

New Jersey Housing and Mortgage Finance Agency

A nighttime photograph of a modern, two-story building with large glass windows and doors. The interior lights are on, and the building is illuminated from within. The sky is a deep blue. In the foreground, there is a paved walkway and a lawn with patches of snow. The overall scene is a professional and modern setting.

James E. McGreevey
Governor

Susan Bass Levin
Commissioner of the Department
of Community Affairs

C. Sean Closkey
HMFA Executive Director

2001 Annual Report

Our Mission

The People We Serve

The New Jersey Housing and Mortgage Finance Agency programs are designed to help educate citizens and make available home ownership and housing opportunities to New Jersey residents in order to improve their living conditions and other related quality of life issues.

Our Expertise

New Jersey Housing and Mortgage Finance Agency responds to the needs of its citizens by implementing creative programs and establishing alliances that:

- Fund affordable mortgages for first-time home buyers;
- Finance the construction and rehabilitation of rental housing;
- Encourage mixed-income, owner-occupied housing growth as a means to stabilize urban neighborhoods;
- Advance the growth and development of municipalities;
- Contribute to the quality of life of older adults, the disabled and those with special housing needs; and
- Formulate partnerships to foster the economic development of New Jersey and the personal development of its citizens.

Our Resources

The New Jersey Housing and Mortgage Finance Agency raises program funds by:

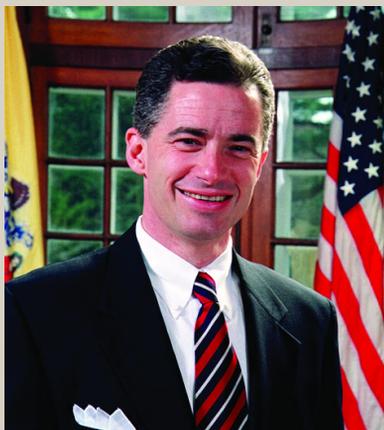
- Selling taxable and tax-exempt bonds to private sector investors in national financial markets;
- Applying for and administering federal and state grants, and housing assistance programs; and
- Fostering cooperative relationships with state, municipal, not-for-profit agencies and foundation.

New Jersey Housing and Mortgage Finance Agency does not rely on any direct funding from the state Treasury to meet its core operating or administrative expenses. The Agency does rely on favorable federal and state housing legislation to contribute to the vitality of the state's economy and the quality of life of its citizens.

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Message from the Governor



Dear Friends,

Thank you to all of the public and private partners who have joined with us to create new affordable housing opportunities which strengthen neighborhoods with economic revitalization and community pride throughout the State of New Jersey.

With your support, the New Jersey Housing and Mortgage Finance Agency is utilizing its resources and expertise to provide important housing services. These include financing for the construction of for-sale homes and rental housing construction as well as homebuyer mortgages. In addition, the agency assists municipalities with community planning, encourages Main Street business development and reinvests in our urban centers.

In the months and years ahead, the HMFA will continue to work in partnership with the private sector, non-profit organizations, faith-based groups and all levels of government to improve and enhance its service. Through the leadership and direction of Community Affairs Commissioner Susan Bass Levin, the agency also will continue to finance unique housing programs.

For most New Jerseyans, our State is more than a place in which to live; it is a place to call home. Homes provide the foundation for the neighborhoods and communities that make New Jersey great, and the HMFA is working with great dedication and commitment to ensure the highest quality of life throughout and our State.

With all good wishes,

A handwritten signature in black ink that reads "James E. McGreevey". The signature is stylized and fluid.

James E. McGreevey

Message from the Chairman



Finding housing that is affordable is a challenge for many low- and moderate-income families and senior citizens in New Jersey. The innovative financing programs of the New Jersey Housing and Mortgage Finance Agency can ease that challenge, providing greater access to affordable apartments and homeownership.

Individuals and families who thought homeownership was an insurmountable goal are living in their first homes with an HMFA mortgage. New apartments for low- and moderate-income families and seniors have been constructed across the state, bringing an affordable option where few existed. Hand in hand with these accomplishments go the creation of construction jobs, the improvement of communities and the expansion of New Jersey's prosperity.

