

2024 Legislative Agenda

New Mexico Housing Trust Fund

\$500 million

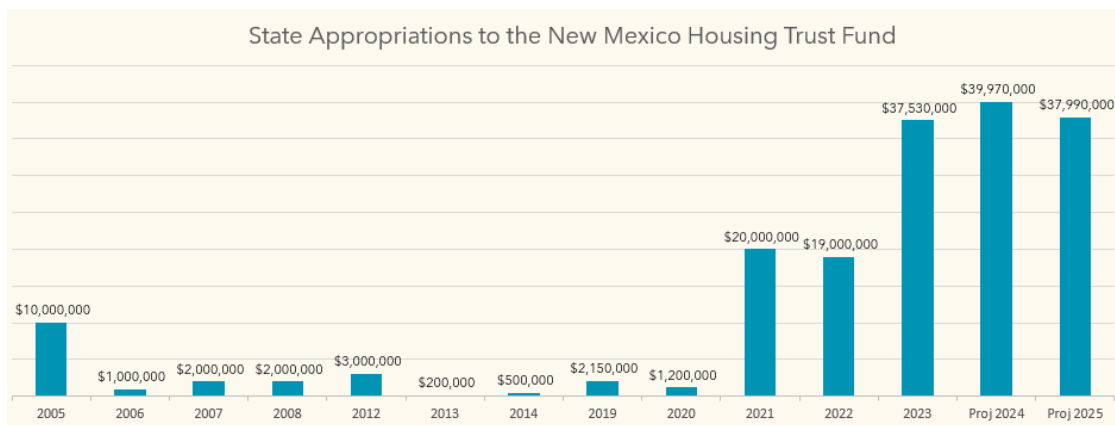
The New Mexico Housing Trust Fund (NMHTF) was established to fund the acquisition, building, rehabilitation, preservation, financing, weatherization, and home energy efficiency upgrades for low to moderate income New Mexicans. A transformative investment to the NMHTF is required to address the housing crisis facing low and moderate income New Mexicans.

The New Mexico Mortgage Finance Authority (MFA), as the Trustee of the NMHTF, has established programs, partnerships, and administrative capacity to effectively utilize state funds for housing development, preservation of existing affordable housing, and homeownership programs across the entire state.

Background

From its establishment in 2005 through 2022, the legislature has appropriated \$61,050,000 to the NMHTF, of which \$25 million (42%) were state appropriations of federal stimulus dollars (Coronavirus State and Local Fiscal Recovery Funds) in 2021 and 2022.

In 2022, Senate Bill 134 was enacted to allocate 2.5% of severance tax bonding capacity to the NMHTF. In 2023, Senate Bill 381 was enacted to move forward the effective date of the earmark to July 1, 2023. **MFA has committed nearly 100% of the state appropriations, including the state fiscal year 2024 recurring funding to a program or project.**



Strategic Approach

In October 2021, MFA convened an Advisory Committee to provide leadership over the development of the New Mexico Housing Strategy.¹ Published in September 2023, the New Mexico Housing Strategy identifies four goals to transform our state's housing challenges:

- Produce new housing across the housing continuum,
- Preserve existing housing and redevelop underutilized properties,
- Build homeownership opportunities, and
- Create housing stability for vulnerable populations.

These goals serve as MFA's framework for administering the NMHTF to ensure impact across the housing continuum of need.

Production

The state's rental housing gap is concentrated at income levels below 30% area median income (AMI). New Mexico's gap at this income level is approximately 32,000 units. Ensuring an adequate supply of affordable housing opportunities allows communities to retain and grow their workforce, which is foundational to catalyzing New Mexico's economic development potential. **MFA's housing development programs provide a "one stop shop" for affordable housing developers to efficiently increase New Mexico's housing stock statewide.**

Preservation

Nearly 45% of New Mexico's housing stock was built before 1980, 40,000 housing units in the state do not have a complete kitchen, and the same number of units are without complete plumbing. Strong preservation efforts and redevelopment are critical to supporting economic growth and to maintaining affordability for New Mexicans. This need is especially important to the state's rural areas where naturally occurring affordable housing is aging, and thus likelier to be more expensive to heat and cool, has higher maintenance costs, and has a higher likelihood of lead exposure or other adverse conditions. MFA administers numerous programs aimed at addressing the state's preservation and redevelopment needs, including home rehabilitation, weatherization, and acquisition/rehab/resale.

