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Joint Message from the Chair and the President

The year 2011 marked New Jersey Community Capital’s (NJCC’s) 24th year of operation. From a small housing fund run by volunteers in 1987, we have grown into New Jersey’s largest and most effective community development financial institution.

The past few years have posed significant challenges to our clients, the communities we serve, our stakeholders, and our organization. All of us are being asked to “do more with less” amidst a faltering national economy, a depressed housing market, and the growing sense that the American dream, complete with a stable, well-paying job, a safe and sound home, and greater opportunity for future generations, is increasingly out of reach. Many of the efforts of the community development field have quickly unraveled during the past few years. We have watched in dismay as promising projects have halted and payments on loans have ceased.

Amidst today’s weak economic climate and retrenching political resources, our services are in more demand than ever. Our organization’s growth amid the challenges facing the community development finance industry and the clients we serve have provided an opportunity to reflect on our history and the changing needs of New Jersey’s at-risk communities.

The following Strategic Plan was crafted by the Board of Directors and our staff with these challenges and opportunities in mind. The process of creating this document reinforced our conviction to provide vital services and a distinctive investment opportunity for our stakeholders. It attempts to outline what we can realistically accomplish on our own, how we can accomplish more through collaboration, how we remain committed to our mission, and how we deal with the risks of new enterprises. We have tried to use lessons from our past to create a plan that carefully plots a new direction for the organization.

Through internal reflection and a search for calculated opportunities, we confirmed that our highly resilient nature and forward-looking attitude will help to continue to transform our institution into an industry leader. What is inspiring, however, are the stakeholders and staff involved in this strategic planning process. They include our partners, the focused community organizations with ambitious goals of community improvement; our talented, dedicated, and very hard-working staff and Board members; and our loyal and generous investors and contributors, who continue to find ways to increase their investments despite economic hardships. We thank you all, in these difficult times, for everything you do for NJCC.

Wayne T. Meyer  
President

Kenneth H. Zimmerman  
Board Chair
Who We Are

New Jersey Community Capital (NJCC) was founded in 1987 as the Community Loan Fund of New Jersey, Inc. (CLF), with a primary focus on financing the development, acquisition, construction, and rehabilitation of affordable housing in New Jersey. It was established by a group of committed community, religious, and business leaders to address obstacles faced by nonprofit, community-based organizations in obtaining financing from conventional lenders.
Since 1987, NJCC has expanded its vision and focus to comprehensively address the elements necessary to create, preserve, and sustain healthy neighborhoods and communities. These elements include job creation, early child care, education, community services, and neighborhood preservation and stabilization. In 2003, CLF and its affiliates adopted the trade name New Jersey Community Capital, signifying a realignment of its existing operations to more effectively meet the needs of New Jersey’s underserved individuals and historically disinvested communities. In 2009, NJCC acquired the Community Asset Preservation Corporation (CAPC), an innovative real estate development subsidiary that is leading an effort to stabilize and preserve New Jersey neighborhoods ravaged by the foreclosure crisis.

Today, NJCC works with a dynamic network of businesses and organizations to invest in, advocate for, and participate in the bricks and mortar process of rebuilding and strengthening New Jersey’s communities. This network encompasses lenders; for-profit and nonprofit developers; public and private agencies; foundations; and community development corporations—all working for positive neighborhood change.

Once a one-person organization with a singular focus, NJCC now employs a staff of 22 professionals with a range of skills, allowing it to focus on a wide array of community economic development issues. During its first year of operation, NJCC made two loans totaling $30,000. Since then, NJCC has closed over $286 million in financing and investments for more than 558 projects in the housing, community services, and business sectors in every county in the state.

Throughout its history, NJCC has served as a catalyst for well-conceived and soundly-implemented affordable housing and economic development ventures, building long-term economic opportunity for low-income residents and economic strength for low-income communities across the state. It has earned a reputation as an innovative and energetic organization that successfully meets the community development finance needs of New Jersey’s at-risk communities. It does so while effectively and efficiently investing funds in a socially-responsible manner for a wide range of institutional and individual investors and contributors.

In 1988 we made two loans.
In 2011 we made 40 loans.

Since 1988, we’ve provided financing for more than 558 projects.

In 1988, we provided $30,000 in financing. In 2011, we provided nearly $40 million in financing.

Since 1988, we’ve provided over $286 million in financing.
A Summary of NJCC’s Evolution and its 2012-2016 Strategic Plan

New Jersey Community Capital (NJCC) has undergone a tremendous evolution over its 24-year history. It was founded in 1987 as a small affordable housing fund run by volunteers. By its second decade, it had developed into an organization with the capacity to pursue ever-more sophisticated financing of projects designed to help low- and moderate-income residents throughout our state.

Today, NJCC, a multifaceted organization with more than $180 million under management, is entering its “deepening phase.” We are striving to transform whole neighborhoods by using integrated approaches designed to strengthen housing, early childhood care, education, job creation, and health outcomes. This approach is too massive for any one organization to undertake on its own, so we actively rely on partnerships with other community organizations and funders to have as large an impact as possible on neighborhoods throughout the state.

