



NEW MEXICO LEGISLATURE

**MORTGAGE FINANCE
AUTHORITY ACT
OVERSIGHT COMMITTEE**

2015 INTERIM FINAL REPORT

LEGISLATIVE COUNCIL SERVICE
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INTERIM SUMMARY

Mortgage Finance Authority Act Oversight Committee 2015 Interim Summary

Celebrating the fortieth year since the creation of the New Mexico Mortgage Finance Authority (MFA) by the legislature, the Mortgage Finance Authority Act Oversight Committee held five meetings during the 2015 interim, three of which were held at the MFA headquarters in downtown Albuquerque, one at the Los Lunas Transportation Center and another at the Public Service Company of New Mexico (PNM) downtown Albuquerque headquarters building. In addition to its statutory oversight duties, the committee focused on topics included in its 2015 work plan, which included regional housing policy and budget trends; an overview of MFA programs, including the agency's single-family mortgage products and the NM EnergySmart program; supportive housing and services for low-income, disabled and homeless individuals; federal housing policy and budget trends; the New Mexico Housing Trust Fund report; and MFA funding source overview.

At the first meeting of the interim on June 11, 2015, Jay Czar, director, MFA, introduced key staff to the committee and summarized the information in the *MFA 2015 Reference Guide*, including the MFA vision, mission and core values; top 10 MFA myths...debunked!; the agency's organizational chart; and current MFA programs and services. Gina Hickman, deputy director of finance and administration, MFA, discussed the MFA's funding sources, explaining that, currently, very little of the MFA's bonding authority is being utilized because bond issuance is not a viable economic strategy at this time. She noted that the MFA's current assets under management are at \$2.5 billion.

Also at the first meeting, members discussed the proposed 2015 work plan, which was adopted with two amendments.

At the second meeting of the interim, committee members and MFA staff discussed 2015 session legislation that was passed and signed into law, including amendments to the Affordable Housing Tax Credit Act to exempt local governments from participating; "clean-up" language amended into the Affordable Housing Act; a \$200,000 appropriation to the MFA for oversight of regional housing authorities; and a \$250,000 appropriation to the MFA to fund oversight of the Affordable Housing Act. Committee members also began a discussion of possible legislation for the 2016 session.

The committee also heard testimony on work-plan-related topics such as MFA single-family mortgage products, an update on the New Mexico Housing Trust Fund and reports on federal housing policy and federal budget trends. Committee members discussed the effect of the passage of the federal Budget Control Act of 2011 (often referred to as "sequestration"), which makes sustaining federal programs difficult.

August found the committee meeting in the Los Lunas Transportation Center in Los Lunas. Representative Alonzo Baldonado, chair, recognized several guests, including state Senator Michael S. Sanchez, one of the legislators who represents Valencia County; Adrienne Kozacek, interim county manager for Valencia County; Jacobo Martinez, community

development director, Valencia County; and Christina Ainsworth, community development director, Village of Los Lunas. The committee took testimony from MFA staff that provided an overview of the Affordable Housing Act and heard from Valencia County and Los Lunas representatives about the affordable housing plan developed jointly by the village and the county.

Mr. Czar provided the committee with a report on the MFA board retreat. He noted that the board reviewed the MFA's products and services to make sure that they are available to a wide variety of New Mexicans.

Much of the remainder of the August meeting focused on concerns with the Homeowner Association Act and licensing of home inspectors. The committee took testimony on specific concerns related to governance and transaction disclosures related to homeowner associations and the perceived lack of regulation and meaningful certification of home inspectors. The committee learned about a measure, House Bill 551, introduced during the 2015 legislative session, that would have enacted the Home Inspector Licensing Act. The committee also took testimony from a member of the public, representing the American Society of Home Inspectors New Mexico, alleging that there are federal guidelines for home inspectors and expressing concerns about the possibility of the enactment of legislation that would allow a state Realtors' association to control the process.

The September 17, 2015 meeting, part of the MFA fortieth anniversary observance, took place at the La Ventana Room of the PNM downtown headquarters building. Following a presentation from PNM addressing its energy efficiency programs and a video presentation about the MFA's history, the committee heard testimony about the MFA's strategic plan. With administration of more than 30 affordable housing programs, the current three-year plan (2015-2017) will address five priorities: operational excellence, new resources, effective partnerships, expanded homeownership opportunities and expanded rental opportunities.

Committee members also heard testimony from MFA staff on the agency's fiscal year (FY) 2016 budget. MFA estimated funding sources for FY 2015 include 72.9 percent (\$365.8 million) from bond issues, 20.3 percent (\$101.8 million) from federal housing programs, 2.9 percent (\$14.6 million) from the MFA general fund, 2 percent (\$10 million) from state tax credits and appropriations (including \$3.8 million of state funding for the affordable housing tax credit allocating authority) and 1.9 percent (\$9.9 million) from private or other sources. Members heard testimony that MFA-managed assets have declined due to the fact that, among other reasons, clients have been prepaying their mortgages as they refinance to take advantage of historically low mortgage interest rates, while federal funding sources have steadily declined. Committee members also heard testimony from the MFA's financial advisors on bonds issued, financing strategies and market updates.

After Senator Michael Padilla's update on current foreclosure prevention efforts, committee members and staff attended the MFA fortieth anniversary open house at the MFA office.

Besides a review of the low-income housing tax credit award process and a report on coordination of housing services for the homeless, the final meeting of the 2015 interim on November 17 focused on the committee's statutory requirements to approve changes to existing and proposed rules promulgated by the MFA, as well as changes to the Affordable Housing Act rules necessitated by amendments to the Affordable Housing Act by the 2015 legislature. With changes to both sets of rules approved without objection, committee members turned their attention to endorsement of proposed 2016 legislation.

Committee members agreed to endorse the following proposed legislation without objection (exceptions noted):

FILE #	SPONSOR	BRIEF DESCRIPTION
.202029.1	Sen. Papen	Appropriates \$300,000 in FY 2017 and subsequent fiscal years for the MFA's oversight of regional housing authorities.
.202030.1	Sen. Ingle	Appropriates \$250,000 in FY 2017 and subsequent fiscal years for the MFA's oversight of the Affordable Housing Act.
.202031.1	Sen. Rodriguez	Appropriates \$5 million in FY 2017 and subsequent fiscal years for the MFA to carry out provisions of the New Mexico Housing Trust Fund Act.
.202032.1	Rep. Gonzales, Sen. Martinez	Appropriates \$1 million in FY 2017 and FY 2018 for the MFA to fund weatherization for approximately 200 homes of low-income residents statewide through the EnergySmart program. (Rep. Baldonado and Sen. Cotter voting "no".)
.202033.1	Rep. Baldonado, Sen. Padilla	Appropriates \$1.65 million in FY 2017 and subsequent fiscal years for the MFA to provide down payment loans for low- and moderate-income first-time homebuyers. (Sen. Cotter voting "no".)
.202358.1	Sen. Martinez, Rep. Dodge	Appropriates \$2 million in FY 2017 for the MFA to provide necessary rehabilitation for homes occupied by low-income, honorably discharged New Mexico veterans.

