



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 2007 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, Ernst & Young LLP, dated June 16, 2008, is attached and completes the HMFA's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

In addition, I certify that during 2007, the HMFA has to the best of my knowledge, followed all for the Agency's standards, procedures and internal controls.

Sincerely,

A handwritten signature in black ink that reads "Marge Della Vecchia". The signature is written in a cursive style.

Marge Della Vecchia
Executive Director

A large, light green silhouette of a house with a chimney, positioned at the bottom of the page.

NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY

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FY2007 ANNUAL REPORT

It's What's On The Inside That Counts



Producing Housing That New Jersey Residents Can Afford.





A MESSAGE FROM HMFA CHAIRMAN: JOSEPH V. DORIA, JR.

Dear Friends,

As a former mayor and legislator, and now as Commissioner of the New Jersey Department Community Affairs, I understand the need for the various wheels of government to spin together to create a shared foundation and further the prosperity of our great state. Nowhere is the need for these partnerships more important than in the area of housing production and preservation.

Today, many New Jerseyans continue to face the daunting challenge of finding affordable housing in one of the costliest housing markets in the nation. Residents face longer commutes between their homes and their workplaces, in part because of the difficulty in finding affordable housing opportunities close to jobs. The Corzine Administration is dedicated to tackling these tough challenges through bold and innovative approaches, such as many of the initiatives offered through the New Jersey Housing and Mortgage Finance Agency.

HMFA is committed to investing in homes that are located in attractive, safe and economically diverse communities that are easily accessible to transportation, employment and services. This year the Agency also launched the Live Where You Work Program, which offers low-interest mortgage loans to homebuyers purchasing homes in towns where they are employed. Encouraging people to live closer to their jobs reduces the need for cars and increases the use of alternative transportation such as walking, biking and taking advantage of public transit. Live Where You Work not only provides homeownership opportunities, but it also helps New Jersey build strong neighborhoods with citizens who are invested in the future of their communities.

Building a house is more than bricks and mortar. A safe and affordable home is the foundation from which a family can grow, and from which our state and economy can thrive. Working together, I am confident that we can make our goal of creating and preserving 100,000 units of affordable housing a reality in New Jersey.

Best regards,

Joseph V. Doria, Jr.
Joseph V. Doria, Jr.

DCA Commissioner, HMFA Chairman



A MESSAGE FROM OUR EXECUTIVE DIRECTOR: MARGE DELLA VECCHIA

Dear Friends,

We are pleased to present the 2007 Annual Report of the New Jersey Housing and Mortgage Finance Agency (HMFA). This report showcases the housing projects HMFA financed throughout the year and highlights many of the Agency's accomplishments.

In 2007, HMFA continued its commitment to the residents of this state by providing rental and homeownership housing opportunities that are affordable, safe and environmentally responsive. Working together with the New Jersey Department of Community Affairs and representatives from the state's housing community, we are articulating a comprehensive policy for achieving Governor Corzine's goal of creating and preserving 100,000 units of affordable housing over the next 10 years.

This year HMFA provided mortgages to over 2,100 first-time homebuyers, offering a safe and secure alternative to people who want the benefits of traditional, fixed rate mortgages but want to avoid the risks associated with unconventional mortgage products. Close to 1,200 people also received down payment and closing cost assistance, eliminating what is often a significant barrier to potential homeownership.

We are proud that HMFA has achieved so many successes in its 40-year history. These successes were made possible through our partnerships with the state's housing professionals, government officials, our participating lenders, housing developers, community leaders, and nonprofit and for-profit housing groups. We look forward to continuing these important partnerships as we work to make quality, affordable housing a reality for all of our state's hardworking families and individuals.

Sincerely,

Marge Della Vecchia

Marge Della Vecchia,
Executive Director

Residents face longer commutes between their homes and their workplaces, in part because of the difficulty in finding affordable housing opportunities close to jobs. The Corzine Administration is dedicated to tackling these tough challenges through bold and innovative approaches, such as many of the initiatives offered through the New Jersey Housing and Mortgage Finance Agency.

