

MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

FINAL REPORT
2003 INTERIM



Legislative Council Service
January 2004

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OVERSIGHT COMMITTEE

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MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

2003 Interim Report

The Mortgage Finance Authority Act oversight committee was created by a provision included in the Mortgage Finance Authority Act, enacted in 1975 by Laws 1975, Chapter 303. That provision is now compiled as Subsection W of Section 58-18-5 NMSA 1978. The subsection also specifies a statutory duty:

W. subject to any agreement with bondholders and noteholders, to make, alter or repeal, subject to prior approval by the Mortgage Finance Authority Act oversight committee, hereby created, to be composed of four members appointed by the president pro tempore of the senate and four members appointed by the speaker of the house of representatives, such rules and regulations with respect to its operations, properties and facilities as are necessary to carry out its functions and duties in the administration of the Mortgage Finance Authority Act;

Expansion of the committee's duties is found in Section 2-12-5 NMSA 1978, where it is authorized and directed to :

A. determine and monitor the actual distribution of funds derived by the authority from bond issues and other activities of the authority under the provisions of the Mortgage Finance Authority Act, both on a geographical bases and on the basis of the actual distribution to participants in its programs;

B. monitor the authority in its control of the issuance of mortgage commitments;

C. meet on a regular basis to receive and evaluate periodic reports from the authority as to its enforcement of the provisions of the Mortgage Finance Authority Act and the regulations adopted pursuant thereto; and

D. require the authority to document the need to the oversight committee regarding the issuance of any bonds.

The committee met seven times during the 2003 interim. This report contains the committee's work plan, budget and minutes. The committee members were:

VOTING MEMBERS

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Sen. Manny M. Aragon
Sen. Mark Boitano

Rep. Richard Cheney
Rep. Jane E. Powdrell-Culbert
Sen. Lenard Lee Rawson
Rep. Raymond M. Ruiz

ADVISORY MEMBERS

Rep. Thomas A. Anderson
Rep. Miguel P. Garcia
Sen. Ramsay L. Gorham
Sen. Phil A. Griego
Rep. Antonio Lujan

Sen. Richard C. Martinez
Sen. Richard M. Romero
Rep. David P. Silva
Sen. H. Diane Snyder

STAFF

Rachel Ray

At its last meeting in December, the committee endorsed the following legislative proposals.

- a bill creating the structure for the state housing trust fund
- a bill implementing the provisions of Subsection F or Section 14 of Article 9 of the constitution of New Mexico

June 19, 2003

2003 APPROVED
WORK PLAN, MEETING SCHEDULE AND BUDGET
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

The Mortgage Finance Authority Act Oversight Committee was created pursuant to the provisions of Section 58-18-5 NMSA 1978. Subsection W of that section provides:

subject to any agreement with bondholders and noteholders, to make, alter or repeal, subject to prior approval by **the Mortgage Finance Authority Act oversight committee, hereby created, to be composed of four members appointed by the president pro tempore of the senate and four members appointed by the speaker of the house of representatives**, such rules and regulations with respect to its operations, properties and facilities as are necessary to carry out its functions and duties in the administration of the Mortgage Finance Authority Act;

Pursuant to the provisions of Section 2-12-5 NMSA 1978, the committee is further authorized and directed to:

- A. determine and monitor the actual distribution of funds derived by the authority from bond issues and other activities of the Mortgage Finance Authority (MFA) under the provisions of the Mortgage Finance Authority Act, both on a geographical basis and on the basis of the actual distribution to participants in its programs;
- B. monitor the authority in its control of the issuance of mortgage commitments;
- C. meet on a regular basis to receive and evaluate periodic reports from the authority as to its enforcement of the provisions of the Mortgage Finance Authority Act and the regulations adopted pursuant thereto; and
- D. require the authority to document the need to the oversight committee regarding the issuance of any bonds.

In addition to carrying out its statutory responsibilities, the committee will focus on two other primary areas of legislative concern during this interim.

- (1) The committee will work with the MFA in developing and

supporting draft legislation to enact the Affordable Housing Act in order to implement the amendment to Article 9, Section 14 of the constitution of New Mexico ratified by voters in the 2002 election. The MFA's weatherization program will be addressed in the new draft bill.

