

**Mortgage Finance Authority Act Oversight
Committee**

**2008
INTERIM REPORT**



New Mexico State Legislature
Legislative Council Service
411 State Capitol
Santa Fe, New Mexico

MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

2008 INTERIM SUMMARY

At its initial meeting of the 2008 interim, the Mortgage Finance Authority (MFA) Act Oversight Committee identified 10 areas upon which it intended to focus during the 2008 interim: 1) cost components of housing development; 2) MFA rules and regulations; 3) green building, energy efficiency and the EnergySavers program; 4) emergency repair funding; 5) inclusionary zoning; 6) preliminary findings from the consultant reviewing the regional housing authorities; 7) multigenerational housing; 8) the impact of property taxes on housing affordability; 9) property transfer taxes; and 10) 2009 legislative agenda items. It was agreed that all committee meetings would be held at the MFA offices in Albuquerque.

Also at its initial meeting, Paula Tackett, director of the Legislative Council Service, briefed the committee on various topics concerning protocol during interim committee meetings. Erin Quinn, MFA senior policy and program advisor, reviewed with the committee the MFA Handbook for 2008. Jay Czar, MFA executive director, reviewed the fate of MFA-sponsored legislation during the 2008 legislative session. Ms. Quinn then reviewed the 2008 State of Housing Report that had been prepared by the MFA. The report addressed economic trends and demographic drivers, homeownership, rental housing, housing challenges and the MFA's efforts in meeting those challenges. Richard Chavez, MFA regional housing authorities liaison, briefed the committee on the status of the regional housing authorities.

At the committee's second meeting of the interim, Joseph Montoya, MFA deputy director of programs, updated the committee on MFA events and activities, and Mr. Chavez updated the committee on the activities and status of the regional housing authorities, including the ongoing regional housing study directed toward enabling a more comprehensive networking system. Ms. Quinn presented a PowerPoint presentation and briefed the committee on the cost components of housing development. The MFA offers development and other programs that help to offset some of the costs of providing affordable housing. In general, if housing costs are greater than 30 percent of a household's income, housing is unaffordable. Ms. Quinn identified components of a successful local affordable housing strategy, cost components of housing development, ways in which housing development costs could be reduced and cost reduction strategies that could involve the MFA. The MFA development programs include "supply side" programs to offset property acquisition, carrying and "hard" costs and "demand side" programs, including first mortgage products, down payment and closing cost assistance and owner-occupied housing rehabilitations. The MFA also has programs directed at special needs, energy efficiency, capacity building and training, operational funding, rural housing and economic development, tribal and colonias housing initiatives, and loan servicing and long-term compliance activities.

At the committee's third meeting of the interim, Mr. Czar updated the committee on MFA events and activities. The MFA was looking forward to the proposed special legislative session as the Governor's CARE Package included additional funding in the amount of \$4 million for the Low Income Home Energy Assistance Program (LIHEAP) and weatherization assistance programs. Mr. Czar noted that the federal Housing and Economic Recovery Act of 2008 had been passed by Congress and signed by President Bush. Provisions of particular interest to the MFA included an increase in the amount of \$101.2 million in the cap on MFA bonds, a refinance program for troubled homeowners, reforms for Federal Housing Administration (FHA), Freddie

Mac and Fannie Mae home loan programs, funding for homeowner counseling and tax credits for certain first-time home buyers. Michael Sivage, chief executive officer of Sivage Homes and MFA Board of Directors vice chair, briefed the committee on issues facing housing development from the perspective of the private sector of the industry. Single-family housing starts had declined, and Mr. Sivage offered several reasons for this decline in housing development. At the present time, new homes are being sold at prices that are 20 percent lower than peak values. There is currently an excess in inventory of homes on the market that may take years to clear. The big issue is that due to increased building and infrastructure costs, restrictive land use policies, impact fees and threatened increases in mortgage rates, homes will continue to become less affordable. Mr. Sivage noted that there will be a trend toward consolidation among housing developers, with publicly traded companies taking a larger share of the market as private developers will have reduced access to capital. Mr. Chavez updated the committee on the activities and status of the regional housing authorities. Mr. Chavez reminded the committee that at the request of the State Board of Finance, the Community Strategies Institute (CSI) had completed a study of regional housing authorities in June 2006, which study included a series of recommendations. The committee endorsed two bills for the special session: a \$5 million appropriation for a residential energy conservation program directed at low-income families and a \$2.5 million appropriation for a residential energy efficiency improvement loan program directed at low-income families. Mr. Montoya updated the committee on the Green Build and EnergySavers programs of the MFA. Lionel Holguin, MFA director of community development, described the New Mexico EnergySmart program. Anthony Roybal of Los Amigos Educational Resource Center gave a PowerPoint presentation illustrating the weatherization evaluation and implementation process. Troy Cucchiara of Los Amigos explained efforts that are being made in the area of water conservation.

At the committee's fourth meeting of the interim, Mr. Czar reviewed the results of the special legislative session and emphasized the need to get legislators full and correct information on MFA-supported legislation. Mr. Czar also presented a summary of the federal Housing and Economic Recovery Act of 2008 and its implications for the MFA. Mr. Chavez updated the committee on the activities and status of the regional housing authorities. Jack Cloud, impact fee administrator of the City of Albuquerque, reviewed the provisions of the city's impact fees program that was adopted in 2004 for implementation in 2005. Sandy Fish, director of the Zoning, Planning, Building and Environmental Health Department for Bernalillo County, reviewed the county's impact fee program that was initially adopted in 1996. Robert Lupton of the Wilson Lupton Group, Inc., gave a PowerPoint presentation addressing the effect that impact fees have had on housing affordability. Ted Swisher, senior planner with the Office of Affordable Housing for the City of Santa Fe, addressed the committee regarding the Santa Fe "Homes Program Ordinance". The program is intended to have affordable housing units built and integrated with regular market housing in order to promote diversity, economic development and employee retention. Ron Pacheco, housing manager for the Santa Fe County Housing Authority, described Santa Fe County's affordable housing program. Adopted in 2006, the program's stated purpose is to provide increased housing opportunities within a broad range of incomes for current and future residents of Santa Fe County and to encourage new development to achieve a reasonable balance between market rate housing and affordable housing through the

use of incentives and other means to help offset potential costs. Michael Chapman, president of Chapman Homes, discussed the city's and county's affordable housing programs from the perspective of the private developer. He views the program as unacceptable social engineering and believes inclusionary zoning is fundamentally wrong.

At the committee's fifth meeting of the interim, Mr. Czar updated the committee on MFA events and activities. Homer Robinson of Romero Rose, LLC, gave a presentation to the committee regarding the planned Silver Gardens residential development planned for downtown Albuquerque on a vacant lot near the bus station. Phase I will consist of 66 units, including five studio apartments, 46 one-bedroom apartments and 15 two-bedroom apartments. Eighty-five percent of the units are affordable housing units targeted at persons whose incomes are 60 percent or less of the area median income; 15 percent of the units will be at market-rate rents. Phase II will include 55 additional dwelling units. Teresa Bell, also with Romero Rose, LLC, gave the committee additional information on the company and on projects it has done elsewhere, including Denver, Colorado. Mr. Chavez updated the committee on the activities and status of the regional housing authorities. Mr. Chavez introduced Tom Hart, director of the CSI, for a presentation of a study the CSI recently completed of regional housing authorities and affordable housing in New Mexico. Mr. Hart reviewed the areas that were the focus of the study. He reviewed the fact that the CSI had performed an assessment of the regional housing authorities in 2006 and documented that a lack of resources and oversight from a state agency had created a dysfunctional system. Although changes were made in the Regional Housing Law during the 2007 legislative session, they were not sufficient to provide a permanent solution. Broader changes are needed to increase the capacity of the state's smaller communities to deal with their housing needs. Mr. Hart identified problems with the present structure for regional housing authorities and the CSI's recommendations for revisions in that structure.

At the committee's sixth and final meeting of the interim, Mr. Czar updated the committee on MFA events and activities, including the Governor's Housing Conference held in November and \$19.6 million in funds allocated as "Neighborhood Stabilization Money" for New Mexico through the federal Economic Stabilization Act of 2008. The money will be used to acquire, rehabilitate and put back into the housing stock homes that have been foreclosed, abandoned or blighted. Mr. Czar expressed the appreciation of the MFA for the work of the outgoing members of the committee and presented plaques to Chairman Daniel P. Silva, Senator H. Diane Snyder and Representative Teresa A. Zanetti. Hector Balderas, state auditor, briefed the committee on the actions of the Office of the State Auditor regarding the regional housing authorities. Mr. Balderas reviewed the financial and compliance audit procedures for the regional housing authorities and the problems that were encountered in undertaking and updating the audits for the delinquent regional housing authorities. He reviewed the status of the regional housing audits and expected the results of the audits to be released within the next few weeks. Mr. Chavez updated the committee on the activities and status of the regional housing authorities. Mr. Chavez reviewed the proposed amendments to the Regional Housing Law that have been drafted in response to the recommendations of the recent study completed by the CSI. Linda Bridge, MFA director of housing development, presented testimony to the committee regarding low-income housing tax credits. The tax credit program was created pursuant to the

federal Tax Reform Act of 1986. The purpose of the program was to stimulate private investment in affordable housing; investors can fund an affordable income housing project and in return can claim dollar-for-dollar credit against tax liability. In 2009, New Mexico will have about \$4.5 million in available federal tax credits. Ms. Quinn reviewed with the committee the MFA-sponsored initiatives for the 2009 legislative session. The committee assigned sponsors to all but one of the initiatives and, upon a motion by Senator Cisco McSorley, seconded by Senator Mark Boitano, the committee voted without opposition to endorse all of the MFA-supported legislative initiatives as follows:

- an appropriation of \$15 million to the New Mexico Housing Trust Fund, to be sponsored by Senator Nancy Rodriguez;
- an appropriation of \$2.5 million for a residential energy efficiency improvement loan program, to be sponsored by Representative Roberto "Bobby" J. Gonzales;
- an appropriation of \$5 million for a residential energy conservation program, to be sponsored by Senator Richard C. Martinez;
- an appropriation of \$2 million for an emergency home repairs program, to be sponsored by Senator Martinez;
- an appropriation of \$2 million for a below-market home loans program, to be sponsored by Senator Boitano;
- an appropriation of \$1 million for a home buyer education program, to be sponsored by Senator McSorley;
- a bill to amend the Affordable Housing Tax Credit Act, to be sponsored by Senator Rodriguez; and
- a bill to amend the Regional Housing Law, to be sponsored by a legislator to be determined by the Lieutenant Governor's Office.

Hank Hughes and Lisa LaBrecque of the New Mexico Coalition to End Homelessness gave the committee a presentation regarding the campaign for a dedicated funding source. This effort is directed toward developing a dedicated funding source for the New Mexico Housing Trust Fund. The fund is currently funded by an annual appropriation from the legislature. Mr. Hughes also presented a proposal to expand the pilot project under the Human Services Department for housing vouchers for individuals with behavioral health problems. Rosemary Romero, consultant, and John Gillis of the New Mexico Gas Company briefed the committee on the activities of the Low Income Energy Affordability Working Group. Legislative proposals for 2009 will include establishing a reliable, recurring funding stream that will generate \$12 million to \$18 million annually for weatherization and energy efficiency assistance and for creating a permanent New Mexico energy affordability task force. The committee took no action regarding these proposals. Thomas G. Hassell, executive director of the Housing Authority of the City of Las Cruces and Doña Ana County, presented a proposal to clean up and improve the existing Municipal Housing Law. The proposed revisions would dovetail with the proposed revisions to the Regional Housing Law. Upon a motion by Representative Gonzales, seconded by Representative Thomas A. Anderson, the committee voted without opposition to endorse the proposed Municipal Housing Law revisions, and Senator Martinez will sponsor the bill.

2008 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

Membership

Rep. Daniel P. Silva, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano

Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley
Sen. Leonard Lee Rawson
Rep. Teresa A. Zanetti

Advisory Members

Rep. Andrew J. Barreras
Rep. Jose A. Campos
Rep. Daniel R. Foley
Sen. Phil A. Griego

Sen. John T.L. Grubestic
Sen. Richard C. Martinez
Sen. H. Diane Snyder

Work Plan

The Mortgage Finance Authority Act Oversight Committee was created pursuant to the provisions of Section 58-18-5 NMSA 1978, which provides in part:

The [mortgage finance authority] shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of the Mortgage Finance Authority Act, including but without limiting the generality of the foregoing, the power:

* * *

- W. subject to any agreement with bondholders and noteholders, to make, alter or repeal, **subject to prior approval by the Mortgage Finance Authority Act oversight committee, hereby created, to be composed of four members appointed by the president pro tempore of the senate and four members appointed by the speaker of the house of representatives**, such rules and regulations with respect to its operations, properties and facilities as are necessary to carry out its functions and duties in the administration of the Mortgage Finance Authority Act; . . .

Pursuant to the provisions of Section 2-12-5 NMSA 1978, the committee is further authorized to:

- A. determine and monitor the actual distribution of funds derived by the New Mexico mortgage finance authority (MFA) from bond issues and other activities of the MFA under the provisions of the Mortgage Finance Authority Act, both on a geographical basis and on the basis of the actual distribution to participants in its programs;

- B. monitor the MFA in its control of the issuance of mortgage commitments;
- C. meet on a regular basis to receive and evaluate periodic reports from the MFA as to its enforcement of the provisions of the Mortgage Finance Authority Act and the regulations adopted pursuant thereto; and
- D. require the MFA to document the need to the oversight committee regarding the issuance of any bonds.

In addition to carrying out its statutory responsibilities, the committee proposes to focus on the following areas of legislative concern during the 2008 interim:

(1) the MFA's authority to issue bonds for regional housing projects, approve regional housing authority executive directors and conduct annual needs assessments of regional housing authorities;

(2) existing and proposed rules promulgated by the MFA, including those relating to the Affordable Housing Act and the New Mexico Housing Trust Fund;

(3) cost components of housing development;

(4) green build, EnergySavers program and energy efficiency;

(5) emergency repair funding;

(6) inclusionary zoning;

(7) multigenerational housing; and

(8) 2009 legislative endorsements.

The committee will coordinate, as needed, with other committees regarding presentations of subject matter of common concern.

APPROVED MEETING SCHEDULE

<u>Date</u>	<u>Location</u>
May 23	Albuquerque
July 14	Albuquerque
August 4	Albuquerque
September 5	Albuquerque
October 6	Albuquerque
November 12	Albuquerque

Revised: May 15, 2008

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**May 23, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Friday, May 23

10:00 a.m. **Call to Order**
—Representative Daniel P. Silva, Chair

Introduction of Mortgage Finance Authority (MFA) Staff
—Jay Czar, Executive Director, MFA

Interim Committee Protocols
—Paula Tackett, Director, Legislative Council Service (LCS)

MFA 2008 Handbook — Overview
—Erin Quinn, Senior Policy and Program Advisor, MFA
—Lionel Holguin, Director of Community Development, MFA

Review of 2008 Legislative Session
—Jay Czar, Executive Director, MFA
—Erin Quinn, Senior Policy and Program Advisor, MFA

MFA 2008 State of Housing Report
—Erin Quinn, Senior Policy and Program Advisor, MFA

Regional Housing Authorities — MFA Oversight and Update
—Jay Czar, Executive Director, MFA
—Richard Chavez, Regional Housing Authorities Liaison, MFA

2008 Interim Work Plan and Meeting Schedule Development
—Jay Czar, Executive Director, MFA
—Chase Van Gorder, Staff Attorney, LCS

Adjourn

MINUTES

**of the
FIRST MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE**

**May 23, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The first meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, at 10:15 a.m. on Friday, May 23, 2008, in the offices of the New Mexico Mortgage Finance Authority (MFA) in Albuquerque.

Present

Rep. Daniel P. Silva, Chair
Sen. Nancy Rodriguez, Vice Chair
Sen. Mark Boitano
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley
Sen. Leonard Lee Rawson

Absent

Rep. Thomas A. Anderson
Rep. Teresa A. Zanetti

Advisory Members

Rep. Andrew J. Barreras
Rep. Jose A. Campos
Sen. Richard C. Martinez
Sen. H. Diane Snyder

Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. John T.L. Grubestic

Also Present

Sen. Lidio G. Rainaldi

Staff

Chase Van Gorder, Staff Attorney

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Friday, May 23

Representative Silva welcomed committee members and guests to the meeting, and committee members introduced themselves. Jay Czar, executive director of the MFA, introduced himself and staff members to the committee.

Interim Committee Protocols

Paula Tackett, director, Legislative Council Service (LCS), briefed the committee on various topics concerning protocol during interim committee meetings. Items discussed included quorum requirements for voting purposes and for payment of per diem and mileage, appointment of temporary committee members for quorum purposes, voting on and approval of committee business, chairing committee meetings, voting member calendar conflicts, scheduling and committee staffing. Senator McSorley requested that the Legislative Council consider permitting all committee members attending a regularly scheduled committee meeting to receive per diem and mileage reimbursement regardless of the presence of a quorum. There was also a question as to whether committee members can receive per diem and mileage reimbursement for the first day of a committee meeting if a quorum is not established until the second day of the meeting.

