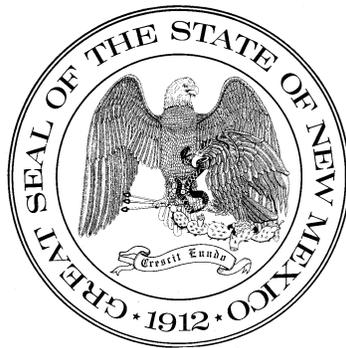


MORTGAGE FINANCE
AUTHORITY
ACT
OVERSIGHT COMMITTEE



2013 INTERIM

Prepared by the Legislative Council Service
Staff
Claudia Armijo
Sharon Ball

MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

2013 Interim

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WORK PLAN
2013 Interim

2013 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

Members

Rep. Ernest H. Chavez, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Rep. Alonzo Baldonado

Sen. Lee S. Cotter
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Sen. Cisco McSorley

Advisory Members

Rep. Nathan "Nate" Cote
Rep. George Dodge, Jr.
Rep. Sandra D. Jeff
Rep. James Roger Madalena
Sen. Richard C. Martinez

Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla
Sen. Sander Rue

Work Plan

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

In addition to carrying out its statutory responsibilities, the committee will focus on the following areas of legislative concern during the 2013 interim:

- (1) regional housing policy and budget trends;
- (2) changes to existing and proposed rules promulgated by the MFA;
- (3) MFA funding source and program overview;
- (4) federal budget and housing finance reform — impacts for the MFA and affordable housing;
- (5) tour of Casitas de Colores, downtown Albuquerque;
- (6) Housing First Model;
- (7) federal housing policy and budget trends;
- (8) review of the MFA budget and 2013-2014 strategic plan;
- (9) Affordable Housing Act rule changes;
- (10) New Mexico Housing Trust Fund report and funding source overview;
- (11) New Mexico foreclosure update;
- (12) report on bonds issued and market update;
- (13) proposed legislation for the 2014 session;
- (14) Attorney General's Home Ownership Preservation Program, including the MFA's role; and
- (15) joint meeting with Military and Veterans' Affairs Committee on veteran homelessness issues.

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

**Mortgage Finance Authority Act Oversight Committee
2013 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
June 3	Albuquerque
July 2	Albuquerque
August 7**	Albuquerque
September 4	Albuquerque
October 15	Albuquerque
November 14	Albuquerque

**Joint meeting with the Military and Veterans' Affairs Committee.

SUMMARY
2013 Interim

Mortgage Finance Authority Act Oversight Committee 2013 Interim Executive Summary

During the 2013 interim, the Mortgage Finance Authority (MFA) Act Oversight Committee held six meetings in Albuquerque. The August MFA meeting was held as a joint meeting with the Military and Veterans' Affairs Committee (MVAC) at St. Joseph Community Health Services (SJCHS) in northwest Albuquerque, while the other five meetings were held in downtown Albuquerque at the MFA office.

At its organizational meeting in June, Jay Czar, MFA executive director, summarized the agency's work in 2012. Among other things, the MFA provided more than \$223 million in low-interest financing and grants for affordable housing and related services throughout the state. Using tax-exempt single-family mortgage bonds, the MFA provided loans in excess of \$106 million to 911 first-time homebuyers.

Reviewing the MFA's 2013 legislative agenda, Mr. Czar noted that none of the seven bills — some for specific appropriations and some for amendments to existing statute — had passed. He also noted that Senator Nancy Rodriguez's direct appropriation of \$200,000 for the New Mexico Housing Trust Fund was the only funding the MFA received from the 2013 legislature. He explained that the New Mexico Legislature created the MFA in 1975 as a government instrumentality, which means, he explained, "You're in business for yourself." Even though the state legislature has no funding responsibility for the agency, he said that any appropriations to the New Mexico Housing Trust Fund can be leveraged by a factor of about 11 through other funding sources.

Also at the organizational meeting, members were provided with the MFA 2013 Reference Guide, a useful reference on the agency and its work, contacts and resources. Committee members reviewed statutory duties of the MFA and also discussed and adopted a 2013 interim proposed work plan and meeting schedule and agreed to request from the New Mexico Legislative Council a sixth meeting and to have a joint meeting with the MVAC to examine veteran-related housing issues.

The joint meeting was held in August at the newly refurbished SJCHS facility on North Fifth Street in Albuquerque. Allen Sanchez, SJCHS president and chief executive officer, provided a history of the facility, which is owned by the diocese, and described the organization's advocacy programs for children from birth to age five. He also noted that SJCHS runs the largest family home visiting program in the country.

Members of both committees heard several in-depth presentations, including homeless veterans and the Housing First Model; services provided at the New Mexico Veterans Integration Center in Albuquerque; Goodwill Industries supportive services for veteran families; the United South Broadway Corporation's homeless prevention program; veterans assistance programs in the city of Albuquerque; the New Mexico veterans affairs health care system; Presbyterian Medical Services programs for veterans and their families; programs at Fort Bayard; and reintegration centers for homeless veterans in Las Cruces and Santa Rosa. Members of both committees expressed their gratitude to the presenters for providing presentations on such a range of services to men and women reintegrating after service to their country.

The July, September and October meeting agendas emphasized issues discussed at the organizational meeting, issues included in the committee's 2013 interim work plan and policy directions for recommendation to the 2014 legislature, including regional housing authorities oversight; adding to the corpus of the New Mexico Housing Trust Fund; issuance of bonds; bond market updates; mortgage foreclosure; the attorney general's homeownership preservation program; updates on MFA activities; updates on federal programs and housing issues; and the MFA strategic plan and budget considerations.

At the sixth and final 2013 interim meeting, MFA staff presented the agency's legislative proposals for the committee's consideration. Among the legislative initiatives was a bill to transfer the oversight of the regional housing authorities from the MFA to the Department of Finance and Administration (DFA). Similar bills have been proposed and endorsed by the MFA Act Oversight Committee for the past three sessions, but those bills have not passed. Endorsed legislative proposals included:

1. a recurring \$250,000 general fund appropriation to the DFA to fund MFA oversight of the regional housing authorities;
2. an amendment to the Regional Housing Law to transfer oversight of the regional housing authorities to the DFA. This is for legislative consideration if recurring oversight funding is not provided to the MFA in the General Appropriation Act of 2014 (HB 2);
3. a nonreverting \$5 million general fund appropriation for the MFA to carry out provisions of the New Mexico Housing Trust Fund Act;
4. a \$1 million general fund appropriation to the DFA for the MFA to support "EnergySmart", a residential energy conservation program to increase the energy efficiency and reduce energy expenditures for low-income New Mexicans;
5. a recurring \$200,000 general fund appropriation to the DFA to fund MFA oversight of the Affordable Housing Act;
6. amendments to the Affordable Housing Act to provide terms for the timely sale of foreclosed or failed affordable housing projects without retaining the long-term affordability restrictions and to provide for enforcement of provisions of the act and penalties for violations of the act; and
7. an amendment to the Affordable Housing Tax Credit Act to eliminate the current conflict with the Affordable Housing Act by removing local and tribal governments from eligibility for the affordable housing tax credit.

AGENDAS
2013 Interim

**TENTATIVE AGENDA
for the
FIRST MEETING IN 2013
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**June 3, 2013
New Mexico Mortgage Finance Authority
344 Fourth Street SW
Albuquerque, New Mexico**

Monday, June 3

10:00 a.m.

Call to Order

—Representative Ernest H. Chavez, Chair

10:05 a.m.

Welcome and Introductions

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

10:20 a.m.

(1) **[Interim Committee Procedures](#)**

—Raúl E. Burciaga, Director, Legislative Council Service (LCS)

10:40 a.m.

(2) **[MFA 2013 Reference Guide Overview](#)**

—Monica Abeita, Senior Policy and Program Advisor, MFA

11:10 a.m.

(3) **[MFA Funding Source and Program Overview](#)**

—Monica Abeita, Senior Policy and Program Advisor, MFA

11:35 a.m.

(4) **[Introduction of Key Staff and Programs](#)**

Jay Czar, Executive Director, MFA

- Leann Kemp, Communications Manager, MFA
- Marjorie Martin, Attorney, MFA
- Felipe Rael, Director of Housing Development, MFA
- Izzy Hernandez, Director of Community Development, MFA
- Jacqueline Boudreaux, Manager of Asset Management, MFA

Gina Hickman, Deputy Director of Finance and Administration, MFA

- Kathy Keeler, Finance Manager, MFA
- Erik Nore, Director of Homeownership, MFA

12:00 noon

(5) **[2013 Interim Work Plan and Meeting Schedule Development](#)**

—Jay Czar, Executive Director, MFA

—Claudia Armjio, Staff Attorney, LCS

12:30 p.m.

Adjourn

**TENTATIVE AGENDA
for the
SECOND MEETING IN 2013
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**July 2, 2013
New Mexico Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Tuesday, July 2

- 10:00 a.m. **Call to Order**
—Representative Ernest H. Chavez, Chair
- 10:05 a.m. **Approval of the June 3, 2013 Meeting Minutes**
- 10:10 a.m. (1) **[New Mexico Mortgage Finance Authority \(MFA\) Update](#)**
—Jay Czar, Executive Director, MFA
- 10:20 a.m. (2) **[Regional Housing Policy and Budget Trends](#)**
—Joseph Montoya, Deputy Director of Programs, MFA
—Chris Herbert, Executive Director, Eastern Regional Housing Authority
—Cathy De Marco, Executive Director, Western Regional Housing
 Authority
- 10:50 a.m. (3) **[Affordable Housing Act](#)**
—Joseph Montoya, Deputy Director of Programs, MFA
—Nicole Sanchez Howell, Program Manager, MFA
- 11:20 a.m. (4) **[MFA Legislative Agenda](#)**
—Jay Czar, Executive Director, MFA
—Joseph Montoya, Deputy Director of Programs, MFA
- 11:50 a.m. (5) **[2013 MFA Annual Report Overview](#)**
—Monica Abeita, Senior Policy and Program Advisor, MFA
- 12:00 noon **Adjourn**

Revised: July 29, 2013

**TENTATIVE AGENDA
for the
JOINT MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE
and the
MILITARY AND VETERANS' AFFAIRS COMMITTEE**

**August 7, 2013
St. Joseph Community Health
1516 5th Street NW
Albuquerque, New Mexico 87102**

Wednesday, August 7

- 9:00 a.m. **Call to Order**
- 9:05 a.m. (1) **[Homeless Veterans and the Housing First Model](#)**
—Joseph Montoya, Deputy Director of Programs, New Mexico Mortgage
Finance Authority
—Hank Hughes, Executive Director, New Mexico Coalition to End
Homelessness
—Doug Chaplin, Manager, Community Development Division — City of
Albuquerque
—Dennis Potter, Executive Director, Metropolitan Homelessness Project
—Nicole Martinez, Executive Director, Mesilla Valley Community of Hope
- 10:00 a.m. (2) **[New Mexico Veterans Integration Centers \(NMVIC\)](#)**
—Elinor Reiners, Program Director, NMVIC
—Fermin Ortega, Operations Manager, NMVIC
- 11:00 a.m. (3) **[Goodwill Industries of New Mexico: Supportive Services for Veteran
Families \(SSVF\)](#)**
—Mary Martinez Carter, Case Manager, SSVF
—Jim Cochran, Program Manager, SSVF
- 12:00 noon **Lunch**
- 1:00 p.m. (4) **[United South Broadway Corporation \(USBC\): Homeless Prevention
Program](#)**
—Deborah Norman, Outreach Coordinator, USBC

- 2:00 p.m. (5) [**New Mexico VA Health Care System: Benefits, Eligibility and Billing**](#)
—Kara Catton, Executive Assistant to the Director, New Mexico VA Health
Care System
- 3:00 p.m. (6) [**Presbyterian Medical Services Veteran and Family Support Services**](#)
—Cheri Nipp, Central Region Director, Presbyterian Medical Services
- 4:00 p.m. (7) [**Fort Bayard: Serving the Dreams of Our Veterans**](#)
—Tennessee Webb, Principal and Director, GEP Corporation (GEPC)
—M. Teresa Santiago, President and Chief Executive Officer, GEPC
- 4:30 p.m. **Adjourn**

**TENTATIVE AGENDA
for the
FOURTH MEETING IN 2013
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**September 4, 2013
New Mexico Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Wednesday, September 4

- 10:00 a.m. **Call to Order**
—Representative Ernest H. Chavez, Chair
- 10:05 a.m. **Approval of the July and August 2013 Meeting Minutes**
- 10:10 a.m. (1) **[New Mexico Mortgage Finance Authority \(MFA\) Update](#)**
—Jay Czar, Executive Director, MFA
- 10:20 a.m. (2) **[Federal Policy Update: Federal Budget Trends, Housing Finance Reform and Other Federal Policy Issues](#)**
—Monica Abeita, Senior Policy and Program Advisor, MFA
—Erik Nore, Director of Homeownership, MFA
- 10:50 a.m. (3) **[MFA Legislative Agenda — Endorsement](#)**
—Jay Czar, Executive Director, MFA
—Joseph Montoya, Deputy Director of Programs, MFA
- 11:15 a.m. **Group Photo**
—Committee Members and MFA Staff
- 11:30 a.m. **Tour of Casitas de Colores, Downtown Albuquerque**
**Please Note: Persons participating in the tour must wear closed-toe shoes. Hardhats are required on the construction site and will be provided.*
- 12:30 p.m. **Adjourn**

Revised: October 9, 2013

**TENTATIVE AGENDA
for the
FIFTH MEETING IN 2013
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**October 15, 2013
Public Service Company of New Mexico
414 Silver Ave. SW #4
Albuquerque, New Mexico
(entrance on south side of Silver Avenue)
Please park at the MFA parking lot and walk one block north to Silver Avenue.**

Tuesday, October 15

- 1:30 p.m. **Call to Order**
 —Representative Ernest H. Chavez, Chair
- 1:35 p.m. **Approval of the September 2013 Meeting Minutes**
- 1:40 p.m. (1) **[New Mexico Mortgage Finance Authority \(MFA\) Update](#)**
 —Jay Czar, Executive Director, MFA
- 1:45 p.m. (2) **[Attorney General's Homeownership Preservation Program](#)**
 —Karen Meyers, Assistant Attorney General
 —Kenneth Owens, Assistant Attorney General
- 2:15 p.m. (3) **[New Mexico Foreclosure Update](#)**
 —Erik Nore, Director of Homeownership, MFA
- 2:40 p.m. (4) **[Report on Bonds Issued and Market Update](#)**
 —Paul Cassidy, Managing Director, RBC Capital Markets
 —Gina Hickman, Deputy Director of Finance and Administration, MFA
- 3:10 p.m. (5) **[Review of MFA Fiscal Year 2014 Budget](#)**
 —Gina Hickman, Deputy Director of Finance and Administration, MFA
- 3:40 p.m. (6) **[Housing Trust Fund Update](#)**
 —Joseph Montoya, Deputy Director of Programs, MFA
- 4:00 p.m. **Adjourn to VIP Reception at MFA Open House**

MINUTES
2013 Interim

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

**June 3, 2013
Mortgage Finance Authority Office
344 Fourth St. SW
Albuquerque, New Mexico**

The first meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee of the 2013 interim was called to order by Representative Ernest H. Chavez, chair, at 10:08 a.m. on June 3, 2013 at the office of the MFA in Albuquerque, New Mexico.

Present

Rep. Ernest H. Chavez, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Alonzo Baldonado
Sen. Lee S. Cotter
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Sen. Cisco McSorley

Absent

Rep. Thomas A. Anderson

Advisory Members

Rep. Sandra D. Jeff
Rep. James Roger Madalena
Sen. Richard C. Martinez
Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino
Sen. Sander Rue

Rep. Nathan "Nate" Cote
Rep. George Dodge, Jr.
Sen. Michael Padilla

Staff

Claudia Armijo, Staff Attorney, Legislative Council Service (LCS)
Sharon Ball, Senior Researcher, LCS
Cassandra Jones, Research Assistant, LCS

Guests

The guest list is in the meeting file.

Handouts

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

Monday, June 3

Call to Order

Representative Chavez welcomed members of the committee, staff and guests to the meeting. The chair requested that members of the committee introduce themselves, after which he introduced LCS staff members. The chair then turned the meeting over to Jay Czar, executive director, MFA, who indicated that he would introduce MFA staff members as the meeting progressed in connection with program discussion. Mr. Czar also advised members that the meeting was being video webcast and reminded them to keep sidebar conversations to a minimum to avoid noise interference with the webcast.

MFA Update

Mr. Czar stated that, as part of its core values, the MFA attempts to hire well-qualified employees that represent the diversity of the state, pay them competitively, treat them fairly and provide opportunities for advancement. He began by introducing MFA executive team staff, who, besides himself, will work closely with the MFA Act Oversight Committee, including Sandra Mares, executive assistant, who, he said, has worked with the MFA for more than 24 years and serves as a point of contact for committee members and staff; and Gina Hickman, deputy director of finance and administration, who, he said, has been with MFA for four years, is a certified public accountant and brings considerable experience as a chief financial officer. He explained that Ms. Hickman's job involves coordination and oversight of MFA's asset and liability mix, debt issuance, financial reporting, cash flow projections and the investment and disbursement of MFA funds. He noted that Joseph Montoya, who serves as MFA deputy director of programs, is attending a meeting in Washington, DC, but will be present for the remainder of the committee meetings. He also introduced Monica Abeita, senior policy and program adviser, who, he said, replaces Erin Quinn, who took a job with the U.S. Department of the Treasury in Washington, DC. He said that Ms. Abeita, a native New Mexican, has a broad background in public housing, particularly in the area of community planning.

Providing a little history of the MFA building itself, Mr. Czar also explained that the MFA office is located in what used to be the central Albuquerque YWCA building and noted that the committee is meeting in what was once the swimming pool.

Providing historical background, Mr. Czar explained that the state legislature created the New Mexico MFA in 1975 as a governmental instrumentality, which, he said, means "You're in business for yourself". He explained that the MFA does not rely on appropriations from the state for either operations or programs. He explained, further, that the MFA does have the power to raise funds from private investors and to make those funds available to finance the acquisition, construction, rehabilitation and improvement of residential housing for low- to moderate-income families and individuals in the state, which supports the MFA's vision that all New Mexicans will have quality affordable housing opportunities. He said that the MFA's mission is to provide innovative products and services in collaboration with strategic partners to finance the purchase, construction and preservation of quality affordable housing to strengthen the social and economic development of the state.

Among the MFA's additional core values, Mr. Czar noted the following:

- providing prompt, courteous, quality service;
- fostering a professional environment that supports a high level of integrity, transparency, collaboration and commitment to its mission;
- allocating resources to serve those with the greatest need while promoting partnerships to maximize housing opportunities;
- practicing cost-effective operations and prudent fiscal management; and
- promoting sustainable growth, innovation and environmentally conscious practices.

Mr. Czar thanked committee members for their service to the state and particularly for being so helpful in getting the word out about the effectiveness and importance of the MFA's programs.

He said that the MFA is subject to considerable oversight, not only from this legislative oversight committee, but also by a seven-member board of directors, four of whom are appointed by the governor, and three of whom are stipulated in statute: the attorney general, the lieutenant governor and the state treasurer. He said that the board meets the third Wednesday of each month in the MFA office at 9:30 a.m. and invited all members to attend meetings at their convenience. In response to committee questions and comments, he also noted that the Hotel Clovis project in Clovis is now open, that the Stage Coach Hotel project in Santa Fe will be open by the end of the month and that the Sundowner Motel and Luna Lodge projects in Albuquerque are progressing. Senator Ortiz y Pino mentioned that committee members may have seen the Casitas de Colores project on their way to the meeting today. He said that this project will be a mixed-income project to encourage establishment of a diverse community. Mr. Czar noted that MFA staff will soon travel to Clovis, Portales and the Lea County area where needs are great because of rapid growth.

Interim Committee Procedures

Ms. Armijo explained that, because the MFA Act Oversight Committee meets in Albuquerque rather than Santa Fe, she will provide the presentation that Raúl E. Burciaga, director, LCS, usually provides at each interim committee's organizational meeting.

She began by pointing out that a copy of the tentative interim committee calendar for the 2013 interim was included in the committee folder. She explained that, as in the past, the New Mexico Legislative Council directed staff to develop a tentative calendar in an effort to minimize conflicts among voting members on committees. She said that the tentative dates for the MFA Act Oversight Committee are reflected both in the committee's proposed work plan and in the calendar.

Addressing a few other housekeeping items, Ms. Armijo explained that advisory members serve as nonvoting members of the committee, but, generally, a good deal of committee action can be accomplished by consensus, e.g., drafting a letter requesting information or drafting a letter by LCS staff for committee review.

On the other hand, she explained, formal action, such as endorsing legislation; issuing a letter reflecting the committee's opinion, concern or other statement; or creating a subcommittee should be done upon a motion made and a vote taken of the voting members with a quorum present. She said that a formal calling of the roll is not always necessary and that a vote can be by voice, a show of hands or even by the chair's asking whether there is any objection to the motion.

She said that questions about quorums of interim committees frequently arise. She explained that a quorum is 50 percent of the number of voting members plus one and for most interim committees, there is no requirement that both political parties or both chambers be represented. For the MFA Oversight Committee, a quorum is five voting members. In addition, she explained that, once a quorum is established, it is presumed to continue to exist unless the lack of a quorum is raised by a member or disclosed upon a roll call vote.

She said that, if a quorum is not present, the members present can operate as a subcommittee to take testimony, but not formally act, if the number of voting members present plus advisory members present plus legislators attending the meeting as one of their extra days equal five. (Council Policy No. 3 (B)).

Committee members briefly discussed the possibility of joint meetings with other interim committees. The chair pointed out that committee members would be discussing the interim meeting calendar later in the agenda.

MFA 2013 Reference Guide Overview

Ms. Abeita referred committee members to their committee reference guide and welcomed all members, especially new members, and said that she is looking forward to working with Chairman Chavez, Vice Chair Rodriguez and all of the committee members. She said that the information behind Tab 2 includes bills endorsed by the MFA for the 2013 session, none of which passed. She said that legislation for potential committee endorsement will be discussed throughout the interim and that some bills from 2013 may be modified and reintroduced for the 2014 session.