(2) The committee will evaluate and hear progress reports on the work and recommendations of the MFA task force convened to select revenue sources for a state housing trust fund pursuant to Senate Joint Memorial 64, enacted in the 2003 legislative session. Work on a state housing trust fund will encompass the MFA's housing priorities of aging housing rehabilitation and substandard housing in colonia and tribal trust land communities.

One-day meeting in Albuquerque (June 17)	\$ 1,366.36 (actual)
One-day meeting in Albuquerque (July 8)	1,520.00
One-day meeting in Albuquerque (August 12)	1,520.00
One-day meeting in Albuquerque (September 9)	1,520.00
One-day meeting in Albuquerque (October 14)	1,520.00
One-day meeting in Albuquerque (November 18)	1,520.00
TOTAL	*\$ 8,966.36

*This amount does not include the \$7,506.80 budget required for per diem and mileage for advisory members.

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

**June 17, 2003
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The first meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, on June 17, 2003 at 8:30 a.m.

PRESENT

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Rep. Richard Cheney

Sen. Leonard Lee Rawson
Rep. Raymond M. Ruiz

Advisory Members

Rep. Thomas A. Anderson
Rep. Miguel P. Garcia
Rep. Daniel P. Silva
Sen. H. Diane Snyder

ABSENT

Sen. Manny M. Aragon
Sen. Mark Boitano
Rep. Jane E. Powdrell-Culbert

Sen. Ramsay L. Gorham
Sen. Phil A. Griego
Rep. Antonio Lujan
Sen. Richard M. Romero

Staff

Rachel Ray

MFA Staff

Lionel Holguin
Erin Quinn
Jim Stretz

The committee discussed a meeting schedule and, without objection, approved one-day monthly meetings for the second Tuesday of each month. All meetings will be at the MFA office in Albuquerque. Based on that schedule, a budget will be prepared for the committee and considered at the July meeting.

Representative Silva asked if the MFA's affordable housing activities are balanced around the state and if most affordable housing is new. MFA staff stated that housing priorities are for underserved rural areas statewide and that whether new affordable housing is constructed has to do with affordability in specific areas of the state. The MFA also has a program for down payment assistance.

MFA staff presented their evaluation of the most pressing legislative issues for the MFA during this interim period. The top housing issues deal with adequate housing in colonias and tribal communities and the rehabilitation of existing housing. Those issues are to be included under the legislative item of the state housing trust fund on the committee work plan. Additionally, the MFA is in the process of convening a task force to select revenue sources for a state housing trust fund pursuant to Senate Joint Memorial 64 enacted in the 2003 legislative session. The memorial acknowledges the need for a permanent, recyclable revenue source to address the statewide demand for affordable housing. The task force's recommendations are to be presented to the committee during this interim to be incorporated into a draft bill that establishes a state housing trust fund.

MFA staff stated that another legislative priority for the interim is to continue to work on enabling legislation, a new version of the Affordable Housing Act, that conforms to the requirements of the amendment to Article 9, Section 14 of the Constitution of New Mexico. They noted that the MFA's weatherization program should be included in the new version of the Affordable Housing Act, House Bill (HB) 883, which was vetoed by the governor.

According to MFA staff, the governor's primary concern over HB 883 is that eligibility criteria for donees under the act are set by regulation and not by statute. The governor's staff believes that the bill must define in statute, with specific language, who will receive benefits under the act. The attorney general's office, however, has expressed no concern about the criteria being set by regulation or with any other aspect of the bill. The new draft legislation will be resubmitted to the legislature in the next appropriate session.

MFA staff noted that for the first time, the authority now comes under the Audit Act pursuant to a new law.

The committee was also apprised of Executive Order 2003-017, which establishes a Governor's Finance Council. Jim Stretz, executive director of the MFA, will serve on the council. The MFA will be required to present its plans and strategy to the council for approval. Senator Rodriguez asked if approval will be given quickly for the MFA's bond issuances, etc. Mr. Stretz replied that an executive committee had been formed to give permission on an expedited basis. Representative Silva queried whether the lieutenant governor, who is the new chairman of the MFA board, should present at the next committee meeting. Senator Rodriguez opined that both David Harris, one of the co-chairs of the council, as well as the lieutenant governor should be at the next meeting. The committee voted that both these individuals should be invited to the next meeting to discuss the council with respect to the MFA's activities. Senator Snyder queried whether the council already had a firm plan in place regarding investments for state agencies. She noted that David Harris should be questioned on this point.