MFA 2008 Handbook — Overview

Erin Quinn, MFA senior policy and program advisor, reviewed with the committee the contents of the MFA 2008 Handbook, a copy of which is in the meeting file. Committee members suggested that the contents of the handbook might be posted on the MFA web site to enable ready access. Representative Campos requested that the MFA provide committee members with a summary of the MFA's annual budget, including a list of programs and expenditures by county with the number of people affected by MFA activities in each county.

Review of 2008 Legislative Session

Mr. Czar reviewed actions of interest to the MFA that took place during the 2008 legislative session. These actions are summarized at Tab 2 in the MFA 2008 Handbook.

MFA 2008 State of Housing Report

Ms. Quinn reviewed the 2008 State of Housing Report that has been prepared by the MFA. The report addresses economic trends and demographic drivers (including employment growth and unemployment rates as well as population growth and age factors), homeownership (including ownership rates, sales trends, prices and foreclosure rates), rental housing (including availability and preservation), housing challenges (including affordability, availability and sustainability) and the MFA's efforts in meeting those challenges. A copy of the report is contained in the meeting file. Questions from committee members concerned the availability of subsidized rental housing through the federal Section 8 program and the impact of housing subsidies on property values and taxation.

Regional Housing Authorities — MFA Oversight and Update

Richard Chavez, MFA regional housing authorities liaison, briefed the committee on the status of the regional housing authorities. As reported in 2007, Regions I and VII are no longer viable, and there are no regional housing authority activities in those regions. Region II has turned over all of its activities to the Santa Fe Civic Housing Authority and will cease to exist as of June 2008. Region III activities continue to be run by the Mid-Region Council of Governments. Region III has transferred 10 housing units to the State Investment Council (SIC) and is continuing its efforts to inventory all of its properties and determine maintenance and repair needs. Region III has received permission to sell 15 properties to help defray ongoing costs. Region IV has come under new management and is continuing to operate. Region IV received an appropriation in 2008 to complete the purchase of its office building. Region V continues to operate and will be beginning home ownership counseling and credit counseling classes. Region V will also begin development of single-family detached housing and rehabilitation projects. Region VI will be expanding its homeownership counseling and will be undertaking a 20-unit single-family development. Region VI is also undertaking rehabilitation and weatherization projects. The state auditor received an additional \$100,000 in 2008 to complete a full audit focusing on Regions III and IV and the closure of Regions I, II and VII. The MFA recently awarded a contract for a comprehensive review of the regional housing authorities. The study should be completed by September 2008. The SIC has sued the former executive director and former bond counsel for Region III in an attempt to recoup some of its losses. A copy of Mr. Chavez' report is included in the meeting file.

2008 Interim Work Plan and Meeting Schedule Development

Mr. Van Gorder presented the committee with a draft proposed work plan for the 2008 interim. Mr. Czar presented the committee with the following topics that the MFA would like to see included in the committee's work plan for the 2008 interim: cost components of housing development; MFA rules and regulations; green building, EnergySavers program and energy efficiency; emergency repair funding; the 2009 legislative agenda; inclusionary zoning; and preliminary findings from the consultant reviewing the regional housing authorities. Committee members expressed an interest in addressing the issues of multigenerational housing, the impact of property taxes on housing affordability and property transfer taxes. Senator Boitano moved that the committee approve the draft work plan with the addition of the items suggested by MFA staff. The motion was seconded by Senator Rodriguez and passed without opposition. It was suggested by Senator Rawson that the proposed September 3 meeting date be changed to September 5. Mr. Van Gorder noted that any schedule change would have to be approved by the Legislative Council. He also noted that he would consult with Representative Silva regarding the proposed work plan before it is submitted to the Legislative Council for approval.

Adjournment

There being no further business before the committee, the first meeting of the Mortgage Finance Authority Act Oversight Committee for the 2008 interim was adjourned at 12:35 p.m.

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**July 14, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Monday, July 14

10:00 a.m. **Call to Order**
—Representative Daniel P. Silva, Chair

Mortgage Finance Authority (MFA) Update
—Jay Czar, Executive Director, MFA

Regional Housing Authorities — MFA Oversight and Update
—Richard Chavez, Regional Housing Authorities Liaison, MFA

Cost Components of Housing Development
—Joseph Montoya, Deputy Director of Programs, MFA
—Erin Quinn, Senior Policy and Program Advisor, MFA

 Adjourn

**MINUTES
of the
SECOND MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE**

**July 14, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The second meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Senator Nancy Rodriguez, vice chair, at 10:10 a.m. on Monday, July 14, 2008, in the offices of the New Mexico Mortgage Finance Authority in Albuquerque.

Present

Rep. Daniel P. Silva, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Roberto "Bobby" J. Gonzales
Sen. Leonard Lee Rawson

Absent

Sen. Cisco McSorley
Rep. Teresa A. Zanetti

Advisory Members

Sen. Richard C. Martinez
Sen. H. Diane Snyder

Rep. Andrew J. Barreras
Rep. Jose A. Campos
Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. John T.L. Grubestic

Staff

Chase Van Gorder, Staff Attorney

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Monday, July 14

Senator Nancy Rodriguez welcomed committee members and guests to the meeting.

Minutes

Upon a motion by Senator Martinez that was duly seconded, the committee approved without objection the minutes from the May 23, 2008 meeting of the Mortgage Finance Authority Act Oversight Committee.

Mortgage Finance Authority (MFA) Update

Joseph Montoya, MFA deputy director of programs, updated the committee on MFA events and activities. The MFA had conducted town hall meeting in Carlsbad on June 11, Silver City on June 25 and Espanola on July 10; a town hall meeting will be held in Albuquerque on August 1. MFA staff have recently completed an update of a new strategic plan for the MFA that will be presented to the MFA board on July 16. The MFA staff will be presenting to the Welfare Reform Oversight Committee during this interim regarding subsidized housing programs and the Governor's Task Force on Poverty Reduction. On a motion by Senator Rawson, seconded by Senator Boitano, the committee voted without objection to request the Legislative Council Service to prepare for the committee's possible endorsement for the upcoming special legislative session appropriation bills for a residential efficiency improvement loan program and the expansion of a residential energy conservation program for low-income persons. These bills were introduced as Senate Bills 210 and 211 during the 2008 regular legislative session.

Regional Housing Authorities — MFA Oversight and Update

Richard Chavez, MFA regional housing authorities liaison, updated the committee on the activities and status of the regional housing authorities. Region IV has two new board members and two that were reappointed by the governor. Region VI is in the process of having two board members reappointed. Region II continues to operate with very few problems. Region IV is starting the new fiscal year with a balanced budget; a review and cleanup of client files should be completed by the end of the summer. Region V is looking into the purchase of land for new public housing and is working with Silver City in providing home ownership counseling for a 52-unit housing development. Regions II, IV and VI have upgraded their computer software to enable files to be transmitted over the Internet; Region V will do so in the near future. The regional housing study has been ongoing since June and is directed toward enabling a more comprehensive networking system.

Cost Components of Housing Development

Erin Quinn, MFA senior policy and program advisor, briefed the committee on the cost components of housing development, presenting a PowerPoint presentation. Housing costs may be reduced in many ways, and the MFA offers development and other programs that help offset some of the costs of providing affordable housing. Stable, affordable, accessible housing is important, and it is an integral part of a community's social structure. Robust housing choices are good for business and the local economy; stability of the housing stock is critical. In general, if housing costs are greater than 30 percent of a household's income, housing is unaffordable. Components of a successful local affordable housing strategy include comprehensive planning; a combination of targeted incentives and/or mandatory set-aside requirements; adequate funding to bridge development gaps; carefully balanced reforms in local zoning, subdivision, infrastructure

and environmental standards; procedural reforms designed to promote certainty, predictability and fairness in the development approval process; and enforcement mechanisms. Cost components of housing development include land costs, carrying costs (interest and property taxes), hard costs (site preparation, off-site exactions and construction costs) and facilitating the development process. Ms. Quinn reviewed ways in which housing development costs could be reduced and specified those reduction strategies that could involve the MFA, including discounted sale or grant of property, direct subsidies or low-interest loans, the use of housing trust funds and public/private partnerships. Ms. Quinn also offered several scenarios that illustrated how housing development costs could be reduced by specific property acquisition, site development and construction costs. The MFA development programs include "supply side" programs to offset property acquisition, carrying and "hard" costs and "demand side" programs, including first mortgage products, down payment and closing cost assistance and owner-occupied housing rehabilitations. The MFA also has programs directed at special needs, energy efficiency, capacity building and training, operational funding, rural housing and economic development, tribal and colonias housing initiatives, and loan servicing and long-term compliance activities.

Adjournment

There being no further business before the committee, the second meeting of the Mortgage Finance Authority Act Oversight Committee for the 2008 interim was adjourned at 12:05 p.m.

**TENTATIVE AGENDA
for the
THIRD MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**August 4, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Monday, August 4

10:00 a.m. **Call to Order**
—Representative Daniel P. Silva, Chair

Mortgage Finance Authority (MFA) Update
—Jay Czar, Executive Director, MFA

Regional Housing Authorities — MFA Oversight and Update
—Richard Chavez, Regional Housing Authorities Liaison, MFA

Green Build Update
—Joseph Montoya, Deputy Director of Programs, MFA

EnergySavers Program Update
—Joseph Montoya, Deputy Director of Programs, MFA

Energy Efficiency Programs Update
—Lionel Holguin, Director of Community Development, MFA
—Anthony Roybal, Los Amigos

Housing Development — Private Sector Perspective
—Michael Sivage, Sivage Community Development

 Adjourn

**MINUTES
of the
THIRD MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE**

**August 4, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The third meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, at 10:15 a.m. on Monday, August 4, 2008, in the offices of the New Mexico Mortgage Finance Authority (MFA) in Albuquerque.

Present

Rep. Daniel P. Silva, Chair
Sen. Nancy Rodriguez, Vice Chair
Sen. Mark Boitano
Rep. Roberto "Bobby" J. Gonzales
Sen. Leonard Lee Rawson
Rep. Teresa A. Zanetti

Absent

Rep. Thomas A. Anderson
Sen. Cisco McSorley

Advisory Members

Sen. Richard C. Martinez
Sen. H. Diane Snyder

Rep. Andrew J. Barreras
Rep. Jose A. Campos
Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. John T.L. Grubestic

Also Present

Rep. Miguel P. Garcia

Staff

Chase Van Gorder, Staff Attorney

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Monday, August 4

Mortgage Finance Authority (MFA) Update

Jay Czar, MFA executive director of programs, updated the committee on MFA events and activities. The MFA is looking forward to the proposed special legislative session as the Governor's CARE Package includes additional funding in the amount of \$4 million for the Low Income Home Energy Assistance Program (LIHEAP) and weatherization assistance programs. The MFA has completed its town hall meetings for the year, and conducted meetings in Bloomfield, Silver City, Espanola and, most recently, Albuquerque. Mr. Czar then noted that the federal Housing and Economic Recovery Act of 2008 had been passed by Congress and signed by President Bush. Provisions of particular interest to MFA included an increase in the amount of \$101.2 million in the cap on MFA bonds, a refinance program for troubled homeowners, reforms for Federal Housing Administration (FHA), Freddie Mac and Fannie Mae home loan programs, funding for homeowner counseling and tax credits for certain first-time home buyers.

Housing Development — Private Sector Perspective

Michael Sivage, chief executive officer of Sivage Homes and MFA Board of Directors vice chair, briefed the committee on issues facing housing development from the perspective of the private sector of the industry. At the present time, the country is experiencing the worst housing slump since the Great Depression. At the national level, housing starts are down 54 percent from the 2005 peak; there has been a drop of 67 percent in single-family dwelling starts. The drop in single-family housing starts in New Mexico is 85 percent in Santa Fe, 60 percent in Albuquerque and 50 percent in Las Cruces. Albuquerque single-family housing starts in 2008 are expected to be below 3,000; in 2005, there were 9,445 single-family housing starts in Albuquerque. Mr. Sivage offered several reasons for this decline in housing development. First, there was too much capital invested in housing development, as there was a lack of confidence in the stock market and investors turned to real estate as an alternate investment. Second, Wall Street invested heavily in mortgage-backed securities that were often too highly rated by the rating companies. Third, there were serious flaws in the ways in which housing was valued. At the present time, new homes are being sold at prices that are 20 percent lower than peak values. Mr. Sivage noted that a normal ratio of new jobs to housing starts should be 1:1 and existing employment trends do not support a robust housing market. There is currently an excess in inventory of homes on the market that may take years to clear. This causes home prices to continue to fall and puts pressure on new home and resale values. In the area of mortgage foreclosures, at a national level, one home in 171 is in foreclosure; in New Mexico, the figure is one home in 739; and in Albuquerque, the figure is one home in 405. Subprime mortgages, including option ARMs, have not been used as frequently in New Mexico as in other markets. Mr. Sivage expects that housing prices will continue to fall for a period while housing development costs will continue to rise. Housing prices will bottom out, as will housing starts, over the next 12 months and new home construction will stabilize with a modest recovery thereafter. The big issue is that due to increased building and infrastructure costs, restrictive land use policies, impact fees and threatened increases in mortgage rates, homes will continue to become less affordable. Thus, home ownership rates will decline and builders will respond to cost increases by reducing the size of homes, increasing housing density and eliminating or

making optional many housing amenities. Mr. Savage also noted that there will be a trend toward consolidation among housing developers with publicly traded companies taking a larger share of the market as private developers will have reduced access to capital. In Albuquerque, through the first quarter of 2008, the top three publicly traded developers accounted for 50 percent of the housing starts.

Regional Housing Authorities — MFA Oversight and Update

Richard Chavez, MFA regional housing authorities liaison, updated the committee on the activities and status of the regional housing authorities. Mr. Chavez reminded the committee that at the request of the State Board of Finance, the Community Strategies Institute (CSI) had completed a study of regional housing authorities in June 2006, which study included a series of recommendations. CSI is undertaking an updated study to follow up on those recommendations with more specifics for the purpose of developing specific language and proposed related program costs, including: 1) conducting a market analysis of affordable housing needs and services for the regional areas; and 2) conducting an organizational analysis of the financial capabilities, organizational skill sets and capacity requirements needed for regional housing authorities. A number of the initial recommendations of CSI were incorporated into the provisions of the recently passed regional housing authority legislation, House Bill 519 from the 2007 legislative session. Mr. Chavez noted that approximately \$5 million may have been lost due to the previous inadequate oversight of regional housing authorities. Mr. Chavez reviewed recent developments for Regions II, III, IV, V and VI; his report is contained in the archive file for this meeting. Finally, Mr. Chavez noted that the state auditor should begin audits of Regions III and IV in August 2008, and that closeout audits for Regions I and VII will need to be completed.

Legislative Initiatives

Mr. Van Gorder presented the committee with drafts of two appropriations bills for the upcoming special session as requested by the committee at its July meeting: a \$5 million appropriation for a residential energy conservation program directed at low-income families and a \$2.5 million appropriation for a residential energy efficiency improvement loan program directed at low-income families. These are identical to Senate Bill 210 and Senate Bill 211 introduced in the 2008 legislative session by Senator Martinez. Both of these bills have already been endorsed by the Welfare Reform Oversight Committee. Upon a motion by Representative Gonzales, seconded by Representative Silva, the committee voted without opposition to endorse these two bills for the upcoming special session. The bills will be sponsored by Senator Martinez in the senate and Representative Gonzales in the house. Senator Snyder also requested to be a co-sponsor of both bills.

Green Build and EnergySavers Program Update

Joseph Montoya, MFA deputy director of programs, updated the committee on the Green Build and EnergySavers programs of MFA. The MFA 2007-08 Strategic Plan incorporated a number of "green" initiatives in environmentally friendly building practices in affordable housing

throughout New Mexico: 1) a year-long "Green Initiative" internship began in August 2007; 2) three new programs were developed by MFA over the past year to broaden the available financing tools for green affordable housing; 3) by the summer of 2008, MFA will have incorporated green building incentives into its existing finance programs; and 4) MFA will seek to have its facilities "green certified". The MFA created the EnergySavers Loan Program to facilitate the distribution of funds for energy efficiency programs for low- to moderate-income households. The purpose of the program is to provide below-market interest rate loans for energy efficiency improvements to new and rehabilitated single and multifamily housing.

Energy Efficiency Programs Update

Lionel Holguin, MFA director of community development, described the New Mexico EnergySmart Program. This program is modeled on the Weatherization Assistance Program, a federal grant program administered by the Department of Energy. This program in New Mexico is administered by the MFA through partnerships with community based nonprofit organizations. Total funding for the 2008/09 program year from federal, state and private (Public Service Company of New Mexico) sources is \$5,239,539. At an average cost per home of \$2,996, this funding will weatherize 1,749 homes with an estimated annual savings of \$626,142. Anthony Royal of Los Amigos Educational Resource Center gave a PowerPoint presentation illustrating the weatherization evaluation and implementation process. Troy Cucchiara of Los Amigos explained efforts that are made in the area of water conservation.

