



# **Legislative Finance Committee Presentation by the New Mexico Mortgage Finance Authority**

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**October 25, 2023**

**Isidoro Hernandez, Executive Director/CEO, MFA  
Arundhati Bose, Chief Financial Officer, MFA  
Robyn Powell, Director of Policy and Planning, MFA**

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# About MFA

## OUR VISION

All New Mexicans will have quality affordable housing opportunities.

## OUR MISSION

MFA is New Mexico's leader in affordable housing. We provide innovative products, education and services to strengthen families and communities.



- We were created by the State Legislature in 1975. The MFA Act defines MFA as a “public body corporate, separate and apart from the state.” MFA is not a state agency and receives no operating funds from the state.
- MFA became the state government’s designated housing agency in 1997. All of New Mexico’s state and federal housing programs are now administered by MFA.
- MFA is a Housing Finance Agency (HFA). Each state in the U.S. has one or more.
- MFA provides **financing** for **affordable housing** for **persons of low and moderate income**.
- Oversight includes seven-member board, 16+ member legislative oversight committee and over 12 audit/year.

# Delivery System

MFA allocates resources and works with partners to serve all New Mexicans.



## FUNDERS

MFA procures affordable housing resources from the federal government, the state, and private entities. We also use bonding capacity, investments and our own revenue to support affordable housing programs.



## MFA

New Mexico's housing agency providing housing resources spanning the full housing continuum. We have over 40 funding sources/programs with strong oversight. We assisted over 500,000 families since inception.



## PARTNERS

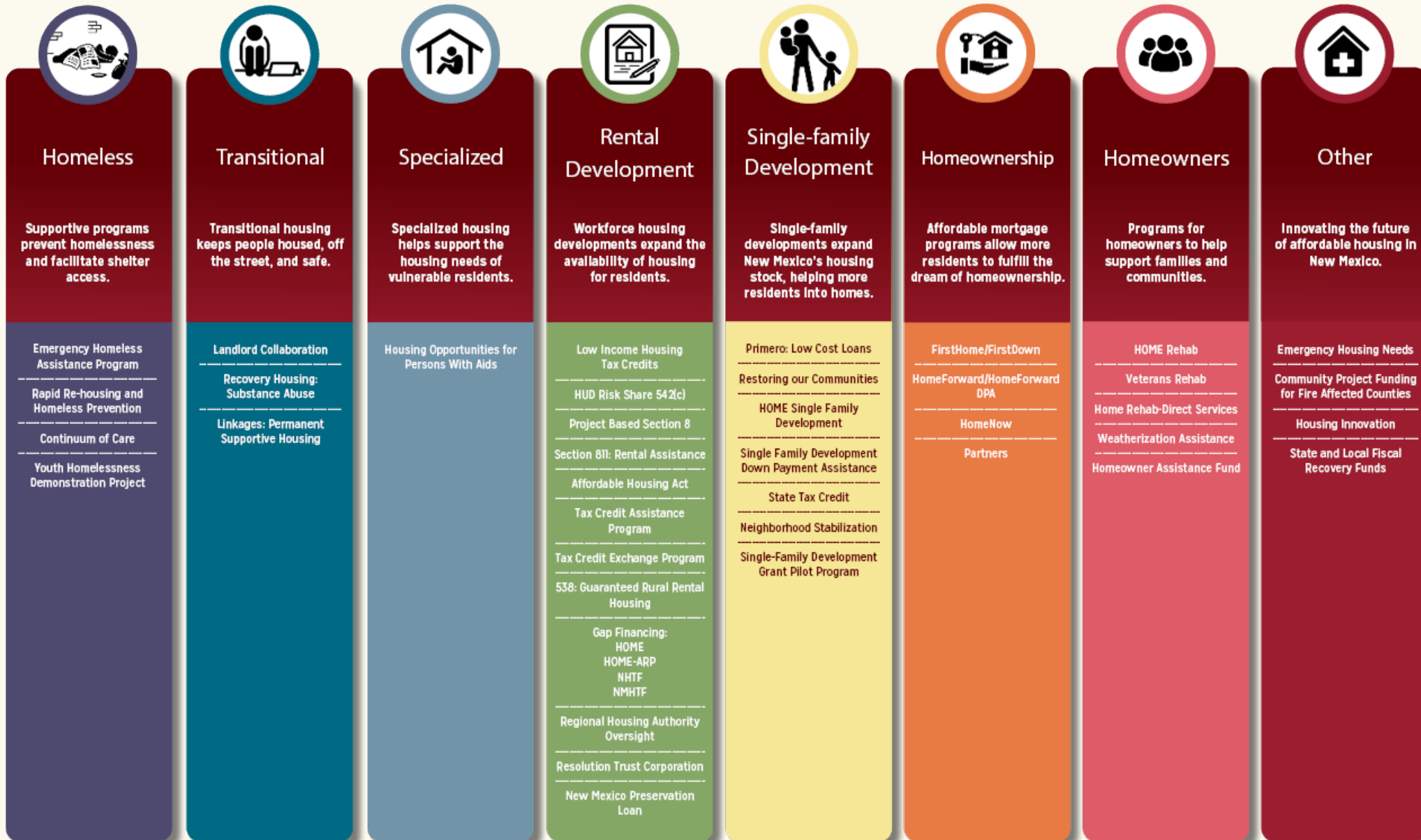
MFA relies on its 300+ partners to deliver services at the local level. We contract with and monitor to ensure effective service delivery and compliance. Partners include lenders, realtors, developers, property owners and tribal and local governments.



## CONSTITUENTS

New Mexico residents have access to affordable housing and related services and resources statewide.

# MFA's programs support the entire housing continuum, from Homelessness to Homeowners:



## MFA Board of Directors

**Angel Reyes**, Chair

President, Centinel Bank of Taos

**Derek Valdo**, Vice Chair

Chief Executive Officer, AMERIND Risk

**Rebecca Wurzburger**, Treasurer

Strategic Planning Consultant

**Howie Morales**, Ex Officio Member

Lieutenant Governor

**Raúl Torrez**, Ex Officio Member

Attorney General,

**Laura M. Montoya**, Ex Officio Member

State Treasurer

**Patricia S. Sullivan**, PhD

Associate Dean, New Mexico State University College of Engineering

## MFA Legislative Oversight Committee

### Voting Members

**Representative Eliseo Lee Alcon**, Chair (D), Milan

**Senator Nancy Rodriguez**, Vice Chair (D), Santa Fe

**Representative Meredith Dixon (D)**, Albuquerque

**Senator Stuart Ingle (R)**, Portales

**Senator Roberto "Bobby" J. Gonzales (D)**, Taos

**Representative Rod Montoya (R)**, Farmington

**Senator Michael Padilla (D)**, Albuquerque

**Representative Andrea Romero (D)**, Santa Fe

**Representative Angelica Rubio (D)**, Las Cruces

### Advisory Members

**Representative Janelle Anyanonu (D)**, Albuquerque

**Senator Gregory A. Baca (R)**, Belen

**Representative Cynthia Borrego, (D)**, Albuquerque

**Representative Ambrose Castellano, (D)**, Serrafina

**Representative Kathleen Cates, (D)**, Rio Rancho

**Representative Henry Garcia, (D)**, Grants

**Representative Tara Lujan, (D)**, Santa Fe

**Senator Mark Mores, (R)**, Albuquerque

**Senator Gerald Ortiz y Pino, (D)**, Albuquerque

**Representative Andreas Romero, (D)**, Santa Fe

**Representative Luis M. Terrazas, (R)**, Silver City

**Representative Patricia Roybal Caballero (D)**, Albuquerque

# Housing New Mexico A Call To Action

In October 2021, the New Mexico Mortgage Finance Authority (MFA) convened a 19-member, full spectrum Advisory Committee of experts to provide leadership over the development of a statewide strategic plan to expand housing opportunities for all New Mexicans. This is the **New Mexico Housing Strategy**

This **call to action** enlists the State of New Mexico, local governments, nonprofit organizations, foundations, lawmakers, and private entities to join together and address the state's housing challenges. It provides the **strategic direction to collectively move forward.**

- **Producing new housing** across the housing continuum
- **Preserving** existing housing and **redeveloping** underutilized properties
- **Building homeownership** opportunities
- **Creating housing stability** for vulnerable populations
- **Advocating** for effective state and federal housing policies and regulations.

Find the complete NM Strategy at <https://housingnm.org/the-new-mexico-housing-strategy> or scan the QR code:





# The Housing New Mexico Strategic Plan at Work

1

## Housing for Individuals Experiencing Homelessness, Unique Needs of Residents:

- PSH predevelopment funding
- Property management and service provider collaborative training and support
- Supportive services funding
- Rental assistance
- Coordinated entry system changes

2

## Rental Housing:

- Acquisition and redevelopment funding
- Landlord incentives
- Zoning and land use reform
- Infrastructure funding

3

## Manufactured Homes:

- Streamlined process to convert to real property
- Emergency assistance for homeowners

4

## Homeownership Housing:

- Regulatory efficiencies
- Downpayment and closing cost assistance
- Below market mortgage loans
- Zoning and land use reform
- Infrastructure funding

5

## Preservation of Existing Housing:

- Targeted weatherization and rehabilitation funding
- Public housing condition improvements

6

## Rehabilitation of Vacant, Underutilized Properties:

- Toolkit training and technical assistance
- Acquisition and redevelopment funding

7

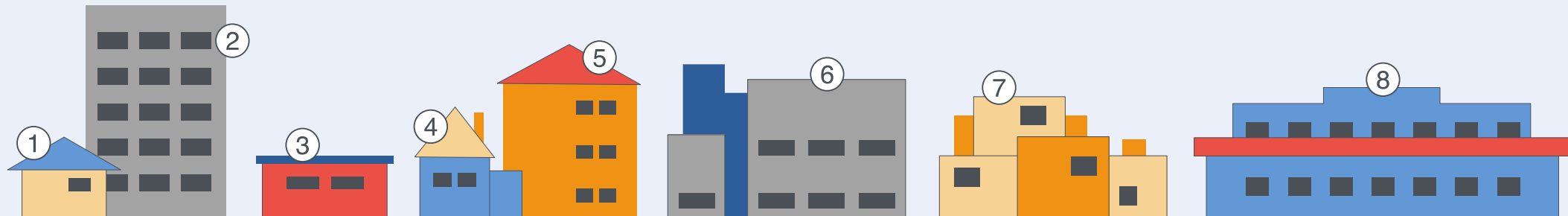
## Housing on Tribal Lands:

