

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

**August 24, 2016  
New Mexico Mortgage Finance Authority Office  
344 Fourth St. SW  
Albuquerque**

The third meeting of the 2016 interim of the Mortgage Finance Authority Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, at 10:05 a.m. on August 24, 2016 in the New Mexico Mortgage Finance Authority (MFA) office in Albuquerque.

**Present**

Sen. Nancy Rodriguez, Chair  
Rep. Alonzo Baldonado, Vice Chair  
Sen. Lee S. Cotter  
Rep. Kelly K. Fajardo  
Rep. James Roger Madalena  
Sen. Cisco McSorley

**Absent**

Rep. Roberto "Bobby" Gonzales  
Sen. Stuart Ingle

**Advisory Members**

Rep. Bealquin Bill Gomez  
Sen. Richard C. Martinez  
Sen. Michael Padilla

**Absent**

Rep. George Dodge, Jr.  
Rep. Jimmie C. Hall  
Sen. Bill B. O'Neill  
Sen. Gerald Ortiz y Pino  
Sen. Sander Rue

**Staff**

Mark Edwards, Drafter, Legislative Council Service (LCS)  
Sharon Ball, Senior Researcher, LCS  
Anna Martin, Intern, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**Wednesday, August 24**

**Approval of Minutes**

Upon a motion made by Representative Baldonado and seconded by Representative Madalena, the minutes of the MFA Act Oversight Committee meeting on July 28, 2016 were approved without objection.

**Introductory Remarks**

Isidoro "Izzy" Hernandez, deputy director of programs, MFA, welcomed the committee and briefly commented on activities by MFA's administrative staff. He said that the MFA had conducted regional meetings around the state and met with good participation from private lenders, advocates for the homeless, housing providers and others. Mr. Hernandez said that the meetings identified two critical needs within the population challenged by homelessness: 1) expanded transitional housing capacity; and 2) development of financial literacy.

Mr. Hernandez said that the annual MFA Board of Directors retreat also focused on these issues. The board received a presentation from Mesilla Valley Community of Hope Executive Director Nicole Martinez on helping the homeless transition to permanent housing. Mr. Hernandez said that the MFA has also contracted with the University of New Mexico Bureau of Business and Economic Research to conduct a statewide survey of apartments, including, numbers of units, vacancy rates, age of the apartment structures and other rental data. Mr. Hernandez then introduced Shawn Culver as the MFA's new director of housing development.

**Regional Housing Authority Update**

Rose Baca-Quesada, director of community development, MFA, presented an overview of the MFA's history with regional housing authorities (RHAs) and the current status of RHAs. In 1970, the legislature created seven RHAs to develop affordable housing. These RHAs had bonding capacity and eminent domain authority and were autonomous entities with no state oversight. The actual ability of these original RHAs to obtain federal funding and provide affordable housing was very uneven, Ms. Baca-Quesada said. In 2006, a default on a \$5 million state bond by the RHA that covered Sandoval, Bernalillo, Valencia and Torrance counties placed that RHA in receivership, and the Mid-Region Council of Governments took over administration of that housing program. The incident led to a reexamination of the entire RHA system by the MFA, the MFA Act Oversight Committee and the Legislative Finance Committee, which culminated in legislation that restructured the RHAs in 2009, Ms. Baca-Quesada said.

RHAs are now consolidated into three regions (Northern, Eastern and Western) that cover the entire state, excluding the urbanized counties of Santa Fe, Bernalillo and Dona Ana, Ms. Baca-Quesada said. She said that local housing programs within the urban areas are large enough that they would not benefit from consolidation into a region. RHAs no longer have bonding capacity or the power of eminent domain, and the MFA has a strong oversight role in their management. The MFA:

- provides training and technical assistance to the RHAs;
- reviews annual RHA audits and operational reports;
- approves RHA financial and asset transactions over \$100,000; and
- approves RHA board commissioners and executive directors.