— **Joseph V Doria, Jr.**, DCA Commissioner & HMFA Chairman

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— **Marge Della Vecchia**, HMFA Executive Director

**HMFA CLOSES ON RECORD
2,000 MORTGAGES:**

Sharon Ellenwood, a Millville, New Jersey resident, received **HMFA's 2,000th First Time Home Buyer mortgage**, a 30-year below market rate mortgage offered to first-time homebuyers and urban area buyers with 0 points and an interest rate fixed at 6.125% for the life of the loan. This milestone set the record for the highest amount of mortgages in a year since the Agency's inception.

"Clearly what this record number shows is the emergence of a new flight to quality and security as potential homebuyers realize the benefits of traditional, fixed rate mortgages and seek to avoid the risks associated with subprime borrowing," said Marge Della Vecchia, Executive Director of the HMFA.

Ms. Ellenwood's loan was a historic milestone in a historic year for HMFA lending in which over \$400,000,000 in loans were made to first-time and urban home buyers. Construction of Ms. Ellenwood's home by Millville non-profit, AHOME, Inc. was also funded and assisted through the HMFA's CHOICE program. "We are therefore doubly proud to have played important roles in helping Ms. Ellenwood and many other New Jersey residents realize their dreams of owning a home, said Jerry Keelan, Director of Single Family at HMFA.

The Ellenwood Family



"Providing secure, stable, affordable home loans to New Jersey residents is what HMFA does best. I am glad to see that more New Jerseyans than ever before are seeking out mortgage products which can put them on a secure and dependable path to homeownership."

— Marge Della Vecchia, NJHMFA Executive Director

2007 ACCOMPLISHMENTS
PRODUCTION:

- ▶▶ HMFA's **Single Family Division** purchased over 2,000 mortgage loans, which is more than any other year in HMFA's history.
- ▶▶ 500 units of affordable rental housing now have extended affordability restrictions as a result of HMFA's **Preservation Loan Program**.
- ▶▶ Financing was committed to create 2,000 rental apartments throughout the state using **HMFA bond financing** and **Low-Income Housing Tax Credits**.
- ▶▶ In 2007, HMFA committed **CHOICE Program** financing and subsidies, to create close to 300 new homes. CHOICE is designed to encourage the development of mixed income, affordable for-sale housing in the State's urban areas while also funding deed-restricted housing anywhere in the state.
- ▶▶ As a result of the HMFA's **Reverse Mortgage Program**, 38 seniors will be able to remain in their homes.

Camden Dreams



CAMDEN DREAMS: CAMDEN

Camden Dreams is a supportive housing project consisting of three rehabilitated 19th century Victorian row houses adjacent to the Cooper Hospital Complex in Camden City. It contains thirteen efficiency apartments that provide a permanent home for youth who are homeless and/or aging out of the foster care system. As well as being an excellent model of preservation, it is also an example of responsible "green development," incorporating features such as a solar electric system.

**2007 ACCOMPLISHMENTS
PRODUCTION:**

- ▶ Five families are now homeowners as a result of HMFA's **Section 8 Homeownership Mortgage Loan Program**.
- ▶ The Agency's **Welcome Home Program** helped 19 families who are adopting children or becoming legal guardians through the Division of Youth and Families or a New Jersey State licensed adoption agency. This program provides mortgage funding for the purchase and/or improvement of a home.
- ▶ In 2007, \$34 million was committed under the **Special Needs Housing Trust Fund** and other supportive Housing Programs to fund 322 units/beds. The \$34 million leveraged another \$26 million in outside funding. (From inception in 2005, we have funded 731 beds/units) There are an additional 82 projects containing 712 beds/units in the active pipeline.
- ▶ Over 200 Police and Firefighters were able to purchase homes using financing from the **Police and Fire Mortgage Loan Program**.

