PERSEVERANCE

New Jersey Community Capital
2014 Annual Report
PERSEVERE:

to pursue steadily any design or course commenced; not to give over or abandon what is undertaken; to continue in a given course in spite of discouragements

NEW JERSEY COMMUNITY CAPITAL (NJCC) is a nonprofit community development financial institution (CDFI) that transforms at-risk communities through strategic investments of capital and knowledge. NJCC 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.
Last October, at the Opportunity Finance Network Conference in Denver, NJCC was presented with a 2014 Wells Fargo NEXT Award. It was a very proud moment for us. CDFIs, well-acquainted to making an impact behind the scenes, can receive few greater honors within the field.

The NEXT Award recognized our ReStart the Shore initiative as the “Future of Housing Finance,” and we believe the model is indeed forward-thinking; that it broadens the boundaries of what a CDFI can do to prevent foreclosures and stabilize distressed communities. It also reaffirms that CDFIs can serve a critical role in demonstrating that creative solutions and partnerships are possible.

As we received this recognition, we found ourselves not only reflecting on our achievements to date, but also on the challenges still to be addressed. Indeed, while the housing market has begun to turn the corner in many places, New Jersey is still very much in the midst of a housing crisis. Foreclosures continue to rise and wages continue to fall for low-income families. State resources continue to dwindle. Nonprofits continue to struggle to build capacity. Low-income communities continue to face deep inequality and a dearth of opportunity. The trauma of Superstorm Sandy continues to linger, long after the cameras disappeared.

Implementing ReStart the Shore has itself been no easy road. Since conceptualizing the program back in 2010, we have faced challenges at almost every turn: finding scarce resources; creating integrated platforms; clearing the titles of abandoned properties; earning the trust of distressed homeowners.

But innovation rarely gets far without perseverance, and for us, this perseverance is paying dividends. Through ReStart the Shore, we purchased 517 delinquent mortgages in late 2013. After months of program development and relationship-building, we are now in the process of modifying the first 20 of these mortgages, with over a hundred more to come.

Our innovation does not begin or end with this program. We are creating new loan products to support new schools in their tenuous early stages. We are investing in targeted economic development
strategies through our creative placemaking and small business efforts. We are offering secure mortgage financing to low-to-moderate income homebuyers. We are taking a multi-faceted approach to supporting Sandy recovery and neighborhood revitalization.

We are also a learning organization, and we humbly understand the importance of learning lessons from our own work. So we are also creating feedback loops, which will help us evaluate and connect the impact of our work back to the communities we serve.

Some of our programs make an impact within months: readying classrooms for children with futures full of opportunity; enabling storm-impacted small businesses to reopen their doors. For others, positive results are much longer in the making: the rebuilding of high-vacancy blocks and neighborhoods; the recovery of a community struggling to turn the page after natural disaster.

This wide array of efforts defines the work of a CDFI, and so does the perseverance that is required to bring them all to fruition. So too does the pride and the hope they represent. NJCC views all of these initiatives, big and small, as the building blocks to safe and thriving neighborhoods—north, south, urban, suburban, and rural—where equity and economic mobility are realities.

There are no silver bullets in this work. It takes time to get big ideas right. But through innovation, collaboration, and a steady resolve, we are overcoming the challenges and moving the needle forward, one step at a time.

Sincerely,

WAYNE T. MEYER, PRESIDENT

DUDLEY BENOIT, BOARD CHAIR
Our Year, by the Numbers

Who We Serve

New Jersey Community Capital (NJCC) serves low-to-moderate income individuals and distressed communities across New Jersey. NJCC was founded in 1987 as a small affordable housing lender focused on the Trenton and Newark communities. Over the years, we have expanded our focus to serve communities across all 21 counties, offering a variety of services to best address the specific needs of each community.

In 2014, NJCC supported projects and programs that served 5,255 New Jersey residents across the state.
FINANCING DEPLOYED

$37 MM

243 HOUSING UNITS REDEVELOPED

525,000 S.F. REAL ESTATE DEVELOPED

1,382 EDUCATION SEATS CREATED OR RETAINED

1,932 JOBS CREATED OR RETAINED

SUPPORTING OVER $140 MM IN TOTAL DEVELOPMENT COSTS
NEIGHBORHOOD STABILITY

239,107 PRINCIPAL FORGIVEN

$1,500 SAVINGS PER MONTH

ONE MORTGAGE RESTARTED
ReStart the Shore

THE HOUSING CRISIS IS NOT OVER IN NEW JERSEY.

Over one in every twenty mortgaged homes in the state remains in foreclosure, the highest rate in the nation. For families still living in these homes, the long foreclosure process means years of instability, anxiety, and financial difficulty—a sense of hopelessness.