- Infrastructure funding
- Tailored financing

8

## Policy Leadership:

- Local government policy and program technical assistance





# New Mexico Housing Strategy

## Rental Housing Needs

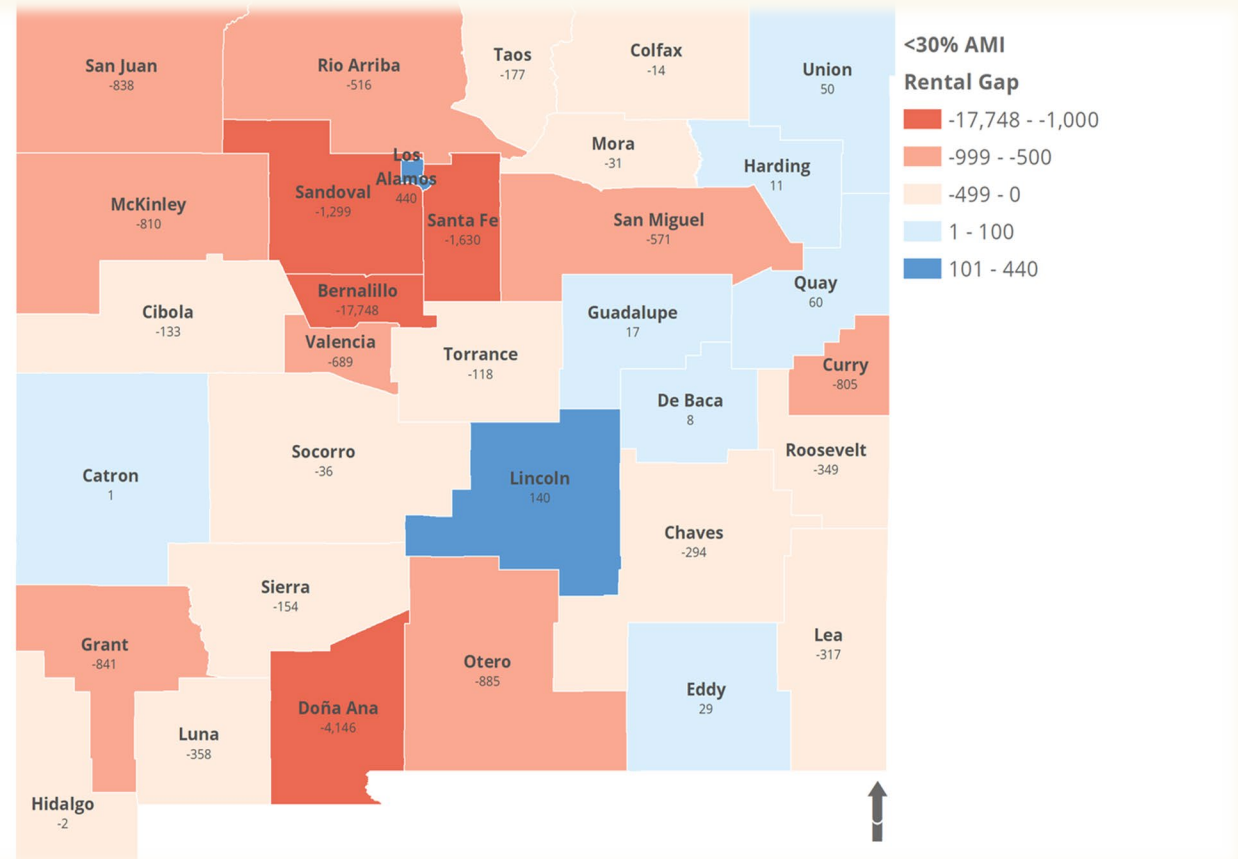
### Rental Production Needs

Current 0-30% AMI Rental "Gap" = 32,000 rental units, 2019

Gaps represent the difference between the state's lowest income renters and the number of affordable units to house them.

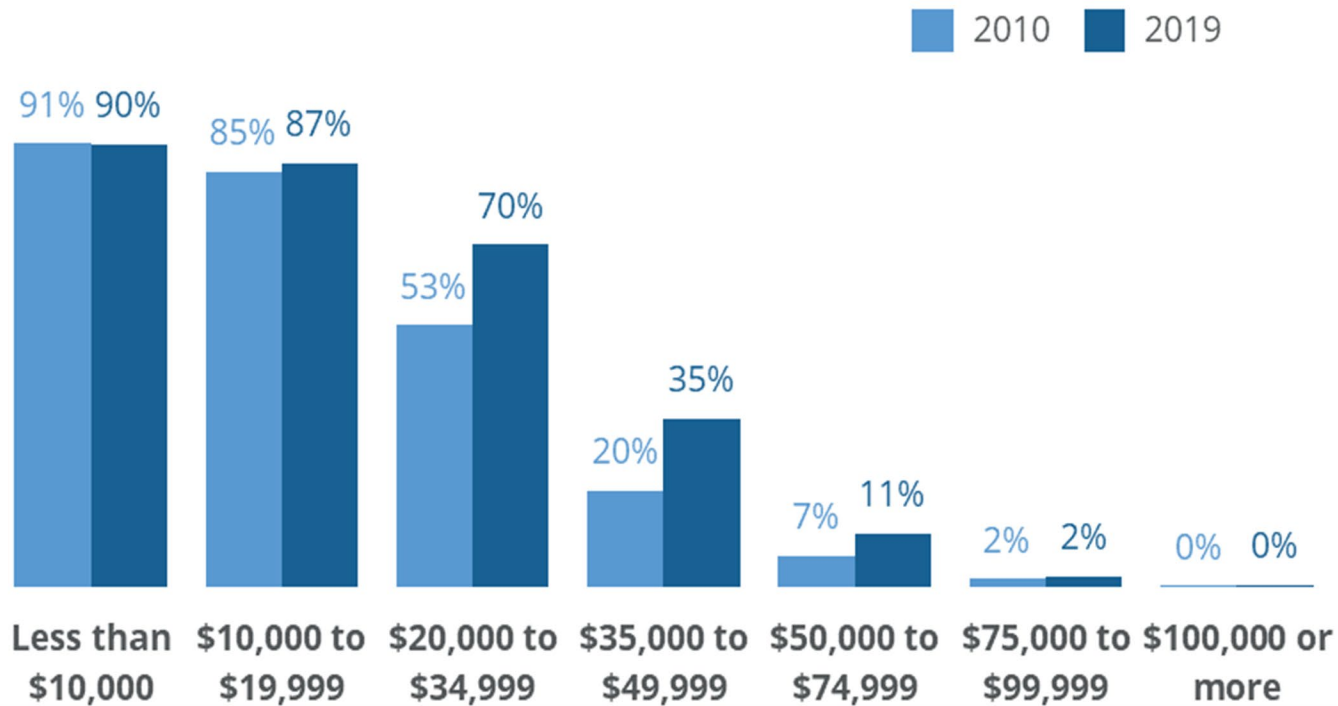
### Current Housing Developments

We currently have **52 affordable housing developments** in various stages of construction representing **4,279 units** located across **27 municipalities** and **18 counties**.



# New Mexico Housing Strategy

## Rental Housing



### Cost Burdened Renters by Income, 2010 and 2019

Housing needs are also reflected in cost burden when households pay more than 30% of their incomes in housing costs.

117,613 New Mexico households are cost burdened, and another 100,858 are severely cost burdened, paying more than 50% of household income for their home.

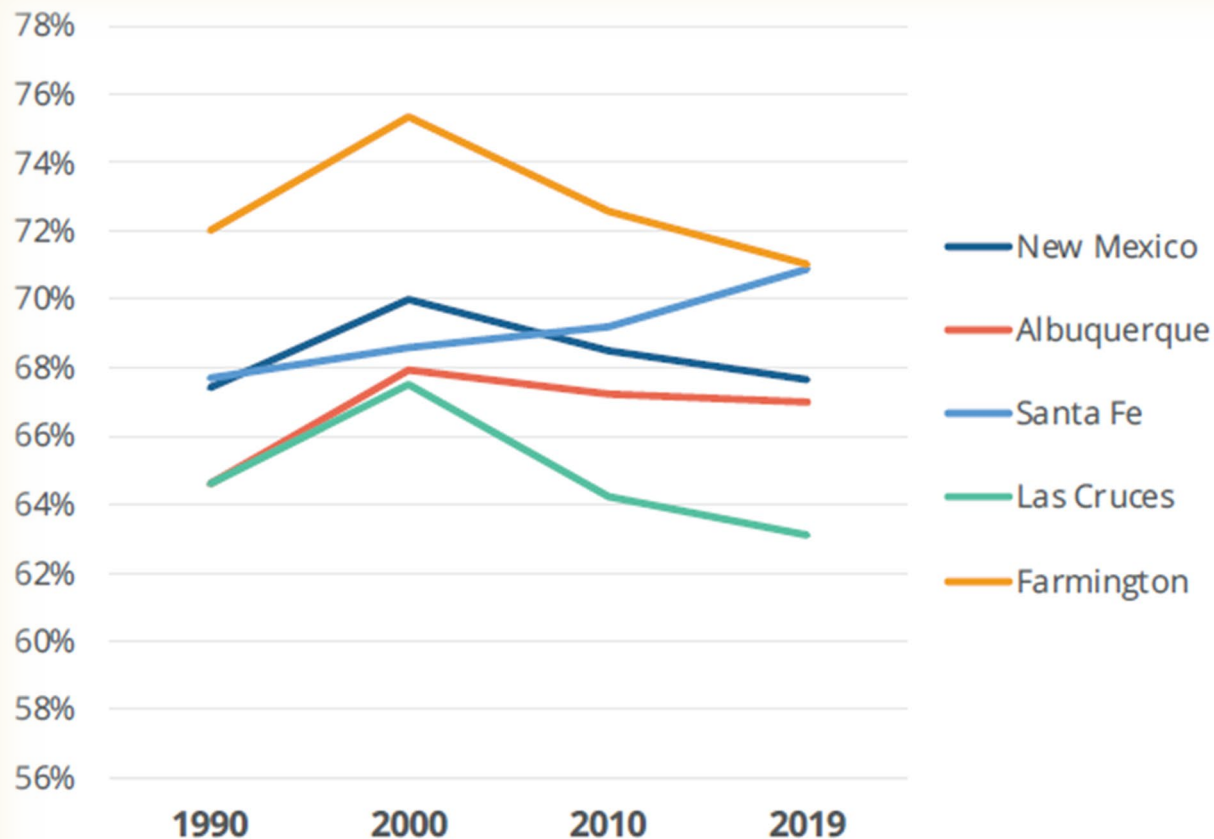
Source: 2019 ACS 5-year IPUMS and Root Policy Research.

