



MFA Strategic Plan Dashboard - Q4

All New Mexicans will have quality affordable housing opportunities



Strategic Plan
FY 9/30/2016

Priority 1 - Operational Excellence		
1.1 - Maintain prudent stewardship of MFA's financial resources		
Benchmark	Comments	Status
Maintain or improve credit rating	MFA has maintained its S&P issuer credit rating at AA- and its Moody's issuer credit rating at Aa3 during this fiscal year. These two credit ratings are equivalent on the rating scale.	Met
Balance sheet strength equal to net asset position over total bonds outstanding of at least 23.7% (based on five-year average)	As of 9/30/16, balance sheet strength ratio was 23.7%.	Met
Operating performance and profitability equal to net revenues over total revenues of at least 7.4% (based on five-year average)	As of 9/30/16, operating performance and profitability ratio was 7.8%.	Met
Unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs (excluding first-time audits)	MFA received an unmodified opinion on the 9/30/15 audit and no material weaknesses. The audit was approved by the Board on 1/20/16.	Met
General fund liquid cash reserves at minimum level consistent with policy	General fund cash reserves were \$97.5mm as of 9/30/16, which is within policy.	Met
1.2 - Create a fulfilling work environment to attract and retain quality employees		
Benchmark	Comments	Status
Create a staff development and capacity work plan	MFA developed a staff development and capacity work plan that addresses employee training, team leadership trainings, updates of job descriptions and levels and succession planning. Team Leadership trainings through CNM occurred quarterly. Topics covered include: employment law, appraising performance, building leadership potential and communicating with impact. Review and completion of MFA's 3-year benefit strategy is complete and underway. Phase I--staff job description templates--of the job description updates is complete.	Met
Conduct and realize a net improvement on the employee satisfaction survey	Employee satisfaction survey yielded a net improvement from last year of .06%. 2014= 82.34%, 2015=82.40%	Met
Develop and implement priority survey recommendations through the employee engagement committee	An Employee Engagement Committee was formed and meets at least quarterly. Priority survey topics addressed were work/life balance, recognition, communication, wages. Changes were made to employee recognition, spot awards and a compressed work week option was implemented.	Met
Conduct, evaluate and compare annual employee satisfaction survey	Annual survey conducted in 10/15. Data distributed to all staff members.	Met
1.3 - Identify and implement technology solutions that improve operational efficiency, data security and customer service		
Benchmark	Comments	Status
Begin to implement priority recommendations from the data security and privacy audit	Acceptable Use and Data Security Policy was adopted by 100% of the workforce. Sections for vendor access management, access control management and IT risk assessment policies were completed. This completes all audit findings.	Met

Priority 1 - Operational Excellence		
1.3 - Identify and implement technology solutions that improve operational efficiency, data security and customer service		
Benchmark	Comments	Status
Maintain system availability at 99%	In the 1st quarter, MFA did not experience any full system outages and held 100% availability. In the 2nd quarter, there were no full system outages but an issue with the new IP phones caused our availability to drop to 99.92%. In the 3rd quarter, an issue with the email database caused another slight drop in availability to 99.99%. MFA ended the year with a 4th quarter availability of 100% and an overall yearly average of 99.98%.	Met
Protect MFA data and systems from threats through semi-annual vulnerability scans	The first vulnerability scan was performed in the 2nd quarter. Findings included 9 confirmed vulnerabilities (6 Level 3 and 3 Level 2) and 7 potential vulnerabilities (1 Level 5 and 6 Level 3). The Citrix server that accounted for 10 of the 16 total vulnerabilities was decommissioned in the 2nd quarter and the Outlook server was patched to address remaining vulnerabilities in the 3rd quarter. REDW graded MFA's scan as having an average security risk of 1.3 out of a possible 5, and business risk of 7 out of a possible score of 100. Overall risk score is low. In the 4th quarter, MFA completed its first ever penetration test, conducted by RiskSense. RiskSense ranked MFA's application and internal information security posture as a 6 (moderately secure). RiskSense also ranked MFA's external information security posture as an 8 (highly secure). The scale used was 1-10, 1=extremely insecure and 10=not exposed and completely protected.	Met
1.4 - Maintain standards of excellence and promote innovation in MFA programs		
Benchmark	Comments	Status
Meet commitments and expenditure requirements for 95% of grant funding	As of 9/30/16, 99% of commitments and expenditure requirements have been met.	Met
1.5 - Manage organizational risks		
Benchmark	Comments	Status
Implement, train staff and begin to test key components of the disaster recovery plan	Disaster Recovery Plan was updated and renamed Emergency Management Plan (EMP). General training was provided on the purpose and various highlights of the EMP. The following components of the EMP have been trained and/or tested: fire drill (x2), active shooter, unauthorized entry to building (Mr. Green) and IT disaster recovery.	Met
Develop and implement a work plan to mitigate risk associated with complexities and changes in regulation	The work plan for mitigating risks associated with complexities and changes in regulations was successfully implemented. A compliance officer was hired and began development of the internal compliance function primarily focusing on servicing implementation and sub-servicer oversight. Internal audit services were expanded to include review of subrecipient cost allocation plans, indirect cost rate proposals, financial statements and audits to ensure compliance with federal program regulations. HFA resources were utilized to draft a vendor management policy. In addition, the legal and compliance functions are partnering on more regulatory activities, systems are in place to monitor regulatory change and staff continues to evaluate risk through established reporting.	Met
1.6 - Improve collaboration throughout MFA		
Benchmark	Comments	Status