Remsen Baldwin



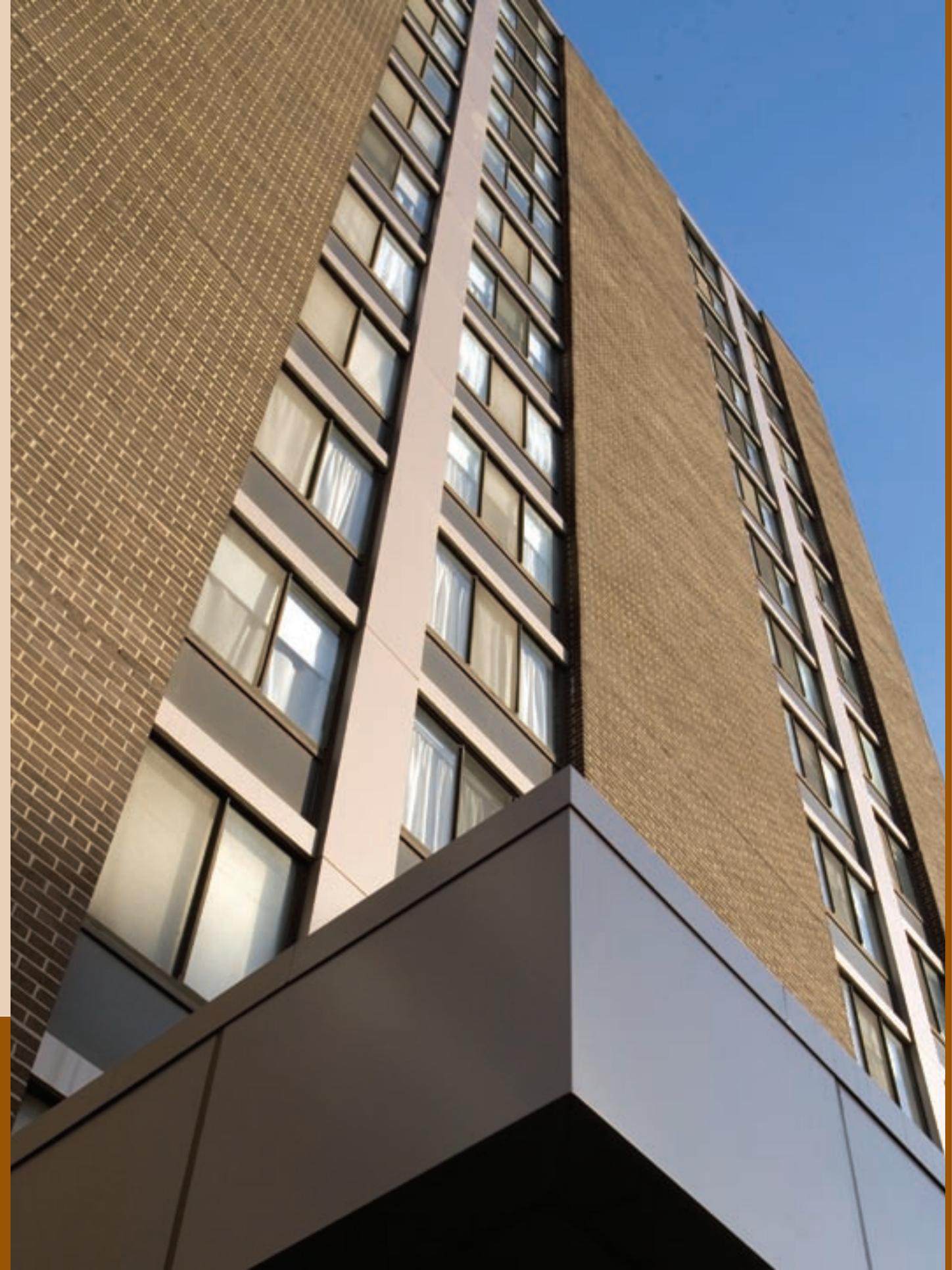
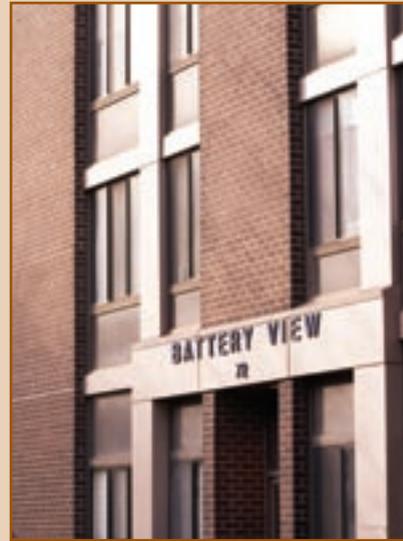
REMSEN BALDWIN HOMES: NEW BRUNSWICK

