

New Jersey Housing and Mortgage Finance Agency



2004
Annual
Report

Our Mission

The People We Serve:

The New Jersey Housing and Mortgage Finance Agency (HMFA) provides funding for affordable home ownership and housing opportunities for New Jersey residents.

Our Expertise:

HMFA responds to the needs of its residents by implementing creative programs and establishing alliances that:

- » fund affordable home mortgages for first-time home buyers;
- » promote 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 residents.

Our Resources:

HMFA 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 foundations.

HMFA does not rely on any direct funding from the State Treasury to meet its core operating or administrative expenses. HMFA does rely on progressive federal and State housing legislation to contribute to the vitality of the state's economy and the quality of life of its residents.



In 2004, the cornerstone of the New Jersey Housing and Mortgage Finance Agency's (HMFA) policy initiative was *Investing in Communities*. In keeping with its mission of providing affordable housing to people across the Garden State, HMFA has also geared its programs toward socially responsible investment with a new eye toward community.

HMFA's programs are committed to developing healthy, vibrant and productive neighborhoods; places where we are proud to live, work, play, and grow old. Through our single-family mortgage programs, HMFA has expanded homeownership opportunities for many who would not otherwise have the chance to experience this American Dream – and help contribute to the stability and future of their community.

But owning a home tells only a portion of our investment story. HMFA's *Investing in Communities* reaches residents and their neighborhoods through programs that look to provide quality, affordable, decent, and community oriented rental housing as well. HMFA's Small Rental Loan Program helps towns recapture a Main Street atmosphere by providing funding for small-scale – 5 to 25 unit – developments. Our commitment to our existing properties is also strong so that our buildings and their residents respectfully age in place – continuing to be an asset to their communities.

We thank our residents, developers, public officials and diligent staff for their commitment to the belief and truth that building housing creates homes, which nurture *communities*.

Susan Bass Levin

Susan Bass Levin

Commissioner, DCA
Chair, HMFA



The goal and mission of the New Jersey Housing and Mortgage Finance Agency (HMFA) is to provide safe and decent affordable housing for New Jersey's residents. To reach this goal, HMFA and its partners at the Department of Community Affairs (DCA), have turned our focus to *Investing in Communities*.

This year, we have developed new programs to expand our services and reach as many residents as possible to ensure that our investments will make a difference to the communities they touch.

HMFA has launched new programs designed to reach the essence of our neighborhoods - our downtowns, main street communities; our special needs and senior residents; and those most in need. We have partnered with DCA to create a Deep Subsidy Financing Program that makes permanent housing available at reasonable costs to very low-income residents. We are also working with non-profits in assisting them to acquire land, which has become so costly in our cities and towns, so they can meet their housing goals and serve their constituents. HMFA's investments go beyond the bricks and mortar; we invest in people. We are investing in both the buildings and the people to ensure that we provide homes, dignity and communities to live in - not just shelter.

Investing in Communities today not only helps revitalize New Jersey's neighborhoods but creates a sense of community for future generations as well.

Marge Della Vecchia

Marge Della Vecchia

Executive Director, HMFA



"Youth is the gift of nature, but age is a work of art."