On the issue of the council, Senator Rodriguez further queried how much the council's activities would affect the MFA board and also the activities of the MFA. Representative Cheney asked whether the council's activities would infringe on the power of the legislature.

Senator Rawson also expressed concern about possible encroachment on legislative powers. Representative Silva stated that he thought the committee should have a legal explanation regarding the executive order. Senator Snyder wondered what kind of decisions the council is prepared to make; for example, could it make decisions on federal highway funding?

MFA staff next presented an overview of the MFA 2003 handbook. MFA staff noted that a record number of housing-related bills were passed in the 2003 general legislative session.

In regard to the proposed state housing trust fund, MFA staff stated that a 27-member task force had been convened to identify revenue sources pursuant to the memorial that was passed in the 2003 session. Senator Rawson stated that the Blue Ribbon Tax Reform Commission of which he is a member has expressed concerns about the state housing trust fund taking away revenue streams that the commission had targeted for its own use. MFA staff noted that they are aware of that concern and stated that they are looking at revenue sources other than taxes.

Senator Rodriguez stated that she would like for as many members as possible to attend the next meeting for the discussion of the executive order and that her request should be reflected on the meeting notice.

There being no further business to be considered at this meeting, the committee adjourned at 10:30 a.m. after motion duly made, seconded and unanimously adopted.

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

**July 8, 2003
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The second meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Raymond M. Ruiz, designated chair, on July 8, 2003 at 9:00 a.m.

PRESENT

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Sen. Manny M. Aragon
Sen. Mark Boitano
Sen. Leonard Lee Rawson
Rep. Raymond M. Ruiz

ABSENT

Rep. Richard Cheney
Rep. Jane E. Powdrell-Culbert

Advisory Members

Rep. Thomas A. Anderson

Rep. Miguel P. Garcia

Sen. Richard M. Romero
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Sen. Ramsay L. Gorham
Sen. Phil A. Griego
Rep. Antonio Lujan

Staff

Rachel Ray

MFA Staff

Lionel Holguin
Sandra Marez
Erin Quinn
Jim Stretz

Representative Ruiz was designated by the committee to act as chair until the arrival of Senator Rodriguez at approximately 9:30 a.m., at which time she took over as chair of the committee.

David Harris, co-chair of the Governor's Finance Council, gave a presentation on how the council was created. He acknowledged that the Mortgage Finance Authority (MFA) was not a

state agency as described by the executive order. He noted that acquiring the support of the MFA board was the primary motive for including the MFA in the executive order. In response to the committee's questions, Mr. Harris said he has seen no attempt by the council to micromanage MFA's activities. He said the council is not involved in MFA's week-to-week business. Jim Stretz, MFA, also noted that any issue that is brought up before the MFA board is also brought up before the oversight committee.

In regard to the council's involvement in the capital outlay process, Mr. Harris noted that there needs to be a vetting of projects, of which local governments are unaware. When asked how long the council would be in place, Mr. Harris responded that there would be a review process for the council. Mr. Harris stated that the council is an executive planning committee and not a policymaking body. He stated that he would have preferred open meetings but the governor's attorney had disagreed. The committee expressed concern over council activities violating the separation of powers doctrine, whether the executive order establishing the council would become statutory and whether some federal funding sources would be jeopardized if the council does not comply with the Open Meetings Act. Mr. Harris stated that issues regarding the council's operations would be presented to the legislature if there is a decision to try to create the council in statute.

The committee queried why representatives from both houses of the legislature are not on the council, as well as a representative from the supreme court, and asked Mr. Harris to report back on how the decision was made to exclude these representatives. The committee also asked about the process for investing state money. The committee asked what would happen if MFA decides not to go along with the executive order setting up the council, and whether the order itself could be modified by removing certain words, particularly in regard to the council's review and approval process. Mr. Harris stated that the executive order had been worked on for several months and that modification is probably not possible.

The committee then discussed whether to take a vote on requesting an attorney general's opinion on the legality of the executive order. The committee's main concern was that if the executive order is found to be illegal at a later date, then the council would have bound MFA to illegal agreements. The committee declined to take a vote on requesting an attorney general's opinion. However, the committee did vote to ask Mr. Harris to advise the governor on the committee's concerns and possible changes to the executive order and to work with someone in the attorney general's office to revise the order. Mr. Harris said he would report to the committee after consulting with someone in the attorney general's office.

