



MFA Strategic Plan Dashboard, Q3 FY2015

All New Mexicans will have quality affordable housing opportunities



Strategic Plan
FY 9/30/2015

| Priority 1 - Operational Excellence | | |
|---|---|-----------|
| 1.1 - Maintain prudent stewardship of MFA's financial resources | | |
| Benchmark | Comments | Status |
| General fund cash reserves at minimum level consistent with policy | As of 6/30/2015, General Fund cash reserves are \$76,542k, which exceeds the policy requirement. | On Target |
| Unqualified opinion on MFA financial statements and no material weakness in internal control over financial reporting or major programs (excluding first-time audits) | MFA received an unqualified opinion on the 9/30/2014 financial statements with no material weaknesses reported. The Board approved the audit reports on 1/21/2015. | Met |
| Operating performance and profitability equal to net revenues over total revenues of at least 5.25 percent (based on five-year average) | As of 6/30/15, MFA's operating performance and profitability five-year average ratio was 6.06%. | On Target |
| Balance sheet strength equal to net asset position over total bonds outstanding of at least 20.32 percent (based on five-year average) | As of 6/30/2015, MFA's balance sheet strength five-year average ratio was 19.93%. | Caution |
| Maintain or improve credit rating | Moody's upgraded MFA's issuer credit rating to a Aa3, which is the equivalent of our current Standard & Poor's (S&P) issuer credit rating. S&P affirmed MFA's issuer credit rating at AA-. | On Target |
| Successful conversion of accounting software | The Accounting software was converted successfully effective 5/1/2015. Financials were produced parallel as of 5/31/15, and were successfully produced on the new software only as of 6/30/15. | Met |
| 1.2 - Create a fulfilling work environment to attract and retain quality employees | | |
| Benchmark | Comments | Status |
| Conduct and evaluate annual employee satisfaction survey | The Employee Engagement Committee continues to work to address items identified in the 2014 employee survey. The 2015 survey will be distributed in the Fall. | On Target |
| 1.3 - Identify and implement technology solutions that improve operational efficiency, data security and customer service | | |
| Benchmark | Comments | Status |
| Protect MFA data and systems from threats through semi-annual vulnerability scans | REDW performed a vulnerability scan on June 30, 2015. Our rating improved from 1.3 to 0.4. Overall risk score is low. | Met |
| Maintain system availability at 99 percent | Two incidents are reported for Quarter 3. An incident occurred on 4/13/2015 in which two hard drives on the email server failed, resulting in eight hours of email being unavailable. Another occurred when a virus infected the network, causing one hour of downtime. Overall MFA has had 99.88% system availability. | On Target |
| Increase connection speeds | A new 1 Gbps fiber data line and an additional 30 Mbps data line were installed in November for increased speed and redundancy. Connection speeds increased 300 times from 2.27 Mbps download and 2.50 Mbps upload to 942 Mbps and 948 Mbps respectively. | Met |
| 1.4 - Maintain standards of excellence and promote innovation in MFA programs | | |
| Benchmark | Comments | Status |
| Manage and distribute 95 percent of all funding | As of 6/30/2015, 100% of all funding has been managed and distributed. | On Target |
| 1.5 - Manage organizational risks | | |