Minutes

Upon a motion by Senator Boitano that was duly seconded by Representative Gonzales, the committee approved without objection the minutes from the July 14, 2008 meeting of the MFA Act Oversight Committee.

Adjournment

There being no further business before the committee, the third meeting of the MFA Act Oversight Committee for the 2008 interim was adjourned at 1:05 p.m.

**TENTATIVE AGENDA
for the
FOURTH MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**September 5, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Friday, September 5

10:00 a.m. **Call to Order**

—Representative Daniel P. Silva, Chair

Mortgage Finance Authority (MFA) Update

—Jay Czar, Executive Director, MFA

Regional Housing Authorities — MFA Oversight and Update

—Richard Chavez, Regional Housing Authorities Liaison, MFA

Impact Fees — Status Update

—Jack Cloud, Impact Fee Administrator, City of Albuquerque

—Sandy Fish, Director, Zoning, Planning, Building and Environmental Health
Department, Bernalillo County

—Jim Best, Impact Fees Administrator, Bernalillo County

—Robert Lupton, Vice President, Wilson Lupton Group, Inc.

Inclusionary Zoning — Status Update

—Ted Swisher, Senior Planner, Office of Affordable Housing, City of Santa Fe

—Ron Pacheco, Housing Manager, Santa Fe County Housing Authority

—Michael Chapman, President, Chapman Homes

Adjourn

**MINUTES
of the
FOURTH MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE**

**September 5, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The fourth meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, at 10:12 a.m. on Friday, September 5, 2008, in the offices of the New Mexico Mortgage Finance Authority (MFA) in Albuquerque.

Present

Rep. Daniel P. Silva, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley
Sen. Leonard Lee Rawson

Absent

Rep. Teresa A. Zanetti

Advisory Members

Rep. Andrew J. Barreras
Rep. Jose A. Campos
Sen. Richard C. Martinez

Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. John T.L. Grubestic
Sen. H. Diane Snyder

Staff

Chase Van Gorder, Staff Attorney

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Friday, September 5

New Mexico Mortgage Finance Authority (MFA) Update

Jay Czar, MFA executive director of programs, updated the committee on MFA events and activities. Mr. Czar reviewed the results of the special legislative session and emphasized the need to get legislators full and correct information on MFA-supported legislation. Mr. Czar also presented a summary of the federal Housing and Economic Recovery Act of 2008 and its

implications for the MFA. The MFA may be able to obtain funding for homebuyer counseling, for counseling of homeowners facing foreclosure and for acquisition of abandoned or foreclosed properties.

Minutes

Upon a motion by Representative Gonzales that was duly seconded by Senator Rodriguez, the committee approved without objection the minutes from the August 4, 2008 meeting of the Mortgage Finance Authority Act Oversight Committee.

Regional Housing Authorities — MFA Oversight and Update

Richard Chavez, MFA regional housing authorities liaison, updated the committee on the activities and status of the regional housing authorities. Regions IV and VI now have a full complement of board members; Region III continues with its present board members. Region II has been absorbed by the Santa Fe Civic Housing Authority. The Mid-Region Council of Governments continues to operate Region III. Twelve of the 14 lease/purchase homes now are available for sale; one in Grants was recently sold. The nonprofit arm of Region VI is now operating Region IV. The Region IV financial situation has improved and is now in the black. Although Region IV has a listing of "troubled" status with the federal Department of Housing and Urban Development, it is anticipated that this regional housing authority will move into "standard performer" status by June 2009. Region V is moving ahead with two development proposals, one of which is in Silver City. Region VI is continuing work to get its files and paperwork in order. Region VI is expanding its home ownership counseling program into Lea County and has begun a 20-unit development in Roswell. Region VI has also been awarded a contract for weatherizing 47 housing units.

Impact Fees — Update

Jack Cloud, impact fee administrator of the City of Albuquerque, reviewed the provisions of the city's impact fees program that was adopted in 2004 for implementation in 2005. The program was phased in over three years and became fully phased in for fiscal year 2008. Impact fees are waived for affordable housing and for development in certain areas of the city. Sandy Fish, director of the Zoning, Planning, Building and Environmental Health Department for Bernalillo County, reviewed the county's impact fee program that was initially adopted in 1996. Impact fees are used to finance the capital facilities needed to accommodate new growth. The assessments were phased in over time but have not exceeded 75 percent. The program was reviewed and revised in 2002 and 2006. At this time, impact fees are waived for affordable housing that is valued at \$130,000 or less. Robert Lupton of the Wilson Lupton Group, Inc., gave a PowerPoint presentation addressing the effect that impact fees have had on housing affordability.

Inclusionary Zoning — Update

Ted Swisher, senior planner with the Office of Affordable Housing for the City of Santa Fe, addressed the committee regarding the Santa Fe "Homes Program Ordinance". The program is intended to have affordable housing units built and integrated with regular market housing in order to promote diversity, economic development and employee retention. He stated that

median house price is seven times median income while affordable housing is three times median income. The program requires 30 percent of all new ownership housing to be affordable for families earning below the area mean income and 15 percent of all new rental housing to be affordable for families earning below 80 percent of the area mean income. Families must be income-certified when they move into an "affordable" housing unit. Developers within the program receive a 15 percent density bonus and a reduction or waiver of specified municipal fees. In cases of extreme hardship, developers may be permitted to build the affordable housing offsite. Over the past two years, there have been 19 agreements entered into, resulting in 455 "affordable homes" and 297 "affordable rental units".

Ron Pacheco, housing manager for the Santa Fe County Housing Authority, described Santa Fe County's affordable housing program. Adopted in 2006, the program's stated purpose is to provide increased housing opportunities within a broad range of incomes for current and future residents of Santa Fe County and to encourage new development to achieve a reasonable balance between market rate housing and affordable housing through the use of incentives and other means to help offset potential costs. One problem is that the county is losing its work force because workers cannot afford to live in the city or county and there is a need to incentivize developers to build affordable housing.

Michael Chapman, president of Chapman Homes, discussed the city's and county's affordable housing programs from the perspective of the private developer. He asserted that the program does not create affordability, but simply passes the cost of "affordable" housing units to market-rate buyers. The subsidies for affordable housing can be \$100,000 to \$150,000 per affordable home, increasing the cost of market-rate homes between \$10,000 and \$50,000 per market-rate unit. He stated that the community's responsibility to provide affordable housing is ignored and placed instead upon the buyers of market-rate homes. These families pay a hidden tax for which they get no credit. Mr. Chapman also indicated his belief that the program constitutes an unconstitutional taking of property without compensation as the density bonuses do not offset the increased development costs. Mr. Chapman also raised questions regarding who benefits from any increase in the price of affordable housing units and whether buyers of such units will ever be able to leave them and move into market-rate housing. He views the program as unacceptable social engineering and believes inclusionary zoning is fundamentally wrong.

Adjournment

There being no further business before the committee, the fourth meeting of the Mortgage Finance Authority Act Oversight Committee for the 2008 interim was adjourned at 1:45 p.m.

Revised: September 29, 2008

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**October 6, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Monday, October 6

10:00 a.m. **Call to Order**
—Representative Daniel P. Silva, Chair

Mortgage Finance Authority (MFA) Update
—Jay Czar, Executive Director, MFA

Silver Gardens: Public-Private Affordable Housing in Albuquerque
—Homer Robinson, Romero Rose, LLC
—Art Hull, Hull Consulting, LLC

Draft Legislative Proposals
—Jay Czar, Executive Director, MFA

Regional Housing Authorities — Community Strategies Institute (CSI) Study
—Richard Chavez, Regional Housing Authorities Liaison, MFA
—Representative, CSI

Tour, Sawmill Lofts, Albuquerque
—MFA Staff

 Adjourn

**MINUTES
of the
FIFTH MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE**

**October 6, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The fifth meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, at 10:17 a.m. on Monday, October 6, 2008, in the offices of the New Mexico Mortgage Finance Authority (MFA) in Albuquerque.

Present

Rep. Daniel P. Silva, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley
Sen. Leonard Lee Rawson
Rep. Teresa A. Zanetti

Absent

Rep. Andrew J. Barreras
Rep. Jose A. Campos
Sen. Phil A. Griego
Sen. John T.L. Grubestic
Sen. H. Diane Snyder

Advisory Members

Rep. Daniel R. Foley
Sen. Richard C. Martinez

Staff

Chase Van Gorder, Staff Attorney

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Monday, October 6

New Mexico Mortgage Finance Authority (MFA) Update

Jay Czar, MFA executive director of programs, updated the committee on MFA events and activities. Mr. Czar gave a presentation regarding the MFA to the Legislative Finance Committee on September 25, including a report on the state of housing in New Mexico and MFA programmatic and budgetary information. The state received \$19.6 million through the federal Housing and Economic Recovery Act of 2008 for the purpose of acquiring and rehabilitating foreclosed and abandoned homes. Governor Richardson will decide on a program manager in the next month. Mr. Czar also reviewed seven groundbreaking and ribbon cuttings scheduled in rural areas around the state. On a motion by Representative Foley, seconded by Representative Zanetti, the committee voted without opposition to request approval from the Legislative Council for a December meeting.

Silver Gardens: Public-Private Affordable Housing in Albuquerque

Homer Robinson of Romero Rose, LLC, gave a presentation to the committee regarding the planned Silver Gardens residential development planned for downtown Albuquerque on a vacant lot near the bus station — he termed it "transit oriented infill development". Phase I will consist of 66 units, including five studio apartments, 46 one-bedroom apartments and 15 two-bedroom apartments. Eighty-five percent of the units are affordable housing units targeted at 60 percent or less of the area median income; 15 percent of the units will be at market rate rents. Phase II will include 55 additional dwelling units. Construction on Phase I is scheduled to begin in January 2009 with an anticipated move-in date of February 2010. The project has received LEED Gold certification and incorporates wind turbines and rainwater harvesting. The total cost of Phase I is \$13.2 million and will be financed through a variety of federal, state, city and private funding sources. Mr. Rose explained how the recent constitutional amendment regarding the anti-donation clause made this project feasible and described how the financing is being put together. Teresa Bell, also with Romero Rose, LLC, gave the committee additional information on the company and on projects it has done elsewhere, including Denver, Colorado.

Regional Housing Authorities — MFA Oversight and Update

Richard Chavez, MFA regional housing authorities liaison, updated the committee on the activities and status of the regional housing authorities. The Office of the State Auditor should be completing its audit of Region IV in the near future and then will be moving on to its audit of Region III. It is anticipated that Regions I and VII will be closed out in the course of the Region III audit. Mr. Chavez then introduced Tom Hart, director of the Community Strategies Institute (CSI), for a presentation of a study CSI recently completed of regional housing authorities and affordable housing in New Mexico. Mr. Chavez reviewed the areas that were the focus of the study: 1) provide a market analysis of affordable housing needs and services for the regional areas; 2) complete an organizational analysis of the financial capabilities, organizational skill sets and capacity requirements needed for regional housing authorities; 3) develop an affordable housing plan for each of the regional areas; and 4) provide recommendations, including program costs, for the regional housing authorities in order to enhance existing programs and services and provide for an expansion of housing-related services and production.

Mr. Hart reviewed the fact that CSI had performed an assessment of the regional housing authorities in 2006 and documented that a lack of resources and oversight from a state agency had created a dysfunctional system. Although changes were made in the Regional Housing Law during the 2007 legislative session, they were not sufficient to provide a permanent solution. Broader changes are needed to increase the capacity of the state's smaller communities to deal with their housing needs. Identified problems included a lack of oversight of regional housing authorities, insufficient funding to support the operations of regional housing authorities and a need for more programmatic guidance for the regional housing authorities. CSI recommends that there be three regional authorities to serve all areas of the state except the Albuquerque, Santa Fe and Las Cruces areas. The revamped regional housing authorities will need seed capital investment in the amount of \$450,000 annually for three years. Cuts in federal funding for affordable housing will require state governments to provide the funds needed to expand services and create a delivery system that will assist smaller communities to respond to the demand for affordable worker housing. The requested funding will permit the new regional housing authorities to hire essential staff and install a computerized information system that will extend the reach of affordable housing programs to towns and counties not presently served by any housing agency. Competent staff and investment in technology are keys to a successful regional housing strategy. The proposed three regional housing authorities could provide basic housing opportunities for residents. Tools for homeownership could include homebuyer education and coordination of existing homeownership efforts; centralized administration and management of federal housing programs; leadership of development teams to produce new affordable housing for homebuyers and renters; and expansion of existing housing preservation programs aimed at making health and safety improvements to owner-occupied dwellings and multi-family rentals. A copy of the full CSI report is available in the meeting file.

Adjournment

There being no further business before the committee, the fourth meeting of the Mortgage Finance Authority Act Oversight Committee for the 2008 interim was adjourned at 12:40 p.m. Following adjournment, committee members toured the Sawmill Lofts development in Albuquerque.

Revised: December 1, 2008

**TENTATIVE AGENDA
for the
SIXTH MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**December 3, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Wednesday, December 3

10:00 a.m. **Call to Order**
—Representative Daniel P. Silva, Chair

Mortgage Finance Authority (MFA) Update
—Jay Czar, Executive Director, MFA

Regional Housing Authorities — MFA Oversight and Update
—Hector Balderas, State Auditor
—Richard Chavez, Regional Housing Authorities Liaison, MFA

Sub-Prime Housing Crisis — Update
—MFA Staff

Low-Income Housing Tax Credits Program — Overview
—Linda Bridge, Director of Housing Development, MFA

2009 MFA-Sponsored Legislative Initiatives
—MFA Staff

Other Legislative Initiatives
—Hank Hughes, New Mexico Coalition to End Homelessness
—Paul Hesch, Habitat for Humanity of New Mexico
—Rosemary Romero, Low-Income Energy Affordability Working Group
—Tom Hassell, New Mexico Chapter of National Association of Housing and
Redevelopment Officials

Adjourn

**MINUTES
of the
SIXTH MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE**

**December 3, 2008
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The sixth meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, at 10:20 a.m. on Wednesday, December 3, 2008, in the offices of the New Mexico Mortgage Finance Authority (MFA) in Albuquerque.

Present

Rep. Daniel P. Silva, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley
Rep. Teresa A. Zanetti

Absent

Sen. Leonard Lee Rawson

Advisory Members

Rep. Andrew J. Barreras
Rep. Jose A. Campos
Sen. Richard C. Martinez
Sen. H. Diane Snyder

Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. John T.L. Grubestic

Staff

Chase Van Gorder, Staff Attorney

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Wednesday, December 3

Jay Czar, MFA executive director of programs, updated the committee on MFA events and activities. The Governor's Housing Conference was held on November 4-6 and was well attended. A total of \$19.6 million has been allocated as "Neighborhood Stabilization Money" for New Mexico through the federal Economic Stabilization Act of 2008. The money will be used to acquire, rehabilitate and put back into the housing stock homes that have been foreclosed,

abandoned or blighted. Albuquerque will receive \$8 million, Santa Fe will receive \$2 million and Las Cruces will receive \$1.5 million. The MFA has submitted a proposal to utilize \$7.7 million in areas outside of Albuquerque, Santa Fe and Las Cruces. Mr. Czar expressed the appreciation of the MFA for the work of the outgoing members of the committee and presented plaques to Chairman Silva, Senator Snyder and Representative Zanetti.

Regional Housing Authorities — MFA Oversight and Update

Hector Balderas, state auditor, briefed the committee on the actions of the Office of the State Auditor regarding the regional housing authorities. In 2007, the legislature passed legislation (Senate Bill 519) appropriating \$200,000 to the Office of the State Auditor for an accounting of all assets acquired by the regional housing authorities. This accounting was completed in December 2007 at a cost of \$70,000. In 2008, the legislature extended the 2007 appropriation for use in auditing all of the regional housing authorities. As of the beginning of 2008, only Regions V and VI were caught up on their annual financial audits; the remaining regional housing authorities were behind a total of 15 years. Mr. Balderas reviewed the financial and compliance audit procedures for the regional housing authorities and the problems that were encountered in undertaking and updating the audits for the delinquent regional housing authorities. He reviewed the status of the regional housing audits and expects the results of the audits to be released within the next few weeks. In response to questions from committee members, Mr. Balderas discussed the function of the Office of the State Auditor in general, problems facing governmental entities trying to satisfy audit requirements and the three-tier system of financial oversight that he will be proposing during the 2009 legislative session.