WORK PLAN AND MEETING SCHEDULE

2015 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

Members

Rep. Alonzo Baldonado, Chair
Sen. Nancy Rodriguez, Vice Chair
Sen. Lee S. Cotter
Rep. Kelly K. Fajardo

Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. James Roger Madalena
Sen. Cisco McSorley

Advisory Members

Rep. George Dodge, Jr.
Rep. Bealquin Bill Gomez
Rep. Jimmie C. Hall
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 that the MFA shall have the powers to "carry out and effectuate the purposes and provisions of the Mortgage Finance Authority Act". Subsection W of Section 58-18-5 NMSA 1978 creates the MFA Act Oversight Committee. Further, this subsection states that the MFA has the power, subject to approval by the MFA Act Oversight Committee and subject to any agreement with bondholders and noteholders, to make, alter or repeal "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 proposes to focus on the following areas of legislative concern during the 2015 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, including the MFA's single-family mortgage products and the NM EnergySmart Program;
- (4) supportive housing and services for low-income, disabled and homeless individuals;
- (5) federal housing policy and budget trends; and
- (6) New Mexico Housing Trust Fund report and funding source overview.

The MFA also proposes to:

- (1) review the MFA budget, current strategic plan and the new 2015-2017 strategic plan;
- (2) receive reports on bonds issued, financing strategies and market update;
- (3) review 2015 legislation and proposed legislation for the 2016 session, including home inspection licensing and Homeowner Association Act amendments;
- (4) receive a detailed review of the federal low-income housing tax credit award process, including information about the costs of projects and the costs that are associated with funding the projects; and
- (5) receive an update on the work of the Foreclosure Process Task Force.

**Mortgage Finance Authority Act Oversight Committee
2015 Approved Meeting Schedule**

<u>Date</u>	<u>Location</u>
June 11	Albuquerque
July 24	Albuquerque
August 27	Los Lunas
September 17	Albuquerque
November 23	Albuquerque

AGENDAS AND MINUTES

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

**June 11, 2015
New Mexico Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

Thursday, June 11

- 10:00 a.m. **Call to Order**
—Representative Alonzo Baldonado, Chair
- 10:05 a.m. (1) **Welcome and Introductions of Key Staff**
—Introductions by Jay Czar, Executive Director, New Mexico Mortgage
Finance Authority (MFA)
- Gina Hickman, Deputy Director of Finance and Administration, MFA
 - Izzy Hernandez, Interim Deputy Director of Programs, MFA
 - Dolores Deer, Human Resources Manager, MFA
 - Leann Kemp, Communications Manager, MFA
 - Marjorie Martin, Attorney, MFA
 - Sandra Marez, Executive Assistant, MFA
- Introductions by Izzy Hernandez, Interim Deputy Director of Programs,
MFA
- Dan Puccetti, Director of Housing Development, MFA
 - Jacqueline Boudreaux, Director of Asset Management, MFA
 - Rose Baca-Quesada, Interim Community Development Director, MFA
 - Monica Abeita, Senior Policy and Program Advisor, MFA
- Introductions by Gina Hickman, Deputy Director of Finance and
Administration, MFA
- Yvonne Segovia, Controller, MFA
 - Kathy Keeler, Finance Manager, MFA
 - Erik Nore, Director of Homeownership, MFA
 - Theresa Garcia, Director of Servicing, MFA

- 10:20 a.m. (2) **Funding Source and Program Overview; MFA 2015 Reference Guide; Regional Housing Authority Update**
—Jay Czar, Executive Director, MFA
—Monica Abeita, Senior Policy and Program Advisor, MFA
—Izzy Hernandez, Interim Deputy Director of Programs, MFA
—Gina Hickman, Deputy Director of Finance and Administration, MFA
—Rose Baca-Quesada, Interim Community Development Director, MFA
- 11:10 a.m. (3) **2015 Interim Committee Procedures Discussion and Adoption of Proposed Work Plan**
—Jay Czar, Executive Director, MFA
—Celia Ludi, Legislative Council Service
- 12:00 noon **Adjourn**

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

**June 11, 2015
New Mexico Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

The first meeting of the Mortgage Finance Authority Act Oversight Committee (committee) was called to order by Representative Alonzo Baldonado, chair, on June 11, 2015 at 10:00 a.m. at the New Mexico Mortgage Finance Authority (MFA) Office in Albuquerque.

Present

Rep. Alonzo Baldonado, Chair
Sen. Nancy Rodriguez, Vice Chair
Sen. Lee S. Cotter
Rep. Kelly K. Fajardo
Rep. Roberto "Bobby" J. Gonzales
Rep. James Roger Madalena
Sen. Cisco McSorley

Absent

Sen. Stuart Ingle

Advisory Members

Rep. Bealquin Bill Gomez
Rep. Jimmie C. Hall
Sen. Richard C. Martinez
Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla
Sen. Sander Rue

Rep. George Dodge, Jr.

Staff

Celia A. Ludi, 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 are in the meeting file.

Thursday, June 11

Call to Order

Representative Baldonado welcomed members of the committee, staff and guests to the meeting. He requested that members of the committee introduce themselves, after which he introduced LCS staff members. Representative Baldonado then recognized Jay Czar, executive director, MFA, for a welcome and introductions of MFA key staff.

Welcome and Introduction of Key Staff

Mr. Czar introduced:

- Gina Hickman, deputy director of finance and administration;
- Izzy Hernandez, interim deputy director of programs;
- Dolores Deer, human resources manager;
- Leann Kemp, communications manager;
- Marjorie Martin, attorney; and
- Sandra Marez, executive assistant.

Mr. Hernandez introduced:

- Jacqueline Boudreaux, director of asset management;
- Rose Baca-Quesada, interim community development director; and
- Monica Abeita, senior policy and program advisor.

Mr. Hernandez said Dan Puccetti, director of housing development, was on vacation.

Ms. Hickman introduced:

- Yvonne Segovia, controller;
- Kathy Keeler, finance manager;
- Erik Nore, director of homeownership; and
- Theresa Garcia, director of servicing.