Marty Daly attended the meeting in her capacity as the attorney general's representative on the MFA board but did not speak during the meeting. Bruce Wiggins, the attorney for MFA, also attended but did not speak.

The committee approved the minutes of the June meeting and the work plan and budget, which had been approved without change by the Legislative Council. The committee also agreed to hold the November meeting on the third Tuesday of November because the second

Tuesday is a holiday.

There being no further business to be considered at this meeting, the committee adjourned at 11:00 a.m. after motion duly made, seconded and unanimously adopted.

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

**August 12, 2003
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The third meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Fred Luna, vice chair, on August 12, 2003 at 9:00 a.m. at the MFA office in Albuquerque.

PRESENT

Sen. Nancy Rodriguez, chair
Rep. Fred Luna, vice chair
Rep. Jane E. Powdrell-Culbert
Rep. Raymond M. Ruiz

ABSENT

Sen. Manny M. Aragon
Sen. Mark Boitano
Rep. Richard Cheney
Sen. Leonard Lee Rawson

Advisory Members

Rep. Thomas A. Anderson

Rep. Miguel P. Garcia

Sen. Ramsay L. Gorham
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Sen. Phil A. Griego
Rep. Antonio Lujan
Sen. Richard M. Romero

Staff

Rachel Ray

MFA Staff

Lionel Holguin
Sandra Marez
Erin Quinn
Jim Stretz

Representative Luna, vice chair, called the meeting to order at 9:00 a.m. Senator Rodriguez arrived at approximately 9:20 a.m., at which time she took over as chair of the committee.

The minutes from the July meeting were reviewed and approved.

Jim Stretz, executive director of the MFA, reviewed amendments to the MFA's rules and regulations. The committee had no questions regarding the changes and they were approved.

Both Mr. Stretz and Lionel Holguin discussed the need for the Affordable Housing Act to be placed on the governor's call during the October special session and asked for the committee's support in accomplishing that goal. Members noted that the Affordable Housing Act was sponsored by Speaker Lujan and that he was already making efforts to have it placed on the governor's call.

MFA staff expressed concern about the lack of funding for the state weatherization program, which is part of the Affordable Housing Act. Capital funds of \$600,000 appropriated by the legislature for the current fiscal year have been placed on hold because of an interpretation by the attorney general that the capital appropriation violates the state constitution's anti-donation clause. MFA staff stated that without the funding, approximately 300 houses will not be weatherized for this program year. MFA staff also noted that the cost of heating has doubled over the past seven months and that PNM is predicting that heating bills will double this winter from what they were last year.

Committee members discussed various ways to obtain weatherization funding. MFA staff stated that the ultimate goal is to get the weatherization funding into the Department of Finance and Administration budget. Committee members had numerous questions regarding cost and the quantity and locations that the weatherization program serves. MFA staff stated that 1,000 homes per year are weatherized and that the northern part of the state receives more funding because of the colder weather.

The committee decided to make two written requests of the governor that:

- (1) he consider providing funding in the amount of \$600,000 as soon as possible from any source possible for the state weatherization program; and
- (2) he consider placing the Affordable Housing Act on his call for the special session to be held in October.

The committee requested that the first letter be prepared to be delivered to the governor the following day by Mr. Stretz. The second letter would be reviewed by the committee at its next meeting before submission.

MFA staff reminded the committee that regardless of where the money comes from for the weatherization program, the Affordable Housing Act would still have to be changed pursuant to a request from the governor's office. The governor vetoed the bill on two issues:

- (1) eligibility criteria for recipients of land, buildings and infrastructure were not included in the statute; and
- (2) current statutory provisions to ensure successful completion of affordable housing projects are not adequate.

A draft of the act with amendments addressing these two issues has been completed for review by the governor's legal staff and a meeting has been scheduled by the MFA for that purpose.

The final agenda item for the meeting was a discussion of the state housing trust fund. Pursuant to Senate Joint Memorial 64 passed during the 2003 legislative session, the MFA convened a task force of stakeholders to recommend revenue sources for a proposed state housing trust fund. The task force will build upon a housing trust fund feasibility study that the MFA completed under the authority of Senate Joint Memorial 15, passed during the 2002 legislative session. Representatives from the task force plan to present their recommendations to the committee in November. The committee was provided with a meeting schedule for the task force. Six meetings have been scheduled.