Mr. Czar briefly pointed out the committee's statutory authority, Sections 58-18-1 through 58-18-27 NMSA 1978 (Tab 3), and the MFA administrative rules (Tab 4) promulgated by the committee during each interim as needed. He emphasized that both the statutes and the rules are the basis for the way in which the MFA operates. He directed members' attention to the information behind Tab 5, the listing of the MFA board of directors. Committee members had several questions about the board membership. Some members noted that the listing includes one vacancy, and they wondered how long the position has been vacant. Mr. Czar said that he is not certain, but that he is sure it was more than a year. He added that he is hoping that the governor will fill that position shortly. Another committee member noted that Sharron Welsh's term ended on January 1, 2012 and asked if she still serves. Mr. Czar indicated that she will continue to serve until the governor appoints someone else. In response to committee comments and questions, Mr. Czar said that the vacancy occurred because Justin Harper, Citizens Bank president, is on the board of the Federal Reserve Bank in Dallas and has too many other

commitments to spend enough time on the MFA board. He added that the board members take their respective positions very seriously and are actively engaged in oversight of the MFA's work. He reiterated his invitation to committee members to attend monthly board meetings at any time.

Mr. Czar directed committee members' attention to information behind Tab 6, which includes the MFA mandates from statute and rule in the form of the MFA's vision, mission and core values, which he had discussed earlier. He noted that, in his opinion, the legislature's investment in the New Mexico Housing Trust Fund is one of the most productive. He said that the MFA is able to leverage \$14.00 to \$15.00 for each \$1.00 the state invests and that housing is not just housing, it is economic development.

Directing members' attention to Tab 7, "Top Ten the MFA Myths...Debunked!", Ms. Abeita noted that Mr. Czar had already adequately covered the myth that MFA is a state agency; it is actually an instrumentality of the state. She noted two other popular myths. The first is that the MFA lends money. She said that the MFA itself does not lend money; it works with a number of partners to provide financing through established lenders. A second is that the MFA develops and builds homes. She said that, again, the MFA helps find financing for developers to build homes and that it is kind of like a bank providing financing in the form of loans and sometimes tax credits and a few grants. She went on to explain that the MFA has very little grant funding available. The MFA borrows most of its funding and therefore must, in turn, make that funding available as loans, not grants. She said that the MFA also "recycles" some of its resources. For example, when certain loans are repaid to the MFA, those dollars can be recycled to help more people.

Ms. Abeita pointed out the MFA organizational chart, which includes two divisions, one headed by Mr. Montoya that deals with asset, community and housing development programs, and the second, headed by Ms. Hickman, that deals with accounting and finance. She added that the committee would be meeting several of these managers and directors as the meeting progresses.

She also pointed out that a copy of a housing brochure that the MFA staff use when explaining what the MFA does was behind Tab 9. She highlighted a few of the MFA homeownership programs.

- Building Trust — below-market rate loans to Native American families or individuals from federally recognized tribes who have a home site lease on trust land to buy, build or make repairs to existing homes. First-time homebuyer requirements are waived.
- Helping Hand — \$8,000 for down payment and closing cost assistance to low-income families in which one family member has a disability and a zero percent loan due on the sale, transfer or refinancing of the home.
- HERO — a first mortgage loan that includes a 3.5 percent down payment assistance grant that is available to low- to moderate-income households in which at least one member is a public safety worker, health care worker, educational worker or active or reserve member of the armed forces. It is a 30-year fixed-rate loan.

- Mortgage Booster — a fixed-rate second mortgage that is used in conjunction with other MortgageSaver or MortgageSaver Zero first mortgages and that features a 30-year fixed-rate loan with six percent interest — a loan of \$8,000.
- MortgageSaver — 30-year fixed, below-market rate mortgage lease priced with one percent discount and one percent origination fee for low- to moderate-income, first-time homebuyers.
- MortgageSaver Plus — 30-year fixed-rate mortgage program that includes a 3.5 percent grant to offset down payment and closing costs for low- to moderate-income first-time homebuyers that carries a slightly higher interest rate than MortgageSaver and MortgageSaver Zero. This program features a zero percent origination and discount fee.
- MortgageSaverZero — 30-year fixed-rate mortgage loans priced with zero percent discount and zero percent origination fee for low- to moderate-income homebuyers.
- Partners Program — first mortgages for families earning less than 60 percent of the area median income that are procured through nonprofit housing providers.
- PaymentSaver — second mortgage loans that provide 8 percent of the sale price of the home (up to \$8,000) for down payment, closing costs, principal reduction and interest rate buy-down for lower-income families in eligible areas of the state, with zero percent of the loan due on sale, transfer or refinance of a home.
- Smart Choice — in areas where the local public housing authority offers the Section 8 Housing Choice Voucher Homeownership program, participants may be eligible for a Smart Choice down payment and closing cost assistance loan of \$15,000, with a zero percent interest rate due on sale, transfer or refinance of a home.
- Streamline 203(k) — 30-year fixed-rate Federal Housing Administration first mortgage that includes up to \$35,000 for home improvements or energy efficiency upgrades. Down-payment assistance may be used in conjunction with this loan.

Ms. Abeita pointed out that the MFA participates in the following housing development programs:

- Risk-Sharing Loans, federal Department of Housing and Urban Development (HUD) 542(c) and United States Department of Agriculture 538 — construction and permanent loans aimed at the production and preservation of affordable, low-income rental housing units.
- ACCESS Loan — construction and permanent loans up to \$2 million for small-scale affordable rental housing projects.
- "Build It!" Loan Guaranty Program — up to 50 percent guaranty of interim loans used to acquire, build or rehabilitate affordable rental and for-sale housing that is available to nonprofit organizations, for-profit corporations, units of local government, housing authorities and tribal entities.
- HOME/Rental Loan — gap financing loans for development of affordable rental or special needs housing through new construction or acquisition and rehabilitation of existing properties.
- HOME/Single Family Loans — gap financing loans for construction and sale of affordable single-family residences.

- Land Title Trust Fund (LTF) — loans or grants (competitive) for housing for low-income households (less than 80 percent of area median income).
- Low Income Housing Tax Credit (LIHTC) — federal tax-based program that encourages private investment for construction or rehabilitation of affordable housing. In response to a committee request, Mr. Czar said that he would provide a listing of LIHTC allocations by year.
- Tax-Exempt Bonds — the MFA is a qualified issuer of tax-exempt bond financing and 501(c)3 financing for multifamily developments statewide.
- New Mexico Affordable Housing Tax Credit program — provides 50 percent in state tax credits to individuals, businesses and local governments that provide donations of land, buildings, materials, cash or services to MFA-approved affordable housing projects or cash donations to the MFA Charitable Trust.
- New Mexico Housing Trust Fund — provides financing (on a competitive basis) for affordable housing initiatives targeted primarily to low- and moderate-income households, which can be for nonprofit or for-profit developers.
- Primero Investment Fund — provides loans to meet the financial needs of affordable housing development initiatives that cannot be met through other sources.

In terms of participation in community development programs, Ms. Abeita pointed out the following programs:

- Community Housing Development Organization (CHDO) Operating Fund Program — provides operating funds designed to increase production capacity in nonprofit organizations that develop affordable housing.
- Continuum of Care (CoC) — partnership between the MFA and the New Mexico Coalition to End Homelessness that funds agencies that provide assistance for people experiencing homelessness, including prevention, street outreach, emergency shelter, transitional housing and permanent supportive housing.
- HOME House-by-House Reservation Rehabilitation (REHAB) — assistance for low-income homeowners to make necessary home repairs. The MFA selects local housing authorities, community nonprofit organizations and local governments to administer the program in communities statewide including Albuquerque and Las Cruces.
- New Mexico EnergySmart — assistance for qualified households to improve home energy efficiency and reduce utility expenses by as much as \$500 per year. Participants receive an average of \$4,500 in energy efficiency upgrades, including insulation, caulking, new windows and new heating systems. In response to a committee request, Mr. Czar said that MFA staff would provide a listing of EnergySmart programs by county.
- Transitional and Supportive Services (TSS) — supports for community nonprofits and local governments to provide emergency, transitional and permanent housing and supportive service for persons who are homeless or at risk of becoming homeless.
- Emergency Homeless Assistance — funding for emergency shelters and housing providers to provide emergency shelter, housing and emergency services for needy individuals and families.

- TSS: Rental Assistance Program (RAP) — a short- and medium-term rental assistance program for qualifying individuals or families.
- Housing Opportunities for People with AIDS (HOPWA) — a program to prevent homelessness among those in the AIDS/HIV community.
- Linkages Program — a permanent supportive housing voucher program for those with behavioral health disorders who have experienced long-term homelessness.

In terms of targeted initiatives, Ms. Abeita discussed the following:

- Housing Counseling — requires pre-purchase housing counseling for prospective buyers funded by HUD grants. Mr. Czar commented that this program is one of the MFA's most successful.
- Performance-Based Annual Contributions Contract (ACC) — monitoring and contractual compliance of owners and management agents participating in project-based housing assistance payment contracts under Section 8, U.S. Housing Act of 1937. In response to committee questions and comments, Mr. Czar thanked committee members for their support of the MFA and the Attorney General's Office for its opinion that supported the MFA in reestablishing that program.
- Affordable Rental Property Listing — assistance for New Mexicans looking for affordable housing through the MFA's housing services directory.
- Green Initiatives — initiatives to encourage energy and water conservation in MFA programs and promotion of healthy and cost-effective design.
- New Mexico Affordable Housing Charitable Trust — administered by the MFA. Donors are eligible for state tax credits worth 50 percent of every \$1.00 donated. Donations are leveraged several times and used to fund affordable housing construction. The trust allows donors to carry forward tax credits for five years and to hold or otherwise transfer credits one time.

Referring to the information behind Tab 10, Mr. Czar said that in 2012, the MFA provided more than \$223 million in low-interest financing and grants for affordable housing and related services throughout the state. He explained that, in helping to build affordable housing, the MFA provided:

- more than \$65 million in financing for the new construction, acquisition and rehabilitation of 985 affordable rental homes, including 371 units that were already in the pipeline;
- \$2.3 million in loans for new construction, acquisition, rehabilitation and resale of 83 affordable, for-sale homes, including 10 Habitat for Humanity homes and 12 homes on tribal lands; and
- funding for the rehabilitation and energy efficiency improvement of more than 1,400 owner-occupied homes.

Mr. Czar added that this latter group consists mainly of frail, elderly and disabled homeowners whose utility bills are significantly reduced with these energy efficiency improvement projects.

Mr. Czar said that, in 2012, the MFA assisted homeowners and renters by:

- using tax-exempt single-family mortgage bonds to provide loans in excess of \$106 million to 911 first-time homebuyers;
- providing more than \$3.4 million in down-payment assistance loans and grants to persons who agree to participate in homeownership counseling, which lowers foreclosure rates; and
- processing more than \$26 million in project-based Section 8 rental assistance payments for 5,297 apartments occupied by low-income households throughout the state.

In terms of providing housing for those in need, Mr. Czar said that the MFA funded more than \$1.3 million in shelter and operating costs for approximately 8,700 individuals experiencing homelessness and more than \$1 million in homelessness prevention measures for 600 households at risk of becoming homeless.

Finally, in terms of reaching out to communities, Mr. Czar said that:

- more than 1,509 prospective homebuyers and troubled homeowners have benefited from pre-purchase and foreclosure mitigation counseling classes and individualized sessions valued at more than \$245,000;
- the MFA's New Mexico EnergySmart program provided more than 13,000 hours of specialized energy efficiency training for 581 attendees from the weatherization and construction work force. Training sessions took place at the NM EnergySmart Training Academy at Santa Fe Community College, along with field training in Roswell and on the Jicarilla Apache Nation; and
- held in Albuquerque on August 22-24, 2012, the New Mexico Housing Summit drew a record crowd of more than 600 attendees with more than 40 New Mexico communities and 15 other states represented. Mr. Czar noted that the housing summit is held every other year.

Directing committee members' attention to tables behind Tab 11, Ms. Abeita pointed out lists of low-income projects from 2000-2012, divided by congressional district. She said that the MFA received an allocation of about \$4 million from the U.S. Department of the Treasury in 2012. A committee member asked how \$4 million could be leveraged into a large economic impact such as \$132 million. Felipe Rael, director of housing development, MFA, explained that the actual credit amount is \$4 million per year, but it can be claimed over a 10-year period and thereby become \$40 million. He also indicated that tax credits can "kick start" projects that bring in additional resources from local jurisdictions or housing trust funds or other outside sources. He indicated that he would provide the committee with additional information about this process at the next meeting. In response to a committee request, Mr. Czar said that MFA staff would provide committee members with information regarding administrative costs relating to distribution of federal American Recovery and Reinvestment Act of 2009 (ARRA) grants.

MFA Funding Source and Program Overview

Directing committee members' attention to the matrix behind Tab 12, Ms. Abeita discussed the 2012 federal programs administered by the MFA. She said that the HUD HOME Investment Partnerships program (HOME) was cut by 53 percent from its fiscal year (FY) 2011

allocation of \$7,152,461 to \$3,781,059 for FY 2012. She also pointed out another HUD formula grant to New Mexico of \$19.6 million authorized under the federal Housing and Economic Recovery Act of 2008. She said that, of this amount, the MFA has received and will expend approximately \$8.7 million by June 30, 2013. Mr. Czar pointed out that the MFA had administered about \$95 million over three years of ARRA funds and had gotten those funds out into the economy in a timely manner and in a productive, meaningful way.

Looking behind Tab 13, Ms. Abeita discussed MFA estimated funding sources of \$273.8 million for 2012, including \$109.2 million from federal housing programs, \$128 million from MFA bond issues and \$10.9 million from state appropriations and tax credits. She said that MFA staff should have a new 2013 source document soon.

Noting the material behind Tab 14, Ms. Abeita told committee members they would find the MFA benchmarked strategic plan. She noted that the MFA is in year two of the current 2012-2014 plan and that MFA staff report regularly to the board on progress toward the benchmarks. Committee members expressed concern about the loss of federal and other housing funds and about housing for returning veterans and Native Americans. Mr. Czar said that MFA staff would provide the committee with detailed information about these issues.

Noting the material behind Tab 15, Mr. Czar told committee members that, for the past 20 years, the MFA has received unqualified (i.e., "clean") audit opinions on its financial statements. He reiterated that the MFA has considerable oversight from a number of entities and noted that, for the past three years, the MFA has averaged 25 audits per year by nine agencies. He explained that some audits are specific to programs while others are overall MFA audits. In response to committee questions and comments, Ms. Hickman said that the MFA falls under the Audit Act and state law requires that agencies issue a request for proposals (RFP) for auditor services every three years. She added that the Office of the State Auditor has participated in the MFA audits recently because the firm KPMG has been the MFA's external auditor for several years. Mr. Czar added that the MFA tries to learn from its audits rather than being combative. Committee members requested information on tax credits to address concerns in recent media coverage, e.g., an analysis of trade-offs. What is the state getting in exchange for the revenue the state foregoes through tax credits?

Introduction of Key Staff and Programs

Mr. Czar introduced Leann Kemp, communications manager, MFA. He said that Ms. Kemp had previously worked for a local news outlet and has worked for the MFA for five years doing communications and marketing. He said that she is responsible for communicating to the world at large who the MFA is and what it does, which is not an easy task because the MFA does so many things and because of the similarity between the MFA name and other government agencies that deal with finance issues.

Next, Mr. Czar introduced Marjorie A. Martin, the MFA's in-house legal counsel. He said that Ms. Martin has been with the MFA for seven years and that her work has been plentiful and varied. He said that she drafts, reviews and negotiates contracts and ensures compliance with federal regulations.

Mr. Czar reintroduced Mr. Rael and briefly discussed his work in areas such as gap financing. He also introduced Izzy Hernandez, MFA director of community development, who recently returned from four years of serving the country as a member of the New Mexico National Guard and has been with the MFA for 28 years; Maggie Raznik, director, human resources; and Jacqueline Boudreaux, manager, MFA asset manager.

Ms. Hickman introduced Kathy Keeler, MFA finance manager. She also mentioned Erik Nore, MFA director, homeownership, who is out on medical leave.

2013 Interim Work Plan and Meeting Schedule Development

Ms. Armijo went over the proposed work plan, together with proposed meeting dates. Committee members engaged in an extensive discussion about meeting dates and possible joint meetings with the Military and Veterans' Affairs Committee and the Indian Affairs Committee. Committee members requested additional information relating to repayment of bonds that the MFA sells. Ms. Keeler said that the MFA can provide the committee with a history of bond issues since 1994. Committee members also expressed an interest in taking a tour of the Casitas de Colores project. With no additional requests and no objections, committee members agreed to the proposed work plan, with the addition of an examination of the MFA strategic plan. Without objection, the committee agreed to meeting dates of July 2, August 7, September 4 and October 15.

The chair and vice chair thanked the MFA staff and LCS staff for their hard work in putting together the interim work plan. Without objection, the meeting adjourned at 12:58 p.m.

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

**July 2, 2013
Mortgage Finance Authority Office
344 Fourth St. SW
Albuquerque, New Mexico**

The second meeting of the 2013 interim of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Ernest H. Chavez, chair, at 10:00 a.m. on July 2, 2013 at the office of the MFA in Albuquerque, New Mexico.

Present

Rep. Ernest H. Chavez, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Rep. Alonzo Baldonado
Sen. Lee S. Cotter
Rep. Roberto "Bobby" J. Gonzales

Absent

Sen. Stuart Ingle
Sen. Cisco McSorley

Advisory Members

Rep. Nathan "Nate" Cote
Rep. George Dodge, Jr.
Rep. Sandra D. Jeff
Sen. Richard C. Martinez
Sen. Michael Padilla
Sen. Sander Rue

Rep. James Roger Madalena
Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino

Staff

Claudia Armijo, Staff Attorney, Legislative Council Service (LCS)
Sharon Ball, Senior Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

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

Tuesday, July 2

Call to Order

Representative Chavez welcomed members of the committee, staff and guests to the meeting. The chair recognized Jay Czar, executive director, MFA, who advised members that the meeting is being video webcast and reminded them to keep sidebar conversations to a minimum to avoid noise interference with the webcast.

Approval of June 3, 2013 Meeting Minutes

Without objection, on a motion by Senator Rodriguez, seconded by Representative Anderson, the minutes of the June 3, 2013 meeting were approved.

MFA Update

Mr. Czar provided an update of recent and future MFA activities, including the following.

- *Committee group photo* — Mr. Czar explained that MFA staff are currently working on the MFA's biennial report and would like to include a group photo of the MFA Act Oversight Committee. He said that the group photo would be taken at the September 4 meeting and that MFA staff would call committee members to remind them.
- *New MFA board member* — Following up on committee questions and comments from the June meeting, Mr. Czar said that the governor has appointed a new MFA board member, Randy McMillan, a native of Las Cruces, a commercial realtor and a highly respected community leader. He said that Mr. McMillan would be joining the board for its staff retreat on July 17 and 18 and that MFA staff and other board members are looking forward to working with him and taking advantage of his experience.
- *July board retreat* — Mr. Czar reiterated that the board retreat would be on July 17 and 18 and encouraged committee members to join the board in any meeting at the members' convenience and to please contact him directly if they wish to do so.
- *Fiscal year (FY) 2013 MFA external audit* — Mr. Czar said that MFA staff has recently met with representatives of the Office of the State Auditor and KPMG to begin the process for completing the 2013 external audit. He reiterated that the MFA has received unqualified (i.e., "clean") audit opinions for the past 20 years.
- *Groundbreaking ceremony* — Mr. Czar reported that MFA staff traveled to Gallup on May 29 to attend the groundbreaking ceremony for the Hoogan Hohzo project, which will consist of 46 mixed-income affordable rental units. He said that Congressman Ben Ray Lujan, Navajo Nation President Ben Shelly, Representative Patricia A. Lundstrum, Gallup Mayor Jackie McKinney, Gallup city councillors and federal Department of Housing and Urban Development (HUD) officials also attended and participated in the groundbreaking ceremony.

- *Lea County meetings* — Mr. Czar reported that senior MFA staff held meetings on June 17 and 18 with several local officials about the area's dire need for affordable housing and financing for housing developments. Among the attendees at the Hobbs meetings were Sam Cobb, Hobbs mayor, J.J. Murphy, Hobbs city manager, and Kevin Robinson, housing project manager. Mr. Czar also reported that Senator Carroll H. Leavell organized a meeting with MFA staff and mayors and city managers of Jal and Eunice and the Lea County Commission chair to discuss housing needs in that area of Lea County.
- *Santa Fe Stage Coach Motel renovation project grand opening* — Mr. Czar reported that MFA staff participated in grand opening ceremonies for the Santa Fe Stage Coach Motel renovation project on June 25 in Santa Fe. Funded with New Mexico Housing Trust Fund money, the project includes acquisition and rehabilitation of 16 existing units and new construction of 44 units, for a total of 60 affordable rental units. He added that 25 percent of the units are designed for persons with special needs and for people emerging from homelessness and that 20 percent of them are designed to be accessible to persons who are deaf and hard-of-hearing. Secretary of Economic Development Jon Barela, representing Governor Susana Martinez, attended the ceremony along with Santa Fe Mayor David Coss, three Santa Fe city councillors and federal HUD officials.
- *Las Cruces-area meetings and ribbon cutting* — Mr. Czar reported that MFA staff attended the ribbon-cutting ceremony for the opening of the Robledo Ridge Apartments, along with its local partner, Mesilla Valley Public Housing Authority. This project, costing \$10.9 million, includes 71 multifamily affordable units. Other attendees included Representative Phillip M. Archuleta, Las Cruces Mayor Ken Miyagishima and Las Cruces city councillors. Mr. Czar said that MFA staff also met with Senate President Pro Tempore Mary Kay Papen regarding affordable housing in Doña Ana County, as well as sustainability project leaders, including Representative Cote, Las Cruces city councillors, colonias developers, area planners and MFA service providers.

Regional Housing Policy and Budget Trends

Joseph Montoya, deputy director of programs, MFA, provided the committee with background on New Mexico's regional housing authorities. He said that housing authorities that encouraged regionalization became prevalent in the 1960s and 1970s across the United States. New Mexico's regional housing laws date back to the mid-1970s, when seven regional housing authorities were established to serve the state's rural areas. He explained that as federal funding dried up in subsequent decades, New Mexico's seven regional housing authorities relied on bonding capacity and other revenue streams to stay afloat.

He said that in the wake of a state-commissioned assessment to examine causes and solutions of alleged corruption among regional housing authorities, the state's Regional Housing Law (Sections 11-3A-1 through 11-3A-31 NMSA 1978) was amended in 2008 and 2009 to: (1) consolidate the state's regional housing authorities from seven to three; (2) establish regional

housing authority oversight with the MFA; (3) require minimum qualifications for regional housing authority commissioners and have commissioners appointed by the governor; and (4) clarify the way in which public and regional housing authorities should operate when their respective service areas overlap. As it is currently written, the Regional Housing Law does not allow regional housing authorities to provide services within municipalities or counties that have established public housing authorities (PHAs) unless the local government passes a resolution allowing them to do so. Mr. Montoya also noted that a local government can limit a regional housing authority to avoid duplication of services already offered by the PHA. Today, regional housing authorities continue to operate side-by-side with PHAs established by counties and municipalities under provisions of the Municipal Housing Law (Chapter 3 NMSA 1978).

