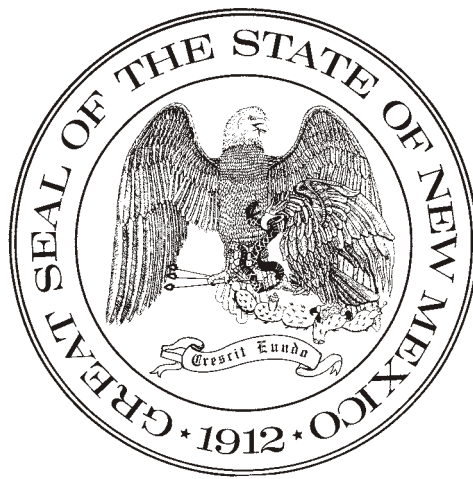


**Mortgage Finance Authority Act Oversight
Committee**

**2005
INTERIM REPORT**



**New Mexico State Legislature
Legislative Council Service
411 State Capitol
Santa Fe, New Mexico**

MORTGAGE FINANCE AUTHORITY ACT
OVERSIGHT COMMITTEE

FINAL REPORT
2005 INTERIM

Legislative Council Service
December 2005

MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

2005 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, Section 5, as amended. 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 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.

The committee met six times during the 2005 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
Rep. Thomas A. Anderson
Sen. Mark Boitano

Sen. Cisco McSorley
Sen. Leonard Lee Rawson
Rep. Harriet Ruiz
Rep. Teresa A. Zanetti

ADVISORY MEMBERS

Rep. Miguel P. Garcia
Rep. Daniel R. Foley
Rep. Roberto "Bobby" J. Gonzales
Sen. John T. L. Grubestic
Sen. Phil A. Griego

Sen. Richard C. Martinez
Sen. Steven P. Neville
Rep. Daniel P. Silva
Sen. H. Diane Snyder

STAFF

Ramona Schmidt

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

- a joint resolution to permit the state and local governments to provide or pay the costs of land or buildings to create affordable housing;
- an appropriation to expand weatherization of low-income homes;
- an appropriation to expand access to homeless programs and services statewide for \$500,000.

2005 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

Membership

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano

Sen. Cisco McSorley
Sen. Leonard Lee Rawson
Rep. Harriet I. Ruiz
Rep. Teresa A. Zanetti

Advisory Members

Rep. Daniel R. Foley
Rep. Roberto "Bobby" J. Gonzales
Sen. Phil A. Griego
Sen. John T.L. Grubestic

Sen. Richard C. Martinez
Sen. Steven P. Neville
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Work Plan

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 that:

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 New Mexico mortgage finance authority (MFA) from bond issues and other activities of the 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 proposes to focus on the following areas of legislative concern during this interim:

- (1) the housing trust fund;
- (2) the affordable housing tax credit;
- (3) impact fees for property development;
- (4) the New Mexico consolidated plan 2006-2010;
- (5) the New Mexico interagency behavioral health purchasing collaborative/supportive housing;
- (6) exploring new housing programs for state residents;
- (7) workforce housing development;
- (8) state funding for other housing activities;
- (9) MFA information resources; and
- (10) barriers to Section 8 home ownership.

2005 APPROVED MEETING SCHEDULE

<u>Date</u>	<u>Location</u>
June 21	Albuquerque
July 28	Albuquerque
August 30	Albuquerque
September 13	Albuquerque
October 11	Albuquerque
November 10	Santa Fe

TENTATIVE AGENDA
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE

June 21, 2005
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico

Tuesday, June 21

10:00 a.m. **Call to Order by the Chair**
—Senator Nancy Rodriguez

Development of Committee Work Plan
Review Schedule of Meetings
Review Proposed Budget

MFA 2005 Handbook - Overview
—Izzy Hernandez, Erin Quinn, Lionel Holguin

Proposed Issues for the Work Plan
—Housing Trust Fund
—Affordable Housing Tax Credit
—New Mexico Consolidated Plan 2006-2010
—New Mexico Interagency Behavioral Health Purchasing
 Collaborative/Supportive Housing
—Emerging Markets/Colonias
—Workforce Housing Development
—State Funding for other Housing Activities
—MFA Information Resources

Adjournment

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**July 28, 2005
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Thursday, July 28

10:00 a.m. **Call to Order by the Chair**
—Senator Nancy Rodriguez

Roles of Various Agencies in Administering HUD-Funded Programs

- MFA
- Izzy Hernandez
- Regional and Local Public Housing Authorities**
- Floyd Duran, HUD

Section 8 Housing Choice Voucher Program

- Richard Chavez, Bernalillo County Housing Development
- Alan Fowler, Suburban Mortgage Company
- Robert Anaya, Santa Fe County Housing Authority

MFA Open House

- Renee Roberts

Approval of Minutes

Adjournment

Revised: August 18, 2005

**TENTATIVE AGENDA
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**August 30, 2005
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Tuesday, August 30