Through ReStart the Shore, NJCC is providing affordable mortgage modifications and one-on-one counseling to hundreds of families in the Jersey Shore region. NJCC is also using the program to return hundreds of already-vacant homes to stability as affordable rental and for-sale housing. The program is designed to stabilize communities by restoring hope to one family at a time.

Richard and Jacqueline, Linden

Richard works at a delivery company. His wife, Jacqueline, teaches high school Spanish. By 2005, the couple had saved enough to buy their first home, a duplex in Linden, which they shared with relatives. For the first couple of years, they were happy there.

But the economic downturn hit their family hard. Richard and Jacqueline have since been in a seven-year nightmare of predatory scammers and false promises. In 2014, they finally decided to sell the home and cut their losses. “We were about to give up,” says Richard.

Then they received a card from Martha Herrera, a counselor at the Perth Amboy Housing Authority, a partner of NJCC. Their mortgage had been purchased through ReStart the Shore. They were eligible for a modification, and their payments would drop from over $4,000 per month to under $2,500.

The for-sale sign is still in their front yard and the décor inside their second-floor unit remains minimal—signs of their ongoing fear of the other shoe dropping. But Richard and Jacqueline have been making their reduced mortgage payments throughout a trial period, and now they are closing in on a permanent modification. After almost a decade, they cannot help but feel hopeful again.

“There is a lot of stress involved in our everyday life,” Richard says. “You just want to come home and not have to worry about having a humongous payment on top of it. But as long as we keep our jobs, we’ll be able to afford this house for many years to come.”
EMPOWERMENT & OPPORTUNITY

$127,000 LOAN AMOUNT
14 JOBS MAINTAINED
300 EDUCATION SEATS PRESERVED
Education Lending

EARLY STAGE CHARTER SCHOOLS HAVE UNIQUE NEEDS, and the most pressing are usually financial. In New Jersey, charter schools do not receive state funds until October, and for a new school, this timeline leaves a gap in their funding at the beginning of the school year.

As the foremost charter school lender in New Jersey, NJCC has the expertise and flexibility to create a short-term lending product to meet the facility-related needs of early stage charter schools. For some, this product is their only option for working capital when the school year begins. With NJCC’s support, these schools have the freedom to do what they do best: innovate and explore new models that can enrich the learning experience of their students and influence the strategies of fellow educators.

Jersey City Global Charter School

In each K-3 classroom at Jersey City Global Charter School (JCGCS), a class mayor or ambassador greets visitors. Unprompted, a smiling Mayor Nadine says her class is working on adjectives. Mayor Lena, also smiling, says hers is doing a writers’ workshop for a Black History Month presentation. Behind each little leader is a cacophony of voices: the students lean over their tables, fully engaged in learning.

“You are going to hear noise here,” says Principal Nadira Raghunandan. “We like that.”

JCGCS opened in 2013 as New Jersey’s first micro-society charter school. The students hold elections with electronic voting. They start businesses (a café, a nail salon, a theater troupe). They run a bank, post office, and courtroom. They operate a warehouse and hydroponic farm. They have designed their society to embrace fairness, cultural sharing, and social awareness.

The school’s creative approach has empowered students to take an active role in their learning from a young age. And for two years, NJCC’s working capital lines of credit have helped to empower JCGCS to offer this environment to its students. As the school has worked to achieve financial self-sufficiency, NJCC’s support has helped it to cover facility costs from furnishings to rent payments.

“When you are growing, you have a different expense every year,” says school manager Sam Howard.

“NJCC has been the linchpin for us. Their loan is what allowed us to start up and get everything ready.”
ECONOMIC GROWTH

$6,000,000 NMTC ALLOCATION
126,000 SQ. FT. CREATED
250 PERMANENT JOBS CREATED
New Markets Tax Credits

UNEMPLOYMENT STILL EXCEEDS 10 PERCENT IN MANY OF NEW JERSEY’S LOW-INCOME COMMUNITIES, and even as average wages stabilize overall, they continue to drop for the bottom half of wage earners across the state. These trends affect the quality of life for millions of New Jersey families.

Over the last decade, NJCC has deployed over $70 million in federal New Markets Tax Credits (NMTCs) to enable the creation and expansion of over a dozen schools, businesses, and mixed-use projects in New Jersey’s low-income areas. These projects have created thousands of jobs in areas of need, and most would not have been feasible if not for NJCC’s investment.

Newark Farmers Market

Until the 1970s, an open air farmers market operated on the east end of Newark’s Ironbound district. “Talk to any of the old-timers here,” says Newark Farmers Market CFO Tom Siri. “They’ll tell you that everybody came here on the weekends to get their produce.”