In response to committee discussion and questions, Mr. Montoya noted that many of the 31 PHAs in New Mexico are categorized by HUD as "troubled" or having "substandard management". He said that all of them manage the low-rent units and issue Section 8 vouchers. He said that none provides a full spectrum of housing services, such as rehabilitation and weatherization services, which are vital to rural communities, and all could clearly benefit from significant capacity-building to better serve their communities.

After passage of amendments to the Regional Housing Law in 2008 and 2009, the governor appointed boards of directors for all three (eastern, western and northern) regional housing authorities. Directing the members' attention to the "New Regional Housing Authority Regions" map behind Tab 1 in their notebooks, Mr. Montoya pointed out that urban areas in Santa Fe, Bernalillo and Doña Ana counties have no regional housing authority representation. He said that while a board of directors is in place for the Northern Regional Housing Authority (NRHA), no organization exists to provide housing services. Some troubled PHAs in the region have indicated that they would like to turn over their vouchers and units to a qualified entity, if one existed. He said that limited capacity of many PHAs, as verified by the HUD, and rapidly shrinking federal funds mean that the trend toward regionalization will accelerate. He emphasized the importance of establishing a viable NRHA so that communities in the north will have access to affordable housing services.

Representative Chavez recognized Chris Herbert, executive director, Eastern Regional Housing Authority (ERHA), to provide an overview of his agency's work. Mr. Herbert said that the ERHA is committed to serving the housing needs of low-to-moderate-income families in Chaves, Curry, De Baca, Eddy, Guadalupe, Harding, Lea, Lincoln, Otero, Quay, Roosevelt and Union counties by using all available resources to provide decent, safe and high-quality affordable housing. He explained that the authority is overseen by a seven-member board of commissioners appointed by the governor and operated by three administrators: an executive director, a deputy director and a finance director.

Mr. Herbert went on to explain that the ERHA is currently ranked as a "High Performer" by the HUD and that it received an "unqualified" audit opinion on its 2012 audit and expects another "unqualified" opinion for FY 2013. He said that the ERHA has achieved "High Performer" status from the HUD, as well as "unqualified" audits, for the past nine years.

Mr. Herbert said that one of the ERHA's biggest accomplishments has been the successful merger of the Vaughn Housing Authority's assets into the ERHA public housing portfolio. Before the Vaughn Housing Authority came under the control of the ERHA in 2010, it had been rated as a "troubled authority" for more than five years. The ERHA has also increased the occupancy rate from 50 percent to 100 percent over the same time period. He explained that other ERHA programs include the following.

- 1,850 vouchers are allocated to the ERHA for the Housing Choice Voucher program. The Section 8 Housing Choice Voucher program is a federally funded program that helps low-income households by subsidizing their rent with payments made directly to landlords, usually 30 percent to 40 percent of the tenant's monthly adjusted gross income for rent and utilities.
- 140 units in the HUD low-rent housing programs in Carrizozo, Capitan and Vaughn. The ERHA owns and manages the programs for families who pay 30 percent of their monthly adjusted gross income as rent.
- 20 multifamily units in Hagerman called the Rio Felix Apartments, owned by the Farmers Home Administration and U.S. Department of Agriculture, and operated by the ERHA; family income must qualify to lease a unit in these apartments.
- 152 units of affordable housing called the Woodleaf Apartments, which are owned and operated by the ERHA; these units are work force housing, with preference given to city and county employees, law enforcement personnel, first responders, education staff and health care staff.

Committee comments and discussion centered on the ERHA's challenges and constraints:

- Greatest concern: lack of decent, safe and affordable housing in the ERHA area, particularly in Curry, Roosevelt, Chaves, Lincoln, Eddy and Lea counties. All housing authorities are limited by the HUD Fair Market Rents (FMRs). FMRs for those counties fall short of actual comparable rents for the area, which creates a situation by which Section 8 voucher holders cannot find units that will both pass a housing standards inspection and have rents less than 110 percent of the counties' respective FMRs.
- Another concern is the agency's lack of funding to administer programs appropriately. Mr. Herbert told committee members that the HUD has reduced the Housing Choice Voucher program administrative fees by 31 percent for the federal FY 2013 budget. He said he is expecting a similar reduction in federal FY 2014 funding, which goes into effect in October 2013. Some committee members and presenters discussed concerns with federal "do-more-with-less" policies currently in effect that are expected to continue into the future.

Further discussion focused on the agencies' opportunities and goals, including the following:

- locating other sources of funding to allow hiring additional staff to expand outreach and additional housing programs to all of their service areas;
- working with local housing authorities within the region to develop collaborative plans to deal with reductions in federal funding; and
- promoting affordable housing throughout the 12 counties for rental assistance and homeownership.

Representative Chavez recognized Cathy DeMarco, executive director, Western Regional Housing Authority (WRHA), to provide the committee with information about the agency's program. Ms. DeMarco noted that the WRHA includes Grant, Catron, Hidalgo, Luna, Sierra, Socorro, Valencia and Torrance counties. The agency has an eight-member board of commissioners, appointed by the governor, with two currently vacant positions.

Ms. DeMarco noted that the WRHA is also a HUD "High Performer" and has had clean audits for the past 14 years. The WRHA oversees the following programs.

- 911 vouchers through the Section 8 program, which provide rent subsidies for qualified applicants and also provide subsidies for homeownership.
- 54 HUD low-rent housing units built on two sites in Silver City with ownership and management by the WRHA.
- Five units built in Silver City with excess administrative reserves from the Section 8 program currently occupied by voucher program participants.
- The Rental Assistance program in WRHA-area counties is designed to assist eligible homeless or precariously housed persons to find and maintain safe, decent and affordable rental housing.

Ms. DeMarco indicated that, among the agency's challenges and constraints, the greatest concern is a lack of decent, safe and affordable housing, particularly in highly rural areas such as Hidalgo County. Ms. DeMarco said that she is hoping to establish a "Rental Rehab Program" similar to one that was established by the HUD 16 years ago and that was quite successful.

Ms. DeMarco also noted a lack of funding for administration of programs. She explained that the WRHA has a total of 11 staff members at two offices located in Silver City and Deming. She said that she has not had the resources to hire additional staff since the addition of four counties to the region.

Another challenge, she said, is to achieve a 98 percent "lease-up" rate with the funds and staff available. The current lease-up rate is 91 percent across the region, with the following breakdown by county: Grant County, 93 percent; Catron County, 82 percent; Luna County, 89 percent; and Hidalgo County, 83 percent. Ms. DeMarco also noted that the WRHA is using 100 percent of its housing authority to maintain this lease-up rate as well as all housing authority reserves.

Ms. DeMarco indicated that she will be looking for additional sources of funding to hire additional staff to expand the agency's outreach and additional housing programs to all service areas. She also plans to conduct research on other housing opportunities for the WRHA's Montaña Vista property.

Mr. Montoya explained that when the Regional Housing Law was amended in 2008 and 2009, the MFA was given oversight responsibility for the state's regional housing authorities. He explained that in 2006 and 2008, the MFA commissioned two studies, both of which found that technical assistance and capacity-building are critically needed. He said that, to date, the MFA has provided significant technical assistance and capacity-building for regional housing authorities in areas such as new program development, use of the MFA products and production of new units. He said that the MFA is requesting funding on a recurring basis from the legislature to fulfill the state oversight mandate to provide consistent and reliable support for regional housing authorities in the years to come.

Mr. Montoya explained that in FY 2014, the MFA will need funding to cover start-up costs for the NRHA, which has a governor-appointed board but no staff. He pointed out that, given shrinking federal support and the troubled status of many PHAs in northern New Mexico, a viable regional housing authority must be established to provide critical housing services, especially for all of northern New Mexico's rural communities. He said that in April 2013, the Taos County Commission passed a resolution authorizing the transfer of assets (housing units) from the former Taos County Housing Authority to the NRHA. The MFA and HUD are currently assisting with that transition, which should provide assets and federal funding for the NRHA to begin operations. In the next few months, an operational plan must be developed that provides a budget, staffing plan and capital improvements plan for the NRHA.

Mr. Montoya said that in the course of working to establish the NRHA, the MFA has identified a critical issue that, if not addressed, could threaten the existence of housing services in the most rural and needy communities. He explained that currently, there are no requirements or conditions for a PHA that takes over units, vouchers or services from other PHAs that no longer wish to operate on their own.

Affordable Housing Act

Nicole Sanchez Howell, program manager, MFA, discussed with committee members several issues that are not covered in the current Municipal Housing Law. She and Mr. Montoya requested committee members to work with them to amend the Municipal Housing Law to address the following.

- **Representation.** A PHA that is taking over units, vouchers or services from another authority is not required to offer board representation to the community it will now serve. This is a problem, especially when rural communities are "absorbed" into PHAs that serve urban areas. There is currently no requirement in law that the urban PHA will act to benefit the rural community, which, in many cases, will be geographically distant and demographically distinct from the urban area.
- **Distribution of Services.** Ms. Sanchez Howell pointed out that there is no requirement for a PHA that is taking over units, vouchers or services from another authority to continue its obligations to the community from which the units, vouchers or service are located or come from. As a result, a PHA will receive federal funding to serve the new community, but it is not obligated to spend those funds in that community. Funding or vouchers intended for a rural community may therefore be redistributed to other parts of the service area that are more profitable to the PHA.
- **Cherry-Picking.** Allowing PHAs to take over other housing authorities without any requirements in place undermines the viability of the regional housing authorities. New Mexicans are aware that the rural nature of the state poses unique challenges. Municipalities and large towns subsidize the services that are less profitable. Regional housing authorities depend on this balance to remain financially viable. If PHAs are allowed to "cherry-pick" and absorb the more profitable housing authorities from the service areas designated by the Regional Housing Law, the regional housing authority for that area will be undermined and, in a worst case scenario, will be unable to support a portfolio that includes only small communities.

MFA Legislative Agenda

Mr. Czar directed committee members' attention to the information behind Tab 3 in the committee notebooks. He said that the MFA has several opportunities to explain its legislative priorities at the Legislative Finance Committee meeting in September and through other legislative outreach activities. In terms of outreach to the executive, Mr. Czar said that MFA staff and board members will engage in outreach activities to Department of Finance and Administration and Office of the Governor staff. He expressed his concern that given the MFA's statutory requirement to oversee the regional housing authorities, funding for this oversight responsibility should automatically be included in each year's general appropriation act and that appropriations to the New Mexico Housing Trust Fund should be addressed each year as well.

Mr. Czar and committee members discussed the MFA's 2014 legislative priorities at length, including the following.

- **Regional housing authority funding.** In 2006, the MFA was mandated by state statute to restructure and oversee three regional housing authorities. The MFA has provided training and technical assistance to and audits of the regional housing authorities. Since MFA oversight began, no fraud, waste or abuse has occurred. Regional housing authorities are the primary housing service providers in rural areas and will become increasingly important as smaller agencies close because of budget

cuts. The MFA has requested \$250,000 in recurring funds from the legislature and received no appropriations.

- **Affordable Housing Act oversight funding.** The MFA is mandated by law to oversee the Affordable Housing Act, which allows state and local governments to contribute resources for affordable housing. In addition to oversight, the MFA provides technical assistance for housing plans and ordinances required by the Affordable Housing Act; continued state funding is critical to support this mandate. The MFA requested \$100,000 from the 2013 legislature and received no appropriations.
- **New Mexico Housing Trust Fund.** This fund was created by the legislature in 2005 with an initial appropriation of \$10 million and additional appropriations totaling \$8.2 million. Every state dollar in the fund leverages an additional \$11.00 through other sources, loan repayments and interest income; as a result, 2,400 affordable home have been constructed or rehabilitated to date. The MFA requested an appropriation of \$5 million from the 2013 legislature and received an appropriation of \$200,000.
- **New Mexico EnergySmart appropriation.** Low-income households may spend 25 percent of their monthly budgets on utility costs, compared to five percent spent by higher-income households. This MFA program weatherizes homes for low-income households. MFA funding has served to weatherize approximately 1,000 homes per year, with an additional 4,000 homes weatherized with federal American Recovery and Reinvestment Act of 2009 funds, all of which have been expended. State funding is leveraged four-to-one, with federal Department of Energy Weatherization Assistance Program and Low Income Home Energy Assistance Program funds. The MFA requested \$1 million from the 2013 legislature and received no appropriations.

With additional explanation from Mr. Montoya on the importance of the legislative priorities discussed in his earlier presentation, committee members and MFA staff continued to discuss the following legislative issues.

- Amend the **Affordable Housing Act** to: (1) lift the long-term affordability restriction if a donated property is foreclosed upon so that the property can be resold; and (2) add a penalty provision to ensure that the Affordable Housing Act can be enforced.
- Amend the **MFA** to: (1) change the name of the MFA to "Housing New Mexico" (to avoid being mistaken for the New Mexico Finance Authority, which continues to be under investigation for alleged fraudulent practices, including submission of a "fake" audit in 2011); (2) make the MFA the only recipient of federal housing funds intended for New Mexico; (3) make the MFA the only housing authority that can work statewide; and (4) allow flexibility in the way in which the MFA receives state funds.

- Amend the **Municipal Housing Law** to: (1) allow housing authorities to act separately, not as agents of their respective local governments; (2) add flexibility on the number of board members; and (3) require a mechanism for local representation on boards. Committee members suggested that MFA staff work with the New Mexico Municipal League, the New Mexico Association of Counties, the HUD and the National Association of Housing and Redevelopment officials.

Mr. Montoya also noted several other important legislative priorities, including short-term assistance for the recently homeless or those at risk of homelessness; support services to complement rental assistance for the chronically homeless; emergency and minor repairs for low-income households; support for those behind in their rent; loans for low- and moderate-income households; funding for residential energy efficiency improvement loans, including solar upgrades; below-market loans and down-payment assistance to teachers, public safety workers, health care workers and active members of the military; funding for the Neighborhood Stabilization program for acquisition, rehabilitation and resale of foreclosed homes; funding for homebuyer education; and funding for foreclosure counseling.

Mr. Czar and Mr. Montoya reiterated the importance of the committee members' support for adequate funding for the state's three regional housing authorities, funding for administration of the Affordable Housing Act and funding for administration of the MFA Act.

2013 MFA Annual Report Overview

Monica Abeita, senior policy and program advisor, MFA, directed the committee members' attention to information behind Tab 4 in the meeting notebooks relating to the 2013 MFA annual report. She went over a draft table of contents with committee members and stressed that, in addition to important data, such as MFA financials, production highlights and five-year expenditures by county, the report will attempt to put a "human" face on the results of the MFA's involvement in providing homes for low- and middle-income persons and families. She and committee members discussed a case study vignette about a single mother and her son's move from Silver City to Las Cruces, including homebuyer counseling, preparation of the family's finances and credit, securing a mortgage and finally finding a "perfect" home. Several committee members commented on the importance of homebuyer financial counseling in the process.

Ms. Abeita reminded committee members that a photographer has been scheduled at the September meeting to take a picture of the MFA Act Oversight Committee to be included in the annual report.

Mr. Czar reminded committee members that the August 7 meeting will be a joint meeting with the Military and Veterans' Affairs Committee at the offices of St. Joseph Community Health, 1516 Fifth Street NW, Albuquerque, at 9:00 a.m.

Adjourn

There being no further business before the committee, the meeting adjourned at 12:47
p.m.

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

**August 7, 2013
St. Joseph Community Health Services
1516 5th Street NW
Albuquerque**

The third meeting of the 2013 interim of the Mortgage Finance Authority (MFA) Act Oversight Committee, which was held as a joint meeting with the Military and Veterans' Affairs Committee (MVAC), was called to order by Representative Ernest H. Chavez, chair, MFA Act Oversight Committee, on August 7, 2013 at 9:10 a.m. at the St. Joseph Community Health (SJCH) facility in Albuquerque.

Present

Rep. Ernest H. Chavez, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Rep. Alonzo Baldonado
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley

Absent

Sen. Lee S. Cotter
Sen. Stuart Ingle

Advisory Members

Rep. Nathan "Nate" Cote
Rep. George Dodge, Jr.
Rep. Sandra D. Jeff
Rep. James Roger Madalena
Sen. Richard C. Martinez
Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla
Sen. Sander Rue

Staff

Claudia Armijo, Staff Attorney, Legislative Council Service (LCS)
Sharon Ball, Senior Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

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

Wednesday, August 7

Welcome

Allen Sanchez, president and chief executive officer of SJCH, welcomed the committees to SJCH's new facility, which will be dedicated on September 7, 2013 during a celebratory matanza. He described the organization's advocacy programs for children from birth to age five and noted that SJCH runs the largest family home visiting program in the country.

Homeless Veterans and the Housing First Model

Joseph Montoya, deputy director of programs, New Mexico MFA; Hank Hughes, executive director, New Mexico Coalition to End Homelessness; Doug Chaplin, manager, Community Development Division, City of Albuquerque; Dennis Plummer, executive director, Metropolitan Homelessness Project; and Nicole Martinez, executive director, Mesilla Valley Community of Hope, gave a presentation on programs in New Mexico that use the Housing First model to address homelessness. Two such programs are the Heading Home program in Albuquerque, for which early data show a decrease in jail, hospital, shelter and medical costs for the population served; and the Mesilla Valley Community of Hope, a tent city in Las Cruces that is run in large part by its residents and that focuses on rapid re-housing.

A January 2013 one-day count of the state's homeless population, conducted per U.S. Department of Housing and Urban Development (HUD) guidelines, showed that more than 2,800 people in New Mexico were homeless, of whom more than 400 were "unsheltered" — living outside, in cars or in other unprotected situations. More than 25 percent of the homeless identified were under age 18. This HUD count shows a decrease in the homeless population since 2005, when the population exceeded 5,000; however, numbers produced under the HUD definition of "homeless" are significantly lower than those produced under the Public Education Department (PED) definition, which includes children in unstable housing situations, such as living in motels or "doubling up" with friends or family. Under its definition, the PED identified more than 12,500 homeless children during the 2011-2012 school year.

The federal Department of Veterans Affairs (VA) provides three programs to assist homeless veterans. The VA Supportive Housing (VASH) program provides housing vouchers and supportive services to disabled veterans; the Supportive Services for Veteran Families (SSVF) program provides rapid re-housing for veterans who need short-term assistance; and the Grant and Per Diem program provides transitional housing. The HUD reports a 17 percent decrease in veteran homelessness since 2009, and the federal government has steadily increased funding for both the VASH and SSVF programs in an effort to eliminate veteran homelessness by 2015. The VA recently granted \$1.9 million to New Mexico programs for the homeless, run by Goodwill Industries, the New Mexico Veterans Integration Center (NMVIC) and the Mesilla Valley Community of Hope.

On questioning, the presenters and committee members addressed the following topics.

Tax incentives. New Mexico provides tax incentives for building affordable housing but not for rent, which is addressed with federal housing vouchers.

Funding. The New Mexico Coalition to End Homelessness, the Metropolitan Homelessness Project and the Mesilla Valley Community of Hope are private organizations funded through donations and grants. The VASH program is entirely federally funded, and the funds go to local housing authorities; the Heading Home program is run with both local and federal funds and is looking at a funding collaboration with jail diversion programs. The MFA receives minimal state funding for homeless programs. Homeless programs are limited by both a shortage of program funds and a shortage of affordable housing in the state, especially on tribal lands. Funding for local housing authorities has decreased 50 percent in the last five years, and no funds may be used for maintenance. One possible funding stream for homeless veteran programs would be to impose a use fee for locations used by veterans during commemorative events, such as the Memorial Day event at the Vietnam Veterans Memorial in Angel Fire.

Homeless count and definitions. The January one-day homeless population count is conducted statewide, both as a day-of head count and as a survey over the course of the following week at locations that provide services to the homeless, such as soup kitchens. Homeless counts tend to be higher in the summer than in the winter. If a homeless person stays for a night with a friend, the person is still considered homeless by the HUD and eligible for services. The VA definition for "homeless" includes anyone without a permanent residence. Veterans typically account for 15 percent of the homeless population, and the working homeless account for 80 percent. Homeless people who request services are asked if they are veterans and, if so, directed toward veteran benefits. The decrease in the homeless population since 2005 shown in HUD statistics reflects a decrease in the homeless population living outside and in the disabled homeless, but not in the overall homeless population as measured under broader definitions of homelessness. People who are homeless tend to stay as close to "home" as possible, but some in rural areas migrate to urban areas to receive services.

Housing. A person in subsidized housing must pay 30 percent of his or her income for rent. Affordable housing rents are based on fair market rents in the area and are targeted at 50 percent of the area median income. Surplus equipment currently coming to New Mexico law enforcement agencies from the federal Department of Homeland Security might be distributed to homeless programs as well. The Mesilla Valley Community of Hope has support from the community for its request to rezone city property for a permanent tent city; however, some businesses in the immediate area are concerned about having a homeless population nearby, and the organization is looking into building a fence to address the concerns.

Homeless children. New Mexico has one of the highest populations of homeless children in the country. The Cuidando los Ninos program in Albuquerque ensures that homeless children go to school while their parents are looking for work. School liaisons in Las Cruces meet monthly with area schools to assist homeless children. Title I funding for homeless children is available to all school districts in the state.

Minimum wage. Though there is a great deal of research on the effects of raising the minimum wage, there has been no research on its effect on homelessness.

Speaking from the audience on invitation of the chair, Secretary of Veterans' Services Timothy L. Hale noted that the Veterans' Services Department (VSD) provides funding for the NMVIC and the Mesilla Valley Community of Hope.

- ★ Senator Cisneros suggested that the Military and Veterans' Affairs Committee consider legislation to provide guaranteed state matching funds for federally funded homeless veteran programs that require a state match.
- ★ Mr. Montoya will provide information to Representative Sandra D. Jeff, an advisory member of the MFA Act Oversight Committee, on:
 - (1) how many homeless Native Americans migrate to the Albuquerque area; and
 - (2) funding sources for VSD programs serving homeless urban Native Americans.

New Mexico Veterans Integration Center

Elinor Reiners and Fermin Ortega, NMVIC program director and operations manager, respectively, gave an overview of programs for single veterans who are either homeless or experiencing a housing crisis. The NMVIC provides transitional housing for up to two years while a veteran transitions into a stable income and housing situation, and the program has seen a 70 percent success rate thus far. Conditions for admission into the program include, among other requirements, an honorable discharge, sobriety for at least 28 days prior to admission and a clean drug screen. NMVIC services include case management, food baskets, transportation, clothing and training in daily living skills such as job seeking and budgeting. Veterans who receive services are required to perform community service. The NMVIC currently houses 50 veterans and plans to expand to 200, preferably on a dual campus that can serve both single veterans and veterans with families. The organization hosts an annual Stand Down event in Albuquerque to make homeless veterans aware of available benefits and services; in part because of the turnout at this event, the NMVIC projects there will be at least 200 additional veterans needing services in the next few years.