Committee members asked how appointments were made to the task force, noting that there were quite a few state senators. Representative Ruiz stated that he would like to serve on the task force.

There being no further business to be considered at this meeting, the committee adjourned at approximately 11:00 a.m. after motion duly made, seconded and unanimously adopted.

MINUTES
of the
FOURTH MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

September 9, 2003
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico

The fourth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Fred Luna, vice chair, on September 9, 2003 at 9:00 a.m.

PRESENT

Sen. Nancy Rodriguez, chair
Rep. Fred Luna, vice chair
Sen. Manny M. Aragon
Sen. Mark Boitano
Rep. Jane E. Powdrell-Culbert
Sen. Leonard Lee Rawson

ABSENT

Rep. Richard Cheney
Rep. Raymond M. Ruiz

Advisory Members

Sen. Ramsay L. Gorham
Sen. Richard C. Martinez
Sen. Richard M. Romero
Sen. H. Diane Snyder

Rep. Thomas A. Anderson
Rep. Miguel P. Garcia
Sen. Phil A. Griego
Rep. Antonio Lujan
Rep. Daniel P. Silva

Staff

Rachel Ray

MFA Staff

Lionel Holguin
Sandra Marez
Erin Quinn
Jim Stretz

Representative Luna, vice chair, called the meeting to order at 9:00 a.m. and a subcommittee was formed. Senator Rodriguez arrived at approximately 9:30 a.m., at which time she took over as chair of the committee.

The minutes from the August meeting were reviewed and approved.

Carl Baldwin, deputy state auditor, reviewed House Bill (HB) 219 for the committee, which places the MFA under the Audit Act. The MFA must already comply with several other audits, particularly in regard to its federal funding. Yvonne Segovia of the MFA reviewed the authority's current auditing procedures for the committee. She noted that the MFA audits are not paid for with public funds. Members of the committee asked if anyone from the MFA gave testimony against the bill in light of the fact that it will cause the MFA to have to expend additional funds for audits, approximately \$150,000 to \$165,000, that do not come from state revenue. MFA staff noted that they have met with legislators to discuss the bill and the additional burdens it would place on the MFA, but none of the staff had spoken against the bill in the legislature. Ms. Segovia noted that the additional audit would have to be paid for out of the MFA's administrative budget. She further noted that the MFA board of directors approves of the MFA budget and audit. Members also asked who had requested HB 219, which imposed the additional audit on the MFA. Mr. Baldwin stated that the Legislative Finance Committee had and that the bill was sponsored by Representative Luciano "Lucky" Varela.

The next presenter was Mike Loftin, who is working on the governor's initiative to help teachers, policemen and nurses more easily buy a house in New Mexico. The idea behind the initiative is to encourage local communities to come up with innovative solutions to housing problems. The MFA will administer a program funded with \$2 million. Committee members opined that other professions should be included in the initiative. They wanted to know where the money is coming from for the initiative and who would make the decisions regarding how the money is spent, and they requested that Mr. Loftin provide an accounting of how the money would be spent. Committee members asked why the money simply is not combined with another fund so that all professions could be helped. Mr. Loftin reiterated that the initiative is to try to get people to be innovative about housing issues at the local level. The committee wanted to know what was the governor's idea behind establishing the program. Mr. Loftin stated that during the gubernatorial campaign, there was much discussion about the nurse and teacher shortages in New Mexico. However, some committee members expressed the view that the MFA already has good programs to help with affordable housing. Reference was also made to an existing nursing internship program that is considered a success. Two million dollars was not regarded by some members as an amount that could make a significant impact on furthering the goals of the governor's initiative.

Jim Stretz of the MFA stated that most of the money the authority administers is federal or borrowed and has many disbursement rules. The \$2 million allocated to the governor's initiative presents an opportunity for flexibility in administering a program. Senator Aragon predicted that although the governor currently has the ability in House Bill 2 to administer "leftover" funds, the provision granting that right will be removed from House Bill 2 in the next session. Mr. Loftin stressed that the governor's initiative seeks to encourage an entrepreneurial approach to housing issues. In the end, localities will be able to determine which approaches work. Most committee members expressed concern about not having enough information about the initiative. They wanted to know when the program would start and end, who can apply for funds and what factors are included in the program's assessment criteria.