10:00 a.m. **Call to Order by the Chair**
—Senator Nancy Rodriguez, Chair

10:05 a.m. **Workforce Housing Development Program**
—UniDev
 —Peter Smirniotopoulos
—Forest City, Mesa Del Sol
 —Michael Daly

Approval of Minutes

**Reminder: MFA Open House - September 20, 2005, 3:00 p.m.
(MFA Courtyard)**

Adjournment

**TENTATIVE AGENDA
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**September 13, 2005
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Tuesday, September 13

10:00 a.m. **Call to Order by the Chair**
—Senator Nancy Rodriguez

10:05 a.m. **Chaves County Housing Needs Assessment Final Report**
—MFA
—Erin Quinn

The Affordable Housing Act and the Anti-Donation Clause
—MFA Legal Counsel
—Bruce Wiggins

The State of New Mexico Consolidated Plan 2006-2010
—MFA
—Tina Sanchez

New Mexico Affordable Housing Tax Credit
—MFA
—Linda Bridge

New Mexico Housing Trust Fund
—MFA
—Erin Quinn

**Reminder: MFA Open House — September 20, 2005, 3:00 p.m. (MFA
Courtyard)**

Approval of August 30, 2005 Minutes

Adjournment

Revised: November 3, 2005

**TENTATIVE AGENDA
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**November 10, 2005
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque**

Thursday, November 10

10:00 a.m. **Call to Order by the Chair**
—Senator Nancy Rodriguez

10:05 a.m. **2006 Proposed Legislative Agenda**
—Weatherization Assistance Program—Lionel Holguin, MFA
—Homeless Funds—Lionel Holguin, MFA
 —Homeless Coalition Initiatives—Handout
—Housing Trust Fund Initiatives—Erin Quinn, MFA
—State Tax Credits for Solar Energy for Affordable Housing—Tony Flores,
 MFA
—Exemption of Gross Receipts Tax on the Purchase of Materials for
 Construction of Affordable Housing—Tony Flores, Mortgage Finance
 Authority (MFA)
—Amendment to Anti-Donation Clause of State Constitution—Lionel Holguin,
 MFA
—Association of Counties Initiatives—Handout
—Municipal League Initiatives—Handout

Approval of June 21, 2005 Minutes

Approval of September 13, 2005 Minutes

Adjournment

Revised: December 7, 2005

**TENTATIVE AGENDA
for the
MORTGAGE FINANCE AUTHORITY ACT OVERSIGHT COMMITTEE**

**December 8, 2005
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

Thursday, December 8

10:00 a.m. **Call to Order**
—Senator Nancy Rodriguez

10:05 a.m. **Impact Fees**
—Mike Peddle, Ph.D., Regional Development Institute, Northern Illinois
University
—Tom Pippin, BBC Research & Consulting

2006 Legislative Bill Drafts
—MFA Staff

Approval of November 10, 2005 Minutes

Adjournment

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

**June 21, 2005
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 21, 2005 at 10:10 a.m.

Present

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Teresa A. Zanetti

Absent

Sen. Cisco McSorley
Sen. Leonard Lee Rawson
Rep. Harriet I. Ruiz

Advisory Members

Rep. Roberto "Bobby" J. Gonzales
Sen. Richard C. Martinez
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. John T.L. Grubestic
Sen. Steven P. Neville

Staff

Ramona Schmidt

MFA Staff

Isidoro Hernandez
Sandra Marez
Katherine Miller
Erin Quinn

Tuesday, June 21

The meeting was called to order by Senator Rodriguez at 10:10 a.m. The purpose of the meeting was for the MFA Act Oversight Committee to consider items to be placed on the committee's interim agenda and to set the interim committee meeting dates.

MFA staff presented an overview of the MFA 2005 handbook, a review of the MFA board of directors and a review of the MFA organizational chart. MFA staff reviewed the housing-related legislation that occurred during the 2005 legislative session. A list of the members of the Housing Trust Fund Advisory Committee was distributed. The advisory

committee, which was created through Senate Bill 115, will meet soon to address the regulations for the New Mexico Housing Trust Fund.

Discussion occurred as to the participation by the housing authorities throughout the state in MFA programs and the barriers that face Section 8 tenants on home ownership. Committee members asked the MFA staff to include a presentation by the Bernalillo Housing Authority regarding this issue at an upcoming meeting. The committee members also asked that information on programs for Habitat for Humanity and solar issues be included in an upcoming presentation. Senator Rodriguez noted that the work plan is flexible and can be adapted to meet the needs of the committee. As requested by committee members, MFA staff will distribute information to committee members so that new members can become well-informed about MFA- related issues. Representative Zanetti stated that assessing impact fees is an issue of concern to the committee members and asked that this issue be included in the interim. Ms. Miller stated she will convene a panel of individuals involved in this issue for an upcoming presentation.