Richard Chavez, MFA regional housing authorities liaison, updated the committee on the activities and status of the regional housing authorities. There are 43 housing authorities throughout the state, many of which are tied into either municipal or regional governmental entities. Mr. Chavez discussed the federal Department of Housing and Urban Development audit requirements that many of these authorities are required to satisfy. He then reviewed the status of each of the regional housing authorities (the full report is in the meeting file). Mr. Chavez then reviewed the proposed amendments to the Regional Housing Law that have been drafted in response to the recommendations of the recent study completed by the Community Strategies Institute (CSI). Key findings of the CSI study addressed oversight of the regional housing authorities, their funding and expansion of their capabilities. The amendments to the Regional Housing Law would establish three regional housing authorities covering areas outside of Santa Fe, Bernalillo and Doña Ana County; recognize ways in which the regional housing authorities could assume indebtedness other than through the issuance of bonds; clarify the relationship between regional and local housing authorities; clarify financial oversight of regional housing authorities and set threshold experience levels for regional housing authority board members; and provide funding for the operation of regional housing authorities.

Low-Income Housing Tax Credits Program — Overview

Linda Bridge, MFA director of housing development, presented testimony to the committee regarding low-income housing tax credits. This topic was initially raised in the context of the proposed Silver Gardens development that was presented to the committee at its October 2008 meeting. The tax credit program was created pursuant to the federal Tax Reform Act of 1986. The purpose of the program was to stimulate private investment in affordable housing; investors can fund an affordable income housing project and in return can claim dollar-for-dollar credit against tax liability. In 2009, New Mexico will have about \$4.5 million in available federal tax credits. Ms. Bridge explained the tax credit calculation, which calculation is explained fully in the handout contained in the meeting file. One variable in the calculation is the percent of the housing project that is set aside for affordable housing. Use restrictions regarding affordable housing are imposed for a 30-year period. Ms. Bridge explained generally the partnership structures that can be utilized in these projects and project time lines.

Minutes

Upon a motion by Representative Silva that was duly seconded by Representative Gonzales, the committee approved without objection the minutes from the September 5 and October 6, 2008 meetings of the MFA Act Oversight Committee.

2009 MFA-Sponsored Legislative Initiatives

Erin Quinn, MFA senior policy and program advisor, reviewed with the committee the MFA-sponsored initiatives for the 2009 legislative session. The committee assigned sponsors to all but one of the initiatives (that one being designated by Lieutenant Governor Diane Denish). Upon a motion by Senator McSorley, seconded by Senator Boitano, the committee voted without opposition to endorse all of the MFA-supported legislative initiatives. (A list of the 2009 legislative endorsements is attached.)

Other 2009 Housing-Related Legislative Initiatives

Hank Hughes and Lisa LaBrecque of the New Mexico Coalition to End Homelessness presented to the committee regarding the campaign for a dedicated funding source. This effort is directed toward developing a dedicated funding source for the New Mexico Housing Trust Fund. The fund is currently funded by an annual appropriation from the legislature. The proposal is to increase the current document recording fees from \$9.00 for the first page of a document (and \$2.00 for each additional page) to \$33.00 for the first page — an increase of \$24.00 per document. Counties could retain up to 20 percent of the increased fee; at least 80 percent of the increase would go into the fund. It is estimated that the increased document fee would generate \$10 million per year for the fund. Eight other states have utilized increased document recording fees as a dedicated source of revenue for their housing trust funds. Mr. Hughes presented a proposal to expand the pilot project under the Human Services Department for housing vouchers for individuals with behavioral health problems. The proposal would expand the program statewide from Santa Fe, Albuquerque and Silver City and increase the number of vouchers from 30 to 200. The committee took no action regarding these proposals.

Rosemary Romero, consultant, and John Gillis, New Mexico Gas Company, briefed the committee on the activities of the Low Income Energy Affordability Working Group. The group has been meeting throughout 2008 to discuss issues related to energy affordability. The goals for the group in 2009 include providing energy efficiency assistance and education to LIHEAP-eligible families, establish a single, consistent statewide program to provide weatherization and energy efficiency delivery systems to low-income households and increase the number of homes receiving substantive weatherization and energy efficiency improvements. Legislative proposals for 2009 will include establishing a reliable, recurring funding stream that will generate \$12 million to 18 million annually for weatherization and energy efficiency assistance and creating a permanent New Mexico energy affordability task force. The committee took no action regarding these proposals.

Thomas G. Hassell, executive director of the Housing Authority of the City of Las Cruces and Doña Ana County, presented a proposal to clean up and improve the existing Municipal Housing Law. The proposed revisions would dovetail with the proposed revisions to the Regional Housing Law. Upon a motion by Representative Gonzales, seconded by Representative Anderson, the committee voted without opposition to endorse the proposed Municipal Housing Law revisions; the bill will be sponsored by Senator Martinez.

Adjournment

There being no further business before the committee, the sixth meeting of the MFA Act Oversight Committee for the 2008 interim was adjourned at 2:22 p.m.

INTERIM MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE
2009 LEGISLATIVE ENDORSEMENTS

<u>202 #</u>	<u>Type</u>	<u>Sponsor</u>	<u>Description</u>
174191.1	Approp	Sen. Rodriguez	Housing Trust Fund (\$15,000,000)
174192.1	Approp	Rep. Gonzales	Residential Energy Efficiency Improvement Program (\$2,500,000)
174193.1	Approp	Sen. Martinez	Residential Energy Conservation Program (\$5,000,000)
174194.1	Approp	Sen. Martinez	Emergency Home Repairs (\$2,000,000)
174195.1	Approp	Sen. Boitano	"HERO" Home Loan Program (\$2,000,000)
174196.1	Approp	Sen. McSorley	Home Buyer Education Program (\$1,000,000)
174197.3	Bill	Sen. Rodriguez	Amend Affordable Housing Tax Credit Act
174198.4	Bill	TBA	Revise Regional Housing Law
174834	Bill	Sen. Martinez	Revise Municipal Housing Law

Revised: December 5, 2008

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SENATE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO THE HOUSING TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Fifteen million dollars (\$15,000,000) is appropriated from the general fund to the New Mexico housing trust fund for expenditure in fiscal year 2010 and subsequent fiscal years for the purposes of carrying out the provisions of the New Mexico Housing Trust Fund Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

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HOUSE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR A RESIDENTIAL ENERGY EFFICIENCY
IMPROVEMENT LOAN PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Two million five hundred
thousand dollars (\$2,500,000) is appropriated from the general
fund to the department of finance and administration for
expenditure in fiscal year 2010 for the New Mexico mortgage
finance authority to create and implement a residential energy
efficiency improvement loan program for low- and
moderate-income households whose incomes are no more than one
hundred twenty percent of the area median income as defined by
the United States department of housing and urban development.
Energy efficiency improvements may include conversion of
existing utility systems to solar systems or other

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1 energy-efficient retrofits. No more than five percent of the
2 appropriation shall be used by the New Mexico mortgage finance
3 authority for administrative expenses. Any unexpended or
4 unencumbered balance remaining at the end of fiscal year 2010
5 shall revert to the general fund.

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SENATE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO EXPAND A RESIDENTIAL ENERGY
CONSERVATION PROGRAM FOR LOW-INCOME PERSONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Five million dollars
(\$5,000,000) is appropriated from the general fund to the
department of finance and administration for expenditure in
fiscal year 2010 for the New Mexico mortgage finance authority
to provide for a residential energy conservation program to
increase the energy efficiency and reduce energy expenditures
of homes occupied by low-income persons in New Mexico. No more
than five percent of this appropriation shall be used by the
New Mexico mortgage finance authority for administrative
expenses. Any unexpended or unencumbered balance remaining at
the end of fiscal year 2010 shall revert to the general fund.

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SENATE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR EMERGENCY AND MINOR REPAIRS OF
HOMES OCCUPIED BY LOW-INCOME PERSONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Two million dollars
(\$2,000,000) is appropriated from the general fund to the
department of finance and administration for expenditure in
fiscal year 2010 for the New Mexico mortgage finance authority
to provide for emergency and minor repairs of homes occupied by
low-income persons in New Mexico. Emergency and minor repairs
include repairs necessitated by natural disasters, repair and
replacement of roofs and accessibility modifications for
physically impaired persons. No more than five percent of this
appropriation shall be used by the New Mexico mortgage finance
authority for administrative expenses. Any unexpended or

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1 unencumbered balance remaining at the end of fiscal year 2010
2 shall revert to the general fund.

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SENATE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR A HOME LOAN PROGRAM FOR TEACHERS,
PUBLIC SAFETY WORKERS, HEALTH CARE WORKERS AND ACTIVE MEMBERS
OF THE MILITARY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Two million dollars
(\$2,000,000) is appropriated from the general fund to the
department of finance and administration for expenditure in
fiscal year 2010 and subsequent fiscal years for the New Mexico
mortgage finance authority to offer below-market interest rate
home loans and down payment assistance to teachers, public
safety workers, health care workers and active members of the
military for the purchase of a home located in New Mexico in
which the purchaser will reside as the purchaser's primary
residence for at least the twelve consecutive months following

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1 the purchase of that home. No more than five percent of the
2 appropriation shall be used by the New Mexico mortgage finance
3 authority for administrative expenses. Any unexpended or
4 unencumbered balance remaining at the end of a fiscal year
5 shall not revert to the general fund.

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SENATE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR A HOME BUYER EDUCATION PROGRAM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--One million dollars (\$1,000,000) is appropriated from the general fund to the department of finance and administration for expenditure in fiscal year 2010 for the New Mexico mortgage finance authority to create and implement a home buyer education program, which program shall include the education component required pursuant to Subsection G of Section 58-30-7 NMSA 1978. Any unexpended or unencumbered balance remaining at the end of fiscal year 2010 shall revert to the general fund.

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SENATE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

RELATING TO TAXATION; AMENDING THE AFFORDABLE HOUSING TAX
CREDIT ACT; ALLOWING AFFORDABLE HOUSING TAX CREDITS IN COUNTIES
WITH POPULATIONS OF ONE HUNDRED THOUSAND OR MORE; EXPANDING
ELIGIBILITY FOR INVESTMENT VOUCHERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-9I-1 NMSA 1978 (being Laws 2005,
Chapter 104, Section 17) is amended to read:

"7-9I-1. SHORT TITLE.--~~[Sections 17 through 22 of this
act]~~ Chapter 7, Article 9I NMSA 1978 may be cited as the
"Affordable Housing Tax Credit Act"."

Section 2. Section 7-9I-2 NMSA 1978 (being Laws 2005,
Chapter 104, Section 18) is amended to read:

"7-9I-2. DEFINITIONS.--As used in the Affordable Housing
Tax Credit Act:

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1 A. "affordable housing project" means land
2 acquisition, construction, building acquisition, remodeling,
3 improvement, rehabilitation, conversion or weatherization for
4 residential housing that is approved by the authority and that
5 includes ~~[only]~~ single-family housing or multifamily housing
6 ~~[located in a county with a population of less than one hundred~~
7 ~~thousand according to the most recent federal decennial~~
8 ~~census]~~;

9 B. "authority" means the New Mexico mortgage
10 finance authority;

11 C. "department" means the taxation and revenue
12 department;

13 D. "modified combined tax liability" means the
14 total liability for the reporting period for the gross receipts
15 tax imposed by Section 7-9-4 NMSA 1978 together with any tax
16 collected at the same time and in the same manner as the gross
17 receipts tax, such as the compensating tax, the withholding
18 tax, the interstate telecommunications gross receipts tax, the
19 surcharges imposed by Section 63-9D-5 NMSA 1978 and the
20 surcharge imposed by Section 63-9F-11 NMSA 1978, minus the
21 amount of any credit other than the affordable housing tax
22 credit applied against any or all of these taxes or surcharges;
23 but "modified combined tax liability" excludes all amounts
24 collected with respect to local option gross receipts taxes and
25 governmental gross receipts taxes; and

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1 E. "person" means an individual, county,
2 municipality, tribal government, housing authority,
3 corporation, limited liability company, partnership, joint
4 venture, syndicate, association or nonprofit organization."

5 Section 3. Section 7-9I-3 NMSA 1978 (being Laws 2005,
6 Chapter 104, Section 19) is amended to read:

7 "7-9I-3. INVESTMENT VOUCHERS--ISSUANCE--TRANSFER.--

8 A. The authority may issue an investment voucher to
9 a person who has made an investment of land, buildings,
10 materials, cash or services for an affordable housing project
11 approved by the authority or for a trust fund administered by
12 the authority. The value of the voucher shall equal fifty
13 percent of the amount of cash invested or the fair market value
14 of the land, [~~building or service~~] buildings, materials or
15 services invested by that person. The authority may approve an
16 investment voucher for any affordable housing project in
17 accordance with Subsection B of this section and in accordance
18 with rules adopted by the authority. An investment voucher
19 that is approved for an affordable housing project shall equal
20 fifty percent of the amount of cash invested or the fair market
21 value of land, buildings, materials or services invested in
22 that affordable housing project by a person upon issuance of
23 that investment voucher.

24 B. During the calendar year:

25 (1) beginning on January 1, 2006, the

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1 authority may issue or approve investment vouchers in an amount
2 that shall not exceed two hundred thousand dollars (\$200,000)
3 in aggregate value;

4 (2) beginning on January 1, 2007, the
5 authority may issue or approve investment vouchers in an amount
6 that shall not exceed five hundred thousand dollars (\$500,000)
7 in aggregate value; and

8 (3) beginning on January 1, 2008 and during
9 each subsequent calendar year, the authority may issue or
10 approve investment vouchers for each calendar year in an amount
11 that shall not exceed an aggregate value of a base rate of one
12 dollar eighty-five cents (\$1.85) adjusted annually to account
13 for inflation, multiplied by the state population during the
14 calendar year as determined by the United States census bureau.

15 C. Any limitation on the issuance or approval of
16 investment vouchers for a calendar year pursuant to Subsection
17 B of this section shall not apply to an investment voucher
18 issued by the authority during that calendar year that was
19 approved by the authority during a previous calendar year.

20 D. At the beginning of each calendar year that
21 begins on or after January 1, 2009, the department shall make
22 an adjustment for inflation pursuant to Paragraph (3) of
23 Subsection B of this section by multiplying the base rate by a
24 fraction, the numerator of which is the consumer price index
25 for the previous calendar year and the denominator of which is

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1 the same index for the 2007 calendar year prior to the calendar
2 year for which a maximum aggregate value is determined for the
3 issuance of investment vouchers pursuant to Paragraph (3) of
4 Subsection B of this section.

5 E. An investment voucher issued by the authority
6 shall be numbered for identification and may be sold, exchanged
7 or otherwise transferred once in whole or in part to one or
8 more persons. The parties to such a transaction shall notify
9 the department and the authority of the sale, exchange or
10 transfer within ten days of the sale, exchange or transfer.

11 F. The authority shall adopt rules for the
12 approval, issuance and administration of investment vouchers
13 pursuant to this section."

14 Section 4. EFFECTIVE DATE.--The effective date of the
15 provisions of this act is July 1, 2009.

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SENATE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

RELATING TO REGIONAL HOUSING; EXPANDING ELIGIBILITY TO
MODERATE-INCOME PERSONS; CONSOLIDATING REGIONAL HOUSING
AUTHORITIES; REVISING THE GOVERNANCE AND OVERSIGHT OF REGIONAL
HOUSING AUTHORITIES; MAKING AN APPROPRIATION; DECLARING AN
EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 11-3A-2 NMSA 1978 (being Laws 1994,
Chapter 132, Section 2, as amended) is amended to read:

"11-3A-2. FINDING AND DECLARATION OF NECESSITY.--It is
declared that:

A. unsanitary ~~[or]~~ and unsafe dwelling
accommodations exist in the state;

B. ~~[persons of]~~ low- and moderate-income persons
are forced to reside in ~~[such]~~ unsanitary ~~[or]~~ and unsafe

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1 accommodations;

2 C. within the state:

3 (1) there is a shortage of safe [~~or~~] and
4 sanitary dwelling accommodations available at rents that
5 [~~persons of~~] low- and moderate-income persons can afford;

6 (2) low- and moderate-income persons are
7 forced to occupy overcrowded, congested dwelling
8 accommodations; and

9 (3) these conditions cause an increase in and
10 spread of disease and crime and constitute a menace to the
11 health, safety, morals and welfare of the residents of the
12 state and impair economic values;

13 D. excessive and disproportionate expenditures of
14 public funds for crime prevention and punishment, public health
15 and safety, fire and accident protection and other public
16 services and facilities are necessitated;

17 E. private enterprise alone cannot meet the need or
18 resolve the problems inherent in providing appropriate, safe,
19 sanitary and sufficient housing for low- and moderate-income
20 persons, and public participation in construction of low- and
21 moderate-income housing does not compete with private
22 enterprise;

23 F. demolition, replanning, reconstruction or
24 renovation of unsanitary [~~or~~] and unsafe housing [~~or~~] and
25 acquisition of land to provide safe and sanitary dwellings for

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1 ~~[persons of]~~ low- and moderate-income persons are in the public
2 interest and are essential state and local governmental
3 functions requiring expenditures of public money; and

4 G. it is in the public interest that work on
5 projects for demolition, planning, reconstruction, renovation
6 ~~[or]~~ and land acquisition for provision of safe and sanitary
7 dwellings for low- and moderate-income ~~[people]~~ persons be
8 started immediately in order to relieve the housing shortage
9 that has reached emergency status, and it is a necessity that
10 the Regional Housing Law be continued to relieve that
11 emergency."