Mr. Loftin stated that the initiative will begin in a couple of months and last for one year. He further stated that blue ribbon committees are being established to select proposals for the program.

Mr. Stretz said he hoped that the program would help to get more attention for state police housing issues. He noted that some police are hired in an area where they end up only being able to buy manufactured housing, usually from another policeman who is leaving the area. Senator Martinez stated his interest in promoting the program to work on a public housing project in northern New Mexico.

Other members of the committee asked if anyone had surveyed districts to determine what the most pressing issues are regarding housing. Mr. Stretz responded that the MFA had made a survey regarding housing needs by county.

Mr. Loftin went on to discuss housing issues in New Mexico. Committee members discussed what appears to be a proliferation of manufactured housing in New Mexico that could be detrimental to the housing market. New Mexico ranks first or second in the nation for the presence of manufactured housing. Committee members expressed concern that owners are in an almost impossible position to attain equity because of the exorbitant interest rates charged to purchase manufactured housing. This kind of financing is the way that the most money is made on manufactured housing. Inquiry was made as to how the governor's housing policy could do something about these interest rates.

Mr. Stretz stated that the MFA is fighting a battle with investors who want to attach the purchase of manufactured housing to the purchase of land. He also noted that manufactured housing is included in the MFA's weatherization program. The MFA provides aprons and changes heating units. Under the federal funding, each unit is limited to \$2,500. State funds could be used to supplement this work. In response to the committee's questions, Mr. Stretz stated that manufactured housing does appreciate if it is in the proper location. He stated that there is no more entry-level house building going on in New Mexico. In Mr. Stretz's view, the problem with many New Mexicans purchasing appreciable property is credit history. Mr. Loftin stated that consumer education is the key in the manufactured housing industry. Committee members expressed the view that there should be more disclosure requirements in the manufactured housing industry.

In its August meeting, the committee took action to make a request of the governor for \$600,000 to supplement the federal funds for the MFA weatherization program. There has been no response from the governor's office except to advise the MFA to expend funds that have been frozen as a result of the attorney general's characterization of these funds as being in violation of the anti-donation clause. Lionel Holguin of the MFA advised the committee that when the affordable housing act passes, it will address the weatherization fund issue. The current draft is in the governor's office and Speaker Lujan is willing to meet with the governor to urge him to place the bill on his call for the special session in October.

Erin Quinn updated the committee on the state housing trust fund, stating that approximately \$7 million has been ballparked for the fund annually. She provided a handout that designates all funding sources that the fund task force considered.

There being no further business to be considered at this meeting, the committee adjourned at approximately 12:00 noon after motion duly made, seconded and unanimously adopted.

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

**October 14, 2003
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The fifth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, on October 14, 2003 at 9:00 a.m. at the MFA Office in Albuquerque.

PRESENT

Sen. Nancy Rodriguez, chair
Rep. Fred Luna, vice chair
Sen. Mark Boitano
Rep. Raymond M. Ruiz

ABSENT

Sen. Manny M. Aragon
Rep. Richard Cheney
Rep. Jane E. Powdrell-Culbert
Sen. Leonard Lee Rawson

Advisory Members

Rep. Thomas A. Anderson
Rep. Miguel P. Garcia
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Sen. Ramsay L. Gorham
Sen. Phil A. Griego
Rep. Antonio Lujan
Sen. Richard M. Romero

Staff

Rachel Ray

MFA Staff

Lionel Holguin
Sandra Marez
Erin Quinn

Senator Rodriguez, chair, called the meeting to order at 9:00 a.m. and a quorum was present. The minutes from the September meeting were reviewed and approved.

Joanne Salazar from the Department of Health made the first presentation on SJM 52 and HJM 82, which call for an action plan to deal with New Mexico's homeless population. She presented an extensive report to the committee that summarizes the work of a task force established to address chronic homelessness and access to mainstream services. She noted that approximately 20,000 New Mexicans are homeless throughout the year. Some members of the committee expressed concern that in order to more fully understand the plan, they need to have a better understanding of what constitutes chronic homelessness. There was a discussion between

members and the presenters on the task force's goals. Information was requested regarding the racial composition of New Mexico's homeless population, how many veterans living in New Mexico are homeless and whether job training would be available for homeless people.