Senator Rodriguez asked committee members to review the proposed calendar. The committee discussed the meeting schedule and approved the following dates: July 28, August 30, September 13, October 11 and November 10. The scheduled meetings will begin at 10:00 a.m. at the MFA office in Albuquerque. Senator Rodriguez asked committee staff to include in the work plan a request for a possible December meeting in case it is needed.

There being no further business, the committee adjourned at 12:00 noon after a motion duly made, seconded and unanimously adopted.

Material distributed at the meeting is in the meeting file in the Legislative Council Service library.

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

**July 28, 2005
Mortgage Finance Authority Office
344 Fourth Street SW
Albuquerque, New Mexico**

The second meeting of the Mortgage Finance Authority (MFA) Act Oversight Committee was called to order by Senator Nancy Rodriguez, chair, on July 28, 2005 at 10:15 a.m.

Present

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Sen. Mark Boitano
Rep. Harriet I. Ruiz

Absent

Rep. Thomas A. Anderson
Sen. Cisco McSorley
Sen. Leonard Lee Rawson
Rep. Teresa A. Zanetti

Advisory Members

Rep. Roberto "Bobby" J. Gonzales
Sen. Phil A. Griego
Sen. Richard C. Martinez
Sen. H. Diane Snyder

Rep. Daniel R. Foley
Sen. John T.L. Grubestic
Sen. Steven P. Neville
Rep. Daniel P. Silva

Staff

Ramona Schmidt

MFA Staff

Isidoro Hernandez
Lionel Holguin
Sandra Marez
Katherine Miller
Erin Quinn
Renee Roberts

Thursday, July 28

The committee members introduced themselves to the audience. Izzy Hernandez noted that, at the request of committee members, the roles of various agencies in administering federal Department of Housing and Urban Development (HUD)-funded programs would be addressed at today's meeting and would include presentations by partners of the MFA regarding information on Section 8 programs. Mr. Hernandez noted there are several housing programs offered and

reviewed the programs and the marketing process for each program. He clarified that Section 8 has been expanded to allow the voucher to pay for a partial mortgage and is no longer limited to rentals. He further noted that the MFA does not administer the Section 8 programs; rather, the public housing authority keeps those records.

Floyd Duran from HUD addressed the regional and local public housing authorities. Mr. Duran stated that the Section 8 program is the largest program within HUD and is now known as the Choice Voucher program. Mr. Duran reviewed a housing choice voucher fact sheet and noted that the program has changed from its inception. It was noted that the market analysis occurs annually to adjust rent. The amount available for a down payment is \$15,000 and a portion would need to be repaid if resold within 10 years. The criteria for qualification are the same for rental or purchase. In response to a question as to how local housing authorities could apply for participation in the program, Mr. Duran stated that they need to provide an implementation plan. Across the state of New Mexico, the average income for a family of four is \$21,000 to qualify for rental or home ownership. Mr. Duran noted there are 42 city or local housing authorities and four regional housing authorities using the public housing program.

An overview of the Section 8 Choice Voucher program was presented by Richard Chavez, Alan Fowler and Karen Wilson. Mr. Chavez reviewed the handout addressing the Bernalillo County Housing Department Section 8 Voucher Choice Homeownership program. Mr. Chavez noted that the Bernalillo County Housing Department administered 2,016 Section 8 vouchers, 21 public housing units and 40 new construction units. He stated that when it was initially begun, it was open to everyone in the Section 8 program; however, all are still required to meet credit worthiness just as any other buyer. Mr. Chavez stated the success of the program is due in part to the partnerships with programs such as the MFA and lenders such as Suburban Mortgage Company of New Mexico.

Mr. Chavez noted that home ownership counseling is required, which keeps foreclosure rates low. He noted that a rider has been placed on the purchase agreements so that the program will be notified of late payment or if the note is sold to limit foreclosures. Of the 114 closings, almost half have involved individuals with disabilities. Families are recertified on an annual basis. Mr. Chavez reviewed the payment processes in place. Outside of the "unincorporated" communities, \$15,000 is available through the MFA Smart Saver program for down payment assistance and closing costs. Mr. Chavez noted that the program has overseen over \$10 million in housing sales in Bernalillo County. Mr. Chavez reviewed the family demographics for the homeownership program in the Bernalillo County Housing Department. This is a starter program to get individuals into homeownership for the first time.

Senator Rodriguez noted that there has been discussion to increase alternative energy sources in affordable housing and acknowledged MFA staff efforts in that area. Discussion occurred as to the difficulty of affordable housing in Santa Fe County based on the formula used by the federal government to set the price of affordable housing.

Karen Wilson stated that Santa Fe County is in the process of beginning a homeownership program and based on discussions of the median price of homes in Santa Fe

County, there will be problems that limit some of the purchasing power with the voucher program.