# New Mexico Housing Strategy

## Affordable Homeownership

### Homeownership Rate

The homeownership rate in New Mexico is 68%—two and a half percentage points higher than the national rate of 65.5%. This rate has remained relatively stable since 1990, when it was 67%.



Source: 2019 ACS, Decennial Census (various years), and Root Policy Research.

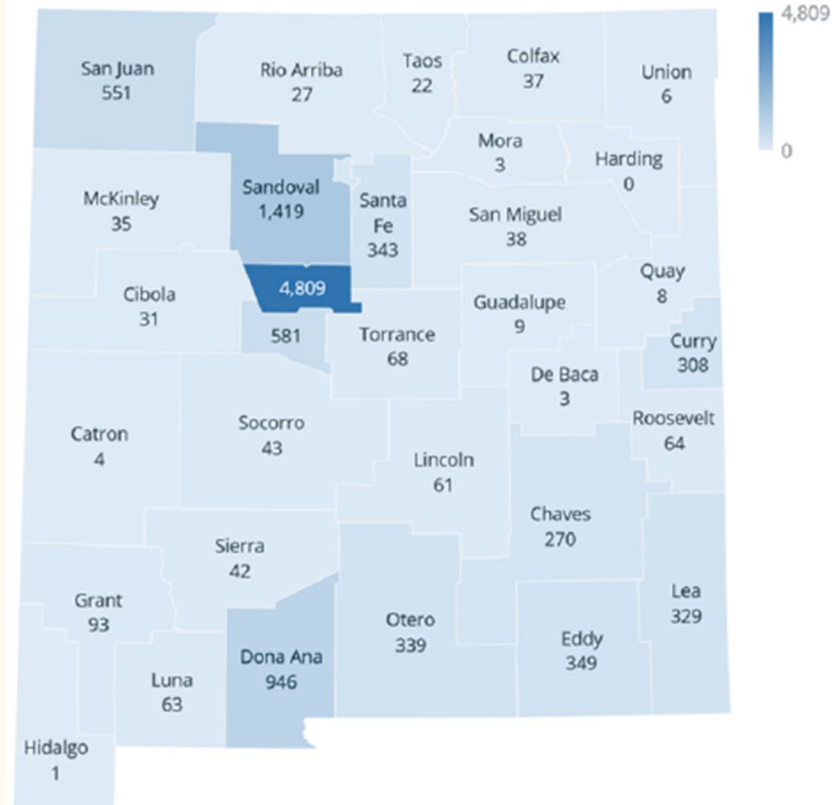
# New Mexico Housing Strategy Affordable Homeownership

Number of Affordable Home Purchases V. Projected Job Growth

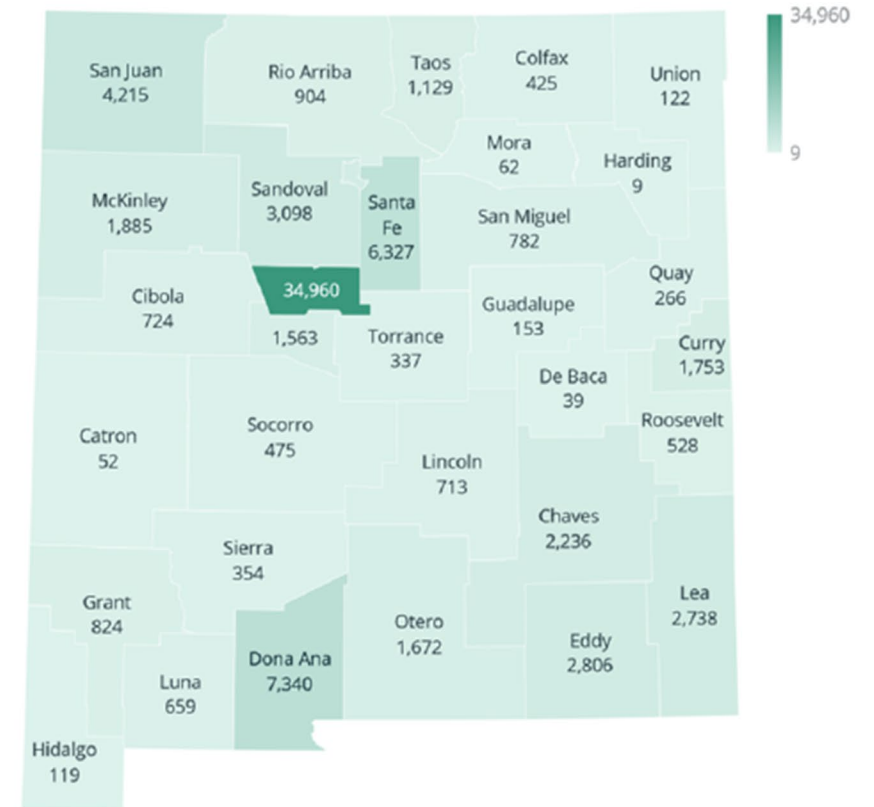
## 2023 Homeownership Production

- **1,842** homebuyers assisted and **\$375,640,284** provided through 1<sup>st</sup> Mortgages
- **1,507** individuals assisted and **\$12,298,555** provided through Down Payment Assistance

Number of Mortgages Affordable at 50%-100% AMI, 2020



Number of Projected Jobs, 2020-2035



Note: Assumes a 30-year mortgage at a rate of 3.25% with a 5% down payment, 35% of monthly payment is used for property taxes, utilities, and insurance.

Source: Root Policy Research, 2019 ACS 5 year estimates, BLS, and HMDA.

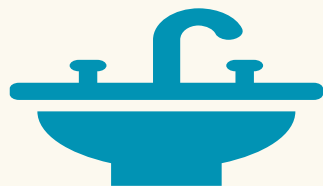
# New Mexico Housing Strategy

## Housing Preservation



### Expiring Affordable Units

An estimated 11,377 units will expire over the next 15 years



### Substandard Housing Conditions

40,000 homes without complete kitchen  
40,000 homes without complete plumbing



### Age of Housing

44% of homes were constructed before 1980

# New Mexico Housing Strategy Homelessness Needs

## Persons Experiencing Homelessness



859 permanent supportive units are needed to house the most vulnerable people

## Persons at Risk of Homelessness



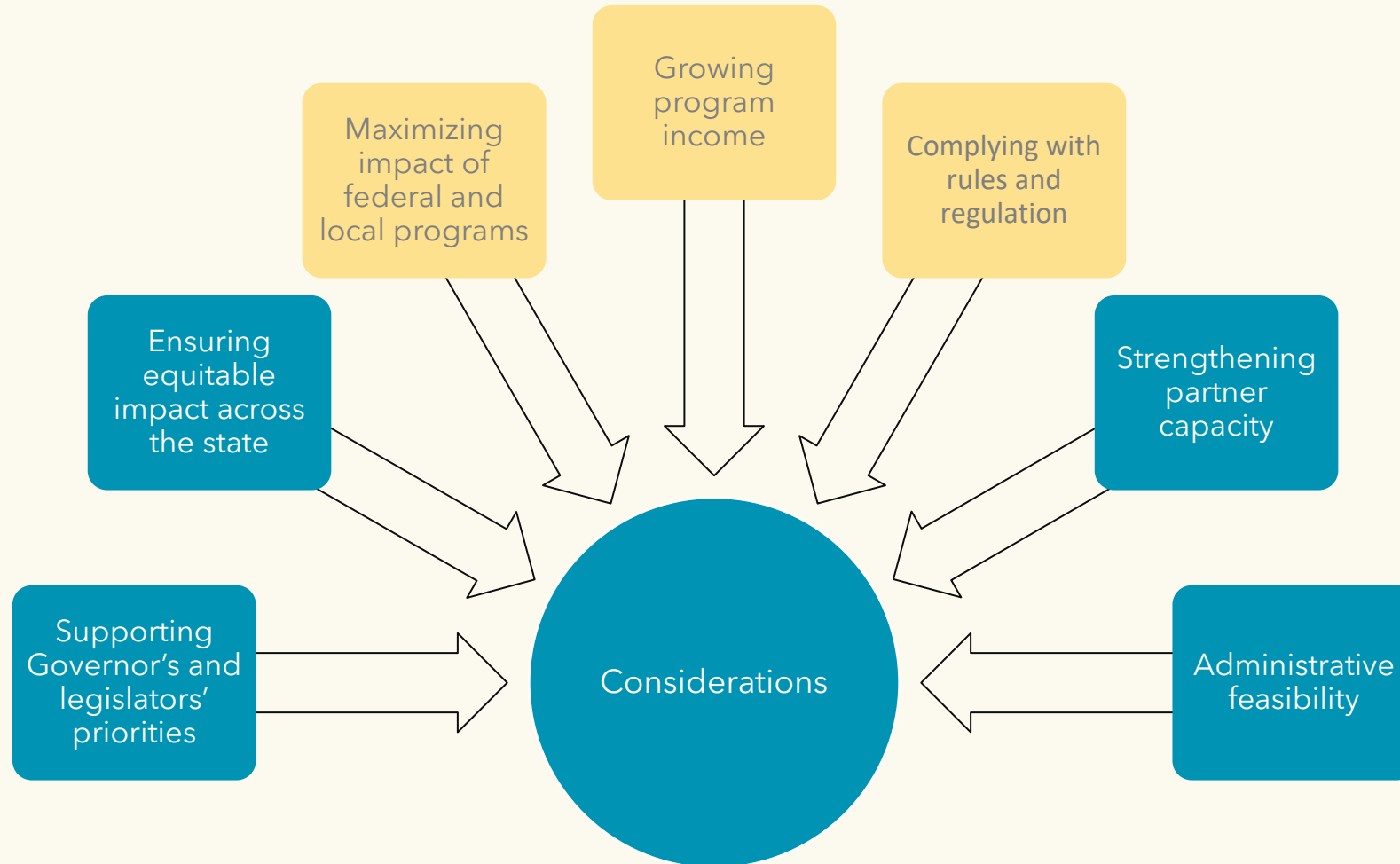
17,500 New Mexican's sought homelessness services in 2022