Ms. Salazar requested that she be allowed to appear before the committee next year to give a progress report on the implementation of the action plan.

Kevin Jewell appeared before the committee next. Mr. Jewell, an employee at the Consumers Union in Austin, Texas, discussed issues regarding manufactured housing in response to the committee's concerns about abuses in the industry. Mr. Jewell stated that in problems with financing, land ownership is a key factor. Committee members expressed concern about the very high use of manufactured housing in New Mexico and whether mobile home owners would ever be able to establish equity in the property. Questions were also asked about whether the quality of manufactured housing has increased.

Mr. Jewell discussed legislation dealing with manufactured housing that has passed or is being proposed in Texas. The legislation covers such issues as required disclosures, advance copy of contract, nonbinding estimates and rescission. The committee requested that Mr. Jewell provide copies of the legislation to the committee.

The next presenter was Annette Morales of Medius, Inc. Ms. Morales discussed housing issues in colonias. Ms. Morales defined a colonia as a settlement community within 150 miles of the U.S./Mexican border. She noted that 80 to 90 percent of the dwellings in colonias are manufactured homes. Doña Ana County has 48 designated colonias. Ms. Morales noted that New Mexico has very little data collected on colonias as opposed to a state like Texas, which has a huge database. One of the major problems in colonias is the lack of infrastructure such as functioning sewer systems and water supply.

Ms. Morales discussed a law in Texas that requires a master plan for each colonia community within a certain time frame. It was suggested that one state agency should be identified to begin a database or that there could be some kind of collaboration with the New Mexico Association of Counties.

The final presenter was Josh Allison of the MFA. Mr. Allison discussed the MFA's owner-occupied housing rehabilitation program. He presented a slide show with before-and-after pictures of houses that had been improved. Mr. Allison provided the committee with a handout explaining the program and how funds are used. There is also a chart showing which counties have been served through which agencies.

The committee discussed the fact that there would not be enough time during the November meeting to hear from Dave Harris of the Governor's Finance Council and get a required update on the State Housing Trust Fund. The committee, therefore, voted to hold an additional meeting in December.

There being no further business to be considered at this meeting, the committee adjourned at approximately 12:00 noon after motion duly made, seconded and unanimously adopted.

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

**November 18, 2003
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The sixth meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, on November 18, 2003 at 9:00 a.m.

PRESENT

Sen. Nancy Rodriguez, chair
Rep. Fred Luna, vice chair
Sen. Manny M. Aragon
Rep. Jane E. Powdrell-Culbert

ABSENT

Sen. Mark Boitano
Rep. Richard Cheney
Sen. Leonard Lee Rawson
Rep. Raymond M. Ruiz

Advisory Members

Rep. Thomas A. Anderson
Sen. Richard C. Martinez

Rep. Miguel P. Garcia
Sen. Ramsay L. Gorham
Sen. Phil A. Griego
Rep. Antonio Lujan
Sen. Richard M. Romero
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Staff

Rachel Ray

MFA Staff

Kristy Donaldson
Sandra Marez
Elisabeth Monaghan
Erin Quinn
Lynn Wehrli

The MFA staff took the committee on a bus tour of buildings rehabilitated through MFA programs and visited the site of the Wheels Museum in Albuquerque. The tour lasted for approximately two and one-half hours. No official business was conducted during the tour.

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

**December 16, 2003
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The seventh meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Representative Nancy Rodriguez, chair, on December 16, 2003 at 9:00 a.m.

PRESENT

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Sen. Manny M. Aragon
Sen. Mark Boitano
Rep. Jane E. Powdrell-Culbert

ABSENT

Rep. Richard Cheney
Sen. Leonard Lee Rawson
Rep. Raymond M. Ruiz

Advisory Members

Sen. Ramsay L. Gorham
Sen. Richard C. Martinez
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Rep. Thomas A. Anderson
Rep. Miguel P. Garcia
Sen. Phil A. Griego
Rep. Antonio Lujan
Sen. Richard M. Romero

Staff

Rachel Ray

MFA Staff

Lionel Holguin
Sandra Marez
Erin Quinn

Senator Rodriguez called the meeting to order at approximately 9:00 a.m.