The growth and expansion of NJCC has brought with it an enhanced ability to address the needs of New Jersey’s low- and moderate-income residents. Two years ago, our Board of Directors determined that the organization needed to be bolder in addressing those needs and to play a greater role in bringing innovation to the broader community development movement.

The Board and staff of the organization were extraordinarily proud of its past successes and of the strong work that it had accomplished in tandem with its partners. Nevertheless, the Board realized that, while the first two decades of NJCC’s existence had been highly productive, the organization lacked the scale to have a transformative impact. Instead, it had taken a somewhat reactive approach to its transactions, focusing primarily on addressing the financing needs of its selected target geographies. The Board decided that the current problems faced by low- and moderate-income communities were too great for such an approach, and that instead these problems required a more systemic intervention. The Board further believed that the community development movement more broadly was in danger of losing momentum, and therefore wanted NJCC to reach out to its contemporaries and colleagues to jointly rethink the system and invent new ways of stabilizing and strengthening America’s fragile communities.

In the spring of 2009, the Board asked Wayne Meyer to assume the position of President of the organization. At the time, Mr. Meyer was Housing Director at Housing and Neighborhood Development Services Inc. (HANDS), one of the leading community development corporations in New Jersey. A highly respected real estate and finance professional with three decades of experience, Mr. Meyer had been instrumental in designing Operation Neighborhood Recovery (ONR), a model for stabilizing communities ravaged by the foreclosure crisis through the bulk purchase and rehabilitation of those properties. Mr. Meyer accepted the offer and, with the Board’s full support, immediately began realigning NJCC’s strategic direction.

A few months after Mr. Meyer became President, the Board began the strategic realignment of the organization by deciding to focus its resources on comprehensive interventions that could have dramatic positive impacts on specific neighborhoods. To increase NJCC’s capacity to take such actions, the Board of Directors approved the acquisition of the Community Asset Preservation Corporation (CAPC). This merger expanded NJCC’s activities beyond finance to the acquisition and disposition of nonperforming residential mortgages or bank-owned, foreclosed residential properties.

The first year following this strategic realignment was focused on absorbing the CAPC acquisition and enhancing and strengthening NJCC’s financial and organizational capacity. As part of that process, NJCC raised more than $14 million in additional capital and hired six new staff members. The Board also approved four new Board members, with backgrounds that would help the organization undertake its new strategic direction.
Although NJCC’s Board believes that strategic planning should be an ongoing activity that is integrated into all aspects of the organization’s work rather than a periodic re-assessment of direction, the Board decided that the strategic realignment that took place in 2009 required the organization to undertake a more formal, long-term strategic planning process. The process began with a bottom-up assessment, which included interviewing clients and stakeholders about their experiences with NJCC, and holding a series of visioning sessions in which the Board and staff identified areas of strength and weakness for the organization while voicing both their hopes and concerns. During this process, the Board and staff drafted and adopted the following new mission and vision statements, as a means of better representing NJCC’s new direction:

**NJCC’s Mission Statement**

*New Jersey Community Capital transforms at-risk communities through strategic investments of capital and knowledge.*

**NJCC’s Vision Statement**

*New Jersey Community Capital envisions a world where all people live, learn, and flourish in communities full of opportunity. We transform communities by providing our clients with essential capital and our investors with financial and social returns.*

**NJCC’s Goals over the Next Five Years**

The Board and staff used the insights that came out of the visioning sessions to identify and adopt six goals that will drive NJCC’s actions going forward, along with a series of specific initiatives that reflect the objectives implicit in those goals. The six goals are to:

1. Expand and integrate our core programs, products, and services to transform at-risk neighborhoods
2. Attract new investments and resources
3. Strengthen collaborations and enhance our leadership role
4. Optimize organizational and financial performance
5. Become a national leader in measuring social impact
6. Create a vibrant working environment and attract new talent to the field

**Outcomes that NJCC Will Strive to Meet by 2016**

In order to measure its progress toward achieving its goals, the Board and staff have established a number of outcomes tied to each goal. Specific outcomes are listed in the “Goals and Outcomes” section. NJCC will strive to meet or exceed these outcomes by 2016. Samples of these outcomes include:

- Increasing lending activity by 50%
- Growing by 50% our capital lending base and our managed assets
- Strengthening our subsidiary, CAPC, to allow it to reclaim an additional 500 residential living units
- Increasing unrestricted net assets and net income by $5 million

**A Guide for NJCC’s Future**

The Board and staff of NJCC are energized by the strategic transformation that the organization has undergone over the last two years. We look forward to implementing our vision for the future of the organization and the community development field as a whole.