Funding Source and Program Overview; *MFA 2015 Reference Guide*; Regional Housing Authority Update

Mr. Czar summarized the following material in the *MFA 2015 Reference Guide*, tab by tab:

- tab 1: names and contact information for the committee;
- tab 2: a recap of the bills endorsed by the committee in the 2014 interim and introduced in the 2015 session;
- tab 3: the Mortgage Finance Authority Act;
- tab 4: the MFA rules and regulations;
- tab 5: names and contact information for the MFA Board of Directors. Mr. Czar noted that the lieutenant governor, the attorney general and the state treasurer serve ex officio; the other members are appointed by the governor, who also appoints the chair;
- tab 6: the MFA vision, mission and core values;

- tab 7: top 10 MFA myths ... debunked!;
- tab 8: organizational chart; and
- tab 9: MFA programs and services.

Ms. Abeita explained the material in tab 10, low-income housing tax credit (LIHTC) awards. There were seven LIHTC awards made in 2014 in a competitive process.

Mr. Hernandez explained the material in tab 11, the 2015 federal program fund summary.

Ms. Hickman explained the material in tab 12, MFA estimated funding sources 2014. In response to a committee member's question, Ms. Hickman clarified that very little of the MFA's bonding authority is currently being utilized because bond issuance is not a currently viable economic strategy and the MFA would have to subsidize the bonds to be able to make the mortgage rates competitive.

Ms. Hickman explained the material in tab 13, 2015-2017 strategic plan. The material includes an "MFA Strategic Plan Dashboard, Q2 FY2015", which is the internal audit and quality control plan. The MFA has a schedule of audits for all of its programs. The audits occur year-round and are performed by outside auditors. Committee members expressed their support for the ongoing audits by outside auditors.

Mr. Czar noted that the material in tab 14 is a list of commonly used housing and finance acronyms and a glossary of terms frequently used in connection with the financing of housing by state and local housing and finance agencies, including bond financing.

Ms. Baca-Quesada introduced Chris Herbert, Eastern Regional Housing Authority director, and Elizabeth Metoyer, interim Northern Regional Housing Authority director, and presented an overview of the history and current status of the regional housing authorities.

2015 Interim Committee Procedures Discussion and Adoption of Proposed Work Plan

Ms. Ludi explained that the committee's responsibilities are statutory, so the work plan includes items that in general do not vary much from year to year, although specific items may be added from time to time. After discussion, the committee added two items, to be addressed at the September 17 meeting: an update on foreclosure prevention efforts and a detailed review of the LIHTC award process.

The chair noted that the meeting dates are set by the New Mexico Legislative Council. He said the August 27 meeting would be held in Los Lunas; the agenda will include a presentation by MFA staff on the affordable housing plan recently completed for Valencia County and the Village of Los Lunas. He also notified the committee that the September 17 meeting would be held in the afternoon instead of the morning because the MFA's fortieth anniversary open house would be held from 5:00 p.m. to 7:00 p.m. that day, and he encouraged members to attend the open house after the committee meeting.

The proposed work plan, as amended, and meeting schedule were approved without objection.

Adjournment

There being no further business before the committee, the first meeting of the MFA adjourned at 12:25 p.m.

Revised: July 21, 2015

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

**July 24, 2015
New Mexico Mortgage Finance Authority Office
344 4th Street SW
Albuquerque**

Friday, July 24

- 10:00 a.m. **Call to Order**
—Senator Nancy Rodriguez, Vice Chair
- 10:05 a.m. **Approval of Minutes**
- 10:10 a.m. **Welcome**
—Jay Czar, Executive Director, New Mexico Mortgage Finance Authority
(MFA)
- 10:20 a.m. (1) **[MFA 2016 Legislative Agenda — Introduction](#)**
—Monica Abeita, Senior Policy and Program Advisor, MFA
- 10:45 a.m. (2) **[MFA Single-Family Mortgage Products](#)**
—Erik Nore, Director of Homeownership, MFA
- 11:15 a.m. (3) **[New Mexico Housing Trust Fund Update](#)**
—Dan Puccetti, Director of Housing Development, MFA
- 11:35 a.m. (4) **[Federal Housing Policy and Budget Trends](#)**
—Monica Abeita, Senior Policy and Program Advisor, MFA
- 12:00 noon **Adjourn**

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

**July 24, 2015
New Mexico Mortgage Finance Authority Office
344 4th Street SW
Albuquerque**

The second meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Senator Nancy Rodriguez, vice chair, on July 24, 2015 at 10:08 a.m. in the New Mexico Mortgage Finance Authority (MFA) Office in Albuquerque.

Present

Sen. Nancy Rodriguez, Vice Chair
Sen. Lee S. Cotter
Rep. Kelly K. Fajardo
Rep. Roberto "Bobby" J. Gonzales
Rep. James Roger Madalena
Sen. Cisco McSorley

Absent

Rep. Alonzo Baldonado, Chair
Sen. Stuart Ingle

Advisory Members

Rep. Bealquin Bill Gomez
Sen. Richard C. Martinez
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla

Rep. George Dodge, Jr.
Rep. Jimmie C. Hall
Sen. Bill B. O'Neill
Sen. Sander Rue

Staff

Celia A. Ludi, Staff Attorney, Legislative Council Service (LCS)
Sharon Ball, Senior Researcher, LCS
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Friday, July 24

Senator Rodriguez welcomed members of the committee, staff and guests to the meeting. She announced that the committee's proposed work plan and schedule had been approved by the

New Mexico Legislative Council and that the new interim committee calendar, which will be updated biweekly, is available online, and members who prefer to receive paper copies in the mail should inform LCS staff.

The minutes from the June 11, 2015 meeting were approved without objection.

The chair recognized Jay Czar, executive director, MFA, for opening remarks. Mr. Czar informed the committee that after a nationwide search for a deputy director of programs, the MFA had retained Izzy Hernandez, former interim deputy director of programs. He also noted that the MFA will host discussions and tours regarding the federal low income housing tax credit (LIHTC) program for some congresspersons and their staffs. Finally, Mr. Czar reminded the committee of the upcoming fortieth anniversary open house celebration on September 17 after the committee meeting.

MFA 2016 Legislative Agenda — Introduction

Monica Abeita, MFA senior policy and program advisor, began by reviewing the 2015 legislation endorsed by the committee. Of 10 bills, one was not introduced and four were passed by both chambers and signed by the governor. Those four bills were one that amended the Affordable Housing Act; one that amended the Affordable Housing Tax Credit Act; and two appropriations to the MFA, one for oversight of the Affordable Housing Act and the other for oversight of the regional housing authorities.