Homeownership Opportunities

Inflation, flat income growth and higher interest rates have increased barriers to homeownership for low-to-moderate income households. The growing affordability gap, which is the difference between income and home price, has pushed the dream of homeownership out of reach for many families. For example, the affordability gap for a

¹ To find the complete New Mexico Housing Strategy, visit: <https://housingnm.org/the-new-mexico-housing-strategy>

household at the 80% AMI level in Santa Fe is \$215,000, based on the median home price. In Las Cruces the affordability gap amounts to \$53,000, and in Albuquerque it is \$45,000.²

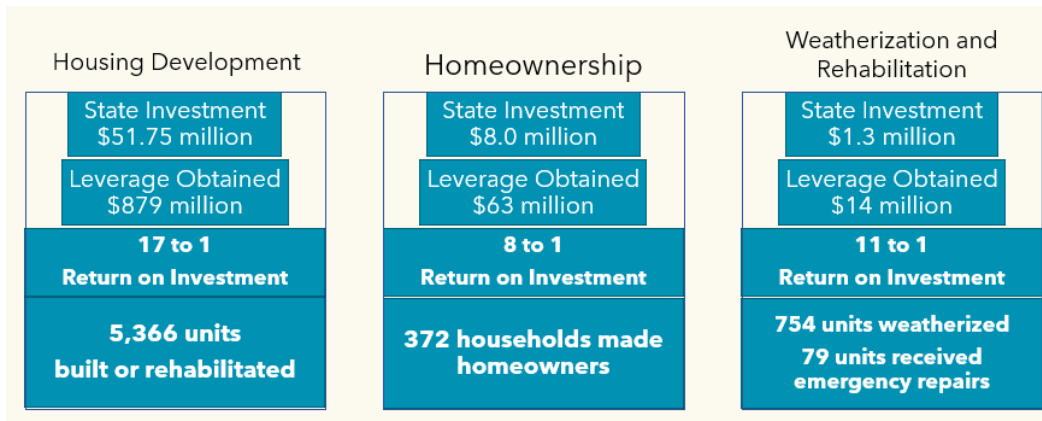
Currently, down payment assistance programs for low-to-moderate income households are not sufficiently resourced to meet the need in New Mexico. In 2023, MFA deployed \$8 million of down payment assistance grants for households at the 80% AMI level in less than 120 days, underscoring the demand for expanding homeownership opportunities.

Vulnerable Populations

The Legislative Finance Committee Homelessness Supports and Affordable Housing Spotlight³ estimates a need for 859 additional permanent supportive housing units, a development model that pairs long term housing with supportive services. The report goes on to state that 105,557 households are experiencing housing insecurity due to being low income and housing cost burdened. Addressing homelessness is demonstrated to result in savings to taxpayers by reducing the use of the more costly, de facto solutions like jails and hospitals. MFA administers programs proven to prevent and eradicate homelessness, including permanent supportive housing development and rapid rehousing.

Leverage

MFA maximizes state investment by leveraging federal and private funding and interest and loan repayments. Currently, MFA is tracking approximately a 16/1 leverage ratio across all programs. The leverage ratio varies within programs primarily based on the amount of federal and private funding available.



Accountability

² 80% AMI in Santa Fe County for a 2-person family in Santa Fe is \$54,600. In Las Cruces and Albuquerque 80% AMI for a 2-person family is \$41,350 and \$51,150 respectively.

³ To find the complete Homelessness Supports and Affordable Housing Spotlight, visit: https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Policy%20Spotlight%20-%20Homlessness%20and%20Affordable%20Housing%20Supports.pdf

MFA was created by the State Legislature in 1975. The MFA Act defines MFA as a “public body corporate, separate and apart from the state.” **MFA became the state government’s designated housing agency in 1997 and has never received operating funds from the state.** MFA administers all state and federal housing programs, which allows for a high level of operational efficiency.