Garson Kanin

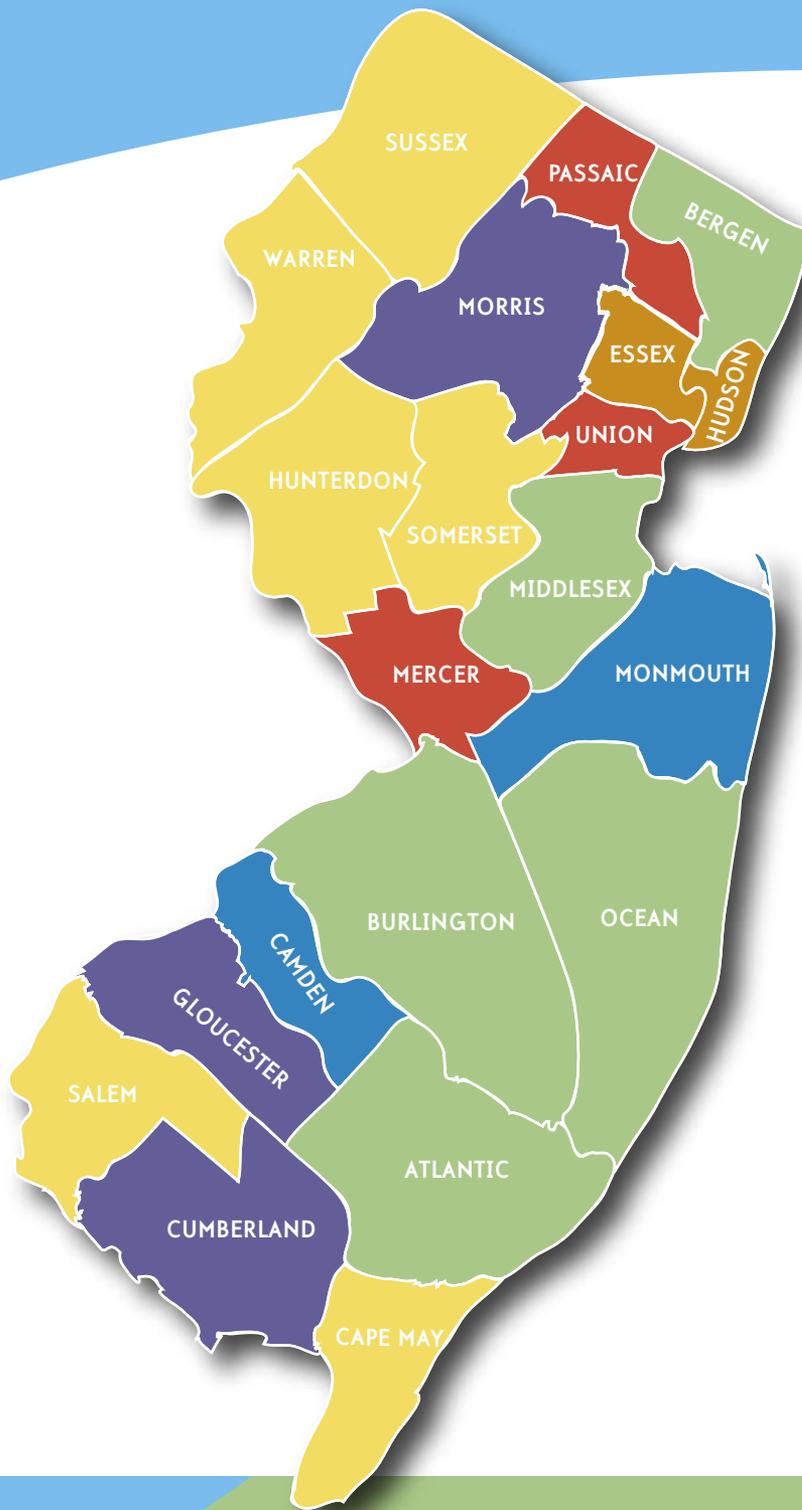
American Writer, Actor and Film Director

Aging Gracefully

Victorian Towers is a 204 unit, six-story Senior Citizen complex located in historic Cape May. The building was originally constructed in 1973 and has since aged gracefully, along with its residents. Over the past thirty years this unique complex has provided high quality, low cost rental housing to thousands of seniors who have chosen to live their golden years in the classical surroundings of this Victorian style facility. The residents of Victorian Towers regularly share their wisdom and talents with the community. They participate in a Surrogate Grandparent program with the local elementary school; work hand in hand with the local churches; and participate in local government. To ensure that the property can keep up with its active residents, the owner, agent and HMFA provide Victorian Towers with regular maintenance, well capitalized reserves and important improvements that make for a more comfortable and efficient building. In the past two years, Victorian Towers received new windows and air conditioning. Victorian Towers has stood the test of time along the Jersey Shore, and will continue to deliver a high quality of life for its residents and the surrounding community for many years to come.