Even though the MFA's oversight responsibilities are statutory, the oversight appropriations are not considered "recurring", so they have to be requested every year. Accordingly, the 2016 legislative agenda includes appropriations for those purposes again, as well as appropriations to the New Mexico Housing Trust Fund and for the MFA's low-income residential energy conservation and down payment assistance programs.

Ms. Abeita explained that the low-income residential energy conservation program, often referred to as the "weatherization" program, is one of the MFA's highest-demand programs statewide. Historically, the MFA received state appropriations for this program in addition to its core federal funding. In 2008, the MFA ceased making appropriations requests because it received additional federal funds through the American Recovery and Reinvestment Act of 2009 (ARRA). Since the ARRA funding concluded, the MFA has not been successful in reestablishing state support.

Ms. Abeita said Dan Puccetti, MFA director of housing development, would discuss the New Mexico Housing Trust Fund appropriation request in more detail.

The committee engaged in a brief discussion about the classification of appropriation requests as "recurring" or "nonrecurring".

MFA Single-Family Mortgage Products

Erik Nore, MFA director of homeownership, summarized the MFA's single-family mortgage products as falling into two broad categories: first mortgage loans and down payment assistance, each of which includes two separate programs.

First (as opposed to second) mortgage loans are provided through the "MortgageSaver" program, which funds first mortgages for single-unit, owner-occupied properties for first-time homebuyers who earn up to 115% of the area median income based on family size. The "HERO" program, which is not limited to first-time homebuyers, funds first mortgages for targeted public service occupations, including law enforcement and firefighter personnel, teachers and other educational employees and health care providers; recipients may earn up to 120% of the area median income based on family size and may use the loans to purchase single-unit, owner-occupied properties. In response to a question from a committee member, Mr. Nore said that the HERO program accounts for about 10% of the MFA's mortgage production.

Down payment assistance programs are the "Mortgage Booster" program, which loans up to \$8,000 as a second mortgage loan with a 30-year amortization at 6% interest, and a grant program that provides down payment assistance of up to 3.5% of the sales price and does not require repayment. Mr. Nore explained that the Mortgage Booster program is a revolving loan fund in which repayments are loaned out again to other borrowers. Ninety-eight percent of MFA loans include down payment assistance, with the average amount being \$5,500. For the last four or five years the repayments covered the expenditures, but with the recent uptick in housing purchases, the fund is being drawn down and needs additional funding sources. The MFA projects that demand for down payment assistance will increase in fiscal year 2016 by an additional 300 requests totaling \$1,650,000.

Mr. Nore informed the committee that pre-purchase homebuyer counseling through area federal Department of Housing and Urban Development-approved housing counselors is required for all first-time homebuyers. He provided demographic information about MFA homebuyers:

- 55% are single-parent households; a major reason for this is the low qualification ceilings on income because the income of a dual-income family usually is higher than the ceiling;
- 63% of MFA homebuyers are minorities;
- the average age is 34;
- 62% of MFA loans in 2014 were to first-time homebuyers age 33 and younger; of those, 44% were ages 25 to 29;
- the average credit score is 681, which is higher than the average for mortgages that are not funded by the MFA;
- the average home purchase price is \$125,225; and
- the average first mortgage loan amount is \$128,392.

Mr. Nore provided information from the Campbell/Inside Mortgage Finance HousingPulse Tracking Survey that indicated that in April 2015, first-time home purchases increased to the highest level in four years, and in May 2015, first-time homebuyers were 38.8% of all home purchasers.

New Mexico Housing Trust Fund Update

Mr. Puccetti summarized the current status of the New Mexico Housing Trust Fund. He said the current balance of the fund, which was created in 2005, is \$24.5 million, with approximately \$20 million currently allocated for affordable housing projects in 15 different counties. He noted that funding is available only for developers of affordable housing, not for individual homebuyers. To date, 76% of the loans have been for rehabilitation or new construction of multifamily housing, mostly for rental, although some developers do include housing for purchase.

Federal Housing Policy and Budget Trends

Ms. Abeita summarized the MFA's six federal priorities as follows:

- (1) protect housing bonds and the LIHTC in the tax reform process;
- (2) expand the LIHTC program by 50%, set the 9% and 4% interest rates so they do not fluctuate and give states the option to convert private activity bond authority into tax credits for affordable housing;
- (3) allow the Government National Mortgage Association (GNMA) securitization of multifamily risk-sharing loans;
- (4) restore funding for the federal HOME Investment Partnership program;
- (5) renew support for weatherization programs; and
- (6) sustain funding levels for affordable housing programs, which make up 20% of the MFA's resources.

Ms. Abeita commented that because the federal Budget Control Act of 2011 (often referred to as "sequestration") set caps on federal spending that make it difficult to sustain existing federal programs, Congress is being forced to make difficult decisions about what programs to cut.

In response to a committee member's question, Gina Hickman, MFA deputy director of finance and administration, answered that the recent Standard & Poor's (S&P) downgrade of government bonds had not had much effect on the MFA, because the collateral for the MFA's bonds had not changed; in fact, the MFA had just sold an old bond that was 2.5 times oversubscribed and included a couple of new investors who had not previously invested in New Mexico housing funds. Ms. Hickman also informed the committee that the MFA had changed to Moody's rating service because of service issues with S&P.

Adjournment

There being no further business before the committee, the second meeting of the Mortgage Finance Authority Act Oversight Committee for the 2015 interim adjourned at 11:49 a.m.

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

**August 27, 2015
Los Lunas Transportation Center
Los Lunas Transportation Department
751 Perea Road
Los Lunas**

The third meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Alonzo Baldonado, chair, on August 27, 2015 at 10:06 a.m. at the Los Lunas Transportation Center in Los Lunas.

Present

Rep. Alonzo Baldonado, Chair
Sen. Nancy Rodriguez, Vice Chair
Sen. Lee S. Cotter
Rep. Kelly K. Fajardo
Rep. Roberto "Bobby" J. Gonzales
Sen. Cisco McSorley

Absent

Sen. Stuart Ingle
Rep. James Roger Madalena

Advisory Members

Rep. Bealquin Bill Gomez
Sen. Richard C. Martinez

Rep. George Dodge, Jr.
Rep. Jimmie C. Hall
Sen. Bill B. O'Neill
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla
Sen. Sander Rue

Guest Legislator

Rep. Miguel P. Garcia

Staff

Celia A. Ludi, Staff Attorney, Legislative Council Service (LCS)
Sharon Ball, Senior Researcher, LCS
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Thursday, August 27

Representative Baldonado welcomed members of the committee, staff and guests to the meeting and requested that members of the committee introduce themselves. Representative Baldonado then recognized Senator Michael S. Sanchez, who welcomed everyone to Belen, which is part of his district. Representative Baldonado introduced Adrienne Kozacek, interim county manager for Valencia County; Jacobo Martinez, community development director, Valencia County; and Christina Ainsworth, community development director, Village of Los Lunas.