Alan Fowler, president of Suburban Mortgage Company, stated that his company has been involved with MFA since its inception and noted that it is a gratifying partnership. Mr. Fowler reviewed the three issues looked at when making a loan: the lender's ability to repay a loan, the willingness to repay a loan and the collateral if the lender is unable to repay the loan. He noted that the individuals eligible for the program are having more difficulty purchasing in higher cost areas with the \$15,000 down payment available through the MFA since larger down payments are required. Representative Gonzales noted that Taos would soon be facing the issues faced in Santa Fe County with increasing prices of homes and increasing discrepancies in incomes.

The presenters were asked to address what may contribute to the 100 percent success rate in the program as well as what barriers are faced as: a lender, a start-up program in Santa Fe County and a housing authority. Mr. Fowler stated that the issues allowing for the 100 percent success rate are that the program services its own loans, has personal relationships with lenders and uses the capacity of the nonprofits with their hands-on ability to gain trust and provide counsel to homeowners. Mr. Chavez noted that the biggest single obstacle faced by the Bernalillo Housing Authority is the credit issues of the families applying. He said the state has done a tremendous job getting rid of obstacles through legislation such as the Affordable Housing Act, the Housing Trust Fund Act and the tax credit program that allows expansion of affordable housing throughout New Mexico. It was noted by the panel that the greatest factor involved with cleaning up credit is steady employment.

Renee Roberts invited the committee members and staff to attend the MFA open house on September 20 from 3:00 p.m. to 6:00 p.m. as a thank you to all of those involved in the success of the MFA.

A motion was made to approve the minutes from the June meeting, which was seconded and unanimously adopted. There being no further business to be considered at this meeting, the committee adjourned at 11:50 a.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service Library.

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

**August 30, 2005
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 Senator Nancy Rodriguez, chair, on August 30, 2005 at 10:15 a.m.

Present

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Sen. Cisco McSorley
Rep. Harriet I. Ruiz
Rep. Teresa A. Zanetti

Absent

Rep. Thomas A. Anderson
Sen. Mark Boitano
Sen. Leonard Lee Rawson

Advisory Members

Rep. Roberto "Bobby" J. Gonzales
Sen. Phil A. Griego
Sen. Richard C. Martinez
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Rep. Daniel R. Foley
Sen. John T.L. Grubestic
Sen. Steven P. Neville

Staff

Ramona Schmidt

MFA Staff

Isidoro Hernandez
Lionel Holguin
Sandra Marez
Katherine Miller
Erin Quinn
Renee Roberts

Tuesday, August 30

Erin Quinn addressed the agenda items for today's meeting. She noted that as the result of numerous requests, the MFA has launched a new workforce housing program, which is an innovative approach to housing for essential members of the workforce throughout the state. Ms. Quinn stated the MFA is working with UniDev and Mesa del Sol on this project. Ms. Quinn

stated that in the past, MFA has provided financing for projects when approached and this new program is a paradigm shift with the MFA taking an active goal in soliciting and asking if housing is an obstacle to development within communities. MFA is working on engaging communities in participating in affordable housing in their communities. She noted this is being linked to workforce and economic need. She stated the Corrections Department, the city of Taos and Lea County are just three entities with which the MFA has been communicating.

Peter Smirniotopoulos from UniDev stated he had just flown in from Santa Barbara County where it is facing an acute housing shortage, which is dramatically impacting its ability to recruit and retain faculty and staff for its educational workforce. He noted it is difficult to involve private developers because of the need for profit where UniDev limits its fee to a six percent fee for the total development for the life of the project. He stated UniDev brings everything to the table, including financing and work with entities such as Fannie Mae and Citibank. He noted New Mexico has varied housing markets throughout the state with communities such as Santa Fe and Taos with increasingly unaffordable housing for the essential workforce. He noted UniDev has a customized approach to each area it goes into, such as addressing water issues in New Mexico and providing expertise from conception to completion. One of the first issues is to work with the local sponsors to address which areas of the workforce are the most impacted. He noted the unique thing about the program MFA has structured is to serve as a catalyst by providing two-thirds of the cost of the feasibility study, with the community also contributing. Mr. Smirniotopoulos noted that UniDev uses a land lease model so the land is never sold. He noted this can be an issue in some places because it limits return on equity but it allows for communities to recruit and retain essential workforce. He stated although UniDev is a for-profit organization, it is mission-driven and it works with other entities that are of similar missions.

Mr. Smirniotopoulos gave an introduction to UniDev, a leader in workforce housing development throughout the United States. UniDev's clients include colleges, universities and K-12 school districts; local and state governmental entities; hospitals and health care systems; and nonprofit organizations. He reviewed a presentation given, as an example, on affordable housing in Santa Fe and a housing development at California State University, Channel Islands. Handouts of his presentation will be provided to the committee members at a later date. The program sponsor, not UniDev, decides how many units on each project are handicapped-accessible. Mr. Smirniotopoulos reviewed how new housing is created and how a revenue stream for the sponsor is generated.