Remsen Baldwin Homes consists of 36 newly constructed affordable homeownership town homes and condominiums located in the center of New Brunswick. Residents benefit from rear garden yards and off-street parking. There are two-story homes made up of three-bedroom and two-bath town homes, as well as two-bedroom, handicapped accessible single story homes.

2007 ACCOMPLISHMENTS
NEW INITIATIVES &
PROGRAMS:

- ▶ HMFA is an integral player in the **New Jersey Home Ownership Preservation Effort** (NJ HOPE). NJ HOPE is an alliance of government agencies, not-for-profit organizations, and financial institutions committed to preserving home ownership by raising consumer awareness of available mortgage products and funding, increasing access to credit and loan counseling and providing temporary assistance to consumers facing foreclosure.
- ▶ As part of NJ HOPE, HMFA developed a comprehensive approach to preventing foreclosure and preserving homebuyer assets through the establishment of the **Foreclosure Prevention and Asset Preservation Program**. HMFA partnered with the national non-profit group, NeighborWorks America, to train qualified counselors in foreclosure prevention and asset preservation counseling. This counseling will assist homeowners experiencing financial hardship and potential loss of their home due to adjustable rate resets, sub-prime or inappropriate loans.
- ▶ In an attempt to reach as many consumers suffering the ill effects of sub-prime lending HMFA continues to work with the Department of Banking and Insurance (DOBI). It is our goal to assist as many New Jersey residents as possible in 2008.

Battery View



BATTERY VIEW: JERSEY CITY

Battery View is comprised of 239 senior rental apartments and developed as a high-rise building with a view of the New York City skyline. In the wake of September 11, HMFA presented the staff and residents of Battery view with the New Jersey Excellence in Housing Award - Humanitarian Award for their tireless efforts in assisting rescue workers and individuals exiting New York.

**2007 ACCOMPLISHMENTS
NEW INITIATIVES &
PROGRAMS:**

- ▶ In keeping with the changing financial times HMFA introduced a 40-year single-family mortgage product.
- ▶ HMFA staff launched the first municipal partnership of the **Live Where You Work** homebuyer mortgage program, with the City of Trenton – including creating a website and printing marketing brochures. Live Where You Work allows for a higher mortgage when purchasing a home close to your place of employment. Confirmed partnerships include Trenton, Jersey City, Elizabeth and Rahway with other partnerships in the works.
- ▶ The **Camden Home Improvement Program** is funded by the Economic Recovery Board for Camden and DCA, and supports the rehabilitation of owner-occupied homes throughout the City. Thirty homes are now in progress. Phase II will begin in spring 2008.

Creekside



CREEKSIDE: MEDFORD TOWNSHIP

Creekside contains 32 newly constructed two- and three-story rental family townhouse apartments housed within four buildings. It includes one, two and three-bedroom apartments, a management/maintenance office, on-street parking, a playground and a multi-purpose open field. These homes feature slab-on-grade, wood-framed, panelized construction designed to be in full compliance with DCA's Energy Star Program

2007 ACCOMPLISHMENTS
FINANCIAL:

- ▶ In 2007, HMFA issued \$145 million in multifamily bonds to effectuate economic refundings of older bonds and to provide new money to fund over 1,700 rental units.
- ▶ HMFA issued \$423.4 million in single-family bonds, which will fund over 2,100 new mortgages.
- ▶ In August, 2007, the Agency issued \$18 million of bonds to provide capital funds to 10 Public Housing Authorities for over 4,400 public housing units.
- ▶ Moody's Investors Service raised its issuer credit rating on HMFA from "Aa2" to "Aa1" with a stable outlook. And Standard & Poor's Ratings Service raised its issuer credit rating on HMFA from "AA-" to "AA" with a stable outlook.
- ▶ The **Single Family Internet Loan Reservation System** was enhanced to allow lenders to register loans under a variety of Single Family programs. The system was modified to eliminate many common lender submission errors.