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Benchmark	Comments	Status
Focus collaboration around quarterly all-staff meetings and increased use of the Intranet	All-staff meetings were held every month and included updates on programs and company-wide activities. The intranet has been redesigned based on employee feedback; employees continue to increase their use of the intranet for information and interaction. Employees have had opportunities for offsite visits of MFA-funded properties. Supervisors' meetings occur monthly with a focus on sharing information across departments.	Met
Priority 2 - New Resources		
2.1 - Market the Charitable Trust to generate tax deductible contributions for affordable housing		
Benchmark	Comments	Status
Outreach to at least one professional group and to at least three communities or employers	Provided outreach to two professional groups (CPAs and financial planners), at least eight local governments, and numerous housing partners. 56 CPAs and financial planners listed in the Business First Book of Lists received customized emails in the 1st quarter. MFA discussed the Charitable Trust with Harding County, the Village of Los Lunas, and a nonprofit organization, Saranam, in individual meetings. Outreach was also conducted at five regional meetings throughout the state and through the "Donations to Affordable Housing" session at the New Mexico Housing Summit. The regional meetings and summit session reached at least six additional local governments and numerous housing partners.	Met
2.2 - Expand mission driven fee-for-service activities		
Benchmark	Comments	Status
Implement mortgage operations for subservicing expansion	Effective June 1, 2016, MFA's Servicing Expansion Committee and MFA staff in partnership with Idaho Housing and Finance Association (IHFA) successfully implemented the new "hybrid" sub-servicing model – Milestone 1 for the administration of MFA's single family program loans. New processes were developed and implemented to support the new model. MFA owns or will own the mortgage servicing rights for all MFA single family program loans reserved on or after June 1, 2016.	Met
2.3 - Develop innovative funding streams for NM EnergySmart and other traditional grant funded programs		
Benchmark	Comments	Status
Evaluate moderate income energy-efficiency program	Based on an initial evaluation, MFA determined that a moderate income energy efficiency program is not feasible at this time. Research conducted through BBER indicates that a need exists; however, weatherization partners do not support the idea and there are complications with using DOE vehicles and equipment for a market program.	Met
Increase funding from sources other than DOE	In total, funding from sources other than DOE increased by \$117,393 for FY 2016. This is a result of increased LIHEAP funding and continued support from utility companies and electric cooperatives.	Met
Outreach to three new partners	As of 9/30/16, outreach was conducted to 4 new potential partners: Zia Natural Gas, El Paso Electric, Central Valley Electric Cooperative and Jemez Electric Cooperative.	Met
2.4 - Generate new resources for affordable housing through state programs, grant and private funding opportunities		
Benchmark	Comments	Status