Highlights > *Property Management*

- » HMFA's Property Management Division monitored the financial and physical condition of the facility and addressed resident concerns in 306 multi-family properties representing over 44,000 housing units.
 - » HMFA Properties include 158 senior developments and 148 family developments.
 - » More than 100 of the 306 properties have been homes to residents for the past 25 years.
 - » The division provided training, resources, and guidance necessary to develop and implement service programs for senior residents through the Services for Independent Living (SIL) Program to 67 properties serving more than 9,000 residents.
 - » Property managers approved physical improvements to properties totalling over \$30 million.
- » As Contract Administrator for Housing and Urban Development (HUD), HMFA ensured compliance of HUD regulations on 241 multi-family properties representing over 20,000 units.
- » HMFA awarded 220 properties HMFA Excellence in Housing Awards for exemplary performance in providing affordable housing.



Total rental units funded per county

0-499

500-999

1,000-1,999

2,000-2,999

3,000-4,999

5,000-12,000



*“If you have built castles in the air, your work
need not be lost; that is where they should be.
Now put foundations under them.”*

Henry David Thoreau
American Writer and Philosopher

From a Dream To Reality

The dream to revitalize the heart of Jersey City, Hudson County, is now being realized. Journal Square will climb 12 stories into the sky, and provide 130 apartments and 15,000 square feet of commercial space in a distinctive and attractive community that offers a sense of place. The design embraces its urban surroundings and capitalizes on its location to provide a walk-able neighborhood with easy access to transportation and community services. HMFA is providing construction and permanent financing and an allocation of federal Low Income Housing Tax Credits. In sum, an HMFA investment of \$24 million provided the groundwork for this project to reach its potential and take its valued place in the community.

Highlights > *Multi-Family Housing*

- » Formed a new division of multi-family lending with its main focus on financing preservation projects. Approved funding for 950 housing units resulting in capital improvements, fully funded reserves and extended affordability controls.
- » Issued 2004 bonds totaling \$158 million to finance 17 new developments that contain 1,963 housing units, of which 1,707 are set aside for low/moderate income households.
- » Developed the Home Express Initiative to offer developers a streamlined application review process where they can apply for the Department of Community Affairs' Balanced Housing subsidies, HMFA financing and federal Low Income Housing Tax Credits simultaneously.
- » Introduced a mortgage rate lock product to provide a cost-effective guaranteed mortgage rate to interested developers seeking bond financing.
- » Began an initiative to allow Public Housing Authorities to accelerate access to HUD Capital Funds, which will result in the timely completion of much-needed repairs and capital improvements.

2004 Multi-Family Housing

Project Name	Total Units	Affordable Units	Mortgage Amount (in Thousands)	Bonds Issued (in Thousands)
Brick Church Commons	104	34	\$11,629	\$11,629
Bridgeton, Phase I	114	59	726	726
Colonial-Greenwood East	115	115	13,583	13,583
Delsea Village Apt.	100	100	3,196	3,196
Greenwood Townhomes	217	217	24,828	24,828
Heritage Village at Lambertville	87	87	6,401	6,401
Hopewell Village	150	150	8,732	8,732
Maher Manor	100	100	6,880	6,880
Paramus Affordable Housing	46	46	4,067	4,067
Portside II	169	169	6,274	6,274
Riverside in New Brunswick	76	76	2,716	496
Salem Historic Homes, Phase II	41	41	216	216
Villa Esperanza	44	44	1,420	1,420
West Kinney Gardens (a)	133	133	19,000	19,000
West Kinney Gardens (b)	37	37	7,400	7,400
Whitlock Mills	330	199	38,366	38,366
Willow Point	100	100	2,900	2,900



“The strength of a nation lies in the homes of its people.”

