



Lori Grifa  
Chairman

Anthony L. Marchetta  
Executive Director

September 23, 2011

In accordance with Executive Order #37 issued by Governor Jon S. Corzine on September 26, 2006, the New Jersey Housing and Mortgage Finance Agency's 2010 Annual Report also serves as the comprehensive report of the Agency's operations. This report highlights the significant action of the Agency for the year, including the degree of success the HMFA had in promoting the State's economic growth strategies and other policies through our programs to support and provide affordable housing in New Jersey.

The report of independent auditors, Clifton Gunderson, LLP, dated June 28, 2011, is attached and completes the HMFA's requirements concerning the preparation of a comprehensive report required by Executive Order #37.

In addition, I certify that HMFA has, to the best of my knowledge, followed all of the Agency's standards, procedures and internal controls.

Sincerely,

Anthony L. Marchetta  
Executive Director

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

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**(opening doors)**



**new Jersey Housing and mortgage Finance Agency**  
**FY 2010 Annual Report**





# GREETINGS,

As a result of unfolding economic events – including the dramatic rise in home foreclosures, sinking home values and unprecedented job losses – 2010 brought many new challenges to the affordable housing market.

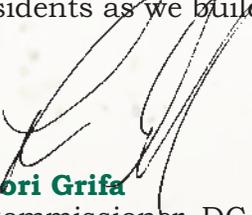
With the economy still in flux, it may seem that doors to housing opportunities are permanently shut. However, tough economic conditions did not deter the New Jersey Housing and Mortgage Finance Agency (HMFA) from its commitment to financing new affordable housing in 2010. HMFA committed \$223 million in funding through its multifamily lending, preservation, supportive housing and single-family development programs.

Additionally, as administrator of the federal Low Income Housing Tax Credit Program, HMFA awarded \$17 million in housing tax credits which resulted in \$120 million in private equity for the development of affordable housing. Along with the tax credit awards, HMFA was able to leverage an additional \$30 million in tax credit exchange subsidy made available through the American Recovery and Reinvestment Act of 2009. This total funding will result in the creation and/or preservation of 1,660 rental apartments, including 400 housing units designed specifically for persons with special needs, in addition to 700 single family mortgages for first-time homebuyers.

The resilience of our affordable housing programs enabled HMFA to provide stable and cost-effective housing in 2010 despite the troubles in the private market. We furthered our mission of *opening doors* to housing by preserving communities, producing housing and providing opportunities.

HMFA will remain steadfast in its dedication to affordable housing. By working with our housing partners to overcome future challenges and economic obstacles, we look forward to facilitating homeownership for our residents as we build a better New Jersey.

Warm Regards-

  
**Lori Grifa**  
Commissioner, DCA

  
**Anthony L. Marchetta**  
Executive Director, NJ HMFA

# view from the 16th floor

Asbury Tower; Asbury Park, New Jersey



**“during the summer**

I just open the windows and let  
in the beautiful sun and breeze.

**it’s really beautiful.”**



# ASBURY TOWER

## Opening Doors for Seniors at the Jersey Shore

**Asbury Tower** is a senior residence that was constructed in the 1970's as an ocean front high rise. The building was in critical need of renovations on both its exterior and interior. The exterior brick facade began to break away from the 26-story building, and the units were in extreme need of rehabilitation. HMFA Multifamily Preservation funding financed the renovation of the exterior, all 350 units and common spaces. As a result of the preservation funding, there is a 30-year extension on the affordability controls on this ocean front property.

Springpoint Senior Living, the owner, developer and manager of Asbury Tower, was able to keep the "doors open" and continue to provide housing for its 347 residents. The management was able to execute practical solutions for the challenges that resulted from the ongoing construction. Asbury Tower is unlike any other community with regard to the services provided. The endless compassion, the camaraderie among the residents, and the teamwork of the staff all are contributing factors to this vibrant newly renovated community.





# STAFFORD PARK APARTMENTS

The Model for "Green Affordable Housing" in Stafford Township, New Jersey

**Stafford Park Apartments** is a newly constructed affordable housing community in Stafford Township, Ocean County. The community's developer, The Walters Group, maintained a commitment to use sustainable green building technologies, resulting in lower utility costs for the residents. The project is comprised of 112 units, including 12 one-bedroom, 58 two-bedroom, and 42 three-bedroom apartments. Each apartment is equipped with a washer, dryer, dishwasher and controlled heating and central air. Recreational amenities include a tot-lot and community facility.

