

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

**September 5, 2008  
Mortgage Finance Authority Office  
344 Fourth Street SW  
Albuquerque**

The fourth meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, at 10:12 a.m. on Friday, September 5, 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  
Sen. Leonard Lee Rawson

**Absent**

Rep. Teresa A. Zanetti

**Advisory Members**

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

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

**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.

**Friday, September 5**

**New Mexico Mortgage Finance Authority (MFA) Update**

Jay Czar, MFA executive director of programs, updated the committee on MFA events and activities. Mr. Czar reviewed the results of the special legislative session and emphasized the need to get legislators full and correct information on MFA-supported legislation. Mr. Czar also presented a summary of the federal Housing and Economic Recovery Act of 2008 and its

implications for the MFA. The MFA may be able to obtain funding for homebuyer counseling, for counseling of homeowners facing foreclosure and for acquisition of abandoned or foreclosed properties.

### **Minutes**

Upon a motion by Representative Gonzales that was duly seconded by Senator Rodriguez, the committee approved without objection the minutes from the August 4, 2008 meeting of the Mortgage Finance Authority Act Oversight Committee.

### **Regional Housing Authorities — MFA Oversight and Update**

Richard Chavez, MFA regional housing authorities liaison, updated the committee on the activities and status of the regional housing authorities. Regions IV and VI now have a full complement of board members; Region III continues with its present board members. Region II has been absorbed by the Santa Fe Civic Housing Authority. The Mid-Region Council of Governments continues to operate Region III. Twelve of the 14 lease/purchase homes now are available for sale; one in Grants was recently sold. The nonprofit arm of Region VI is now operating Region IV. The Region IV financial situation has improved and is now in the black. Although Region IV has a listing of "troubled" status with the federal Department of Housing and Urban Development, it is anticipated that this regional housing authority will move into "standard performer" status by June 2009. Region V is moving ahead with two development proposals, one of which is in Silver City. Region VI is continuing work to get its files and paperwork in order. Region VI is expanding its home ownership counseling program into Lea County and has begun a 20-unit development in Roswell. Region VI has also been awarded a contract for weatherizing 47 housing units.

### **Impact Fees — Update**

Jack Cloud, impact fee administrator of the City of Albuquerque, reviewed the provisions of the city's impact fees program that was adopted in 2004 for implementation in 2005. The program was phased in over three years and became fully phased in for fiscal year 2008. Impact fees are waived for affordable housing and for development in certain areas of the city. Sandy Fish, director of the Zoning, Planning, Building and Environmental Health Department for Bernalillo County, reviewed the county's impact fee program that was initially adopted in 1996. Impact fees are used to finance the capital facilities needed to accommodate new growth. The assessments were phased in over time but have not exceeded 75 percent. The program was reviewed and revised in 2002 and 2006. At this time, impact fees are waived for affordable housing that is valued at \$130,000 or less. Robert Lupton of the Wilson Lupton Group, Inc., gave a PowerPoint presentation addressing the effect that impact fees have had on housing affordability.

### **Inclusionary Zoning — Update**

Ted Swisher, senior planner with the Office of Affordable Housing for the City of Santa Fe, addressed the committee regarding the Santa Fe "Homes Program Ordinance". The program is intended to have affordable housing units built and integrated with regular market housing in order to promote diversity, economic development and employee retention. He stated that

median house price is seven times median income while affordable housing is three times median income. The program requires 30 percent of all new ownership housing to be affordable for families earning below the area mean income and 15 percent of all new rental housing to be affordable for families earning below 80 percent of the area mean income. Families must be income-certified when they move into an "affordable" housing unit. Developers within the program receive a 15 percent density bonus and a reduction or waiver of specified municipal fees. In cases of extreme hardship, developers may be permitted to build the affordable housing offsite. Over the past two years, there have been 19 agreements entered into, resulting in 455 "affordable homes" and 297 "affordable rental units".

Ron Pacheco, housing manager for the Santa Fe County Housing Authority, described Santa Fe County's affordable housing program. Adopted in 2006, the program's stated purpose is to provide increased housing opportunities within a broad range of incomes for current and future residents of Santa Fe County and to encourage new development to achieve a reasonable balance between market rate housing and affordable housing through the use of incentives and other means to help offset potential costs. One problem is that the county is losing its work force because workers cannot afford to live in the city or county and there is a need to incentivize developers to build affordable housing.

Michael Chapman, president of Chapman Homes, discussed the city's and county's affordable housing programs from the perspective of the private developer. He asserted that the program does not create affordability, but simply passes the cost of "affordable" housing units to market-rate buyers. The subsidies for affordable housing can be \$100,000 to \$150,000 per affordable home, increasing the cost of market-rate homes between \$10,000 and \$50,000 per market-rate unit. He stated that the community's responsibility to provide affordable housing is ignored and placed instead upon the buyers of market-rate homes. These families pay a hidden tax for which they get no credit. Mr. Chapman also indicated his belief that the program constitutes an unconstitutional taking of property without compensation as the density bonuses do not offset the increased development costs. Mr. Chapman also raised questions regarding who benefits from any increase in the price of affordable housing units and whether buyers of such units will ever be able to leave them and move into market-rate housing. He views the program as unacceptable social engineering and believes inclusionary zoning is fundamentally wrong.

### **Adjournment**

There being no further business before the committee, the fourth meeting of the Mortgage Finance Authority Act Oversight Committee for the 2008 interim was adjourned at 1:45 p.m.