We are proud to present this Strategic Plan, which clearly states our mission, our vision, our values, and the strategic priorities required to fulfill them. This publication is a guide for our future, one that reflects the vitality of NJCC and the considerable commitment of our Board and staff.
Responding to the Increasing Needs of Distressed Neighborhoods

New Jersey Community Capital’s overarching objective is to bridge critical financing gaps in order to promote and achieve an integrative approach to community development. We serve low-income people and communities facing the deepest economic challenges in the state. Since its inception, NJCC has provided financing and capital that have allowed for the formation of many community development projects in distressed and disinvested neighborhoods—most of these projects would not have been financed by conventional financial providers.
However, the economic downturn of 2008 and its aftermath have placed even greater economic and social stresses on the families living in our most disadvantaged neighborhoods. At the same time, other stakeholders which normally had been able to help—such as the federal, state, and local governments—have been forced to retrench in the face of these dislocations. The result is that residents of the state’s most troubled neighborhoods are facing a combination of increased need and reduced capacity among institutions to meet such needs. This “perfect storm” of increased need and reduced services makes our mission even more vital.

The Situation Throughout the Nation

Over the last several years the financial capital markets have undergone tumultuous changes that have seriously constrained lending, especially to low- and moderate-income communities. After an extended period of appreciation in housing values from 2001 to 2007, the nation now faces the consequences of a housing and economic downturn of epic proportions. By 2011, almost 14% of all U.S. mortgages were delinquent and an additional 7% were at risk of default.\(^1\)

The onslaught of the mortgage and financial crisis is far from over, and the damage being done to cities and neighborhoods steadily becomes worse. By 2009, over seven million households reported living within 300 feet of at least one abandoned or vandalized home. Yet as devastating as this damage is, the impact is being most keenly felt by a subset of our nation’s neighborhoods—in 2010, almost half of all foreclosure auctions were located in just 10% of the nation’s census tracts.\(^2\) This unprecedented level of economic devastation wrought by the recession and the foreclosure crisis has both exacerbated and highlighted the limitations of the current approach in addressing the needs of underserved communities.

It is widely recognized that low-income people and communities have limited access to affordable financial services, but also that NJCC and other community development financial institutions (CDFIs) can be effective at providing access to this vital financial support. Even prior to the current financial crisis, mainstream financial institutions were limiting the financing available for community development projects and nonprofit developers. Larger regional and national banks have not had the appetite for the smaller transactions undertaken by nonprofit real estate developers, while local financial institutions have often lacked the capacity to meet the needs of the community development finance market. The advent of the economic crisis further limited the number of mainstream lenders willing to tackle this work, leaving CDFIs as the primary source of capital for nonprofit and mission-driven developers working in the communities hit hard by the economic downturn. The current low-interest climate only makes it that much more difficult for CDFIs, forcing them to become more creative in structuring deals that will help their clients and partners while still allowing them to survive.

Likewise, the current budget and fiscal crises facing federal, state, and local governments have resulted in drastic reductions in public funding for housing production and other community development projects. Government funding will likely remain tight for the foreseeable future, reducing support for vital community development projects that are essential to rebuilding and stabilizing communities.

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\(^1\) Cited by Mercy Housing in “Mortgage Resolution Fund Program,” June 24, 2011, p. 3, using data reported by Amherst Securities, Loan Performance, Mortgage Bankers Association, and JP Morgan Chase.

\(^2\) The Joint Center for Housing Studies, State of the Nation’s Housing 2011 report, Harvard University (see pg. 3 of the Fact Sheet).
New Jersey remains one of the most expensive states in the nation in which to live. A 2011 study found, for example, that over three-fifths of all of the state’s renters do not earn enough to afford the average cost of renting a two-bedroom apartment. Even in the best of times, many residents need help in affording a home. However, what New Jersey residents have faced over the last several years has been a situation made tremendously more difficult by the dislocations of the economic downturn and its aftermath.

Ironically, around the middle of the last decade, many of New Jersey’s disadvantaged neighborhoods were finally beginning to see gains from a decade of economic expansion. The devastation of the economic downturn derailed this progress. In 2008, neighborhoods that were beginning to stabilize and generate jobs found themselves facing a tidal wave of bankruptcies, mortgage foreclosures, and abandoned properties. Statewide, residential foreclosure filings almost tripled from 2006 to 2009. Nevertheless, certain neighborhoods were especially hard hit. The extent of the devastation can be seen in the above maps.

The state unemployment rate remains above the national average, and unemployment and poverty rates are even higher in many of the state’s urban areas. Those residents who do have a job face tremendous difficulties in being able to access mortgages and other forms of credit, which further reduces the demand for housing. The result is that many neighborhoods which so desperately need housing instead find themselves overwhelmed with a sea of vacant properties, leading to increased crime and further neighborhood instability. The state and local governments face cutbacks, forcing a reduction in housing, police, and education services at a time when these neighborhoods need such services even more. This loss of capacity makes the role of nonprofits like NJCC even more vital, to help try to fill the void created by such cutbacks.

This economic restructuring has significant implications for New Jersey’s residents and communities, highlighting both structural long-term challenges and opportunities. NJCC will need to adapt to these changes in order to remain a viable conduit for the flow of capital to at-risk and underserved communities, and to play the expanded role that these communities so desperately need.

