MINUTES
of the
FOURTH MEETING
of the
ECONOMIC AND RURAL DEVELOPMENT COMMITTEE

September 14, 2017
Spaceport America
Truth or Consequences

September 15, 2017
Joint Meeting with the
Mortgage Finance Authority Act Oversight Committee
Gadsden Administrative Complex
Santa Teresa/Sunland Park

The fourth meeting of the Economic and Rural Development Committee (ERDC) was called to order by Representative Debbie A. Rodella, vice chair, on September 14, 2017 at 9:36 a.m. at Spaceport America in Truth or Consequences.

Present
Sen. Benny Shendo, Jr., Chair (9/15)
Rep. Debbie A. Rodella, Vice Chair (9/14)
Sen. Jacob R. Candelaria (9/14)
Rep. Rebecca Dow (9/14)
Rep. Rick Little
Rep. Matthew McQueen (9/14)
Rep. Jane E. Powdrell-Culbert
Rep. Nathan P. Small
Rep. Candie G. Sweetser

Absent
Sen. Ron Griggs
Rep. Tim D. Lewis
Rep. Patricia A. Lundstrom
Sen. Richard C. Martinez
Sen. Michael Padilla
Sen. John Pinto
Sen. Pat Woods

Advisory Members
Rep. Eliseo Lee Alcon (9/15)
Rep. Gail Armstrong
Rep. Alonzo Baldonado (9/15)
Sen. Craig W. Brandt
Rep. Kelly K. Fajardo (9/15)
Rep. Bealquin Bill Gomez (9/15)
Rep. D. Wonda Johnson
Rep. Patricia Roybal Caballero
Rep. Angelica Rubio (9/15)
Rep. James E. Smith

Sen. William F. Burt
Rep. George Dodge, Jr.
Rep. Joanne J. Ferrary
Rep. David M. Gallegos
Rep. Yvette Herrell
Sen. Carroll H. Leavell
Rep. Sarah Maestas Barnes
Rep. Rod Montoya
Sen. Mark Moores
Sen. Mary Kay Papen
Rep. William "Bill" R. Rehm
Rep. Patricio Ruiloba
Rep. Nick L. Salazar

Sen. William E. Sharer
Sen. Elizabeth "Liz" Stefanics
Sen. Bill Tallman
Rep. Linda M. Trujillo
Rep. Bob Wooley
Rep. Monica Youngblood

Guest Legislator
Sen. William P. Soules (9/14)

(Attendance dates are noted for members not present for the entire meeting.)

Staff
Shawna Casebier, Staff Attorney, Legislative Council Service (LCS)
Celia Ludi, Staff Attorney, LCS
Rebecca Griego, Staff, LCS

Guests
The guest list is in the meeting file.

Handouts
Handouts and other written testimony are in the meeting file.

Thursday, September 14 — Spaceport America, Truth or Consequences

Call to Order — Introductions
Representative Rodella called the meeting to order and welcomed members of the committee and guests to the meeting. Committee members introduced themselves.

Welcome and Updates from Spaceport America
Daniel Hicks, chief executive officer (CEO), Spaceport America, introduced his executive staff: Zach De Gregorio, chief financial officer; Melissa Kemper Force, general counsel; Dr. Bill Gutman, vice president of aerospace operations; and Chris Lopez, vice president of site operations. Mr. Hicks provided an update of the spaceport's status and activities, affirming that the primary purpose of the spaceport is to create jobs and revenue for the private and public sectors. Referring to his handout, Mr. Hicks said that the spaceport has received $9.2 million in customer revenue to date and the commercial space industry is growing. One hundred new jobs are expected to be created at the spaceport in fiscal year (FY) 2018 with an estimated $60,000 annual salary for each.

Spaceport America offers Federal Aviation Administration (FAA)-licensed horizontal and vertical launch areas on 18,000 acres to permanent tenants, including Virgin Galactic, SpaceX, UP Aerospace, EXOS Aerospace Systems & Technologies and EnergeticX's

Pipeline2Space. New Mexico offers unique advantages to the commercial space industry for the following reasons:

- it is sparsely populated;
- the high elevation (4,600-plus feet) means that spacecraft require less propulsion energy;
- 340-plus days of sunshine a year mean launches can be scheduled with relative confidence that weather will not interfere;
- insurance costs are lower because the area is not susceptible to natural events such as hurricanes and earthquakes;
- the remote location and 24/7 security offer privacy for competitive product development;
- the spaceport is a purpose-built commercial facility that has space for both build-to-suit tenancy and ad-hoc flight test campaigns; and
- perhaps most importantly, the spaceport is adjacent to White Sands Missile Range (WSMR), so Spaceport America tenants have access to 6,000 square miles of protected airspace with unlimited verticality.

Spaceport activity has increased steadily since 2007. In FY 2017, there were 14 vertical launches, one flight mission from the horizontal launch area, two launch system tests, two balloon missions and 60 launches during the inaugural Spaceport America Cup. The spaceport's growth is expected to be both in orbital and suborbital applications, with a focus on research and commercial transportation of cargo and personnel. The spaceport is currently working with WSMR and Boeing to develop new technology that allows returning crew transportation capsules from the International Space Station to land on land instead of in the ocean. The first successful launch of the new technology was in February 2017.

Mr. Hicks explained that the initial time line for expected economic development related to the spaceport was unrealistic, especially considering that all facilities required new construction. In contrast, the federal government gave California, Florida and Virginia billions of dollars worth of facilities due to the closure of federal programs. The spaceport is currently at about three percent of its projected full development and needs continuing investment to continue growing.

The spaceport also has a number of community outreach initiatives. It partnered with the Experimental Sounding Rocket Association to offer academia and industry a unique opportunity to collaborate and compete, and to inspire the next generation of aerospace engineers and scientists, by participating in a new annual event called the Spaceport America Cup, the first of which was held in June 2017. Students launched solid, liquid and hybrid rockets to target altitudes of 10,000 and 30,000 feet. There are plans to build on the Spaceport America Cup by adding more college-level events as well as events for industry and even high schools. The spaceport also works with educators across New Mexico, particularly in Dona Ana and Sierra counties, to prepare and deliver science, technology, engineering and mathematics content in and out of the classrooms to help prepare the next generation for space exploration and commercialization.

In April 2017, the spaceport organized the Spaceport America Relay Race from El Camino Real de Tierra Adentro National Historic Trail in El Paso, Texas, to the spaceport. There were 22 teams of 12 runners each that completed approximately 180 miles over two days. The race was supported by community and corporate sponsors and volunteers.

