

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

**August 22, 2006
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The third meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Daniel P. Silva, chair, on August 22, 2006 at 10:14 a.m. Representative Silva stated that he looks forward to working with the committee and acknowledged Representative Luna's dedication to the committee.

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
Rep. Teresa A. Zanetti

Absent

Advisory Members

Sen. John T.L. Grubestic
Sen. Richard C. Martinez
Rep. Harriet I. Ruiz

Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. Steven P. Neville
Sen. H. Diane Snyder

Staff

Ramona Schmidt

MFA Staff

Linda Bridge
Michelle Den Bleyker
Jay Czar
Lionel Holguin
Sandra Marez
Joseph Montoya
Erin Quinn
Ernest Rodriguez-Naaz

Tuesday, August 22

Mr. Czar introduced Linda Bridge, director of the MFA Housing Development Department, who presented before the committee on the funding tools for affordable housing development. She introduced Michelle Den Bleyker, program manager, and then spoke about the programs and what has been funded. The programs reviewed included the Primero Loan Program, which is funded with MFA housing opportunity funds that allow for flexibility. This program is commonly used for predevelopment and construction financing; long-term loans for special initiatives such as tribal trust lands and colonias; and loan guarantees. Ms. Bridge stated that \$8,848,039 has been funded to date and \$7,650,359 has been funded since the program was restructured in 2002. She noted there have been 2,945 units assisted since the program was established in 1993.

Ms. Bridge reviewed the REVIVE Rehab Program at the Pueblo of Laguna, which targets individuals with very low incomes, and uses funding from the Primero Loan Program. Ms. Den Bleyker then reviewed the 542(c) FHA-Insured Mortgage Program and the USDA Rural Housing 538 Guaranteed Rural Rental Housing Program in risk-sharing. She noted the program is used for construction and permanent financing for rental housing. She stated \$127,076,800 has been funded to date and there have been loans to 3,622 units, including Aspen Ridge in southeast Albuquerque, Vista Montana in Las Cruces and the Sawmill Lofts in Albuquerque. The tax-exempt bond financing includes using private activity bond volume cap multifamily project allocations to finance rehabilitation or new construction of multifamily housing from the State Board of Finance, which is a qualified issuer of 501(c)(3) bonds with no bond cap needed.

In response to a request by a committee member, Mr. Czar stated that a financial update would be provided to committee members at the next meeting. Discussion occurred as to the interaction of the State Board of Finance when deciding what projects are approved for funding, and it was noted MFA is not always the bond issuer.

Ms. Den Bleyker stated the Federal Low-Income Housing Tax Credit (LIHTC) provides tax benefits to private sector investors in exchange for investments in affordable housing. It is the deepest federal subsidy for rental housing and can fund more than 50 percent of the financing needed to develop a project. LIHTC encourages private investment in low-income housing. There has been \$456 million allocated to date, with 11,548 units produced in 25 counties since MFA began administering the program in 1997. Examples of projects funded include Casa Bonita in Albuquerque. Examples of median income in the state were also reviewed.

The HOME Investment Partnerships Program for rental development includes "gap" financing that enhances affordability of rental developments. Ms. Den Bleyker stated \$23,228,420 has been funded to date and 3,061 units have been funded since MFA began administering the program in 1997. She said examples of projects funded include the Azotea senior apartments in Alamogordo and Casa del Rio in Truth or Consequences. Single-family development funding sources were reviewed, including Habitat for Humanity of Valencia County as an example of a funded project. Also reviewed by Ms. Den Bleyker was the New Mexico Affordable Housing Tax Credit, which grants tax credits to individuals, businesses and local governments that provide donations to affordable housing projects. She noted that the

program includes eligible donations of land, buildings, cash and services and that credit given is equal to 50 percent of the value of the donation.

Ms. Den Bleyker reminded the committee members that the New Mexico Housing Trust Fund was created in the 2005 legislative session and was capitalized by a \$10 million appropriation from state capital outlay, with an additional \$1 million funded in 2006. She stated that the program assists with infrastructure cost components of a wide range of activities and that applications are evaluated based on capacity, leverage, cost reasonableness, need and readiness. Funding priorities include home ownership housing development, workforce housing development, underserved geographic areas, short-term financing and low-income targeting. Ms. Quinn noted that this has been a great investment by the state because the \$10 million in state funding has leveraged over \$120 million in other funding sources. Ms. Den Bleyker shared some of the successes that have occurred, including 15 awards to 12 different projects representing over 20 different areas of the state. She noted that three projects have combined the New Mexico Housing Trust Fund and state tax credits and many others are combining these with HOME, federal tax credits or Primero. Examples include 21 new single-family housing units in Vado/Del Cerro, 64 new workforce housing rental units in Deming and four new rental town homes for AIDS patients and their families in Albuquerque.

MFA staff shared current constraints and gaps. Among those are the constitutional amendment to enhance an existing affordable housing exception to the anti-donation clause that is on the November 2006 ballot; rising costs/price appreciation; emergency needs constrained by federal requirements (especially for rehabilitation of existing units); funding for single-family development; funding for rental and operational assistance; and non-debt funding for special needs housing and shelters. Mr. Czar noted that with the recent rains occurring in the state, there is the growing issue of dealing with leaking roofs and possible structural damage. He said that currently, when using rehabilitation funds, all other code requirements must be met within the home, including wiring, structural, etc., but the proposed state constitutional amendment may help address this issue if funding is made available. The committee suggested working with the New Mexico congressional delegation to address federal issues that may affect emergency repairs and federal funding but noted there are federal regulations in place that apply to national disasters. A committee member noted that there are CID code issues with two competing building codes that would need to be addressed. Committee staff was asked to research this issue. Ms. Bridge noted that funding has an impact on all of these issues.

Joseph Montoya, deputy director, announced there will be an official opening of Casa Rufina in Santa Fe on Wednesday, August 30, from 11:30 a.m. to 1:00 p.m.

Discussion occurred as to the criteria involved when addressing rehabilitation versus rebuilding existing damaged housing units.

Senator Rawson asked staff for an update on the committee's June 20 request to submit a letter to Speaker Lujan regarding Mr. Gallegos' role as a member of the New Mexico Housing Trust Fund Advisory Committee. Ms. Schmidt informed the committee that a letter had been

prepared for Representative Luna's signature but had not been returned. Senator Rawson made a motion that the letter be redrafted for Representative Silva's signature due to Representative Luna's departure. Committee members discussed issues related to the letter and Representative Luna's resignation. Senator Rawson asked staff to provide to each committee member a copy of the letter prepared for Representative Luna's signature, a letter clarifying Representative Luna's departure as chair of the committee and documentation of the New Mexico Housing Trust Fund Advisory Committee members and meeting attendance.

There being no further business, the committee adjourned at 12:20 p.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service library.