

1999 ANNUAL REPORT

New Jersey Housing and Mortgage Finance Agency

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 in order to improve the living conditions and other related quality of life issues for New Jersey citizens.

Our Expertise New Jersey HMFA responds to the needs of its citizens by implementing creative programs and establishing alliances that: fund affordable 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 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 foundations.

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.

This report reflects the 1999 fiscal year activities of the New Jersey Housing and Mortgage Finance Agency — July 1, 1998 through June 30, 1999 — and, where relevant, makes reference to Agency activities that occurred through December 1999.



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Message from the Governor

During my time in office my administration has been committed to improving the lives of New Jersey residents. Creating quality affordable housing is a most important step in meeting this goal. Affordable housing solutions not only provide housing for New Jersey's families, they also create construction jobs that help strengthen the state's economy. Building stronger communities for our families to live and work in is a priority.

By pursuing partnerships with community groups and local leaders, we are working together to create housing solutions across the state. I have seen first hand how residents are taking a more active role in improving their communities while bringing new life to New Jersey's urban centers.

I applaud Department of Community Affairs Commissioner Jane M. Kenny and HMFA Executive Director Deborah De Santis for their dedication and success in creating affordable housing opportunities that bring greater independence to hard-working families. New Jersey's people are the foundation for stronger communities and a more prosperous state. Working together, we are making New Jersey an even better place to live, work and raise a family.

Christine Todd Whitman



Message from the Chairman



Sharing ideas and building strong partnerships have contributed to HMFA's success in increasing the supply of affordable housing during Governor Whitman's administration. HMFA has developed diverse partnerships with private and non-profit sectors to build housing resources and encourage community growth.

By participating in *PSE&G's Energy Efficient Home 5-Star Program*, HMFA works with developers to incorporate state-of-the-art energy-efficient features into new housing construction, providing low-cost housing at a low cost to the environment.

Homes and multi-family dwellings receiving the 5-Star rating are designed to conserve natural resources, utilize recycled materials and make use of energy-efficient lighting.

HMFA has been highly successful in developing programs that improve the quality of life for New Jersey residents. The Agency has received recognition from the National Council of State Housing Agencies for developing several innovative programs to assist senior citizens in remaining independent.

These accomplishments are a direct result of HMFA Executive Director Deborah De Santis' leadership and the vision of the board of directors. This vision will guide HMFA as we continue to seek out partnership opportunities and develop programs to make our communities a better place to live.

Jane M. Kenny
Jane M. Kenny

Message from the Executive Director

New Jersey is a wonderful state in which to live, work and raise a family. Thanks to Governor Whitman's housing initiatives, more New Jersey citizens have greater affordable housing choices. This report details HMFA's contributions to building stronger communities and making home ownership more accessible.

HMFA provides low- and moderate-income residents with the tools they need to purchase a home of their own. Our First Time Home Buyer Information Fairs offer potential home buyers access to lenders, insurance providers and non-profit agencies who can assist them in achieving the dream of home ownership. HMFA below market-rate mortgage programs make home ownership a reality for many hard working families. The *Dream Come True Program* made \$53 million of affordable mortgages with a 5% interest rate available to home buyers last year. To promote home ownership in urban cities, we funded \$11.6 million in 5% mortgages to home buyers in Governor Whitman's Urban Coordinating Council (UCC) designated cities.

In addition, we furthered affordable housing initiatives by financing new multi-family rental developments for seniors and low-to moderate-income residents. Additional housing opportunities are created each year through the federal Low Income Housing Tax Credit program. For the first time, HMFA awarded tax credits to *Project Freedom*, a multi-family rental project exclusively serving developmentally disabled individuals.

Whether through offering low-cost mortgages, financing multi-family rental units or funding for-sale single family homes, HMFA remains committed to seeking out new opportunities to create affordable housing.