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| Benchmark | Comments | Status |
| Complete internal audit risk assessment report | Staff engaged in a more comprehensive risk assessment process this year. The risk assessment has been completed and will be presented to the Board at the retreat in August. Based on this work, REDW will also be presenting a three-year internal audit plan for discussion. | On Target |
| Update disaster recovery plan | A committee has been formed and meets weekly to review and update the Disaster Recovery Plan. | On Target |
| 1.6 - Improve collaboration throughout MFA | | |
| Benchmark | Comments | Status |
| Develop work plan for collaboration activities | Work plan developed and interim committees established for the following collaboration activities: MFA Intranet, Board Reporting Improvements and Housing Data/Housing Needs. Board reporting improvements were implemented in February and March, MFA Intranet was launched and all staff training was provided in May, Housing Data is ongoing with updates to the Housing Library and modeling of the data warehouse, Housing Needs group is developing a scope of work for a statewide affordable housing plan, two educational sessions have been held, and team building is ongoing. | Met |
| Priority 2 - New Resources | | |
| 2.1 - Market the Charitable Trust to generate tax deductible contributions for affordable housing | | |
| Benchmark | Comments | Status |
| Develop educational materials | New Charitable Trust brochure completed in December 2014. | Met |
| Outreach to at least one professional group | MFA educated 26 CPAs on the Charitable Trust by participating in "Know your NM Tax Credits," a continuing education course offered by the NM Society of CPAs held on December 9, 2014. Brochures were provided for the Society of CPA offices. MFA also presented information on the Charitable Trust to MFA staff on December 15, 2014, along with information about United Way contributions. | Met |
| 2.2 - Expand mission driven fee-for-service activities | | |
| Benchmark | Comments | Status |
| Evaluate subservicing expansion opportunities | The Servicing Expansion Committee completed the evaluation of the sub-servicing model for the administration of MFA's single family program. The committee recommended implementation of a hybrid sub-servicing model in partnership with Idaho Housing Finance Association by March 1, 2016. The recommendation was approved by the Board on April 15, 2015. | Met |
| Evaluate physical inspection opportunities | MFA's initiative continues with one certified REAC inspector who performed several inspections under the physical inspection pilot. MFA sent a representative to NCSHA's Tax Credit Conference this quarter to attend a special session on the 2015 REAC pilot. Communications continue to progress with HUD senior staff in charge of the umbrella White House initiative for harmonization across HUD/REAC/USDA in partnership with Housing Finance Agencies; and on June 24, 2015 MFA hosted a visit for them in our office to discuss the next steps of our collaboration. | Caution |
| 2.3 - Develop innovative funding streams for NM EnergySmart and other traditional grant funded programs | | |
| Benchmark | Comments | Status |
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| Outreach to three new partners | Completed individual outreach to El Paso Electric and Columbus Electric Cooperative as well as 15 electric cooperatives at the statewide electric cooperative meeting at March 25, 2015. Met with the City of Santa Fe to discuss using the City's pilot energy metering program on NM EnergySmart homes. | Met |
| Increase funding from sources other than DOE and LIHEAP | New funding includes \$284,000 from New Mexico Gas Company for multifamily weatherization, \$35,000 from Central Valley Electric Cooperative, \$7,000 (committed) from Columbus Electric Cooperative and \$287,000 from state LIHEAP. MFA is preparing a proposal to PNM to increase funding and add measures to the existing contract. Additional measures include allowing weatherization on individually-metered multifamily complexes and allowing full weatherization of all electric single family homes. | On Target |
| 2.4 - Generate new resources for affordable housing through state programs, grant and private funding opportunities | | |
| Benchmark | Comments | Status |
| Pursue two new funding sources | Submitted \$250k grant application for USDA Rural Community Development Initiative for Regional Housing Authority capacity building (application denied) and \$25,000 grant application to the Bank of America Foundation for the NM Affordable Housing Charitable Trust (application denied). Colonia Infrastructure Board has agreed to ask NM Attorney General for an opinion on applicability of Affordable Housing Act (AHA) on the Colonia Infrastructure Fund (CIF). Letter to AG has been drafted and MFA has provided an addendum making the case that CIF funds can be used for affordable housing on private land as long as all AHA requirements are met. Expect letter to be submitted to AG in near future. | Met |
| Priority 3 - Effective Partnerships | | |
| 3.1 - Develop the expertise and capacity of Regional Housing Authorities to provide a range of affordable housing services statewide | | |
| Benchmark | Comments | Status |
| Provide Regional Housing Authority specialty training to enhance organizational capacity | Held individual on-site meetings with the Regional Housing Authority Executive Directors and staff to determine additional training and technical training needs, such as policy setting, conflict resolution, federal program regulations, Housing Quality Standards, Uniform Physical Condition Standards, and Internal Controls. The 2015/2016 budget has been completed and includes training and technical needs noted. The Joint Powers Agreement and budget have been submitted to the Department of Finance Administration for review and approval. | On Target |
| Assist Regional Housing Authorities with consolidation or transfers of troubled Public Housing Authorities | Northern Regional Housing Authority (NRHA) and Cimmaron Housing Authority are working together to consolidate. NRHA has also received confirmation from the City of Grants that it wishes to consolidate with NRHA. Resolutions are forthcoming. | On Target |
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Priority 3 - Effective Partnerships