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*Maps created in 2012 by the Ralph W. Voorhees Center for Civic Engagement, Edward J. Bloustein School, Rutgers University, using data derived from the New Jersey Division of Banking and Insurance website.

How NJCC Can Respond to this Crisis

The intersection of the recent economic downturn; the cutback in government support; and the need to redefine community development practices provides both the largest challenge to and the greatest opportunity for NJCC. Despite the changing economic landscape, NJCC must operate at a level and scale that matches the size and scope of the challenges facing community development finance. We are experiencing a major increase in demand for capital and must develop ways to raise and deploy capital to optimally meet the current and long-term needs of our borrowers and neighborhoods.

In response to this continuing crisis, NJCC is undergoing a transformational shift in the way it targets investments and approaches community development. Accomplishing this, however, requires both financial and organizational capacity at a greater level than what has existed to date. It also requires a major shift in thinking and behavior at all levels. Given the need to redefine traditional community development practice, our strategy is informed by two factors: 1) responding to the structural changes within the political and fiscal environments; and 2) expanding our impact in at-risk communities in terms of our scale and effectiveness. We will do so by building on our current strengths; by increasing our investments in infrastructure, product innovation, and delivery; and by leveraging new models of collaboration and partnership.

Challenges Facing NJCC in Responding to the Current Political and Fiscal Environments:

- Current funding levels, if not significantly increased, are not expected to be sufficient to transform New Jersey’s at-risk communities. We approach this Strategic Plan acknowledging that New Jersey is facing unprecedented fiscal constraints that limit its ability to appropriate new resources, that a major increase in government funding over the next five years is unlikely, and that private funders have less to lend in this low-interest rate environment.

- As we compete for scarce funding sources, we must guard against the danger of spending a larger proportion of our resources on investor and regulator relations, thus diverting funds from our clients. While the competition for resources often defines program content and drives industry dynamics, we must play a leadership role among CDFIs to counteract this trend, by adopting more efficient practices and serving as a model for other CDFIs to emulate.

- The community development industry must adjust its business strategies, because it can no longer rely on deep subsidies in structuring the financing for its projects.

- Moreover, many of our existing programs, such as affordable housing finance, may not align with the interests of funders, so we end up competing with other advocates for the same scarce dollars.

- The multiple public and private systems that finance and create community development projects remain fragmented, presenting numerous challenges but also providing many opportunities for collaboration.

- CDFIs need to work together as an industry, to increase our ability to advocate for policy change and raise awareness of social and economic justice issues.

- Finally, we need to better market our industry, to make the public more aware of the fact that we are a “double bottom line” sector that strives to produce both social and financial returns.
Ways of Increasing the Scale and Effectiveness of our Impact in At-Risk Communities:

- We need to nurture a greater awareness among the public and the media of the challenges facing our clients and constituent communities.
- We must highlight the fact that CDFIs play an increasingly necessary and vital leadership role in strengthening and preserving at-risk communities.
- We need to encourage the involvement of additional CDFIs, community organizations, and public agencies in assisting these communities.
- We believe the best means possible of doing so is through collaborations and partnerships. NJCC will work together with other nonprofit, public, and private organizations that are committed to comprehensive and coordinated neighborhood preservation and revitalization.

The full impact of the recent economic downturn on New Jersey’s communities and on the CDFI industry is not yet understood. The needs of our most vulnerable neighborhoods remain a moving target, buffeted by shifts in political will and changing levels of fiscal resources. In publishing this Strategic Plan, we have done our best to anticipate and respond to the emerging opportunities and challenges that we have highlighted, recognizing that we must remain flexible while we focus on implementing our goals and strategies. We believe that all residents of this state deserve no less, and that by helping to stabilize our most vulnerable neighborhoods we are helping to strengthen the ties that bind all of our communities.
New Jersey Community Capital
A New Mission, Vision, and Strategic Plan

The process of producing this Strategic Plan has challenged New Jersey Community Capital’s (NJCC’s) Board and staff to articulate an ambitious vision and define a set of specific goals for the future. NJCC will need to rethink and retool itself in order to effectively compete and remain a vital source for community development financing in New Jersey. In particular, this Strategic Plan critically examines NJCC’s structure, assesses the vital factors needed for continued growth, and recommends significant investments in expanding the organization’s infrastructure in order to more effectively serve low-income people and communities in New Jersey.
The Process
In preparing this plan, we interviewed clients and organizational supporters, performed market research, and engaged our Board of Directors and staff in the arduous work of evaluating, questioning, and proposing recommendations about every aspect of NJCC’s mission.

The planning process for this Strategic Plan began in June 2010. The entire staff and the Board contributed insights and recommendations through a series of planning sessions. Staff also interviewed clients, funders, and organizational supporters and researched the role of CDFIs in New Jersey. These activities were intended to collectively evaluate, document, and communicate our mission; define our vision for success; and outline the shared values that guide NJCC.