Deborah De Santis
Deborah De Santis

Year in Review - 1999

- ❖ Issued \$140 million in mortgages to 1,473 first time and target area home buyers in fiscal year 1999.
- ❖ Approved *Urban Home Ownership Recovery Program* (UHORP) subsidy and loans to construct 369 new homes with a construction value of \$55 million.
- ❖ Approved an additional \$5 million in Housing Incentive Fund subsidies to fund UHORP Phase VI.
- ❖ Launched the \$10 million *Community Reinvestment Act (CRA) Mortgage Pilot Program*, in partnership with the Thrift Institutions Community Investment Corporation and Fannie Mae, which succeeded in extending home ownership to 78 New Jersey families who would not ordinarily be approved for a home purchase.
- ❖ Issued \$53 million in 5% *Dream Come True* mortgages to 521 families statewide.
- ❖ Refunded the *Upstairs/Downtown Mortgage Program* with an additional \$10 million to assist municipalities and small businesses revive the housing potential of main street commercial areas.
- ❖ Introduced the new \$4 million *Home Ownership for Permanency Project* to expand housing opportunities for abused, abandoned and neglected children in partnership with the Catastrophic Relief Fund Commission.
- ❖ Issued \$37.7 million in tax-exempt and taxable bonds to finance nine developments containing 895 units of rental housing.
- ❖ Financed the Agency's first preservation loan under the demonstration program to fund needed capital improvements and a new community building to an existing apartment complex in Paterson.
- ❖ Allocated \$9.6 million in federal Low Income Housing Tax Credits to produce 845 new rental units.
- ❖ In October 1999 HMFA issued the first *Public Housing Authority Counseling Grants* totaling \$51,500 to Atlantic City, Elizabeth and Gloucester City to provide home ownership counseling for tenants who want to become home owners.

HMFA Bond Issuance 1990-Present

Series	Economic Refunding	New Money/ Replacement Refunding	Total
Single Family			
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
Totals	\$310,156,474	\$1,507,998,526	\$1,818,155,000
Multi-Family			
1991 Series A	84,840,000	0	84,840,000
1991 Series 1 (Residential Plaza)	145,235,000	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
Totals	\$901,385,000	\$290,607,715	\$1,191,992,715

Home Ownership

The Housing and Mortgage Finance Agency is committed to making New Jersey a state where the dream of home ownership is achievable. The Division of Single Family Programs, in partnership with the state's lending community, stands ready to assist with some of the best mortgage products available. Increased community outreach efforts and free neighborhood Housing Fairs are providing more New Jersey families with the information they need to become home owners.

In 1999 home ownership loans totaling more than \$140 million helped 1,473 families buy their first home in communities throughout the state. Favorable conditions in the financial markets allowed HMFA to offer some of the lowest mortgage interest rates in Agency history.

The launch of new and innovative programs opened the door to home ownership for people with special needs. The *Home Ownership for Permanency Project* creates affordable home ownership opportunities for low- and moderate-income adoptive families and relative care givers to reduce the number of children in foster care. The children adopted were removed from their birth parents due to abuse or neglect. Many have special needs, such as behavioral and emotional problems, developmental disabilities and physical disabilities.

The \$4 million *Home Ownership for Permanency Project* is the first of its kind in the nation to address the needs of lower income adoptive families and was created through a partnership with the state Department of Human Services, Division of Youth and Family Services. The Catastrophic Illness in Children Relief Fund Commission provided half of the program funding through a \$2 million matching grant.

New HMFA mortgage products are also helping people with developmental disabilities who are able to live independently become home owners by accessing low interest rate mortgage loans. The programs were created

in partnership with the Department of Human Services, Division of Developmental Disabilities. In the first year the program made the dream of home ownership a reality for 10 individuals who had been on the Division of Developmental Disabilities Urgent Waiting list for housing placement.