Priority 2 - New Resources		
2.4 - Generate new resources for affordable housing through state programs, grant and private funding opportunities		
Benchmark	Comments	Status
Create a resource development strategy for MFA	MFA Resource Development Strategy completed in 3rd quarter after review from Policy Committee, Strategic Management Committee and Priority 2 group.	Met
Priority 3 - Effective Partnerships		
3.1 - Develop the expertise and capacity of Regional Housing Authorities to provide a range of affordable housing services statewide		
Benchmark	Comments	Status
Implement one new service or program as capacity and funding allow	The Linkages program was implemented as a new program by Northern Regional Housing Authority and is now in operation at all three Regional Housing Authorities. Among the three agencies, a total of 49 vouchers are serving Dona Ana, Grant, Chaves and Lea counties. The Linkages program provides permanent supportive housing vouchers for persons with a severe mental illness who are homeless or precariously housed.	Met
Hold two peer exchange meetings annually	Two peer exchange meetings were held on April 16, 2016 and Sept. 19, 2016. The peer exchange meetings are to engage all three Executive Directors and essential staff in discussions regarding operational best practices, sharing challenges and opportunities.	Met
Assist Regional Housing Authorities with consolidation or transfers of troubled Public Housing Authorities	MFA has assisted Northern Regional Housing Authority with one full consolidation with Cimarron Housing Authority and two management agreements with Grants and Cuba Housing Authorities.	Met
Provide Regional Housing Authority specialty training to enhance organizational capacity	In the 1st and 2nd quarters, MFA provided training for the Linkages program to the Northern Regional Housing Authority and Tri-County Community Services. Staff from the Eastern and Northern RHAs attended Section 8 and Public Housing training and received certifications. In the 3rd quarter, MFA and RHA staff attended the 2016 NAHRO Conference, with RHA training paid through state legislative funds. In April, MFA conducted a site visit with Northern RHA director Richard Frye and staff to review operational, financial and training plans. One hundred percent of RHA funds were expended by 6/30/16. During the 4th quarter, MFA began collecting annual reports from each regional housing authority.	Met
3.2 - Provide quality training and technical assistance to our partners		
Benchmark	Comments	Status
Facilitate five stakeholder meetings with non-profits, owners/managers, developers and service providers	Five statewide regional meetings were held in Las Vegas, Roswell, Las Cruces, Farmington and Albuquerque for the purpose of identifying organizational and capacity needs and to obtain partner feedback on how to build stronger relationships, link resources and raise awareness of community needs.	Met
Assist three local governments with implementation of one or more affordable housing plan goals	MFA assisted four local governments with implementation of their respective affordable housing plan goals (Harding County, Village of Los Lunas, Village of Ruidoso, and Dona Ana County).	Met

Priority 3 - Effective Partnerships

3.2 - Provide quality training and technical assistance to our partners

Benchmark	Comments	Status
Hold 12 outreach meetings	MFA has exceeded the goal to hold 12 outreach meetings. Approximately 27 outreach meetings were held in FY 2016 for various discussions, trainings, and outreach. Examples include: Housing Development provided training to architects/developers on the revised MFA design standards; annual QAP training for 70 participants; Cesar Chavez Foundation meeting to discuss 4% LIHTC/bond application. Asset Management met with the NM Human Services Department and Behavioral Health Services Division to discuss Section 811 and, in conjunction with Community Development, provided a 2-day training/outreach to Linkages supportive housing partners; meetings with developers/owners meetings to discuss complex regulatory issues.	Met
Assist three local governments in creating affordable housing plans and ordinances	As of 9/30/16, MFA assisted 7 local governments: 5 with affordable housing plan development (cities of Roswell, Santa Fe, Las Cruces and the city and county of Socorro) and 2 with ordinance approval (Village of Columbus and Town of Taos). With no funding from the 2016 legislature, MFA continues to track donations and to approve grantee certifications or re-certification.	Met

3.3 - Strengthen MFA's influence on affordable housing policy and funding at the state and federal levels

