

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

**June 18, 2019
New Mexico Mortgage Finance Authority Office
344 Fourth St. SW
Albuquerque**

The first meeting of the Mortgage Finance Authority Act Oversight Committee was called to order by Representative Eliseo Lee Alcon, chair, on Tuesday, June 18, 2019, at 10:05 a.m. at the New Mexico Mortgage Finance Authority (MFA) office in Albuquerque.

Present

Rep. Eliseo Lee Alcon, Chair
Sen. Nancy Rodriguez, Vice Chair
Sen. Gregory A. Baca
Rep. Alonzo Baldonado
Rep. Rod Montoya
Sen. Michael Padilla
Rep. Andrea Romero

Absent

Sen. Stuart Ingle

Advisory Members

Rep. Kelly K. Fajardo
Rep. Roberto "Bobby" J. Gonzales
Rep. Georgene Louis
Sen. Richard C. Martinez
Sen. Gerald Ortiz y Pino
Rep. Sheryl Williams Stapleton

Rep. Rachel A. Black
Rep. Javier Martínez
Sen. Sander Rue

Guest Legislator

Rep. Tim D. Lewis

Staff

Anthony Montoya, Staff Attorney, Legislative Council Service (LCS)
Diego Jimenez, Research Assistant, LCS
Gabriel Pacheco, Computer Specialist, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Tuesday, June 18

Welcome and Introductions

Representative Alcon welcomed members of the committee and guests to the meeting. Committee members and staff introduced themselves.

Introductions of Key Program Staff

Jay Czar, executive director, MFA, introduced MFA staff members, including Isidoro "Izzy" Hernandez, deputy director of programs, MFA, and Gina Hickman, deputy director of finance and administration, MFA. He provided a history of the building and the Mortgage Finance Authority Act.

2019 MFA Reference Guide: Overview of Programs and Funding

Mr. Czar, Ms. Hickman and Mr. Hernandez reviewed the 2019 MFA Reference Guide. Mr. Czar discussed production highlights, the Next Home Program, construction financing for affordable houses and apartments, energy efficiency and rehabilitation improvements, homelessness prevention, supportive housing for victims of domestic violence and homelessness, Section 8 rental assistance housing and the 2018 total MFA production of \$531 million.

The panel discussed the goals of the MFA for the 2019 legislative session. The proposals included \$10 million for the New Mexico Housing Trust Fund; \$300,000 for regional housing authority oversight; \$250,000 for affordable housing oversight; \$2 million in low-income energy conservation; \$2 million for veteran home rehabilitation; \$2 million for low-income home emergency repairs; and \$500,000 for pre-purchase education for home buyers.

Ms. Hickman discussed the MFA strategic plan for fiscal years 2018 through 2022. The plan consists of five individual goals: (1) responding to New Mexico's affordable housing needs; (2) ensuring prudent stewardship of affordable housing resources; (3) strengthening affordable housing partners; (4) providing robust technology solutions; and (5) fostering a dynamic work environment.

The MFA's estimated funding sources for 2019 total \$788.7 million. Estimated funding is projected from the following sources: 76.1% from private activity bonds; 17.9% from federal housing programs; and 2.5% from the MFA General Fund. The remaining 3.5% of MFA funding is derived from state funding and appropriations and private funding. Funding is also projected to be received from New Mexico Gas Company, Public Service Company of New Mexico, electric cooperatives, the Land Title Trust Fund, local government contributions and tax credit donations.

Ms. Hickman provided a summary of audits to which the MFA is subject, including internal, financial, program and quality control of servicing and administration, and annual audits performed by the State of New Mexico, the Internal Revenue Service (IRS) and the United States

Department of Housing and Urban Development (HUD). Internal audits are outsourced on five-year contracts and are not housed in the MFA offices.

Mr. Hernandez discussed the MFA's 2019 federal program fund summary. These programs are administered by the HUD, the United States Department of Energy (DOE) and the IRS. The HUD provides numerous programs and millions of dollars in funding. The programs administered by the HUD include the HOME Investment Partnerships Program, the Emergency Solutions Grant Program, the Housing Opportunities for Persons with AIDS Program and the federal Housing Trust Fund. The DOE provides the Weatherization Assistance Program, and the IRS provides the earned income tax credit.

The figures provided, which can be found on the "LIHTC Awards in NM" handout on the committee's web page, show the breakdown of low-income housing tax credit awards listed by congressional district for the years 2000 through 2018. The metropolitan areas of Albuquerque, Santa Fe, Las Cruces and Farmington received 44.6% of the awarded credits, while rural areas received 54.4% of the awarded credits.

Mr. Hernandez briefly discussed the more than 20 MFA programs that are currently active, which cover a full spectrum of issues, ranging from homelessness to weatherization. The MFA relies on more than 130 organizations to administer these programs across the state. The MFA projects that the economic impact of housing to the state for 2019 will be more than \$300 million. In 2018, the MFA provided \$531 million in low-interest financing and grants for affordable housing and related services.

Mr. Hernandez reviewed the 2018 New Mexico Affordable Housing Needs Assessment. Highlights from the report indicate that rural counties are losing population, are experiencing an increase in the average age of residents and have high poverty rates. Counties with post-secondary educational institutions have above-average rates of renters. This is also true in counties with Air Force base personnel, who are more likely to rent or live on base.

In response to questions, Ms. Hickman explained that the MFA issues triple-A rated bonds and saw its credit rating upgraded a few years ago. Mr. Czar discussed work performed for regional housing authorities, including oversight, training, capacity building and auditing; the capacity to leverage dollars at a rate of 25 to one for funds in the New Mexico Housing Trust Fund; a strategic partnership, funded by \$100 million from oil companies in the Permian Basin, that may potentially provide funding for housing opportunities; a willingness to reach out to the HUD to ensure that the MFA has not been granted more authority over regional housing authorities than allowed by federal law or rule; funding opportunities for regional housing authorities and smaller housing agencies; vacant positions on the MFA Board and the duty of the governor to appoint certain members; a lack of information on where renters move after participating in a renter assistance program; efforts to address high housing costs in Santa Fe; the high demand for mixed-income apartment complexes; and the methodology for calculating homelessness and housing needs.

2019 Interim Committee Procedures and Adoption of Proposed Work Plan

Mr. Montoya discussed the proposed work plan and meeting schedule, statutory obligations of the committee, planning requirements by the HUD and other areas of focus for the committee during the 2019 interim.

On a motion duly made and seconded, the proposed work plan and meeting schedule were unanimously approved.

Adjournment

There being no further business before the committee, the meeting adjourned at 12:25 p.m.