3.1 - Develop the expertise and capacity of Regional Housing Authorities to provide a range of affordable housing services statewide

| Benchmark | Comments | Status |
|--|---|-----------|
| Hold three peer exchange meetings annually | A second peer exchange meeting was held on June 11, 2015. Items for discussion included brainstorming about training and technical assistance in needed areas and inclusion of these items in the FY 2015/2016 budget. In addition, the Regional Housing Authority Executive Directors followed up about sharing services and expertise through memorandums of understanding. | On Target |
| Implement one new service or program as capacity and funding allow | Northern Regional Housing Authority (NRHA) has been selected as a Linkages sub-grantee. NRHA will administer the housing services, while Tri-County Community Services will administer the supportive services. | On Target |

3.2 - Provide quality training and technical assistance to our partners

| Benchmark | Comments | Status |
|---|---|-----------|
| Assist three local governments in creating affordable housing plans and ordinances | In FY 2015, MFA has provided training and technical assistance on affordable housing plan development to the following 17 local governments to create or revise 14 affordable housing plans: Rio Arriba County / City of Española, Harding County, Doña Ana County, Village of Ruidoso, Village of Los Lunas / Valencia County, City of Santa Rosa / Guadalupe County, Bernalillo County, Eddy County, City of Carlsbad, City of Albuquerque, City of Roswell, City/County of Socorro, City of Santa Fe and City of Las Cruces. | Met |
| Hold 12 outreach meetings | In addition to 11 outreach meetings conducted in Quarter 1, in Quarter 3, the Community Development Department conducted 7 outreach meetings; Asset Management conducted 6 outreach meetings and Housing Development conducted 2 outreach meetings, one of which was a tribal training on the NM Energy\$mart program. Outreach also occurred with new entities interested in the House by House Rehab program: City of Sunland Park, Los Alamos Housing Partnership, and Mescalero Apache Housing Authority. | Met |
| Provide directed management and/or administrative technical assistance to at least three organizations | Provided targeted administrative assistance for the House by House Rehab program to the following agencies: Native American Housing Consultants, Okhay Owingeh Housing Authority, Town of Silver City. | Met |
| Facilitate five stakeholder meetings with non-profits, owners/managers, developers and servicing partners | Presentations were made at quarterly Behavioral Health Collaborative meetings held in January and April 2015 regarding supportive housing gaps and HUD's Section 811 program. Held a Linkages meeting with all providers and provided fair housing and programmatic training. Held a WAP (Weatherization Assistance Program) PAC meeting that included funders and service providers in April 2015 and a NM Energy\$mart Peer Exchange meeting. | On Target |

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

| Benchmark | Comments | Status |
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Priority 3 - Effective Partnerships

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| Benchmark | Comments | Status |
|---|--|-----------|
| Develop state legislative agenda and lobby for appropriations and policy | MFA developed its state legislative agenda and had it approved by the MFA Legislative Oversight Committee in 2014. MFA produced tri-fold and cards for each piece of legislation and distributed these to legislators. Web alerts were sent to targeted constituents by MFA program managers when MFA bills were heard during the session. MFA received funding/approval for the following during the 2015 Legislative Session: SB250: \$250k for Affordable Housing Act administration, SB50: \$200k for Regional Housing Authority oversight, SB61: Amendment of the Affordable Housing Act, SB62: Amendment of the Affordable Housing Tax Credit Act. \$50,000 in homeless funding was also received. | Met |
| Develop federal policy priorities and communicate them to NM's congressional delegation | MFA developed its annual letter of federal policy priorities and provided it to the NM Congressional Delegation. Because MFA did not attend the NCSHA Legislative Conference due to weather-related flight cancellations, staff has requested in-state meetings with each member. MFA's 2015 federal policy priorities include: protect housing bonds and the housing credit in tax reform, expand the LIHTC program, allow GNMA securitization of Risk Sharing loans, restore HOME funding, support weatherization programs. | Met |
| Undertake year-round outreach with state and federal officials | State outreach: Secured sponsors for 2015 MFA state legislation. Outreach included LOC meetings and individual meetings with state legislators. Met and coordinated with new LOC Chair Rep. Alonzo Baldonado and new LOC member Rep. Jimmie Hall. Met with Rep. David Gallegos regarding southern NM housing needs and Rep. Lucky Varela regarding rehabilitation program. Federal outreach: Requested federal support 1) in appealing a HUD sanction of the Northern Regional Housing Authority (appeal granted October 2014), 2) for increased HOME funding (Dear Colleague letter, March 2015), and 3) for preservation of affordable housing programs and funding in FY2016 spending bills (emails, June 2015). Attended a property tour of Casitas de Colores/Silver Gardens along with Senator Heinrich and his staff. | On Target |