Approval of Minutes

The minutes of the July 24, 2015 meeting were approved without objection.

Other Legislative Matters

Jay Czar, executive director, New Mexico Mortgage Finance Authority (MFA), explained that Housing Matters is a loosely organized group brought together by Steve Anaya that includes the Realtors Association of New Mexico, the New Mexico Mortgage Lenders Association, the New Mexico Homebuilders Association and the New Mexico Land Title Association to improve the quality of housing in New Mexico. The members of the group support the others' missions and share information about legislative needs and issues statewide.

Mr. Czar informed the committee that the MFA Board had just had its retreat, at which it reviewed the MFA's products and services to make sure they are available to a wide variety of New Mexicans. He reminded the committee of the MFA's upcoming fortieth anniversary open house following the September 17 meeting.

Senator Daniel A. Ivey-Soto and Randy Traynor, Greater Albuquerque Area Realtors, discussed three bills (House Bill (HB) 380, Senate Bill 491 and HB 320) introduced in the 2015 regular session that would have amended provisions in the Homeowner Association Act. HB 320 was passed and signed by the governor; it prohibits homeowner associations from adopting or enforcing restrictions related to the flying or displaying of flags that are more restrictive than the applicable federal or state law or county or municipal ordinance. The other two bills, which addressed, among other things, concerns expressed by homeowners about the fees allowed to be charged by associations for the disclosure certificates that homeowner associations are required to provide when a home is sold, did not pass. Senator Ivey-Soto and Mr. Traynor explained that the two primary issues with homeowner associations are governance and transaction disclosures, which are closely aligned but not the same. The issues are complicated by the variation in size among associations, which often means that smaller associations are self-managed by volunteer homeowners and larger associations are managed by professional management companies. The fees charged by the associations for various purposes are the most common cause of complaints

by homeowners against associations, and they often can only be resolved by litigation, which is lengthy, time-consuming and expensive. In the case of fees for disclosure certificates, litigation is an unsatisfactory solution because the certificates are required before the sale of a house can close. Fees of \$400 or more are not uncommon, and many homeowners and Realtors feel that fees should be capped at somewhere around \$150 because the information required by the certificates is standard information that is also required to be kept by the association and requires no special research to provide. They are working on a bill that would address these issues and others that arose during the hearing process.

Senator Ivey-Soto next explained that HB 551 was introduced in the 2015 regular session and did not pass both houses. HB 551 would have addressed the lack of regulation and meaningful certification of home inspectors by enacting the Home Inspector Licensing Act. He noted that, although there is no statutory requirement for inspection of a home prior to sale, as a rule, lenders require an inspection as a condition of providing financing. The current state of the industry is that there are no qualification standards for inspectors, no requirements that they provide any kind of indemnification through such mechanisms as bonding for damage they may cause during an inspection or for erroneous identification or omission of issues and no fiduciary duty to the homeowner purchasing their services. Senator Ivey-Soto informed the committee that he is working with others on a bill that would address these issues.

Affordable Housing Act Presentation

Nicole Sanchez, program manager, MFA, provided an overview of the Affordable Housing Act, the MFA's role in reviewing and approving affordable housing plans and ordinances adopted by local governments that implement it, and she described the affordable housing plan developed jointly by the Village of Los Lunas and Valencia County. Her presentation is item (2). In response to a question from a committee member, Jacobo Martinez informed the committee that Valencia County is in the process of getting the necessary ordinances passed so it can start implementing the plan.

Public Comment

Lance Ellis, representing the American Society of Home Inspectors (ASHI) New Mexico, informed the committee that there are federal guidelines for home inspectors and that ASHI New Mexico supports licensure and certification requirements for home inspectors but does not believe it appropriate for that process to be controlled by the Realtor board. He noted that of 35 states that issue licenses and certification of home inspectors, California is the only one that has its own agency for the purpose, and ASHI New Mexico strongly encourages New Mexico to follow California's lead.

Adjournment

There being no further business before the committee, the third meeting of the Mortgage Finance Authority Act Oversight Committee for the 2015 interim adjourned at 12:27 p.m.

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

**September 17, 2015
PNM Downtown Headquarters Building
414 Silver Ave. SW
La Ventana Room, First Floor
Albuquerque**

Thursday, September 17

- 11:30 a.m. **Call to Order and Introductions**
—Representative Alonzo Baldonado, Chair
- Approval of Minutes of August 27 Meeting**
- 11:40 a.m. **Welcome/Presentation**
PNM Energy Efficiency Programs
—Carlos Lucero, Manager, State Government Affairs, PNM
- 12:00 noon **Working Lunch/Presentation**
MFA: 40 Years of Affordable Housing
—Leann Kemp, Communications Manager, New Mexico Mortgage Finance Authority (MFA)
- 1:00 p.m. (1) **[MFA Strategic Plan, 2015 Accomplishments and 2016 Benchmarks](#)**
—Gina Hickman, Deputy Director of Finance and Administration, MFA
—Izzy Hernandez, Deputy Director of Programs, MFA
- 1:35 p.m. (2) **[MFA New Single Family Program Redesign](#)**
—Erik Nore, Director of Homeownership, MFA
- 2:20 p.m. **Break**
- 2:35 p.m. (3) **[MFA 2016 Budget](#)**
—Gina Hickman, Deputy Director of Finance and Administration, MFA

- 3:15 p.m. (4) **Reports on Bonds Issued, Financing Strategies and Market Update**
—David Jones, Vice President, CSG Advisors
—Blake Wade, Partner, Ballard Spahr
—Mike Awadis, Senior Vice President, First Southwest Company
- 4:15 p.m. (5) **Update on Foreclosure Prevention Efforts**
—Senator Michael Padilla
- 4:45 p.m. **Public Comment**
- 5:00 p.m. **Adjourn**
- 5:00 p.m. **MFA Fortieth Anniversary Open House**
MFA Offices, 344 4th Street SW, Albuquerque

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

**September 17, 2015
PNM Downtown Headquarters Building
414 Silver Ave. SW
La Ventana Room, First Floor
Albuquerque**

The fourth meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Alonzo Baldonado, chair, on September 17, 2015 at 11:35 a.m. at the PNM Downtown Headquarters Building in Albuquerque.