New Jersey's communities are the cornerstones of our children's futures. As the new commissioner of the Department of Community Affairs and chairman of HMFA's board of directors, I look forward to building upon HMFA's successes in preserving the past, strengthening our neighborhoods and helping families invest in New Jersey's future.

Message from the Executive Director



New Jersey Housing and Mortgage Finance Agency is dedicated to increasing the availability of and accessibility to safe, decent and affordable housing to families in New Jersey. In some cases this may mean working with traditional affordable housing developments, serving New Jersey's most needy families. In other instances it is working with first time homebuyers, senior citizens in senior and assisted living facilities, and/or the disabled in our special needs communities. In every situation HMFA is committed to make quality housing available at costs affordable to New Jersey residents.

HMFA recognizes that housing is developed within a community context. If we are to build strong quality houses we must also work to create healthy, safe and vibrant communities. It is clear that housing and families both influence and are influenced by the communities in which they reside. To this end HMFA works to insure that our investments leverage existing community resources and enhance market value and community well being.

To date HMFA has worked throughout the State investing over \$7.5 billion creating close to 134,000 homes. We fully intend to continue this investment pattern with an eye toward building both quality housing and strong communities that serve all the people of New Jersey. In our experience we know the right housing investment can make the difference in a child's life, a family's health and a community's well being.

Year in Review



Bergen Square, Red Bank, NJ

HMFA Bond Issue 1990–Present

Single family

Series	Economic Refunding	New Money/Replacement Refunding	Total
1990 Series E & F	0	297,945,000	297,945,000
1993 Series G & H	72,911,474	110,488,526	183,400,000
1994 Series I & J	0	105,600,000	105,600,000
1994 Series K	0	80,075,000	80,075,000
1994 Series L & M	0	150,000,000	150,000,000
1995 Series N & O	0	105,840,000	105,840,000
1996 Series P & Q	0	75,000,000	75,000,000
1996 Series R & S	0	125,000,000	125,000,000
1997 Series T & U	0	200,000,000	200,000,000
1998 Series V, W, X & Y	121,065,000	100,000,000	221,065,000
1999 Series Z & AA	116,180,000	158,050,000	274,230,000
2000 Series BB & CC	0	150,000,000	150,000,000
Totals	\$310,156,474	\$1,657,998,526	\$1,968,155,000

Multi-family

1991 Series A	84,840,000	0	84,840,000
1991 Series 1 (Presidential Plaza)	142,235,000	0	142,235,000
1991 Series A	0	7,865,000	7,865,000
1991 Series B	0	14,935,000	14,935,000
1991 Series C & D	0	8,310,000	8,310,000
1992 Series 1	278,045,000	0	278,045,000
1992 Series A	8,630,000	0	8,630,000
1992 Series A, B, C & D	150,280,000	0	150,280,000
1992 Series E	0	14,585,000	14,585,000
1995 Series A, B & C	173,500,000	0	173,500,000
1996 Series A & B	0	47,535,000	47,535,000
1997 Series A, B, C	0	107,655,000	107,655,000
1999 Series A, B, C	0	37,715,000	37,715,000
2000 Series A, B, C	63,855,000	89,685,000	153,540,000
2000 Series E1, E2, F, G	111,790,000	13,275,000	125,065,000
2001 Series A.B.C	0	109,275,000	109,275,000
Totals	\$1,013,175,000	\$450,835,000	\$1,464,010,000