Today, the site looks different: it is home to a giant, white, solar-panel-topped warehouse that receives, stores, packages, and delivers over 35 million cases of produce every year. But it is still the Newark Farmers Market. The name is both a homage to the original market and a reference to its continuity: the majority of the stacks of produce on the warehouse floor—onions, peppers, potatoes, pineapples, tomatoes—are produced locally before being shipped to hundreds of New Jersey stores.

Behind the building, several construction vehicles wait for the ground to thaw. With the support of $6 million in NMTCs provided by NJCC, the space will host another 126,000 square feet of storage space for quality meats by the end of summer. The project will also create 250 new living-wage jobs, most of which will go to residents of Newark and surrounding low-income areas.

Tom says the project would not have been feasible without NMTCs. “The building is going to cost $33 million, and banks will only finance 50 to 60 percent of it,” he says. “The New Markets program is a perfect fit to fill a portion of that gap. And NJCC has been extremely responsive.”
Gap Funding Initiative

THE RECOVERY FROM SUPERSTORM SANDY WILL TAKE MANY YEARS, and the road home for the still-displaced families has not been smooth. NJCC was proud to launch REBUILD New Jersey a month after the storm; the low-interest loan program helped small businesses reopen their doors, preserved hundreds of jobs, and gave a small boost to local shore economies. But this program was not enough.

In October 2013, NJCC launched another recovery program: the Gap Funding Initiative (GFI). This $16 million grant program, which was funded by the American Red Cross and the Hurricane Sandy New Jersey Relief Fund, is covering additional repair costs that the State of New Jersey’s RREM grant program could not cover for around 700 homeowners. Most are low-to-moderate income; all are now one step closer to coming home.

Wendy, Manahawkin

Wendy retired the same month that Sandy arrived. As the storm bore down, she and her husband were among the few to stay behind in their lagoon-front community of Manahawkin, two miles from the shore. “The lagoon came up like a bathtub, very gently,” says Wendy. “And then the surge came down the street.” Water entered the home from both directions, rising to almost two feet. Their house was lost and they were forced to move into temporary housing. But their garage and dock, which Wendy’s husband had built himself, survived. Each day, he came to the garage to eat breakfast and prepare for work. Then Wendy arrived to oversee construction and feed ducks from the dock.

The couple received a $150,000 RREM grant to rebuild and meet flood regulations, but it was not enough to cover their expenses. Wendy learned about GFI from her daily newspaper and called NJCC immediately. “The $20,000 from GFI was just a godsend,” says Wendy.

With the extra boost from GFI, they made it home for the holiday season—26 months after the storm.

Now Wendy can finally enjoy her retirement. Her home looks different now, but the garage and dock remain, serving as reminders of where she and her husband came from—and what they survived. “That’s why I wanted to keep the garage,” she says. “Just to keep that thread of normalcy.” She added: “we knew how solid and strong it was, because we built it.”
20,000 GFI GRANT

$ 150,000 RREM FUNDING

ONE HOME REBUILT
Community Strategies Initiative

THE FORECLOSURE CRISIS LEFT TENS OF THOUSANDS OF HOMES VACANT in New Jersey’s low-income communities. This abandonment has in turn led to a stubborn cycle of economic disinvestment and neighborhood deterioration. However, through sound public policies, community strategies, and partnerships, many of these properties can be secured and reclaimed, and their neighborhoods rebuilt into healthy places.

In 2013, NJCC launched its Community Strategies Initiative to provide hard-hit communities with research and best practices, and to support a collective learning process that will help them find solutions to their abandoned property issues. NJCC is pairing this support with investments and real estate acquisitions that will allow these communities to rebuild.

Trenton Neighborhood Restoration Campaign

In 2009, Isles, a Trenton-based community organization, was asked by the City of Trenton to lead an assessment on Trenton’s greatest environmental health concerns. The answer was a surprise. The greatest concern was not lead poisoning or pollution. It was abandoned properties.

Isles knew something needed to be done about this problem. They were not alone.

The Trenton Neighborhood Restoration Campaign (TNRC) was formed by the Housing and Community Development Network of New Jersey (HCDNNJ) to convene Trenton stakeholders who were concerned with vacancy. Relying on the results of Isles’ assessment as a mandate, the 13-member group began a multi-year endeavor to bring about new policies and resources to combat the widespread problem.

Through the TNRC, Isles led a 2014 survey to identify every vacant property in Trenton. They found over 6,000 in all, far more than anyone had realized. Armed with this data, the TNRC guided the City in implementing a stricter vacant property registration ordinance. Immediately, owners of neglected properties began selling or donating their properties to avoid penalties.