Ms. Baca-Quesada then turned to the work conducted by the RHAs. She indicated that the RHAs run their own programs to develop low-rent housing and manage regional systems for the U.S. Department of Housing and Urban Development's (HUD's) "Section 8" housing assistance vouchers (Section 8 vouchers). She said that each of the RHAs assists with the Linkages program, a voucher program for homeless people with severe mental illness. The RHAs also help leverage resources for local public housing authorities and act as a safety net if a local housing authority is struggling. The RHA safety net helps ensure that an area does not lose federal affordable housing funding due to a shortfall in local capacity.

Ms. Baca-Quesada then reported on the status of each RHA as follows.

*Eastern RHA:* The Eastern RHA has consolidated with local housing authorities in Eunice, Vaughn and Lovington and provides assistance to six other public housing authorities. It maintains 155 low-rent units and manages 1,892 Section 8 vouchers. It recently concluded a contract for 16 low-rent units in Eunice and has an application through the MFA's Governor's Innovation in Housing — Revolving Loan Fund for 16 units in Jal.

*Western RHA:* The Western RHA provides assistance to five local housing authorities. None of the local housing authorities has merged with the Western RHA, but the Western RHA does have a skill-sharing memorandum of understanding with the El Camino Real Housing Authority. The Western RHA maintains 54 low-rent units and manages 911 Section 8 vouchers.

*Northern RHA:* The Northern RHA has consolidated with the local housing authority in Cimarron and is in consolidation negotiations with housing authorities in Cuba and Grants. It maintains 169 low-rent units and manages 448 Section 8 vouchers.

In responding to questions by committee members, Ms. Baca-Quesada stated that each county within a region is represented on an RHA board by one of the county's commissioners. She said that the regional locations were chosen by the HUD and by the local housing authorities. She also noted that local housing authorities have some flexibility as to their regional affiliation. For example, both Rio Arriba County and the City of Espanola had originally been included in the Santa Fe urban area. Rio Arriba County requested to be moved into the northern RHA, but the City of Espanola elected to remain with Santa Fe.

Regarding Native American housing authorities, Ms. Baca-Quesada stated that they are stand-alone entities with HUD oversight. Mr. Hernandez added that the MFA has dedicated a staff position to Native American assistance, although the position is currently open. He said that the MFA has worked on rehabilitation of housing and housing assistance for Native Americans

in urban areas outside tribal lands. A committee member remarked that getting new affordable housing units on tribal lands is nearly impossible. Using the Pueblo of Jemez as an example, the member said that despite a growing need, no new housing units have been added in the last 25 to 30 years. Asked about who has the responsibility to maintain units on tribal lands, Mr. Hernandez said that it is up to each tribal housing authority and that the HUD has oversight responsibility.

Ms. Baca-Quesada was asked about the dramatic decline in Section 8 vouchers in Espanola. She indicated that the decline might not have been because of a lack of need, but because of a lack of local administration. She said that the HUD reviews the number of voucher requests each year, and vouchers get swept back if they are not re-allocated. She noted that the loss of vouchers may speak to the importance of the RHAs. The MFA keeps an "at risk" list of local housing authorities that are in danger of going into HUD receivership, and the RHAs may assist in the administration of Section 8 vouchers.

Responding to questions about the MFA's weatherization and housing rehabilitation programs, Mr. Hernandez said that the budget is about \$5 million for weatherization and \$2.5 million for rehabilitation annually. He said that the rehabilitation funding comes from the HUD and funding for weatherization comes from multiple sources, including the state's Low Income Home Energy Assistance Program (LIHEAP), the New Mexico Gas Company and Public Service Company of New Mexico (PNM), as well as other entities. Mr. Hernandez said that the number of home rehabilitations per year runs between 40 and 45; however, the number of weatherizations varies widely.

### **New Mexico EnergySmart Program Update**

Amy Gutierrez, New Mexico EnergySmart program manager, MFA, and Troy Cucchiara, green initiatives manager, MFA, gave the committee an overview of the MFA's home energy efficiency program. Ms. Gutierrez said that, on average, low-income households spend about 14% of their income on heating compared to a 3% average for middle-income households. In the 1970s, the U.S. Department of Energy (DOE) started funding home insulation and weatherizing programs. In New Mexico, that initial effort has since grown into a more comprehensive energy and water efficiency approach with multiple funding sources; the DOE, PNM and New Mexico Gas Company are the largest contributors. The program, New Mexico EnergySmart, has twin goals of enhancing cost-savings and safety. However, the waiting list for program assistance greatly exceeds current capacity. DOE regulations allow applicant households to be ranked according to whether they have disabled, children or elderly members. Households with high energy use are also prioritized.