- Issued \$218 million in mortgages to 1,736 first time and target area homebuyers.
- Completed the sale of \$109.2 million in triple-A-rated multi-family housing revenue bonds. Using proceeds from the bond sale, HMFA provided the construction and/or permanent financing for 1,999 units of rental housing in 14 multi-family developments across the state.
- Approved \$20.2 million in Urban Home Ownership Recovery Program (UHORP) subsidy and loans to construct 334 new for-sale homes in urban centers.
- Approved an additional \$10 million in Housing Incentive Fund subsidies to fund UHORP Phase X.
- Allocated \$13.3 million in federal Low Income Housing Tax Credits to produce 1,096 new rental units in 24 developments.
- Introduced the Unified Application for Housing Production Programs on CD-ROM, a one-stop guide to multi-family financing, Low Income Housing Tax Credits and the Department of Community Affairs' Balanced Housing Program.
- Approved lenders for the \$10 million Home Sweet Home Rehabilitation Loan Program to provide low-interest home improvement loans to qualified homeowners living near UHORP developments in Camden, Newark and Trenton.
- Committed an additional \$3 million in mortgages available to lower income adoptive parents through the Home Ownership for Permanency Project.
- Launched the Affordable Housing Subsidy Program and the Smart Living Program to provide low-interest secondary financing to assist in creating low-income housing statewide, and market-rate housing in designated urban areas.
- Assigned an issuer rating of Aa2 by Moody's Investor Services. The Aa2 rating reflects HMFA's very strong financial position, the sound performance and credit quality of its bond program, and the skilled management team.
- Honored by the National Council of State Housing Agencies with three Awards for Program Excellence. HMFA's Home Sweet Home Rehabilitation Loan Program, Unified Application for Housing Production Programs (UNIAP) and Welcome Home videotape were selected among nationwide entries.



Multi-family Production



Fiscal 2001 Multi-family Activity

County	Mortgages	Units
Burlington	\$29,004,423	610
Camden	14,250,000	542
Essex	11,842,775	140
Hudson	6,963,888	154
Mercer	9,617,799	178
Middlesex	9,130,793	145
Monmouth	13,575,000	108
Morris	21,290,000	154
Passaic	4,100,000	36
Total	\$119,774,67	2,067

While committed to producing safe, decent affordable rental units for low- and moderate-income families and seniors, HMFA is also committed to preserving New Jersey's past and bringing new life to old buildings.

In 2001, HMFA completed the sale of \$109.2 million in triple-A-rated multi-family housing revenue bonds. Proceeds from the bond sale provided the construction and/or permanent financing for 1,165 units for families and 484 units for seniors, in addition to financing for three assisted living developments. The bond sale financed a total of 1,999 units of rental housing in 14 developments across the state, including three preservation projects.

In the city of Burlington, NJ, two urban landmarks listed on the National Register of Historic Places, the Metropolitan Inn and West Electronics Building, are being converted into 52 units affordable to seniors earning low incomes. The Metropolitan Inn was once home to the Blue Anchor Tavern where New Jersey's provincial Congress met on July 2, 1776, and formally declared independence from Great Britain. After fire damaged the tavern, the current structure was built in 1856 and became the city's premier hotel, serving guests such as General Ulysses S. Grant, General George McClellan and Woodrow Wilson. The West Electronics Building was built in the 1880s and housed the J.F. Budd Baby Shoe Factory, one of the largest shoe manufacturers in the world.

HMFA's preservation efforts do not only extend to historic buildings. The Agency financed the rehabilitation of Ferry Station Apartments in Camden, NJ, a garden-style complex built in 1970. The rehabilitation will give each building a new roof, windows, doors, siding and each apartment will receive a new kitchen, bathroom and appliances. These efforts will create 544 units of attractive housing marketable to all income levels.



Tax Credits



Project Freedom, Hamilton, NJ

2001 Tax Credit Awards

County	Allocations	Units
Camden	\$2,572,049	263
Essex	2,431,766	193
Hudson	2,244,672	149
Mercer	1,084,115	106
Middlesex	1,287,728	76
Morris	901,632	90
Passaic	556,644	49
Salem	595,893	63
Union	786,637	107
Total	\$12,461,336	1,096

The
Federal Low
Income Housing Tax
Credit Program continues to expand
its record of success as it moves into the 16th
year of activity. With the passage of the Community
Renewal Tax Relief Act of 2001 on December 26, 2000, New Jersey's
tax credit authority increased to a little over \$13 million in calendar year 2001 and
will increase to over \$14.7 million in calendar year 2002.

In 2001, HMFA received 29 applications for competitive tax credits, and was pleased to award 24 projects \$13,306,976 in low income housing tax credit allocations for the development of 1,096 units to house families, seniors and households with special needs. These tax credit allocations acted as the catalyst for \$103,763,284 in equity investment in affordable housing rehabilitation and construction.