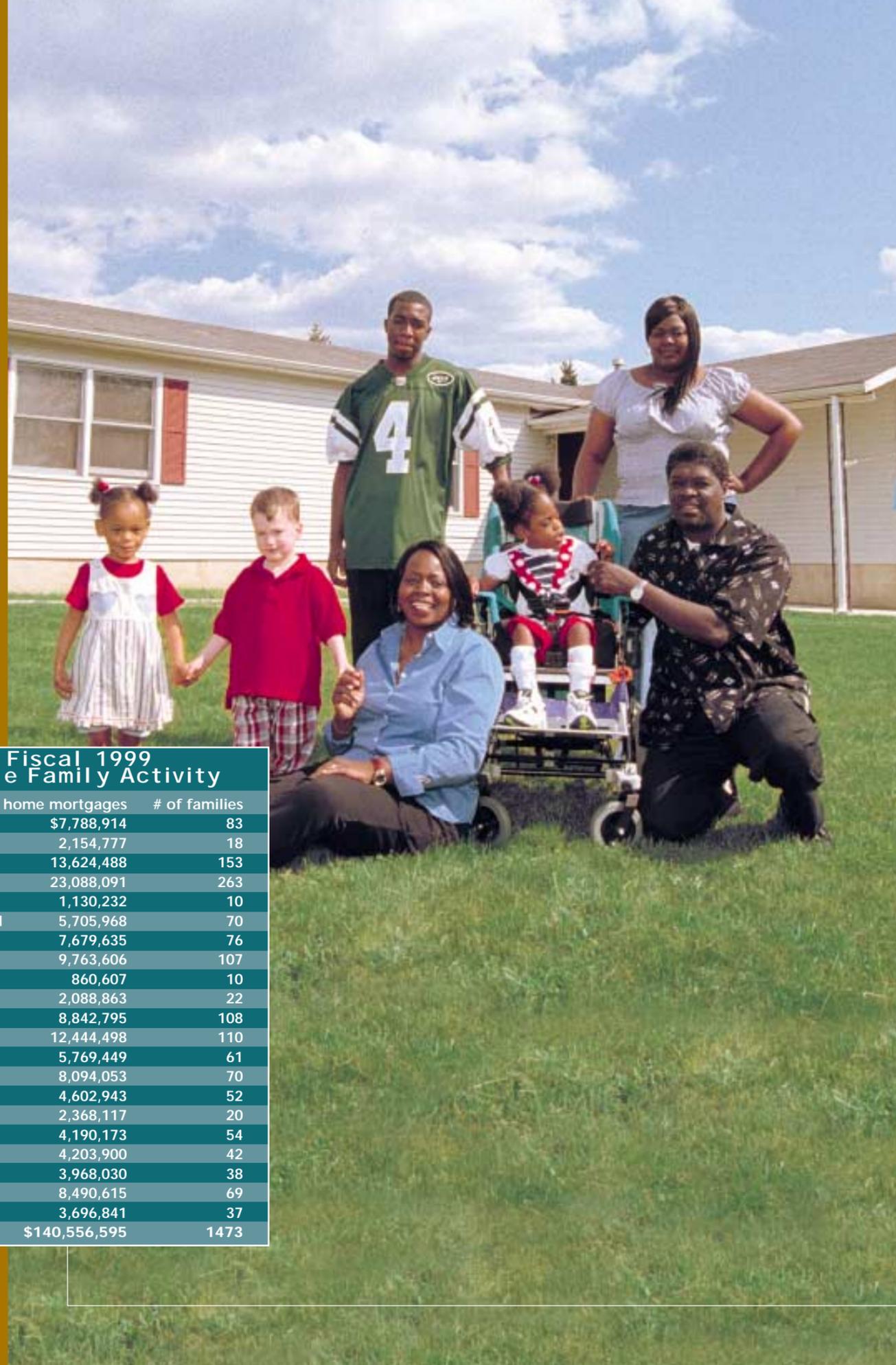


Although the Agency is known for specializing in first time home buyer mortgages, HMFA also offers products that respond to targeted community needs. *The Upstairs/Downtown Mortgage Program* is rejuvenating smaller urban communities with financing for small business owners who want to renovate or create housing above their place of business.

The *Urban Home Ownership Recovery Program* continues to meet the demand for new for-sale housing in urban neighborhoods and serves families across income levels. To date HMFA has created public-private construction financing agreements to provide construction financing for 1,800 single family homes, as well as home buyer mortgages, in 21 urban areas throughout the state.