## Housing Insecure Households



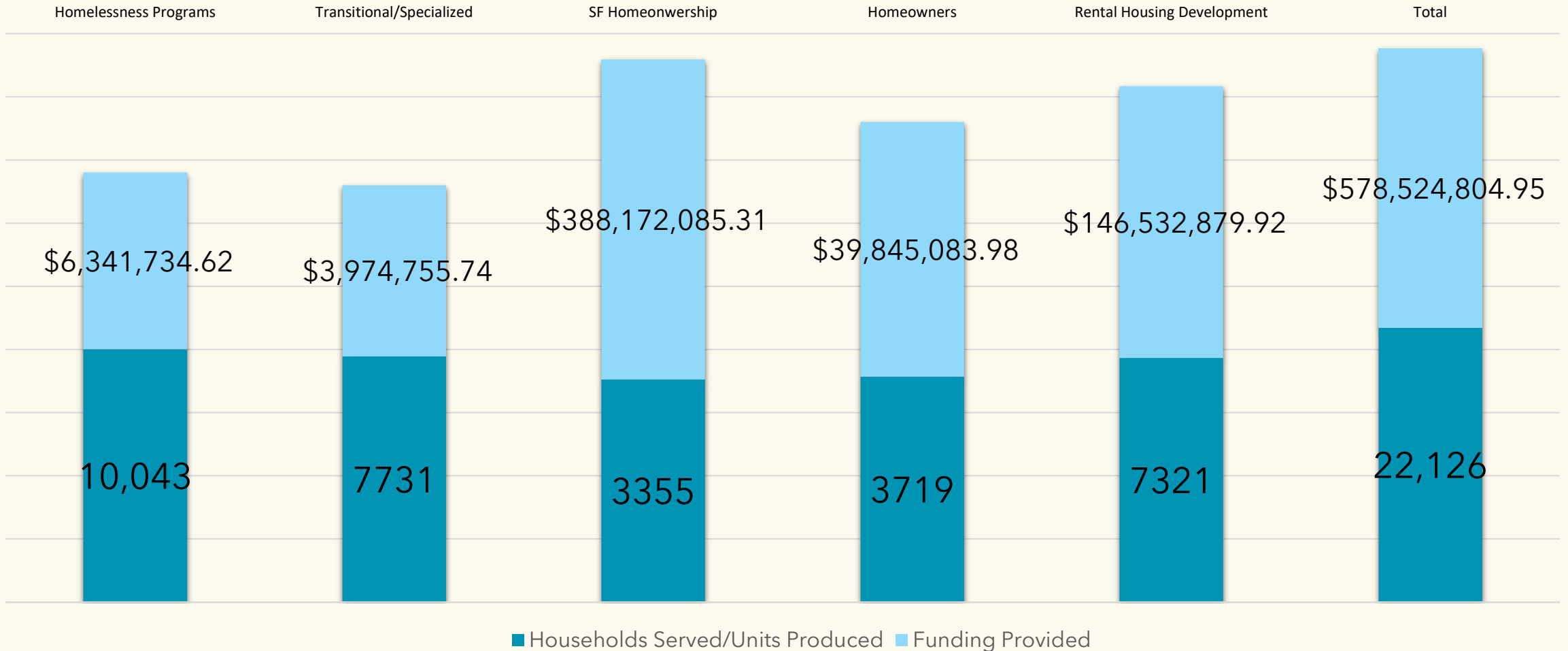
105,557 households are cost burdened and earn less than \$50,000

# New Mexico Housing Trust Fund Allocations Strategic Considerations





# 2023 Production Metrics



# Suggestions to Support and Increase Housing Unit Production

## Legislative Actions

- Streamline planning and zoning processes.
- Incentivize local governments to expedite permitting and approval processes.
- Allow for third-party inspections to reduce development delays.
- Develop or incentivize state policy to include higher density or upzoning.
- Supports efforts to strengthen the Regional Housing Authorities by developing increased capacity.

## Appropriations

- Appropriate significant flexible housing funds to successful housing entities and programs including:
- Single-family and starter home development;
- Multi-family development for very low income households, seniors, special needs and permanent supportive housing;
- Significant down payment assistance for new and existing homes;
- Rehabilitation and weatherization programs that promote health and safety, accessibility and energy efficiency housing.
- Provide funding for the Affordable Housing Act and Regional Housing Act to support technical assistance and increase rural capacity to local jurisdictions for implementation of their housing plans.
- Provide funding for pre-development activities.
- Continue to incentivize trades education programs.

# Suggestions to Support and Increase Housing Unit Production

## Strategy and Policy Actions

- Collaboration and leveraging between quasi-governmental agencies on housing infrastructure funding.
- Allocate Community Development Block Grant funds for housing programs and development.
- Use existing entities with expertise to administer housing funds appropriated by legislature (MFA, local governments).
- Leverage state, county, municipality owned land for housing.
- Incentivize “starter home” development.
- Down payment assistance targeted for new construction.

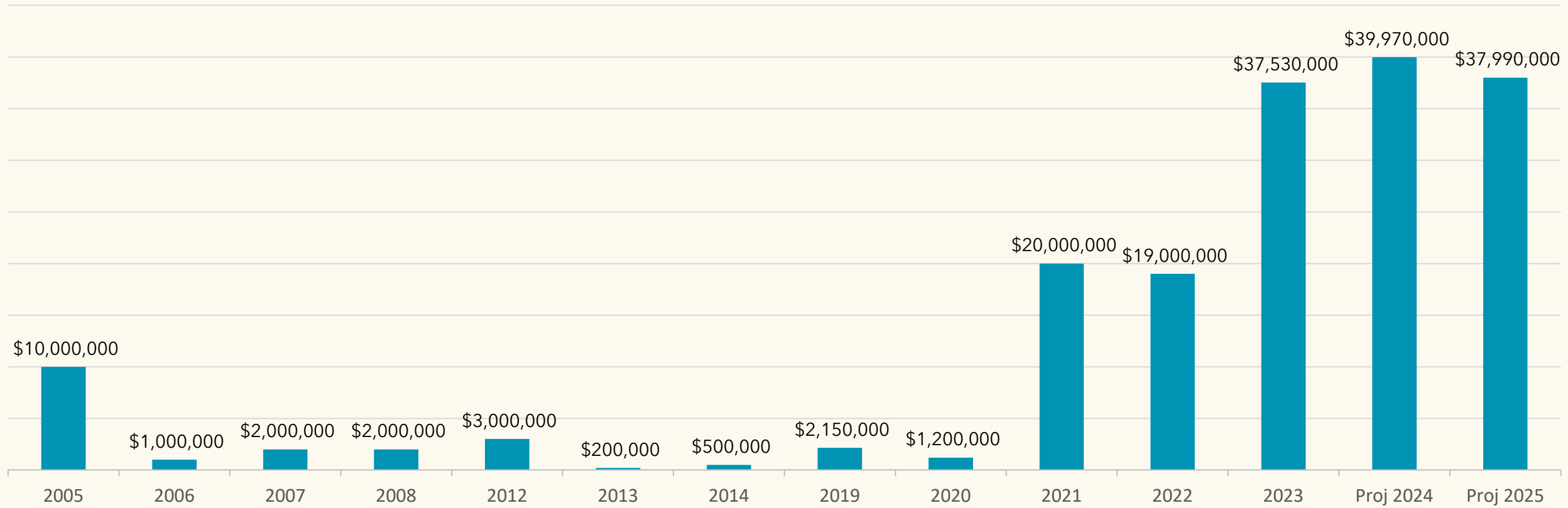
## Other Considerations

- Create efficiencies for the administration of legislative appropriations (e.g. procurement, contracts).
- Advocate for federal changes to increase legal immigration to support construction and industry related jobs.
- Consider how increased regulatory requirements imposed at the local government level and the state level impact housing production (e.g. energy efficiency standards, design standards, light pollution standards).