Benchmark	Comments	Status
Undertake year-round outreach with state and federal officials	Federal: Coordinated outreach to organize NCSHA briefings for Rep. Pearce and Rep. Lujan's staff on affordable housing priorities. Senators Udall and Heinrich and Rep. Lujan Grisham signed a letter requesting a minimum allocation of \$1.2 billion for the HOME program at MFA's request. Provided analysis of Housing Opportunity through Modernization Act to Rep. Michelle Lujan Grisham and Senator Tom Udall. The bill passed both houses unanimously. Staff from Senator Udall and Rep. Pearce, Lujan and Lujan Grisham's offices attended the New Mexico Housing Summit. State: 1st quarter legislative outreach included meetings with Rep. Jimmie Hall, Rep. Larry Larranaga and Legislative Finance Committee staff. 2016 MFA Legislative Oversight Meetings held on June 13, July 28 and August 24. Submitted requests for the NM Housing Trust Fund and NM EnergySmart through the state Infrastructure Capital Improvement Plan process.	Met
Develop federal policy priorities and communicate them to NM's congressional delegation	Completed and presented letter on 2016 federal priorities to each member of the NM Congressional Delegation while at the Legislative Conference for NCSHA in late February/early March. In August, met with Rep. Michelle Lujan Grisham and her staff at MFA and provided a tour of Silver Gardens/Casitas de Colores.	Met
Develop state legislative agenda and lobby for appropriations and policy	Developed 2016 NM Legislative agenda and printed materials, with six bills endorsed and introduced by MFA's Legislative Oversight Committee. MFA received \$191,400 for regional housing authorities as part of the NM Department of Finance and Administration budget during the 2016 legislative session. All other requests were tabled or removed from capital outlay due to lack of state funding.	Met

3.4 - Increase visibility and public awareness of MFA

Benchmark	Comments	Status

Priority 3 - Effective Partnerships		
3.4 - Increase visibility and public awareness of MFA		
Benchmark	Comments	Status
Plan and execute the NM Housing Summit	The 2016 NM Housing Summit was attended by 420 people. Ninety-one percent said the event met or exceeded their expectations. The summit agenda contained more than 50 sessions in 10 tracks as well as pre- and post-conference partner meetings. Three statewide housing organizations participated. Sponsorships for the event exceeded expectations by 38 percent. Branding was consistent throughout the website, printed materials and onsite and promoted MFA and its mission.	Met
Organize or participate in five public awareness events	Sponsored and attended seven conferences and eight partner events. Assisted with planning and/or attended five ribbon cuttings and/or groundbreaking ceremonies.	Met
Develop and update MFA materials including brochures and annual report	New collateral material created includes: annual report, brochures for three new homeownership programs, co-branded factsheets for lenders and REALTORS, programs-at-a-glance card, legislative materials and a NM Energy\$mart video. In addition, all homeownership brochures and factsheets were translated into Spanish. All collateral material was kept up-to-date and in stock; electronic versions of all materials are on the MFA website. Created and distributed seven signs that are displayed on construction sites around the state.	Met
Priority 4 - Expanded Homeownership Opportunities		
4.1 - Utilize best financing executions for MFA's homeownership program		
Benchmark	Comments	Status
Profitability of 1.15% on TBA executions	For FY 2016, the weighted average profitability for the To Be Announced Financing program for GNMA and FNMA executions was 1.67%.	Met
Administrative fees of at least 18 basis points on all bond issues	In FY16 MFA closed three single family bond issues: 2015 Series E, 2016 Series A, 2016 Series B with administrative fees of 2.439%, .25% and .42% respectively.	Met
Spread for bond issues of 1.1% to 1.125%	During the fiscal year MFA closed one traditional, tax-exempt new money bond issue, 2016 Series A. The spread on that transaction was 1.123%	Met
Mortgage rates no more than 25 basis points above traditional market	For FY ended 9/30/16, MFA's weighted average mortgage rate was 3.87% as compared with local mortgage rates averaging 3.73% and local mortgage rates including comparable rates for the NEXT HOME program averaging 3.90%.	Met
Average internal rate of return on pass through single family bond programs equal to or greater than 100%	A pass through bond structure means interest is payable monthly to the bond holders and any excess funds (prepayments) are used to call bonds on a monthly basis. The average internal rate of return for outstanding bond issues with a pass through structure at the end of FY 2015 is 213.86%. This analysis includes 2015 Series B and 2015 Series D refunding bond issues which were issued with a pass through structure during FY 2015.	Met
Average internal rate of return on traditional single family bond programs equal to or greater than 14%	A traditional bond structure contains serial bonds, term bonds and a premium PAC bond. The average internal rate of return for outstanding bond issues with a traditional structure at the end of FY 2015 is 17.95%. This analysis includes 2015 Series A which was issued with a traditional structure and 2015 Series C which stepped in to refund the GSE portion of the 2011 Series A bond issue.	Met