Our Findings
We took a hard, meaningful look at our past outcomes and accomplishments, in order to reflect on our progress as well as identify pressing concerns, challenges, and opportunities facing NJCC over the next five years. Our comprehensive approach was both objective and subjective, as we gathered comments and impressions from a wide array of sources, including staff, investors and contributors, and clients. Ultimately, our assessment has allowed us to identify our strengths, weaknesses, limitations, and future opportunities. We used the results of this review to shape our goals and strategies for the next five years. To ensure accountability, the organization will measure its progress against this Strategic Plan and report its results to its partners, including funders, investors, and clients.

AREAS OF EXCELLENCE
The findings from staff, Board, and stakeholder meetings and interviews suggest that NJCC has a number of core strengths upon which we will build:

- Strong track record
- Willingness to be flexible, creative, and responsive with our process and products (something clients especially appreciate)
- In-depth knowledge of the industry
- Honesty and integrity as an organization
- Strong lending policies and procedures which have improved over time

AREAS FOR IMPROVEMENT
Interview respondents and meeting participants most frequently identified the following opportunities for improvement:

- Create stronger partnerships
- Improve communication and marketing about NJCC’s programs
- Develop a more comprehensive, strategic approach to community development
- Increase fiscal, physical, and staff capacity
- Improve existing financial products and services and pioneer new approaches

Principles to Guide Us into the Future
Building on our understanding of our past successes, our current capacity, and our future opportunities, we identified the values and hopes that we collectively share.

CORE VALUES
The principles guiding our Strategic Plan are our values. The following core values guide our decision making and activities. We look to these values to ensure that our actions continue to align with our mission and that we fulfill our commitment to our stakeholders:

Commitment. We are committed to connecting at-risk communities to high quality, flexible financial products and services that are not provided by traditional financial institutions. We believe that investment in community development projects will provide meaningful financial and social returns to investors.

Creativity. We respond to the evolving needs of communities through the development and implementation of financing tools that challenge assumptions and reshape conventional thought in order to create new opportunities.

Excellence. We achieve and are accountable for high quality results because of our knowledge of the markets we serve, the quality and commitment of our workforce, and our ability to execute strategies. We will strive to measure the impact and outcomes of these strategies, and report them to our partners and stakeholders.

Integrity. We manage the resources entrusted to our care by responsibly and respectfully evaluating the lending and capital needs of our clients. Accordingly, we adhere to the highest ethical, legal, financial, and reporting standards.
Leadership. We challenge conventional ideas about community development finance and seek to redefine the role that CDFIs play in the revitalization of struggling communities. We do so by developing, implementing, and evaluating innovative financing tools, and by listening to and incorporating the views of our partners and stakeholders.

Financial Sustainability. We use our resources strategically and efficiently to bring financial sustainability to community organizations while maintaining sufficient financial resources to continue our work in the future. We align ourselves with organizations and individuals who understand that dedicating resources to high quality initiatives maximizes social return on investment and generates the largest community impact.

FUTURE ASPIRATIONS
Over the next five years, our Board and staff want NJCC to continue to evolve into an even more effective CDFI, one that:

- Is a Leading Resource and Essential Actor
  When people think of community development in New Jersey, they think of NJCC.
- Is a Catalyst for Real Change
  Our strategic commitments of capital are catalysts for significant, positive change and establish platforms for opportunity and justice in the communities we serve.
- Advocates and Advances
  NJCC is proud to advocate for community-empowering change.
- Anticipates and Innovates
  We identify emerging problems facing communities and rapidly create financial products and services capable of addressing them.
- Has a Holistic Approach
  NJCC seeks comprehensive solutions to improve the quality of life in communities. NJCC will find the answer.
- Learns from the Past
  We learn from both our history and the industry’s history through ongoing assessments, in order to improve our effectiveness.
- Works with Continued Persistence
  NJCC never tires in its attempts to meet community development challenges head-on, create sustainable change in New Jersey’s communities, and encourage replication of successful strategies.

- Is a Safe, Sound, and Social “Double Bottom Line" Investment
  Financially astute and socially-motivated investors actively seek out our double-bottom line organization as a means of creating lasting, sustainable change for all of New Jersey’s communities while also providing a financial return.
- Cultivates Partnerships and Collaborations
  To maximize our impact, we actively seek out partners and areas of collaboration, in order to create the scale necessary to better tackle the problems of our clients and neighborhoods.

Using these values and aspirations, we developed a new mission statement, a vision for success, and a list of six core strategies. We will use these statements to direct and guide our organization over the next five years. We are proud to state that they help convey the true essence of NJCC’s work.

The heart of our Strategic Plan is our mission statement. It is a simple explanation of who we are, what we do, and why we exist.

Our Mission
NJCC is a nonprofit CDFI that primarily serves the state of New Jersey. Its mission statement reads:

New Jersey Community Capital transforms at-risk communities through strategic investments of capital and knowledge.

Our Vision
The success of our Strategic Plan is our vision. It is a clear and vivid description of what NJCC seeks to create in the future, and will remain in place for the next five years.