The spaceport will be requesting a 30 percent budget increase in FY 2019, which will bring it back to the FY 2012 funding level after funding cuts in successive years since FY 2012. The additional funding will allow the spaceport to meet FAA airspace management requirements by filling existing unfilled positions, particularly of aerospace engineers; to perform required preventive maintenance; and to increase the number of rocket launches and events. The spaceport's long-term capital improvement plan calls for repairs and upgrades of its facilities; construction of a new launch vehicle integration facility and fuel farm and of another taxiway; and major repairs to the vertical launch area.

Mr. Hicks also requested the committee's support of a proposed Commercial Space Protection Act (CSPA) that would provide the necessary confidentiality to protect tenants' proprietary research and development activities. Other states with spaceports have such legal protections, and New Mexico will not be competitive in attracting additional tenants if the legislation is not enacted here.

On questioning, the following topics were addressed.

Commercial uses for the spaceport other than tourism. The public information message about the spaceport needs to shift from entertainment and tourism, which is expected ultimately to comprise only between one and two percent of total commercial activity, to other commercial activities.

CSPA, transparency and compliance with sunshine laws (Inspection of Public Records Act (IPRA) and Open Meetings Act). The state auditor has expressed concerns about transparency, and the attorney general found that the spaceport violated IPRA in several instances. Mr. Hicks responded that the construction contracting process has been opened up, and the spaceport is working with the attorney general to address IPRA concerns while maintaining necessary tenant confidentiality. He expressed optimism that a new draft of the CSPA would address concerns about both transparency and the IPRA.

Revenue. The "other revenue" referenced at slide 21 comes from rents from tenants, user fees, aerospace industry profits and signature events, such as the Spaceport America Relay Race and Spaceport America Cup. In the future, it may also include excess revenue after bond service from the taxes collected in Dona Ana and Sierra counties, which are currently accumulating in a reserve account. The spaceport is working with the New Mexico Finance Authority to allow access to the reserve account.

Funding. If the spaceport receives the additional $624,000 that will be requested for FY 2019, staff will use it for planning and business development, including at least one aerospace engineer following up on approaches to potential new tenants. Most infrastructure is funded with a mix of funding sources, and no other state expects a spaceport or other infrastructure to be 100 percent reimbursable.

Capital improvement plan. Other infrastructure projects around the state with direct and immediate impact are projected to total less than the $46 million in capital outlay expected to be requested by the spaceport. The $46 million would not be a one-time request but would be divided and then spread out over time. Paving the road between the spaceport and Las Cruces should be a priority.

Copper Mining in Sierra County

Jeffrey Smith, P.E., chief operating officer, New Mexico Copper Corporation (NMCC), introduced Omar El-Emawy, office manager and analyst, THEMAC Resources Group Ltd.

Referring to his handout, Mr. Smith described the NMCC's Copper Flat Project (CFP) in Sierra County, four miles northeast of Hillsboro and 20 miles southwest of Truth or Consequences. The NMCC is in the process of obtaining permits for a planned mine that will produce copper, molybdenum, gold and silver from an open-pit mine that incorporates much of the infrastructure remaining from a mining operation that was constructed on the site in 1982 and closed in 1983. The state and federal permits required include:

- a determination of water rights;
- a federal environmental impact statement;
- a Department of Environment (NMED)-issued discharge permit; and
- a mine reclamation permit issued by the Mining and Minerals Division (MMD) of the Energy, Minerals and Natural Resources Department. Permitting is expected to be complete by the end of the second quarter of 2018.

The NMCC is a wholly-owned subsidiary of THEMAC Resources Group Ltd., a Canadian-listed company whose majority shareholder is Tulla Group (Tulla), the Australian-owned investment group of the Maloney family based in Sydney, Australia. Tulla is fully funding the CFP and has invested $55 million into the project to date, $38 million of which was spent in New Mexico.

New Mexico State University's (NMSU's) Arrowhead Center projects that $360 million will be spent in New Mexico during the three-year construction and start-up phase, providing 1,337 direct, indirect and induced jobs during construction, $115 million annually during the 12-

year operating life of the mine and 270 full-time jobs during operation. Over the projected 12-year life of the mine, state taxes are projected to total $53 million.

The CFP's environmental protection plans include:

- a zero-discharge facility design that will recycle 65 percent to 75 percent of the water used to protect water quality;
- installation of mechanical dust- and fume-collection systems, state-of-the-art emission controls for internal combustion engines and watering or treating roads and open areas to protect air quality; and
- fencing or enclosing areas that are potentially hazardous to wildlife and providing fresh water stations in areas well away from the operation to protect wildlife.

A reclamation plan that will return land in disturbed areas to post-mining uses that match the existing uses of grazing, wildlife habitat and recreation has been submitted to the MMD and to the NMED as part of the application for a new mine permit under the New Mexico Mining Act. Initial site surveys to identify sites with potential cultural resources are complete, with the next phase expected to take approximately one year. Formal agreement regarding how these resources will be protected has been reached with the federal Bureau of Land Management, the Historic Preservation Division (HPD) of the Cultural Affairs Department and 12 Native American tribes.

The NMCC has become a strong community supporter and is working closely with local leaders, educational institutions and government officials to encourage the development of training programs to enable the company to hire qualified local residents. Key infrastructure, including roads, rail, power, water and services and accommodations, are already in place, in addition to nearly $54 million in existing development from past operation of the mine. Assuming permitting and financing will be in place, the construction decision will be made sometime in the middle of 2018.

On questioning, the following topics were addressed.

Marketing of the products. Mr. Smith explained that the mine's products are sold as concentrate, which is smelted and refined elsewhere; most buyers are in Asia. Severance taxes are paid on the extracted ore.

Reclamation and effects of mining on aquifers. The NMCC is working with a tri-county group for input on the effects of mining on local and regional water resources. Financial responsibility for reclamation is guaranteed during the current planning phase with certificates of deposit held by a local bank. In the future, during the construction and operations phases, reclamation will be ensured by fully funded escrow deposits.

Value-Added Agriculture

Rolando A. Flores, dean, College of Agricultural, Consumer and Environmental Sciences, NMSU, referring to his handout, asserted that value-added agriculture, which is product value enhancement through transformation or processing, is an avenue for economic development because the consumer base for the commodity or product is expanded and a greater portion of the revenue from the product goes to the producer. The farmer produces the food in its natural state, and value is added by transforming or processing it into a more consumable product. Examples of value-added products are bacon from hogs, bread or flour from wheat and cheese from milk. Farmers who produce the raw commodity typically receive between 1.8 percent and 40.2 percent of the value of the value-added product.