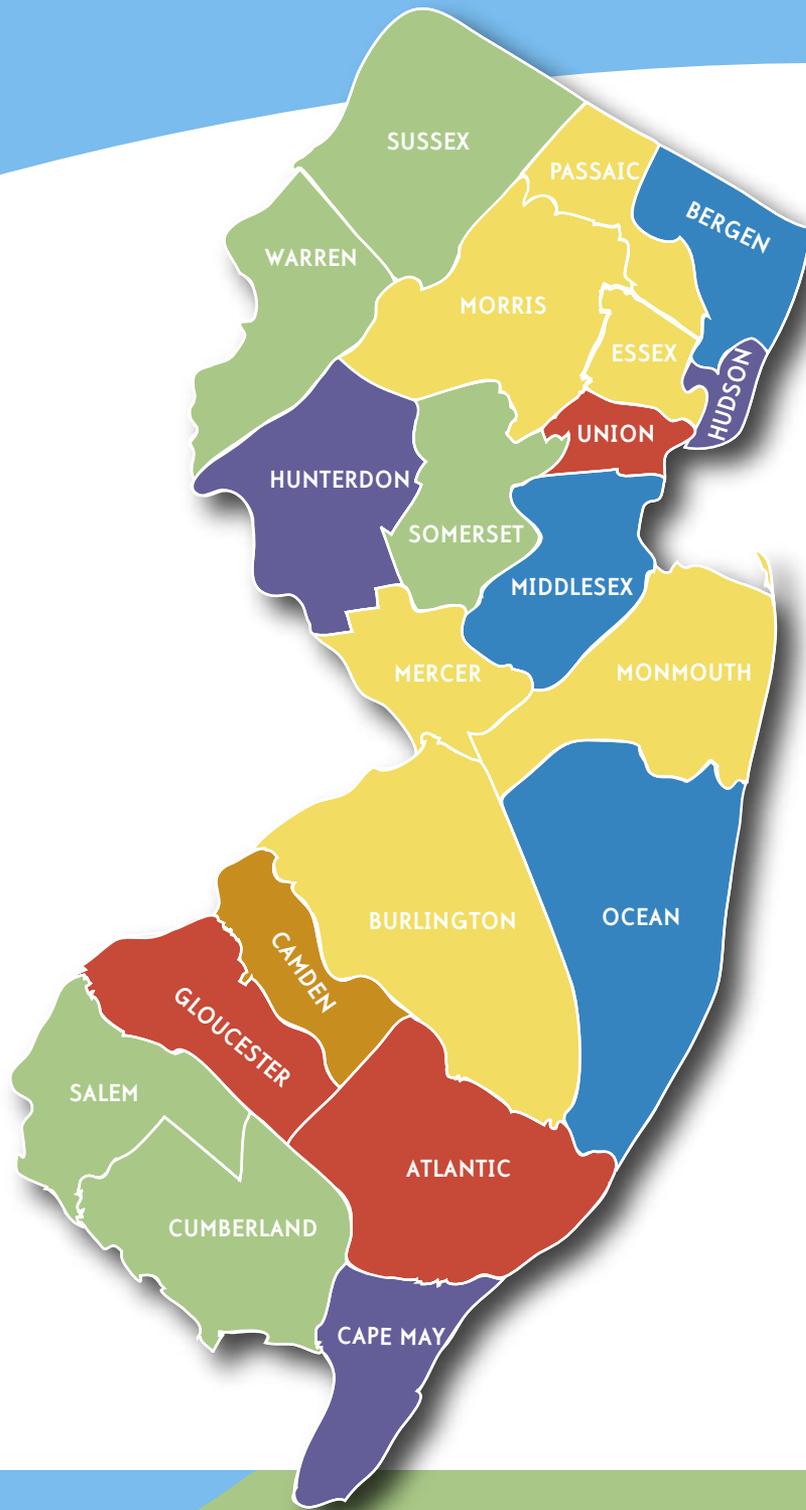
Abraham Lincoln
Sixteenth President of the United States

Welcome Home

A National Association of Home Builders award winner, the North Willow Green development in Trenton, Mercer County, reclaimed a former industrial site and removed vacant, abandoned and dilapidated row houses. In its place, townhouses were created for homebuyers with a mix of incomes and a new community park was constructed. Transforming neglected sites into new homes can take time. It took the developer almost three years to move through the site assembly, acquisition and environmental clean-up process before being able to begin construction. Once started, the project moved quickly and new homeowners were moving in within a year. North Willow Green is another great example of urban workforce housing that is rebuilding neighborhoods, improving urban real estate markets, and creating homes for families. HMFA provided construction and subsidy financing under the Market Oriented Neighborhood Investment (MONI) Program, and No-Down-Payment mortgages to the homebuyers.