In the year 2000 HMFA mortgage programs are being made accessible to more New Jersey residents using new expanded Income and Purchase Price Limits. With the launch of the *College & University Home Buyer's Program*, HMFA has begun to provide incentives for faculty and staff to purchase homes near the urban public campuses where they work.

HMFA remains committed to work diligently for increased affordable home ownership opportunities and urban revitalization.



Fiscal 1999 Single Family Activity

	home mortgages	# of families
Atlantic	\$7,788,914	83
Bergen	2,154,777	18
Burlington	13,624,488	153
Camden	23,088,091	263
Cape May	1,130,232	10
Cumberland	5,705,968	70
Essex	7,679,635	76
Gloucester	9,763,606	107
Hudson	860,607	10
Hunterdon	2,088,863	22
Mercer	8,842,795	108
Middlesex	12,444,498	110
Monmouth	5,769,449	61
Morris	8,094,053	70
Ocean	4,602,943	52
Passaic	2,368,117	20
Salem	4,190,173	54
Somerset	4,203,900	42
Sussex	3,968,030	38
Union	8,490,615	69
Warren	3,696,841	37
Total	\$140,556,595	1473

Rental Housing Production and Services

The Housing and Mortgage Finance Agency's financing production level plays a critical role in New Jersey's robust economy. HMFA is firmly established as one of the nation's strongest housing agencies and holds Standard & Poor's top-tier status.

In 1999 HMFA issued \$37.7 million in triple-A rated multi-family housing revenue bonds. Proceeds from the bond sale provided the construction or permanent financing of 895 units of multi-family rental housing in 8 developments throughout the state. In addition to housing, the financing contributed to the creation of more than 1,270 construction jobs.



New Jersey's multi-family housing is becoming even more affordable by incorporating state-of-the-art energy efficiency features. HMFA financed the substantial rehabilitation of *The Berkeley* in Orange, the first project to receive recognition from PSE&G as an energy-efficient project. The *PSE&G Energy Efficient Home 5-Star Program* certifies single family homes, town homes and multi-family homes as meeting the highest standards of energy efficiency.

The Whitman administration recognizes the importance of safe, decent, affordable rentals, especially for our older citizens. HMFA received national honors for two programs — the *Assisted Living Escrow Fund Program* and the *Services for Independent Living Program* — that create service-enriched housing opportunities for senior citizens living in Agency-financed developments.

Four years ago HMFA delivered its *Assisted Living Program* to create residences for low- and moderate-income seniors. HMFA made adjustments to its regulations and underwriting standards to ensure that the program would finance the bricks and mortar as well as the associated business.

In addition, HMFA pledged \$1,000,000 to establish a *Subsidy Escrow Fund* to provide for seniors living on fixed incomes who may face a depletion of assets. The fund will be used to ensure that seniors will have every opportunity to remain in their assisted living home and avoid prematurely entering a more costly nursing home.

The need for affordable housing is very real. New Jersey HMFA stands ready to keep up the pace of financing multi-family housing to fulfill the needs of families and seniors in our urban areas and older suburban communities.

Fiscal 1999 Multi-Family Activity		
	Mortgages	# of Units
Cape May	\$2,336,000	143
Essex	3,438,000	194
Gloucester	4,490,000	96
Mercer	4,000,000	70
Monmouth	4,165,000	66
Passaic	6,700,000	70
Union	10,312,000	256
Total	\$35,441,000	895





Tax Credit Development

Federal programs provide more access to resources and greatly increase New Jersey Housing and Mortgage Finance Agency's ability to meet the affordable housing needs of the citizens of New Jersey. The Low Income Housing Tax Credit (LIHTC) program provides federal tax incentives to encourage the private financing and production of rental housing for low-income households.

The Low Income Housing Tax Credit program has spurred construction of more than 13,845 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. As the designated Housing Finance Agency for the state of New Jersey, HMFA is responsible for the allocation of tax credits to qualified applicants and the monitoring of those projects for compliance with Internal Revenue Codes.

Competition for participation in the LIHTC program is fierce, as demonstrated by the demand versus supply. In 1999 HMFA received 44 applications, representing \$29 million in requests, for the state's \$10.1 million allocation of federal Tax Credits.