On questioning, the presenters and committee members addressed the following topics.

Other veteran housing. Henderson House, which is in Albuquerque and run by the YWCA, provides transitional housing for female veterans and their families. NewLife Homes is refurbishing the Sundowner Motel site in Albuquerque as affordable housing available to all, including veterans. The NMVIC currently operates in Albuquerque but, depending on available funding, has plans to expand to other areas of the state. Care 66 runs a similar program for veterans in the Gallup area, and a group in Espanola is working to establish a program.

Requirements. The NMVIC waives the requirement for an honorable discharge for certain minor infractions on a case-by-case basis. Veterans with alcohol or drug issues need not have graduated from a substance abuse program prior to admission; however, if a veteran resumes using alcohol or drugs while at the NMVIC, the veteran will be referred to the Metropolitan Assessment and Treatment Services program or Turquoise Lodge. The requirement for proof of insurance, registration and licensure is specific to owning and operating

a vehicle. Pets are not allowed, but assistance animals are welcome. Residents are not allowed in each other's rooms but may take three-day passes to stay off-site together.

Benefits and services. Veterans with service-connected disabilities qualify for VA benefits regardless of their length of service. If a veteran does not qualify for VA benefits, the NMVIC will help the veteran access other services, including Medicaid and the Supplemental Nutrition Assistance Program. The Workforce Solutions Department conducts training classes twice weekly at the NMVIC to help veterans who are seeking employment. Veterans with families cannot enroll in the NMVIC program but are eligible for emergency services, and the NMVIC will try to get them into other facilities such as Henderson House. Veterans who leave the NMVIC facility are eligible for furniture donations.

Speaking from the audience on invitation of the chair, Deputy Secretary of Veterans' Services Alan Martinez described several VSD programs to assist veterans, including the transitional assistance, job search and Yellow Ribbon programs. The department's 19 offices statewide conduct outreach to make veterans aware of available benefits and services, an effort that will be aided by a new tracking program that will soon be operational. Deputy Secretary Martinez also noted that National Guard members are recognized as veterans in New Mexico.

Approval of Minutes

Representative Anderson was appointed to serve as a voting member of the Military and Veterans' Affairs Committee in lieu of Representative Hamilton for purposes of this meeting. On a motion by Senator Martinez, seconded by Representative Anderson, the minutes from the committee's July 1, 2013 meeting were unanimously approved.

Goodwill Industries of New Mexico SSVF Program

Mary Martinez Carter and Jim Cochran, SSVF case manager and program manager, respectively, gave a presentation on the SSVF program sponsored by Goodwill Industries of New Mexico. The program provides case management and temporary financial assistance to veterans and their families, with "families" consisting of whomever the veteran designates. Eligibility requirements include a discharge other than dishonorable, income below 50 percent of the area median income and homelessness, impending homelessness or inappropriate housing. In October, the program will expand from its current seven counties into 26 counties, and it expects to serve 650 veteran households annually. Aside from additional funding to meet the growing need for services, the greatest needs in the program are: 1) more transitional housing facilities; and 2) a funding stream, or a waiver of the obligation, for licensing and testing fees for veterans seeking employment.

On questioning, the presenters and committee members addressed the following topics.

Benefits. Temporary financial assistance benefits are limited to one security deposit. Federal funding for SSVF programs can be used only for housing; however, SSVF temporary financial assistance qualifies under the "but for this assistance, the veteran would be homeless" standard. If a veteran is in a rehabilitation facility, the family is not eligible for SSVF, but the program will help the family get services through other programs. If a veteran dies while

enrolled in the program, the veteran's family will continue to receive SSVF services for up to a year following the veteran's death. SSVF services include legal aid through the Veterans Justice Outreach program at the VA, and the state bar association provides free legal advice for veterans. Counseling services are not provided through SSVF but are available through the VA.

Speaking from the audience on invitation of the chair, Deputy Secretary Martinez explained the statutory provision, signed into law in 2013, that provides for expedited professional licensure for military service members and their spouses and for veterans.

- ★ Military and Veterans' Affairs Committee staff will research federal programs for homeless veterans, how much funding the programs receive and how much the state can afford in supplemental funding to expand the programs to all counties.

United South Broadway Corporation (USBC): Homeless Prevention Program

Deborah Norman, USBC outreach coordinator, outlined the USBC's efforts to prevent homelessness through foreclosure counseling and defense. Active-duty service members qualify for certain protections under the federal Servicemembers Civil Relief Act, and veterans have access to the same general plans offered by lenders to other homeowners, including special forbearance, mortgage modification, partial or advance claims, principal reduction and the Federal Housing Administration Home Affordable Modification Program. While the USBC has been very successful in helping homeowners, including veterans, avoid foreclosure by counseling them about their rights and available options, there are increasing numbers of people facing foreclosure who do not meet the income requirements for the available programs.

On questioning, Ms. Norman noted that foreclosure totals in her handout include foreclosures on modular homes.

- ★ Ms. Norman will provide information on how a veteran can qualify for more than one homeless prevention program and how the programs work together.

New Mexico VA Health Care System: Benefits, Eligibility and Billing

Bill Etchison and Kara L. Catton, chief of health administration services and executive assistant to the director, respectively, New Mexico VA Health Care System, gave an overview of VA health care services in the state. The VA hospital in Albuquerque and its 13 community-based outpatient clinics (CBOCs) in New Mexico and southern Colorado provide inpatient, outpatient, mental health and non-institutional care, such as respite and hospice services. The VA also provides mileage reimbursements and transportation assistance to certain qualifying veterans. Eligibility requirements for VA services include a discharge other than dishonorable and 24 continuous months of duty, or the full period for which the veteran was called for active duty. On enrollment with the VA, a veteran is assigned to one of eight priority groups based on the veteran's disability level, income and time of service. The VA will pay for health services that a veteran receives from non-VA facilities in certain circumstances, including emergencies.

On questioning, the presenters and committee members addressed the following topics.

Benefits and pensions. The VA hospital conducts benefits and pensions exams on behalf of the Veterans Benefits Administration (VBA), which administers the benefits and pensions. It currently takes about a year to complete the VBA certification process for a service-connected disability. A veteran who cannot access a VA office to file a VBA claim can get help from private veterans' organizations such as the Veterans of Foreign Wars.

Copays and mileage reimbursements. Copays and mileage reimbursement amounts vary by priority group.

VA physicians, facilities and services. If a physician in the VA system moves to a different facility, that physician's patients have the option of continuing with the physician in the new location or staying at the original clinic. The VA is expanding and updating its CBOCs to serve more patients locally. Calls to the CBOCs are currently routed to a centralized call center, but this practice is under review following many complaints. The VA has no age limit on provision of services.

Non-VA facilities and services. If a non-VA facility is reimbursed by the VA for services provided to a veteran, the facility is prohibited from billing the veteran for any difference between the reimbursement amount and the amount the facility would have charged for those services. A veteran enrolled in TRICARE insurance is not limited to the VA health care system and can receive treatment at any facility that accepts TRICARE.

Federal health care reform. Veterans enrolled in the VA will not be assessed a penalty for lack of health coverage under the federal Patient Protection and Affordable Care Act.

- ★ Mr. Etchison will address VA services issues with Representatives Steinborn, Cote and Anderson and with their constituents. He will also provide a map and flow chart of where a veteran receives VA services based on where the veteran lives and the services necessary.

Presbyterian Medical Services (PMS) Veteran and Family Support Services

Cheri Nipp, PMS central region director, and Hoyt Roberson, PMS veteran services training coordinator, gave a presentation on PMS's Veteran and Family Support Services (VFSS) program. The program provides outpatient case management, behavioral health and psychiatric services to veterans, defined as anyone who has served in the military for as little as one day, regardless of discharge status, and their family members, defined as anyone with a primary relationship to the veteran and who is affected by the veteran's military service. VFSS services are available at all PMS primary sites in the state, with the main office in Rio Rancho. Since its inception in 2007, the program has served 1,600 clients — 60 percent for behavioral health services and 35 percent for case management services.

On questioning, the presenters clarified that family members qualify for alcohol and substance abuse services; there is no age restriction for services so long as the client's issue is related to the veteran's service; and there is no time frame for applying for posttraumatic stress disorder services.

Fort Bayard

Tennessee Webb, principal and director, and Teresa Santiago, president and chief executive officer, both of GEP Corporation, gave a presentation on their corporation's interest in developing the Fort Bayard medical facility into a public-private master-planned community for veterans. GEP Corporation is currently conducting a feasibility study for the project. Mr. Webb requested that his written statement be entered into the record and is included in the meeting file.

On questioning, the presenters and committee members addressed the following topics.

Profits. The profit margin would be low for GEP Corporation investors because they want to help American veterans. The primary focus will be on the veteran community, though GEP Corporation will also consider other projects for the site.

Old hospital. All services provided at Fort Bayard have been moved to the new hospital, and the legislature appropriated \$4.3 million to demolish the old hospital. GEP Corporation would prefer to reinvent the old hospital and add sustainable technology.

Public Comment

Daniel Stoddard reported to the committees on the work of New Mexico Veterans' Hope Inn, a nonprofit organization that provides services and housing for homeless, at-risk, elderly and disabled veterans in southeast New Mexico, including at its Los Amigos Reintegration Center in Santa Rosa.

Adjourn

The committees adjourned at 4:05 p.m.

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

**September 4, 2013
Mortgage Finance Authority Office
344 Fourth St. SW
Albuquerque**

The fourth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee of the 2013 interim was called to order by Representative Ernest H. Chavez, chair, at 10:06 a.m. on September 4, 2013 at the office of the New Mexico MFA in Albuquerque.

Present

Rep. Ernest H. Chavez, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Alonzo Baldonado
Sen. Lee S. Cotter
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle

Absent

Rep. Thomas A. Anderson
Sen. Cisco McSorley

Advisory Members

Rep. Nathan "Nate" Cote
Sen. Richard C. Martinez
Sen. Michael Padilla
Sen. Sander Rue

Rep. Sandra D. Jeff
Rep. George Dodge, Jr.
Rep. James Roger Madalena
Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino

Staff

Claudia Armijo, Staff Attorney, Legislative Council Service (LCS)
Sharon Ball, Senior Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

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

Wednesday, September 4

Welcome

Representative Chavez welcomed members of the committee, staff and guests to the meeting.

Approval of Meeting Minutes

Without objection, on a motion by Senator Rodriguez, seconded by Representative Gonzales, the minutes of the July 2 and August 7, 2013 meetings were approved as included in members' committee folders.

MFA Update

The chair recognized Jay Czar, executive director, MFA, who advised members of the video webcast of the meeting and asked them to keep sidebar conversations to a minimum to avoid noise interference with the webcast.

Mr. Czar explained that MFA staff are currently working on the MFA's biennial report and would like to include a group photo of the committee. He said that the group photo would be taken today at the close of the regular agenda and before the Casitas de Colores tour.

Speaking of the Casitas de Colores tour, Mr. Czar explained that, for safety's sake, the Casitas de Colores contractor will shut down construction at 11:30 a.m. for the committee tour, so committee members need to be on time as nearly as possible. He explained that the contractor has hard hats for all tour participants but that participants must be wearing shoes with toes covered. He also said that all participants would need to sign a liability release in order to participate in the tour.

Other issues Mr. Czar covered included the following:

- *2013-14 NM Housing Services Directory* — Mr. Czar directed committee members' attention to a document titled "2013-14 NM Housing Services Directory" at their respective places. He said that the MFA publishes an update of this directory every two years and that MFA staff and others find the directory to be the most comprehensive housing directory available. He told committee members to feel free to take the directory with them and make use of it.
- *Joint meeting with Military and Veterans' Affairs Committee* — Mr. Czar thanked committee members for the opportunity to present the report on homelessness and veterans in New Mexico.
- *MFA Open House on October 15* — Mr. Czar reminded members about the MFA open house on October 15. He told them that they could park at the MFA building but that the meeting will be at the PNM building across the street. He also thanked Ernie C de Baca of PNM for facilitating the use of a meeting room at PNM.

MFA Legislative Agenda — Endorsement

Without objection, committee members agreed to consider legislative endorsements as the next item on the agenda in order to be sure to be on time for the Casitas de Colores construction site tour.

Joseph Montoya, deputy director of programs, MFA, directed committee members' attention to information behind Tab 2 in the MFA committee handbooks, a presentation titled "2014 Legislative Strategy and Priorities". Mr. Czar explained that MFA staff are bringing these legislative proposals earlier than usual because the MFA is scheduled to present its proposed legislation to members of the Legislative Finance Committee (LFC) on September 27, and MFA staff would like to have the weight of the oversight committee's endorsement to present to the LFC along with the policy issues and proposed legislation.

1. *Regional Housing Authority funding of \$250,000*: Mr. Montoya explained that in 2007 the legislature passed and the governor signed into law a measure requiring the MFA to restructure and oversee three regional housing authorities (RHAs). As a result, the MFA provides training and technical assistance to RHAs and also conducts each RHA's audit. He noted that since the MFA has taken on oversight of the three RHAs, no fraud, waste or abuse has occurred among the three RHAs. He noted that, since being assigned oversight, the MFA has received no financial support to implement this oversight. He said that the MFA, which is entirely self-sufficient and receives no other appropriations from the legislature, has been using its own funds to provide the oversight. Noting an overall reduction in funding for the MFA, Mr. Montoya said that the MFA will not be able to continue this oversight without an appropriation to cover the costs. He said that RHAs are the primary housing service provider in rural areas and will become increasingly important as smaller agencies close due to budget cuts. He emphasized that a state appropriation of \$250,000 is critical to support this statutory mandate.
2. *Affordable Housing Act oversight funding*: Mr. Montoya explained that the MFA is mandated to oversee the Affordable Housing Act, which permits state and local governments to contribute resources for affordable housing. In addition to oversight, the MFA provides technical assistance for housing plans and ordinances required by the Affordable Housing Act. Mr. Montoya emphasized that, once again, state funding to support this mandate is critical.
3. *New Mexico Housing Trust Fund*: Mr. Montoya explained that the New Mexico Housing Trust Fund was created by the legislature with an initial appropriation of \$10 million and subsequent additional appropriations totaling \$8.2 million. Mr. Montoya said that, using money from the fund, every state dollar leverages an additional \$11.00 through other sources, loan repayments and interest income and that 2,400 affordable homes have been constructed or rehabilitated to date.
4. *New Mexico EnergySmart appropriation*: Mr. Montoya explained that New Mexico EnergySmart is an MFA program that weatherizes homes for low-income households.

He said that the MFA program has weatherized approximately 1,000 homes per year with an additional 4,000 homes weatherized with one-time funding from the federal American Recovery and Reinvestment Act of 2009 (ARRA). He said that state EnergySmart funding is leveraged at about four-to-one with federal Department of Energy weatherization assistance and low income home energy assistance funding. He explained that a 55 percent reduction in federal funding between 2011 and 2012 makes state funding critical. He explained that low-income households may spend 25 percent of their monthly budgets on utility costs, compared to five percent for those with higher incomes.

5. *Affordable Housing Act amendments:* Mr. Montoya explained that these amendments were proposed for the 2013 legislature and did not pass. He said that the amendments would (a) lift the long-term affordability restriction if a donated property is foreclosed upon so that the property can be resold; and (b) add a penalty provision to ensure that both the Affordable Housing Act and the constitutional provisions it supports can be enforced. He noted that a copy of the 2013 bill is included in members' committee notebooks.
6. *Municipal Housing Law amendments:* Mr. Montoya explained that the one amendment to the law would allow housing authorities to act separately rather than as agents of the local government, and a second amendment would add flexibility on the number of board members, changing the current requirement of five members to a range of three to seven members.
7. *Affordable Housing Tax Credit Act amendment:* Mr. Montoya explained that Habitat for Humanity would be the biggest beneficiary of enactment of this amendment, which would remove local and tribal governments from eligibility for the state affordable housing tax credit. Committee members noted that, for example, Indian lands are held in trust and, therefore, cannot be donated for a tax credit. Committee members also noted that local governments do not pay taxes anyway; if they did, for example, Albuquerque could use all available tax credits with a single project. Committee members discussed the fact that these amendments would have to be explained very carefully so as not to encourage unnecessary opposition.

Mr. Czar and Mr. Montoya reiterated the importance of committee members' support for adequate funding for the state's three RHAs, funding for administration of the Affordable Housing Act and funding for administration of the MFA Act. After discussion of several clarification questions, committee members, on a motion by Senator Rodriguez and seconded by Representative Gonzales, voted unanimously to endorse proposals one through seven for presentation to the LFC later in September.

Federal Policy Update: Federal Budget Trends, Housing Finance Reform and Other Federal Policy Issues

With permission of the chair, Mr. Czar asked Monica Abeita, senior policy and program advisor, MFA, and Erik Nore, director of homeownership, MFA, to provide the committee with

updates on federal housing policy issues. Directing committee members to the information behind Tab 1, Ms. Abeita began her discussion of the effect of overall federal funding trends. She said that federal funding for housing has remained flat or has decreased over the past few years. At the same time, state funding for housing has ebbed and flowed, but the state has no obligation to fund the MFA. Meanwhile, the demand for affordable housing continues to rise, and housing finance agencies such as the MFA are looking for new and innovative ways to increase funding.

She said that, according to U.S. census data, the number of "cost-burdened" renter households is on the rise, with an increase of 41 percent (or 16,059 renter households) between 2000 and 2011, and, during the same time period, an increase of 68 percent (25,566 renter households) in what are classified as "extremely cost-burdened" renter households. During the same time period, the number of renter households not considered "cost-burdened" remained steady.

She said that the gap between the number of extremely low-income renters and the supply of affordable and available units has doubled to 5.3 million in just four years. In 2011, there were 12.1 million extremely low-income renters and 6.8 million units with affordable rents. More than one-third, however, were occupied by persons in households with higher income, and 560,000 of the units were structurally inadequate.

Ms. Abeita discussed several challenges resulting from the downward trend of federal funding. For example, some of the federal Department of Housing and Urban Development (HUD) programs that have been completely eliminated include HUD training and technical assistance programs and rural housing and economic development programs. In terms of decreases in funding for core programs, she said that between fiscal year (FY) 2011 and FY 2012, MFA HOME funds and federal Department of Energy weatherization funds have each been cut in half, while the emergency shelter grant has been cut by 42 percent. ARRA funds of \$95 million and federal Housing and Economic Recovery Act of 2008 funding of \$19.6 million have been completely expended. At the same time, she said, state funding has been harder to come by — the MFA received only \$400,000 from the 2013 legislature — and, because of low interest rates, private funds are scarce.

Ms. Abeita discussed other challenges for MFA partners, including new and onerous HUD regulations and cuts in funding for service providers. Shrinking federal and state funding, an increase in the number of public housing authorities and a lack of capital improvement funds are challenges and constraints for government entities, such as public housing authorities. She said that owners, developers and property managers face problems with limited resources impeding the growth of nonprofit entities, difficulties in maintaining assets, increasingly complex program regulation and competition for management contracts. She also said that lenders face increasingly difficult regulatory environments.

Ms. Abeita compared the stalled FY 2014 U.S. House and Senate bills for HUD appropriations and said that consideration of H.R. 2610 has been postponed because of lack of support for deep cuts in the House Budget Committee, and consideration of S. 1243 has been

postponed because it lacks the super majority required to block a filibuster. She said that President Obama's budget request of \$47.6 billion for HUD is an increase of \$4.2 billion, or 9.7 percent, above the 2012 level.

In response to committee discussion and questions, Ms. Abeita said that Congress will most likely pass a continuing resolution to keep the government running after October 1. She said that House Speaker John Boehner has signaled a willingness to extend post-sequester levels of about \$988 billion. She noted, however, the following complicating factors: (1) post-sequester levels are already \$21 billion higher than the amount proposed in the House budget; (2) the risk of a government shutdown; (3) the potential to use the continuing resolution to defund health care reform; and (4) the length of time of the continuing resolution. She noted that debt limit negotiations in the fall will, in all likelihood, create additional complicating factors.

Mr. Nore provided background on housing finance in the U.S. He noted that owning one's own home has long been the "American dream" and that the U.S. is unique among western countries in offering mortgages for as long as 30 years. He said that in the 1930s, three- to 10-year mortgages with variable interest rates that would be either refinanced or paid at term were the norm. He explained that because of the decline in housing values during the Great Depression, banks either refused to or were unable to refinance mortgages. He discussed three federal programs that were developed in response: (1) the federal Home Loan Bank system, a bank for banks, developed in 1932; (2) the Federal Housing Administration, established in the mid-1930s; and (3) the Veterans Administration (VA) loan guarantee program, established in 1944.

Mr. Nore said that the federal National Mortgage Association was partitioned in 1968 into the following three entities to expand the U.S. secondary market for mortgages:

- Government National Mortgage Association ("Ginnie Mae") is a wholly owned government corporation that provides guarantees for the secondary market, i.e., it guarantees timely payment of principal and interest payments on residential mortgage-backed securities to institutional investors worldwide.
- Federal National Mortgage Association ("Fannie Mae") is a hybrid government-sponsored entity (GSE) that has been publicly traded since 1968; however, in September 2008, Fannie Mae was placed under government conservatorship.
- Federal Home Loan Mortgage Corporation ("Freddie Mac") is also a GSE that was placed under government conservatorship. It was created in 1970 to expand the secondary U.S. market for mortgages.

Mr. Nore explained that, before they were placed under government conservatorship, Fannie Mae and Freddie Mac could provide funds at a lower cost, a line of credit from the U.S. Treasury and exemptions from state and local taxes. Even though they were publicly traded, they implied a government guarantee of securities and corporate debt. Their obligations were limited to residential mortgage finance in the U.S., and they were required to support mortgage markets in all market cycles.

Mr. Nore also explained what went wrong with Fannie Mae and Freddie Mac.

- They bought a lot of sub-prime loans and were leveraged to unsustainable levels under pressure to deliver returns to shareholders and the industrywide view that housing prices would continue to rise.
- When the housing market collapsed and credit markets froze in 2008, they suffered catastrophic losses.
- By bringing them into conservatorship in 2008, the federal government assumed the credit risk for securities.
- Their public mission to support mortgages in all market cycles meant that mortgages remained available through Fannie Mae and Freddie Mac even during the crisis.
- Today, nine out of 10 mortgages are backed by Fannie Mae, Freddie Mac or Ginnie Mae, moving the U.S. very close to nationalized housing finance with the government behind almost all mortgages and with taxpayers exposed to more risk than necessary.

