

**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.