Senator Rodriguez inquired if the developments are open to Section 8-eligible individuals. Mr. Smirniotopoulos responded that this particular program is not a Section 8 program. Senator Rodriguez asked Mr. Smirniotopoulos to keep an open mind to incorporating Section 8-eligible individuals into the program. It was clarified that the resale prices are determined by the nonprofit sponsor of the development to allow for continued affordability. Mr. Smirniotopoulos clarified the developments are designed for appropriateness to the local community and market. Representative Luna addressed concern that the program appears to be designed to address workforce housing for those making over \$50,000 annually. Mr. Smirniotopoulos noted that each project is addressed specifically for the workforce of each

community, so if the median income is \$25,000 annually, that is the market targeted. The goal is how to make the housing affordable for the targeted workforce of the community. Ms. Quinn noted this program is not necessarily designed to provide housing for the lowest income population since there are many other programs that address those populations; rather, this program is specific to workforce community need. It was clarified that if the individual moves out of the job category, that individual would no longer qualify for the program and would need to move out. Mr. Smirniotopoulos noted UniDev has made the commitment to the MFA to do a development as small as 20 units. Mr. Smirniotopoulos stated he would be in New Mexico often in the future and offered to return and devote an entire session to complete his presentation. Additional information would be provided in advance.

A comparison of purchasing through the UniDev program and market rate was reviewed. He noted the fundamental premise is to work with the program sponsor to meet their needs. The feasibility study would include issues such as water availability to be built into the financing. The issue was raised as to what are the workforce needs for Lea County and the Corrections Department. It was stated that the need in Lea County is for faculty and staff at Lea County Junior College and the College of the Southwest and the Corrections Department is looking to fill a need for corrections officers throughout the state. Concern was raised as to what happens in the future if those staffing needs disappear.

It was requested to have committee members give their questions in writing to MFA staff to allow Mr. Smirniotopoulos the opportunity to address these in writing at a future presentation.

Harry Relkin from Mesa del Sol distributed handouts regarding Mesa del Sol and Albuquerque South Mesa. He noted Mesa del Sol is not an affordable housing project; rather, it is a mixed-use development incorporating the concepts of work, live, play and shop in one community. He stated it is a huge project whose northern edge is located approximately 1.5 miles from the airport. He noted employment is a crucial element of affordable housing and there are 1,400 acres dedicated for a job creation center. The development of Mesa del Sol is a partnership between Forest City Covington, the State Land Office, the University of New Mexico, the State of New Mexico, the city of Albuquerque and Bernalillo County. The mixed-use centers will provide shopping, entertainment, civic uses, public gathering spaces, schools, housing and employment. He stated one goal is to place people in close proximity between where they live and work and eliminate some of the cost of commuting, thus allowing individuals to put saved costs into their housing. Mr. Relkin noted that through proper design, children from poverty or affluence are able to attend the same school and that affordable housing is integrated into the community, thus keeping market values up. Mr. Relkin stood for questions from the committee. The issue was raised as to how to maintain affordability with the increasingly rising costs involved with housing.

Committee members were reminded of the MFA open house on September 20 from 3:00 p.m. to 6:00 p.m. and were encouraged to attend.

A motion was made to approve the minutes from the July meeting, which was seconded and unanimously adopted. There being no further business to be considered at this meeting, the

committee adjourned at 12:40 p.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service Library.

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

**September 13, 2005
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 Senator Nancy Rodriguez, chair, on September 13, 2005 at 10:15 a.m.

Present

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Sen. Cisco McSorley
Sen. Leonard Lee Rawson
Rep. Harriet I. Ruiz

Absent

Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Teresa A. Zanetti

Advisory Members

Rep. Roberto "Bobby" J. Gonzales
Sen. Phil A. Griego
Sen. Richard C. Martinez
Rep. Daniel P. Silva

Rep. Daniel R. Foley
Sen. John T.L. Grubestic
Sen. Steven P. Neville
Sen. H. Diane Snyder

Staff

Ramona Schmidt
Chase Van Gorder

MFA Staff

Isidoro Hernandez
Lionel Holguin
Sandra Marez
Katherine Miller
Erin Quinn
Renee Roberts
Tina Sanchez

Tuesday, September 13

Erin Quinn presented an overview of the results from the Chaves County Housing Needs Assessment and reviewed the purpose of the study and the methodology used for the study. She stated the report is quite lengthy and offered to distribute copies of the report to committee

members if they are interested. She noted the income levels are average and the income growth is stagnant. The top industries in Chaves County include government; health care and social assistance; accommodation and food services; retail trade; agriculture; and manufacturing. Ms. Quinn reviewed the housing units, vacancy rates, housing values and housing affordability. The citizen survey includes review of homeowners' repairs, renters' repairs and homeownership. The survey indicates an estimated 400 owner-occupied units and an estimated 800 units of rental housing in the county are "unlivable". The key findings include identification of top needs. Primary findings of the study address housing affordability, housing conditions and access to housing. The report includes recommendations, including pursuing community development block grant funds; exploring the creation of a housing rehabilitation program; creating programs for special needs populations; focusing on revitalization efforts in South Roswell; increasing knowledge of a down payment assistance program; and supporting increased Section 8 funding. Discussion occurred as to the feasibility of addressing concerns raised by the surveys.