Mr. Nore went on to discuss briefly housing finance reform proposals in both the U.S. House and the U.S. Senate. Both versions would dissolve Fannie Mae and Freddie Mac over a five-year period. The House version would lead to full privatization in place of the current hybrid role. The Senate version would continue with a revised hybrid model.

Mr. Nore also discussed the Obama administration's principles for housing finance reform.

- Substantially limit the government's role and put the bulk of the risk and reward of mortgage financing into the hands of the private sector. However, the federal government must plan an explicit, if limited, role in the housing finance market.
- Eliminate the failed business models that allowed Fannie Mae and Freddie Mac investors to profit while leaving taxpayers to cover their losses.
- Continue to preserve access to safe and simple mortgage products, such as 30-year home mortgages.
- Ensure that housing remains affordable for first-time homebuyers. The government should continue to provide access to affordable and sustainable mortgage products for low-wealth, first-time homebuyers and borrowers in historically underserved communities.

Ms. Abeita directed committee members' attention back to information under Tab 1, labeled "Comprehensive Tax Reform". In terms of ongoing tax reform, Ms. Abeita said that the federal House Ways and Means Committee has 11 different working groups to review current law in designated issue areas to identify, research and compile feedback from various stakeholder groups. She explained that housing policy falls under the real estate and financial services working groups.

On the Senate side, Ms. Abeita said that the Senate Finance Committee (SFC) leadership is taking a "blank slate" approach to tax reform. The leadership is currently recommending the removal of special provisions unless they (1) help grow the economy; (2) make the tax code fairer; or (3) effectively promote other important policy objectives. She said the SFC leadership

has requested that senators submit proposals by July 26 for tax expenditures that meet these tests and other provisions that should be added, repealed or reformed as part of tax response. In response to a committee question, Ms. Abeita said the response from senators to the request has been mixed.

Turning to housing bonds, Ms. Abeita explained that they are tax-exempt bonds, including mortgage revenue bonds and multifamily bonds, and are used for low-interest mortgages and to acquire, construct and rehabilitate multifamily housing. She said that housing finance authorities such as the MFA sell private activity bonds (PABs) to investors at low rates to finance affordable housing, thereby allowing investors to collect tax-free interest over the life of the bond. She said that the MFA can pass on the interest savings from the tax-free bonds to homebuyers and renters in reduced housing costs. In response to committee discussion and questions, Ms. Abeita said that housing bonds are important to the MFA because they finance approximately 90 percent of all MFA single-family loans, e.g., \$106 million for 911 homebuyers in 2012. She added that housing bonds fund approximately 45 percent of all of the MFA down payment assistance, e.g., \$1.5 million in 2012.

Ms. Abeita explained that the housing credit or low-income housing tax credit is a federal tax credit created in the Tax Reform Act of 1986. It involves a dollar-for-dollar reduction in income tax liability for long-term investment in affordable rental housing. The MFA awards housing credits to proposed projects based on selection criteria in qualified allocation plans. The amount of the tax credit is based on the depreciable cost of improvements and is collected over a 10-year period. She said that, without the housing credit, the MFA could not finance affordable rental housing in New Mexico. She said that, in 2012, the MFA provided \$65 million in financing for 616 affordable rental units, and of this total, \$51 million was financed by low-income housing tax credits. She said that demand for affordable rental units is actually greater and is projected to continue to increase.

Briefly, Ms. Abeita discussed the following pending federal legislation.

- S. 1442 would make permanent the temporary nine percent floor for volume cap housing credits and create a new four percent floor for volume cap housing credits used for acquisition.
- S. 1352 would add preferences to the Housing Credit Act to increase development in Native American areas.
- In the House, Congressman Steve Pearce will sponsor a bill to reauthorize the Native American Housing Assistance and Self-Determination Act of 1996.

Ms. Abeita said that federal policy options include the following.

- Convert PAB authority to tax credits — an administration proposal to give states the option to convert seven percent of their PAB into housing credits, thus increasing nine percent tax credits by an estimated 19 percent.
- America Fast Forward (AFF) bonds — an administration proposal for the federal government to make direct payments to state and local governmental issuers of taxable bonds at a 28 percent subsidy rate. Housing is an eligible activity.

- Section 811 project rental assistance demonstration grants — could provide the MFA approximately \$3 million to \$5 million over five years in rental assistance payments for low-income disabled households.
- Housing Trust Fund capitalization is recommended as part of the administration budget.
- Ginnie Mae securitization for risk-sharing loans — would lower interest rates, allowing the MFA to increase loan amounts and produce more multifamily units.

Adjourn

There being no further business to come before the committee, the meeting adjourned at 11:25 a.m. for the committee's group photo and tour of Casitas de Colores.

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

**October 15, 2013
Public Service Company of New Mexico
414 Silver Avenue SW, #4
Albuquerque**

The fifth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Ernest H. Chavez, chair, on October 15, 2013 at 1:34 p.m. at Public Service Company of New Mexico (PNM) in Albuquerque.

Present

Rep. Ernest H. Chavez, Chair
Rep. Thomas A. Anderson
Rep. Alonzo Baldonado
Rep. Roberto "Bobby" J. Gonzales

Absent

Sen. Nancy Rodriguez, Vice Chair
Sen. Lee S. Cotter
Sen. Stuart Ingle
Sen. Cisco McSorley

Advisory Members

Rep. Nathan "Nate" Cote
Rep. Sandra D. Jeff
Sen. Richard C. Martinez
Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla

Rep. George Dodge, Jr.
Rep. James Roger Madalena
Sen. Sander Rue

Guest Legislator

Rep. Miguel P. Garcia

Staff

Claudia Armijo, Staff Attorney, Legislative Council Service (LCS)
Cassandra Jones, Research Assistant, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Tuesday, October 15

Call to Order

In the absence of a quorum, Representative Chavez called a subcommittee of the MFA Act Oversight Committee to order. He welcomed the committee, staff and guests to the meeting. Members of the committee introduced themselves. Representative Chavez recognized Jay Czar, executive director, MFA, to introduce presenters.

MFA Update

Mr. Czar introduced Ernie C'de Baca, vice president of governmental affairs, PNM Resources, and thanked him for providing the meeting space. Mr. Czar told the committee that the MFA recently presented its legislative priorities to the Legislative Finance Committee. He assured committee members that, as of the meeting date, the federal shutdown has had little impact on the MFA but that large problems could start to arise if the shutdown continues through the end of October. Mr. Czar informed the committee that the MFA board of directors will hold its November meeting in Eunice in order to discuss the need for housing in Lea County. Board members will also tour the uranium enrichment facility while they are there.

Members of the committee asked questions about how the federal shutdown was affecting payments received from the federal Department of Housing and Urban Development (HUD). Mr. Czar explained that the MFA is currently at a standstill regarding programs it administers on behalf of the HUD, the federal Department of Energy and the federal Department of the Treasury.

Attorney General's Homeownership Preservation Program

Karen Meyers, assistant attorney general, and Kenneth Owens, assistant attorney general, Office of the Attorney General (AGO), thanked the committee for inviting them. Mr. Owens told the committee that the attorney general, along with 48 other attorneys general, the federal Department of Justice and the HUD, brought a lawsuit against five of the nation's largest mortgage lenders to address what they termed egregious violations of the law in the way in which servicers handled foreclosure proceedings. The result was a \$25 billion national settlement that: requires significant changes in the way these banks service mortgage loans; provides some financial relief for homeowners who had already lost their homes; and offers new modification and refinancing opportunities for homeowners who are still in their homes. Mr. Owens told the committee that the settlement addresses more than 300 particular servicing standards, one of which has to do with "dual-tracking", which occurs when one arm of a bank is telling the homeowner that it is willing to work with the homeowner through a modification while another arm of the bank is working to foreclose the home.

Ms. Meyers explained that a bank is now restricted as to the timing of moving forward on a foreclosure if the bank is in the process of making a determination that it would actually make more money by modifying the terms of the loan than by foreclosing on the property. These servicing standards apply only to the five servicers named in the settlement. The Office of Mortgage Settlement Oversight, which is charged with monitoring compliance with servicing standards and direct financial relief to homeowners, reported in August 2013 that there has been a total monetary relief for New Mexico homeowners of approximately \$103 million. This

amount is credited as relief to New Mexico homeowners who received modifications of their mortgage loan, principal forgiveness, forgiveness of delinquencies in short sales and other financial relief measures.

Mr. Owens explained that New Mexico's Attorney General's Homeownership Preservation Program is utilizing approximately \$11.1 million over a three-year period to coordinate and fund a statewide collaboration among the AGO, the MFA and eight nonprofit organizations to provide a comprehensive housing safety net for New Mexico homeowners. The coordinated effort provides a single hotline number entry point for homeowners who are screened and then directed to the proper housing counseling or to foreclosure legal help. Components of the partner agencies include housing counseling services, legal defense for foreclosure cases, foreclosure hotlines and the AGO's servicing standards compliance and foreclosure rescue scam unit.

Members of the committee discussed the presentation and asked questions. In response to questions from committee members, Ms. Meyers told the committee that more than 35 percent of foreclosures in the state have occurred on the west side of Albuquerque. The Attorney General's Homeownership Preservation Program staff are looking at areas in the state that are particularly susceptible to foreclosure and targeting marketing efforts to those areas. Program staff members are also working with the second and third judicial districts to talk about options of foreclosure mediation and foreclosure settlement in court systems, so that the court has the ability to refer a case to an independent, neutral mediator to meet with the institution and the homeowner to see if there is an alternative to foreclosure and to minimize the impact to the homeowner if the homeowner is unable to stay in the home. Ms. Meyers told the committee that money for the Attorney General's Homeownership Preservation Program will last through June 2015.

New Mexico Foreclosure Update

Erik Nore, director of homeownership, MFA, referred the committee to information provided by the Mortgage Bankers Association. He told the committee that foreclosures in New Mexico are slightly higher than the national average right now, though New Mexico has tended to have lower percentages of foreclosures since 2007. Mr. Nore referred the committee to a graph from CoreLogic regarding foreclosure activity in New Mexico. He told the committee that it can take approximately two years to get through a foreclosure process in New Mexico. Mr. Nore referred the committee to an illustration on the status of foreclosures in New Mexico created by RealtyTrac. In August 2013, 40.5 percent of loans in the foreclosure process were in pre-foreclosure, 33.4 percent were in auction and 26 percent were bank-owned. Mr. Nore referred the committee to the National Delinquency Survey for the second quarter of 2013 from the Mortgage Bankers Association. He offered to provide more information to the committee at a later date at the direction of the committee.

Members of the committee discussed the presentation and asked questions, including the correlation between inventory, construction and foreclosures; the way in which New Mexico compares to other states in foreclosure rates; expedited processes for foreclosures; and whether mobile homes are foreclosed upon or repossessed.

Report on Bonds Issued and Market Update

Gina Hickman, deputy director of finance and administration, MFA, introduced Paul Cassidy, managing director, RBC Capital Markets. Mr. Cassidy referred the committee to information and charts provided to supplement his presentation. He told the committee that the housing market is projected to continue to underperform but will also continue to contribute to the growth of the real gross domestic product. He told the committee that some entities are comparing the current housing recovery to others in the past and anticipating similar multiplier effects that may not necessarily take place in this recovery. He told the committee that he expects housing activity to remain quite low for some time and the recovery to be very gradual. Housing will remain a net contributor to growth in the near term, but a small one. Mr. Cassidy referred the committee to a graph illustrating interest rate trends in New Mexico over the last three years. Mr. Cassidy told the committee that the top 15 holders of MFA bonds hold approximately \$269 million of MFA bonds. The MFA has approximately \$950 million in outstanding bonds.

Ms. Hickman told the committee that housing bonds are issued by governmental entities only; are taxable or tax exempt; and are debt obligations. She told the committee that tax-exempt bonds require allocation of the federal private activity bond cap so investor interest income is exempt from federal and state income tax. Ms. Hickman told the committee that the MFA works with financial advisors, issuers' counsel, bond counsel, underwriters and their counsel, trustees that represent the interest of the bondholder and master servicers that purchase loans from participating lenders and package them into mortgage-backed securities. Ms. Hickman told the committee that the MFA currently has an issuer credit rating of AA-, which was reaffirmed in July 2013. Ms. Hickman discussed some factors that could affect the MFA, including state income tax, the structure of bonds, the supply of bonds, the timing of bonds, bond ratings and buyers' perceptions of bond ratings.

Ms. Hickman told the committee that objectives of the MFA include maintaining viability of its residential loan program, minimizing expense, maximizing monetary return to the MFA and analyzing and implementing other strategies that are the most advantageous to the MFA in case the bond market is not a viable option in the future. Some challenges to these goals include the unknown future of tax-exempt bonds and the changing regulatory environment.

Representative Chavez announced that the final two presentations would be rescheduled due to time restraints as a result of the MFA reception.

Adjournment

The chair thanked MFA and LCS staff for their work. Without objection, the meeting adjourned at 4:01 p.m.

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

**November 14, 2013
Mortgage Finance Authority Office
344 Fourth St. SW
Albuquerque, New Mexico**

The sixth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee of the 2013 interim was called to order by Senator Nancy Rodriguez, vice chair, at 10:07 a.m. on November 14, 2013 at the office of the MFA in Albuquerque, New Mexico.

Present

Sen. Nancy Rodriguez, Vice Chair
Rep. Thomas A. Anderson
Sen. Lee S. Cotter
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley

Absent

Rep. Ernest H. Chavez, Chair
Rep. Alonzo Baldonado
Sen. Stuart Ingle

Advisory Members

Rep. Nathan "Nate" Cote
Rep. Sandra D. Jeff
Rep. James Roger Madalena
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla
Sen. Sander Rue

Rep. George Dodge, Jr.
Sen. Richard C. Martinez
Sen. Bill B. O'Neill

Staff

Claudia Armijo, Staff Attorney, Legislative Council Service (LCS)
Sharon Ball, Senior Researcher, LCS

Guests

The guest list is in the meeting file.

Handouts

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

Friday, November 14

Call to Order

Senator Rodriguez welcomed members of the committee, staff and guests to the meeting.

Approval of October 15, 2013 Meeting Minutes

On a motion by Representative Gonzales, seconded by Senator Cotter, the minutes of the October 15 meeting, as included in members' committee folders, were approved without objection.

Review of MFA 2013-2014 Strategic Plan

In the absence of Jay Czar, executive director, MFA, the chair recognized Joseph Montoya, deputy director of programs, MFA; Gina Hickman, deputy director of finance and administration, MFA; and Monica Abeita, senior policy and program advisor, MFA, to provide an update to the committee on current activities of the MFA.

Mr. Montoya advised members that the meeting was being webcast and reminded them to keep sidebar conversations to a minimum to avoid noise interference with the webcast.

Mr. Montoya directed the members' attention to information behind Tab 1 in their committee notebooks and explained that he, Ms. Hickman and Ms. Abeita would discuss the current draft of the MFA strategic plan matrix. Mr. Montoya complimented the entire MFA for the high quality of their work over the past year and singled out Leann Kemp, communications manager, MFA, for her marketing efforts on behalf of the agency.

Other goals of the three-year strategic plan that Mr. Montoya and Ms. Hickman discussed included the following goals that the agency has met during fiscal year (FY) 2013 (details included in committee handbook in meeting file):

- development of stronger communities;
- strengthening and increasing homeownership;
- increasing rental and group shelter opportunities;
- improving agency functions, thereby attracting and retaining qualified, talented staff; and
- improving financial stewardship.

Ms. Hickman explained that the agency had failed to meet the goal of ensuring employee satisfaction and staff development because of delays in the hiring of a new human resources director. In response to committee comments and questions, Ms. Hickman explained that in addition to the turnover in human resources directors, time constraints caused by work on other priorities hampered the agency's attempt to meet this goal. She indicated that MFA staff intend to place this goal high on the list of FY 2014 priorities.

Mr. Montoya explained that the agency also failed to achieve another goal in FY 2013 — managing and distributing grant funds to ensure that no more than one percent of the beginning-of-the-year balance of grant funding is lost each fiscal year. He explained that the agency lost nearly \$500,000 in grant funds because of failure to expend or commit funding within the contract term.

Mr. Montoya, Ms. Hickman and Ms. Abeita went over updated strategic plan goals and objectives for FY 2014, including the following.

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- Goal 1. Create, facilitate, promote and support planning and development of sustainable, affordable housing strategies, programs and delivery systems that foster healthy living environments and livable communities.
- Goal 2. Provide financial and educational resources to create and preserve affordable homeownership opportunities, with an emphasis on quality customer service, support for underserved markets and sustainable homeownership.
- Goal 3. Provide and preserve quality affordable rental opportunities, including shelter for people experiencing homelessness. Educate, design programs and provide oversight to ensure availability, quality maintenance, operations and preservation.
- Goal 4. Provide support in agency employment, technology, facilities management and operations.
- Goal 5. Provide sustainable financial support for programs and administration.

After an extended discussion, committee members requested additional information on the following items:

1. audits and audit findings conducted on the agency itself, as well as on MFA programs;
2. the number of homes foreclosed in New Mexico;
3. declines in property taxes to state and local governments as a result of foreclosed homes; and
4. data on the costs to install solar energy systems in homes and apartments.

Responses to committee questions may be found in the meeting file.

Review of MFA FY 2014 Budget

Ms. Hickman directed members' attention to the last item behind Tab 1 in their notebooks. She discussed the MFA's proposed general fund budget for FY 2014. She explained that revenue is projected at approximately \$11.6 million, which represents an increase of approximately \$1.1 million, or 12 percent, over the prior year actual figures and nine percent over the prior year budgeted figures. During the committee discussion, she provided the following analysis of significant increases and decreases in the proposed budget compared to projected actual and prior year budgeted figures.

REVENUES: An increase over the prior year actual figure of \$13,703, or zero percent; a decrease under the prior year budgeted figure of \$109,679, or minus one percent. She explained that the decrease under the prior year budget is related to the loss of federal American Recovery and Reinvestment Act of 2009 (ARRA) funds, regional housing authority (RHA) funds and other program-related administrative fees and a decline in interest on investments. She said that the decrease under the prior year actual figure also reflects the elimination of the miscellaneous income received in a class action lawsuit settlement against providers in FY 2013 offset by an increase in interest on loans.

OPERATING EXPENSES: An increase over the prior year actual figure of \$937,041, or 13 percent; an increase over the prior year budgeted figure of \$457,448, or six percent. She explained that next year's regular merit increases are budgeted at three percent for FY 2014. She also discussed increases and decreases in staffing, including the addition of six staff positions

related to the servicing expansion, four of which will be hired mid-year and offset by the change of a full-time accounting specialist to a part-time administrative assistant, as well as vacancy savings during the fiscal year.

NONOPERATING EXPENSES: A decrease under the prior year actual figure of \$431,744, or -59 percent; a decrease under the prior year budgeted figure of \$439,750, or -59 percent. She explained that once again, the decrease is because of the loss of ARRA programs and a decrease in EnergySmart training and technical assistance and RHA oversight.

CAPITAL OUTLAY: An increase over the prior year actual figure of \$152,811, or 244 percent; an increase over the prior year budgeted figure of \$155,094. Ms. Hickman explained that the increase over prior year actual and budgeted figures is for new servicing software.

OTHER FINANCING SOURCES AND USES: An increase over the prior year actual figure of \$524,690, or 211 percent; an increase over the prior year budgeted figure of \$773,000, or 100 percent. She explained that at the MFA board's request, this account is being budgeted for the first time. She said that the MFA has always used general fund cash to pay for single-family bond cost of issuance because it is considered a long-term investment and is offset by loan commitment fees generated through the bond issues and program residuals. The increase over prior year actual figures is due to closure of bond issues and negative arbitrage accounts that generated funds returned to the general fund from the single-family bond issues during FY 2013. She said that she does not anticipate a return of funds to this extent during FY 2014.

New Mexico Housing Trust Fund Update

Mr. Montoya explained that the New Mexico Housing Trust Fund was created in 2005, and since that time, New Mexico taxpayers have realized a tremendous return on their investment in the economy, education and health. He said that the fund has grown from \$18 million in appropriations to nearly \$23 million as a result of interest earned over the years. Through a competitive application process, he explained, the MFA has awarded more than \$25 million, including the state's \$18 million investment, interest income and loan repayments, to 36 housing projects for more than 1,700 housing units. He said that these impressive developments have leveraged approximately \$262 million in other funding sources, which is a 15-to-1 return on the state's initial investment. Several committee members expressed concern that the legislature has not continued its investment. Some committee members also expressed concern that the Department of Finance and Administration (DFA) has not yet released the \$200,000 direct appropriation to the MFA from the 2013 session.

MFA Legislative Agenda — Final Review of Bills

Mr. Montoya directed committee members to the information behind Tab 4 in their notebooks. He indicated that MFA staff members had worked with Ms. Armijo to make requested changes and additions to proposed bills as requested by members at previous meetings. Unless otherwise noted, endorsement of bills and potential sponsors were approved by committee consensus. Bills are listed by their Legislative Council Service 202 file number.

195067.1 House Sponsor: Representative Gonzales

Senate Sponsor: Senator Papen

Proposes to appropriate \$250,000 from the general fund to the DFA to fund MFA oversight of RHAs. The MFA requests that funding be recurring and that responsibility be transferred to the DFA if funding is not provided (see 195070.1).

195069.1 House Sponsor: Representative Chavez

Proposes to appropriate \$200,000 from the general fund to the DFA to fund the MFA's oversight of the Affordable Housing Act. The MFA requests that funding be recurring and that responsibility be transferred to the DFA if funding is not provided.

195070.1 House Sponsor: Representative Gonzales

Senate Sponsor: Senator Papen

Would transfer oversight of RHAs from the MFA to the DFA if the legislature does not provide funding for the MFA to continue its oversight function (see 195067.1).

195071.1 House Sponsor: Representative Cote

Senate Sponsor: Senator Rodriguez

Proposes to appropriate \$5 million from the general fund to the New Mexico Housing Trust Fund to allow the MFA to carry out the provisions of the New Mexico Housing Trust Fund Act, which allows every state dollar to leverage an additional \$11.00 through other sources, including loan repayments and interest income.

195072.1 House Sponsor: Representative Cote

Senate Sponsor: Senator Martinez

Proposes to appropriate \$1 million from the general fund to the DFA to allow the MFA to provide for a residential energy conservation program for low-income persons to increase the energy efficiency of, and reduce energy expenditures for, their homes.