# New Mexico Housing Trust Fund State Appropriations

State Appropriations to the New Mexico Housing Trust Fund

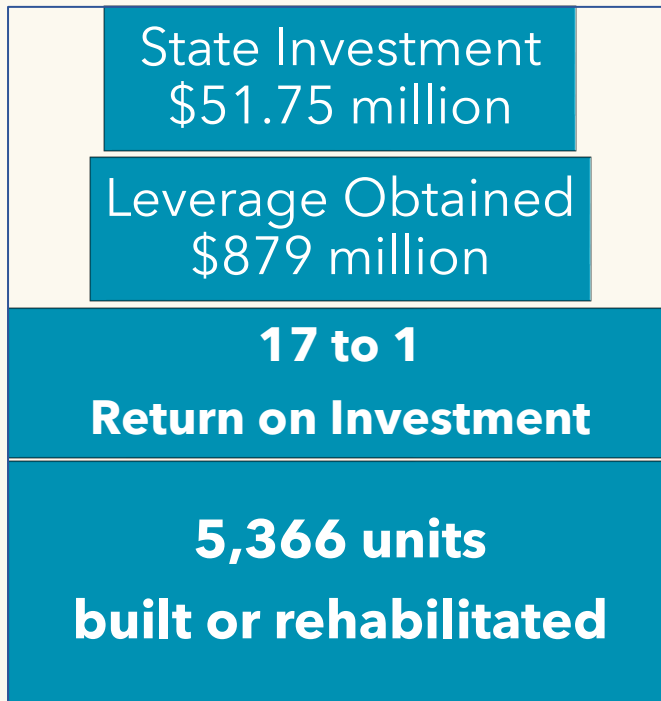


# Update on Recent One Time Appropriations (2021-2023)

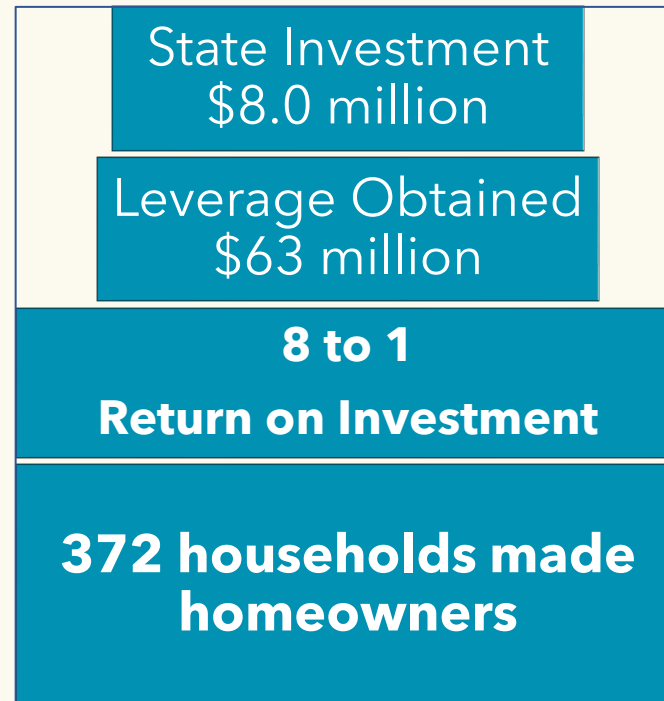
Certified Use	State Capital Outlay (21-F5028)		State Capital Outlay (21-F2406)		State Capital Outlay (22-G2445)		Coronavirus State and Local Fiscal Recovery Fund I (21-F3513)		Coronavirus State and Local Fiscal Recovery Fund II (22-G1019)		Anticipated Impact (Units/HseHolds)
	Allocation	Expenditures	Allocation	Expenditures	Allocation	Expenditures	Allocation	Expenditures	Allocation	Expenditures	
Homelessness/Transitional							\$2,900,000.00	\$-			<b>54</b>
Down payment assistance									\$7,575,000.00	\$7,445,246.29	<b>372</b>
Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation					\$892,547.55	\$709,936.25	\$4,823,053.00	\$669,069.45			<b>779</b>
Rental and single-family development	\$2,000,000.00	\$2,000,000.00	<b>\$3,000,000.00</b>	\$2,950,000.00	\$8,107,452.45	\$-	\$6,929,973.00	\$1,800,000.00	\$2,000,000.00	\$-	<b>1584</b>
Administrative Expenses							\$346,974.00	\$25,252.98	\$425,000.00	\$44,993.31	-
<b>Total</b>	\$2,000,000.00	\$2,000,000.00	<b>\$3,000,000.00</b>	\$2,950,000.00	\$9,000,000	\$709,936.25	\$15,000,000.00	\$2,494,322.43	\$10,000,000.00	\$7,490,239.60	<b>2,789</b>

# Leverage of State Investment

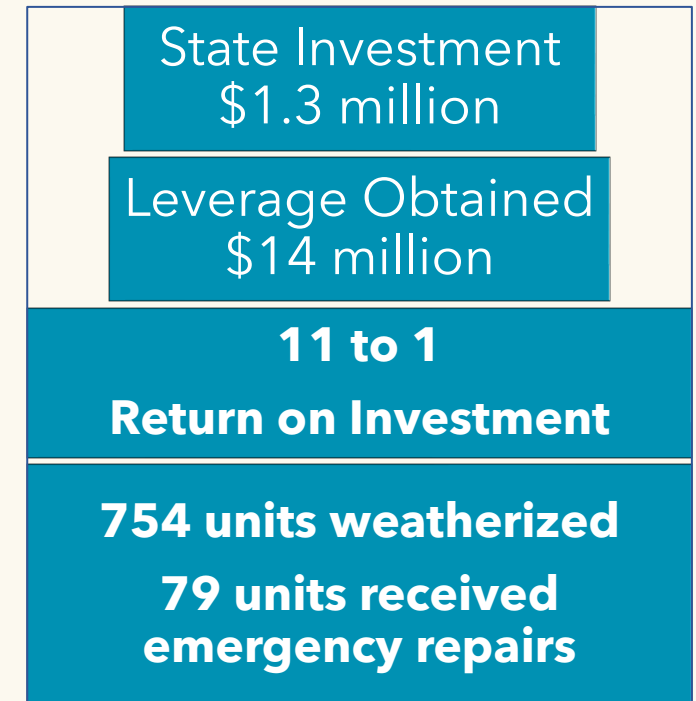
## Housing Development



## Homeownership



## Weatherization and Rehab



# Recurring Funding

## Senate Bill 134 (2022 Regular Session)

- Allocates 2.5% of severance tax bond capacity to the NMHTF.
- Requires MFA to certify uses to State Board of Finance.
- Requires that any unexpended balances revert to the severance tax bonding fund within one year of project completion and that unencumbered balances revert within three years of bond issuance.

## Senate Bill 381 (2023 Regular Session)

- Advanced the funding start date from state fiscal year 2024 to state fiscal year 2023.

## Appropriation Amounts

- SFY 2024: \$37.53 million
- Projected SFY 2025: \$39.97 million
- Projected SFY 2026: \$37.99 million



# Plan to Expend Recurring Funding

## Production

\$19.63M (52%)

Gap Financing Loans

Primerio

Single Family Development  
Grant Program

Housing Innovation

## Preservation & Redevelopment

\$6M (16%)

Single-Family Rehab

Weatherization

Preservation Loan Fund

Restoring Our  
Communities

## Homeownership

\$11.9M (32%)

40-Year Loan  
Modification

Down Payment  
Assistance



# Impact of MFA Programs

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## Production

Additional appropriations have allowed MFA to continue to lead the state in affordable housing unit production, despite high-cost market conditions. Over the last five year per unit cost have increased 43% for new construction and 56% for acquisition rehab.

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The increase in available NMHTF has supported MFA in achieving historic uses of the of the 4% Low Income Housing Tax Credit(LIHTC) program. 2023 4% LIHTC projects are projected to yield more than 700 units, 540 of which are new construction.

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## Preservation & Redevelopment

MFA is using additional funding to expand the Department of Energy Weatherization to service more Tribal areas.

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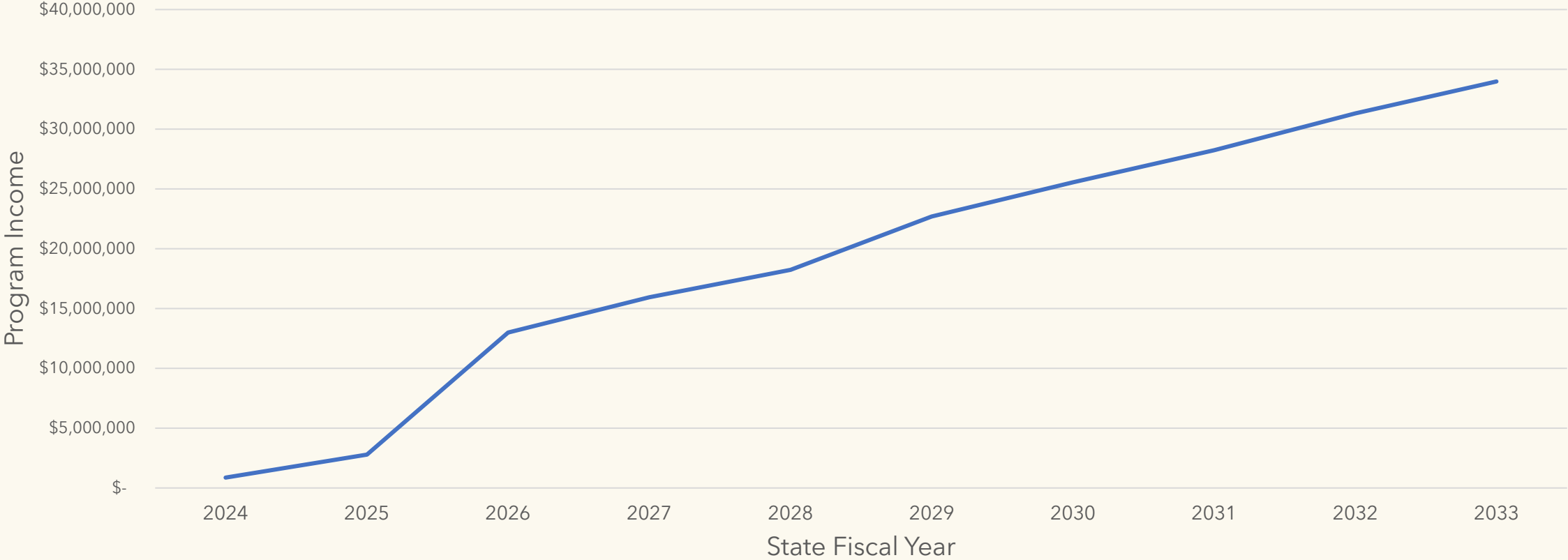
The flexible funding has enabled MFA to develop the Restoring Our Communities program, an acquisition/rehabilitation/resale initiative aimed at taking advantage of vacant properties for the purpose of revitalization.

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## Homeownership

MFA will increase funding to expand homeownership opportunities to low- and moderate-income households through deeper downpayment assistance.

# Projected Program Income Growth - New Mexico Housing Trust Fund



# MFA's Approach

## Nimble

Created a flexible single-family development program to address supply challenges.

Developed the Housing Innovation Program to fund community-tailored solutions.