Highlights > *Single Family Housing*

- » Funded 1,824 loans in all 21 counties of New Jersey.
- » Provided more than \$13 million in subsidies and \$15.5 million in below-market construction loans to create more than 350 homeownership units through the MONI program.
- » Initiated a homeownership program, which includes counseling and special financing terms to help Section 8 participants purchase a home.
- » Invested \$1.9 million to help over 400 families purchase homes in Smart Growth areas by providing closing cost and down payment assistance under the Smart Start program.
- » Preserved \$137 million of tax-exempt bond authority, which will allow for the financing of over 1,000 single-family mortgages.
- » Issued new money bonds totaling \$60 million to fund approximately 470 new mortgages.
- » Originated 803 new Single Family loans under the Police and Firemen's Retirement System Mortgage program.



Single family mortgages funded per county





"Everything old is new again."

Peter Allen
Singer/Songwriter

Community Commitment

A once dilapidated public housing project is now an attractive community of new homes and proud residents. Featured here, Portside II in Elizabeth, Union County, is a housing development of duplexes, townhouses, row homes, and handicapped accessible units that 169 families now call home. The residents of Portside II were not content to simply have new and better housing, nor did they want to be identified by a project development name - they worked to create a new and improved neighborhood, with streets, addresses, mailboxes, trees and playgrounds. They got what they wanted. Within a two-block radius there are supermarkets, children's services, a church, a newly renovated waterfront park and marina, a lighted baseball field, and schools to help this neighborhood become stable and successful. The community spirit of these families will ensure that this investment in Elizabeth is just the beginning of a continuing process of neighborhood rejuvenation and positive transformation.