195073.1 House Sponsor: Representative Gonzales

Senate Sponsor: Senator Cotter

Would amend the Affordable Housing Act to lift the long-term affordability restriction if a donated property is foreclosed upon so that the property can be resold, and it provides penalties for violations of the act. (Senator McSorley abstained.)

195074.1 House Sponsor: Representative Don L. Tripp

Senate Sponsor: Senator Ortiz y Pino

Proposes to amend the Municipal Housing Law to clarify provisions and definitions to allow housing authorities to act separately rather than as agents of the local government and to provide options for the appointment of the number of commissioners.

195075.1 House Sponsor: Representative Cote

Senate Sponsor: Senator McSorley

Proposes to amend the Affordable Housing Tax Credit Act to eliminate the conflict with the Affordable Housing Act by removing local and tribal governments from eligibility for the state affordable tax credit.

Adjourn

D There being no further business before the committee, the meeting adjourned at 1:47 p.m.

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ENDORSED LEGISLATION

2013 Interim

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SENATE BILL

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

AN ACT

RELATING TO CAMPAIGN FINANCE; REQUIRING REPORTING OF
INDEPENDENT EXPENDITURES; REDEFINING "POLITICAL COMMITTEE";
DEFINING "ADVERTISEMENT", "BALLOT MEASURE", "CAMPAIGN
EXPENDITURE", "COORDINATED EXPENDITURE", "INDEPENDENT
EXPENDITURE", "INDEPENDENT EXPENDITURE COMMITTEE" AND OTHER
TERMS; ADJUSTING CONTRIBUTION AND EXPENDITURE REPORTING
REQUIREMENTS AND LIMITS; CHANGING PENALTIES; RECONCILING
MULTIPLE AMENDMENTS TO THE SAME SECTION OF LAW IN LAWS 2009;
AMENDING, REPEALING AND ENACTING SECTIONS OF THE NMSA 1978;
PROVIDING PENALTIES.

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

SECTION 1. A new section of the Campaign Reporting Act is
enacted to read:

"[NEW MATERIAL] INDEPENDENT EXPENDITURES--REPORTING

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1 REQUIREMENTS.--

2 A. A person who makes an independent expenditure
3 not otherwise required to be reported under the Campaign
4 Reporting Act in an amount that exceeds eight hundred dollars
5 (\$800), or in an amount that, when added to the aggregate
6 amount of the independent expenditures made by the same person
7 during the preceding twelve months, exceeds eight hundred
8 dollars (\$800), shall file a report with the secretary of state
9 within:

10 (1) three days after making an independent
11 expenditure of less than five thousand dollars (\$5,000); or

12 (2) twenty-four hours after making an
13 independent expenditure of five thousand dollars (\$5,000) or
14 more.

15 B. The report required by Subsection A of this
16 section shall state:

17 (1) the name and address of the person who
18 made the expenditure;

19 (2) the name and address of the person to whom
20 the independent expenditure was made and the amount, date and
21 purpose of the expenditure; if no reasonable estimate of the
22 monetary value of a particular expenditure is practicable, it
23 is sufficient to report instead a description of the services,
24 property or rights furnished through the expenditure; and

25 (3) the name and address of, and the amount of

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1 each contribution not previously reported for, each contributor
2 who contributed more than two hundred dollars (\$200) in the
3 aggregate during the twelve months preceding the expenditure
4 that were:

5 (a) earmarked by the contributor to be
6 used to make independent expenditures; or

7 (b) made in response to a solicitation
8 that requests contributions to fund independent expenditures.

9 C. For an independent expenditure of more than
10 three thousand dollars (\$3,000), or an independent expenditure
11 in an amount that, when added to the aggregate amount of the
12 independent expenditures made by the same person during the
13 preceding twelve months, exceeds three thousand dollars
14 (\$3,000), the report required by Subsection A of this section
15 shall also state:

16 (1) if the expenditure was made from a
17 segregated bank account that consists only of funds contributed
18 to the account by individuals for the purpose of making
19 independent expenditures, the name and address of, and the
20 amount of each contribution not previously reported for, each
21 contributor who contributed more than two hundred dollars
22 (\$200) in the aggregate to the account during the twelve months
23 preceding the report; or

24 (2) if the expenditure was made from funds
25 other than those described in Paragraph (1) of this subsection,

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1 the name and address of, and amount of each contribution not
2 previously reported for, each contributor who contributed more
3 than five thousand dollars (\$5,000) in the aggregate to the
4 person who made the expenditure during the twelve months
5 preceding the report.

6 D. Independent expenditures shall be reported
7 electronically using software provided or approved by the
8 secretary of state. The secretary of state may make exceptions
9 on a case-by-case basis for a person who lacks the
10 technological ability to file reports using the electronic
11 means provided or approved by the secretary of state.

12 E. Failure of any person to report electronically
13 pursuant to this section is a violation of the Campaign
14 Reporting Act."

15 SECTION 2. A new section of the Campaign Reporting Act is
16 enacted to read:

17 "[NEW MATERIAL] DISCLAIMERS IN ADVERTISEMENTS.--

18 A. A person who makes a campaign expenditure, a
19 coordinated expenditure or an independent expenditure for an
20 advertisement in an amount that exceeds three thousand dollars
21 (\$3,000), or in an amount that, when added to the aggregate
22 amount of the campaign expenditures, coordinated expenditures
23 and independent expenditures for advertisements made by the
24 same person during the preceding twelve months, exceeds three
25 thousand dollars (\$3,000), shall ensure that the advertisement

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1 contains:

2 (1) the name of the candidate who authorized
3 the advertisement or whose campaign committee authorized the
4 advertisement; or

5 (2) if the advertisement is not authorized by
6 any candidate or campaign committee, the name and the phone
7 number or web address of the person who authorized and paid for
8 the advertisement.

9 B. The disclaimer statements required by Subsection
10 A of this section shall be set forth legibly on any
11 advertisement that is disseminated or displayed by visual
12 media. If the advertisement is transmitted by audio media, the
13 statement shall be clearly spoken at the end of the
14 advertisement. If the advertisement is transmitted by
15 audiovisual media, the statement shall be both written legibly
16 and spoken clearly at the end of the advertisement."

17 SECTION 3. Section 1-19-26 NMSA 1978 (being Laws 1979,
18 Chapter 360, Section 2, as amended by Laws 2009, Chapter 67,
19 Section 1 and by Laws 2009, Chapter 68, Section 2) is amended
20 to read:

21 "1-19-26. DEFINITIONS.--As used in the Campaign Reporting
22 Act:

23 ~~[A. "advertising campaign" means an advertisement~~
24 ~~or series of advertisements used for a political purpose and~~
25 ~~disseminated to the public either in print, by radio or~~

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1 ~~television broadcast or by any other electronic means,~~
2 ~~including telephonic communications, and may include direct or~~
3 ~~bulk mailings of printed materials;]~~

4 A. "advertisement" means a communication referring
5 to a candidate, ballot measure or election that is published,
6 disseminated, distributed or displayed to the public by print,
7 broadcast, satellite, cable or electronic media, including
8 recorded phone messages, or by printed materials, including
9 mailers, handbills, signs and billboards, and that can
10 reasonably be expected to be seen or heard by at least five
11 hundred persons; but "advertisement" does not include:

12 (1) a communication by a membership
13 organization or corporation to its current members,
14 stockholders or executive or administrative personnel unless
15 the membership organization or corporation is a campaign
16 committee, a political committee or an independent expenditure
17 committee;

18 (2) a communication appearing in a news story
19 or editorial distributed through a print, broadcast, satellite,
20 cable or electronic medium, unless the communication is
21 sponsored or paid for, or the medium controlled or owned, by a
22 candidate, campaign committee, political committee or
23 independent expenditure committee;

24 (3) a candidate debate or forum or a
25 communication announcing a candidate debate or forum paid for

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1 on behalf of the debate or forum sponsor; provided that two or
2 more candidates for the same position have been invited to
3 participate; or

4 (4) nonpartisan voter guides allowed by the
5 federal Internal Revenue Code of 1986 for Section 501(c)(3)
6 organizations or nonpartisan get-out-the-vote materials;

7 B. "anonymous contribution" means a contribution
8 the contributor of which is unknown to the candidate or the
9 candidate's agent or the political committee or independent
10 expenditure committee or its agent who accepts the
11 contribution;

12 C. "ballot measure" means a constitutional
13 amendment or other question submitted to the voters in an
14 election;

15 ~~[G.]~~ D. "bank account" means an account in a
16 financial institution ~~[located in New Mexico]~~ chartered and
17 regulated by the United States or a state of the United States;

18 ~~[D.]~~ E. "campaign committee" means an association
19 of two or more persons, [authorized by a candidate] or an
20 entity, whose primary purpose is to raise, collect [or] and
21 expend contributions on [the candidate's] behalf of and with
22 the authorization of the candidate for the purpose of electing
23 the candidate to office;

24 F. "campaign expenditure" means an expenditure that
25 is made by a campaign committee or by a candidate or public

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1 official in support of the candidate's or public official's
2 campaign in an election;

3 [E-] G. "candidate" means an individual who seeks
4 or considers an office in an election covered by the Campaign
5 Reporting Act, including a public official, who either has
6 filed a declaration of candidacy or nominating petition and has
7 not subsequently filed a statement of withdrawal or:

8 (1) for a non-statewide office, has received
9 contributions or made expenditures of more than one thousand
10 dollars (\$1,000) [~~or more~~] or authorized another person or
11 campaign committee to receive contributions or make
12 expenditures of more than one thousand dollars (\$1,000) [~~or~~
13 ~~more~~] for the purpose of seeking election to the office; or

14 (2) for a statewide office, has received
15 contributions or made expenditures of more than two thousand
16 five hundred dollars (\$2,500) [~~or more~~] or authorized another
17 person or campaign committee to receive contributions or make
18 expenditures of more than two thousand five hundred dollars
19 (\$2,500) [~~or more~~] for the purpose of seeking election to the
20 office or for candidacy exploration purposes in the years prior
21 to the year of the election;

22 [F-] H. "contribution":

23 (1) means a gift, subscription, loan, advance
24 or deposit of money or other thing of value, including the
25 estimated value of an in-kind contribution, that is [~~made or~~

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1 ~~received for a political purpose, including payment of a debt~~
2 ~~incurred in an election campaign, but "contribution"]:~~

3 (a) made to a candidate to be used in
4 the candidate's campaign for election to an office covered by
5 the Campaign Reporting Act;

6 (b) made to a campaign committee,
7 political committee or independent expenditure committee or
8 person who becomes such a committee within the succeeding
9 twelve months;

10 (c) earmarked by the contributor to be
11 used for independent expenditures;

12 (d) made in response to a solicitation
13 that refers to independent expenditures and requests
14 contributions to fund independent expenditures;

15 (e) deposited in a segregated bank
16 account established pursuant to Paragraph (1) of Subsection C
17 of Section 1 of this 2014 act for the purpose of making
18 independent expenditures; or

19 (f) donated to a person who makes
20 independent expenditures of more than three thousand dollars
21 (\$3,000) in the aggregate and has chosen not to establish a
22 segregated bank account pursuant to Paragraph (1) of Subsection
23 C of Section 1 of this 2014 act;

24 (2) includes a coordinated expenditure; and

25 (3) does not include the value of services

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1 provided without compensation or unreimbursed travel or other
2 personal expenses of individuals who volunteer a portion or all
3 of their time on behalf of a candidate, independent expenditure
4 committee or political committee, nor does it include the
5 administrative or solicitation expenses of a political or
6 independent expenditure committee that are paid by an
7 organization that sponsors the committee;

8 I. "coordinated expenditure":

9 (1) means an expenditure that is made:

10 (a) by a person other than a candidate
11 or campaign committee;

12 (b) at the direction or request of, or
13 in cooperation, consultation or concert with, a candidate,
14 campaign committee or political committee other than the person
15 making the expenditure, or any agent or representative of a
16 candidate, campaign committee or political committee other than
17 the person making the expenditure; and

18 (c) in order to pay for an advertisement
19 that: 1) expressly advocates the election or defeat of a
20 clearly identified candidate; 2) is susceptible to no other
21 reasonable interpretation than as an appeal to vote for or
22 against a clearly identified candidate; or 3) refers to a
23 clearly identified candidate, can reasonably be expected to be
24 seen or heard by at least five hundred persons eligible to vote
25 for the candidate and is published or disseminated within

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1 thirty days before the primary election or sixty days before
2 the general election at which the candidate is on the ballot;
3 and

4 (2) is a contribution from the person who made
5 the expenditure to the candidate, campaign committee or
6 political committee by whom or by whose agent or representative
7 the expenditure was directed or requested or in cooperation,
8 consultation or concert with whom or with whose agent or
9 representative the expenditure was made;

10 [~~G.~~] J. "deliver" or "delivery" means to deliver by
11 certified or registered mail, telecopier, electronic
12 transmission or facsimile or by personal service;

13 [~~H.~~] K. "election" means any primary or general [~~or~~
14 ~~statewide special~~] election in New Mexico and includes county
15 and judicial retention elections but excludes federal,
16 municipal, school board and special district elections;

17 [~~I.~~] L. "election year" means an even-numbered year
18 in which an election covered by the Campaign Reporting Act is
19 held;

20 [~~J.~~] M. "expenditure" means a payment, transfer or
21 distribution or obligation or promise to pay, transfer or
22 distribute any money or other thing of value [~~for a political~~
23 ~~purpose~~], including payment of a debt incurred in an election
24 campaign or pre-primary convention, but does not include the
25 administrative or solicitation expenses of a political or

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1 independent expenditure committee that are paid by an
2 organization that sponsors the committee;

3 N. "independent expenditure" means an expenditure
4 that is:

5 (1) made by a person other than a candidate or
6 campaign committee;

7 (2) not a coordinated expenditure as defined
8 in the Campaign Reporting Act; and

9 (3) made to pay for an advertisement that:

10 (a) expressly advocates the election or
11 defeat of a clearly identified candidate or the passage or
12 defeat of a clearly identified ballot measure;

13 (b) is susceptible to no other
14 reasonable interpretation than as an appeal to vote for or
15 against a clearly identified candidate or ballot measure; or

16 (c) refers to a clearly identified
17 candidate or ballot measure, can reasonably be expected to be
18 seen or heard by at least five hundred persons eligible to vote
19 for the candidate or ballot measure and is published or
20 disseminated within thirty days before the primary election or
21 sixty days before the general election at which the candidate
22 or ballot measure is on the ballot;

23 O. "independent expenditure committee" means an
24 association of two or more persons, or an entity, whose primary
25 purpose is to make independent expenditures and that has

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1 expended more than three thousand dollars (\$3,000) for that
2 purpose within a twelve-month period;

3 ~~[K.] P. "person" means an individual or entity;~~

4 ~~[L.] Q. "political committee" means [two or more~~
5 ~~persons, other than members of a candidate's immediate family~~
6 ~~or campaign committee or a husband and wife who make a~~
7 ~~contribution out of a joint account, who are selected,~~
8 ~~appointed, chosen, associated, organized or operated primarily~~
9 ~~for a political purpose; and "political committee" includes:~~

10 ~~(1) political parties, political action~~
11 ~~committees or similar organizations composed of employees or~~
12 ~~members of any corporation, labor organization, trade or~~
13 ~~professional association or any other similar group that~~
14 ~~raises, collects, expends or contributes money or any other~~
15 ~~thing of value for a political purpose;~~

16 ~~(2) a single individual whose actions~~
17 ~~represent that the individual is a political committee; and~~

18 ~~(3) a person or an organization of two or more~~
19 ~~persons that within one calendar year expends funds in excess~~
20 ~~of five hundred dollars (\$500) to conduct an advertising~~
21 ~~campaign for a political purpose;~~

22 ~~M. "political purpose" means influencing or~~
23 ~~attempting to influence an election or pre-primary convention,~~
24 ~~including a constitutional amendment or other question~~
25 ~~submitted to the voters];~~

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- 1 (1) a qualified political party; or
- 2 (2) an association of two or more persons, or
- 3 an entity, whose primary purpose is to make contributions to
- 4 candidates, campaign committees or political committees or make
- 5 coordinated expenditures or any combination thereof;

6 [~~N.~~] R. "prescribed form" means a form or

7 electronic format prepared and prescribed by the secretary of

8 state;

9 [~~Q.~~] S. "proper filing officer" means [~~either~~] the

10 secretary of state; [~~or the county clerk as provided in Section~~

11 ~~1-19-27 NMSA 1978;~~

12 [~~P.~~] T. "public official" means a person elected to

13 an office in an election covered by the Campaign Reporting Act

14 or a person appointed to an office that is subject to an

15 election covered by that act; and

16 [~~Q.~~] U. "reporting individual" means every public

17 official, candidate or treasurer of a campaign committee and

18 every treasurer of a political committee or independent

19 expenditure committee."

20 SECTION 4. Section 1-19-26.1 NMSA 1978 (being Laws 1993,

21 Chapter 46, Section 2, as amended) is amended to read:

22 "1-19-26.1. POLITICAL COMMITTEES AND INDEPENDENT

23 EXPENDITURE COMMITTEES--REGISTRATION--DISCLOSURES.--

24 A. It is unlawful for [~~any~~] a political committee

25 [~~that receives, contributes or expends in excess of five~~

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1 ~~hundred dollars (\$500) in any calendar year]~~ or an independent
2 expenditure committee to continue to receive or make [~~any~~] a
3 contribution or make a coordinated or independent expenditure
4 [~~for a political purpose unless that political committee~~
5 ~~appoints and maintains a treasurer and registers with the~~
6 ~~secretary of state]~~ if that committee fails to meet the
7 requirements of Subsections B through D of this section.

8 B. A political committee shall [~~register~~] appoint
9 and maintain a treasurer and file a statement of organization
10 with the secretary of state within [~~ten~~] three days of
11 receiving, contributing or expending in excess of five hundred
12 dollars (\$500) by paying a filing fee of fifty dollars (\$50.00)
13 and filing a statement of organization.

14 C. An independent expenditure committee shall
15 appoint and maintain a treasurer and file a statement of
16 organization with the secretary of state within three days of
17 making independent expenditures of more than three thousand
18 dollars (\$3,000) within a twelve-month period, or within
19 twenty-four hours of making independent expenditures of more
20 than five thousand dollars (\$5,000) within a twelve-month
21 period, whichever is earlier.

22 D. A statement of organization required by
23 Subsection B or C of this section shall be made under oath on a
24 prescribed form showing:

25 (1) the full name of the [~~political~~]

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1 committee, which shall fairly and accurately reflect the
2 identity of the committee [~~including any sponsoring~~
3 ~~organization~~] and its address;

4 (2) a statement of the purpose for which the
5 [~~political~~] committee was organized;

6 [~~(3) the name, address and relationship of any~~
7 ~~connected or associated organization or entity;~~

8 ~~(4)]~~ (3) the names and addresses of the
9 officers of the committee; and

10 [~~(5)]~~ (4) an identification of [~~the~~] any bank
11 account used by the committee [~~for all expenditures or~~] to
12 receive or make contributions [~~made or received~~] or make
13 coordinated or independent expenditures.

14 [~~G.~~] E. The provisions of this section do not apply
15 to a political committee that is located in another state and
16 is registered with the federal election commission if the
17 political committee reports on federal reporting forms filed
18 with the federal election commission all expenditures for and
19 contributions made to reporting individuals in New Mexico and
20 files with the secretary of state, according to the schedule
21 required for the filing of forms with the federal election
22 commission, a copy of either the full report or the cover sheet
23 and the portions of the federal reporting forms that contain
24 the information on expenditures for and contributions made to
25 reporting individuals in New Mexico."

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1 SECTION 5. Section 1-19-27 NMSA 1978 (being Laws 1979,
2 Chapter 360, Section 3, as amended) is amended to read:

3 "1-19-27. REPORTS REQUIRED--~~[PROPER FILING OFFICER]~~
4 ELECTRONIC REPORTING SYSTEM.--

5 ~~[A. Except for those candidates and public~~
6 ~~officials who file a statement of no activity, all reporting~~
7 ~~individuals shall file with the proper filing officer a report~~
8 ~~of expenditures and contributions on a prescribed form.~~

9 ~~B. The proper filing officer for filing reports of~~
10 ~~expenditures and contributions by a political committee is the~~
11 ~~secretary of state.~~

12 ~~C. The proper filing officer for filing reports of~~
13 ~~expenditures and contributions or statements of no activity is~~
14 ~~the secretary of state for all candidates and public~~
15 ~~officials.]~~

16 A. All reporting individuals shall file with the
17 secretary of state the reports of expenditures and
18 contributions and statements of no activity when required by
19 the Campaign Reporting Act on forms prescribed by the secretary
20 of state.

21 ~~[D.]~~ B. The secretary of state shall develop or
22 contract for services to develop an electronic reporting system
23 for receiving and for public inspection of reports of
24 expenditures and contributions and statements of no activity to
25 the Campaign Reporting Act. The electronic reporting system

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1 shall:

2 (1) enable a person to file reports online by
3 filling out forms on the secretary of state's web site; and

4 (2) provide for encrypted transmissions."

5 SECTION 6. Section 1-19-29 NMSA 1978 (being Laws 1993,
6 Chapter 46, Section 5, as amended) is amended to read:

7 "1-19-29. TIME AND PLACE OF FILING REPORTS.--

8 A. Except as otherwise provided in this section,
9 all reporting individuals shall file with the proper filing
10 officer by [~~5:00 p.m.~~] midnight on the second Monday in April
11 and October a report of all [~~expenditures made and~~]
12 contributions and expenditures required to be reported pursuant
13 to Section 1-19-31 NMSA 1978 that were made or received on or
14 before the first Monday in those months and not previously
15 reported. The report shall be filed biannually until the
16 [~~reporting individual's bank account has been closed and the~~
17 ~~other~~] provisions specified in Subsection F, G or H of this
18 section have been satisfied.