NMSU, as a comprehensive research land-grant university, sponsors value-added research for a variety of agricultural products but is limited by funding from expanding its research. To strengthen and foster agriculture, which is the second- or third-largest existing industry in New Mexico, Dr. Flores proposed the establishment of a New Mexico Value-Added Agricultural Institute at NMSU to support the development and expansion of value-added agricultural products. The institute would not require brick-and-mortar development but, rather, would receive funds to be used for market and product research and investment. The institute would bring together a number of existing different, but related, disciplines and attract medium- to large-size value-added operators and facilitate in-state entrepreneurship.

Jay Hill, co-owner, Wholesome Valley Farms, referring to his handout, related to the committee his experience growing up on a farm and deciding at an early age to be a farmer. At age 16, he convinced his father to let him farm 10 acres; now his farms are the largest vegetable seed producers in New Mexico. He commented that when he was growing up, there were seven different buyers of crops in southern New Mexico, and farmers had a choice of buyers for their products. Now there is only one buyer. He has an educational mission in addition to farming: to teach people, especially children, where their food comes from. To do this, he markets many of his products directly to schools and sponsors field trips for school classes to visit his farms. He strongly supports the development and expansion of value-added agriculture and offered to be a resource for any legislator with questions regarding farming.

Bob Alexander, interim executive director, New Mexico Livestock Board, confirmed that almost all meat raised in New Mexico is now shipped out of state for finishing, slaughter and processing before being returned to New Mexico to be sold to New Mexico retailers and consumers. He suggested that meat-processing facilities provide an opportunity for value-added agriculture. Referring to his handout, he summarized the history of meat processing in New Mexico.

Until about 10 years ago, the New Mexico Livestock Board had a meat and poultry inspection division that operated under an agreement with the U.S. Department of Agriculture (USDA) Food Safety and Inspection Service (FSIS), which sets national standards for meat and poultry inspections. States operating their own meat and poultry inspection programs are required to meet and enforce federal standards, and the FSIS conducts annual reviews of state-operated programs. In 2006, New Mexico had a state compliance officer and 10 field consumer safety inspectors inspecting five slaughter establishments and 19 processing establishments. The annual review conducted in January 2006 resulted in documentation of incidents of noncompliance that were not corrected over the next 16 months. There was a difference of approach to inspection between the state's meat and poultry inspection program and the FSIS, and New Mexico eventually decided not to continue its state-operated inspection programs. Inspection of existing facilities is now done by the FSIS. If New Mexico wants to resume state-operated inspection programs, input from all stakeholders would need to be collected and a plan developed for complete slaughter- and meat-processing-inspection programs, including budgets. Based on the previous state-operated inspection programs, a projected start-up cost would be approximately $1,831,000, which includes a one-time cost for equipment and supplies of approximately $475,000 and an annual operating budget of $1,356,000.

Dave North, site director, Southwest Cheese Company, referring to his handout, explained that Southwest Cheese is a joint venture between Glanbia plc and milk producers, including Dairy Farmers of America, Inc., Select Milk Producers, Inc., and members of the dairy cooperative Greater Southwest Agency, Inc. The milk producers and Glanbia each own 50 percent of Southwest Cheese. Glanbia plc processes milk provided by the milk producers into cheese and whey protein products, conducts research and development on new products and markets the products across the United States and to 19 other countries. There are 59 dairies with 123,000 cows in Curry and Roosevelt counties within a 25-mile radius of the processing plant, and there are additional dairies in Eddy and Lea counties. New Mexico is one of the top-10 milk-producing states. In 2014, the dairy industry grew due to strong on-farm profit margins, and Southwest Cheese expects continued growth when "Project Hercules" is completed in 2018. Project Hercules will increase the square footage of the plant by 120,000 feet and substantially increase cheese and whey protein production. Southwest Cheese currently employs 383 people in the plant, and hundreds more are employed by its milk producers. Its sustainability plan goals are to reduce energy use, reduce water use and improve the usefulness of wastewater effluent.

On questioning, the following topics were discussed.

Local Economic Development Act (LEDA) and Job Training Incentive Program (JTIP) funds, New Mexico True. Mr. Hill and Mr. North confirmed that they had received funds from either LEDA or JTIP, or both, through the Economic Development Department (EDD). Anthony Parra, deputy director, New Mexico Department of Agriculture, affirmed that the Tourism Department's New Mexico True campaign complements agricultural marketing efforts of various kinds, including farms, dairies and vineyards.

Legislative support. The presenters told the committee that they are not asking for either money or a new law at this time, although a bill supporting value-added agriculture that was introduced in the 2017 session and did not pass will be introduced again in the 2019 session. Their purpose in presenting was to provide background information to educate the committee on some agricultural issues and also to act as resources when questions regarding New Mexico's agriculture industry arise.

Labor costs and challenges. Mr. Hill informed the committee that his farms pay above the minimum wage, and he is working on expanding and developing so that he can provide year-round employment. At present, there is about a two-and-a-half-month employment gap in winter.

Downtown Revitalization Through Enactment of the "Pub Bill"

Arianna Parsons, executive director, Downtown Las Cruces Partnership, expressed the partnership's strong support for Senate Bill (SB) 37 (2017), the "Pub Bill".

Senator Soules explained that SB 37, which he sponsored, would have amended the existing statute (Section 60-6A-4 NMSA 1978) to allow restaurants that have a restaurant license to sell beer and wine also to sell spirituous liquors distilled and bottled in New Mexico in local option districts that vote to allow it. The licenses could only be used in certain areas of a community, including an enterprise zone, a tax increment development district, an arts and cultural district, a MainStreet, a business improvement district, a frontier community or other places the local government has designated as locations in need of revitalization or economic development. The bill passed in the senate and died in the house. Senator Soules said that the bill is necessary because full-service dispenser's liquor licenses are prohibitively expensive for most restaurants, and the full-service licenses are moving and concentrating away from areas where economic development is needed. The bill would allow communities that have lost local full-service liquor licenses to have access to distilled spirits in restaurants and would support New Mexico distilleries.