David Harris, co-chair of the Governor's Finance Council (GFC), spoke to the committee on what has been done regarding concerns expressed about the governor's Executive Order 2003-017. He distributed a resolution to the committee "authorizing and approving participation by the New Mexico Finance Authority (NMFA)" in activities and efforts of the GFC. He stated that resolutions acknowledging that the MFA is not a state agency were presented to boards of both the MFA and the NMFA. The MFA attorney advised drafting the resolutions. Mr. Harris

opined that board members felt obligated to participate in the GFC because the governor had appointed at least half of them. Mr. Harris said he does not believe that the resolution changes the obligations of the committee. He further stated that the GFC fills a void that has been present for some time in New Mexico.

Committee members noted that there is a conflict between city and state law regarding land use and zoning, and that there needs to be a statewide basic land use plan. Mr. Harris said that there had been some review of this issue. Mr. Sivitch of the MFA board said that, in regard to land use and zoning, state government could facilitate the development of infrastructure. Mr. Harris stated that the Horizon Task Force, expected to be in full operation after the next legislative session, would complement the GFC's activities.

Committee members discussed with Mr. Harris the capital outlay process and the changes recommended by the GFC. Some members were worried about the new criteria, including the requirement that there be a \$100,000 minimum for capital outlay projects funded by bonds. Mr. Harris told the committee that the reform of the capital outlay process was developed by the Department of Finance and Administration, and that he could not address all the specifics of the recommendations. However, he also said that the administration is not trying to block project requests that are under \$100,000 but believes that they are more appropriately funded with nonrecurring general funds. Mr. Harris stated that, currently, 8,300 projects below \$100,000 — 80 percent of the current capital outlay projects — are being funded with bonds. Those projects, he said, should not be funded with credit. Committee members gave examples of how historic buildings in the state had been preserved through members combining their capital outlay requests. They expressed fear that this will not be allowed pursuant to the recommended process. They also expressed concern that, under the governor's new plan, some schools will not be able to own the equipment they currently have.

One member expressed the view that the governor should issue a list of what he considers to be statewide priorities for capital outlay projects, and that he should not spend his capital budget until legislators have had the opportunity to review the list.

Additionally, concern was expressed that GFC membership was lacking in appropriate experts, including engineers, homebuilders and other professionals involved in the day-to-day work of planning and building infrastructure. Some members felt that certain language in the plan was derogatory to the legislators and wanted examples of what were characterized as "accusations" in the report. At least one member requested that the governor and his staff meet with legislators to discuss their objections to the new plan.

The next presentation, made by Erin Quinn of the MFA, involved the housing trust fund final report. Ms. Quinn has reviewed the progress of the fund task force throughout the interim. She distributed a memorandum to members covering such topics as source of funds, use of funds and housing trust fund activities. In response to the committee's inquiries, Ms. Quinn stated that the MFA would be introducing a bill in the next legislative session that would create the structure of the trust fund. Ms. Quinn asked for an endorsement for the proposed bill from

the committee. The committee voted to endorse the bill.

There was a discussion between the committee and Ms. Quinn regarding how the MFA determines when to finance projects for affordable housing. One member noted that constituents have complained to her about the MFA's building of more rental units — despite there being a high apartment vacancy rate in Albuquerque. Mr. Sivitch stated that he knew that developers in Albuquerque have concerns about the apartment vacancy rate. There was a general discussion about what is regarded as unaffordable housing. MFA staff responded that if a person must spend more than 30 percent on housing costs, the housing is unaffordable to the person.

Lionel Holguin of the MFA was the next presenter. He gave an update on the affordable housing act. The governor's staff has approved all changes to the previously introduced bill, and Mr. Holguin expects that the bill will be put on the governor's call for the next legislative session. Committee members questioned Mr. Holguin about what the terms "low" and "moderate" income mean. He responded that moderate income means 80 percent of area median income and low income is 50 percent of area median income.

Ms. Quinn then advised the committee on the MFA's legislative agenda for 2004. Items include addressing homelessness; funding requirements for weatherization services; passing the affordable housing act; and the housing trust fund and the Land Title Trust Fund. The committee voted to endorse all proposals.

Senator Snyder stated that the resignation of Jim Stretz, former executive director of the MFA, was a tremendous loss to the MFA.

The committee voted to approve the minutes of the October meeting.

There being no further business to be considered at this meeting, the committee adjourned at noon, after motion duly made, seconded and unanimously adopted.