The apartments represent one piece of a blossoming mixed-use development referred to as the "*Stafford Park Redevelopment Project*." The overall project contains affordable and market-rate housing, office space with a number of municipal facilities, and a large-scale retail complex.

Stafford Park Apartments represents the first LEED-Gold certified project in New Jersey. This community is not only demonstrative of producing quality, affordable housing, but it serves as the model for "green" affordable housing development in New Jersey and across the nation.

**“ I enjoy my apartment so much!**

**It's so cozy and the personnel  
are always so nice and available.**

**I feel so safe.”**



**“I love it!**

**My neighbors are great and  
it’s very quiet!”**





# SEA VIEW HOPE VI

Neighborhood Revitalization is Providing an Enhanced Quality of Life for the Residents

**Sea View HOPE VI** involved a decade of dedication and hard work on the part of the Long Branch Housing Authority and its partners to revitalize three decaying adjacent public housing sites. Together, the community stakeholders overcame environmental and other challenges to create an enhanced quality of life for residents. The development team successfully leveraged various funding sources and engaged the community's vision through the entire process. Sea View also led to the construction of a new park and elementary school as a part of greater redevelopment initiative.

Sea View Hope VI features 238 family apartments and a community center which serves the residents and the surrounding neighborhood. The community building accommodates on-site social services and community meetings, and also provides administrative space for the Long Branch Housing Authority. All units are ENERGY STAR certified and two of the phases are LEED Silver Certified. Sea View is the first HOPE VI project to receive LEED Silver Certification in New Jersey.

# SCHOOLHOUSE SQUARE

## Responding to Affordable Homeownership Needs

Affordable homeownership is a vital component to the stabilization of any neighborhood. Furthermore, it provides residents with the opportunity to achieve their piece of the American Dream. Schoolhouse Square is a \$16 million homeownership community that is spearheading the economic growth in Neptune Township. The development contains 58 newly constructed homeownership units, which range in price between \$128,000 and \$225,000. The project's sustainable design materials increase the efficiency of each unit by 30% more than that of the typical home, ultimately providing the homeowner with long-term affordability.

The development of Schoolhouse Square began as a pilot project to serve as a model for urban development throughout the state. Schoolhouse Square exemplifies many unique elements, such as innovative financing, public-private partnerships, integration of income and social diversity, smart growth principles, and a job training pilot program. This project truly represents the Agency's mission of investing in projects that increase affordable homeownership.





EMBURY AVE

1509

**“ I thought I would be changing their lives  
but they have changed mine ”**

Mayor Vince Barra, Allendale



# ORCHARD COMMONS

Individuals with Special Needs are Provided a Life of Independence and Self-Sufficiency

**Orchard Commons** is a new construction residence that offers ten individuals with special needs the opportunity to live in an environment that fosters independent living. The building features a community room, which is used for social services, arts and crafts, and job coaching activities. DCA Commissioner Lori Grifa summed it up perfectly at Orchard Commons' ribbon cutting by stating: *"This project was developed from the ground up, not the top down. Allendale's leaders noticed a need and got community input and support, which resulted in a successful project. Orchard Commons proves that people at the local level are committed to doing the right thing and providing affordable housing to people who need it."*

This community was spearheaded by Allendale Housing, Inc., in partnership with Bergen County's United Way, the Madeline Corporation and the New Jersey Community Development Corporation. Orchard Commons is just a stone's throw away from the bustling downtown business district, which is a tremendous benefit to the residents for employment, transportation, community, and recreational opportunities.





# WHISPERING WATERS

*Transforming the Community's Vision into a Reality*

**Whispering Waters** is a two-phase rehabilitation project located in Salem City that provides housing opportunities for low and moderate income families. Prior to the redevelopment, the existing community faced a challenging 40% vacancy rate. Three of the 18 buildings were boarded up, and ceiling collapses resulted in additional units being vacated. The large presence of criminal activity helped contribute to the widespread physical deterioration of the premises. Through the partnerships cultivated between various federal, state and local agencies, law enforcement, for-profit, non-profit and faith-based organizations, and community residents, this entire community was transformed into 260 affordable family apartments.