Bruce Wiggins, MFA legal counsel, stated that until a few years ago, MFA did not experience conflicts between providing affordable housing and the anti-donation clause, but due to the recent need to provide assistance in current workforce needs, the anti-donation clause has caused limitations for the MFA to use the funds it has been granted, particularly the funds granted through the Affordable Housing Act. He noted recent MFA initiatives to provide affordable housing have come up against the anti-donation clause and he proposed a resolution to the clause to allow for the state, a county or a municipality to pay for the costs of buildings for construction or the costs of land. Senator Rawson moved to accept the proposed amendment. Senator Rodriguez noted the proposed resolution should be accepted in concept. The motion was seconded, moved and carried unanimously. Discussion occurred as to the need to develop legislation to address the issue of eminent domain. It was decided to address eminent domain at a future meeting. Discussion also occurred regarding appropriate language to be included and whether there had been past amendments to the anti-donation clause and if the proposed amendments had passed.

A motion was made to approve the minutes from the August meeting, which was seconded and unanimously adopted.

Tina Sanchez, MFA staff, reviewed the State of New Mexico FY 2006-2010 Consolidated Plan and noted it is a five-year consolidated plan. She gave an overview, including the background on the consolidated plan and the development process; discussion of the strategic plan and the identified priorities; discussion of the one-year action plan; discussion of state programs; and discussion of anticipated funding allocation and distribution. She reviewed the results from the Citizen Participation Plan, including public meetings and comment period, citizen survey and key person interviews and survey. Ms. Sanchez reviewed the 2006 State of New Mexico Action Plan, including the resources expected to be available; community development objectives and resource allocation; community development activities and geographic distribution; housing objectives and resource allocation; and housing activities and geographic distribution. The action plan priorities and objectives for community development were shared with committee members. Ms. Sanchez stated the factors used to determine priority

areas included homeowner assistance, homeowner new development, owner-occupied rehabilitation, rental acquisition and rental development/new construction.

Linda Bridge, MFA staff, reviewed the current status on the Affordable Housing Tax Credit Program, which was created by approval of the Affordable Housing Tax Credit Act during the past legislative session. She noted the first funding round is anticipated to begin November 1 with applications being solicited from qualified applicants for projects that will provide affordable housing in accordance with the State Tax Credit Program.

Ms. Quinn presented an update on the New Mexico Housing Trust Fund Act and stated the purpose of the act is to provide flexible funding for housing initiatives in order to produce significant additional housing investment in the state. She noted that Senator Rodriguez was the sponsor of Senate Bill 115, which created the New Mexico Housing Trust Fund. She stated the New Mexico Housing Trust Fund Act complements the Affordable Housing Act. The MFA will serve as trustee and administrator, with the State Investment Council serving as the investment agent. She stated the initial emphasis will be on workforce housing development. Ms. Quinn reviewed the advisory committee members; notice of funding availability (NOFA) and funding guidelines; the evaluation criteria; the funding priorities; and the funding rounds. Ms. Quinn noted the funding priorities include homeownership housing development; workforce housing development; geographic area; interim or short-term financing; and assisting the lowest income beneficiaries. Priorities are subject to change dependent on the projects coming to the MFA.

Committee members were reminded of the MFA open house on September 20 from 3:00 p.m. to 6:00 p.m. and were encouraged to attend. There being no further business to be considered at this meeting, the committee adjourned at 12:00 noon after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service Library.

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

**November 10, 2005
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 November 10, 2005 at 10:15 a.m.

Present

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Rep. Thomas A. Anderson
Sen. Leonard Lee Rawson
Rep. Harriet I. Ruiz
Rep. Teresa A. Zanetti

Absent

Sen. Mark Boitano
Sen. Cisco McSorley

Advisory Members

Rep. Daniel R. Foley
Rep. Roberto "Bobby" J. Gonzales
Sen. Richard C. Martinez
Rep. Daniel P. Silva

Sen. Phil A. Griego
Sen. John T.L. Grubestic
Sen. Steven P. Neville
Sen. H. Diane Snyder

Staff

Chase Van Gorder

MFA Staff

Tony Flores
Lionel Holguin
Erin Quinn

Thursday, November 10

A motion was made by Senator Rawson and seconded by Representative Ruiz to approve the minutes for the June and September meetings of the committee. The motion was unanimously approved.