Andy Hume, downtown coordinator, City of Las Cruces, referring to his handout, summarized the growth of Las Cruces' downtown, including the addition of eight new businesses and 10 pending projects, based on the completion of a downtown master plan in 2016. Ms. Parsons added that the Pub Bill would relieve constraints on the income of restaurants that are currently limited by the lack of full-service liquor license availability. She noted that servers in restaurants with beer and wine licenses are already required to be trained and certified alcohol servers, and restaurants are committed to responsible service and consumption of alcohol. The new license would not cost the state any money but would bring in additional revenue through fees and increased business taxes. Mr. Hume mentioned that the City of Las Cruces had a partnership with NMSU to perform geographic and economic impact analyses of the effects of the bill, including the impact on the value of the existing full-service licenses, and that information would be ready before its next introduction. Senator Soules observed that when beer and wine licenses were first introduced in 1981, it was predicted that the value of full-service licenses would decrease, but that has not happened, and, in fact, full-service licenses are worth more today than when the restaurant licenses were created. He opined that their value is artificially high because they are limited.

Barriers to Occupancy of Rural Vacant Buildings

Rich Williams, director, New Mexico MainStreet, EDD, said that among the barriers to occupancy of rural vacant buildings are owners who are "land rich, cash poor", i.e., who do not have the financial resources to redevelop the buildings they own; seriously deficient public infrastructure, including streets and sidewalks; and onerous building codes requiring that vacant old and historic buildings be brought up to current code before new occupancy is permitted. He suggested that government should loosen the building code strictures and offer incentives for owners to redevelop their old or historic buildings.

Jack Milarch, executive vice president and CEO, New Mexico Home Builders Association, commented that it is very expensive to renovate vacant old and historic buildings to be brought up to code. He also observed that the relevant building codes are extensive and sometimes conflicting and need to be streamlined and integrated. For example, the cheese plant in Clovis is governed by two different fire codes that are enforced by two different sets of officials using two different versions of the codes and often with differing interpretations. Conflicts among codes and code enforcers are expensive and time-consuming. He opined that solving these issues would go a long way toward making redevelopment of vacant old and historic buildings economically feasible.

Mike Unthank, superintendent, Regulation and Licensing Department (RLD), agreed with Mr. Milarch's comments and said that the RLD's Construction Industries Division (CID) is working on it. He observed that collaboration, coordination and communication between officials and the public are necessary and often missing. He noted that the state building code adopted by the CID is based on recommendations of the trade bureaus and, thus, is considered a "blended code". He also noted that state law allows local governments to adopt codes that are more stringent than the state code, which may lead to different interpretations.

Pat McMurray, director, CID and Manufactured Housing Division, RLD, said that the CID has done a poor job of educating the public regarding the various building codes. He emphasized that the reason for the codes is to protect the public safety, but the codes do allow some flexibility in interpretation and application. The CID wants its staffers to be advisers, consultants and mentors, not just code enforcers, and when developers and owners come to the CID very early to help plan the process, the CID can usually help them save time and money.

Brian Moore, board member, New Mexico Association of Commerce and Industry (ACI), related the experiences of two restaurants and a truck stop that wanted to open in Clayton. It took one restaurant six months to get all of the required permits, the other restaurant gave up and the truck stop permits took so long that the owners went to Texas instead. He related complaints about the timely availability of inspectors and the frequent necessity for repeat visits because inspectors were too impatient to wait for small modifications to be done while they were on site. He said most projects of ACI members are too small for CID inspectors, and there are not enough local inspectors available, especially in the more rural areas.

Milo Lambert, fire chief, Town of Silver City, expressed concern that the state fire marshal is located in Santa Fe and that, based on drive times to sites throughout the state, it could be weeks before a building can be inspected for compliance with the fire code. He emphasized the need for regional offices of the state fire marshal to perform inspections and provide consultations on fire-related construction and renovation issues.

Michael Savage, chief building official, City of Rio Rancho, shared with the committee successes that have been realized in Rio Rancho by engaging in education and community outreach on building code and fire code compliance. The planning and development review committees are proactive in meeting with developers, architects and others involved in the construction or renovation of a building to understand what will be needed for code compliance and the permitting process.

On questioning, the following topics were discussed.

Inspection challenges. Superintendent Unthank commented that the RLD, and the CID by extension, is a General Fund-supported agency and is required to maintain a minimum of 12 percent, and sometimes up to 17 percent, vacancy rate, so it is chronically understaffed. The CID, therefore, encourages local governments to take over inspection responsibilities wherever possible. He argued strongly against establishing the CID as an enterprise entity because the difficulty of predicting income from inspection fees would negatively affect the stability of the program, leading to even longer wait times. In addition, if the CID were funded solely from inspection fees, there would be no incentive not to increase the amount and number of fees. Local governments in more rural areas often do not have enough construction to justify full-time inspectors, but they could create a memorandum of understanding among several jurisdictions to form a regional entity for local inspections. Currently, inspectors must take both national and state certification tests in up to two of four specific areas (mechanical, electrical, plumbing and structural) for either commercial or residential construction, so there are eight total possible certifications; but inspectors may only hold certifications in two of the eight possible areas. The CID has cross-trained 27 inspectors in different areas to maximize their efficiency.

Legislative action. House Bill 205 (2017), which would have provided procedures for businesses with 50 or fewer employees in communities with a population of less than 50,000 to seek certification and variances to occupy vacant commercial buildings in rural communities, did not reach the house floor. The committee expressed interest in reworking the bill. Another helpful legislative action would be to lessen the restrictions on how many certifications an inspector can hold by allowing inspectors to obtain up to eight certifications so that one inspector can perform inspections in several different areas, which would greatly increase efficiency.

Public Comment

Max Yeh, representing the Percha Animas Watershed Association, raised concerns about the amount of water needed to operate the Copper Flat Mine because of the low quality of ore at the mine. He said that new water rights will be needed to operate the mine and that about one-third of the ground water usage in the county will be by the mine.

Teresa and James Harthun of Animas Creek expressed concerns that the NMCC will take the ore and leave the community with the trash. They are also concerned with the effect on the water quality and supply.

Barbara Pearlman expressed skepticism about the financing and questioned the viability of the mine. She asserted that in July, THEMAC Resources Group Ltd. assigned $70 million of debt to the NMCC, and she alleged that in 2015, THEMAC Resources Group Ltd. was a "zombie company on the Toronto stock exchange, with zero working capital".

David Farrel, a resident of Hillsboro, expressed concern about water quality and supply if the mine begins operations. He recounted the history of the mine, beginning in the 1950s, and said that if history is an indicator, then copper mining is never going to boost Sierra County's economy, as the price of copper has rarely risen above $3.00 per pound and copper mining is unprofitable below that level.