New Jersey Community Capital envisions a world where all people live, learn, and flourish in communities full of opportunity. We transform communities by providing our clients with essential capital and our investors with financial and social returns.
The strategic planning process has allowed us to identify six key goals that NJCC needs to focus on if we are to accomplish our mission and achieve our vision. These overarching, inter-connected strategic goals will serve to guide the organization, gauge our progress in fulfilling our mission, and hold our organization accountable. These goals and outcomes provide us with a five-year roadmap for going forward. They are our scaled response to providing solutions commensurate with the challenges confronting the community development finance industry and the problems faced by our state’s low-income residents and at-risk individuals.

These six strategic goals take into account the current challenges and opportunities of providing high quality financing, leadership, and technical assistance to community organizations. Foremost, we seek to understand our impacts and promote systematic change; increase the breadth of products offered; leverage additional capital; promote collaboration; and invest in the infrastructure required to have a comprehensive, lasting impact in the communities we serve. The goals are broken down into more specific benchmarks to measure our progress.
GOAL ONE

Expand and intentionally integrate core programs, products, and services to transform at-risk neighborhoods and build strong and healthy communities.

As an experienced CDFI and active lender for community development projects, NJCC has seen a dramatic worsening in the shortfall of accessible, flexible capital that can help meaningfully preserve and revitalize New Jersey’s neighborhoods and communities. Historically, the network of community development organizations working to address the critical needs of neighborhood preservation and stabilization has been severely constrained by the lack of financial resources for this work. The depth of the economic and foreclosure crisis that has swept through the economy in recent years has made the situation even worse, turning once stable communities into vacant shells, entrenching neighborhoods and low-income residents in a cycle of disinvestment, poverty, and unhealthy living environments.

We believe that transforming at-risk neighborhoods into stable and vibrant places is key to building long-lasting communities where residents can thrive and gain greater opportunities for themselves and their families. The financial products and services that we will offer over the next five years will build on the solid foundation of our previous work. The products will move past traditional financial silos and instead will be structured to focus on revitalizing and building healthy neighborhoods, rather than focusing on individual houses. Accomplishing this requires both financial and real estate capacity at a greater scale than what is available currently.

To ensure maximum impact, we must expand the depth of our programs and lending activities to effectively meet the needs of our clients and bridge the gaps left by conventional financial sources and the public sector. We will be innovative in creating new systems and improving upon our products and services. We will pursue partnerships to expand our capabilities, to better meet the increased need of our neighborhoods.

In order to expand our programs to effectively transform at-risk communities, we will:

- Increase lending activity by $30 million over the next five years (50% over 2011 levels), while offering a full range of integrative and affordable financial products and services for housing, charter schools, commercial real estate, and other community facilities.
- Build and grow the capacity and activities of our subsidiary, the Community Asset Preservation Corporation (CAPC), to allow it to reclaim 500 residential living units over the next five years. This model relies less on public subsidy and more on internal efficiencies, in order to preserve at-risk neighborhoods and create affordable housing.
- Expand our geographic focus to serve disinvested and strategic geographies statewide.
- Further our work in creating models for integrative community initiatives and healthy communities, such as those centered on access to healthy foods and green, sustainable development.
- Adapt core products and services in response to current and evolving needs of the community development sector by identifying emerging trends and issues.

NJCC’s Targeted Lending Activity Benchmarks for 2012-2016

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<th>Lending Activity</th>
<th>Amount</th>
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<tbody>
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<tr>
<td>FY2014</td>
<td>$78,000,000</td>
</tr>
<tr>
<td>FY2015</td>
<td>$84,000,000</td>
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<tr>
<td>FY2016</td>
<td>$90,000,000</td>
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GOAL TWO
Attract new investments and resources to bring more capital to distressed communities.

The intersection of the economic downturn with the need to redefine traditional community development practices provides both the greatest challenge and the best opportunity to change the future of community building and revitalization. Despite the challenging and changing economic landscape, to be effective, NJCC must operate at a level that matches the size and scale of the challenges facing the community development field.

In recent years, NJCC experienced a major increase in loan demand. In response, we must develop new ways of raising and deploying affordable capital to optimally meet the current and long-term needs of our clients and constituent communities. We must do so even in the face of the current economic crisis and the seismic changes ongoing within the financial and capital markets. Within this changing financial landscape, it is essential that we understand how our capital base will be affected over the next few years and how we can position the organization to attract and maximize the use of its resources.

Critical to our ability to raise and retain capital is the organization’s mission, the strength of its balance sheet, and its demonstrated credibility and capacity to efficiently and effectively manage its varied and complex lending programs. Performance matters, so our strong track record and lending practices; our ongoing financial strength; and our innovative strategies remain the best opportunity for us to raise additional capital.