12 Section 2. Section 11-3A-3 NMSA 1978 (being Laws 1994,
13 Chapter 132, Section 3, as amended) is amended to read:

14 "11-3A-3. DEFINITIONS.--As used in the Regional Housing
15 Law:

16 ~~[A. "authority" means any regional housing
17 authority or a nonprofit corporation created by an authority;~~

18 ~~B. "bond" means any bond, note, interim
19 certificate, debenture or other obligation issued by the New
20 Mexico mortgage finance authority pursuant to the Regional
21 Housing Law;]~~

22 A. "affordable housing" means housing that serves
23 the needs of low- and moderate-income persons;

24 B. "affordable housing programs" means an ongoing
25 delivery system of affordable housing services that assists

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1 persons of low- and moderate-income;

2 C. "federal government" includes the United States
3 of America, programs of the United States department of housing
4 and urban development, the farmers home administration and
5 rural development administration of the United States
6 department of agriculture or housing programs or any other
7 agency or instrumentality, corporate or otherwise, of the
8 United States of America;

9 D. "housing project" means an undertaking of an
10 authority to:

11 (1) demolish, clear or remove buildings from
12 any slum area. The undertaking may embrace the adaptation of
13 the area to public purposes, including parks or other
14 recreational or community purposes; or

15 (2) provide decent, safe and sanitary
16 dwellings, apartments, single-family dwellings or other
17 affordable living accommodations for low- and moderate-income
18 persons. The undertaking may include buildings, land,
19 equipment, facilities and other real or personal property for
20 necessary, convenient or desirable appurtenances, streets,
21 sewers, water service, parks, site preparation or gardening or
22 administrative, community, health, recreational, welfare or
23 other purposes. "Housing project" also may be applied to the
24 planning of buildings and improvements, acquisition of property
25 or existing structures, demolition of existing structures,

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1 construction, reconstruction, alteration and repair of
2 improvements or buildings or any other work performed to
3 complete housing projects;

4 E. "indebtedness" means any note, interim
5 certificate, debenture or other obligation to be issued
6 pursuant to the Regional Housing Law;

7 F. "local housing authority" means any municipal or
8 county housing authority established by a municipality or
9 county;

10 [~~E.~~] G. "local public body" means any county,
11 municipality, commission, district or other political
12 subdivision of the state;

13 [~~F.~~] H. "low-income person" means any individual,
14 couple or family whose gross income does not exceed eighty
15 percent of the [resident's] person's particular [county] area
16 median income and who cannot afford to pay more than [thirty]
17 thirty-five percent of gross annual income for housing rent or
18 mortgage payments; or a low-income person as defined by the
19 federal government;

20 I. "moderate-income person" means any individual,
21 couple or family whose gross annual income is not less than
22 eighty percent of the person's particular area median income
23 and does not exceed one hundred twenty percent of the area
24 income;

25 [~~G.~~] J. "obligee" means:

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1 (1) a holder of [~~bonds~~] indebtedness issued
2 pursuant to the Regional Housing Law or a trustee for [~~that~~
3 ~~bondholder~~] the holder of debt;

4 (2) a lessor leasing to [~~an~~] a regional
5 housing authority or a local housing authority property used in
6 connection with a housing project or any assignee of a lessor's
7 interest or partial interest; or

8 (3) the federal government when it is a party
9 to a contract with [~~an~~] a regional housing authority or a local
10 housing authority in regard to a housing project;

11 [~~H.~~] K. "real property" includes all lands,
12 including improvements and fixtures on the land, property of
13 any nature appurtenant to or used in connection with the land
14 and every estate, interest and right, legal or equitable, in
15 the land, including terms for years and liens by way of
16 judgment, mortgage or other instrument and the indebtedness
17 secured by the lien; [~~and~~]

18 L. "regional housing authority" means any regional
19 housing authority or a nonprofit housing corporation approved
20 pursuant to Section 11-3A-9 NMSA 1978; and

21 [~~F.~~] M. "slum" means any area where dwellings
22 predominate, which by reason of dilapidation, overcrowding,
23 lack of ventilation, light or sanitary facilities or any
24 combination of these factors is detrimental to safety, health
25 or morals."

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1 Section 3. Section 11-3A-4 NMSA 1978 (being Laws 1994,
2 Chapter 132, Section 4) is amended to read:

3 "11-3A-4. REGIONAL HOUSING AUTHORITIES CREATED.--[Seven]
4 Three regional housing authorities are created for the state of
5 New Mexico [~~The respective areas of the seven regional housing~~
6 ~~authorities are coextensive with the boundaries of the seven~~
7 ~~housing regions created as follows:~~

8 A. ~~Region No. 1 shall consist of the counties of~~
9 ~~Cibola, San Juan and McKinley;~~

10 B. ~~Region No. 2 shall consist of the counties of~~
11 ~~Rio Arriba, Los Alamos, Taos, Colfax, Mora, Santa Fe and San~~
12 ~~Miguel;~~

13 C. ~~Region No. 3 shall consist of the counties of~~
14 ~~Sandoval, Bernalillo, Valencia and Torrance;~~

15 D. ~~Region No. 4 shall consist of the counties of~~
16 ~~DeBaca, Curry, Roosevelt, Union, Harding, Quay and Guadalupe;~~

17 E. ~~Region No. 5 shall consist of the counties of~~
18 ~~Catron, Grant, Hidalgo and Luna;~~

19 F. ~~Region No. 6 shall consist of the counties of~~
20 ~~Lincoln, Chaves, Otero, Eddy and Lea; and~~

21 G. ~~Region No. 7 shall consist of the counties of~~
22 ~~Socorro, Sierra and Dona Ana] as follows:~~

23 A. the northern regional housing authority that
24 shall include Cibola, Taos, McKinley, Rio Arriba, San Juan, San
25 Miguel, Mora, Los Alamos, Guadalupe, Colfax and Sandoval

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1 counties;

2 B. the eastern regional housing authority that
3 shall include Chaves, De Baca, Eddy, Harding, Lea, Lincoln,
4 Otero, Quay, Roosevelt, Union and Curry counties; and

5 C. the western regional housing authority that
6 shall include Grant, Hidalgo, Luna, Sierra, Socorro, Catron,
7 Torrance and Valencia counties."

8 Section 4. Section 11-3A-5 NMSA 1978 (being Laws 1994,
9 Chapter 132, Section 5, as amended) is amended to read:

10 "11-3A-5. JURISDICTION.--~~[A regional authority created by~~
11 ~~the Regional Housing Law shall operate only within the area of~~
12 ~~its housing region.]~~

13 A. The regional housing authorities created
14 pursuant to Section 11-3A-4 NMSA 1978 shall operate within the
15 specified area of their region except for any portion within
16 the territorial boundary of a municipality or county that has
17 established a local housing authority. If the governing body
18 of a municipality or county that has established a local
19 housing authority consents by resolution to have the regional
20 housing authority take action within the territory that would
21 be excluded pursuant to this section, the regional housing
22 authority may enlarge its jurisdiction to include that
23 territory.

24 B. A subsequent withdrawal of consent by resolution
25 of a governing body of a municipality or county that has

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1 established a local housing authority shall not prohibit the
2 development and operation of any housing projects initiated
3 within the territorial boundary of that municipality or county
4 by the regional housing authority prior to the date of the
5 resolution withdrawing consent, except upon terms that are
6 mutually agreed upon between the regional housing authority and
7 the governing body of the municipality or county."

8 Section 5. Section 11-3A-6 NMSA 1978 (being Laws 1994,
9 Chapter 132, Section 6, as amended) is amended to read:

10 "11-3A-6. POWERS OF REGIONAL HOUSING AUTHORITY IN BOARD
11 OF COMMISSIONERS--APPOINTMENT OF BOARD OF REGIONAL HOUSING
12 AUTHORITIES--TERMS.--

13 A. The powers of each regional housing authority
14 shall be vested in its board of commissioners as the board may
15 be constituted, from time to time. The board of commissioners
16 of the regional housing authority for each of the [~~seven~~] three
17 regions shall consist of [~~seven commissioners who~~] one person
18 from each county within the designated area of the regional
19 housing authority, which person shall be [~~residents~~] a resident
20 of [~~the region for which the authority is created~~] that county
21 and shall be appointed by the governor. [~~Not more than three~~
22 ~~commissioners shall be appointed from any one county.~~]
23 Appointments shall be for terms of four years [~~or less~~] and
24 shall be made so that the terms of not more than [~~two~~] four
25 commissioners on each board of commissioners expire on July 1

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1 of each year. Vacancies shall be filled for the unexpired
2 term. Commissioners shall serve until their successors have
3 been appointed.

4 B. Members of a board of commissioners of a
5 regional housing authority shall elect an executive committee
6 consisting of a chair, vice chair, treasurer, secretary and one
7 other member of the board to function and meet on a monthly
8 basis as an executive committee. The executive committee shall
9 have the authority to act on behalf of the board of
10 commissioners of the regional housing authority as needed. The
11 executive committee shall submit a report of actions to the
12 full board of commissioners, which shall meet on a quarterly
13 basis.

14 ~~[B-]~~ C. The members of the boards of commissioners
15 may receive per diem and mileage as provided in the Per Diem
16 and Mileage Act but shall receive no other compensation,
17 perquisite or allowance. ~~[Each board of commissioners shall~~
18 ~~select a chair and vice chair from among its members. Each~~
19 ~~board may employ necessary agents and employees and set the~~
20 ~~salaries of the agents and employees. Each board may delegate~~
21 ~~to its agents or employees such duties as the board deems~~
22 ~~proper. A regional planning and development district, created~~
23 ~~pursuant to the Planning District Act, may provide technical~~
24 ~~staff for an authority. Four]~~ A majority of the appointed
25 commissioners shall constitute a quorum of a board of

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1 commissioners for the purpose of conducting its business and
2 exercising its powers and for all other purposes. Action may
3 be taken by ~~[an]~~ a regional housing authority upon a vote of a
4 majority of the commissioners present. Each board of
5 commissioners shall organize itself at its annual meeting each
6 ~~[even-numbered]~~ year. A board of commissioners may employ an
7 executive director, subject to approval by the New Mexico
8 mortgage finance authority ~~[and technical experts and other~~
9 ~~officers, attorneys, agents and employees, permanent and~~
10 ~~temporary, as the authority requires; to determine employee and~~
11 ~~contractor qualifications, duties and compensation; and to~~
12 ~~delegate to one or more employees or contractors the powers or~~
13 ~~duties that the board deems proper]~~. With delegated authority
14 from the board of commissioners, the executive director may
15 hire or terminate, according to the procurement and personnel
16 policies and procedures of the regional housing authority, any
17 technical experts, officers, attorneys, agents or employees,
18 permanent or temporary, as the regional housing authority may
19 require.

20 ~~[G. The financial affairs of every regional~~
21 ~~authority and any nonprofit corporation created by an authority~~
22 ~~shall be thoroughly examined and audited annually by the state~~
23 ~~auditor, by personnel of the state auditor's office designated~~
24 ~~by the state auditor or by auditors approved by the state~~
25 ~~auditor. The audits shall be conducted in accordance with~~

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1 ~~generally accepted auditing standards. Each regional authority~~
2 ~~shall submit to the state auditor, the department of finance~~
3 ~~and administration, the New Mexico mortgage finance authority,~~
4 ~~the Mortgage Finance Authority Act oversight committee and the~~
5 ~~legislative finance committee, within thirty days following the~~
6 ~~receipt of the audit by the authority, a copy of the annual~~
7 ~~audit.~~

8 ~~D. Upon receipt of the annual audits, the~~
9 ~~department of finance and administration shall review each~~
10 ~~regional authority's audit for approval. Upon a finding of~~
11 ~~nonapproval of an audit by the department of finance and~~
12 ~~administration, that regional authority's powers as provided in~~
13 ~~the Regional Housing Law may be suspended by the department~~
14 ~~until those conditions that resulted in the nonapproval are~~
15 ~~remedied to the satisfaction of the department of finance and~~
16 ~~administration.~~

17 ~~E. Effective October 1, 2007, every regional~~
18 ~~authority shall submit a quarterly report of its activities to~~
19 ~~the department of finance and administration, the Mortgage~~
20 ~~Finance Authority Act oversight committee and the legislative~~
21 ~~finance committee. Each report shall set forth a complete~~
22 ~~operating and financial statement covering its operations since~~
23 ~~the previous report was presented.]~~

24 D. The threshold requirements for commissioners of
25 regional housing authorities are that commissioners have

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1 expertise and experience in housing construction, real estate,
2 architecture, law, banking, housing finance, business, property
3 management, accounting, residential development, public housing
4 programs, community development, social services or health
5 care. The requirements set forth in this section shall not
6 apply to commissioners serving pursuant to requirements of the
7 federal department of housing and urban development.

8 E. Commissioners are expected to attend all
9 meetings of the board of commissioners of the regional housing
10 authority, and more than three unexcused absences may be
11 grounds for dismissal from the board. All recommendations for
12 appointment as commissioners shall be forwarded to and reviewed
13 by the New Mexico mortgage finance authority prior to
14 recommendation to the governor."

15 Section 6. Section 11-3A-7 NMSA 1978 (being Laws 1994,
16 Chapter 132, Section 7, as amended) is amended to read:

17 "11-3A-7. POWERS.--

18 A. Every regional housing authority may:

19 (1) within its region, prepare, carry out,
20 acquire, purchase, lease, construct, reconstruct, improve,
21 alter, extend or repair any housing project and operate and
22 maintain the housing project or affordable housing program.
23 For any of such purposes, the board of commissioners of the
24 regional housing authority may expend money and authorize the
25 use of any property of the regional housing authority;

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1 (2) lease or rent dwellings, houses,
2 accommodations, lands, buildings, structures or facilities
3 embraced in any housing project or affordable housing program
4 and establish and revise the rents or lease charges; own, hold
5 and improve real or personal property; purchase, lease, obtain
6 options upon or acquire by gift, grant, bequest, devise or
7 otherwise any real or personal property or any interest
8 therein; sell, lease, mortgage, exchange, transfer, assign,
9 pledge or dispose of real or personal property or any interest
10 in real or personal property; or procure or agree to the
11 procurement of insurance or guarantees from the federal
12 government of the payment of any bonds or parts thereof,
13 including the power to pay premiums on the insurance;

14 (3) enter on lands, buildings or property for
15 the purpose of making surveys, soundings and examinations in
16 connection with the planning or construction, or both, of a
17 housing project;

18 (4) insure or provide for the insurance of a
19 housing project of the regional housing authority against the
20 risks that the regional housing authority may deem advisable;

21 (5) arrange or contract for the furnishing by
22 any person or agency, public or private, of services,
23 privileges, works or facilities for or in connection with a
24 housing project or the occupants thereof and include in any
25 construction contract let in connection with a housing project

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1 stipulations requiring that the contractor and subcontractors
2 comply with employment requirements, including those in the
3 constitution and laws of this state, as to minimum wages and
4 maximum hours of labor and comply with any conditions that the
5 state or federal government may have attached to its financial
6 aid of the project;

7 (6) within its area of operation, investigate
8 the living, dwelling and housing conditions and the means and
9 methods of improving those conditions; determine where slum
10 areas exist or where there is a shortage of decent, safe and
11 sanitary dwelling accommodations for low- and moderate-income
12 persons; make studies and recommendations relating to the
13 problem of clearing, replanning and reconstructing slum areas
14 and the problem of providing dwelling accommodations for low-
15 and moderate-income persons and cooperate with the state or any
16 political subdivision of the state in action taken in
17 connection with the problems identified; and engage in
18 research, studies and experimentation on the subject of
19 housing; and

20 (7) exercise all or any part or combination of
21 powers granted in this subsection.

22 B. To standardize the delivery of affordable
23 housing programs and affordable housing services in New Mexico,
24 regional housing authorities within their jurisdictions may:

25 (1) create partnerships between state,

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1 federal, city and county governments, nonprofit entities and
2 the private sector that will provide the necessary resources to
3 carry out the planning, financing, development and delivery of
4 affordable housing and affordable housing programs;

5 (2) assist [~~city or county~~] local housing
6 authorities or housing nonprofit agencies in developing the
7 knowledge, expertise and technical capacity to provide a
8 comprehensive approach to the development and delivery of
9 affordable housing and affordable housing programs; or

10 (3) provide or secure planning, technical
11 assistance and training that city or county governments and
12 nonprofit entities may need in an effort to enhance the local
13 affordable housing delivery system.

14 C. In the event a local housing authority is
15 declared by the federal department of housing and urban
16 development to be in default on its annual contributions
17 contract with that department, the local housing authority may
18 by resolution of its governing body transfer its assets and
19 operations to the regional housing authority or local housing
20 authority within which jurisdiction it lies.