John Sterle, New Mexico Fisher House, explained that the Fisher House Foundation provides a no-cost "home away from home" for families of patients receiving medical care at major military and U.S. Department of Veterans Affairs (VA) medical centers. New Mexico Fisher House plans a Fisher House for Albuquerque on the grounds of the VA hospital, but because of an impasse between the HPD and the Fisher House Foundation, the project is stalled. The VA center campus is part of a designated "national historic district" that requires compliance with certain building designs. The cost of modifying the building plans for Albuquerque's Fisher House to meet the HPD's requirements entails a significant cost upgrade, and the project will not be able to go forward unless the laws are changed.

Bruce Swingle, manager, Sierra County, expressed support for Spaceport America and the Copper Flat Mine. He said that Sierra County receives $400,000 to $450,000 a year from the spaceport and that it receives more financially from the spaceport than the county is giving. He also said that Sierra County is supportive of the mine and has held many public meetings about it. Only a minority is in opposition. He said that the mine will create 1,200 construction jobs, 275 to 300 jobs during operations and approximately $270 million in tax revenue.

Recess

The committee recessed at 4:31 p.m. for a tour of the spaceport and an accompanying presentation by Virgin Galactic.

<u>Friday, September 15</u> — Joint meeting with the Mortgage Finance Authority Act Oversight Committee, Gadsden Administrative Complex, Santa Teresa/Sunland Park

Reconvene/Introductions

Senator Shendo and Representative Alcon, chair, Mortgage Finance Authority Act Oversight Committee, called the joint meeting of the committees to order at 10:14 a.m. and welcomed members of the committees and guests to the meeting. Committee members introduced themselves.

Overview of the Dona Ana County-Mexico Border Area — Opportunities and Challenges for New Mexico

Billy G. Garrett, commissioner, Dona Ana County, and chair of the Camino Real Regional Utility Authority (CRRUA), addressed the committees on "what's needed to support sustained economic activity along the New Mexico border with Mexico". Commissioner Garrett noted three major obstacles to development of the region: 1) lack of coordination between the various jurisdictions; 2) a failure to understand the urgency of action; and 3) insufficient funding. He also said that there is a need for clear policies to guide the region's relationship with El Paso and the state of Texas in constructive ways so as to maximize benefits for all of New Mexico.

Reviewing his handout, Commissioner Garrett discussed the regional planning initiative that has been ongoing since 2011, which includes the efforts of 12 local organizations and governmental entities. He stressed that development should be holistic and that the planning guides are strongly influenced by livability principles. A key part of the approach is to strengthen existing communities by building upon infrastructure, communities and identities that already exist in the region.

Commissioner Garrett discussed how border development has many scales of reference. The perspective taken in defining the border affects greatly how and what development is undertaken. For instance, the perspective from Mexico includes a major system of roads to support what is going on in San Jerónimo across the border from and adjacent to Santa Teresa. Looking at the region from a continental United States perspective, it is apparent that the border region ties into a system of international and national trade routes, in addition to the Interstate 10/Interstate 25 corridor and the Rio Grande.

Commissioner Garrett discussed the border area's three major development needs: 1) roads; 2) affordable housing; and 3) colonias development. As to roads, he said that funding is needed to upgrade the county and state roads to support heavy traffic. He also discussed plans to connect the region to points north and east in New Mexico and south to El Paso and Juarez. He noted that strategic thinking is needed to link the development of the border region to the rest of the state, in addition to ensuring that the transportation system has the capacity to handle higher volumes of freight rail, trucking and personal vehicle use. As to affordable housing, Commissioner Garrett discussed Dona Ana County's affordable housing plan and affordable housing ordinance and reviewed several programs that are in place to help meet affordable housing needs. As to the development of colonias, Commissioner Garrett said that investment is needed to make the rural areas more desirable. Improvements are needed to ensure adequate infrastructure and other basic services, such as a potable water supply, wastewater systems, safe and sanitary housing, paved roads with gutters, storm water drainage and protection and broadband capabilities. Approximately $600 million is needed for critical improvements to colonias in Dona Ana County alone.

As to next steps, Commissioner Garrett discussed the need to develop a comprehensive, long-term strategy that is equal to need. Additionally, he said, it is necessary to secure the buy-in, including a significant increase in financial support at all levels of government.

On questioning, the following topics were discussed.

New Mexico's relationship with Mexico. A member expressed concern that New Mexico does not adequately value its relationship with Mexico and urged New Mexico to make efforts to cultivate the relationship. It was noted that Arizona has invested a lot of money in its port of entry and not just for checkpoints. The member expressed surprise at how much less militarized the border is in Arizona as compared to New Mexico and that militarization of the border does a disservice to the border communities as people travel back and forth.

Living conditions for workers. A member expressed concern that while there is an emphasis on trade and creating jobs, living conditions for the workers who are the source of labor have not improved and many of these workers are being profiled and targeted by immigration authorities. Workers continue to be underpaid and are living in the same conditions they lived in before they got the jobs. It was suggested that a component of regional planning should focus on job creation with livable wages and structures that address particular needs of colonias, such as housing, infrastructure and medical support.

Public-private partnerships. A member expressed support for public-private partnerships, noting that public investment in Santa Teresa is driving private investment in all corners of the state. It was noted that Dona Ana County is working within the current public-private partnership framework to the extent that it is allowed by state statute.

Flood control. It was suggested that local legislative members pool their capital outlay funds to address flood-control issues. It was noted that Dona Ana County has worked with the USDA primarily on domestic water issues.

Funding sources. Sources of funding for county projects, including state and federal funds, were also discussed. It was mentioned that Dona Ana County has been unable to take advantage of many grant programs due to a lack of revenue to meet matching fund requirements.

Dona Ana County Projected Population Growth and Plans to Meet Housing, Utility and Other Community Infrastructure Needs

Vincent Pokluda, assistant county manager, Dona Ana County, and Angela Roberson, interim community development director, Dona Ana County, discussed with the committees the demographics of Dona Ana County, the challenges to development that exist, the approaches the county is using to respond to the challenges and ways for the legislature to support development.

The panelists shared with the committees that Dona Ana County encompasses a service area of approximately 3,800 square miles, with the vast majority of that area being unincorporated. About one-half of the population lives in the unincorporated areas, including colonias and surrounding rural communities. By 2040, the population of Dona Ana County is anticipated to increase by 40 percent to 55 percent, with growth occurring in the existing communities and also in the border area of Santa Teresa and Sunland Park. The infrastructure and public facilities that exist in the county were highlighted, including roadways, flood control infrastructure, wastewater infrastructure and public facilities, such as community centers and fire stations. The panelists mentioned that much of the existing infrastructure, for example, for flood control, has reached the end of its design life and is in need of repairs.