Now, NJCC’s Community Strategies Initiative is supporting the TNRC and the City by conducting a neighborhood market condition assessment. This study will help to determine optimal redevelopment strategies in each area of the city. NJCC and HCDNNJ have also advised the group on a series of tactics from other cities, ranging from the political to the artistic.

As Trenton prepares to rebuild, NJCC will be there as a financial resource. CAPC, NJCC’s real estate arm, is already working to acquire 26 vacant properties on Spring and Passaic Streets, an area of the city that is painted with red on Isles’ interactive vacant property map (available at restoringtrenton.org).

Their rehabilitation will be another meaningful step in a long road towards the stabilization of Trenton. “The TNRC eventually wants to put itself out of existence,” says Isles’ Iana Dikidjieva, the Project Manager for the Campaign. “Wouldn’t that be great?”
Investing in NJCC

Over the course of our 26-year history, we have invested over $500 million in distressed areas of the state, leading to new opportunities for positive change for tens of thousands of New Jersey residents.

To make these critical investments, we rely on contributions from socially responsible investors. Without this support from individuals, corporations, foundations, and religious organizations, many of the homes, schools, and businesses we finance would remain underserved.

Investments into NJCC’s loan funds range in terms and in interest rates in order to meet the goals of its investors. NJCC has a 100 percent rate of repayment on investments it has received.

To learn more about investing in NJCC, contact Jeffrey Yuen, NJCC’s Director of Resource Development, at 732-640-2061 x409 or jyuen@njclf.com. Or visit our website at newjerseycommunitycapital.org.
Investors

COMMUNITY LOAN FUND OF NEW JERSEY, INC.
Anonymous
Amboy National Bank
Annie E. Casey Foundation
Atlantic Stewardship Bank
Bank of America
Jacqueline & David M. Baranowski
Amanda P. Blagman
David & Marsha Bloomberg
Jennifer M. Bredehoft
Capital One Bank
Catholic Health Initiatives
Cenlar Federal Savings Bank
CHE Trinity Health
City National Bank of New Jersey
Clifton Savings Bank
Community Development Financial Institutions Fund
Customers Bank
Paul T. Dermody
Dignity Health
Eisenhart Fund (Episcopal Diocese of New Jersey)
Episcopal Diocese of New Jersey
Episcopal Diocese of Newark
Candace A. & James B. Faunce
1st Constitution Bank
First Choice Bank
Lenore Goldberg
Grace Lutheran Church
Edward J. Gracely
Robert C. & Margaret K. Graham
Grand Bank, N.A.
Steven M. Hadley
Susanne C. Hand
Vicki Cervino-Henn
Patricia Holland
Hopewell Valley Community Bank
Hudson City Savings Bank
Investors Bank
Marion Jackson
JPMorgan Chase Bank, NA
Juniper Creek Partners, LLC
Haig F. & Carol Kasabach
Milton L. & Dorothy C. Keenan
Patrick J. Kelly
Lakeland Bank
Paul & Carla Lerman
Anne S. Li & Edward Muldoon
Living Cities Catalyst Fund, LLC
Carl H. Malmstrom
Mary O. Borden Foundation
Patricia B. Masi
Norman & Jane Melofsky
Katharine E. Merck
Mercy Investment Services, Inc.
MetLife Bank, National Association

Metuchen Savings Bank
Morgan Stanley Bank, N.A.
NCIF New Markets Capital Fund I CDE, LLC
New Jersey Economic Development Authority
New Jersey Housing & Mortgage Finance Agency
New Jersey Synod of the Evangelical Lutheran Church in America
Opportunity Finance Network
Joseph V. Palazzolo
PNC Bank, N.A.
Preston D. Pinkett III
Princeton Monthly Meeting, Quakers
Provident Bank
Prudential Insurance Company of America
Roselle Savings Bank
RSI Bank
Marta A. Santiago
Peter J. Schaeffing
Schuyler Savings Bank
Jane M. & Louis E. Shoemaker
Katherine A. Sinko
St. Paul’s Episcopal Church
Sinsinawa Dominicans, Inc
Sisters of Charity of St. Elizabeth
Somerset Savings Bank
Sun National Bank
Synod of the Mid-Atlantic Foundations, Reformed Church in America, Inc.
The Bank
TD Bank USA, N.A.
TD Bank, N.A.
United Roosevelt Savings Bank
Valley National Bank
Margaret N. Weitzmann
Wells Fargo Bank, N.A.
Wells Fargo Regional Community