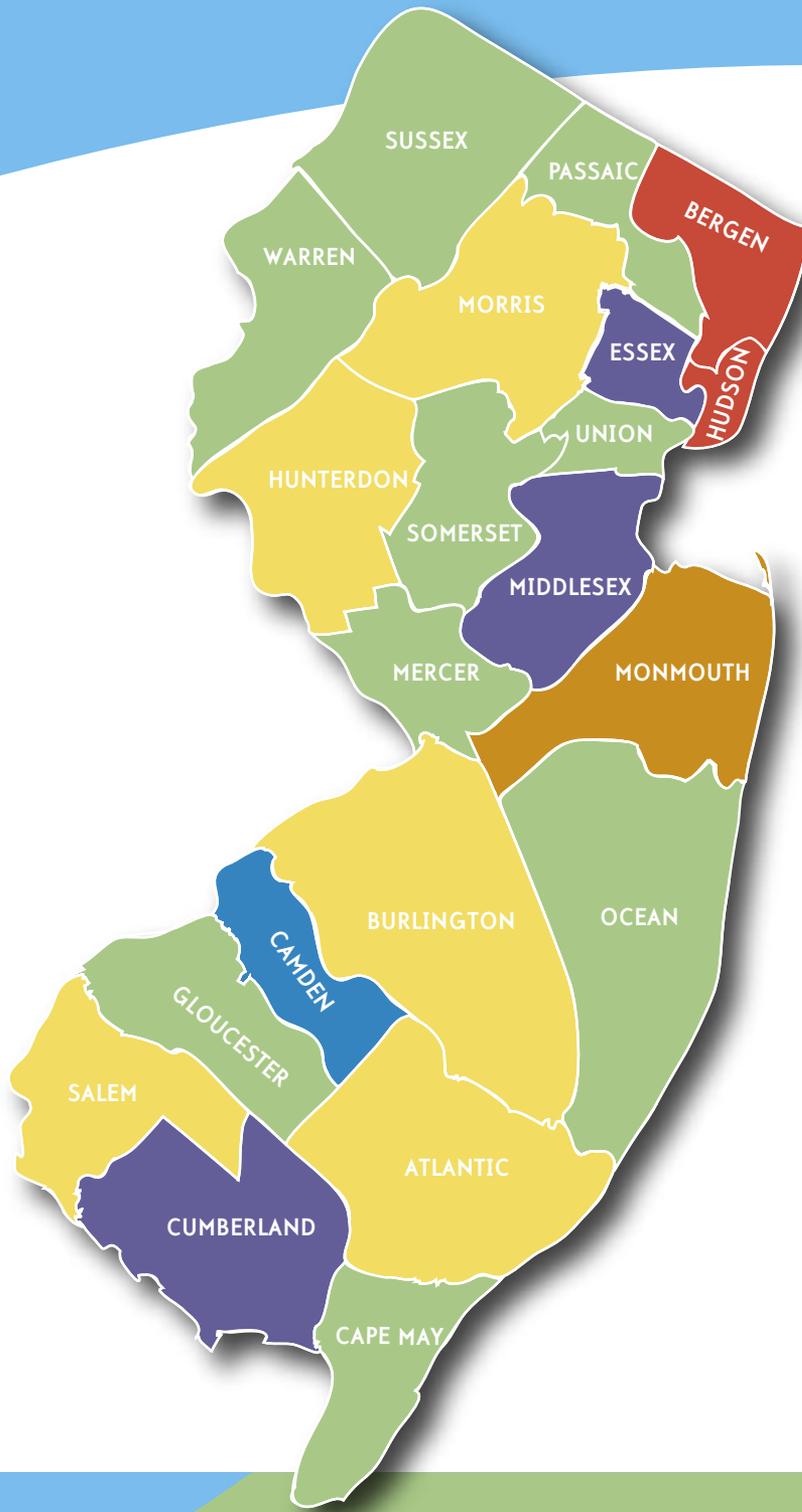
Highlights > Tax Credits

As the Low Income Housing Tax Credit administrator for New Jersey, HMFA allocated \$29.1 million in Low Income Housing Tax Credits, which financed construction of 2,453 new low-income units.

- » More than 25% of the units were developed on converted Brownfield sites.
- » Over 75% of the units were in projects awarded a five star energy efficiency rating on behalf of Energy Star.
- » The 41 funded projects are located in 12 counties throughout the state.
- » Non-profit organizations sponsored 19% of the projects.

These new homes include:

- » 852 units for seniors;
- » 859 units for large households (three bedrooms or greater);
- » 187 units for persons with special needs; and
- » 308 units for households with incomes at 30% of area median income or less.



Total tax credit units funded per county





"The question is not whether we can afford to invest in every child; it is whether we can afford not to."

Marian Wright Edelman
American Social Reformer, Lawyer & Author

Building Futures

The young people of today will be the strength of our communities in the future. Shore House in Toms River, Ocean County, provides transitional supportive housing and support services to homeless and run-away youth and youth aging out of the foster care system. The property offers a place to live while also providing the skills needed to enable these young people to become responsible and independent adults. Shore House is the first project to be developed through a program partnership between the Department of Human Services, Division of Youth and Family Services (DYFS) and HMFA. With services such as housing and career counseling, financial education, GED preparation, case management and peer support, the children and young adults living at Shore House will be better prepared to secure their future and the future of their community.

Highlights > *Supportive Housing 2004*

- » Created 76 units of affordable supportive housing for persons with mental illness, developmental disabilities, and homeless individuals and families.
- » Developed new programs in partnership with the Department of Human Services to serve persons who are blind or visually impaired, and with the Department of Corrections and the State Parole Board to address public safety and the needs of individuals returning to communities from the criminal justice system.
- » Provided support to local Continua of Care communities, which helped increase federal funding for the homeless in New Jersey from \$26 million to almost \$35 million, resulting in the funding of 120 projects serving over 3,850 persons.
- » Financed \$1.6 million through the Home Ownership for Permanency Program (HOPP) to eight adoptive families, resulting in 22 DYFS adopted children receiving permanent homes, and six children in foster care receiving temporary housing.
- » Established the Statewide Homeless Management Information System (HMIS) Collaborative to collect data on homelessness and to better understand how to direct State resources.