3.4 - Increase visibility and public awareness of MFA

| Benchmark | Comments | Status |
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| Develop and update MFA materials including brochures, annual report and Housing Services Directory | MFA promotional video has been produced. Affordable Housing Act manual has been edited, designed and printed and is being distributed. 40th anniversary commemorative book is in production. New collateral is being developed for new Homeownership programs. All other collateral is up-to-date and in stock. | On Target |
| Organize public events and outreach | Organized sponsorships, display booths and/or giveaways for Keller Williams golf tournament, the Bankers Association conference, Clovis golf scramble, the NM Municipal League and the RANM fall conference. Handled media outreach for YES grand opening in Gallup. Working with committee to plan 40th anniversary open house. Redesigned and created yard signs for weatherization crews. Installed worksite signage in Albuquerque and Hobbs. Participated in KUNM radio Call-In Show on affordable housing in July. | On Target |
| Maintain website content and database | 40th anniversary website is launched. Website and database are up-to-date. | On Target |

| Priority 4 - Expanded Homeownership Opportunities | | |
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| 4.1 - Utilize best financing executions for MFA's homeownership program | | |
| Benchmark | Comments | Status |
| Average internal rate of return on traditional single family bond programs equal to or greater than 14 percent | The internal rate of return for traditional single family bond programs for fiscal year 2014 is 16.22%, which is 2.22% above the benchmark. | Met |
| Average internal rate of return on pass through single family bond programs equal to or greater than 100 percent | The internal rate of return on pass through single family bond programs for fiscal year 2014 is 263.64%, which is 163.64% above the benchmark. | Met |
| Mortgage rates no more than 25 basis points above traditional market | MFA is continuing to maintain competitive mortgage rates with the local market. The weighted average rate of MFA loans is 4.02% and the local mortgage rate average is 4.13% for the period 10/1/14 through 6/30/15. | On Target |
| Spread for bond issues of 1.1 percent to 1.125 percent | No bond transactions were undertaken in Quarter 3 of fiscal year 2015. However, 2015 Series D will close in Quarter 4 but is a federally taxable transaction and is not subject to spread limitations. In Quarter 2, 2015 Series A was closed with a spread of 1.124%. | On Target |
| Administrative fees of at least 18 basis points on all bond issues | No bond transactions were closed in Quarter 3 of fiscal year 2015. However, 2015 Series D will close in Quarter 4 and has an expected administrative fee of 2.358%. | On Target |
| Profitability of 1.5 percent on TBA executions | For Quarter 3, MFA successfully maintained a threshold of 1.50% on TBA executions by adjusting mortgage rates as required. Our net profitability since program inception is 2.37%. | On Target |
| 4.2 - Implement innovations in single family mortgage products and servicing to address customer needs and make MFA more competitive | | |
| Benchmark | Comments | Status |
| Provide mortgage financing to 1,150 homebuyers | As of 06/30/2015, MFA has provided mortgage financing to 867 homebuyers throughout the state of New Mexico. | On Target |
| Maintain MFA single family market share at 26.5 percent or greater | As of 06/30/2015, MFA has a single family program market share of 37.84%, which includes all purchase, first mortgage FHA loans originated by MFA approved lenders from 06/01/2014 through 05/31/2015. | On Target |
| Maintain loan defaults, workouts and foreclosures to MFA below 2.30 percent | As of 6/30/2015, loan defaults, workouts and foreclosure losses to MFA were 1.04 percent | On Target |
| 4.3 - Increase awareness and use of MFA mortgage products through marketing and REALTOR®/lender outreach | | |
| Benchmark | Comments | Status |
| Create and employ targeted marketing for specific groups of potential homeowners | Development of marketing system for new programs has begun. Initial outreach will be to lenders and Realtors; second phase will target potential homebuyers. Partnering with Legacy Mortgage on incentive program for homebuyers using the HERO program. | On Target |