On-site amenities include a new community building, distance learning center, recreation facility and parking. In an effort to accommodate individuals with special needs, 30 units were set aside for adults with disabilities. Arrangements were made to provide in-house social services for those residents.



“we’ve restored the quality of life  
that the residents of this complex  
**rightfully deserve.”**





“It feels so safe & homey here...  
**it feels like home!**”

# Berry Street Commons

Affordable Family Housing Boasts an Innovative Building Design

**Berry Street Commons** is the first of a two-phase affordable housing development in Franklin Township. The community features two newly constructed four-story buildings containing 94 apartments available to residents earning less than 60 percent of area median income. Berry Street Commons features 6 one-bedroom, 59 two-bedroom, and 29 three-bedroom apartments.

The units possess exterior and interior aesthetics that are often featured in single family homes. Such features include brick, shutters, bay windows, porches, hardwood floors, crown molding, and chair railing throughout the common areas. All of the exterior finishes compliment the aesthetics of the surrounding suburban neighborhood. Through use of sustainable development tools, Berry Street Commons is the first LEED Platinum Certified affordable housing building in New Jersey.



# 2010 FINANCIAL HIGHLIGHTS

## New Jersey Housing and Mortgage Finance Agency Multifamily Revenue Bonds

Bond Issue Title and Amount	Ratings: S&P	Date Issued	Program/Project Funded	Tax Status
7,235,000 2010 Series A, Fixed Rate (Non-AMT) (Insured)	AAA (negative outlook)*	October 21, 2010	Construction & Permanent Financing	Tax-Exempt
\$36,330,000 2010 Series B, Fixed Rate (Non-AMT) (Insured)	AAA (negative outlook)*	October 21, 2010	for (5) Multi-Family Developments	Tax-Exempt
\$45,350,000 2010 Series C, Fixed Rate (Federally Taxable) (Insured)	AAA (negative outlook)*	October 4, 2010	Permanent Financing for 25 Multifamily Developments	Taxable

\* The bonds were originally assigned this enhanced rating which was based upon the Bond Insurer's (Assured Guaranty Municipal Corp.) financial strength

### Bond Issuance

**January 2010** - Issued \$350 million of escrowed SF Program Bonds under the US Treasury's New Issue Bond Program (NIBP). Under the NIBP, these SF Program Bonds will be released from escrow in up to 6 separate transactions by December 31, 2011.

**October 2010** - Issued \$88.915 million of Multifamily Revenue Bonds to finance 30 housing developments containing a total of 2,322 multifamily units.

### Credit Ratings

On April 19, 2010, Standard & Poor's Rating Services (S&P) affirmed its AA (stable outlook) issuer credit rating (ICR) on the Agency.

### Interest Rate Swaps

3rd and 4th Quarter 2010 – Transferred 14 interest rate swaps totaling \$165.726 million (which are used to synthetically fix the Agency's cost of funds on the related variable rate bonds) from Lehman Brothers (which filed for bankruptcy in September 2008) to Wells Fargo Bank, at no economic cost to the Agency. Agency staff conducted extensive negotiations with Wells Fargo to reach an extremely successful conclusion to a very complex and potentially costly outcome for the Agency. More specifically, Wells Fargo paid the Lehman Brothers Bankruptcy Estate a total of \$27.145 million to "step in the shoes" of Lehman Brothers and become the new Swap Counterparty to the Agency. This payment represented the market value termination fee which otherwise would have been payable from the Agency to Lehman Brothers to terminate these (14) interest rate swap trades. In addition, Wells Fargo also reimbursed the Agency for all of its legal services and swap advisory fees incurred related to this matter.

# 2010 FINANCIAL HIGHLIGHTS

## Single Family Program Average Comparison FY | 10

	All Programs	Homebuyer Program	Live Where You Work	Police and Firemen's	MAP	Other	Smart Start	TCLP
<b>Total Number of Loans</b>	1,299	518	58	89	4	52	288	290
<b>Total Dollar Volumes</b>	\$124,883,214.73	\$80,590,877	\$10,553,522	\$27,202,702	\$647,660	\$2,585,323	\$1,937,945.54	\$1,365,185.19
<b>Average Sales Price</b>	\$181,100	\$160,323.75	\$192,536.90	\$380,269	\$0.00	\$196,828.94	\$177,039.65	\$158,338
<b>Average Loan Amount</b>	\$96,286	\$155,580.84	\$181,957.28	\$305,648	\$16,192	\$161,582.69	\$6,728.98	\$4,724
<b>Average Annual Income</b>	\$ 63553	\$ 58024.38	\$ 62082.02	\$ 115860	\$ 49307	\$ 79246.06	\$ 64823.69	\$ 57645
<b>Average Borrower Age</b>	36	36	36	33	45	42	35	35
<b>Average Household Size</b>	2	2	3	2	3	4	2	2