Nevertheless, no matter how effective we are, we also remain realistic. We cannot single-handedly transform at-risk communities because we simply lack the scale necessary to tackle the problems that our neighborhoods face. Instead, we must increase our partnerships and collaborations to help bridge the lack of capital available to these neighborhoods. We will actively seek to leverage the capital of other organizations, by pursuing additional opportunities to work together with socially responsible individuals, insurance companies, philanthropic organizations, and pension and mutual funds.

In all likelihood, the demand and need for our services will remain robust. In order to effectively accomplish our mission and meet this need, we must attract new capital. Therefore, over the next five years, we will:

- Increase our capital lending base and managed assets by $85 million (50% over 2011 levels), by targeting and developing innovative ways of raising capital, both for our own funds and for our third-party managed funds.
- Seek broader opportunities to create partnerships and targeted relationships to increase liquidity and access to cost-effective capital resources.
- Continue to develop, innovate, and execute new proprietary funds—such as our Neighborhood Prosperity Fund, Charter School Fund, and Green Facilities Fund—based on the evolving needs of our communities. We need to do so to respond to the current shortfall in capital available to communities from the private and government sectors.
- Access and leverage the resources of additional opportunities, such as the New Markets Tax Credit program. We pledge to do so in order to bring low-cost, long-term investment and economic development to distressed urban neighborhoods while providing equity to NJCC and to our nonprofit community developer partners.
- Diversify the investor base by seeking out socially responsible investors and funds as significant sources of new capital.
GOAL THREE
Strengthen collaborations with partners and stakeholders and enhance our leadership role within the housing, community development, and CDFI sectors.

In the coming years, NJCC will seek to leverage opportunities to influence how and where community development finance dollars are deployed. This will require us to form strategic alliances with civic, community-based, governmental, and private sector partners to advance ourselves as a proactive participant in building healthy, vibrant, and stable communities throughout New Jersey. We need to do so to increase the scale of our efforts in the face of the myriad of issues that plague our distressed communities. We also need to work with our partners because we are convinced that doing so is the most effective means of mobilizing our society’s resources. Only a response of such magnitude can give us the best opportunity to help fulfill our vision of “a world where all people live, learn, and flourish in communities full of opportunity.”

We seek to develop new models of community development through innovative collaborations. To accomplish this goal, we will:

- Support public policy initiatives that are directed towards transforming at-risk communities and building strong and healthy neighborhoods. We pledge to do so while strengthening our current leadership role in the housing and community finance fields.
- Effectively involve our stakeholders and partners in the process of achieving our strategic direction, impacts, and initiatives.
- Continue to develop capacity among community organizations in New Jersey. We will do so by nurturing and strengthening a network of organizations with a clear neighborhood preservation strategy, capacity, and reach, and which are driven by performance metrics.
- Build and sustain a culture of excellence and innovation that enables NJCC to serve as a leading authority in the housing, community development, and CDFI sectors at the local, state, and national levels.
- Listen and learn from our partners, so that we can become the most effective advocate possible for the communities we serve.

GOAL FOUR
Optimize organizational and financial performance to achieve strategic outcomes and promote innovation, flexibility, and responsiveness.

We need to become an even stronger organization, so we pledge to diversify and expand our capital base, and identify and secure new investments and revenue sources to enhance and expand services and product lines. Only such efforts will allow us as an organization and partner to assist underserved areas at a scale necessary to have a meaningful, lasting impact.

To accomplish this goal, we will:

- Increase our unrestricted net assets and unrestricted net income by $5 million by 2016 (50% over 2011 levels).
- Constantly innovate in our line of financial products and enhance our technical assistance, in order to lower the cost of capital to our borrowers.
- Achieve long-term stability by steadily and consistently working towards attaining self-sufficiency of core business components.
- Develop infrastructure and performance standards higher than other CDFIs to steadily ensure the quality of the loan portfolio through strong underwriting criteria, asset management, and management of risk inherent with increasingly complex lending transactions.
- Each year, demonstrate and communicate excellent stewardship of resources and impacts and develop a stronger communications strategy to keep stakeholders, investors, funders, policymakers, and borrowers informed of our efforts.

NJCC’s Total Unrestricted Net Assets and Net Income for 2012-2016

<table>
<thead>
<tr>
<th>Unrestricted Net Assets/Net Income (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
</tr>
<tr>
<td>FY2013</td>
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<tr>
<td>FY2014</td>
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<td>FY2015</td>
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<td>FY2016</td>
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GOAL FIVE

Become a national leader in measuring, managing, and demonstrating the organization’s social and community impact, ensuring overall accountability and effective stewardship of investments and resources.

NJCC aims to be a force for ongoing, transformative, positive change in New Jersey’s low- and moderate-income communities. We cannot accomplish this objective, however, unless we fully understand the effects of our actions on those communities. This requires a robust and comprehensive system for assessing our outputs, outcomes, and impacts.

We pledge to strengthen our current efforts at impact assessment, by instituting a robust assessment system that will be seen as a model for CDFIs throughout the nation. As a first step, we commissioned a study from the Edward J. Bloustein School of Planning and Public Policy, Rutgers University, New Brunswick. This study, “Assessing the Impact of Community Development Financial Institutions: Recommendations for NJCC,” is available on our website. Moreover, we have hired a new staff member to help guide us in implementing this effort, which we commit to have operational within 18 months.