Roosevelt Commons



ROOSEVELT COMMONS: CARTERET BOROUGH

Roosevelt Commons is a rental apartment building located in Middlesex County. The redevelopment of the property involved an "extreme makeover" of the former Hill Bowl - a one-story, abandoned bowling alley on Roosevelt Avenue. Today, the two-story Roosevelt Commons features 16 one-bedroom units for senior citizens.

2007 ACCOMPLISHMENTS

OTHER:

- ▶ In 2007 the HMFA saw the successful transition of the **Green Homes Office**, and all of its responsibilities, from DCA to HMFA.
- ▶ HMFA is poised to install a photovoltaic solar electric generating system. The system payback period is 11 years. After that time, the Agency will benefit from continued annual electricity savings of approximately \$15,300.
- ▶ HMFA is going "Green" in that almost every division at HMFA has participated in the development of green building programs or incorporated green building into its operations in 2007. Technical Services is inspecting "Green Future" properties using our new guidelines. Multifamily has incorporated energy savings and green item costs into its underwriting. Tax Credits has welcomed the "green point" and Energy Star requirements in the QAP. Single Family is now requiring Energy Star compliance.
- ▶ Participation in the **SUNLIT** program has tripled – from 6 projects in 2006 to 19 projects in 2007. SUNLIT, the first program of its kind in the country, supports solar and energy efficient retrofits for multifamily housing.

Patriot Village



PATRIOT VILLAGE: TRENTON

Patriot Village is a 37-unit affordable housing development on Pennington Avenue in Trenton. This historic building is a wonderful example of adaptive reuse involving the conversion of the vacant CV Hill office building into 37 family rental units. The restored building is a reminder of Trenton's industrious past while providing a vital piece of the City's revitalization efforts. It also has the distinction of being one of the winners of the City of Trenton's 2007 Preservation awards.

2007 ACCOMPLISHMENTS

OTHER:

- ▶ **The Housing Resources Center (HRC)** was created to provide an on-line web-based tool that allows individuals to search for available affordable or accessible housing units, and provides a resource for property managers and realtors to list their units. In 2007, 3,312 available housing units were posted on the Housing Resource Center (HRC). Since the Center's launch in 2005, more than 5 million searches have been conducted and an estimated 37,500 units advertised on the HRC have been rented or sold.
- ▶ The **Human Resources Division** was instrumental in implementing the "Full Time Two Year Internship Program". The program offers the opportunity for two interns to rotate throughout the various HMFA divisions and to learn all aspects of financing affordable housing.
- ▶ Like many organizations, the HMFA continues to face increased costs of health care, insurance and utilities. The HMFA has successfully negotiated changes to its health care and insurance costs, and has implemented energy savings measures.
- ▶ HMFA's **Regulatory Affairs Division** set a new record in 2007 by closing 64 loan transactions to fund more than 2,500 housing units.

Meadows at Oldwick



MEADOWS AT OLDWICK: TEWKSBURY

Tewksbury, also known as the Meadows at Oldwick, contains 18 one-story apartments for low-income adults and families with a member with disabilities. United Cerebral Palsy provides the provision of supportive services to occupants on a case-by-case basis. Surrounded by dense forest, it is designed to be fully handicapped accessible and built "Green" with solar energy from a rooftop photovoltaic system. The residents enjoy an expansive community center and congregate in a living room with a fireplace among other convenient amenities.