As to development challenges, the panelists explained that there are two areas of need: 1) in colonias, to enhance existing communities; and 2) in the border area, to prepare for new and future growth. They stated that the major ongoing challenge is that the current rate of funding for capital investments does not keep pace with new and future needs, nor does it significantly reduce the backlog of existing deficiencies. Specific to colonias, it was noted that there is a need to repair, upgrade or acquire new roadways, flood control and wastewater infrastructure, public facilities and professional services, such as fire, police and recreation opportunities. There are also deficiencies in the affordable housing stock, including the need for natural gas and wastewater utility connections and upgrades to approximately one-fourth of existing housing. As to the border area, mostly new construction is needed — specifically affordable housing. Because the border area is a multi-jurisdictional area, collaboration and coordinated efforts on a regional basis will be needed to meet the area's needs.

Responding to the challenges, "Plan 2040", a comprehensive policy guide, has been created. The plan prioritizes infrastructure improvements through an infrastructure capital improvement plan (ICIP) and encourages marketable and affordable housing. An affordable housing initiative has also been adopted that includes an affordable housing plan and an affordable housing ordinance. The components of the initiative will allow the county to access funding from the state's affordable housing loan funds. Regional partnerships and collaboration are also being pursued to maximize funding sources and align policies throughout the region. The panelists cited the Camino Real Consortium, a partnership of 12 organizations that modernized the regional plan and development code, as a precedent for the collaborations taking place in Dona Ana County.

In regard to needed state support, the panelists requested $375,000 in matching funds from the affordable housing loan funds in FY 2018 and FY 2019 to match the funds committed by Dona Ana County. Additionally, it was requested that funding support for infrastructure and planning and services of design professionals be provided through the state's 2019-2023 ICIP.

On questioning, the following topics were discussed.

Regional collaboration. The Camino Real Consortium is a model for regional collaboration that shows how to integrate and advance initiatives instead of competing for resources. Sometimes a regional approach excludes people, but the key is to acknowledge in advance that certain populations are not included and that their voices are not recognized and then to make the effort to include underserved populations in the process.

Housing. In the current plan, the county is able to provide some funding for affordable housing, and a nonprofit lender is available to execute funding for those in need. Dona Ana County has also created a model to predict future needs. The focus is on three main areas: 1) home improvement, including fixing roofs and installing energy efficiencies; 2) getting homeowners to take pride in their homes, which benefits microeconomics and creates pride in the community; and 3) large-scale development, such as grocery stores, that may be needed for a particular area.

Water, Sewer and Land Use Projections and Challenges for Southern Dona Ana County

Brent Westmorland, executive director, CRRUA, explained that the utility was formed with a joint powers agreement with the City of Sunland Park and Dona Ana County. The CRRUA has been in existence for five years and serves 5,000 customers, which amounts to more than 21,000 individuals. He said that the CRRUA is currently involved in lots of construction, including treatment plants and wells, and that this work could not have been done without the support of the state.

The CRRUA provides water and wastewater services to Sunland Park, Santa Teresa and the border crossing. Mr. Westmorland said that the largest needs are in rehabilitation of the water distribution and wastewater collection systems, noting that some of the infrastructure is more than 40 years old. The CRRUA is working toward improving lift stations and collection and distribution systems. These projects cost $22 million, $2 million of which was provided by a land developer in Santa Teresa Industrial Park.

Mr. Westmorland stated that growth in the CRRUA's service area is estimated at 2,000-plus homes in the next 10 to 15 years, with 300 homes under construction at any given time and the addition of approximately 30 new customers per month. Although the water consumption of the industrial park is relatively low by industrial park standards, its large workforce is expected to move into New Mexico. The future residents will need to be served by the CRRUA.

On questioning, the following topic was discussed.

Water. Mr. Westmorland said that there are adequate water rights available, but the infrastructure to get the water out of the ground, treated and delivered to customers is needed. The CRRUA provides 100 million gallons of water per month, and the need is increasing on average by five percent per month.

Regional Future — Goals and Obstacles

Javier Perea, mayor, Sunland Park, Isabella Solis, commission chair, Dona Ana County, and Commissioner Garrett addressed the committees on the goals for and obstacles to development in the region.

Mayor Perea opened by stating that much progress has been made in Sunland Park. In the last year, Sunland Park had zero audit finds, although five years ago there were 47. Today, Sunland Park is one of the fastest-growing cities in New Mexico, and because El Paso is landlocked, as West El Paso continues to expand, Sunland Park is in a prime location to take advantage of that growth. He said that the city needs to continue to grow by adding 200 to 300 new homes and commercial development. Five hundred thousand dollars has been authorized for a master plan and to develop Sunland Park's vision for the next 10 to 20 years.

As to challenges, Mayor Perea said that infrastructure is the major issue. The cost of new infrastructure is being pushed onto new homeowners as increased costs and older parts of town are dealing with upgrades to 30-year-old infrastructure. He also noted that if Sunland Park wants to development tourism, there are barriers throughout the permitting process and with the availability of liquor licenses. He noted that much more commercial development is happening across the state line in Texas.

Commissioner Solis advised the committees that she has been talking with the county manager about a resolution to increase funding to the Colonias Infrastructure Trust Fund, and on the county commission agenda for September 26 will be Resolution 0522 to address the needs of private roads. She said that there has been lots of flooding, and the county has been doing the best it can with the money it has. Flooding has been a problem for over a decade, and this issue has been discussed with the governor. Resolution 0522 will help to address public safety concerns on private roads throughout the county. For instance, in many cases ambulances are not able to use the roads and children are required to walk one-half mile to access the school bus. Commissioner Solis said that it is time to prioritize money in the county for roads because there cannot be economic development without roads. Commissioner Solis stated that the county needs to come back to the core functions of what counties do: to focus on public safety, fire protection, ambulances and infrastructure.

Commissioner Garrett, referring to a discussion earlier in the day, told the committees that the major obstacle to orderly, sustained economic development and support of community development is generally a lack of urgency in understanding what needs to be done. He said that planners often are not anticipating in the right way the support and services that need to be in place and the quality of development that is desired. Commissioner Garrett suggested that it would be great to have a map of New Mexico that shows how the entire state benefits from what happens in Dona Ana County, including the movement of goods and produce and the operations of trucking companies, for example. He also suggested that the region and state need to anticipate development of a rail system out of Mexico. Lastly, he stressed that there is a role for the state in helping to plan sustained, quality development and to bring stakeholders together for collaboration. Citing a federal grant program that aids in the planning of sustainable communities, Commissioner Garrett suggested that a similar program should be implemented at the state level.

