

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

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

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

Present

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

Absent

Sen. Leonard Lee Rawson

Advisory Members

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

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

Staff

Chase Van Gorder, Staff Attorney

Guests

The guest list is in the meeting file.

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

Wednesday, December 3

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

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

Regional Housing Authorities — MFA Oversight and Update

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

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

Low-Income Housing Tax Credits Program — Overview

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

Minutes

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

2009 MFA-Sponsored Legislative Initiatives

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

Other 2009 Housing-Related Legislative Initiatives

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

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

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

Adjournment

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