Mr. Cucchiara said that while the program continues to assist with insulation and duct sealing, it also assists in replacing appliances and fixtures. He cited replacement of refrigerators, home heating systems and showerheads as examples. In particular, he noted that many low-income households use space heaters and gas ovens to provide heat. The danger these practices

present requires extra attention to the proper installation and venting of heating systems. He noted that proper venting is also important to reduce the buildup of radon gas.

Ms. Gutierrez said that the New Mexico EnergySmart program has gained a national reputation. Twenty-three other states now use the "Deck of Cards" field guide created by the program, and people are coming from out-of-state to be trained at the New Mexico EnergySmart academy.

Responding to committee questions, the presenters said that while some applicants do request materials for do-it-yourself weatherization and installation, it is not a large part of the program. A significant restriction for this type of assistance is the need for training. Some of the funding sources have strict technical certification requirements. However, applicants can help "buy-down" the costs of repairs such as replacement windows. The buy-down program is not advertised because the waiting lists are so long, and priority is based on the greatest need.

Asked why the waiting lists vary among counties, Ms. Gutierrez said that the two factors that drive funding allocations per county are the number of "cold days" per year and the percentage of people living in poverty.

### **Supportive Housing Update**

Lisa Huval, associate director, New Mexico Coalition to End Homelessness (NMCEH), said her organization includes 70 member entities from around the state. Ms. Huval spoke about New Mexico's participation in the national Zero: 2016 initiative. She said that in 2014 New Mexico was chosen as one of five states to participate in the initiative. The goals of the initiative are to end homelessness of veterans by the end of 2016 and to end chronic homelessness by the end of 2017. Zero: 2016 uses a functional definition of "zero", which means more people are housed each month than become newly homeless. In practice, that means that no one should remain homeless for longer than 30 days. She said the mayors of Albuquerque, Las Cruces and Santa Fe have committed their cities to a parallel "Mayors Challenge to End Veteran Homelessness".

To achieve the goals of Zero: 2016, Ms. Huval cited several transitional housing, rapid re-housing and permanent supportive housing programs currently funded by the U.S. Department of Veterans Affairs (VA) and the HUD. She also noted the permanent supportive housing assistance provided by New Mexico's Linkages program and Albuquerque's Housing First program. She said that a key element required by the HUD for the Zero: 2016 initiative has been the creation of a coordinated assessment system (CAS). The CAS is a database designed to identify households experiencing homelessness, the degree of vulnerability and appropriate available housing resources. Since October 1, 2014, 4,308 households have completed a common assessment and have been entered into the CAS.

At the end of July 2016, 124 homeless veterans are identified in the CAS statewide. Ms. Huval pointed out that the number of newly identified homeless veterans in July was 37, and the

number housed was 34, so the state is approaching the Zero: 2016 functional goal for veterans. She said that the VA is putting more funding into its supportive housing program (known as VASH) to help achieve the Zero: 2016 veteran goal. However, she said that federal funding to achieve the goal to end chronic homelessness has not been at the same level as federal funding for veterans when compared to need. At the end of July, 837 chronically homeless households were in the CAS. In July alone, 104 new homeless households were identified, and 15 were housed.

To meet the challenge posed by chronic homelessness, Ms. Huval said that the NMCEH is seeking \$4.5 million in new funding to expand permanent supportive housing and rapid re-housing programs statewide.

**Recess**

The presentation on the Linkages program was postponed to a future meeting, and the committee recessed at 11:30 a.m. to take a tour of the YES Housing Imperial Building project.

**Adjournment**

Following a tour of the YES Housing Imperial Building project, the committee adjourned at 12:45 p.m. without objection.