On questioning, the following topics were discussed.

The Anti-Donation Clause. Commissioner Solis said the Governor's Office has expressed concerns about using public money to fund improvements on public roads; however, her understanding was that if public funds are being used to remedy public safety issues, there may not be a conflict with the Anti-Donation Clause of the Constitution of New Mexico.

Ground water. Mexico and New Mexico share the aquifer of the lower Rio Grande Basin. A cooperative relationship is needed to monitor how much water is being pumped and to ensure that the resource is being fairly shared. There are no intergovernmental agreements governing the pumping of the ground water. The aquifer is part of the state aquifer assessment. Bi-national planning for the use of the resource is critical because the success of Sunland Park, Santa Teresa and San Jerónimo is a regional concern.

Sunland Park's relationship with El Paso. Sunland Park sits on the border with Texas, and in some places, the state line runs through a building. Sunland Park does not have any official relationship with El Paso regarding law enforcement; each city only operates within its official jurisdiction.

Transportation from the port of entry. Sunland Park is hiring a consultant to explore transit options from the port of entry to Sunland Park. There may be an opportunity for charging tolls at the port of entry to help with funding. Juarez and Sunland Park have endorsed this plan. It is important to the entire state to develop transportation infrastructure to the border region to develop markets in Mexico for New Mexico goods.

Industrial park. The current industrial park benefits Sunland Park because growth of Sunland Park is created by people working in the industrial park. Sunland Park is primed to provide housing and commercial/shopping opportunities for those who work at the industrial park. Currently, many workers go home to El Paso, and New Mexico loses the economic benefit.

San Jerónimo. This community is being planned across the border and will receive the population expansion from Juarez. It is projected eventually to encompass 40,000 homes. It is adjacent to Foxconn, where Dell is building computers. Between 2,000 and 3,000 employees from Juarez work at the Foxconn plant each day.

Rio Grande Trail. Mount Cristo Rey could be a terminus for the long-distance Rio Grande Trail. The park needs development and infrastructure but could be a good connection.

Gambling tax. It was suggested that it could be beneficial to tie the gambling tax to economic development investment in the region.

Local Housing Availability and Demand

Juan Olvera, executive director, Mesilla Valley Public Housing Authority (MVPHA), Shelly Sanders, board chair, MVPHA, and Lorena Rivera, deputy director, MVPHA, reviewed their handout, providing an overview of the housing authority's history and work.

The panelists explained that the MVPHA provides housing for 6,000 New Mexicans through public housing units, multifamily units, low-income housing tax credit and non-subsidized units and the distribution of housing vouchers. The MVPHA manages four public housing locations with 248 low-rent public housing units throughout Las Cruces. Two of the locations are multifamily, and two of the locations serve elderly and disabled residents. The MVPHA has also been awarded 1,627 vouchers, including U.S. Housing and Urban Development (HUD) veterans affairs supportive housing program vouchers, Family Unification Program vouchers, non-elderly disabled vouchers, homeownership vouchers and regular Housing Choice Program vouchers. There has been \$6.6 million in HUD funding provided to landlords in 2017.

As to low-income housing tax credit developments, the MVPHA is the general partner in eight developments: two in Anthony, one in Hatch and the rest in Las Cruces. The MVPHA owns three affordable housing properties with a total of 58 units, including housing for homeless veterans. It was highlighted that the MVPHA has a cooperative relationship with the Mesilla Valley Community of Hope organization. The MVPHA provides office space for the Mesilla Valley Community of Hope, and the organization provides services to veterans.

As to current housing needs, the biggest challenge is meeting demand with very few resources. The county's affordable housing plan estimates the need for 4,300 subsidized rental units, 360 subsidized senior housing units and 400 permanent supportive housing units. With the occupancy rate of the MVPHA's properties ranging between 95 percent and 100 percent, there are wait lists for public and multifamily housing. The same is true for vouchers.

The MVPHA's main funding stream is from tax credits, though it also receives some local support from Las Cruces and from Dona Ana County. The panelists described the low-income housing tax credit program as being very competitive, and in past years, Dona Ana County was disadvantaged compared to other counties because it was not considered an area of "statistically demonstrated need" and thus was considered "Tier 2". However, Dona Ana County is now ranked as "Tier 1" and is on par with other counties in its ability to fund the development and rehabilitation of affordable housing units through the tax credit.

Lastly, the panelists described the proposed "Desert Hope" apartments project. This is a cooperative endeavor among the MVPHA, the Mesilla Valley Community of Hope and the City of Las Cruces to rehabilitate an existing MVPHA property to provide 36 units of permanent supportive housing for individuals experiencing homelessness. The estimated total development cost is $3 million, nine percent of which will be funded by the low-income housing tax credit.

On questioning, the following topics were discussed.

Low-income housing tax credit. It was explained that the "statistically demonstrated need" for the low-income housing tax credit is determined by the county's population growth and housing stock vacancy rate.

Federal funding. Federal funding opportunities exist for new construction. However, a developer cannot obtain mortgages on public housing units built with federal money as the units are owned by the federal government.

Affordable housing needs. The county's affordable housing plan identifies a need for 4,300 units of subsidized housing. A consultant was hired and performed a year-long study on the issue. Affordable housing needs were determined by surveying property owners, looking at population growth and assessing the current state of housing availability. A member remarked that the affordable housing needs may be a conservative estimate because several families might be living together in one unit. Additionally, figuring out affordable housing needs may have problems similar to taking the census. Surveys are taken in the moment, but because conditions continue to compound, it is challenging to get a clear picture of what the conditions are, and surveys tend to underestimate the magnitude of the problem.

Wait lists for housing and vouchers. It was explained that people are put on the wait list for housing and vouchers, and when openings occur, it is determined if the person is eligible. Currently, there are 1,100 people on the wait list for vouchers, but it is uncertain whether all are qualified.

The committees additionally discussed what can be done at the state level to assist with meeting the housing demand and how housing has a beneficial impact on Medicaid and Medicare costs, crime and behavioral health.

Mission New Mexico: Affordable Housing Opportunities from the New Mexico Mortgage Finance Authority (MFA)

Jay Czar, executive director, MFA, and Teri Baca, homeownership representative, MFA, discussed with the committees the low-interest financing and grants that the MFA provides for affordable housing and related services.