Priority 4 - Expanded Homeownership Opportunities

4.2 - Implement innovations in single family mortgage products and servicing to address customer needs and make MFA more competitive

Benchmark	Comments	Status
Maintain loan default, workout and foreclosure losses to MFA below 3.90%	As of 9/30/16, MFA's default, workout and foreclosure loss rate was 2.52%, well below MFA's target rate of 3.90%.	Met
Maintain MFA single family market share at 31% or greater	As of 9/30/16, MFA had a single family market share of 52.2% of all FHA first mortgage purchase loans originated for the fiscal year.	Met
Provide mortgage financing to 1,250 homebuyers	In FY16 MFA provided mortgage financing to 2,264 homebuyers which equates to \$308mm in production. Demand (actual loan purchases) this year increased 101% when compared to FY15.	Met

4.3 - Increase awareness and use of MFA mortgage products through marketing and REALTOR®/lender outreach

Benchmark	Comments	Status
Create and employ marketing for specific groups of potential homeowners and engage in outreach to lenders and REALTORS who work with those groups	Three new brochures and three new factsheets were created in English and Spanish to promote new homeownership programs. Fillable factsheets were created to allow lenders and REALTORS to insert their photo, contact information and company logo within specific style guidelines. Created signage and brochure holders for use in spec homes, open houses and REALTOR offices. Monthly tips have been emailed to all REALTORS in a newsletter format. Mailed 26,118 detached address label cards advertising MFA's Next Home program to selected mail carrier routes throughout the greater Albuquerque area. Incorporated REALTORS Association of NM's annual conference into the 2016 Housing Summit. Sponsored and attended almost a dozen REALTOR events throughout the state. Contributed to four earned media stories about the increase in MFA's mortgage production.	Met

4.4 - Expand MFA's presence in housing and credit counseling

Benchmark	Comments	Status
Launch pre-foreclosure counseling program	Contract between MFA and Tierra del Sol has been signed and executed to expend \$60,000 by June 30, 2017 for foreclosure prevention counseling primarily in colonias and tribal areas.	Met
Provide homebuyer counseling to 1,250 homebuyers	In FY16 MFA provided pre-purchase homebuyer counseling to 2,609 homebuyers throughout the state of New Mexico.	Met

Priority 5 - Expanded Rental Opportunities

5.1 - Foster sustainability of multifamily properties through sound underwriting and continual improvement of MFA financing programs

Benchmark	Comments	Status

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5.1 - Foster sustainability of multifamily properties through sound underwriting and continual improvement of MFA financing programs

Benchmark	Comments	Status
Partner with HUD on evaluating multifamily risk rating systems	In the 1st quarter, MFA prioritized information to send to HUD for examination: (1) Risk Share loans with 4% LIHTC/bonds, (2) other Risk Share loans, and (3) MFA properties which have been determined to be in troubled status. During the 2nd quarter, meetings were held with the HUD Research and Development teams in Washington, DC. Staff began integrating this analysis process with MFA's new risk management committee. During the 3rd and 4th quarters, communications continued with HUD. Testing of HUD's financial template will occur when HUD has completed its template database, including 4-5 LIHTC properties. If the template is determined to be user-friendly and our HUD partners agree, MFA could consider having owners transfer the financial data to the template instead of entering it manually into our HDS system.	Met
Evaluate software needs for MFA's Asset Management department	The benchmark focused on a full analysis of Housing Development Software (HDS) to include training and technical assistance by the vendor. A project management plan for the analysis was started in the 1st quarter and resources were identified. During the 2nd quarter, the Section 811 program was integrated into the analysis. Several product demo webinars were attended by the project manager. Communications and conference calls continued through the 3rd quarter to review the Section 8 modules MFA is currently using and other modules available for closing system gaps. On 6/8/16, HDS provided a webinar product demo and demonstrated Section 8 modules generated towards contract administrators, along with the 811 module. It was determined the 811 module will be a must-have once units are established. In the 4th quarter, staff have continued with training and communications regarding module upgrades. Discussion of upgrade needs continues with HDS.	Met