The committee determined that it would give conceptual approval to appropriate proposals presented by MFA and solicit prospective sponsors, but that formal committee endorsement would not be given until the actual bills are ready for review at the committee's December meeting. There was a consensus that programs funded through the MFA should

provide that resources are utilized throughout the state and are not concentrated in only a few geographical areas of the state.

Mr. Holguin briefed the committee on the weatherization assistance program. The MFA is requesting a general fund appropriation in the amount of \$700,000 for FY 2007 for this program. These requested funds would complement \$800,000 budgeted by the Department of Finance and Administration and \$1.5 million budgeted through the federal Department of Energy. In the 2005 special legislative session, \$2.5 million was also approved for this program. A performance report for the program for 2005 will be made available to the legislature in early January 2006. The program seeks to increase the energy efficiency of homes occupied by low-income persons, thereby reducing energy costs and improving health and safety for those families. Homes assisted through this program were generally built during or before the 1970s. Senator Martinez and Representative Gonzales agreed to sponsor this proposal.

Mr. Holguin briefed the committee on the homeless assistance program. The MFA is requesting a general fund appropriation in the amount of \$500,000 for FY 2007 for this program. These requested funds would complement \$750,000 budgeted by the Income Support Division of the Human Services Department. The requested funds would be used for programs providing the following services: provision of emergency shelter and permanent supportive housing; essential services such as transportation; homeless prevention; and continuum of care projects for disabled persons. Senator Rawson requested additional information regarding which agencies received similar funds in FY 2006 and how many persons were served. Persons served through these programs agree to participate in appropriate rehabilitation programs, but treatment is not provided by the shelters. Representative Ruiz agreed to sponsor this proposal.

Ms. Quinn briefed the committee on the status of the New Mexico Housing Trust Fund (HTF) and MFA's request for an additional \$20 million in capital outlay funds during the 2006 legislative session. The HTF was established by SB 115, passed in the 2005 legislative session, and received an initial \$10 million appropriation. The HTF Advisory Committee was appointed in May 2005. The first round of applications was due by November 4, and MFA received 30 project applications requesting more than \$40 million in financing. The proposals included projects to develop or acquire and rehabilitate both single-family "for-sale" housing and rental housing for regular and special needs populations. The MFA staff will make recommendations for approval in time for the MFA Board meeting on December 14, 2005. Senator Rodriguez agreed to sponsor this proposal. There may also be some proposed minor revisions in the HTF Act.

Mr. Flores advised the committee of two additional proposals of which MFA has been made aware. The Energy, Minerals and Natural Resources Department will be proposing a residential tax credit targeted at photovoltaic-solar energy measures. There would be a 30 percent state tax credit for photovoltaic systems, capped at \$9,000 per system, with a total annual cap of \$3 million. The second proposal will be similar to HB 485 in the 2005 legislative session that proposed expanding eligibility for gross receipts tax exemptions. The exemptions would be for the sale of construction materials for the purpose of providing home ownership opportunities to low-income families.

Mr. Holguin advised the committee of a proposed constitutional amendment to permit the MFA to give cash or financing assistance to private citizens, something that cannot be done under the present Anti-Donation Clause, Article 9, Section 14 of the New Mexico Constitution. The amendment would also authorize state and local governments to provide or pay the costs of land or buildings for affordable housing.

Finally, the MFA staff circulated for informational purposes the 2006 legislative priorities adopted by the New Mexico Association of Counties:

- provide reimbursement for and definition of state prisoners in county detention facilities;
- strengthen funding for local DWI programs;
- increase distribution of the State Fire Fund to local governments;
- provide funding for compliance with federal and state election mandates;
- increase salaries for county-elected officials; and
- increase term limits for county officials.

There being no further business, the committee adjourned at 11:20 a.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service Library.

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

**December 8, 2005
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 December 8, 2005 at 10:10 a.m.

Present

Sen. Nancy Rodriguez, Chair
Rep. Fred Luna, Vice Chair
Rep. Thomas A. Anderson
Sen. Mark Boitano
Rep. Harriet I. Ruiz
Rep. Teresa A. Zanetti

Absent

Sen. Cisco McSorley
Sen. Leonard Lee Rawson

Advisory Members

Rep. Roberto "Bobby" J. Gonzales
Sen. Richard C. Martinez

Rep. Daniel R. Foley
Sen. Phil A. Griego
Sen. John T.L. Grubestic
Sen. Steven P. Neville
Rep. Daniel P. Silva
Sen. H. Diane Snyder

Staff

Ramona Schmidt

MFA Staff

Lionel Holguin
Sandra Marez
Katherine Miller
Erin Quinn

Guest

Lt. Governor Diane Denish

Thursday, December 8

Mike Peddle, Ph.D., from the Regional Development Institute at Northern Illinois University gave a presentation on impact fees. Dr. Peddle defined impact fees as being cash contributions typically calculated on the basis of capital needs of a development project. He

stated the effects of impact fees are somewhat ambiguous and depend on the particular situation. Dr. Peddle said today the situation includes the effect on affordable housing and need to make a distinction on the price of housing and the cost of housing. He noted there is a menu of public services and those public services are available whether there are impact fees in place and whether the impact fees will pay for these services in some manner. Impact fees can provide a reliable source of funding for public services and infrastructure but can be unpopular with many in the development community.