Mr. Czar started the discussion by stating that homebuyer counseling is key as it contributes to low delinquency and foreclosure rates. He also said that there is high "millennial" homeownership in New Mexico, which is not seen in other states. He opined that marketing could contribute to that trend but also that millennials are realizing that it makes more sense to buy than to pay rent, and there is a tradition in New Mexico of valuing homeownership.

Referring to a handout, Mr. Czar discussed the funding services that the MFA provides. In 2016, the MFA provided more than $450 million in low-interest financing and grants for affordable housing and related services. The MFA provided $316 million in mortgage loans and $12 million in down-payment assistance. The down-payment assistance is very important because some homebuyers have adequate credit scores and income to purchase a home but do not have the funds for a down payment. The MFA also used $7.4 million to rehabilitate or weatherize 1,770 homes, which represent a small percentage of the homes in the state that need weatherization.

Mr. Czar discussed how the MFA is funded and said that the MFA has $586.1 million in estimated resources for 2017. Although state funding and appropriations comprise a small percentage of the MFA's overall funding, for every $1.00 provided by the state, the MFA brings in $24.00 from other sources. Private funding is obtained mostly from utility companies that support the weatherization programs. The major sources of funding are federal housing programs and private activity bond caps. It was emphasized that the MFA is not just about housing but also a driver of economic development through the labor, materials and supplies used in developing housing.

Mr. Czar next discussed the competitive and noncompetitive tax credits that the MFA administers. The MFA allocates approximately $4.9 million in federal tax credits of nine percent each year through a competitive process. Through the noncompetitive process, four percent in credits is also available with tax-exempt bond financing. Mr. Czar said that the nine percent tax credit covers approximately 70 percent of the cost of a housing complex. Private investors, many of which are big companies, buy the credits to apply to projects. In the 2000 to 2016 period, $9.9 million in low-income housing tax credit awards and 1,547 housing units were made in Dona Ana County, which comes out to approximately $99 million invested in the county.

Noting that the Constitution of New Mexico allows for public support of private projects in the areas of economic development and affordable housing, Mr. Czar discussed the affordable housing tools available at the state level. First, the Affordable Housing Act allows local governments to donate resources, such as land, water, sewer, streets or financing, to affordable housing projects. To date, $43 million has been donated, mostly to low-income housing tax credit projects. Second, New Mexico's affordable housing tax credit provides a 50 percent credit on state tax liability for private donations for affordable housing. Private donors and employers can receive up to 75 percent of their donations back in tax credits and deductions. Mr. Czar said that Habitat for Humanity is the biggest user of this tax credit.

Ms. Baca discussed opportunities for home-purchase financing with the MFA, noting that lack of a down payment is one of the major barriers to people purchasing a first home. The First

Home Program requires that a homebuyer have at least $500 to invest and a minimum of six to eight hours of pre-purchase homebuyer counseling before getting a loan. The First Down Program, often used in conjunction with the First Home Program, offers up to $8,000 in assistance for a down payment, closing costs, prepaid taxes and hazard insurance. Two other programs assist non-first-time homebuyers and work with the Federal Housing Administration, the VA, the USDA and housing finance agencies preferred conventional programs. Through the "Next Home" grant, a grant of three percent of the total loan amount is provided for closing costs or down payment, and no repayment of the grant is required. Additionally, none of the MFA's programs have a pre-payment penalty.

In closing, Ms. Baca discussed the market trends in New Mexico, stating that the MFA's loan activity has been steadily increasing over the past years. New Mexico's homeownership rate continues to be above the United States average, and home sales in New Mexico are trending up. She said that first-time homebuyers accounted for 45 percent of the purchase mortgages originated between 1994 and 2016, contributed 85 percent of the growth in the housing market in the past two years and are instrumental in the housing recovery. Fifty-seven percent of MFA loans were given to millennial homebuyers.

On questioning, the following topics were addressed.

Low-income housing tax credit. Questions were raised as to how these tax credits are administered. The panelists explained that private investors buy the nine percent credits, which will then cover 70 percent of the project over 10 years based on Internal Revenue Service calculations. The four percent credit is noncompetitive, and there is lots of funding available. With the four percent credit, usually about 35 percent of the project cost is paid. The nine percent credit is for construction and not for a rental subsidy. There are other tax credits for acquisition and rehabilitation as well. The nine percent tax credit program is highly competitive and is usually oversubscribed by two to three times the funding that is available. However, there is movement at the federal level to increase the available tax credits by 50 percent, which is supported by the New Mexico congressional delegation. It can cost between $25,000 and $50,000 to put together a comprehensive plan to apply for a tax credit. Often, a project has to be evaluated two to three times before an award is made. Additionally, the public or private entity using the tax credit has to make the numbers work. Costs have to be met on a monthly basis, but rents cannot be increased and the properties cannot just be sold to recoup investment costs.

In regard to tribal communities applying for the low-income housing tax credit, the panelists said that they have been incredibly competitive the last few years. The Pueblo of Zuni, the Pueblo of Laguna and the Mescalero Apache Tribe have all received tax credits. The MFA also created the Native American Housing Coalition, whereby all the Native American entities in the state that want to participate can provide training and capacity-building. The Native American housing authorities are gaining stature in terms of experience. Two people on the MFA staff are dedicated to working with these authorities, and there are special mortgage products on tribal land.

Local government contributions to affordable housing. A member asked how successful communities contribute to affordable housing development. The panelists remarked that, generally, communities donate land. For instance, in Albuquerque, cash and land were donated for a downtown parking structure. Communities also donate water, sewer, gutters, curbs and some equipment. Some donate entire facilities dedicated to affordable housing. The panelists suggested that the state create a fund similar to the fund for the LEDA for affordable housing. Communities donate their own resources to these projects, which necessarily diverts funds from other needs. A fund would help ensure that money is properly spent on the needs of these important housing developments.

Section 8. A committee member asked about the MFA tracking the move of people from federal Section 8 housing into homebuyer programs. The panelists explained that many participate in homebuyer counseling and education programs, but it sometimes takes years for someone to become eligible to buy a home. The MFA provides information about its programs through managers and its community partners. Some of these partners, such as the MVPHA, provide workshops with expert speakers.

Adjournment

There being no further business before the committees, the fourth meeting of the ERDC and the fourth meeting of the Mortgage Finance Authority Act Oversight Committee for the 2017 interim adjourned at 3:38 p.m.