In order to take our efforts to scale with the confidence that our strategies are working effectively and efficiently, we will:

- Implement a state-of-the-art assessment system by 2013.
- Strategically and systematically collect and analyze information to inform new initiatives, identify public policy opportunities and challenges, and set strategic goals and policies.
- Improve methods to track outputs, outcomes, and impacts to ensure that the organization is effectively delivering capital to the at-risk communities that it serves.
- Improve methods to capture and track outputs, outcomes, and impacts at the borrower and project level.
- Collaborate with stakeholders, including universities, to produce research, uncover best practices, and disseminate verifiable qualitative and quantitative data on the impact of the organization’s investing and lending activities.
- Use the resulting data to monitor our effectiveness in helping New Jersey’s distressed neighborhoods.

GOAL SIX

Create an energetic and vibrant working environment and commit to nurturing staff and attracting new talent to the community development field.

We seek to become the most effective CDFI possible, in order to better serve all residents of New Jersey. We pledge to do so by guaranteeing we hire the best, most highly-motivated staff; by offering them continuous training opportunities; by constantly upgrading our informational technology capabilities; and by reaching out to our partners and clients to make sure that we are responsive to their needs.

To accomplish this goal, we will:

- Upgrade communication and information technology systems to promote organizational efficiencies and innovation.
- Move the organization to a larger office, to accommodate the growth in staff and reflect the increasing role that NJCC plays throughout New Jersey.
- Nurture our staff and seek to attract new talent and leadership to the community development field.
- Create standards analogous to the other top-tier CDFI employers with respect to recruitment, retention, internal communication, staff development, and productivity, in order to cultivate a highly efficient and high capacity workforce.
- Build and sustain an organizational culture of excellence directly aligned with our core values and which reflects a commitment to economic and social justice.
Implementing the Strategic Plan

New Jersey Community Capital (NJCC) has served its clients and supporters since 1987, working tirelessly to improve the quality of life in at-risk communities throughout New Jersey. This Strategic Plan establishes a vision and trajectory for our organization over the next five years. It sets forth an ambitious agenda to increase the capacity and activities of NJCC to be a more effective CDFI. The Strategic Plan allowed us to update our mission, vision, and values statements. It attempts to leverage our past organizational successes; while recognizing the external and internal environments in which our organization currently operates.
This Strategic Plan provides a course of action. We will be implementing the elements of the plan over the next five years. The organization is well positioned to begin this effort, and we will strive to accomplish the major objectives. However, our goals and objectives, and the strategies we use to carry them out, also rely on many external factors, including the political environment, capitalization opportunities, the interest of private funders, the needs of our clients, and the effects of the fluctuating financial markets. Therefore, we intend to frequently evaluate and update the plan, to allow us to address emerging and changing needs.

Each department will develop annual business plans that will contribute to the implementation of this Strategic Plan. Each year, our Board and staff will report on the results of our activity and evaluate the effectiveness of the plan. Through planning, budgeting, program delivery, and performance reporting, we will continually discover the most effective ways to achieve the mission and be accountable stewards of our financial resources.

Our Board also pledges to fully support and advance the six strategic goals, by expanding upon its active engagement in helping guide the organization. Specifically, it will:
- Fulfill its obligation to provide fiscal and strategic oversight.
- Work towards supporting a vibrant working environment that best nurtures existing and new staff.
- Communicate with stakeholders and the general public about the importance of NJCC’s mission and efforts.
- Leverage the full spectrum of its capacities to advance the organization, including engaging the public and stakeholders through involvement in local, state, and national policy debates.
- Work to better reflect the diversity and strength of neighborhoods throughout this state.
- Engage in a rigorous annual self-evaluation process.

In adopting this Strategic Plan, NJCC’s Board and staff have reaffirmed their commitment to the community development field. We have designed a plan to ensure our ability to serve the mission: to transform at-risk communities through strategic investments of capital and knowledge.

What We Will Accomplish over the Next Five Years

Five years—half a decade. That does not seem to be very much time to tackle some of the most intractable issues facing so many of the neighborhoods in this, one of the wealthiest states in the U.S. However, five years can seem an eternity for the residents of these neighborhoods. This is the reason why NJCC exists.

We know that we will not succeed in fully meeting every one of the goals in our Strategic Plan. However, with the help of our partners, clients, investors, and supporters, we pledge to try. We—the Board and the staff of NJCC—pledge to be single-minded in our pursuit of our mission: “To transform at-risk communities through strategic investments of capital and knowledge.”

We will do so in order to progress towards fulfilling our vision, one that the entire organization has rallied around: “New Jersey Community Capital envisions a world where all people live, learn, and flourish in communities full of opportunity. We transform communities by providing our clients with essential capital and our investors with financial and social returns.”

We invite you to join us in this quest.
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