# 2010 HIGHLIGHTS & ACCOMPLISHMENTS

- ❖ The **Single Family Division** closed on over 700 mortgage loans under its **Homebuyer Program**. Close to 88% of the mortgagors received downpayment and closing costs assistance under the Smart Start program.
- ❖ The **Capital Markets Division** issued \$350 million of escrowed Single Family Program Bonds under the US Treasury's New Issue Bond Program (NIBP), allowing the HMFA to offer single family mortgage rates below market.
- ❖ HMFA committed \$16 million to fund the program known as "Choices in HomeOwnership Incentives Created for Everyone." CHOICE is the Agency's comprehensive financing program for the development of newly constructed and substantially rehabilitated homeownership housing in eligible municipalities. The program features below-market interest rate construction loans and gap subsidy funding for developers, as well as 100% (no downpayment) end loan mortgage financing for first-time homebuyers. Approximately 250–300 units of housing will be developed as part of this public/private partnership program.
- ❖ In 2010, 9 new municipalities signed on to participate in the **Live Where You Work Program**. This program provides incentives such as downpayment and closing costs assistance and increased underwriting ratios to homeowners who live and work in the same municipality. To date, there are a total of 36 municipalities in the program.
- ❖ The **Multifamily Division and Multifamily Preservation Program** provided financing for approximately 1,300 units of rental housing. In addition to providing much needed affordable rental housing, it is anticipated that approximately 4,400 construction jobs will be created as a result of this financing.
- ❖ Over \$24 million has been committed from the **Special Needs Housing Trust Fund** which will create over 255 permanent supportive housing units throughout the state.
- ❖ As the sole administrator of the federal **Low Income Housing Tax Credit Program**, HMFA awarded over \$15.3 million in competitive nine percent tax credits resulting in over \$120 million in tax credit equity for the rehab and/or new construction of over 650 units of affordable housing throughout the state. Additionally, approximately \$1.7 million in four percent tax credits was awarded to create over 230 units of affordable housing.
- ❖ As a result of the American Recovery and Reinvestment Act of 2009 **Tax Credit Exchange Program (TCX)**, a portion of the federal Low Income Housing Tax Credits exchanged with Treasury in 2009 was used to create a subsidy pool of approximately \$30 million for use in 2010. Approximately 550 units of affordable housing have been assisted with TCX funds in 2010.
- ❖ Helping families fight foreclosure is a critical part of the New Jersey Housing and Mortgage Finance Agency's (HMFA) plan to strengthen New Jersey neighborhoods and our economy. To this end, the Divisions of **Program Development and Outreach** and Single Family have been actively working on several fronts to prevent New Jersey homeowners from losing their homes through foreclosure.