The LIHTC *Qualified Allocation Plan for 1999* included New Jersey's first award for a special needs project that will exclusively serve developmentally disabled tenants. The Housing and Mortgage Finance Agency, in partnership with the Department of Human Services (DHS) and the Division of Developmental Disabilities (DDD), created the set-aside under the Special Needs Cycle to reduce the Developmental Disability Waiting List of individuals seeking affordable housing.

When completed, *Project Freedom at Hamilton Township* in Mercer County will provide 48 one- and two-bedroom rental apartments for people with developmental disabilities earning 60% or less of the area median income. *Project Freedom* will offer housing for people who are capable of living independently, but are in need of additional support.



HMFA has continued to seek input from other state agencies, community groups and housing professionals on ways to enhance the LIHTC process. The resulting *2000 Qualified Allocation Plan* encourages public safety and community policing measures as well as energy conservation design features. A new set-aside has been established for projects that serve Work-First Program participants at very low rents.

HMFA is continuing to pursue new ways to meet the needs of lower income families with enhanced housing opportunities and to focus the state's resources where they can achieve real accomplishments.

1999 Tax Credit Awards

	Allocations	# of Units
Atlantic	\$1,237,994	128
Essex	1,500,000	126
Hudson	2,556,091	213
Mercer	975,857	83
Monmouth	1,031,376	109
Ocean	441,139	57
Union	1,768,281	130
Total	\$9,510,738	846

Sustainable Community Development

Since the introduction of the Whitman administration's major housing and economic development policy in 1995, the staff of the New Jersey Housing and Mortgage Finance Agency has worked hard to reshape our cities and town centers by promoting sustainable community development. HMFA's community development initiatives are aimed at rebuilding strong residential urban neighborhoods through well-planned housing redevelopment.

Sustainable redevelopment requires a continuing commitment and partnership between government,

private and not-for-profit development groups, major employers and banking institutions. HMFA is taking the lead in forging these partnerships, utilizing strategies to expand and accelerate public and private investment in local housing development.

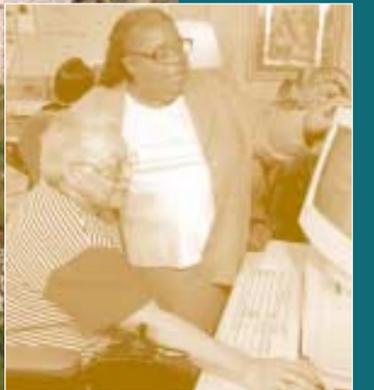
The *Camden Housing Initiative*, HMFA's housing production agreement with the city of Camden, is administered by the Agency's subsidiary, A Better Camden Corporation. The *Camden Housing Initiative* seeks to build upon Camden's strengths — its network of highly effective, not-for-profit neighborhood organizations; its pre-eminent health care and educational institutions; the waterfront renewal at Cooper Ferry; and the dozens of local church, business and civic groups that have sustained the city through many years of crisis.

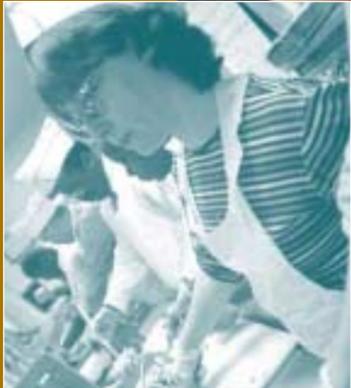
The *Camden Housing Initiative's* success stories include the successful completion of Walt Whitman Village, 18 single family town homes newly constructed in Camden's Historic District.

The Cooper Plaza Development Project will further expand and stabilize this historic neighborhood with the extensive development and rehabilitation of up to 100 single family and mixed-use dwelling units. The North 32nd Street Project has facilitated the delivery of 50 vacant lots on 5 acres of land located in East Camden.