Issues raised by committee members included:

- whether impact fees raise the value of existing homes;
- whether there is evidence of existing residents supporting impact fees in non-impact fee areas in order to raise the value of their homes;
- the relationship between the infrastructure and a good quality of infrastructure without impact fees;
- whether the impact fees would be used for infrastructure in the area opposed to a specific residential lot; and
- whether the use of impact fees would be affected by the New Mexico constitution's anti-donation clause.

Dr. Peddle stated that since it is rare that the impact fees will pay for the full cost of the new infrastructure, there will be some increase in property taxes even for homes not subject to the impact fee. He added impact fees may be used for growth management and to slow down residential growth.

Tom Pippin with BBC Research and Consulting distributed a handout on fiscal impact analysis and impact fee overview. He stated the three types of capital spending include areas not associated with growth and include:

- the repair and replacement of facilities for which the costs are not impact-fee eligible;
- the betterment of facilities, or the implementation of new services, such as the development of an aquatic center for the first time, for which the costs are not impact-fee eligible; and
- the expansion of facilities to accommodate new developments, such as the construction of new parks and trails in growing areas, for which these costs are impact-fee eligible.

Mr. Pippin stated the definition of impact fees by the International City/County Management Association are " ... monies collected formally through a set schedule, or formula, spelled out in a local ordinance ... fees are levied only against new development projects as a condition of permit approval to support infrastructure needed to serve the proposed development. They are calculated to cover a proportionate share of the capital cost for that infrastructure." Mr. Pippin reviewed the impact fee methodology and stated impact fees are designed to have growth "pay its own way" for capital infrastructure. The two major methods to accomplish this include the capital improvement plan approach and the current service standard approach. Examples were given for each plan. Dr. Peddle noted that some enabling clauses in legislation often include the requirement to have a local capital improvement plan. Mr. Pippin reviewed

examples from Caldwell, Idaho, as to the calculation of current services standard-based impact fees and an impact fee comparison by methodology.

Discussion occurred on the following:

- increased property taxes and the impact on decreasing the price of housing;
- the decision-making impact on counties, local officials and the state as a whole;
- the development of impact fees in Albuquerque in order to control growth and the division in the city with westside versus eastside;
- the importance of legislative requirements on evaluation, assessment or oversight of impact fees to ensure uniformity;
- the exemption by many states for public schools, nonprofit hospitals and places of worship from paying impact fees because they are considered community amenities available to all;
- the assessment of impact fees based on residential units, single-family units and multifamily units;
- the fact that impact fees are not a panacea for all and may place additional requirements on local government;
- the most common categories of impact fees, which include police or sheriff, fire and emergency medical services, parks and recreation, general government, storm drainage, libraries/arts and culture, roads and bridges, and schools;
- the rarity of environmental impact fees; and
- the response by other states on the convergence of events such as the variety of needs throughout a state or county, construction cost increases, other increasing costs and the effect of impact fees.

The committee thanked Dr. Peddle and Mr. Pippin for their excellent presentations.

Mr. Holguin presented drafts of proposed legislation for the upcoming session. He stated there are drafts of three bills and noted things may change based on circumstances. Mr. Holguin reviewed the first bill, a joint resolution to permit state and local governments to provide or pay the costs of land or buildings to create affordable housing. Representative Luna will co-sponsor if this continues as Speaker Lujan's bill. It was the consensus of the committee to support the resolution.

Mr. Holguin reviewed an appropriation to expand weatherization of low-income homes and a weatherization assistance program state allocation report. Senator Martinez will sponsor the bill. Mr. Holguin then reviewed an appropriation to expand access to homeless programs and services statewide for \$500,000 and a report on how the funds are to be awarded. Representative Ruiz and Representative Gonzales will co-sponsor the appropriation. Mr. Holguin noted there is another appropriation for the New Mexico Housing Trust Fund that may eventually be drafted but about which discussion is still underway. Mr. Holguin will discuss this further with Senator Rodriguez at a later date.

Senator Rodriguez clarified that the bills were endorsed by the committee with the understanding that adjustments may still be made to the legislation. The staff were thanked for all they do and the committee was thanked for its continued support.

The committee requested numbers be made available before the legislative session to assist with voting on legislation.

Lt. Governor Diane Denish wished all happy holidays and thanked all for their commitment to the organization.

A motion was made to approve the minutes from the November 10 meeting, which was seconded and unanimously adopted. There being no further business to be considered at this meeting, the committee adjourned at 11:50 a.m. after a motion duly made, seconded and unanimously adopted.

Materials distributed at the meeting are in the meeting file in the Legislative Council Service Library.