21 D. In the event of a resolution pursuant to
22 Subsection C of this section, the appropriate regional housing
23 authority or local housing authority shall accept by resolution
24 of its board of commissioners a transfer of the assets and
25 operations of a local housing authority that has been declared

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1 by the federal department of housing and urban development to
2 be in default on its annual contributions contract with that
3 department."

4 Section 7. Section 11-3A-8 NMSA 1978 (being Laws 1994,
5 Chapter 132, Section 8, as amended) is amended to read:

6 "11-3A-8. REQUIREMENTS RESPECTING LEASE.--

7 A. Prior to the leasing of any housing project, the
8 regional housing authority shall determine and find the
9 following:

10 (1) the amount necessary in each year to pay
11 [~~the principal of and the interest on the bonds~~] indebtedness
12 proposed to [~~be issued to finance~~] fund the housing project;
13 and

14 (2) the amount necessary to be paid each year
15 into any reserve funds that the regional housing authority may
16 deem advisable to establish in connection with the retirement
17 of [~~the proposed bonds~~] any indebtedness and the maintenance of
18 the housing project and, unless the terms under which the
19 housing project is to be leased provide that the lessee shall
20 maintain the housing project and carry all proper insurance
21 with respect to it, the estimated cost of maintaining the
22 housing project in good repair and keeping it properly insured.

23 B. The determinations and findings of the regional
24 housing authority required to be made in this section shall be
25 set forth in the proceedings under which the proposed [~~bonds~~

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1 ~~are]~~ indebtedness is to be ~~[issued]~~ incurred.

2 C. Prior to the ~~[issuance of the bonds]~~ incurrence
3 of any indebtedness, the regional housing authority shall lease
4 or sell the housing project to a lessee or purchaser under an
5 agreement that is conditioned upon completion of the housing
6 project and that provides for payment to the regional housing
7 authority of rentals or payments in an amount that is found,
8 based on the determinations and findings, to:

9 (1) pay the ~~[principal of and interest on the~~
10 ~~bonds issued]~~ indebtedness incurred to ~~[finance]~~ fund the
11 housing project;

12 (2) build up and maintain any reserve deemed
13 by the regional housing authority to be advisable in connection
14 with the housing project; and

15 (3) pay the costs of maintaining the housing
16 project in good repair and keeping it properly insured, unless
17 the agreement of lease obligates the lessee to pay for the
18 maintenance and insurance of the housing project."

19 Section 8. Section 11-3A-9 NMSA 1978 (being Laws 1994,
20 Chapter 132, Section 9, as amended) is amended to read:

21 "11-3A-9. NONPROFIT CORPORATIONS.--Every regional housing
22 authority, in addition to other powers conferred by the
23 Regional Housing Law, shall have, if authorized by resolution
24 of its board of commissioners and approved by the state board
25 of finance, the power to create nonprofit corporations to carry

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1 out the powers and duties set forth in Section 11-3A-7 NMSA
2 1978. The articles of incorporation and bylaws, and any
3 subsequent changes, shall be ~~[approved]~~ recommended for
4 approval by the state board of finance and the New Mexico
5 mortgage finance authority. Such nonprofit corporations shall
6 be subject to all of the duties and limitations imposed on the
7 regional housing authority and its board of commissioners."

8 Section 9. Section 11-3A-10 NMSA 1978 (being Laws 1994,
9 Chapter 132, Section 10, as amended) is amended to read:

10 "11-3A-10. ~~[INTERESTED OFFICERS OR EMPLOYEES]~~ PROHIBITED
11 ACTIONS.--~~[No officer or employee of an authority shall acquire~~
12 ~~any direct or indirect interest in any housing project or in~~
13 ~~any property included or planned to be included in any housing~~
14 ~~project of the authority or in any contract or proposed~~
15 ~~contract for materials or services to be furnished or used in~~
16 ~~connection with any housing project of the authority.]~~ Neither
17 the regional housing authority nor any of its contractors or
18 their subcontractors may enter into any contract, subcontract
19 or agreement in connection with a housing project under any
20 contract in which any of the following persons has an interest,
21 direct or indirect, during the person's tenure or for one year
22 thereafter:

23 A. any present or former member of the board of
24 commissioners of the regional housing authority or any member
25 of the member's immediate family. The prohibition established

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1 by this subsection shall not apply to any member who has not
2 served on the governing body of a resident management
3 corporation, and who otherwise has not occupied a policymaking
4 position with the resident management corporation or the
5 regional housing authority;

6 B. any employee of the regional housing authority
7 who formulates policy or who influences decisions with respect
8 to a housing project, any member of the employee's immediate
9 family or any partner of the employee; or

10 C. any public official, member of a governing body
11 or state legislator, or any member of such person's immediate
12 family, who exercises functions or responsibilities with
13 respect to the housing project or the regional housing
14 authority."

15 Section 10. Section 11-3A-12 NMSA 1978 (being Laws 1994,
16 Chapter 132, Section 12, as amended) is amended to read:

17 "11-3A-12. STATE POLICY--OPERATION NOT FOR PROFIT.--

18 A. It is declared to be the policy of this state
19 that each regional housing authority shall manage and operate
20 its housing projects and affordable housing programs in an
21 efficient manner so as to enable it to fix the rentals for
22 dwelling accommodations at the lowest possible rates consistent
23 with its providing decent, safe and sanitary dwelling
24 accommodations.

25 B. No regional housing authority shall construct or

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1 operate ~~[any]~~ a housing project for profit.

2 C. ~~[An]~~ A regional housing authority shall ~~[fix]~~
3 set the ~~[rentals]~~ rental rates for dwellings in the housing
4 projects it manages and operates at no higher rates than it
5 finds to be necessary in order to produce revenues that,
6 together with any grants or subsidies from the state or federal
7 government or other sources for housing projects, will be
8 sufficient to:

9 (1) pay, as they become due, ~~[the principal~~
10 ~~and interest on the bonds]~~ indebtedness or other obligations of
11 the regional housing authority ~~[issued under]~~ incurred pursuant
12 to the Regional Housing Law;

13 (2) meet the cost of and provide for
14 maintaining and operating the housing projects, including the
15 cost of any insurance, the administrative expenses of the
16 regional housing authority incurred in connection with the
17 housing projects and the funding of ~~[any]~~ operational reserves
18 ~~[as]~~ the regional housing authority ~~[shall deem]~~ deems
19 appropriate;

20 (3) fund operational reserves to secure the
21 payment of ~~[its bonds]~~ indebtedness as the regional housing
22 authority deems appropriate; and

23 (4) allow private, profit-making entities to
24 enter into agreements with the regional housing authority,
25 without the agreements affecting the nonprofit status of the

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1 regional housing authority or conflicting with the intent of
2 the creation of the regional housing authority."

3 Section 11. Section 11-3A-13 NMSA 1978 (being Laws 1994,
4 Chapter 132, Section 13, as amended) is amended to read:

5 "11-3A-13. SALES, RENTALS AND TENANT SELECTION.--

6 A. In the operation or management of housing
7 projects or the sale of any property pursuant to the Regional
8 Housing Law, [~~an~~] a regional housing authority shall:

9 (1) rent, lease or sell the dwelling
10 accommodations in the housing project only to persons falling
11 within the standards adopted by the regional housing authority,
12 which standards shall comply with state and federal law;

13 (2) rent, lease or sell to a [~~tenant~~] person
14 dwelling accommodations consisting of the number of rooms, but
15 no greater number, that it deems necessary to provide safe and
16 sanitary accommodations to the proposed occupants without
17 overcrowding; and

18 (3) reject any person as a tenant in any
19 federally subsidized housing project if the person has an
20 annual [~~net~~] gross income in excess of federally established
21 standards.

22 B. Nothing contained in this section or Section
23 11-3A-12 NMSA 1978 shall be construed as limiting the power of
24 [~~an~~] a regional housing authority to vest in an obligee the
25 right, in the event of a default by the regional housing

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1 authority, to take possession and operate a housing project or
2 cause the appointment of a receiver for the housing project,
3 free from all the restrictions imposed by this section or
4 Section 11-3A-12 NMSA 1978."

5 Section 12. Section 11-3A-19 NMSA 1978 (being Laws 1994,
6 Chapter 132, Section 19, as amended) is amended to read:

7 "11-3A-19. REMEDIES OF AN OBLIGEE.--An obligee of ~~[an]~~ a
8 regional housing authority shall have the right, in addition to
9 all other rights that may be conferred on such obligee, subject
10 only to any contractual restrictions binding upon such obligee,
11 to:

12 A. compel by mandamus, suit, action or proceeding
13 at law or in equity, the regional housing authority and its
14 officers, agents or employees to perform ~~[each and]~~ every term,
15 provision and covenant contained in any contract of the
16 regional housing authority with or for the benefit of the
17 obligee and to require the carrying out of ~~[any or]~~ all
18 covenants and agreements of the regional housing authority and
19 the fulfillment of all duties imposed upon the regional housing
20 authority by the Regional Housing Law; and

21 B. enjoin by suit, action or proceeding in equity,
22 any acts or things that may be unlawful or in violation of ~~[any~~
23 ~~of]~~ the rights of the obligee of the regional housing
24 authority."

25 Section 13. Section 11-3A-20 NMSA 1978 (being Laws 1994,

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1 Chapter 132, Section 20, as amended) is amended to read:

2 "11-3A-20. ADDITIONAL REMEDIES CONFERRABLE TO AN
3 OBLIGEE.--~~[An]~~ A regional housing authority shall have the
4 power by its resolution, trust indenture, lease or other
5 contract to confer upon any obligee holding or representing a
6 specified amount in ~~[bonds]~~ indebtedness, or holding a lease,
7 the right, in addition to all rights that may otherwise be
8 conferred, upon default as defined in the resolution or
9 instrument, by suit, action or proceeding in any court of
10 competent jurisdiction:

11 A. to cause possession of any housing project or
12 any part of a housing project to be surrendered to the obligee
13 and retained by the ~~[bondholder]~~ holder of debt or trustee so
14 long as the regional housing authority continues in default;

15 B. to obtain the appointment of a receiver of any
16 housing project of the regional housing authority and of the
17 rents and profits from the housing project. If a receiver is
18 appointed, ~~[he]~~ the receiver may enter and take possession of
19 all or a part of the housing project and, so long as the
20 regional housing authority continues in default, operate and
21 maintain the housing project and collect and receive all fees,
22 rents, revenues or other charges arising from the housing
23 project and shall keep the money in a separate account and
24 apply it in accordance with the obligations of the regional
25 housing authority as the court directs; and

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1 C. to require the regional housing authority and
2 its officers and agents to account for the money actually
3 received as if it and they were the trustees of an express
4 trust."

5 Section 14. Section 11-3A-21 NMSA 1978 (being Laws 1994,
6 Chapter 132, Section 21, as amended) is amended to read:

7 "11-3A-21. EXEMPTION OF PROPERTY FROM EXECUTION
8 SALE.--All real property owned or held by [~~an~~] a regional
9 housing authority for the purposes of the Regional Housing Law
10 shall be exempt from levy and sale by virtue of an execution,
11 and no execution or other judicial process shall be issued
12 against property of the regional housing authority or shall any
13 judgment against [~~an~~] a regional housing authority be a charge
14 or lien on the regional housing authority's real property;
15 provided, however, that the provisions of this section shall
16 not apply to or limit the right of obligees to pursue any
17 remedies for the enforcement of any pledge or lien given to
18 them on rents, fees or revenues."

19 Section 15. Section 11-3A-22 NMSA 1978 (being Laws 1994,
20 Chapter 132, Section 22) is amended to read:

21 "11-3A-22. EXEMPTION OF PROPERTY FROM TAXATION.--The real
22 property of a housing project, as defined in the Regional
23 Housing Law, is declared to be public property used for
24 essential public and governmental purposes and is property of
25 [~~an~~] a regional housing authority of this state and is exempt

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1 from taxation until a deed conveying that property to a
2 nonexempt entity is executed and delivered by the regional
3 housing authority."

4 Section 16. Section 11-3A-23 NMSA 1978 (being Laws 1994,
5 Chapter 132, Section 23, as amended) is amended to read:

6 "11-3A-23. AID FROM STATE OR FEDERAL GOVERNMENT.--In
7 addition to the powers conferred upon [~~an~~] a regional housing
8 authority by other provisions of the Regional Housing Law, [~~an~~]
9 a regional housing authority is empowered to borrow money or
10 accept contributions, grants or other financial assistance from
11 the state or federal government for or in aid of any housing
12 project or affordable housing program within its area of
13 operation and, to these ends, to comply with conditions, trust
14 indentures, leases or agreements as necessary, convenient or
15 desirable. It is the purpose and intent of the Regional
16 Housing Law to authorize every regional housing authority to do
17 all things necessary, convenient or desirable to secure the
18 financial aid or cooperation of the federal government in the
19 undertaking, acquisition, construction, maintenance or
20 operation of any housing project of [~~an~~] a regional housing
21 authority."

22 Section 17. Section 11-3A-24 NMSA 1978 (being Laws 1994,
23 Chapter 132, Section 24, as amended) is amended to read:

24 "11-3A-24. COOPERATION IN UNDERTAKING HOUSING PROJECTS
25 AND AFFORDABLE HOUSING PROGRAMS.--For the purpose of aiding and

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1 cooperating in the planning, undertaking, construction or
2 operation of housing projects and affordable housing programs
3 located within the area in which it is authorized to act, [~~any~~]
4 a local public body may, upon such terms as it may determine,
5 with or without consideration:

6 A. dedicate, sell, convey or lease any of its
7 interest in any property or grant easements, licenses or any
8 other rights or privileges to [~~any~~] a regional housing
9 authority;

10 B. cause parks, playgrounds, recreational,
11 community, educational, water, sewer or drainage facilities, or
12 any other works that it is otherwise empowered to undertake, to
13 be furnished adjacent to or in connection with housing projects
14 and affordable housing programs;

15 C. furnish, dedicate, close, pave, install, grade,
16 regrade, plan or replan streets, roads, roadways, alleys,
17 sidewalks or other places that it is otherwise empowered to
18 undertake;

19 D. cause services to be furnished for housing
20 projects and affordable housing programs of the character
21 [~~which~~] that the local public body is otherwise empowered to
22 furnish;

23 E. enter into agreements with respect to the
24 exercise by the local public body of its powers relating to the
25 repair, elimination or closing of unsafe, unsanitary or unfit

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1 dwellings;

2 F. do any things necessary or convenient to aid and
3 cooperate in the planning, undertaking, construction or
4 operation of housing projects or affordable housing programs;

5 G. incur the entire expense of any public
6 improvements made by the local public body in exercising the
7 powers granted in the Regional Housing Law; and

8 H. enter into agreements, which may extend over any
9 period, notwithstanding any provision or rule of law to the
10 contrary, with ~~[any]~~ a regional authority respecting action to
11 be taken by the local public body pursuant to any of the powers
12 granted by the Regional Housing Law. Any law or statute to the
13 contrary notwithstanding, any sale, conveyance, lease or
14 agreement provided for in this section may be made by a local
15 public body without appraisal, public notice, advertisement or
16 public bidding."

17 Section 18. Section 11-3A-25 NMSA 1978 (being Laws 1994,
18 Chapter 132, Section 25, as amended) is amended to read:

19 "11-3A-25. PROCEDURE FOR EXERCISING POWERS.--The exercise
20 by ~~[an]~~ a regional housing authority or other local public body
21 of the powers granted in the Regional Housing Law may be
22 authorized by resolution of the governing body of the regional
23 housing authority or local public body adopted by a majority of
24 the members of its governing body present at a meeting of the
25 governing body. The resolution may be adopted at the meeting

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1 at which the resolution is introduced. The resolution shall
2 take effect immediately and need not be laid over or published
3 or posted."

4 Section 19. Section 11-3A-30 NMSA 1978 (being Laws 2007,
5 Chapter 50, Section 6) is amended to read:

6 "11-3A-30. FINANCIAL AND OPERATIONAL OVERSIGHT.--

7 A. Without the prior approval of the [~~department of~~
8 ~~finance and administration~~] New Mexico mortgage finance
9 authority, no regional housing authority shall:

10 (1) enter into any contract, memorandum of
11 understanding or other agreement with a value greater than
12 [~~fifty thousand dollars (\$50,000)~~] one hundred thousand dollars
13 (\$100,000); or

14 (2) transfer, sell or liquidate any real or
15 personal property with a value greater than [~~twenty thousand~~
16 ~~dollars (\$20,000)~~] one hundred thousand dollars (\$100,000).