Modified income limits and launched a deep downpayment assistance program to respond to changing market conditions.

## One stop-shop

Leverages federal and state resources for maximum impact.

Minimizes duplicative efforts through polices such as the Universal Rental Housing Development Application.

Ensure statewide reach with programs that serve urban, rural, and Tribal communities. Launching a "direct services" model for home rehabilitation and emergency repairs.

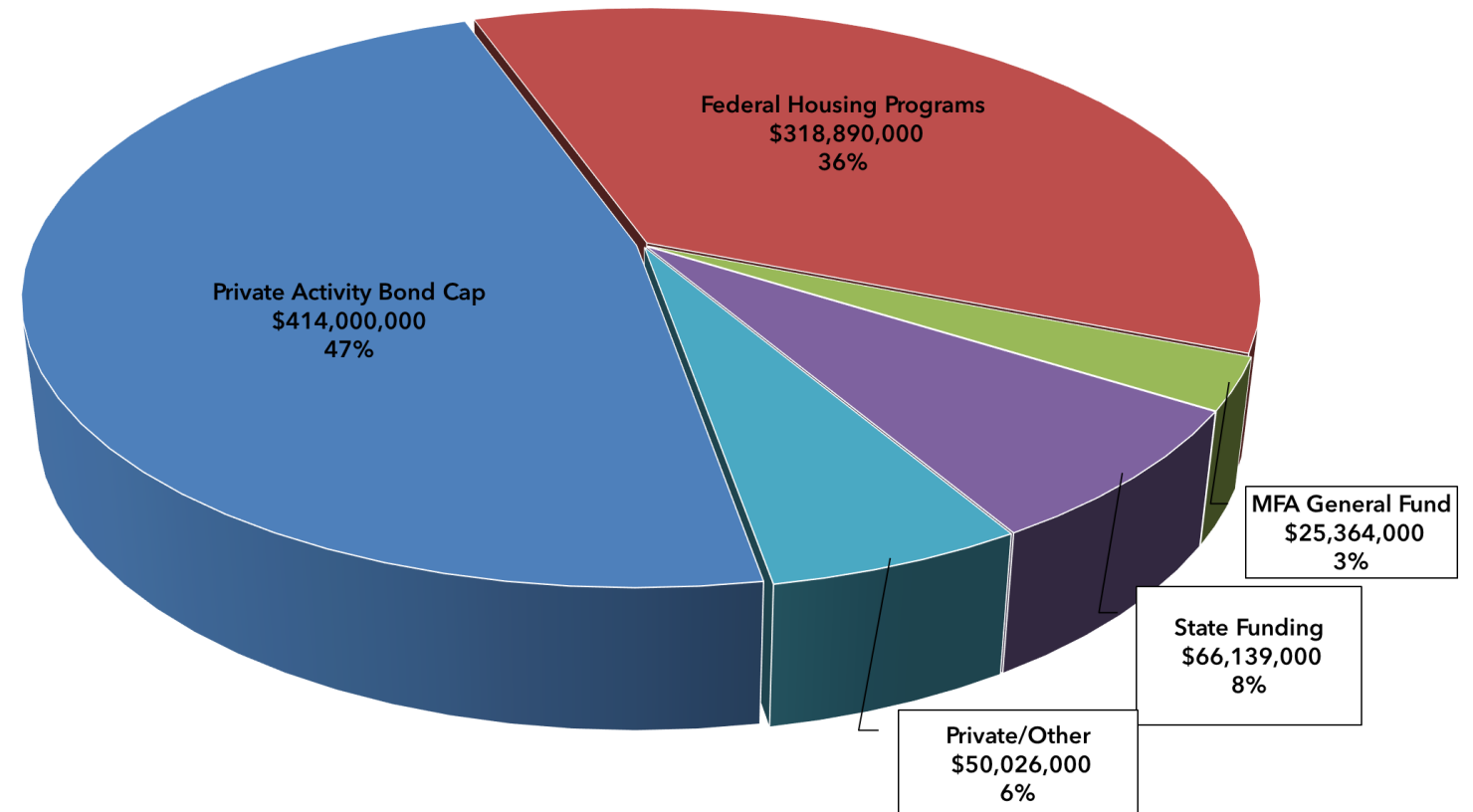
## Engaged

Continues to engage legislators, partners, state and local governments, trade organizations in decision making.

Launched a widely circulated quarterly newsletter and regular press releases.

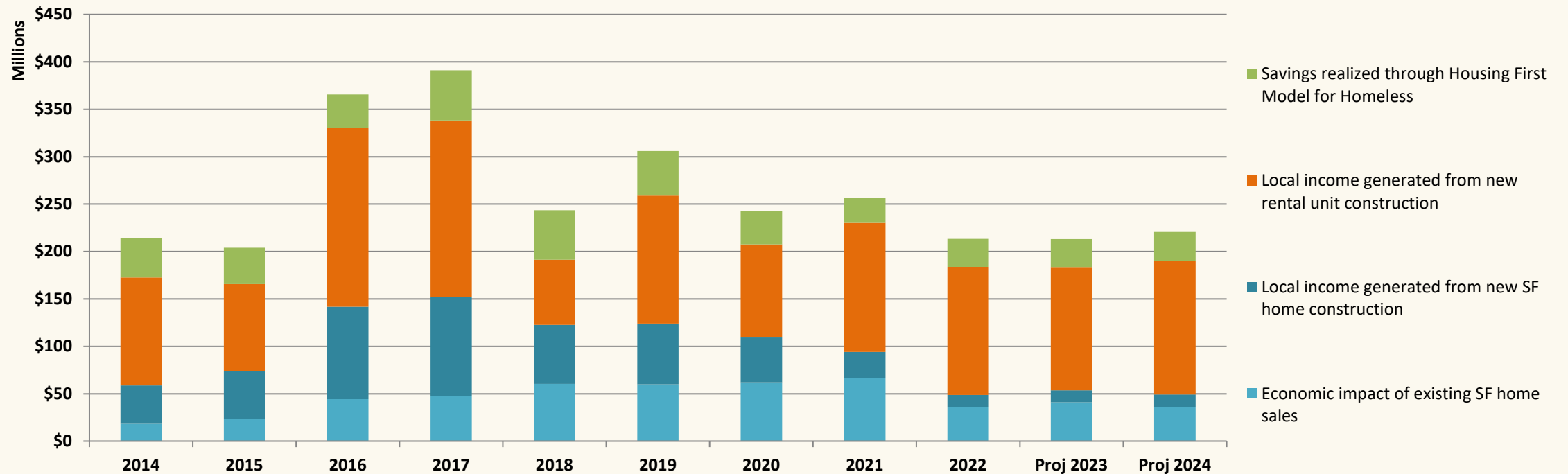
# MFA's 2023 Resources

MFA leads the state in affordable housing production and programs by drawing on a diverse portfolio of resources, including private activity bond capacity, federal housing programs, MFA general fund, state funding, and private sources. The NMHTF currently accounts for 8% of MFA's resources.



# Economic Impact of MFA Programs FY2014 - 2024

**Economic Impact of MFA Programs**



MFA Fiscal Year, 9/30 to 10/01, FY 2023 and 2024 is projected

Sources: Realtors Association of New Mexico, NAHB Economic Model, City of Albuquerque Heading Home Cost Study



# New Mexico Housing Trust Fund Income Limits

County	2023 Median Income	150% AMI Income
Bernalillo	<b>\$ 86,500.00</b>	\$129,750
Catron	<b>\$ 58,100.00</b>	\$87,150
Chaves	<b>\$ 64,600.00</b>	\$96,900
Cibola	<b>\$ 65,100.00</b>	\$97,650
Colfax	<b>\$ 60,500.00</b>	\$90,750
Curry	<b>\$ 66,000.00</b>	\$99,000
DeBaca	<b>\$ 74,900.00</b>	\$112,350
Dona Ana	<b>\$ 59,600.00</b>	\$89,400
Eddy	<b>\$ 92,000.00</b>	\$138,000
Grant	<b>\$ 66,700.00</b>	\$100,050
Guadalupe	<b>\$ 49,800.00</b>	\$74,700
Harding	<b>\$ 61,700.00</b>	\$92,550
Hidalgo	<b>\$ 66,300.00</b>	\$99,450
Lea	<b>\$ 65,200.00</b>	\$97,800
Lincoln	<b>\$ 68,100.00</b>	\$102,150
Los Alamos	<b>\$ 168,500.00</b>	\$252,750
Luna	<b>\$ 52,900.00</b>	\$79,350
McKinley	<b>\$ 55,800.00</b>	\$83,700

County	2023 Median Income	150% AMI Income
Mora	<b>\$ 50,000.00</b>	\$75,000
Otero	<b>\$ 69,300.00</b>	\$103,950
Quay	<b>\$ 46,100.00</b>	\$69,150
Rio Arriba	<b>\$ 70,700.00</b>	\$106,050
Roosevelt	<b>\$ 69,000.00</b>	\$103,500
Sandoval	<b>\$ 86,500.00</b>	\$129,750
San Juan	<b>\$ 61,100.00</b>	\$91,650
San Miguel	<b>\$ 52,800.00</b>	\$79,200
Santa Fe	<b>\$ 95,600.00</b>	\$143,400
Sierra	<b>\$ 62,200.00</b>	\$93,300
Socorro	<b>\$ 56,600.00</b>	\$84,900
Taos	<b>\$ 71,900.00</b>	\$107,850
Torrance	<b>\$ 86,500.00</b>	\$129,750
Union	<b>\$ 54,500.00</b>	\$81,750
Valencia	<b>\$ 86,500.00</b>	\$129,750





# FY24 Budget Overview

Legislative Oversight Committee

**Arundhati Bose**  
Chief Financial Officer

# FY24 Operating Budget



The reserves created from excess revenue over expenses are used to meet rating agency reserve requirements and to fund MFA's internal revolving loan fund to **support affordable housing activities**.

# Summary of Significant Budget Variances

FY 2023 to FY 2024

## INCREASE IN ADMINISTRATIVE FEE INCOME

- Projected increase in bond administrative fees as bonds have become the best execution model for financing single family loans.

