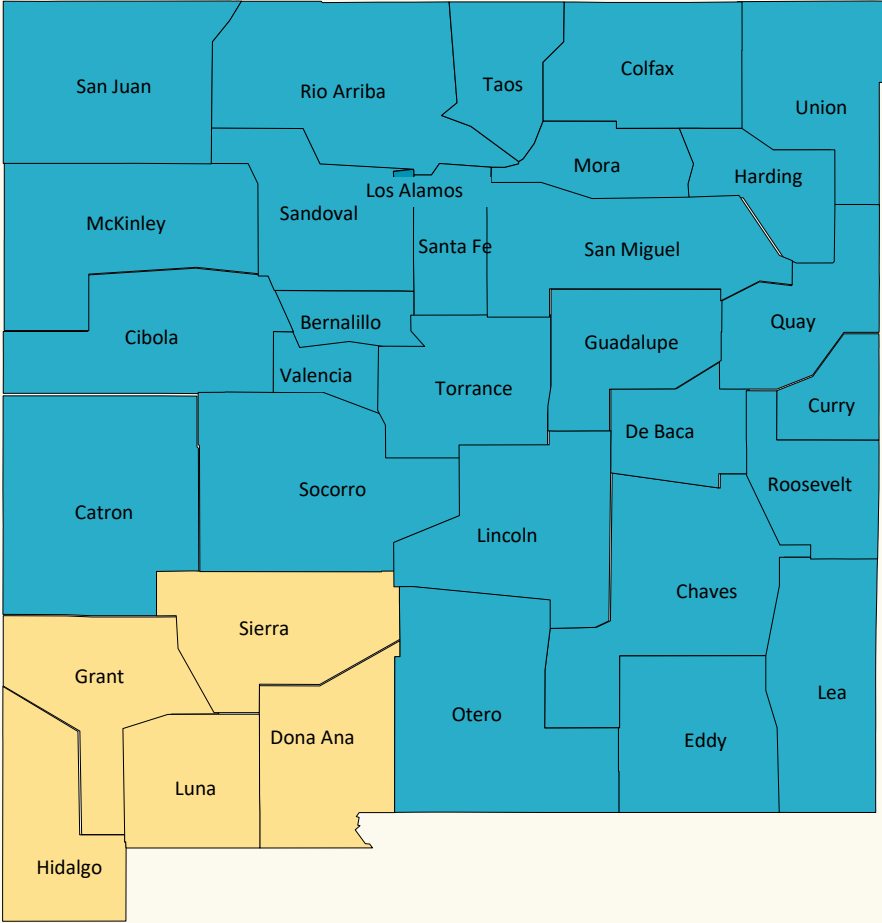
Client Eligibility

- Households at or below 100% of Area Median Income
- Owner-occupied residence in New Mexico
- Experienced financial hardship related to COVID-19

Results

- Approximately 86 households assisted with \$1,075,000 by December 31, 2021
- 22 homes are in progress for the month of August

Emergency Repair Program Pilot - Service Area Map



Service Providers:

Target Areas Served by Southwest Regional Housing and Community Development Corporation: \$1,075,000.00

Counties Currently Not Served by the ERP Pilot

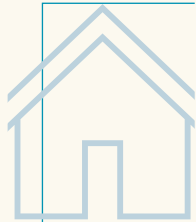
Challenges for Emergency Repair Program Pilot



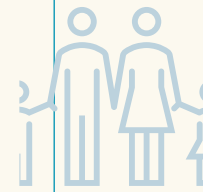
- New Mexico is geographically large state with vast rural areas. Achieving state-wide coverage is challenging
- Identifying a funding source that allows for the types of activities that would be most impactful
- MFA is currently exploring opportunities to implement a program to address home repair needs

COVID19 Housing Assistance Programs

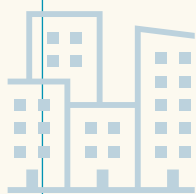
Comments and Questions



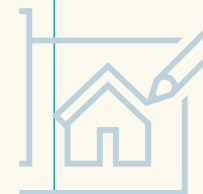
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