5.2 - Preserve existing properties through proactive oversight of MFA's portfolio and collaboration with property owners and managers

Benchmark	Comments	Status
Update MFA's Low Income Housing Tax Credit year 15 listing to identify projects that may opt out of the program	The Low Income Housing Tax Credit Year 15 report was expanded to project up to 7 years prior to the end of the compliance period. During the 1st quarter, the placed-in-service dates and first tax credit year data were reviewed for quality control purposes. In the 2nd and 3rd quarters, MFA continued to collect 8609s and data and expanded the report to 5 years. In the 4th quarter, quality control continued and the report was completed. MFA has received and is processing qualified contract requests for 1,297 units out of a total of 6,799 units that are eligible.	Met
Yield a collection rate of 95% or greater for compliance monitoring and fees	All 2016 multifamily compliance and monitoring fees were assessed during the 1st quarter and billed out in the 2nd quarter. As of 6/30/16, MFA achieved a collection rate of 95%. In the 3rd quarter, payment plans and past due notices were followed up on. As of 9/30/16, 100% of the fees were collected.	Met
Yield a net increase of multifamily rental units in MFA's portfolio	There were no units lost in fiscal year 2015-2016. MFA has increased multifamily rental units by 480 units for fiscal year 2015-2016.	Met

Priority 5 - Expanded Rental Opportunities

5.3 - Evaluate and utilize new resources to address increased demand for rental housing

Benchmark	Comments	Status
Complete operational plan for HUD Section 811 Project Rental Assistance program	In the 1st quarter, the Section 811 team was organized, staff attended webinars as well as the HUD convening with fiscal year 2012 and 2013 grantees in Washington, DC. During the 2nd and 3rd quarters, the team continued to participate in webinars, peer-to-peer and working group calls and to collaborate with HUD technical advisors. The Section 811 Operational Plan was finalized on 5/25/16 when it was presented to and reviewed by the team. Tasks were assigned to team members and potential Section 811 properties were identified for marketing purposes. Staff is also preparing a request to amend the Section 811 agreement with HUD, substituting pipeline LIHTC units for existing special needs units that currently priced at 50/60% AMI rents. Properties have not been able to fill these units with special needs residents due to the higher rents; Section 811 rental assistance will address this problem. In the 4th quarter, MFA created a plan and strategy to contact owners of existing units and owners of new units.	Met
Evaluate partnerships for Multifamily Accelerated Processing (MAP) lending where MFA would earn a portion of the fee	MAP lending was evaluated on 1/14/16. MFA determined it was not feasible to pursue due to limited market and required training for certification that would render limited return.	Met

5.4 - Continue to serve as New Mexico's Project-Based Contract Administrator for HUD Section 8

Benchmark	Comments	Status
Conduct approved work plan assignments for Management and Occupancy Reviews and prepare MFA for PBCA federal procurement application through proactive means and operational enhancements	MFA took advantage of every opportunity to stay informed on HUD's plan for Performance-Based Contract Administration (PBCA). MFA consistently communicated with national housing organizations and our PBCA counterparts in multiple states. MFA responded timely to HUD's request to solicit our input on the PBCA contract and the performance of contract tasks. In the 3rd quarter, HUD extended MFA's contract until the end of 2017 and amended it to add a critical task which is the performance of Management and Occupancy Reviews (MORs). MFA selected 22 properties for MORs and submitted a work plan to HUD for approval. MFA worked to achieve training and certification as we conducted extensive research of applicable notices and regulations to refresh knowledge regarding HUD changes. MFA led and participated in 8 MOR internal and external trainings including review of Belen Vista and Mountain View II & III files. MFA earned MORs Certification through the National Center for Housing Management. In the 4th quarter, the approved MORs resumed and were reported to HUD on a monthly basis. MFA remained on track with scheduled MORs and completed 7 MORs through the quarter.	Met
Continue to earn 100% base fees for PBCA contract	100% of base fees were earned in the 1st, 2nd, 3rd and 4th quarters of this fiscal year.	Met