## COMPENSATION INCREASES

- 4% salary increase; merit- based process; organization wide average.
- Due to organization growth, added 10.375 FTE.
- Benefit increases of 13% due to increased insurance premiums.

## CHANGES IN DIRECT SERVICING EXPENSES

- A decrease in loan servicing income due to a reduction in the service fee yield on the Ginnie Mae loan product.
- An increase in repurchase loan expenses are expected as the COVID related moratorium on foreclosures has expired.

## INVESTMENT PORTFOLIO INCOME

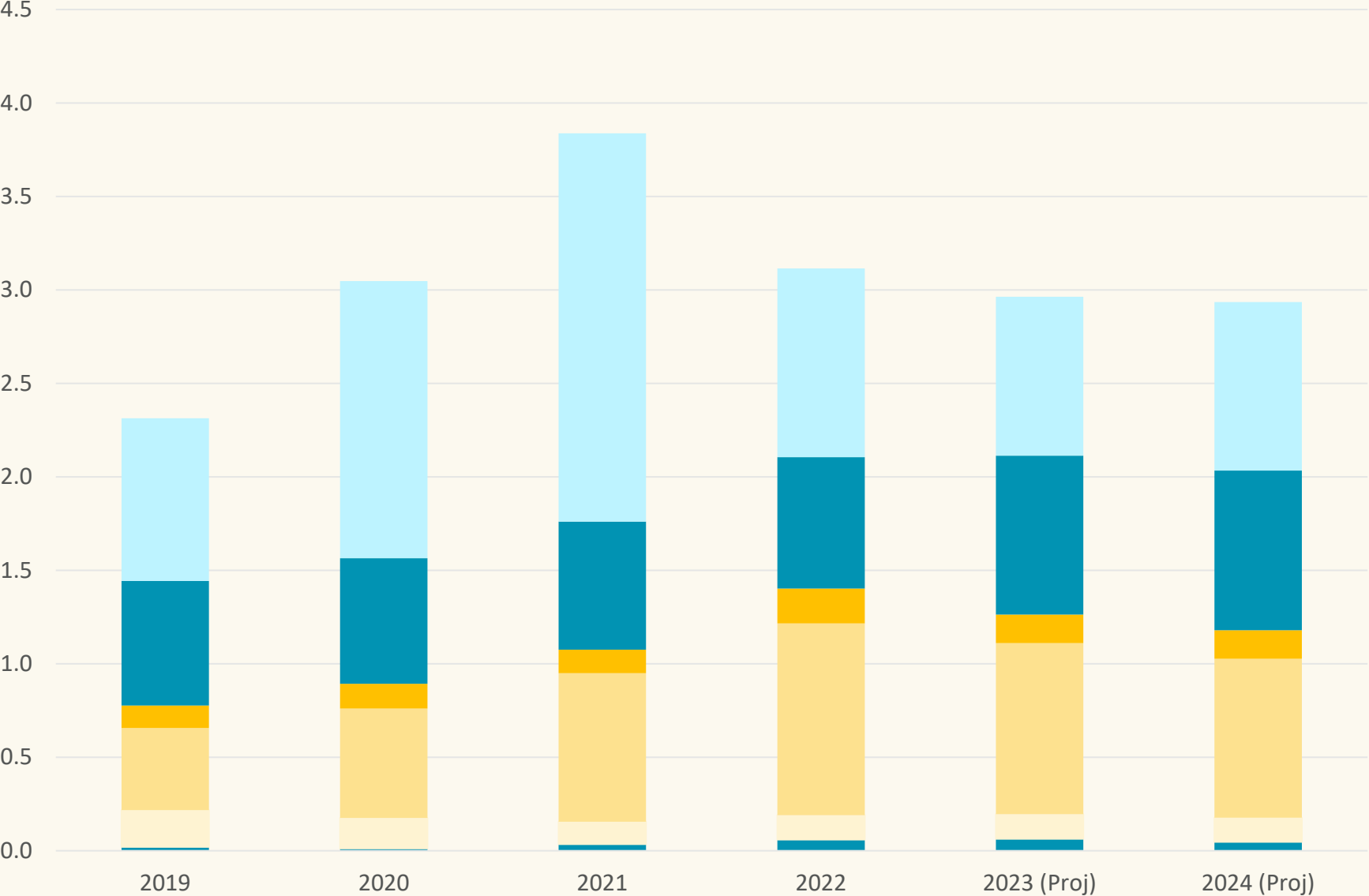
- Increased interest income due to higher interest rates.

## MISCELLANEOUS VARIANCES

- Non-Cash Expenses- increase due to an increase in amortization of servicing rights and depreciation on existing assets.