Since its inception in 1988, the *Services for Independent Living (SIL) Program* has helped to enhance the quality of life for thousands of residents each year, through its extensive training and monitoring of the Agency's senior housing developments' social services programs. On-site coordinators have developed a wide array of programs and services for our residents including transportation, health screening, meals, housekeeping and provision of assisted living services, as well as recreational, educational and cultural activities. The *SIL Program* is currently available in 33 Agency-financed senior housing developments, serving approximately 5,000 senior residents each year.

The Whitman administration has committed the state's financial and technical resources to building consensus around comprehensive development plans and marketing strategies, and facilitating the development process.





Awards and Honors

The success of New Jersey Housing and Mortgage Finance Agency programs has been the result of good partnerships and support from so many great organizations and individuals. In 1999 our accomplishments captured the attention of our colleagues nationwide, both in affordable housing and community development.

The National Council of State Housing Agencies (NCSHA) honored HMFA with a prestigious *1999 Annual Award for Program Excellence* at the annual conference held in Chicago. HMFA received the award for the creation of its Reverse Mortgage Brochure and Poster in the category of *Communications: Promotional Materials and Newsletters*.

HMFA also received two *Significant Achievement Awards* recognizing its innovative *Services for Independent Living (SIL) Program* and the *Assisted Living Escrow Fund Program*. The mission of the *SIL Program* is to enhance the quality of life for residents in Agency-financed senior housing developments with a wide array of programs and services.

The *Assisted Living Escrow Fund Program* provides subsidies to seniors in Agency-financed Assisted Living Residences who are living on fixed incomes. The fund ensures that seniors will have every opportunity to remain in their assisted living home and avoid prematurely entering a more costly nursing home.

The headquarters for the New Jersey Housing and Mortgage Finance Agency in the restored Roebbling Center has received international honors for design in the third annual *Business Week/Architectural Record Awards Program*, sponsored by The American Institute of Architects (AIA).

New Jersey HMFA became a major influence in the rebirth of the once-abandoned 45-acre Roebbling Complex in Trenton. In 1996 HMFA relocated its headquarters from a suburban address to an urban industrial center in the restored John A. Roebbling Sons Company, which made wire rope for landmark suspension bridges including the George Washington, Williamsburg, Manhattan and Golden Gate.

HMFA's restored facility was a joint venture between the New Jersey architectural firms Johnson Jones, and Ford, Farewell, Mills and Gatsch Incorporated of Princeton. The HMFA headquarters and eight other winning projects were profiled in the October edition of *Architectural Record* and the November 1 issue of *Business Week* magazines.



Good Neighbors

Building strong communities and investing in New Jersey's urban centers are a major focus for the New Jersey Housing and Mortgage Finance Agency. In addition to providing housing and support programs, HMFA employees exemplify the Agency's commitment to the community through local programs.

When HMFA moved its offices into the Roebbling Complex in Trenton, the opportunity arose to give back to the community and invest in the neighborhood children. The Agency officially adopted the Harrison Elementary School in January 1997. Since then, Agency employees have hosted holiday parties and served as mentors to children from kindergarten through 4th grade.

In 1999 HMFA began a *Reading Buddy Program* with the first grade students at Harrison School. After completing a training program, Agency employees are assigned a child as a Reading Buddy. The employees spend one lunch hour a week with their buddies reading books selected by the student. Volunteers not only provide reading assistance but also serve as mentors and friends.

HMFA employees also contribute to the adults in the community by volunteering at the Trenton Area Soup Kitchen (TASK). On the fourth Thursday of each month, Agency employees donate several hours at the TASK preparing and serving lunch. TASK serves approximately 2,000 meals a week.

HMFA Board Members

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HMFA Chairman and
Commissioner of New
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Community Affairs



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Michael Floyd
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Claudia Lovas
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Director, Marketing and
Communications

Audrey Savas
Director, Employee Relations

Christine C. Simon
Director, Government Affairs
and Community Outreach

Karen M. Torian
Director, Multi-family Programs

Legal & Financial Services

Auditors
Deloitte & Touche, LLP

Legal Counsel
Attorney General of the State of New Jersey

Trustees

First Union National Bank

Summit Bank

State Street Bank

Bank of New York



New Jersey Housing and Mortgage Finance Agency

CHRISTINE TODD WHITMAN
Governor

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