19 B. In an election year, instead of the biannual
20 reports provided for in Subsection A of this section, all
21 reporting individuals, except for public officials who are not
22 candidates in an election that year, shall file reports of all
23 [~~expenditures made and~~] contributions [~~received~~] and
24 expenditures required to be reported pursuant to Section
25 1-19-31 NMSA 1978 or, if applicable, statements of no activity,

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1 according to the following schedule:

2 (1) by [~~5:00 p.m.~~] midnight on the second
3 Monday in April, a report of all such expenditures made and
4 contributions made or received on or before the first Monday in
5 April and not previously reported;

6 (2) by [~~5:00 p.m.~~] midnight on the second
7 Monday in May, a report of all such expenditures made and
8 contributions made or received on or before the first Monday in
9 May and not previously reported;

10 (3) by [~~5:00 p.m.~~] midnight on the second
11 Monday in September, a report of all such expenditures made and
12 contributions made or received on or before the first Monday in
13 September and not previously reported;

14 (4) by [~~5:00 p.m.~~] midnight on the second
15 Monday in October, a report of all such expenditures made and
16 contributions made or received on or before the first Monday in
17 October and not previously reported;

18 (5) by [~~5:00 p.m.~~] midnight on the Thursday
19 before a primary or general [~~or statewide special~~] election, a
20 report of all such expenditures made and contributions received
21 by 5:00 p.m. on the Tuesday before the election and not
22 previously reported. Any such contribution or pledge to
23 contribute that is made or received after 5:00 p.m. on the
24 Tuesday before the election and that is for more than five
25 hundred dollars (\$500) [~~or more~~] in a legislative or non-

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1 statewide judicial election, or more than two thousand five
2 hundred dollars (\$2,500) [~~or more~~] in a statewide election,
3 shall be reported to the proper filing officer either in a
4 supplemental report on a prescribed form within twenty-four
5 hours of receipt or in the report to be filed by [~~5:00 p.m.~~]
6 midnight on the Thursday before a primary or general [~~or~~
7 ~~statewide special~~] election, except that any such contribution
8 or pledge to contribute that is received after 5:00 p.m. on the
9 Friday before the election may be reported by 12:00 noon on the
10 Monday before the election; [~~and~~]

11 (6) by the earlier of midnight on the Thursday
12 before a primary or general election, or within twenty-four
13 hours of the independent expenditure, a report of each
14 independent expenditure made after 5:00 p.m. on the Tuesday
15 before the election that is for more than five hundred dollars
16 (\$500) in a legislative or non-statewide judicial election or
17 more than two thousand five hundred dollars (\$2,500) in a
18 statewide election. Such expenditures shall be reported to the
19 proper filing officer either in a supplemental report on a
20 prescribed form within twenty-four hours of being made or in
21 the report to be filed by midnight on the Thursday before a
22 primary or general election, except that any such expenditure
23 that is made after 5:00 p.m. on the Friday before the election
24 may be reported by 12:00 noon on the Monday before the
25 election;

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1 [~~(6)~~] (7) by [~~5:00 p.m.~~] midnight on the
2 thirtieth day after a primary [~~general or statewide special~~]
3 election, a report by all reporting individuals, except those
4 individuals that become candidates after the primary election,
5 of all such expenditures made and contributions made or
6 received on or before the twenty-fifth day after the primary
7 election and not previously reported; and

8 (8) by midnight on the thirtieth day after a
9 general election, a report of all such expenditures made and
10 contributions made or received on or before the twenty-fifth
11 day after the general election and not previously reported.

12 C. If a candidate, political committee, campaign
13 committee or public official has not received any contributions
14 and has not made any expenditures since the candidate's,
15 committee's or official's last report was filed with the proper
16 filing officer, the candidate, committee or official shall only
17 be required to file a statement of no activity, which shall not
18 be required to be notarized, in lieu of a full report when that
19 report would otherwise be due and shall not be required to file
20 a full report until the next required filing date occurring
21 after an expenditure is made or a contribution is received.

22 D. In an election year, a public official who is
23 not a candidate shall file biannual reports of expenditures
24 made and contributions received or statements of no activity in
25 accordance with the schedule provided for in Subsection A of

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1 this section.

2 E. A report of expenditures and contributions filed
3 after a deadline set forth in this section shall not be deemed
4 to have been timely filed.

5 F. Except for candidates, political committees,
6 campaign committees and public officials who file a statement
7 of no activity, each reporting individual for a candidate,
8 political committee, campaign committee or public official
9 shall file a report of expenditures and contributions pursuant
10 to the filing schedules set forth in this section, regardless
11 of whether any expenditures were made or contributions were
12 received during the reporting period. Reports shall be
13 required until the reporting individual delivers a report to
14 the proper filing officer stating that:

- 15 (1) there are no outstanding campaign debts;
16 (2) all money has been expended in accordance
17 with the provisions of Section 1-19-29.1 NMSA 1978; and
18 (3) the bank account has been closed.

19 G. Each treasurer of a political committee shall
20 file a report of expenditures and contributions pursuant to the
21 filing schedules set forth in this section until the treasurer
22 files a report that affirms that the committee has dissolved or
23 no longer exists and that its bank account has been closed.

24 H. An independent expenditure committee that has
25 not made any contributions or independent expenditures for a

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1 continuous period of at least one year may thereupon cancel its
2 registration as an independent expenditure committee by
3 submitting an appropriate request in writing to the proper
4 filing officer. The committee shall retain the obligation to
5 submit a new statement of organization under Section 1-19-26.1
6 NMSA 1978 in the event that its future activities should meet
7 the requisites for filing a statement of organization under
8 that section.

9 [H.] I. A reporting individual who is a candidate
10 within the meaning of the Campaign Reporting Act because of the
11 amount of contributions the candidate receives or expenditures
12 the candidate makes and who does not ultimately file a
13 declaration of candidacy or a nominating petition with the
14 proper filing officer and does not file a statement of no
15 activity shall file biannual reports in accordance with
16 Subsection A of this section.

17 [H.] J. Reports required by this section shall be
18 subscribed and sworn to by the candidate or the treasurer of
19 the political committee or independent expenditure committee
20 or, in the case of candidates for judicial office, by the
21 treasurer of the candidate's campaign committee. A report
22 filed electronically shall be electronically authenticated by
23 the candidate or the treasurer of the [political] committee
24 using an electronic signature in conformance with the
25 Electronic Authentication of Documents Act and the Uniform

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1 Electronic Transactions Act. For the purposes of the Campaign
2 Reporting Act, a report that is electronically authenticated in
3 accordance with the provisions of this subsection shall be
4 deemed to have been subscribed and sworn to by the candidate or
5 the treasurer of the ~~[political]~~ committee who was required to
6 file the report.

7 ~~[J-]~~ K. Reports required by this section shall be
8 filed electronically by all reporting individuals.

9 ~~[K-]~~ L. Reporting individuals may apply to the
10 secretary of state for exemption from electronic filing in case
11 of hardship, which shall be defined by the secretary of state."

12 **SECTION 7.** Section 1-19-31 NMSA 1978 (being Laws 1979,
13 Chapter 360, Section 7, as amended) is amended to read:

14 "1-19-31. CONTENTS OF REPORT.--~~[A-]~~ Each required report
15 of expenditures and contributions shall be typed or printed
16 legibly, or on a computer disc or format approved by the
17 secretary of state, and shall include:

18 ~~[(1)]~~ A. the name and address of the person or
19 entity to whom ~~[an]~~ a contribution or a campaign, coordinated
20 or independent expenditure was made or from whom a contribution
21 was received during the previous twelve months and not
22 previously reported, except as provided for anonymous
23 contributions or contributions received from special events as
24 provided in Section 1-19-34 NMSA 1978; provided that for
25 contributors, the name of the entity or the first and last

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underscored material = new
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1 names of any individual shall be the full name of the entity or
2 individual, and initials only shall not constitute a full name
3 unless that is the complete legal name;

4 [~~2~~] B. the occupation [~~or~~], name and type of
5 business, as applicable, of any person or entity making
6 contributions of two hundred fifty dollars (\$250) or more in
7 the aggregate per election;

8 [~~3~~] C. the amount of the campaign, coordinated or
9 independent expenditure or contribution or value thereof;

10 [~~4~~] D. the purpose of the campaign, coordinated
11 or independent expenditure; [~~and~~

12 [~~5~~] E. the date that the campaign, coordinated or
13 independent expenditure was made or the contribution was made
14 or received;

15 F. for independent expenditure committees, the name
16 of each identifiable candidate or ballot measure that is
17 referred to in an advertisement sponsored by the committee and
18 whether:

19 (1) the candidate or ballot measure is
20 supported or opposed in the advertisement; or

21 (2) the advertisement takes or does not take a
22 position on the candidate or ballot measure; and

23 G. for political committees, campaign committees,
24 candidates and public officials that have not closed their
25 campaign accounts, in addition to the information required by

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underscored material = new
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1 Subsections A through E of this section, the:

2 (1) amount, purpose and date of all campaign
3 account disbursements, except for disbursements made from a
4 petty cash fund of one hundred dollars (\$100) or less;

5 (2) person to whom each disbursement was made;

6 [~~B. Each report shall contain an~~]

7 (3) opening and closing cash balance for the
8 [~~bank~~] campaign account maintained by the reporting individual
9 during the reporting period and the name of the financial
10 institution; and

11 [~~G. Each report shall specify the~~]

12 (4) amount of each unpaid campaign debt and
13 the identity of the person to whom the debt is owed."

14 SECTION 8. Section 1-19-34 NMSA 1978 (being Laws 1979,
15 Chapter 360, Section 10, as amended) is amended to read:

16 "1-19-34. CANDIDATES--POLITICAL, CAMPAIGN OR INDEPENDENT
17 EXPENDITURE COMMITTEES--TREASURER--BANK ACCOUNT--ANONYMOUS
18 CONTRIBUTIONS--CONTRIBUTIONS FROM SPECIAL EVENTS.--

19 A. [~~It is unlawful for the members of any~~] A
20 political, campaign or independent expenditure committee or any
21 candidate [to make any expenditure or solicit or accept any
22 contribution for a political purpose unless] shall ensure that:

23 (1) a treasurer has been appointed and is
24 constantly maintained; provided, however, that when a duly
25 appointed treasurer is unable for any reason to continue as

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1 treasurer, the candidate or [~~political~~] committee shall appoint
2 a successor; and provided further that a candidate may serve as
3 the candidate's own treasurer;

4 (2) all [~~disbursements of money and~~] receipts
5 of contributions and all contributions and campaign,
6 coordinated or independent expenditures are authorized by and
7 through the candidate or treasurer;

8 (3) a [~~separate~~] bank account has been
9 established and all receipts of money contributions are
10 deposited in and all contributions and campaign, coordinated or
11 independent expenditures [~~of money are deposited in and~~] are
12 disbursed from [~~the~~] one or more bank [~~account~~] accounts
13 maintained by the treasurer in the name of the candidate or
14 [~~political~~] committee [~~provided that nothing in this section~~
15 ~~shall prohibit investments from the bank account to earn~~
16 ~~interest as long as the investments and earnings are fully~~
17 ~~reported~~]. All [~~disbursements~~] campaign, coordinated or
18 independent expenditures except for [~~disbursements~~]
19 expenditures made from a petty cash fund of one hundred dollars
20 (\$100) or less shall be made in a form such that the date,
21 amount and payee of the transaction are automatically recorded
22 or by check made payable to the person or entity receiving the
23 disbursement and not to "cash" or "bearer"; and

24 (4) in the case of the campaign account of a
25 candidate, public official, political committee or campaign

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1 committee, a separate bank account is established into which
2 all contributions are deposited and the treasurer, upon
3 disbursing or receiving money or other things of value,
4 immediately enters and thereafter keeps a proper record
5 preserved by the treasurer, including a full, true and itemized
6 statement and account of each sum disbursed or received, the
7 date of such disbursal or receipt, to whom disbursed or from
8 whom received and the object or purpose for which it was
9 disbursed or received.

10 B. An independent expenditure committee shall not
11 make contributions to candidates, campaign committees or
12 political committees or make coordinated expenditures.

13 [~~B.~~] C. No anonymous contributions may be accepted
14 [~~in excess of~~] for more than one hundred dollars (\$100). The
15 aggregate amount of anonymous contributions received by a
16 reporting individual during a primary or general election or a
17 statewide special election shall not [~~exceed~~] be more than two
18 thousand dollars (\$2,000) for statewide races and five hundred
19 dollars (\$500) for all other races.

20 [~~C.~~] D. Cash contributions received at special
21 events that are unidentifiable as to specific contributor but
22 identifiable as to the special event are not subject to the
23 anonymous contribution limits provided for in this section so
24 long as no single special event raises, after expenses, more
25 than [~~one thousand dollars (\$1,000)]~~ five thousand dollars

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1 (\$5,000) in such cash contributions. For those contributions,
2 due diligence and best efforts shall be made to disclose on a
3 special prescribed form the sponsor, date, place, total amount
4 received, expenses incurred, estimated number of persons in
5 attendance and other identifiable factors that describe the
6 special event. For purposes of this subsection, "special
7 event" includes an event such as a barbecue or similar
8 fundraiser where tickets costing [~~fifteen dollars (\$15.00)~~]
9 twenty-five dollars (\$25.00) or less are sold or an event such
10 as a coffee, tea or similar reception; provided that no person
11 shall contribute more than twenty-five dollars (\$25.00) in cash
12 at a special event.

13 ~~[D-]~~ E. Any contributions received pursuant to this
14 section in excess of the limits established in Subsections [~~B~~
15 ~~and~~] C and D of this section shall be donated to the state
16 general fund or an organization to which a federal income tax
17 deduction would be available under Subparagraph (A) of
18 Paragraph (1) of Subsection (b) of Section 170 of the Internal
19 Revenue Code of 1986, as amended."

20 **SECTION 9.** Section 1-19-34.1 NMSA 1978 (being Laws 1993,
21 Chapter 46, Section 12, as amended) is amended to read:

22 "1-19-34.1. LEGISLATIVE SESSION--FUNDRAISING
23 PROHIBITION.--

24 A. It is unlawful during the prohibited period for
25 a state legislator or a candidate for state legislator, or any

.195000.2

underscored material = new
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1 agent on behalf of either, to knowingly solicit a contribution
2 [~~for a political purpose~~]. For purposes of this subsection,
3 "prohibited period" means that period beginning January 1 prior
4 to any regular session of the legislature or, in the case of a
5 special session, after the proclamation has been issued, and
6 ending on adjournment of the regular or special session.

7 B. It is unlawful during the prohibited period for
8 the governor, or any agent on [~~his~~] the governor's behalf, to
9 knowingly solicit a contribution [~~for a political purpose~~].
10 For purposes of this subsection, "prohibited period" means that
11 period beginning January 1 prior to any regular session of the
12 legislature or, in the case of a special session, after the
13 proclamation has been issued, and ending on the twentieth day
14 following the adjournment of the regular or special session."

15 SECTION 10. Section 1-19-34.6 NMSA 1978 (being Laws 1995,
16 Chapter 153, Section 19) is amended to read:

17 "1-19-34.6. CIVIL PENALTIES.--

18 A. If the secretary of state reasonably believes
19 that a person committed, or is about to commit, a violation of
20 the Campaign Reporting Act, the secretary of state shall refer
21 the matter to the attorney general or a district attorney for
22 enforcement.

23 B. With or without a referral from the secretary of
24 state, the attorney general or district attorney may institute
25 a civil action in district court for any violation of the

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1 Campaign Reporting Act or to prevent a violation of that act
2 that involves an unlawful solicitation or the making or
3 acceptance of an unlawful contribution. An action for relief
4 may include a permanent or temporary injunction, a restraining
5 order or any other appropriate order, including a civil penalty
6 of [~~two hundred fifty dollars (\$250)~~] up to one thousand
7 dollars (\$1,000) for each violation not to exceed [~~five~~
8 ~~thousand dollars (\$5,000)~~] a total of twenty thousand dollars
9 (\$20,000), and forfeiture of any contribution received as a
10 result of an unlawful solicitation or unlawful contribution.
11 Each unlawful solicitation and each unlawful contribution made
12 or accepted shall be deemed a separate violation of the
13 Campaign Reporting Act.

14 C. With or without a referral from the secretary of
15 state, the attorney general or district attorney may institute
16 a civil action in district court if a violation has occurred or
17 to prevent a violation of any provision of the Campaign
18 Reporting Act other than that specified in Subsection B of this
19 section. Relief may include a permanent or temporary
20 injunction, a restraining order or any other appropriate order,
21 including an order for a civil penalty of [~~fifty dollars~~
22 ~~(\$50.00)~~] up to one thousand dollars (\$1,000) for each
23 violation not to exceed [~~five thousand dollars (\$5,000)~~] a
24 total of twenty thousand dollars (\$20,000)."

25 SECTION 11. Section 1-19-34.7 NMSA 1978 (being Laws 2009,

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1 Chapter 68, Section 1) is amended to read:

2 "1-19-34.7. CONTRIBUTION LIMITATIONS--CANDIDATES--
3 POLITICAL COMMITTEES.--

4 A. The following contributions by the following
5 persons are prohibited:

6 (1) from a person, not including a political
7 committee, to a:

8 (a) candidate for non-statewide office,
9 including the candidate's campaign committee, in an amount that
10 will cause that person's total contributions to the candidate
11 to exceed two thousand three hundred dollars (\$2,300) during
12 [~~the~~] a primary election cycle or two thousand three hundred
13 dollars (\$2,300) during [~~the~~] a general election cycle;

14 (b) candidate for statewide office,
15 including the candidate's campaign committee, in an amount that
16 will cause that person's total contributions to the candidate
17 to exceed five thousand dollars (\$5,000) during [~~the~~] a primary
18 election cycle or five thousand dollars (\$5,000) during [~~the~~] a
19 general election cycle; or

20 (c) political committee in an amount
21 that will cause that person's total contributions to the
22 political committee to exceed five thousand dollars (\$5,000)
23 during a primary election cycle or five thousand dollars
24 (\$5,000) during a general election cycle; and

25 (2) from a political committee to:

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1 (a) a candidate for office, including
2 the candidate's campaign committee, in an amount that will
3 cause the political committee's total contributions to the
4 candidate to exceed five thousand dollars (\$5,000) during [~~the~~]
5 a primary election cycle or five thousand dollars (\$5,000)
6 during [~~the~~] a general election cycle; or

7 (b) another political committee in an
8 amount that will cause that political committee's total
9 contributions to the political committee to exceed five
10 thousand dollars (\$5,000) during a primary election cycle or
11 five thousand dollars (\$5,000) during a general election cycle.

12 B. All contributions made by a person to a
13 candidate, either directly or indirectly, including
14 contributions that are in any way earmarked or otherwise
15 directed through another person to a candidate, shall be
16 treated as contributions from the person to that candidate.

17 C. A person, including a political committee, shall
18 not knowingly accept or solicit a contribution, directly or
19 indirectly, including a contribution earmarked or otherwise
20 directed or coordinated through another person, including a
21 political committee, that violates the contribution limits
22 provided for in this section.

23 D. On the day after each general election, the
24 contribution amounts provided in Subsection A of this section
25 shall be increased by the percentage of the preceding two

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1 calendar years' increase of the consumer price index for all
2 urban consumers, United States city average for all items,
3 published by the United States department of labor. The amount
4 of the increase shall be rounded to the nearest multiple of one
5 hundred dollars (\$100). The secretary of state shall publish
6 by October 1 before each general election the adjusted
7 contribution limits that shall take effect the day after the
8 following general election.

9 E. All contributions in excess of the limits
10 imposed by the provisions of this section shall be deposited in
11 the public election fund upon a finding by the secretary of
12 state that the contribution limits have been exceeded.

13 F. The limitation on contributions to a candidate
14 provided for in Subsection A of this section shall not apply to
15 a candidate's own contribution from the candidate's personal
16 funds to the candidate's own campaign.

17 ~~[G. For the purposes of this section:~~

18 ~~(1) "primary election" means the period~~
19 ~~beginning on the day after the general election for the~~
20 ~~applicable office and ending on the day of the primary for that~~
21 ~~office; and~~

22 ~~(2) "general election" means the period~~
23 ~~beginning on the day after the primary for the applicable~~
24 ~~office and ending on the day of the general election for that~~
25 ~~office.]"~~

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HOUSE BILL

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO FUND THE OVERSIGHT OF THE REGIONAL
HOUSING AUTHORITIES.

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

SECTION 1. APPROPRIATION.--Two hundred fifty thousand
dollars (\$250,000) is appropriated from the general fund to the
department of finance and administration for expenditure in
fiscal year 2015 and subsequent fiscal years for the purpose of
funding the oversight of the regional housing authorities by
the New Mexico mortgage finance authority. 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

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO FUND THE OVERSIGHT DUTIES RELATED TO
THE AFFORDABLE HOUSING ACT.

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

SECTION 1. APPROPRIATION.--Two hundred thousand dollars
(\$200,000) is appropriated from the general fund to the
department of finance and administration for expenditure by the
New Mexico mortgage finance authority in fiscal year 2015 and
subsequent fiscal years for the purpose of funding the
oversight of the Affordable Housing 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

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

AN ACT

RELATING TO HOUSING; TRANSFERRING OVERSIGHT OF THE REGIONAL
HOUSING AUTHORITIES TO THE DEPARTMENT OF FINANCE AND
ADMINISTRATION; AMENDING SECTIONS OF THE REGIONAL HOUSING LAW.

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

SECTION 1. Section 11-3A-6 NMSA 1978 (being Laws 1994,
Chapter 132, Section 6, as amended) is amended to read:

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

A. The powers of each regional housing authority
shall be vested in its board of commissioners as the board may
be constituted, from time to time. The board of commissioners
of the regional housing authority for each of the three regions
shall consist of one person from each county within the

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1 designated area of the regional housing authority, which person
2 shall be a resident of that county and shall be appointed by
3 the governor. Appointments shall be for terms of four years
4 and shall be made so that the terms of not more than four
5 commissioners on each board of commissioners expire on July 1
6 of each year. Vacancies shall be filled for the unexpired
7 term. Commissioners shall serve until their successors have
8 been appointed.

9 B. Members of [~~a~~] the board of commissioners of a
10 regional housing authority shall elect an executive committee
11 consisting of a chair, vice chair, treasurer, secretary and one
12 other member of the board to function and meet on a monthly
13 basis as an executive committee. The executive committee shall
14 have the authority to act on behalf of the board of
15 commissioners of the regional housing authority as needed. The
16 executive committee shall submit a report of actions to the
17 full board of commissioners, which shall meet on a quarterly
18 basis.

19 C. [~~The~~] Members of the [~~boards~~] board of
20 commissioners of a regional housing authority may receive per
21 diem and mileage as provided in the Per Diem and Mileage Act
22 but shall receive no other compensation, perquisite or
23 allowance. A majority of the appointed commissioners of a
24 board of commissioners shall constitute a quorum of [~~a~~] the
25 board [~~of commissioners~~] for the purpose of conducting its

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1 business and exercising its powers and for all other purposes.
2 Action may be taken by a regional housing authority upon a vote
3 of a majority of the commissioners present. Each board of
4 commissioners shall organize itself at its annual meeting each
5 year. A board of commissioners may employ an executive
6 director, subject to approval by the [~~New Mexico mortgage~~
7 ~~finance authority~~] department of finance and administration.
8 With delegated authority from the board of commissioners, the
9 executive director may hire or terminate, according to the
10 procurement and personnel policies and procedures of the
11 regional housing authority, any technical experts, officers,
12 attorneys, agents or employees, permanent or temporary, as the
13 regional housing authority may require.