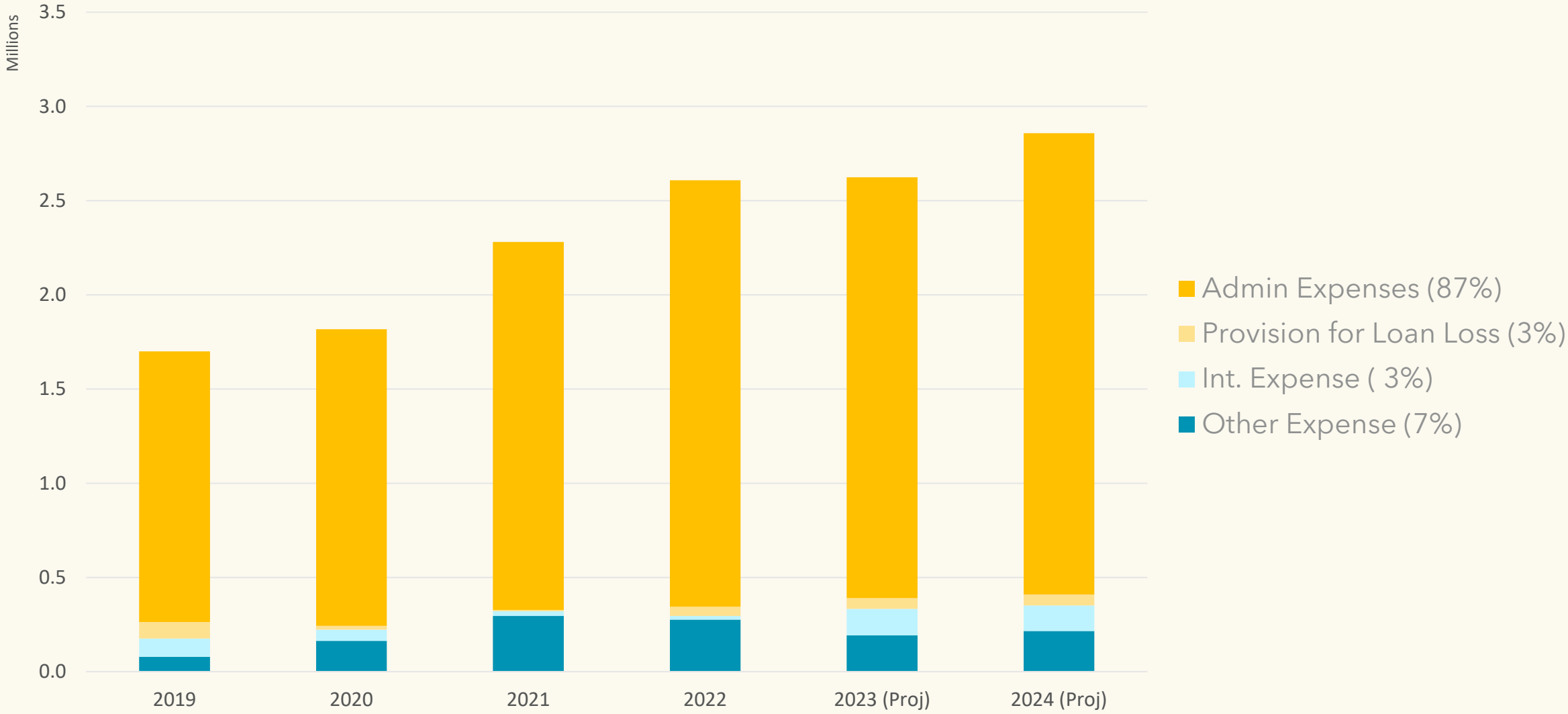
# Operating Revenue Summary 2019-2024

Millions



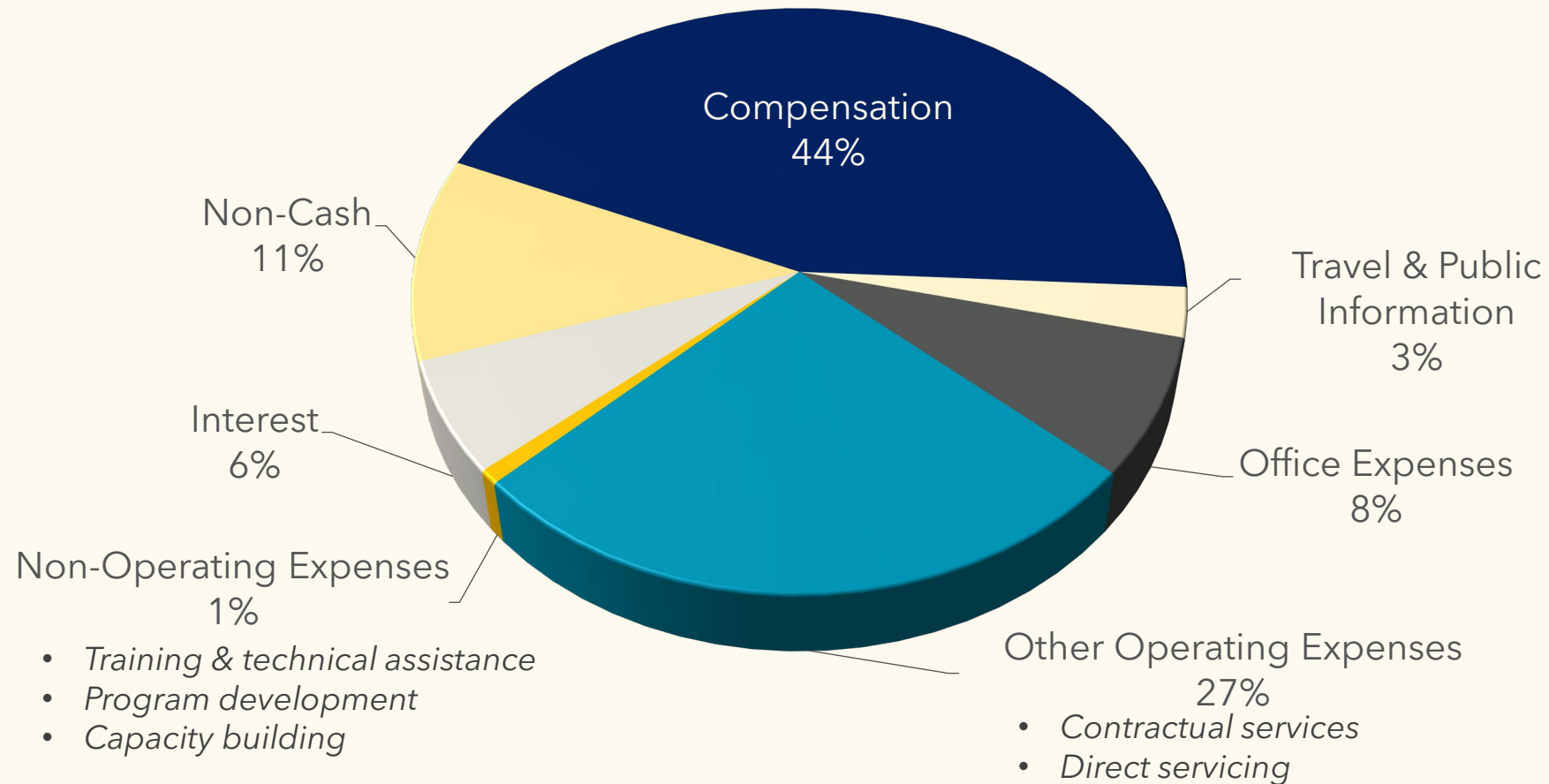
- Admin Fees (42%)
- Interest-Loans (24%)
- Housing Program Income (5%)
- Servicing Income (23%)
- Interest-Investments (5%)
- Other Income (1%)

# Operating Expense Summary 2019-2024



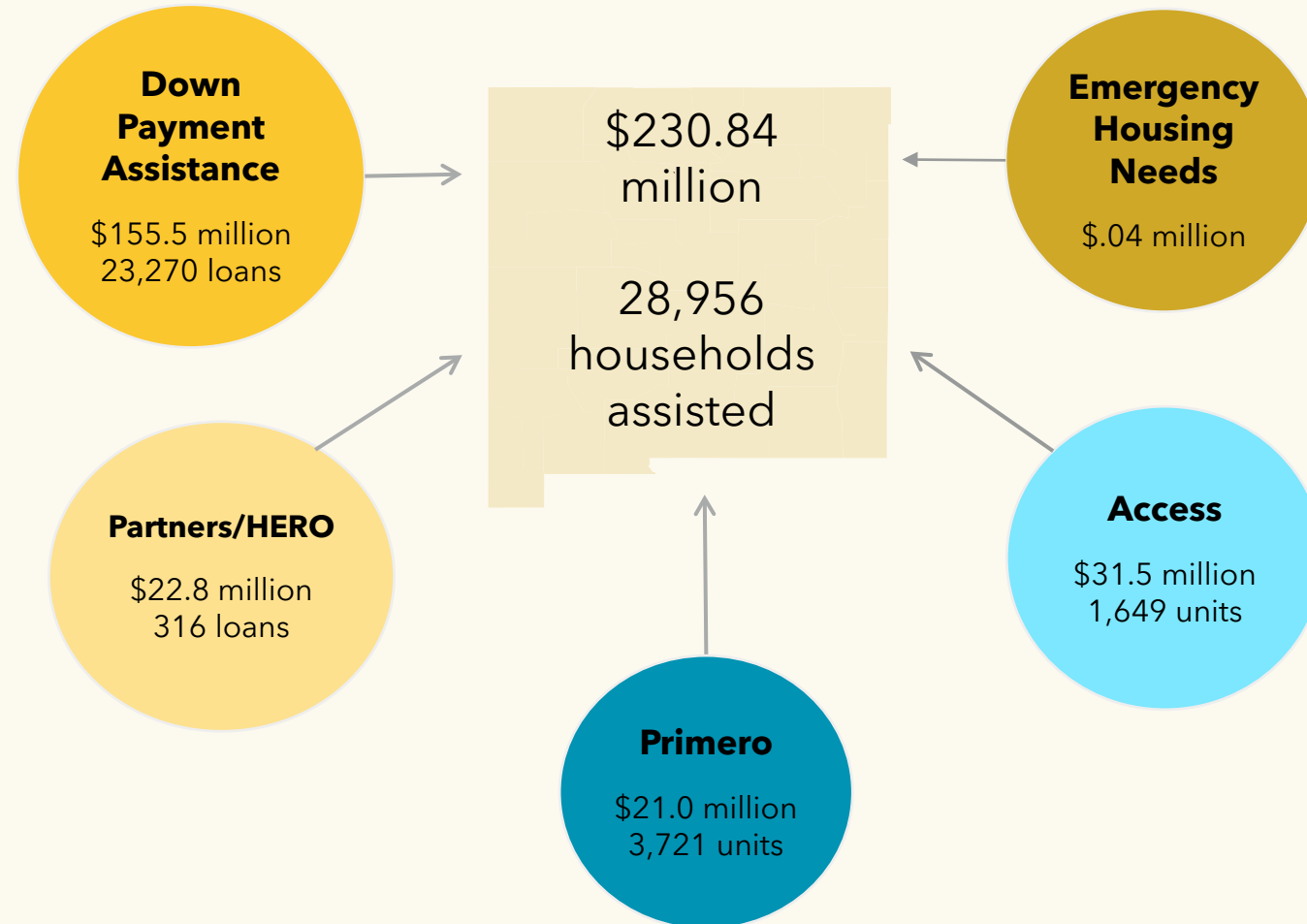
# MFA Detailed Administrative Expense Breakout

MFA General Fund: FY 2024 Budget



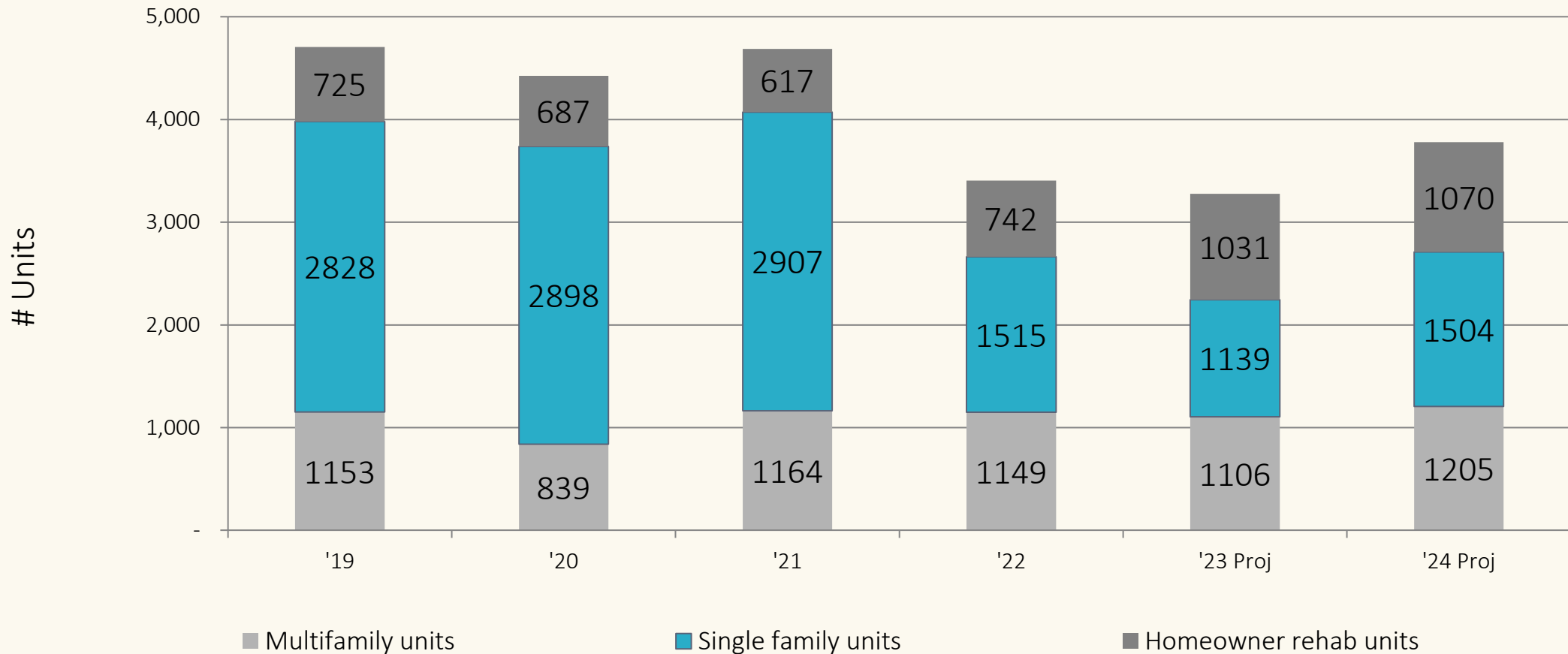
# MFA's Housing Opportunity Fund

Investing in New Mexico



# FY19-FY24 Production Data

Multifamily, Single Family First Mortgage, and Single-Family Homeowner Rehab Units





# Contact Information



**Isidoro Hernandez**, *Executive Director/CEO, MFA*  
505.767.2275  
ihernandez@housingnm.org

**Arundhati Bose**, *Chief Financial Officer, MFA*  
505.767.2273  
abose@housingnm.org

**Robyn Powell**, *Director of Policy and Planning, MFA*  
505.767.2271  
rpowell@housingnm.org