Building Communities...

Creating Opportunities...

Transforming Lives.

We are the HMFA staff.

*“Individual commitment to a group effort -
that is what makes a team work, a company
work, a society work, a civilization work.”*

Vince Lombardi
Hall of Fame Football Coach

Commitment to People

Looking toward the future . . .

HMFA is more than a lending institution. As a government-supported housing organization, HMFA seeks to ensure that housing is located suitably to benefit both the residents and the environment, and to improve housing choices for residents of New Jersey.

Three new initiatives started this year exemplify this commitment.

1) *Smart Growth Locator*- When Smart Growth was announced as a major policy initiative in New Jersey, HMFA determined that financing incentives or competitive advantages could be given to housing developers and to homebuyers to encourage housing in Smart Growth areas. Creating the incentives were easy, but how would developers and consumers know whether they were located in a Smart Growth Area? HMFA staff worked with the State's Office of Information Technologies and the Office of Smart Growth to develop a web-based tool that would allow a user to simply enter an address, which would produce a yes/no result and a map.

This tool has proven so successful that HMFA plans to expand the features of the Locator to include census tract information, planning areas, HMFA geographic program eligibility results, and aerial mapping. You can use the Locator by selecting "Smart Growth Locator" from the HMFA homepage at www.nj-hmfa.com.

2) Housing Resource Center- New Jersey has a considerable amount of affordable and disability-accessible housing throughout the state. Every year new affordable and accessible rental and home ownership housing is being developed. The difficulty has been informing low- and moderate-income persons and persons with disabilities about these opportunities in a timely manner.

The solution is the New Jersey Housing Resource Center. The Center is a free online, searchable registry of affordable and special needs housing located in New Jersey, and will be made available to the public in June 2005. Property owners should visit www.njhousing.gov and register their units immediately.

The Housing Resource Center was developed in partnership between HMFA, the New Jersey Department of Community Affairs, and the New Jersey Department of Human Services.

3) Predevelopment Loan Program- Community based non-profits are challenged by the lack of available funding for acquisition and predevelopment activities. HMFA realized that this funding gap made it difficult for non-profits to build a pipeline of housing projects. In support of predevelopment and acquisitions, HMFA appropriated \$5 million to guarantee loans under the Acquisition Non-Profit Fund (PLAN).

Board Members



Richard J. Codey
Acting Governor



Susan Bass Levin
HMFA Chairman
and Commissioner,
Department of
Community Affairs



James M. Davy
Commissioner, Department
of Human Services



Peter Harvey
Attorney General



John Mc Cormac
Treasurer



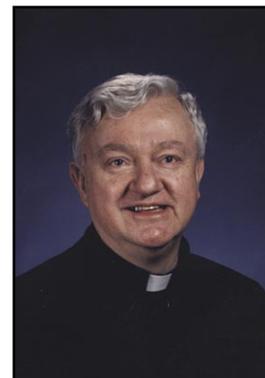
Donald Bryan
Acting Commissioner,
Department of Banking
and Insurance



Dorothy L. Blakeslee
Financial Advisor



Patrick Sheehan
Attorney



Reverend Monsignor
William J. Linder
Clergyman



Michael Steele
School Business
Administrator

Main Telephone Number: 609-278-7400
Consumer Hotline: 1-800-NJ-HOUSE (654-6873)
TTY: 1-877-325-6524
Internet Address: www.nj-hmfa.com
Mailing Address: P.O. Box 18550, Trenton, NJ 08650-2085

No State tax dollars were used to
design and produce this annual report.



Equal Housing Lender

New Jersey Housing
and Mortgage Finance Agency
P.O. Box 18550
Trenton, NJ 08650-2085

First Class Mail
U.S. Postage
Paid
Trenton, NJ
Permit No. 1062