Present

Rep. Alonzo Baldonado, Chair
Sen. Nancy Rodriguez, Vice Chair
Rep. Kelly K. Fajardo
Rep. Roberto "Bobby" J. Gonzales
Rep. James Roger Madalena
Sen. Cisco McSorley

Absent

Sen. Lee S. Cotter
Sen. Stuart Ingle

Advisory Members

Rep. Bealquin Bill Gomez
Rep. Jimmie C. Hall
Sen. Richard C. Martinez
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla

Rep. George Dodge, Jr.
Sen. Bill B. O'Neill
Sen. Sander Rue

Staff

Celia A. Ludi, Staff Attorney, Legislative Council Service (LCS)
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Thursday, September 17

Representative Baldonado welcomed members of the committee, staff and guests to the meeting, and requested that members of the committee introduce themselves.

Public Service Company of New Mexico (PNM) Energy Efficiency Programs

Carlos Lucero, manager, State Government Affairs, PNM, referred to his handout, "Lucero, PNM Energy Efficiency Programs", to describe these PNM programs, which are all paid for by a fee for this purpose that is charged to customers. Mr. Lucero answered a committee member's question about how "low income" is defined for purposes of assistance with energy bills through the Good Neighbor Fund. Mr. Lucero explained that an income that is 200% or less of the federal poverty level is considered low income, and he noted that the majority of funding for that program comes from PNM, although customers have the option of contributing additional amounts. Mr. Lucero clarified that rebates for replacing older, inefficient appliances with new, more efficient appliances are not paid directly through PNM. In answer to a question by a committee member, Mr. Lucero informed the committee that PNM serves eight tribal communities, mostly pueblos, but also includes the Mescalero Apache Tribe.

MFA: 40 Years of Affordable Housing

Leann Kemp, communications manager, New Mexico Mortgage Finance Authority (MFA), narrated a video presentation about the MFA's history.

MFA Strategic Plan, 2015 Accomplishments and 2016 Benchmarks

Gina Hickman, deputy director of finance and administration, and Izzy Hernandez, deputy director of programs, MFA, referred to their handout (Item (1) in the meeting file) to review the MFA's strategic plan. A committee member expressed concern about the scarcity of affordable housing projects in Native American communities and noted that the last affordable housing project in the Pueblo of Jemez was built more than 20 years ago. Mr. Hernandez responded that, recently, he has met twice with the housing representative from the Pueblo of Jemez. A committee member observed that three groups of people were not specifically included in the strategic plan: veterans, people who had lost their homes to foreclosure and people recently released from incarceration. The member asked MFA staff to address those populations.

Approval of Minutes

The minutes of the August 27 meeting were approved without objection.

MFA New Single-Family Program Redesign

Erik Nore, director of homeownership, MFA, referred to his handout (Item (2) in the meeting file) to describe the redesign of the MFA's new single-family program.

In response to questions from committee members, Mr. Nore:

- clarified that the "New House" down payment assistance program is financed by a new federal revenue stream, which can only be received and distributed by agencies like the MFA;
- explained that only 42% of first-time homebuyers use Federal Housing Administration (FHA) mortgages, even though FHA mortgages are easier to obtain than conventional mortgages, because over time, FHA mortgages are more expensive than conventional financing;
- responded that the MFA's "New Home" program takes about 60 days to closing, which is up to two weeks longer than conventional financing, and part of the redesign of the program will reduce the time to closing;
- stated that the interest rates currently range from 3.75% to 4.5% for first mortgages and affirmed that using bonds for financing would result in keeping mortgage interest rates low when the federal interest rate rises;
- said that the program is available to single people as well as families, and there are no requirements for the number of residents in a house; and
- agreed with a comment that the eligible upper limit of value would not be feasible for homebuyers who qualify for the program because their incomes would be too low to afford the payments.

MFA 2016 Budget

Ms. Hickman, referring to her handouts (Item (3) in the meeting file), reviewed the MFA's fiscal year 2015-2016 budget. She explained that assets managed had declined for three reasons: (1) prepayments of mortgages as people refinanced into lower rates because of the historically low interest rates; (2) the MFA is not issuing bonds for single-family amounts; and (3) decreased federal funding.

In answer to questions by the committee, Ms. Hickman said that merit pay for MFA employees has been available as long as she has been employed by the MFA.

Reports on Bonds Issued, Financing Strategies and Market Update

David Jones, vice president, CSG Advisors, told committee members that CSG Advisors only serves housing finance authorities (HFAs), and he gave a presentation on his handout (Item (4) in the meeting file), entitled, "Financing Trends among HFAs: Implications for MFA".

Blake Wade and Ryan Warburton, partners, BallardSpahr, gave a presentation on their roles as MFA bond counsel (Item (4) in the meeting file).

Mike Awadis, senior vice president, First Southwest Company, presented a report, (Item (4) in the meeting file) entitled, "Market Rate Ginnie Mae/Fannie Mae TBA Program".

In response to a committee member's question about how the current housing market is different from the housing market in 2008 just prior to the crash, Mr. Jones opined that the market is much "cooler" in most places now because of better loan underwriting standards. He also stated that the MFA has reduced risks in various ways. Mr. Awadis added that the United States now has the most efficient housing market in the world because of safeguards instituted under the federal Dodd-Frank Wall Street Reform and Consumer Protection Act after the failure of the derivatives market, and he noted that the biggest buyers of mortgage-backed securities are China and the central bank in Japan.

In answer to a committee member's question, Mr. Jones said that homeownership peaked at 67% in the United States in 2007; the current rate is 61%. He observed that there is a shortage of housing now in some markets, and rentals are more expensive.

In response to a committee member's question about ideas for ways to deal with the student loan debt burden that prevents many millennials from purchasing houses, Mr. Wade suggested income-based repayment models.

Update on Foreclosure Prevention Efforts

Senator Padilla reminded the committee that foreclosures are still a problem in New Mexico even though the rates are leveling off. He stated his intention of pursuing legislation in 2017, if he is reelected, that would clarify and unify statutes addressing foreclosure, as well as enacting the New Mexico Home Loan Protection Act.

Public Comment

There were no comments from members of the public.

Adjournment

There being no further business before the committee, the fourth meeting of the Mortgage Finance Authority Act Oversight Committee for the 2015 interim adjourned at 4:29 p.m.

MFA Fortieth Anniversary Open House

From 5:00 p.m. to 7:00 p.m., the MFA Fortieth Anniversary Open House was held at the MFA office, 344 4th Street SW, Albuquerque. Committee members and staff were invited to attend.