2007 ACCOMPLISHMENTS

OTHER:

- ▶▶ The 3-year effort to create a **Housing Preservation Strategy** is coming to a conclusion. A database of HUD and HMFA Multifamily and Low Income Housing Tax Credit projects was completed, giving us the ability to identify where the need for preservation resources is the greatest in the state.
- ▶▶ The **A Better Camden Corporation** continued to support affordable housing predevelopment efforts in Camden. Nineteen properties were acquired for affordable housing development with another six under contract of sale for January 2008.
- ▶▶ HMFA's **Contract Administration Division** awarded 37 HUD contracts in 2007. In 2000, HUD awarded the HMFA a contract to administer the Section 8 contract duties for HUD-administered properties representing 14,629 units. Because of HMFA's success in administering the program HUD has increased the number of projects over the years. Including the 37 new 2007 contracts, HMFA now administers 280 contracts totaling 24,290 units.
- ▶▶ Staff completed the implementation phase of **The Homeless Management Information System (HMIS)**. HMFA is leading a consortium to manage a state administered data system for tracking, reporting and analyzing homelessness information in New Jersey with over 230 agencies participating.

Nueva Vida Homes



NUEVA VIDA HOMES: CAMDEN

Nueva Vida Homes, located in the Cramer Hill redevelopment neighborhood of Camden, are 14 new, scattered-site homeownership houses. The Nueva Vida Homes are a significant addition to the community, replacing previously abandoned or vacant lots that were an eyesore to the area. All fourteen homes were sold to first-time homebuyers, almost two-thirds of who were already living in Cramer Hill.



2007 ACCOMPLISHMENTS

OTHER:

- ▶ Eleven municipalities contracted with **The Housing Affordability Service (HAS)** bringing the total to 76. HAS staff completed sales on 200 deed restricted homes.
- ▶ Close to 1,200 home buyers received assistance with their down payment and closing costs through the **Smart Start Program**.
- ▶ In September the **Governor's Conference on Housing and Community Development**, attended by over 1,000 individuals was held at the Atlantic City Convention Center. HMFA's Senior Graphic Designer created all conference materials in-house (*no outside consultants were retained*). Feedback indicates that the attendees are rating this conference as the "best" Governor's Housing Conference to date.
- ▶ The **Smart Growth Locator** won the 2007 American Planning Association National Planning Excellence Award for Best Practices. This mapping tool makes it easy for developers, homebuyers and utility companies to know whether or not their property is in a smart growth area and therefore eligible for certain incentives from the state. Its features are now being incorporated into the Location Assessment Tool on the Governor's Business Portal website.

Alexian Manor



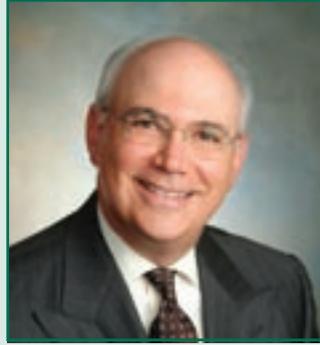
ALEXIAN MANOR: ELIZABETH

Alexian Manor is located in Elizabeth, across the street from Trinitas Hospital and convenient to nearby shopping and transportation. It contains 31 efficiency apartments and 44 one-bedroom apartments for senior citizens. Constructed in 1992, the building was showing some wear and tear and badly in need of repairs and upgrades. These included a new roof, new windows, a handicapped accessible door for the entrance, elevator upgrades, and new kitchens and bathroom upgrades.

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AND MORTGAGE FINANCE
AGENCY BOARD MEMBERS**



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*Commissioner
Department of Community Affairs*



STEVEN M. GOLDMAN
*Commissioner
Department of Banking & Insurance*



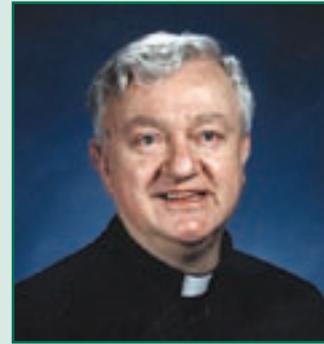
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To view New Jersey Housing and Mortgage Finance Agency financial statements for Fiscal Year 2007 please visit us online at www.nj-hmfa.com



Producing Housing That New Jersey Residents Can Afford.



HMFA

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 or call 1-800-NJ HOUSE (654-6873).

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