# 2010 HIGHLIGHTS & ACCOMPLISHMENTS

- ❖ HMFA was awarded \$300 million in U.S. Treasury Hardest Hit Funds in 2010. The money will be used in part to fund the [New Jersey HomeKeeper Program](#), which will be launched in May 2011. The program will promote neighborhood stability in New Jersey communities by providing financial assistance to eligible homeowners in danger of foreclosure as a direct result of unemployment or underemployment that occurred through no fault, decision or personal circumstance of their own. HomeKeeper assistance may be used to help qualified homeowners with their monthly mortgage payments while they seek work or job training. HomeKeeper assistance may also be used to help qualified homeowners who recently re-entered the workforce and need assistance covering mortgage arrearages accumulated during the unemployment/underemployment period.
- ❖ On December 1, 2008, the Legislature approved an appropriation of \$12,500,000 for the [New Jersey Judiciary Foreclosure Mediation Program \(NJJFM\)](#). NJJFM is designed to resolve residential foreclosure actions by proposing work-out and payment arrangements, or exit strategies, with the help of neutral mediators, housing counselors and, if income eligible, free legal assistance. Homeowners receive notices about the program at three separate times throughout the foreclosure process and are eligible to participate in the program right up until the point of the sheriff sale. In 2010 4,400 New Jersey Households received assistance bringing the total number of households from program inception in 2009 to over 8,300.
- ❖ HMFA applied for and received \$1 million in federal funding from [NeighborWorks America](#), a National non-profit organization created by Congress to provide financial support, technical assistance and training for community-based revitalization efforts. HMFA partnered with 16 housing counseling agencies across the state to assist homeowners who are delinquent in their mortgage and may be at risk of foreclosure under the [National Foreclosure Mitigation Counseling \(NFMC\) Program](#). The participating counseling agencies provided counseling services to approximately 3,000 homeowners.
- ❖ [Standard and Poor's Affirmed HMFA's AA General Obligation Issuer Credit Rating with a Stable Outlook](#). This is a major accomplishment given the ongoing challenges that the Agency has faced in the financial and housing markets over the past several years. This is truly a reflection on the Capital Market Division's professionalism in successfully managing the finances of the Agency during unprecedented times.
- ❖ The [Regulatory Affairs Division](#) closed on a record number of loan financings to fund approximately 2,600 multifamily rental units.
- ❖ Agency staff launched the [Energy Benchmarking Program](#), to track the improvements the energy upgrades make in HMFA financed housing projects. This information will guide HMFA's future program development, and will provide "measurable results" for the improvements that were installed.
- ❖ HMFA received \$30 million in [Weatherization Program Funding](#) to fund weatherization upgrades on 36 multifamily rental properties, representing approximately 4,600 units of affordable housing in the Agency portfolio.

# 2010 HIGHLIGHTS & ACCOMPLISHMENTS

- ❖ HMFA continues to administer the state's **Homeless Management Information System (HMIS)** to collect data on households that are receiving homeless services and entering and leaving shelters and transitional housing. The HMIS data system now serves 250 agencies throughout the State of New Jersey. This year HMIS staff successfully captured information on the (ARRA) Homeless Prevention and Rapid Re-Housing services and funds spent in New Jersey to help individuals and families.
- ❖ An additional \$3.5 million was allocated to The **Camden Home Improvement Program (CHIP)** from the Economic Recovery Board for Camden, a subsidiary of the NJ Economic Development Authority, to continue to rehabilitate owner-occupied homes in Camden. CHIP provides up to \$20,000 in forgivable loans for income eligible homeowners. In all, 79 families were assisted in 2010.
- ❖ HMFA received the **Charles L. Edson Tax Credit Excellence Awards** from the Affordable Housing Tax Credit Coalition (AHTCC) for the **Newark Genesis Apartments** in Newark, NJ. Newark Genesis is the first permanent supportive housing facility in New Jersey for people with HIV/AIDS. HMFA and Department of Community Affairs (DCA) provided more than \$4.5 million in mortgage funding.
- ❖ HMFA received **NCSHA's Annual Award for Program Excellence** in the Legislative category for a Federal Campaign for the energy financing programs offered through the **HMFA Green Homes Office**. HMFA and Department of Community Affairs (DCA) are providing more than \$40 million in energy efficiency financing for both multifamily residential buildings and single family homes.

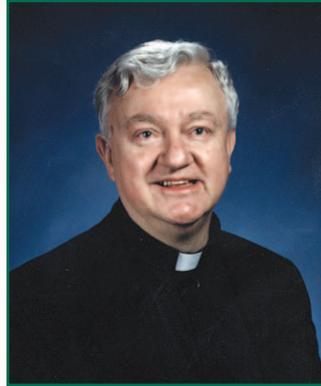
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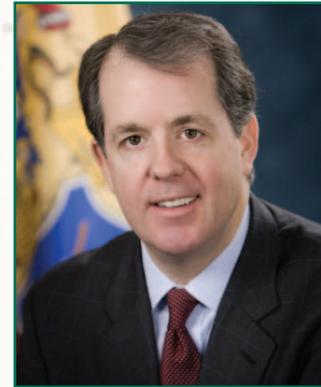
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The **New Jersey Housing and Mortgage Finance Agency** is a self-sufficient agency of state government that is dedicated to offering New Jersey residents affordable and accessible housing. NJHMFA receives no state appropriation.

For more information about New Jersey Housing and Mortgage Finance Agency please visit us online at [www.nj-hmfa.com](http://www.nj-hmfa.com) or call 1-800-NJ HOUSE (654-6873).

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