State and Legislative Oversight

The MFA Act created MFA’s Legislative Oversight Committee, which meets five to six times per year during the interim session. While the State does not approve MFA’s budget, MFA makes annual presentations to the Legislative Finance Committee and the State Board of Finance in the October-November timeframe. **The State Board of Finance also certifies the uses of the NMHTF earmark funding.**

Board of Directors

MFA has a seven-member Board of Directors, comprised of the Lieutenant Governor, Attorney General and the State Treasurer and four members appointed by the Governor and confirmed by the Senate. The Governor designates the Chair of the Board, who may be any member. The Board annually elects a Vice Chair.

Management and Staff

MFA’s Executive Director/CEO, Isidoro Hernandez (28-year tenure at MFA), serves under the control and direction of the MFA Board of Directors. MFA’s leadership team consists of Chief Financial Officer Arundhati Bose, Chief Housing Officer Donna Maestas-De Vries and Chief Lending Officer Jeff Payne. The agency has a 17-person Strategic Management Committee and 125 employees.

Audits

MFA is subject to more than a dozen audits each year. In addition to our annual financial statement and single audit, MFA has a robust internal audit program and is also audited for individual federal and state programs on an ongoing basis. **Fiscal Year 2022 was MFA’s 30th year of unmodified opinions on financial statement audits with no material weaknesses.**

Programs

MFA administers around 40 programs that address the full spectrum of housing needs. MFA programs assist people experiencing homelessness and people with special needs, provide sophisticated financing for affordable rental projects, rehabilitate and weatherize homes for low-income homeowners, and provide low-interest mortgages and down payment assistance for low and moderate income homebuyers. MFA relies on almost 400 partners, including realtors, lenders, developers, property owners, service providers, non-profits and local and Tribal governments, to deliver MFA program services throughout New Mexico.

Affordable Housing Act Oversight Duties

\$500,000

This appropriation will enable MFA to 1) oversee the Affordable Housing Act, including review and approval of plans and ordinances, 2) provide direct technical assistance to local governments in the drafting of an affordable housing plan and affordable housing ordinance, and 3) offer planning and implementation grants to local governments on an as-needed basis.

Background

The Affordable Housing Act was signed into law in 2004. Like the Local Economic Development Act (LEDA), it is an exemption to the state's Anti-Donation clause. It permits the state and local governments to contribute public funds, land, buildings and other resources to create and preserve affordable housing. MFA is charged with rulemaking authority and oversight of the Act but receives no funds for these purposes.

Results

The priority for this funding is to help local governments, municipalities, and jurisdictions implement approved housing plans and ordinances, paving the way for communities to increase housing stock and deploy housing solutions that meet local needs while leveraging local resources. To date, MFA has assisted 36 local governments in adopting an affordable housing ordinance and 36 local governments in creating affordable housing plans. These local governments have donated land and resources totaling more than \$73 million for affordable housing as of November 2022.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

MAKING AN APPROPRIATION TO THE NEW MEXICO HOUSING TRUST FUND.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. APPROPRIATION.--Five hundred million dollars (\$500,000,000) is appropriated from the general fund to the New Mexico housing trust fund for expenditure in fiscal year 2025 and subsequent fiscal years for the New Mexico mortgage finance authority to carry out the provisions of the New Mexico Housing Trust Fund Act. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

.226663.1

~~underscored material~~ = new
[bracketed material] = delete

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

_____ BILL

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

MAKING AN APPROPRIATION TO THE DEPARTMENT OF FINANCE AND
ADMINISTRATION TO CARRY OUT THE PURPOSES OF THE AFFORDABLE
HOUSING ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. APPROPRIATION.--Five hundred thousand dollars
(\$500,000) is appropriated from the general fund to the
department of finance and administration for expenditure in
fiscal year 2025 and subsequent fiscal years for the New Mexico
mortgage finance authority to carry out the purposes of the
Affordable Housing Act. Any unexpended or unencumbered balance
remaining at the end of a fiscal year shall not revert to the
general fund.

.226721.1SA

~~underscored material = new~~
[bracketed material] = delete