Despite a general decline in the investment market, tax credits are still generating significant investment into the rehabilitation and creation of affordable housing for the state of New Jersey.

The Low Income Housing Tax Credit program has spurred construction of more than 15,730 new rental units statewide since 1987, and is just one of the many financing programs HMFA offers to help developers complete essential and worthy projects.



Single Family



Fiscal 2000 Single Family Activity

County	Mortgages	Units
Atlantic	\$8,985,674	85
Bergen	11,472,820	62
Burlington	21,914,774	213
Camden	19,904,535	206
Cape May	745,333	5
Cumberland	10,771,515	119
Essex	12,149,332	89
Gloucester	10,721,423	104
Hudson	1,733,387	14
Hunterdon	3,800,450	27
Mercer	8,256,792	89
Middlesex	22,668,963	166
Monmouth	13,003,705	84
Morris	21,512,414	123
Ocean	11,220,745	77
Passic	6,513,800	38
Salem	3,096,265	38
Somerset	8,358,534	58
Sussex	3,493,810	24
Union	13,397,256	82
Warren	4,860,165	33
Total	\$218,581,692	1,736

HMFA
remains steadfast
in its mission to help more
New Jersey families become homeowners.
HMFA low rate lending programs and educational
services continue to increase opportunities for first time
homebuyers and also stimulate the production of new affordable for-sale
housing stock in urban neighborhoods across New Jersey.

Homebuyer education also remains a top priority. HMFA, in partnership with municipalities and other organizations, cosponsors housing fairs and instructional workshops throughout the state. To assist first time homebuyers who may feel confused and overwhelmed by the process, HMFA now offers a brochure titled Understanding the Home Buying Process to identify the steps necessary to become a homeowner.

The Urban Home Ownership Recovery Program (UHORP) continued to create new homeownership opportunities in New Jersey's urban centers. UHORP Phases VIII and IX committed \$20.2 million in financing and subsidies toward the construction of 334 for-sale homes in 10 developments in the cities of Camden, Jersey City, Neptune, Newark and Paterson. Since its inception, UHORP has financed the construction or rehabilitation of 2,300 homes in 22 urban areas.

In 2001, 1,736 New Jersey families bought their first home using \$218 million in HMFA mortgage products.



Contract Administration



Burlington Manor, Burlington, NJ

Section 8 Contracts by County

County	Contracts	Units
Atlantic	19	1,656
Bergen	17	1,430
Burlington	6	373
Camden	11	976
Cape May	1	54
Cumberland	7	506
Essex	31	3,139
Gloucester	8	779
Hudson	26	2,602
Hunterdon	2	12
Mercer	14	1,014
Middlesex	9	755
Monmouth	24	1,367
Morris	6	467
Ocean	8	621
Passic	11	564
Salem	2	315
Somerset	4	232
Sussex	1	40
Union	10	893
Warren	3	168
Total	220	17,963

The
United States
Department of Housing
and Urban Development (HUD)
awarded HMFA a three-year contract to perform
Section 8 administrative duties for selected HUD properties
throughout New Jersey. Under the agreement with HUD, HMFA has
received 220 contracts representing 17,963 housing units.

HMFA's Contract Administration team is responsible for conducting management and occupancy reviews, adjusting contract rents, processing Housing Assistance Payments to project owners, responding to health and safety issues, reviewing Section 8 budgets, and completing annual physical inspections of the properties, as well as a number of other monitoring tasks.

In 2001 HMFA hosted two orientation sessions for project owners and managing agents whose contracts are now administered by HMFA. The orientation familiarized the owners and agents with HMFA's role, the new Contract Administration staff, and offices.

Results of the HUD audit on the first year of operations found HMFA's performance to be at the highest standard, and earned the Agency the maximum administrative and performance-based incentive fees.



Board Members



Susan Bass Levin
HMFA Chairman and Commissioner
of New Jersey Department of
Community Affairs



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Commissioner of New Jersey
Department of Banking and
Insurance



David Samson
State Attorney General



John Mc Cormac
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