17 B. Not less than thirty days prior to the beginning
18 of its fiscal year, each regional housing authority and each
19 nonprofit corporation established pursuant to Section 11-3A-9
20 NMSA 1978 shall submit a [~~proposed operating budget for the~~
21 ~~subsequent fiscal year to the department of finance and~~
22 ~~administration for approval.~~ A] final operating budget [~~shall~~
23 ~~be submitted by July 1 of each year.~~ On and after July 1,
24 2007, no authority shall operate pursuant to the Regional
25 Housing Law if its budget has not been approved by the

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1 ~~department. All operations of an authority shall be conducted~~
2 ~~pursuant to the approved operating budget except that:~~

3 ~~(1) budget adjustments totaling less than five~~
4 ~~percent of the operating budget may be made with prior notice~~
5 ~~to the department; and~~

6 ~~(2) budget adjustments totaling five percent~~
7 ~~or more of the operating budget may be made with the prior~~
8 ~~approval of the department.~~

9 ~~G. Prior to each fiscal year, the New Mexico~~
10 ~~mortgage finance authority shall conduct a needs assessment of~~
11 ~~the programs of each regional authority and shall work with and~~
12 ~~advise each authority on developing a plan to meet the assessed~~
13 ~~needs and in conjunction with the state housing plan] for the~~
14 ~~subsequent fiscal year to the New Mexico mortgage finance~~
15 ~~authority for review.~~

16 C. The financial affairs of every regional housing
17 authority and any nonprofit corporation created by a regional
18 housing authority shall be thoroughly examined and audited
19 annually by the state auditor, by personnel of the state
20 auditor's office designated by the state auditor or by auditors
21 approved by the state auditor. The audits shall be conducted
22 in accordance with generally accepted auditing standards. Each
23 regional housing authority shall submit to the state auditor,
24 the department of finance and administration, the New Mexico
25 mortgage finance authority, the Mortgage Finance Authority Act

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1 oversight committee and the legislative finance committee,
2 within thirty days following the receipt of the annual audit of
3 the regional housing authority, a copy of that audit.

4 D. Every regional housing authority shall submit an
5 annual report of its financial and operational activities to
6 the New Mexico mortgage finance authority for review and
7 analysis and for dissemination to the department of finance and
8 administration, the Mortgage Finance Authority Act oversight
9 committee and the legislative finance committee. Each report
10 shall set forth a complete operating and financial statement
11 covering its operations since the previous report was
12 presented.

13 E. Failure on the part of a regional housing
14 authority to correct any qualified audit within one year of the
15 release of the audit shall result in the abatement of any state
16 funds until such corrective actions are taken. If a regional
17 housing authority should receive a qualified audit opinion for
18 more than two consecutive years, the oversight agency shall
19 recommend corrective action to be taken."

20 Section 20. A new section of the Regional Housing Law is
21 enacted to read:

22 "[NEW MATERIAL] TRANSITIONAL PROVISIONS--COMMISSIONERS--
23 CONTRACTS AND AGREEMENTS.--

24 A. Members of boards of commissioners of regional
25 housing authorities appointed prior to the effective date of

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1 this 2009 act shall continue to serve as members of boards of
2 commissioners until their terms expire or their successors are
3 appointed and qualified pursuant to the provisions of this 2009
4 act.

5 B. All contracts and agreements of regional housing
6 authorities in effect on the effective date of this 2009 act
7 shall continue in effect."

8 Section 21. APPROPRIATION.--

9 A. Four hundred fifty thousand dollars (\$450,000)
10 is appropriated from the general fund to the department of
11 finance and administration for regional housing authorities in
12 the amount of one hundred fifty thousand dollars (\$150,000)
13 each for expenditure in fiscal years 2009 and 2010 to carry out
14 the provisions of the Regional Housing Law. Any unexpended or
15 unencumbered balance remaining at the end of fiscal year 2010
16 shall revert to the general fund.

17 B. One hundred fifty thousand dollars (\$150,000) is
18 appropriated from the general fund to the department of finance
19 and administration for the state housing authority for
20 expenditure in fiscal years 2009 and 2010 to carry out the
21 responsibilities and duties imposed upon the state housing
22 authority pursuant to the provisions of the Regional Housing
23 Law. Any unexpended or unencumbered balance remaining at the
24 end of fiscal year 2010 shall revert to the general fund.

25 Section 22. EMERGENCY.--It is necessary for the public

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1 peace, health and safety that this act take effect immediately.

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SENATE BILL

49TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2009

INTRODUCED BY

FOR THE MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

AN ACT

RELATING TO HOUSING; AMENDING SECTIONS OF THE MUNICIPAL HOUSING
LAW; EXPANDING ELIGIBILITY TO MODERATE-INCOME PERSONS;
INCLUDING ELIGIBILITY FOR AFFORDABLE HOUSING PROGRAMS;
PROVIDING FOR MULTI-JURISDICTIONAL HOUSING AUTHORITIES;
REVISING THE GOVERNANCE AND OVERSIGHT OF MUNICIPAL HOUSING
AUTHORITIES; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 3-45-1 NMSA 1978 (being Laws 1965,
Chapter 300, Section 14-46-1) is amended to read:

"3-45-1. MUNICIPAL HOUSING LAW--SHORT TITLE.--~~[Sections~~
~~14-46-1 through 14-46-25 New Mexico Statutes Annotated, 1953~~
~~Compilation]~~ Chapter 3, Article 45 NMSA 1978 may be cited as
the "Municipal Housing Law"."

Section 2. Section 3-45-2 NMSA 1978 (being Laws 1965,

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1 Chapter 300, Section 14-46-2) is amended to read:

2 "3-45-2. FINDING AND DECLARATION OF NECESSITY.--It is
3 hereby declared that:

4 A. [~~insanitary~~] unsanitary or unsafe dwelling
5 accommodations exist in the state;

6 B. persons of low and moderate income are forced to
7 reside in such [~~insanitary~~] unsanitary or unsafe
8 accommodations;

9 C. within the state, there is a shortage of safe or
10 sanitary dwelling accommodations available at rents [~~which~~]
11 that persons of low and moderate income can afford and that
12 such persons are forced to occupy overcrowded, congested
13 dwelling accommodations and that the aforesaid conditions cause
14 an increase in and spread of disease and crime and constitute a
15 menace to the health, safety [~~morals~~] and welfare of the
16 residents of the state and impair economic values;

17 D. these conditions necessitate excessive and
18 disproportionate expenditures of public funds for crime
19 prevention and punishment, public health and safety, fire and
20 accident protection and other public services and facilities;

21 E. these areas in the state cannot be cleared nor
22 can the shortage of safe and sanitary dwellings for persons of
23 low and moderate income be relieved through the operation of
24 private enterprise and that the construction of housing
25 projects for persons of low and moderate income, as [~~herein~~]

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1 defined in the Municipal Housing Law, would therefore not be
2 competitive with private enterprise;

3 F. the clearance, replanning and reconstruction of
4 the areas in which [~~insanitary~~] unsanitary or unsafe housing
5 conditions exist and the providing of safe and sanitary
6 dwelling accommodations for persons of low and moderate income
7 are public uses and purposes for which public money may be
8 spent and private property acquired and are governmental
9 functions of state and municipal concern; and

10 G. it is in the public interest that work on
11 projects for such purposes be commenced as soon as possible in
12 order to relieve [~~unemployment~~] a shortage of affordable
13 housing, which now constitutes an emergency; and the necessity
14 in the public interest for the provisions [~~herein after~~]
15 enacted [~~it~~] by the Municipal Housing Law is hereby declared as
16 a matter of legislative determination."

17 Section 3. Section 3-45-3 NMSA 1978 (being Laws 1965,
18 Chapter 300, Section 14-46-3, as amended) is amended to read:

19 "3-45-3. DEFINITIONS.--The following terms, wherever used
20 or referred to in the Municipal Housing Law, shall have the
21 following respective meanings:

22 A. "city" means any municipality and, unless the
23 context otherwise clearly indicates, any county. "The city"
24 means the particular city or county for which a particular
25 housing authority is created. "County" means any county;

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1 B. "governing body" means, in the case of a city,
2 the council or board of commissioners and, in the case of other
3 state public bodies, the council, commissioners, board or other
4 body having charge of the fiscal affairs of [~~such~~] the state
5 public body;

6 C. "mayor" means the mayor of the city or the
7 officer charged with the duties customarily imposed on the
8 mayor or executive head of a city. In the case of a county,
9 the term "mayor" means the [~~county~~] board of county
10 commissioners;

11 D. "clerk" means the city recorder, the county
12 clerk or the officer charged with the duties customarily
13 imposed on [~~such~~] the clerk;

14 E. "area of operation" includes all of the city or,
15 in the case of a county, includes all of the county, except
16 [~~such~~] the area shall not include any area [~~which~~] that lies
17 within the boundaries of any city that has an established
18 housing authority or housing agency without the consent of
19 [~~such~~] the city. Upon approval by the governing bodies of the
20 cities involved, the area of operation of one city pursuant to
21 the Municipal Housing Law may be enlarged to include the area
22 within the boundaries of any other city. Any subsequent
23 withdrawal of consent of a city for operation within its
24 boundaries by another [~~county or~~] city shall not prohibit the
25 development and operation of any housing projects initiated in

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1 [such] the city [~~by a county or~~] by another city prior to the
2 date of withdrawal;

3 F. "authority" or "housing authority" means any
4 agency or other instrumentality of a city [~~or county~~] created
5 pursuant to the Municipal Housing Law;

6 G. "state public body" means any county, municipal
7 corporation, commission, district, authority, other subdivision
8 or public body of the state;

9 H. "federal government" includes the United States
10 of America, the [~~public housing administration~~] federal
11 department of housing and urban development or any other agency
12 or instrumentality, corporate or otherwise, of the United
13 States of America;

14 I. "slum" means any area where dwellings
15 predominate [~~which~~] that by reason of dilapidation,
16 overcrowding, blight or lack of ventilation, light or sanitary
17 facilities or any combination of these factors, are detrimental
18 to the safety, health or [~~morals~~] well-being of the occupants
19 or to surrounding properties;

20 J. "housing project" means any work or undertaking
21 of the city:

22 (1) to demolish, clear or remove buildings
23 from any slum area. [~~Such~~] The work or undertaking may embrace
24 the adaptation of [~~such~~] the area to public purposes, including
25 parks or other recreational or community purposes;

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1 (2) to provide decent, safe and sanitary
2 dwellings, apartments, single-family dwellings or other
3 affordable living accommodations for persons of low and
4 moderate income. [~~Such~~] The work or undertaking may include
5 buildings, land, equipment, facilities and other real or
6 personal property for necessary convenient or desirable
7 appurtenances, streets, sewers, water service, parks, site
8 preparation, gardening, administrative, community, health,
9 recreational, welfare or other purposes; or

10 (3) to accomplish a combination of the
11 foregoing.

12 The term "housing project" also may be applied to the
13 planning of the buildings and improvements, the acquisition of
14 property or existing structures, the demolition of existing
15 structures, the construction, reconstruction, alteration and
16 repair of the improvements and all other work in connection
17 therewith;

18 [~~K. "persons of low income" means persons or~~
19 ~~families who lack the amount of income which is necessary, as~~
20 ~~determined by the city undertaking the housing project, to~~
21 ~~enable them, without financial assistance, to live in decent,~~
22 ~~safe and sanitary dwellings without overcrowding;]~~

23 K. "low-income person" means any individual, couple
24 or family whose gross income does not exceed eighty percent of
25 that person's particular area median income and who cannot

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1 afford to pay more than thirty-five percent of gross annual
2 income for housing rent or mortgage payments or a "low-income
3 person" as defined by the federal government;

4 L. "bonds" means any bonds, notes, interim
5 certificates, debentures or other obligations issued by a city
6 pursuant to the Municipal Housing Law;

7 M. "real property" includes all lands, including
8 improvements and fixtures ~~[thereon]~~ on the lands and property
9 of any nature appurtenant ~~[thereto]~~ to the lands or used in
10 connection ~~[therewith]~~ with the lands, and every estate,
11 interest and right, legal or equitable, therein, including
12 terms for years and liens by way of judgment, mortgage or
13 otherwise and the indebtedness secured by such liens; ~~[and]~~

14 N. "obligee" includes any holder of bonds issued
15 pursuant to the Municipal Housing Law, trustees for any such
16 bondholders, or lessor demising to a city property used in
17 connection with a housing project, or any assignee or assignees
18 of ~~[such]~~ the lessor's interest or any part ~~[thereof]~~ of the
19 lessor's interest and the federal government when it is a party
20 to any contract with a city in regard to a housing project;

21 O. "affordable housing" means any housing
22 accommodations that serve the needs of low- and moderate-income
23 persons;

24 P. "affordable housing program" means an ongoing
25 delivery system of affordable housing services that assists

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1 persons of low and moderate income;

2 Q. "moderate-income person" means any individual,
3 couple or family whose gross annual income is not less than
4 eighty percent of that person's particular area median income
5 and does not exceed one hundred twenty percent of that area
6 median income;

7 R. "multi-jurisdictional housing authority" means
8 two or more housing authorities joined or cooperating for the
9 purposes of consolidating administrative duties and obligations
10 and providing more effective and efficient housing projects and
11 programs within their jurisdictions; and

12 S. "immediate family member" means:

13 (1) a spouse, including a former spouse, a de
14 facto spouse or a former de facto spouse;

15 (2) a child or an adult child, including an
16 adopted child, a step-child or an ex-nuptial child;

17 (3) a parent or a step-parent;

18 (4) a grandparent;

19 (5) a grandchild;

20 (6) a sibling or a step-sibling;

21 (7) a first cousin;

22 (8) an aunt or an uncle;

23 (9) a father-in-law or a mother-in-law;

24 (10) a sister-in-law or a brother-in-law; and

25 (11) any other relative who is financially

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1 supported."

2 Section 4. Section 3-45-4 NMSA 1978 (being Laws 1965,
3 Chapter 300, Section 14-46-4, as amended) is amended to read:

4 "3-45-4. POWERS.--

5 A. Every city, in addition to other powers
6 conferred by [~~Sections 14-46-1 through 14-46-25 NMSA 1953~~] the
7 Municipal Housing Law, may:

8 [~~A.~~] (1) within its area of operation,
9 prepare, carry out, acquire, purchase, lease, construct,
10 reconstruct, improve, alter, extend or repair any housing
11 project [~~or projects~~] or any part [~~thereof~~] of a housing
12 project and operate and maintain [~~such~~] the housing project [~~or~~
13 ~~projects~~], and for any of [~~such~~] those purposes, the governing
14 body of the city may appropriate money and authorize the use of
15 any property of [~~such~~] the city;

16 [~~B.~~] (2) purchase its bonds issued pursuant to
17 [~~Sections 14-46-1 through 14-46-25 NMSA 1953~~] the Municipal
18 Housing Law at a price not more than the principal amount
19 thereof and accrued interest, all bonds so purchased to be
20 [~~cancelled~~] canceled;

21 [~~C.~~] (3) lease or rent any dwellings, houses,
22 accommodations, lands, buildings, structures or facilities
23 embraced in any housing project and, subject to the limitations
24 contained in [~~Sections 14-46-1 through 14-46-25 NMSA 1953~~] the
25 Municipal Housing Law, establish and revise the rents or

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1 charges therefor; own, hold and improve real or personal
2 property; purchase, lease, obtain options upon, acquire by
3 gift, grant, bequest, devise or otherwise any real or personal
4 property or any interest [~~therein~~] in real or personal
5 property; acquire by the exercise of the power of eminent
6 domain any real property; sell, lease, exchange, transfer,
7 assign, pledge or dispose of any real or personal property or
8 any interest [~~therein~~] in real or personal property; and
9 procure or agree to the procurement of insurance or guarantees
10 from the federal government of the payment of any bonds or
11 parts [~~thereof~~] of any bonds issued pursuant to [~~Sections~~
12 ~~14-46-1 through 14-46-25 NMSA 1953~~] the Municipal Housing Law,
13 including the power to pay premiums on any such insurance;

14 [~~D-~~] (4) enter on any lands, buildings or
15 property for the purpose of making surveys, soundings and
16 examinations in connection with the planning or construction or
17 both of any housing project;

18 [~~E-~~] (5) insure or provide for the insurance
19 of any housing project of the city against such risks as the
20 city may deem advisable;

21 [~~F-~~] (6) arrange or contract for the
22 furnishing by any person or agency, public or private, of
23 services, privileges, works or facilities for or in connection
24 with a housing project or the occupants [~~thereof~~] of a housing
25 project; and include in any construction contract let in

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1 connection with a housing project stipulations requiring that
2 the contractor and any subcontractors comply with employment
3 requirements, including those in the constitution and laws of
4 this state, as to minimum wages and maximum hours of labor and
5 comply with any conditions [~~which~~] that the federal government
6 may have attached to its financial aid of the project;

7 [~~G.~~] (7) within its area of operation,
8 investigate the living, dwelling and housing conditions and the
9 means and methods of improving [~~such~~] the conditions; determine
10 where slum areas exist or where there is a shortage of decent,
11 safe and sanitary dwelling accommodations for persons of low
12 and moderate income; make studies and recommendations relating
13 to the problem of clearing, replanning and reconstructing slum
14 areas and the problem of providing dwelling accommodations for
15 persons of low and moderate income and cooperate with the state
16 or any political subdivision [~~thereof~~] of the state in action
17 taken in connection with [~~such~~] the problems; and engage in
18 research, studies and experimentation on the subject of housing
19 and affordable housing programs; and

20 [~~H.~~] (8) exercise all or any part or
21 combination of powers herein granted. [~~and~~

22 [~~F.~~] B. Any two or more cities or authorities may
23 join or cooperate with one another in the exercise, either
24 jointly or otherwise, of any or all of their powers for the
25 purpose of financing, including the issuance of bonds, notes or

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1 other obligations and giving security therefor, or contracting
2 with respect to [~~a~~] housing [~~project or~~] projects or affordable
3 housing programs located within the area of operation of any
4 one or more of [~~said~~] the cities or authorities. For [~~such~~]
5 that purpose, a city or authority may, by resolution, prescribe
6 and authorize any other city or authority so joining or
7 cooperating with it to act on its behalf with respect to any or
8 all powers, as its agent or otherwise, in the name of the city
9 or authority so joining or cooperating or in its own name."