COMMUNITY LENDING PARTNERS OF NEW JERSEY, INC.
Amboy Bank
Bank of America
Community Loan Fund of New Jersey, Inc.
HSBC Bank USA, N.A.
PNC Bank, N.A.
Santander Bank
Metropolitan Life Insurance Company

COMMUNITY ASSET PRESERVATION CORPORATION
Annie E. Casey Foundation
City National Bank
Community Housing Capital, Inc.
GSL Savings Bank
Hudson City Savings
Leviticus 25:23 Alternative Fund, Inc.
NeighborWorks Capital Corporation
New Jersey Housing & Mortgage Finance Agency
The Reinvestment Fund
Tony Gibbons
Wells Fargo Bank, N.A. (UrbanLIFT)
NMTC FUND
PNC Community Partners, Inc.
Prudential Insurance Company of America
TD Bank, N.A.
JPMorgan Chase
Goldman Sachs
US Bank
Wells Fargo Bank

FOUNDATION
Community Development Financial Institutions Fund

FOUNDBATION
The Amboy Foundation
The Bank of America Charitable Foundation, Inc.
Capital One Foundation
Citi Foundation
Community Foundation of New Jersey
Community Foundation of New Jersey (Bama Works Sandy Relief Fund)
Ford Foundation
Goldman Sachs Charitable Foundation
JPMorgan Chase Foundation
MetLife Foundation
PNC Bank Foundation
Princeton Area Community Foundation Inc.
TD Charitable Foundation
The Hyde and Watson Foundation
Victoria Foundation
Wells Fargo Foundation

NONPROFIT ORGANIZATIONS
American Red Cross
Hurricane Sandy NJ Relief Fund
NeighborWorks ® America
Opportunity Finance Network

COMMUNITY BASED ORGANIZATION
Senior Citizens of Hardyston Township

RELIGIOUS INSTITUTIONS
Grace Lutheran Church
New Jersey Synod of Evangelical Lutheran Church in America

MCCORPORATIONS
McMaster-Carr Supply Company
SureTech.com

2014 Borrowers
500 Neptune Boulevard, LLC
65 Fleet Street Development, LLC
Brand New Day
Broad St Fidelco, LLC
Build With Purpose, Inc.
Cable Dogz
Camden City Real Estate Holding Corporation
CAPC Affordable Rental Fund, LLC
Central Jersey Arts Charter School
Community Enterprises Corporation
Community Works, LLC
Dekbon Community Development Corporation
Foundation Academy Charter School, Inc.
Garden State Episcopal Community Development Corporation
Housing and Neighborhood Development Services (HANDS), Inc.
Jersey City Global Charter School
Jewish Renaissance Community Development Corporation
JPV Services, Inc.
Kingdom Charter School of Leadership
La Casa de Don Pedro
MKZ Design
Nightstand Creations, Inc.
Phax Group, LLC
Prime Products, LLC
R.O.C.K. Center
Robbi Rose Productions, LLC
Salt & Light Company, Inc., The
Teachers Village Project B QALICB Urban Renewal Entity, LLC
Teddy Bear Vending, LLC
The Stone Hut
Triple T Fabrications, LLC
Unified Vailsburg Services Organization

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Jane Shoemaker | Human Resource Coordinator
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Katie Vail | Portfolio Analyst
FINANCIAL STATEMENTS
Statement of Financial Position

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>September 30, 2014</th>
<th>September 30, 2013</th>
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<tr>
<td>Cash and Cash Equivalents</td>
<td>$14,317,694</td>
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<td>Invested Assets</td>
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<td>Property Held for Sale</td>
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<td>Other Property and Equipment, Net</td>
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<td><strong>$104,183,307</strong></td>
<td><strong>$92,235,917</strong></td>
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<th>LIABILITIES AND NET ASSETS</th>
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<tr>
<td>Interest and Other Payables</td>
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<td><strong>$92,235,917</strong></td>
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Statement of Activities

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<th>REVENUES</th>
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<td>Interest Income</td>
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<td>Investment Income and Gains</td>
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<td>Grants</td>
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<td>Gain from Insurance Recoveries</td>
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<td>Program Services</td>
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<td>Management and General</td>
<td>754,245</td>
<td>506,017</td>
</tr>
<tr>
<td>Fund Raising</td>
<td>468,909</td>
<td>307,986</td>
</tr>
<tr>
<td>Provision for Loan Loss</td>
<td>273,692</td>
<td>715,616</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$9,361,614</strong></td>
<td><strong>$6,961,976</strong></td>
</tr>
</tbody>
</table>

| INCREASE IN NET ASSETS    | $3,422,077         | $3,773,473         |