Revised: November 16, 2015

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

**November 23, 2015
New Mexico Mortgage Finance Authority Office
344 4th Street SW
Albuquerque**

Monday, November 23

- 10:00 a.m. **Call to Order and Introductions**
—Representative Alonzo Baldonado, Chair
- Approval of Minutes of September 17 Meeting**
- 10:10 a.m. (1) **Detailed Review of the Low Income Housing Tax Credit Award Process**
—Dan Puccetti, Director of Housing Development, New Mexico Mortgage
Finance Authority (MFA)
- 10:55 a.m. (2) **Changes to Existing and Proposed Rules Promulgated by the MFA**
—Marjorie Martin, Attorney, MFA
—Isidoro "Izzy" Hernandez, Deputy Director of Programs, MFA
- 11:25 a.m. (3) **Report on Senate Memorial 44 (2015 Regular Session): Coordinate
Housing Services for Homeless**
—TBD
- 11:55 a.m. (4) **MFA 2016 Legislative Agenda — Final Review of Bills**
—Jay Czar, Executive Director, MFA
—Celia Ludi, Staff Attorney, Legislative Council Service
(a) .202029, Regional Housing Authority Oversight
(b) .202030, Affordable Housing Act Oversight
(c) .202031, New Mexico Housing Trust Fund
(d) .202032, Low-Income Residential Energy Conservation
(e) .202033, Down Payment Assistance
(f) .202358, Veterans Housing Rehabilitation
- 12:25 p.m. **Public Comment**
- 12:40 p.m. **Adjourn**

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

**November 23, 2015
New Mexico Mortgage Finance Authority Office
344 4th Street SW
Albuquerque**

The fifth meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Alonzo Baldonado, chair, on November 23, 2015 at 10:05 a.m. at the New Mexico Mortgage Finance Authority (MFA) office in Albuquerque.

Present

Rep. Alonzo Baldonado, Chair
Sen. Nancy Rodriguez, Vice Chair
Sen. Lee S. Cotter
Rep. Kelly K. Fajardo
Rep. Roberto "Bobby" J. Gonzales
Rep. James Roger Madalena
Sen. Cisco McSorley

Absent

Sen. Stuart Ingle

Advisory Members

Rep. George Dodge, Jr.
Rep. Bealquin Bill Gomez
Rep. Jimmie C. Hall
Sen. Richard C. Martinez
Sen. Gerald Ortiz y Pino
Sen. Michael Padilla

Sen. Bill. B O'Neill
Sen. Sander Rue

Guest Legislator

Rep. Idalia Lechuga-Tena

Minutes Approval

Because the committee will not meet again this interim, the minutes for this meeting have not been officially approved by the committee.

Staff

Celia A. Ludi, Staff Attorney, Legislative Council Service (LCS)
Erin Bond, Intern, LCS

Guests

The guest list is in the meeting file.

Handouts

Copies of all handouts are in the meeting file.

Monday, November 23**Call to Order**

Representative Baldonado called the meeting to order and welcomed members of the committee, staff and guests to the meeting.

Approval of Minutes

The minutes for the September 17, 2015 meeting were approved without amendment or objection.

Low-Income Housing Tax Credit Award Process

Dan Puccetti, director of housing development, MFA, directed the committee's attention to his handout (Item (1) in the meeting file) to describe the low-income housing tax credit award process. The MFA allocates about \$4.8 million in federal tax credits provided by the United States Department of the Treasury to projects in accordance with the Qualified Action Plan (QAP). The QAP is updated annually by the MFA, with a developer forum held in July, public comment taken in September and approval from the MFA board in October, before the QAP is sent to the governor for signature. A QAP developer training is held in November, and applications are due February 1. Mr. Puccetti said that New Mexico usually receives applications for six to seven projects. The QAP training in November 2015 had more attendees than any previous training. The MFA saw an increase in costs in 2015 of approximately 15%, largely due to labor and material cost increases. Most developers propose a limited partnership for the projects. Partners often include large national banks, local governments and tribes; the local governments and tribes often contribute land for the projects at little to no cost. To reduce development costs, the 2016 QAP was changed to eliminate design competition, revise design standards and further tighten the "Efficient Use of Tax Credit" scoring categories.

In response to questions from the committee on the QAP, Mr. Puccetti informed the committee that scores should be above 170 to receive consideration and that the maximum points obtainable would range between 200 and 205. Points are awarded based on whether the applicant or partnering nonprofit organization displays an ability to complete the project and shows the projected costs and cash flows for the project. Mr. Puccetti remarked that one 2015 proposed project was not funded because the financial projections assumed rents that were unreasonably high for the area. Projects may also receive more points if partnering nonprofits are New Mexico-based; efficient use of the tax credits is projected; low-income populations will be served; or a community donates land to the project. Points are not awarded based on geographic distribution, number of apartments or buildings created or a developer's state of residency.

Mr. Puccetti also noted that the MFA partners with the federal Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture Office of Rural Development programs to reach more communities; that measures are in place to prevent developers from misusing credits; and that the cost to apply is a nonrefundable \$3,500, which is used to cover the costs of review.

Changes to Existing and Proposed Rules Promulgated by the MFA

Marjorie Martin, attorney, MFA, and Isidoro "Izzy" Hernandez, deputy director of programs, MFA, referred to their handouts (Item (2) in the meeting file) and reviewed proposed amendments to the MFA rules and regulations, as well as to the Affordable Housing Act rules.

Ms. Martin noted that Section 58-18-8 NMSA 1978 provides that rules and regulations regarding the MFA's operations and programs are subject to prior approval by the committee. Ms. Martin said that the proposed changes to the MFA operational rules are primarily stylistic; the only substantive proposed change is amending the definition of "Persons of Very Low, Low or Moderate Income" to increase the allowable income level from 120% to 140% of annual median income.

Ms. Martin explained that the proposed amendments to the Affordable Housing Act rules were necessitated by amendments to the Affordable Housing Act made by the 2015 legislature. She continued that several changes to the rules and regulations were moved to different sections and not deleted entirely. Additionally, the alterations to Section 9, Enforcement (of the Affordable Housing Act rules), were requested by the Office of the Attorney General to assist investigations. Jay Czar, executive director, MFA, advised the committee that the MFA has a fraud hotline, and when a tip is received, the MFA usually has in-house personnel review the complaint before referring it to the attorney general, although he noted that most tips are not regarding programs run by the MFA; if federal money is involved, the MFA notifies the HUD.

The committee approved the changes to both sets of rules without objection.