| 4.4 - Expand MFA's presence in housing and credit counseling | | |
| Benchmark | Comments | Status |
| Provide homebuyer counseling to 1,150 homebuyers | As of 06/30/2015, MFA has provided homebuyer counseling to 1,113 new homeowners. | On Target |
| Priority 5 - Expanded Rental Opportunities | | |
| 5.1 - Foster sustainability of multifamily properties through sound underwriting and continual improvement of MFA financing programs | | |
| Benchmark | Comments | Status |
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| Priority 5 - Expanded Rental Opportunities | | |
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| 5.1 - Foster sustainability of multifamily properties through sound underwriting and continual improvement of MFA financing programs | | |
| Benchmark | Comments | Status |
| Evaluate at least one software alternative for the Low Income Housing Tax Credit program | Preliminary meetings held with Emphasys software vendor to plan product demonstration in Quarter 4. MFA will request upfront information on pricing from this company and other vendors on our list to determine if a full request for proposal is required. | On Target |
| Evaluate HUD's risk rating system for use at MFA | Objective team members continue the evaluation process. Work on this objective has been expanded to include participation with HUD on their Real Estate Assessment System financial data and analysis initiative. | On Target |
| 5.2 - Preserve existing properties through proactive oversight of MFA's portfolio and collaboration with property owners and managers | | |
| Benchmark | Comments | Status |
| Yield a net increase of multifamily rental units in MFA's portfolio | Multifamily units will be measured and reported in Quarter 4. | On Target |
| Yield a collection rate of 95 percent or greater for compliance monitoring and fees | MFA's collection rate exceeded 95% for compliance monitoring fees, as of March 31, 2015. | Met |
| Provide at least three formal training events to housing partners | MFA provided three trainings: (1) October 31, 2014 Monarch Properties, Inc. and Santa Fe Civic Housing Authority regarding Santa Fe Community Living project; (2) November 12, 2014 Qualified Allocation Plan training on Low Income Housing Tax Credits; and (3) December 4, 2014 NM Tribal Homeownership Coalition meeting and training on health care exchange, Section 184, Happy Trails, NAHASDA income calculations and 2015 projections. | Met |
| Inventory archive of completed 8609 forms | MFA staff continue the collection of 8609 forms. Additional outreach efforts were conducted this quarter. | On Target |
| Modify staff guidelines to increase owner response to closing out monitoring findings and deficiencies | Initial strategy meetings were held with staff in December 2014. Monitoring guidelines were developed to address the closeout of monitoring findings and deficiencies. Guidelines were implemented and phased in with the 2015 monitoring work plan which began in February 2015. | Met |
| 5.3 - Evaluate and utilize new resources to address increased demand for rental housing | | |
| Benchmark | Comments | Status |
| Evaluate or begin implementing two new resources for rental housing | MFA executed a service contract with a housing consultant to evaluate the feasibility of Multifamily Accelerated Processing (MAP) lending and the USDA-HFA 538 loan program. It will be presented to MFA and evaluated in Quarter 4. | On Target |
| 5.4 - Continue to serve as New Mexico's Project-Based Contract Administrator for HUD Section 8 | | |
| Benchmark | Comments | Status |
| Continue to earn 100 percent base fees for PBCA contract | To date, MFA billed and received \$715,392 in base fees for successful completion of all required contract duties. | On Target |
| Research HUD federal procurement requirements | In May HUD executed an extension of MFA's existing contract until December 31, 2016. Key staff continue to stay in communication with Housing Finance Authority advocates and federal procurement attorneys in Washington D.C., as we all await further guidance on the future of this contract. | On Target |