10 Section 5. Section 3-45-5 NMSA 1978 (being Laws 1965,
11 Chapter 300, Section 14-46-5, as amended) is amended to read:

12 "3-45-5. CREATION OF AUTHORITY.--

13 A. Every city, in addition to other powers
14 conferred by the Municipal Housing Law, shall have power and is
15 [~~hereby~~] authorized, by proper resolution of its governing
16 body, to create, as an agent of [~~such~~] the city, an authority
17 to be known as the "housing authority" of the city. The
18 housing authority of the city may constitute a public body
19 corporate. The city may delegate to [~~such~~] the authority the
20 power to construct, maintain, operate and manage any housing
21 project or [~~projects~~] affordable housing programs of the city
22 and may delegate to the authority any or all of the powers
23 conferred on the city by the Municipal Housing Law.

24 B. When the governing body of a city adopts a
25 resolution pursuant to Subsection A of this section, the mayor

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1 shall appoint five persons as commissioners of the authority
2 created as agent for the city. The commissioners who are first
3 appointed shall be designated to serve for terms of one, two,
4 three, four and five years, respectively, from the date of
5 their appointment, but thereafter, commissioners shall be
6 appointed for a term of office of five years, except that all
7 vacancies shall be filled for the unexpired term. A
8 commissioner of an authority shall not hold any other office or
9 employment of the city for which the authority is created. A
10 commissioner shall hold office until [~~his~~] a successor has been
11 appointed and has qualified, unless sooner removed according to
12 law. A commissioner may serve two or more successive terms of
13 office. A certificate of the appointment or reappointment of
14 any commissioner shall be filed with the clerk, and the
15 certificate shall be conclusive evidence of the due and proper
16 appointment of [~~such~~] the commissioner. A commissioner shall
17 receive no compensation for [~~his~~] services for the authority in
18 any capacity, but [~~he~~] shall be entitled to the necessary
19 expenses, including traveling expenses, incurred in the
20 discharge of [~~his~~] duties.

21 C. Two or more cities joined together pursuant to
22 Subsection B of Section 3-45-4 NMSA 1978 shall establish their
23 commissioners in accordance with Subsection B of this section,
24 except that each city shall have equitable representation on
25 the commission. The commissioners representing each city shall

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1 be appointed by the mayor of the city.

2 [G-] D. Any powers delegated by a city to an
3 authority shall be vested in the commissioners of the authority
4 in office from time to time. Three commissioners shall
5 constitute a quorum of the authority for the purpose of
6 conducting its business and exercising its powers and for all
7 other purposes. Action may be taken by the authority upon a
8 vote of a majority of the commissioners present. The
9 commission shall organize itself at its annual meeting each
10 even-numbered year. Any city creating a housing authority may
11 authorize the authority to employ a secretary, who shall be
12 executive director and who shall be removable only for cause.

13 With the delegated authority from the commission, the executive
14 director may hire or terminate, according to the procurement and
15 personnel policies and procedures of the authority, technical
16 experts and such other officers, attorneys, agents and
17 employees, permanent and temporary, as the authority may
18 require; [tø] determine their qualifications, duties and
19 compensation; and [tø] delegate to one or more of them such
20 powers or duties as the authority may deem proper."

21 Section 6. Section 3-45-6 NMSA 1978 (being Laws 1965,
22 Chapter 300, Section 14-46-6) is amended to read:

23 "3-45-6. [~~INTERESTED OFFICERS OR EMPLOYEES~~] PROHIBITED
24 ACTIONS.--[~~No officer of a city or employee of its authority~~
25 ~~shall acquire any interest direct or indirect in any housing~~

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1 ~~project or in any property included or planned to be included in~~
2 ~~any housing project of the city nor shall he have any interest~~
3 ~~direct or indirect in any contract or proposed contract for~~
4 ~~materials or services to be furnished or used in connection with~~
5 ~~any such housing project. If any officer of a city or employee~~
6 ~~of its authority owns or controls an interest direct or indirect~~
7 ~~in any property included or planned to be included in any~~
8 ~~housing project of such a city, he immediately shall disclose~~
9 ~~the same in writing to the governing body of such city, and such~~
10 ~~disclosure shall be entered upon the minutes of the governing~~
11 ~~body. The failure so to disclose such interest shall constitute~~
12 ~~misconduct in office. Upon such disclosure, such officer or~~
13 ~~employee shall not participate in any action by the city~~

14 neither a housing authority nor any of
15 its contractors or their subcontractors may enter into any
16 contract, subcontract or agreement in connection with a housing
17 project under any contract in which any of the following persons
18 has an interest, direct or indirect, during the person's tenure
19 or for one year thereafter:

20 A. any present or former member of the commission of
21 the housing authority or any member of the member's immediate
22 family. The prohibition established by this subsection does not
23 apply to any member who has not served on the governing body of
24 a resident management corporation and who otherwise has not
25 occupied a policymaking position with the resident management

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1 corporation or the housing authority;

2 B. any employee of the housing authority who
3 formulates policy or who influences decisions with respect to a
4 housing project, any member of the employee's immediate family
5 or any partner of the employee; or

6 C. any public official, member of a governing body
7 or state legislator, or any member of that person's immediate
8 family, who exercises functions or responsibilities with respect
9 to the housing project or the housing authority."

10 Section 7. Section 3-45-7 NMSA 1978 (being Laws 1965,
11 Chapter 300, Section 14-46-7) is amended to read:

12 "3-45-7. REMOVAL OF COMMISSIONERS.--A commissioner of an
13 authority may be removed by the mayor, but only for
14 inefficiency, neglect of duty or misconduct in office and only
15 after ~~[he shall have]~~ the commissioner has been given a copy of
16 the charges at least ten days prior to the hearing ~~[thereon]~~ on
17 the charges and ~~[have]~~ has had an opportunity to be heard in
18 person or by counsel. In the event of the removal of any
19 commissioner by the mayor, a record of the proceedings, together
20 with the charges and findings ~~[thereon]~~, shall be filed in the
21 office of the clerk. Commissioners may be removed for cause
22 based on noncompliance with housing program regulations."

23 Section 8. Section 3-45-9 NMSA 1978 (being Laws 1965,
24 Chapter 300, Section 14-46-9, as amended) is amended to read:

25 "3-45-9. OPERATION NOT FOR PROFIT.--It is declared to be

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1 the policy of this state that each city shall manage and operate
2 its housing projects and affordable housing programs in an
3 efficient manner so as to enable it to fix the rentals for
4 dwelling accommodations at the lowest possible rates consistent
5 with its providing decent, safe and sanitary dwelling
6 accommodations and that no city shall construct or operate any
7 housing project for profit. To this end, a city shall [~~fix~~] set
8 the [~~rentals~~] rental rates for dwellings in the housing projects
9 it manages and operates at no higher rates than it finds to be
10 necessary in order to produce revenues [~~which~~] that, together
11 with any grants or subsidies from the federal government or
12 other sources for housing projects, will be sufficient:

13 A. to pay, as they become due, the principal and
14 interest on the bonds or other obligations of the city issued
15 under the Municipal Housing Law;

16 B. to meet the cost of and to provide for
17 maintaining and operating the housing projects and affordable
18 housing programs, including the cost of any insurance, the
19 administrative expenses of the city incurred in connection with
20 the housing projects and affordable housing programs and the
21 funding of any operational reserves as the authority [~~shall~~
22 ~~deem~~] deems appropriate;

23 C. to fund such reserves to secure the payment of
24 its bonds as the authority [~~shall deem~~] deems appropriate or
25 convenient; and

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1 D. to allow private, profit-making entities to enter
2 into agreements with the authority, and such agreements shall
3 not be deemed to affect the nonprofit status of the authority or
4 conflict with the intent of the creation of the authority."

5 Section 9. Section 3-45-10 NMSA 1978 (being Laws 1965,
6 Chapter 300, Section 14-46-10, as amended) is amended to read:

7 "3-45-10. SALES, RENTALS AND TENANT SELECTION.--

8 A. In the operation or management of housing
9 projects and affordable housing programs or the sale of any
10 property pursuant to the Municipal Housing Law, a city shall at
11 all times observe the following duties with respect to rentals,
12 property and tenant selection:

13 (1) it may rent, lease or sell the dwelling
14 accommodations in the housing project and affordable housing
15 programs only to persons falling within [~~the~~] federally
16 established standards [~~adopted by the authority~~];

17 (2) it may rent, lease or sell to a tenant
18 dwelling accommodations consisting of the number of rooms, but
19 no greater number, [~~which~~] that it deems necessary to provide
20 safe and sanitary accommodations to the proposed occupants
21 without overcrowding; and

22 (3) it shall not accept any person as a tenant
23 in any housing program if [~~he~~] the person has an annual net
24 income in excess of federally established standards.

25 B. Nothing contained in this section or Section

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1 3-45-9 NMSA 1978 shall be construed as limiting the power of a
2 city to vest in an obligee the right, in the event of a default
3 by the city, to take possession and operate [~~a~~] housing
4 [~~project~~] projects or affordable housing programs or cause the
5 appointment of a receiver thereof, free from all the
6 restrictions imposed by this section or Section 3-45-9 NMSA
7 1978."

8 Section 10. Section 3-45-12 NMSA 1978 (being Laws 1965,
9 Chapter 300, Section 14-46-12, as amended) is amended to read:

10 "3-45-12. FORM AND SALE OF BONDS--INTEREST ON CERTAIN
11 OBLIGATIONS.--

12 A. Bonds of a city issued under the Municipal
13 Housing Law shall be authorized by its resolution and may be
14 issued in any one or more series and shall bear such date [~~or~~
15 ~~dates~~], mature at such time [~~or times~~], bear interest at such
16 rate [~~or rates~~], be in such denomination [~~or denominations~~], be
17 in such form, either coupon or registered, carry such conversion
18 or registration privileges, have such rank or priority, be
19 executed in such manner, be payable in such medium of payment at
20 such place [~~or places~~] and be subject to such terms of
21 redemption, with or without premium, as the resolution, its
22 trust indenture or the bond so issued may provide.

23 B. Obligations issued by a city [~~which~~] that are
24 true loan obligations made to the farmers home administration of
25 the United States department of agriculture or the department of

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1 housing and urban development may bear interest at a rate of
2 interest not exceeding par.

3 C. The bonds shall be sold at not less than par at
4 public sale held after notice published once at least five days
5 prior to the sale in a newspaper having a general circulation in
6 the city jurisdiction and in a financial newspaper published in
7 the city of San Francisco, California, or in the city of New
8 York, New York; provided that the bonds may be sold to the
9 federal government at private sale at not less than par, and, in
10 the event less than all of the bonds authorized in connection
11 with any housing project [~~or projects~~] are sold to the federal
12 government, the balance of [~~such~~] the bonds may be sold at
13 private sale at not less than par at an interest cost to the
14 city [~~of~~] not to exceed the interest cost to the city of the
15 portion of the bonds sold to the federal government.

16 D. In case any of the officers of the city, the
17 authority or any of its instrumentalities whose signatures
18 appear on any bonds or coupons cease to be officers before the
19 delivery of the bonds, [~~such~~] the signatures shall,
20 nevertheless, be valid and sufficient for all purposes the same
21 as if the officers had remained in office until delivery. Any
22 provision of any law to the contrary notwithstanding, any bonds
23 issued pursuant to the Municipal Housing Law shall be fully
24 negotiable.

25 E. In any suit, action or proceedings involving the

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1 validity or enforceability of any bond of a city or the security
2 [~~therefor~~] for the bond, any such bond reciting in substance
3 that it has been issued by the city to aid in financing a
4 housing project to provide dwelling accommodations for persons
5 of low and moderate income shall be conclusively deemed to have
6 been issued for a housing project of [~~such~~] that character, and
7 the housing project shall be conclusively deemed to have been
8 planned, located and constructed in accordance with the purposes
9 and provisions of the Municipal Housing Law."

10 Section 11. Section 3-45-20 NMSA 1978 (being Laws 1965,
11 Chapter 300, Section 14-46-20) is amended to read:

12 "3-45-20. AID FROM STATE OR FEDERAL GOVERNMENT.--In
13 addition to the powers conferred upon a city by other provisions
14 of the Municipal Housing Law, a city is empowered to borrow
15 money or accept contributions, grants or other financial
16 assistance from the state or federal government for, or in aid
17 of, any housing project or affordable housing program within its
18 area of operation and, to these ends, to comply with such
19 conditions, trust indentures, leases or agreements as may be
20 necessary, convenient or desirable. It is the purpose and
21 intent of the Municipal Housing Law to authorize every city to
22 do any and all things necessary, convenient or desirable to
23 secure the financial aid or cooperation of the federal
24 government in the undertaking, acquisition, construction,
25 maintenance or operation of any housing project or affordable

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1 housing program of [~~such~~] the city."

2 Section 12. Section 3-45-21 NMSA 1978 (being Laws 1965,
3 Chapter 300, Section 14-46-21) is amended to read:

4 "3-45-21. COOPERATION IN UNDERTAKING HOUSING PROJECTS OR
5 AFFORDABLE HOUSING PROGRAMS.--

6 A. For the purpose of aiding and cooperating in the
7 planning, undertaking, construction or operation of housing
8 projects or affordable housing programs located within the area
9 in which it is authorized to act, any state public body may,
10 upon such terms, with or without consideration, as it may
11 determine:

12 [~~A.~~] (1) dedicate, sell, convey or lease any
13 of its interest in any property or grant easements, licenses or
14 any other rights or privileges therein to any city;

15 [~~B.~~] (2) cause parks, playgrounds,
16 recreational, community, educational, water, sewer or drainage
17 facilities or any other works [~~which~~] that it is otherwise
18 empowered to undertake to be furnished adjacent to or in
19 connection with housing projects or affordable housing programs;

20 [~~C.~~] (3) furnish, dedicate, close, pave,
21 install, grade, regrade, plan or replan streets, roads,
22 roadways, alleys, sidewalks or other places [~~which~~] that it is
23 otherwise empowered to undertake;

24 [~~D.~~] (4) cause services to be furnished for
25 housing projects or affordable housing programs of the character

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1 ~~[which such]~~ that the state public body is otherwise empowered
2 to furnish;

3 ~~[E.]~~ (5) enter into agreements with respect to
4 the exercise by ~~[such]~~ the state public body of its powers
5 relating to the repair, elimination or closing of unsafe,
6 ~~[insanitary]~~ unsanitary or unfit dwellings;

7 ~~[F.]~~ (6) do any and all things necessary or
8 convenient to aid and cooperate in the planning, undertaking,
9 construction or operation of such housing projects;

10 ~~[G.]~~ (7) incur the entire expense of any
11 public improvements made by ~~[such]~~ the state public body in
12 exercising the powers granted in the Municipal Housing Law; and

13 ~~[H.]~~ (8) enter into agreements ~~[which]~~ that
14 may extend over any period, notwithstanding any provision or
15 rule of law to the contrary, with any city or multi-
16 jurisdictional housing authority as agent therefor, respecting
17 action to be taken by ~~[such]~~ the state public body pursuant to
18 any of the powers granted by the Municipal Housing Law.

19 B. Any law or statute to the contrary
20 notwithstanding, any sale, conveyance, lease or agreement
21 provided for in this section may be made by a state public body
22 without appraisal, public notice, advertisement or public
23 bidding.

24 C. In the event an authority is declared by the
25 federal department of housing and urban development to be in

underscoring material = new
~~[bracketed material] = delete~~

1 default on its annual contributions contract with that
2 department, the authority may, by resolution of its governing
3 body, transfer its assets and operation to another housing
4 authority, including a multi-jurisdictional housing authority or
5 regional housing authority. The multi-jurisdictional housing
6 authority or regional housing authority shall accept, by
7 resolution of its governing board, a transfer of assets and
8 operations of an authority that has been declared by the federal
9 department of housing and urban development to be in default of
10 the annual contributions contract between that department and
11 the authority."

12 Section 13. EMERGENCY.--It is necessary for the public
13 peace, health and safety that this act take effect immediately.