

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

**July 28, 2005
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The second meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, on July 28, 2005 at 10:15 a.m.

Present

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Sen. Mark Boitano
Rep. Harriet I. Ruiz

Absent

Rep. Thomas A. Anderson
Sen. Cisco McSorley
Sen. Leonard Lee Rawson
Rep. Teresa A. Zanetti

Advisory Members

Rep. Roberto "Bobby" J. Gonzales
Sen. Phil A. Griego
Sen. Richard C. Martinez
Sen. H. Diane Snyder

Rep. Daniel R. Foley
Sen. John T.L. Grubestic
Sen. Steven P. Neville
Rep. Daniel P. Silva

Staff

Ramona Schmidt

MFA Staff

Isidoro Hernandez
Lionel Holguin
Sandra Marez
Katherine Miller
Erin Quinn
Renee Roberts

Thursday, July 28

The committee members introduced themselves to the audience. Izzy Hernandez noted that, at the request of committee members, the roles of various agencies in administering federal Department of Housing and Urban Development (HUD)-funded programs would be addressed at today's meeting and would include presentations by partners of the MFA regarding information on Section 8 programs. Mr. Hernandez noted there are several housing programs offered and

reviewed the programs and the marketing process for each program. He clarified that Section 8 has been expanded to allow the voucher to pay for a partial mortgage and is no longer limited to rentals. He further noted that the MFA does not administer the Section 8 programs; rather, the public housing authority keeps those records.

Floyd Duran from HUD addressed the regional and local public housing authorities. Mr. Duran stated that the Section 8 program is the largest program within HUD and is now known as the Choice Voucher program. Mr. Duran reviewed a housing choice voucher fact sheet and noted that the program has changed from its inception. It was noted that the market analysis occurs annually to adjust rent. The amount available for a down payment is \$15,000 and a portion would need to be repaid if resold within 10 years. The criteria for qualification are the same for rental or purchase. In response to a question as to how local housing authorities could apply for participation in the program, Mr. Duran stated that they need to provide an implementation plan. Across the state of New Mexico, the average income for a family of four is \$21,000 to qualify for rental or home ownership. Mr. Duran noted there are 42 city or local housing authorities and four regional housing authorities using the public housing program.

An overview of the Section 8 Choice Voucher program was presented by Richard Chavez, Alan Fowler and Karen Wilson. Mr. Chavez reviewed the handout addressing the Bernalillo County Housing Department Section 8 Voucher Choice Homeownership program. Mr. Chavez noted that the Bernalillo County Housing Department administered 2,016 Section 8 vouchers, 21 public housing units and 40 new construction units. He stated that when it was initially begun, it was open to everyone in the Section 8 program; however, all are still required to meet credit worthiness just as any other buyer. Mr. Chavez stated the success of the program is due in part to the partnerships with programs such as the MFA and lenders such as Suburban Mortgage Company of New Mexico.

Mr. Chavez noted that home ownership counseling is required, which keeps foreclosure rates low. He noted that a rider has been placed on the purchase agreements so that the program will be notified of late payment or if the note is sold to limit foreclosures. Of the 114 closings, almost half have involved individuals with disabilities. Families are recertified on an annual basis. Mr. Chavez reviewed the payment processes in place. Outside of the "unincorporated" communities, \$15,000 is available through the MFA Smart Saver program for down payment assistance and closing costs. Mr. Chavez noted that the program has overseen over \$10 million in housing sales in Bernalillo County. Mr. Chavez reviewed the family demographics for the homeownership program in the Bernalillo County Housing Department. This is a starter program to get individuals into homeownership for the first time.

Senator Rodriguez noted that there has been discussion to increase alternative energy sources in affordable housing and acknowledged MFA staff efforts in that area. Discussion occurred as to the difficulty of affordable housing in Santa Fe County based on the formula used by the federal government to set the price of affordable housing.

Karen Wilson stated that Santa Fe County is in the process of beginning a homeownership program and based on discussions of the median price of homes in Santa Fe

County, there will be problems that limit some of the purchasing power with the voucher program.

Alan Fowler, president of Suburban Mortgage Company, stated that his company has been involved with MFA since its inception and noted that it is a gratifying partnership. Mr. Fowler reviewed the three issues looked at when making a loan: the lender's ability to repay a loan, the willingness to repay a loan and the collateral if the lender is unable to repay the loan. He noted that the individuals eligible for the program are having more difficulty purchasing in higher cost areas with the \$15,000 down payment available through the MFA since larger down payments are required. Representative Gonzales noted that Taos would soon be facing the issues faced in Santa Fe County with increasing prices of homes and increasing discrepancies in incomes.

The presenters were asked to address what may contribute to the 100 percent success rate in the program as well as what barriers are faced as: a lender, a start-up program in Santa Fe County and a housing authority. Mr. Fowler stated that the issues allowing for the 100 percent success rate are that the program services its own loans, has personal relationships with lenders and uses the capacity of the nonprofits with their hands-on ability to gain trust and provide counsel to homeowners. Mr. Chavez noted that the biggest single obstacle faced by the Bernalillo Housing Authority is the credit issues of the families applying. He said the state has done a tremendous job getting rid of obstacles through legislation such as the Affordable Housing Act, the Housing Trust Fund Act and the tax credit program that allows expansion of affordable housing throughout New Mexico. It was noted by the panel that the greatest factor involved with cleaning up credit is steady employment.

Renee Roberts invited the committee members and staff to attend the MFA open house on September 20 from 3:00 p.m. to 6:00 p.m. as a thank you to all of those involved in the success of the MFA.

A motion was made to approve the minutes from the June meeting, which was seconded and unanimously adopted. There being no further business to be considered at this meeting, the committee adjourned at 11:50 a.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.