Report on Senate Memorial 44: Coordinate Housing Services for Homeless

Monica Abeita, senior policy and program advisor, MFA; Hank Hughes, executive director, New Mexico Coalition to End Homelessness (NMCEH); and Carol Luna-Anderson, executive director, The Life Link, reviewed their handouts (Item (3) in the meeting file). Mr. Hughes introduced the topic by observing that one-half of all homeless people in New Mexico are families with children, and people with complex physical and mental health needs make up a substantial portion of chronically homeless people. Studies have confirmed that housing homeless people in Albuquerque costs approximately \$12,000 per person less than leaving them homeless, mostly because of corrections system and medical costs incurred for conditions directly related to homelessness. The Housing First model has proved to be the most effective at addressing the root causes of homelessness. Ms. Abeita added that housing homeless people is a very complex issue that involves multiple federal, state and local government, as well as nonprofit, agencies. Mr. Hughes suggested structuring the state funding system to funnel as

much money as possible through Medicaid to leverage state funds, because the federal government provides substantial matching amounts. In response to questions from the committee, Ms. Luna-Anderson clarified that Medicaid funds cannot be used to pay for housing, but many of the services required by homeless people are health-related and can be paid for by Medicaid. She observed that it is important that the right service be identified and provided at the right time to prevent homelessness; she expressed support for funding for permanent supportive housing. Ms. Abeita informed the committee that the Human Services Department requests funding for the Linkages program, and several members of the committee expressed concern that, while more funding might be desired, individual legislators requesting funding may disturb the process.

Mr. Hughes responded to committee members' questions on the use of a resource hotline for people experiencing homelessness apart from Albuquerque's 311 number, stating that the working group had looked into the idea. The Coordinated Assessment System, he continued, was a new program run by the NMCEH, but it is currently overwhelmed, despite not yet being publicly released. Special resources for veterans are included in the program, Mr. Hughes added, but the efforts that are focused toward veteran homelessness are nearing their goal of functional zero. No data are available on veterans' families, because veterans are asked about who is with them but not their relationship with the accompanying person.

MFA 2016 Legislative Agenda

Mr. Czar presented the proposed legislation to the committee. Mr. Czar briefly described each piece of legislation for the committee and requested that the committee decide on sponsors during the discussion. The following is the endorsed legislation by LCS 202 file number, the proposed sponsors for each bill and a brief description of each piece of legislation. Although every piece of legislation presented was endorsed by a majority vote, there were two dissenting votes for .202032.1SA and one dissenting vote for .202033.1SA.

.202029.1SA

Proposed Sponsor: Senator Mary Kay Papen

Appropriates \$300,000 in fiscal year (FY) 2017 and subsequent fiscal years for the MFA's oversight of regional housing authorities. In 2006, the MFA was mandated by statute to oversee these authorities.

.202030.1SA

Proposed Sponsor: Senator Ingle

Appropriates \$250,000 in FY 2017 and subsequent fiscal years for the MFA's oversight of the Affordable Housing Act. The MFA is mandated by statute to oversee that act.

.202031.1SA

Sponsor: Senator Rodriguez

Appropriates \$5 million in FY 2017 and subsequent fiscal years for the MFA to carry out the provisions of the New Mexico Housing Trust Fund Act. The MFA states that a \$5 million

appropriation will leverage \$70 million to build more than 500 quality affordable homes for low-income New Mexicans.

.202032.1SA

Sponsors: Representative Gonzales and Senator Martinez

Appropriates \$1 million for expenditure in FY 2017 and FY 2018 for the MFA to fund weatherization for approximately 200 homes of low-income residents statewide through the MFA's NM EnergySmart program. Representative Baldonado and Senator Cotter opposed endorsement of the bill.

.202033.1SA

Sponsors: Representative Baldonado and Senator Padilla

Appropriates \$1.65 million for expenditure in FY 2017 and subsequent fiscal years for the MFA to provide down payment assistance loans for low- and moderate-income first-time homebuyers. Senator Cotter opposed endorsement of the bill.

.202358.1

Sponsors: Senator Martinez and Representative Dodge

Appropriates \$2 million for expenditure in FY 2017 for the MFA to provide necessary rehabilitation for homes occupied by low-income honorably discharged veterans in New Mexico.

Adjournment

There being no public comment or further business before the committee, the meeting adjourned at 1:30 p.m.

ENDORSED LEGISLATION

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SENATE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

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.--Three hundred thousand dollars
(\$300,000) is appropriated from the general fund to the
department of finance and administration for expenditure in
fiscal year 2017 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.

.202029.1SA

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SENATE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

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 fifty thousand
dollars (\$250,000) 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 2017 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.

.202030.1SA

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SENATE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

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 2017 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.

.202031.1SA

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HOUSE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

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 2017 and 2018 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 ten percent of this appropriation shall
be used for administrative expenses. Any unexpended or
unencumbered balance remaining at the end of fiscal year 2018
shall revert to the general fund.

.202032.1SA

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HOUSE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO CONTINUE TO PROVIDE DOWN PAYMENT
ASSISTANCE LOANS FOR LOW- AND MODERATE-INCOME FIRST-TIME
HOMEBUYERS.

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

SECTION 1. APPROPRIATION.--One million six hundred fifty
thousand dollars (\$1,650,000) is appropriated from the general
fund to the department of finance and administration for
expenditure in fiscal year 2017 and subsequent fiscal years for
the New Mexico mortgage finance authority to provide down
payment assistance loans for low- and moderate-income first-
time homebuyers. Any unexpended or unencumbered balance
remaining at the end of a fiscal year shall not revert to the
general fund.

.202033.1SA

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SENATE BILL

52ND LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2016

INTRODUCED BY

ENDORSED BY THE MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO THE DEPARTMENT OF FINANCE AND
ADMINISTRATION FOR THE NEW MEXICO MORTGAGE FINANCE AUTHORITY TO
REHABILITATE HOMES OCCUPIED BY LOW-INCOME HONORABLY DISCHARGED
VETERANS.

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

SECTION 1. APPROPRIATION.--Two million dollars
(\$2,000,000) is appropriated from the general fund to the
department of finance and administration for expenditure in
fiscal year 2017 for the New Mexico mortgage finance authority
to provide necessary rehabilitation for homes occupied by low-
income honorably discharged veterans in New Mexico whose income
does not exceed sixty percent of the area median income. All
expenditures shall be made in accordance with the Affordable
Housing Act. Rehabilitation includes repairs necessitated by

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1 structural damage due to natural decay or disasters,
2 replacement of utility appliances and repairs necessary to
3 comply with housing health and safety code requirements and
4 accessibility modifications for physically impaired veterans.
5 No more than ten percent of this appropriation shall be used
6 for administrative expenses. Any unexpended or unencumbered
7 balance remaining at the end of fiscal year 2017 shall revert
8 to the general fund.

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