14 D. The threshold requirements for commissioners of
15 boards of regional housing authorities are that commissioners
16 have expertise and experience in housing construction, real
17 estate, architecture, law, banking, housing finance, business,
18 property management, accounting, residential development,
19 public housing programs, community development, social services
20 or health care. The requirements set forth in this section
21 shall not apply to commissioners serving pursuant to
22 requirements of the federal department of housing and urban
23 development.

24 E. Commissioners are expected to attend all
25 meetings of the board of commissioners of the regional housing

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1 authority, and more than three unexcused absences may be
2 grounds for dismissal from the board. All recommendations for
3 ~~[appointment as]~~ appointments of commissioners shall be
4 forwarded to and reviewed by the ~~[New Mexico mortgage finance~~
5 ~~authority]~~ department of finance and administration prior to
6 recommendation to the governor."

7 SECTION 2. Section 11-3A-9 NMSA 1978 (being Laws 1994,
8 Chapter 132, Section 9, as amended) is amended to read:

9 "11-3A-9. NONPROFIT CORPORATIONS.--Every regional housing
10 authority, in addition to other powers conferred by the
11 Regional Housing Law, shall have, if authorized by resolution
12 of its board of commissioners and approved by the state board
13 of finance, the power to create nonprofit corporations to carry
14 out the powers and duties set forth in Section 11-3A-7 NMSA
15 1978. The articles of incorporation and bylaws, and any
16 subsequent changes, shall be recommended for approval by the
17 state board of finance and the ~~[New Mexico mortgage finance~~
18 ~~authority]~~ department of finance and administration. Such
19 nonprofit corporations shall be subject to all of the duties
20 and limitations imposed on the regional housing authority and
21 its board of commissioners."

22 SECTION 3. Section 11-3A-30 NMSA 1978 (being Laws 2007,
23 Chapter 50, Section 6, as amended) is amended to read:

24 "11-3A-30. FINANCIAL AND OPERATIONAL OVERSIGHT.--

25 A. Without the prior approval of the ~~[New Mexico~~

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1 ~~mortgage finance authority]~~ department of finance and
2 administration, no regional housing authority shall:

3 (1) enter into any contract, memorandum of
4 understanding or other agreement with a value greater than one
5 hundred thousand dollars (\$100,000); or

6 (2) transfer, sell or liquidate any real or
7 personal property with a value greater than one hundred
8 thousand dollars (\$100,000).

9 B. Not less than thirty days prior to the beginning
10 of its fiscal year, each regional housing authority and each
11 nonprofit corporation established pursuant to Section 11-3A-9
12 NMSA 1978 shall submit a final operating budget for the
13 subsequent fiscal year to the [~~New Mexico mortgage finance~~
14 ~~authority]~~ department of finance and administration for review.

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

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underscoring material = new
[bracketed material] = delete

1 within thirty days following the receipt of the annual audit of
2 the regional housing authority, a copy of that audit.

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

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

19 **SECTION 4. EFFECTIVE DATE.**--The effective date of the
20 provisions of this act is July 1, 2014.

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HOUSE BILL

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO THE NEW MEXICO HOUSING TRUST FUND.

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 New Mexico housing trust fund for expenditure in fiscal year 2015 and subsequent fiscal years by the New Mexico mortgage finance authority 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

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

ENDORSED BY 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.--One million dollars
(\$1,000,000) is appropriated from the general fund to the
department of finance and administration for expenditure in
fiscal years 2015 and 2016 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 2016 shall revert

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HOUSE BILL

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

AN ACT

RELATING TO HOUSING; AMENDING THE AFFORDABLE HOUSING ACT BY
PROVIDING TERMS FOR THE TIMELY SALE OF FORECLOSED OR FAILED
AFFORDABLE HOUSING PROJECTS WITHOUT RETAINING THE LONG-TERM
AFFORDABILITY RESTRICTIONS, PROVISIONS FOR ENFORCEMENT OF THE
ACT AND PENALTIES FOR VIOLATIONS OF THE ACT.

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

SECTION 1. Section 6-27-1 NMSA 1978 (being Laws 2004,
Chapter 104, Section 1) is amended to read:

"6-27-1. SHORT TITLE.--~~[This act]~~ Chapter 6, Article 27
NMSA 1978 may be cited as the "Affordable Housing Act"."

SECTION 2. A new section of the Affordable Housing Act is
enacted to read:

"[NEW MATERIAL] INVESTIGATION OF ACT VIOLATIONS--
PENALTIES--REMEDIES.--

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1 A. The attorney general shall investigate an
2 alleged violation of the Affordable Housing Act reported by the
3 authority. As used in this section, "person" means an
4 individual, including a municipal or county government employee
5 or elected official; or a corporate entity, including any
6 organization formed under state law to carry out business or
7 other activities.

8 B. If the attorney general has reasonable belief
9 that a person might be in possession, custody or control of an
10 original or copy of a document or recording, including a
11 record, report, memorandum, paper, communication, tabulation,
12 map, chart, photograph, mechanical transcription or other
13 tangible document or recording that the attorney general
14 believes to be relevant to the subject matter of an
15 investigation of a probable violation of the Affordable Housing
16 Act, the attorney general may, prior to the institution of a
17 civil proceeding, execute in writing and cause to be served
18 upon the person a civil investigative demand requiring the
19 person to produce for inspection or copying the document or
20 recording. The demand by the attorney general shall not be a
21 matter of public record and shall not be published by the
22 attorney general except by order of the court.

23 C. If the attorney general has reasonable belief
24 that a person has violated a provision of the Affordable
25 Housing Act and that instituting a proceeding against that

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1 person would be in the public interest, the attorney general
2 may bring a civil action on behalf of the state alleging a
3 violation of the Affordable Housing Act. The action may be
4 brought in the district court of the county in which the person
5 alleged to have violated that act resides or in which the
6 person's principal place of business is located. The attorney
7 general shall not be required to post bond when seeking a
8 temporary or permanent injunction in the civil action.

9 D. The attorney general may, in addition to or as
10 an alternative to pursuing a civil action, as provided in this
11 section, pursue criminal charges against a person for an
12 alleged violation of the Affordable Housing Act under the
13 applicable provisions of the Criminal Code. Venue for any
14 criminal action shall be in the judicial district where
15 the violation occurred.

16 E. In a civil action brought under this section for
17 an alleged violation of the Affordable Housing Act, if a court
18 finds that a person willfully committed an act in violation of
19 the Affordable Housing Act, the attorney general may seek to
20 recover a civil penalty not exceeding the amount of five
21 thousand dollars (\$5,000) per violation, in addition to any
22 equitable relief imposed by the court."

23 SECTION 3. Section 6-27-8 NMSA 1978 (being Laws 2004,
24 Chapter 104, Section 8, as amended) is amended to read:

25 "6-27-8. PROVISIONS TO ENSURE SUCCESSFUL COMPLETION OF
.195073.1SA

1 AFFORDABLE HOUSING PROJECTS--~~[INVESTIGATION]~~ SALE AFTER
2 FORECLOSURE--RELEASE OF AFFORDABILITY RESTRICTION.--

3 A. State, county and municipal housing assistance
4 grants pursuant to the Affordable Housing Act shall be applied
5 for and awarded to qualifying grantees pursuant to the rules
6 promulgated by the authority subject to the requirements of
7 that act.

8 B. The authority shall adopt rules covering:

9 (1) procedures to ensure that qualifying
10 grantees meet the requirements of the Affordable Housing Act
11 and rules promulgated pursuant to that act both at the time of
12 the award and through the term of the grant;

13 (2) establishment of an application and award
14 timetable for housing assistance grants to permit the selection
15 of the potential qualifying grantees prior to January of the
16 year in which the grants would be made;

17 (3) contents of the application, including an
18 independent evaluation of the:

19 (a) financial and management stability
20 of the applicant;

21 (b) demonstrated commitment of the
22 applicant to the community;

23 (c) cost-benefit analysis of the project
24 proposed by the applicant;

25 (d) benefits to the community of a

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1 proposed project;

2 (e) type or amount of assistance to be
3 provided;

4 (f) scope of the affordable housing
5 project;

6 (g) substantive or matching contribution
7 by the applicant to the proposed project; and

8 (h) performance schedule for the
9 qualifying grantee with performance criteria;

10 (4) a requirement for long-term affordability
11 of a state, county or municipal project so that a project
12 cannot be sold shortly after completion and taken out of the
13 affordable housing market [~~to ensure a quick profit for the~~
14 ~~qualifying grantee~~];

15 (5) a requirement that a grant for a state or
16 local project must impose a contractual obligation on the
17 qualifying grantee that the housing units in a state or local
18 project pursuant to the Affordable Housing Act be occupied by
19 low- or moderate-income households;

20 (6) provisions for adequate security [~~against~~]
21 to minimize the loss of public funds or property in the event
22 that a qualifying grantee defaults on a contractual obligation
23 for the project or abandons or otherwise fails to complete a
24 project;

25 (7) a requirement for review and approval of a

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1 housing grant project budget by the grantor before any
2 expenditure of grant funds or transfer of granted property;

3 (8) a requirement that, unless the period is
4 extended for good cause shown, the authority shall act on an
5 application within forty-five days of the date of receipt of an
6 application that the authority deems to be complete and, if not
7 acted upon, the application shall be deemed approved;

8 (9) a requirement that a condition of grant
9 approval be proof of compliance with all applicable state and
10 local laws, rules and ordinances;

11 (10) provisions defining "low- and moderate-
12 income" and setting out requirements for verification of income
13 levels;

14 (11) a requirement that a county or
15 municipality that makes a housing assistance grant shall have
16 an existing valid affordable housing plan or housing elements
17 contained in its general plan; and

18 (12) a requirement that the governmental
19 entity enter into a contract with a qualifying grantee
20 consistent with the Affordable Housing Act, which contract
21 shall include remedies and default provisions in the event of
22 the unsatisfactory performance by the qualifying grantee.

23 C. In addition to the rulemaking duties provided in
24 Subsection B of this section, the authority shall adopt rules
25 covering provisions necessary to ensure the timely sale of an

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1 affordable housing project as provided in Paragraph (6) of
2 Subsection B of this section, including the land or buildings:

3 (1) that is subject to a long-term
4 affordability contract executed by a governmental entity
5 pursuant to the Affordable Housing Act but that is determined
6 by the authority not to be marketable for a price that would
7 sufficiently recover the public funds invested in the project;

8 (2) in the event that the qualifying grantee
9 defaults on a contractual obligation or if the project is
10 abandoned by the qualifying grantee or otherwise fails; and

11 (3) that has a title that is subsequently
12 transferred by or to the contracting governmental entity
13 through:

14 (a) a foreclosure sale;

15 (b) a transfer of title by deed in lieu
16 of foreclosure; or

17 (c) any other manner.

18 D. The rules adopted by the authority pursuant to
19 Subsection C of this section shall require that a governmental
20 entity shall exercise reasonable efforts to ensure that all
21 proceeds from the sale of a property pursuant to Subsection C
22 of this section are used solely for purposes pursuant to the
23 Affordable Housing Act and that the qualifying grantee that
24 held title to the property shall not benefit from the sale of
25 the property or from the transfer of the affordable housing

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1 project. The rules shall provide the terms for:

2 (1) the sale of the property at fair market
3 value; and

4 (2) the removal of the contractual obligation
5 requiring long-term occupancy of the property by low-income or
6 moderate-income households.

7 ~~[G.]~~ E. In addition to the rulemaking mandated in
8 ~~[Subsection B]~~ Subsections B, C and D of this section, the
9 authority may adopt additional rules to carry out the purposes
10 of the Affordable Housing Act. Rulemaking procedures pursuant
11 to the Affordable Housing Act shall:

12 (1) provide a public hearing in accordance
13 with the state Administrative Procedures Act; and

14 (2) require concurrence in a rule having
15 application to local government by both the New Mexico
16 municipal league and the New Mexico association of counties.

17 ~~[D. The attorney general shall investigate any~~
18 ~~alleged violation of the Affordable Housing Act as reported~~
19 ~~by the authority.]"~~

20 SECTION 4. EFFECTIVE DATE.--The effective date of the
21 provisions of this act is July 1, 2014.

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HOUSE BILL

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

AN ACT

RELATING TO HOUSING; AMENDING THE MUNICIPAL HOUSING LAW BY
CLARIFYING PROVISIONS AND DEFINITIONS AND PROVIDING OPTIONS FOR
THE APPOINTMENT OF COMMISSIONERS.

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

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

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

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

B. "governing body" means, in the case of a city,

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1 the council or board of commissioners and, in the case of other
2 state public bodies, the council, commissioners, board or other
3 body having charge of the fiscal affairs of the state public
4 body;

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

9 D. "clerk" means the city recorder, the county
10 clerk or the officer charged with the duties customarily
11 imposed on the clerk;

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

25 F. "authority" or "housing authority" means any

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1 agency or other instrumentality of a city or a separate public
2 body politic and corporate created pursuant to the Municipal
3 Housing Law;

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

7 H. "federal government" includes the United States
8 of America, the federal department of housing and urban
9 development or any other agency or instrumentality, corporate
10 or otherwise, of the United States of America;

11 I. "slum" means any area where dwellings
12 predominate that by reason of dilapidation, overcrowding, lack
13 of ventilation, light or sanitary facilities or any combination
14 of these factors, are detrimental to the safety, health or
15 well-being of the occupants or to surrounding properties;

16 J. "housing project" means any work or undertaking
17 of the city:

18 (1) to demolish, clear or remove buildings
19 from any slum area. The work or undertaking may embrace the
20 adaptation of the area to public purposes, including parks or
21 other recreational or community purposes;

22 (2) to provide decent, safe and sanitary
23 dwellings, apartments, single-family dwellings or other
24 affordable living accommodations for persons of low and
25 moderate income. The work or undertaking may include

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1 buildings, land, equipment, facilities and other real or
2 personal property for necessary convenient or desirable
3 appurtenances, streets, sewers, water service, parks, site
4 preparation, gardening, administrative, community, health,
5 recreational, welfare or other purposes; or

6 (3) to accomplish a combination of the
7 foregoing.

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

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

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

23 M. "real property" includes all lands, including
24 improvements and fixtures on the lands and property of any
25 nature appurtenant to the lands or used in connection with the

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1 lands, and every estate, interest and right, legal or
2 equitable, therein, including terms for years and liens by way
3 of judgment, mortgage or otherwise and the indebtedness secured
4 by such liens;

5 N. "obligee" includes any holder of bonds issued
6 pursuant to the Municipal Housing Law, trustees for any such
7 bondholders, or lessor demising to a city property used in
8 connection with a housing project, or any assignee or assignees
9 of the lessor's interest or any part of the lessor's interest
10 and the federal government when it is a party to any contract
11 with a city in regard to a housing project;

12 O. "affordable housing" means any housing
13 accommodations that serve the needs of low- and moderate-income
14 persons;

15 P. "affordable housing program" means an ongoing
16 delivery system of affordable housing services that assists
17 persons of low and moderate income;

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

23 R. "multi-jurisdictional housing authority" means
24 two or more housing authorities joined or cooperating for the
25 purposes of consolidating administrative duties and obligations

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1 and providing more effective and efficient housing projects and
2 programs within their jurisdictions; and

3 S. "immediate family member" means:

4 (1) a spouse, including a former spouse, a de
5 facto spouse or a former de facto spouse;

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

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

9 (4) a grandparent;

10 (5) a grandchild;

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

12 (7) a first cousin;

13 (8) an aunt or an uncle;

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

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

16 (11) any other relative who is financially
17 supported."

18 SECTION 2. Section 3-45-5 NMSA 1978 (being Laws 1965,
19 Chapter 300, Section 14-46-5, as amended) is amended to read:

20 "3-45-5. CREATION OF AUTHORITY.--

21 A. Every city, in addition to other powers
22 conferred by the Municipal Housing Law, shall have power and is
23 authorized, by proper resolution of its governing body, to
24 create ~~[as an agent of the city]~~ an authority to be known as
25 the "housing authority" of the city ~~[The housing authority of~~

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1 ~~the city may constitute a public body corporate~~ as a public
2 body politic and corporate separate from the city. The city
3 may delegate to the authority the power to construct, maintain,
4 operate and manage any housing project or affordable housing
5 programs of the city and may delegate to the authority any or
6 all of the powers conferred on the city by the Municipal
7 Housing Law.

8 B. When the governing body of a city adopts a
9 resolution pursuant to Subsection A of this section:

10 (1) the mayor shall appoint [~~five~~] three, five
11 or seven persons as commissioners of the authority [~~created as~~
12 ~~agent for the city~~] as follows:

13 (a) at least three commissioners if the
14 municipality is a village, town or county that does not contain
15 a metropolitan statistical area as defined by the United States
16 census; or

17 (b) at least five but no more than seven
18 commissioners if the municipality is a city or a county that
19 contains a metropolitan statistical area as defined by the
20 United States census; and

21 (2) the commissioners who are first appointed
22 shall be designated to serve [~~for terms of one, two, three,~~
23 ~~four and five years, respectively~~] staggered terms of one to
24 five years from the date of their appointment, [~~but~~] depending
25 on the size of the authority. Thereafter, commissioners shall

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1 be appointed for a term of office of five years, except that
2 all vacancies shall be filled for the unexpired term. A
3 commissioner of an authority shall not hold any other office or
4 employment of the city for which the authority is created. A
5 commissioner shall hold office until a successor has been
6 appointed and has qualified, unless sooner removed according to
7 law. A commissioner may serve two or more successive terms of
8 office. A certificate of the appointment or reappointment of
9 any commissioner shall be filed with the clerk, and the
10 certificate shall be conclusive evidence of the due and proper
11 appointment of the commissioner. A commissioner shall receive
12 no compensation for services for the authority in any capacity,
13 but shall be entitled to the necessary expenses, including
14 traveling expenses, incurred in the discharge of duties.

15 C. Two or more cities joined together pursuant to
16 Subsection B of Section 3-45-4 NMSA 1978 shall establish their
17 commissioners in accordance with Subsection B of this section,
18 except that each city shall have equitable representation on
19 the commission. The commissioners representing each city shall
20 be appointed by the mayor of the city.

21 D. Any powers delegated by a city to an authority
22 shall be vested in the commissioners of the authority in office
23 from time to time. [~~Three~~] A majority of commissioners shall
24 constitute a quorum of the authority for the purpose of
25 conducting its business and exercising its powers and for all

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1 other purposes. Action may be taken by the authority upon a
2 vote of a majority of the commissioners present. The
3 commission shall organize itself at its annual meeting each
4 even-numbered year. Any city creating a housing authority may
5 authorize the authority to employ a secretary, who shall be
6 executive director and who shall be removable only for cause.
7 With the delegated authority from the commission, the executive
8 director may hire or terminate, according to the procurement
9 and personnel policies and procedures of the authority,
10 technical experts and such other officers, attorneys, agents
11 and employees, permanent and temporary, as the authority may
12 require; determine their qualifications, duties and
13 compensation; and delegate to one or more of them such powers
14 or duties as the authority may deem proper."

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

17 "3-45-12. FORM AND SALE OF BONDS--INTEREST ON CERTAIN
18 OBLIGATIONS.--

19 A. Bonds of a city issued under the Municipal
20 Housing Law shall be authorized by its resolution and may be
21 issued in any one or more series and shall bear such date,
22 mature at such time, bear interest at such rate, be in such
23 denomination, be in such form, either coupon or registered,
24 carry such conversion or registration privileges, have such
25 rank or priority, be executed in such manner, be payable in

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1 such medium of payment at such place and be subject to such
2 terms of redemption, with or without premium, as the
3 resolution, its trust indenture or the bond so issued may
4 provide.

5 B. Obligations issued by a city that are true loan
6 obligations made to the [~~farmers home administration~~] farm
7 service agency of the United States department of agriculture
8 or the department of housing and urban development may bear
9 interest at a rate of interest not exceeding par.

10 C. The bonds shall be sold at not less than par at
11 public sale held after notice published once at least five days
12 prior to the sale in a newspaper having a general circulation
13 in the city jurisdiction and in a financial newspaper published
14 in the city of San Francisco, California, or in the city of New
15 York, New York; provided that the bonds may be sold to the
16 federal government at private sale at not less than par, and,
17 in the event less than all of the bonds authorized in
18 connection with any housing project are sold to the federal
19 government, the balance of the bonds may be sold at private
20 sale at not less than par at an interest cost to the city not
21 to exceed the interest cost to the city of the portion of the
22 bonds sold to the federal government.

23 D. In case any of the officers of the city, the
24 authority or any of its instrumentalities whose signatures
25 appear on any bonds or coupons cease to be officers before the

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1 delivery of the bonds, the signatures shall, nevertheless, be
2 valid and sufficient for all purposes the same as if the
3 officers had remained in office until delivery. Any provision
4 of any law to the contrary notwithstanding, any bonds issued
5 pursuant to the Municipal Housing Law shall be fully
6 negotiable.

7 E. In any suit, action or proceedings involving the
8 validity or enforceability of any bond of a city or the
9 security for the bond, any such bond reciting in substance that
10 it has been issued by the city to aid in financing a housing
11 project to provide dwelling accommodations for persons of low
12 and moderate income shall be conclusively deemed to have been
13 issued for a housing project of that character, and the housing
14 project shall be conclusively deemed to have been planned,
15 located and constructed in accordance with the purposes and
16 provisions of the Municipal Housing Law."

17 SECTION 4. EFFECTIVE DATE.--The effective date of the
18 provisions of this act is July 1, 2014.

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HOUSE BILL

51ST LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2014

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY
ACT OVERSIGHT COMMITTEE

AN ACT

RELATING TO TAX CREDITS; AMENDING THE AFFORDABLE HOUSING TAX
CREDIT ACT BY CHANGING THE DEFINITION OF "PERSON".

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

SECTION 1. Section 7-9I-2 NMSA 1978 (being Laws 2005,
Chapter 104, Section 18, as amended) is amended to read:

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

A. "affordable housing project" means land
acquisition, construction, building acquisition, remodeling,
improvement, rehabilitation, conversion or weatherization for
residential housing that is approved by the authority and that
includes single-family housing or multifamily housing;

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

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1 C. "department" means the taxation and revenue
2 department;

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

16 E. "person" means an individual, ~~county,~~
17 ~~municipality~~] tribal government, housing authority,
18 corporation, limited liability company, partnership, joint
19 venture, syndicate, association or nonprofit organization."

20 SECTION 2. EFFECTIVE DATE.--The effective date of the
21 provisions of this act is July 1, 2014.