



A Professional Perspective

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Tips for an Effective Program by Frederick Raffetto, Esq.

For the last several years, I have had the opportunity and privilege to serve as counsel to Homes Now, Inc. ("Homes Now"), a non-profit entity based in Brick, New Jersey. Homes Now serves as the administrative agent for the Brick Township Affordable Housing Program. In that capacity, Homes Now, which is headed by Carol Wolfe, a former member of the Council on Affordable Housing Board, has been delegated all responsibilities for oversight and management of the Program, and has succeeded to all rights and privileges previously held by the Brick Township Affordable Housing Administrator and the Brick Township Affordable Housing Authority.

My work with Homes Now over the last several years has been an extremely rewarding experience, and it has taught me many things. However, I believe that one of the most important lessons that I have learned relates to the running of an effective affordable housing program. The key, I believe, is tied to

proactive oversight and management.

As a result of Homes Now's involvement, Brick Township has a thriving affordable housing program that runs very smoothly. Notably, the Township has yet to suffer the loss of even one affordable unit from its roster during Homes Now's watch.

The explanation for this is quite simple. Homes Now has assigned three staff members the part-time duties of performing continuous review of all of the Township's affordable units on a regular basis and takes action, including legal action when necessary, to protect the Township's interests. This review includes the maintenance of constant communication with home owners, observation and monitoring of the condition of all of the Township's affordable units, and review of all County-maintained Deeds, mortgages and other data relating to liens which affect affordable units.

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AHPNJ Annual Meeting

Thursday
October 23rd
10:00 a.m.

18th Fl. Conference Rm.
PNC Building, Rt. 18
East Brunswick

Featured Sponsor:



First Meeting in South a Big Success

Over 50 people attended the first Southern Regional Meeting of AHPNJ on August 19th at Cumberland County Community College in Vineland. The guest speakers for this diverse audience of housing professionals included Gina Fischetti, Esq., DCA Deputy Counsel and Doug McCollister, Esq., of Parker McCay. The topics, "Understanding U.H.A.C." and "Highlights of A-500 Assembly Bill" were timely and well-received.

This gathering was made possible by Gerard Velazquez, the Regional Vice President of the Southern Region, who was its host.



... more photos are available on page 4



AHPNJ Board of Directors

Diane E. Clapp
Readington Township
Housing

Sharon Clark
Somerset Co. Coalition on
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Morris County

A President's Perspective by frank piazza

Comings...

We recently learned that **Heather Mahaley**, the Director of the Housing Affordability Services (HAS), will be leaving her job at HMFA to join the staff of Plan Administration at the Council on Affordable Housing (COAH). Ms. Mahaley, who is a founding member of AHPNJ, has been a great help to all of us during her time at HAS. On behalf of all of our members, we welcome her to her new assignment at COAH and look forward to working with her in her new role!

and Goings...

As I am sure you know, **Barbara Walsh**, another founding member of AHPNJ, recently retired from her position as Manager of Plan Administration at COAH. Barbara's contribution to the Council was significant in her relatively brief tenure. More than anything, though, she helped people like me, who work in the proverbial trenches, feel as though we were part of the system. She added a bit of meaning to the daily grind, for which we are all grateful!



Housing and Economic Recovery Act of 2008 & Tax Credits

On July 30, 2008, President Bush signed into law the "Housing and Economic Recovery Act of 2008." Most of the news about this bill has centered on the assistance that is provided for certain households who are in danger of foreclosure, and the support provided to Fannie Mae and Freddie Mac. Less reported and discussed have been the provisions on the expansion of the Low Income Housing Tax Credit program and other housing and economic related features. In addition to increasing the available tax credits, the Act modifies the eligible basis rules, increases Qualified Allocation Plan requirements, alters annual recertification requirements, increases rehabilitation standards for

9% credits, exempts foster youth from provisions of the Student Rule, and modifies the sale requirements at year 15.

HMFA is continuing to review the changes under the Housing and Economic Recovery Act of 2008 and how such provisions will be implemented, including the provision for the elimination of the recertification requirement for 100% tax credit properties. This being the case, projects are strongly advised to continue the recertification process for residents until further notice.

The next compliance training provided by HMFA is anticipated for the Fall and will include the new regulations.



Central Region Meets to Discuss Timely Topics

The AHPNJ Central Region met on July 15, 2008 at LaScala Restaurant in Somerville, NJ from 11:30 am until 1:15 pm. The



group acknowledged many of the changes and issues happening in New Jersey regarding Affordable Housing. The meeting started with welcoming everyone and introductions. The group of approximately 20 members then reviewed and



discussed Initiatives, Bill A500 and its impact, COAH Round 3 and struggles towns are facing in order to submit their plans, Subordination Agreements, Developer Fees, Ordinances, Fees that others charge applicants and homeowners who sell/refinance, and much more.



Tips for an Effective Program (continued)

Homes Now is involved from the very beginning of the process of affordable home ownership. Representatives of Homes Now engage in a dialogue with all prospective purchasers and perform income qualification activities. During these early phases, and through to the time of closing and beyond, Homes Now representatives explain all facets of the Program to prospective owners. This dialogue necessarily includes the rights and obligations that come with ownership of an affordable unit. After closing, the dialogue continues with regular communication and oversight. And, where problems are detected, immediate proactive measures are taken.

For instance, within the last year, Homes Now detected that one of the Township's affordable units was being rented illegally at market rates, with the property owner residing elsewhere. Homes Now immediately stepped in and flexed its muscle, letting the unit owner know that this action represented a violation of the Deed Restrictions associated with ownership of this 95/5 unit and threatening to commence legal action if the violation continued. The property owner, who was represented by counsel, ultimately turned ownership of the unit over to Homes Now for nominal consideration and voluntarily ended her participation in the Program. Homes Now, in turn, paid off the existing liens against the property and thereafter re-sold the premises to another income-qualified applicant, depositing the excess funds generated from the sale into the Township's affordable housing trust fund to assist with future affordable housing activities. The unit remains part of the Program today.

A similar occurrence ensued with respect to another one of the Township's 95/5 units, but this time the violation was three-fold: the unit owner was operating his premises as a nuisance, known locally as a suspected "drug den," had allowed his home to fall into a grave state of disrepair, and moreover, had permitted the unit to slip into foreclosure proceedings. Homes Now initially worked with local law enforcement officials regarding the suspected illegal activities, and ultimately negotiated a resolution of the entire matter with the property owner and the

lender which benefited the Township. Homes Now acquired title to the premises from the owner, again for nominal consideration, and redeemed the outstanding mortgage prior to the entry of a Judgment of Foreclosure. After repair work was undertaken, the premises was re-sold to another income-qualified applicant. Once again, the excess funds generated from the sale were deposited into the Township's affordable housing trust fund and shall be used to assist with future affordable housing activities within the Township. The unit remains part of the Program today.

Finally, with respect to a third property, Homes Now representatives had detected that the homeowner had over-encumbered her unit with multiple mortgages that far exceeded the COAH re-sale value of the home, a clear violation of the Deed Restrictions governing the unit. After repeated attempts to amicably deal with the property owner were unsuccessful, Homes Now, through my office, filed a lawsuit in the Chancery Division of Superior Court in Ocean County against the homeowner and the various lenders. The litigation seeks to eject the homeowner from the premises for violating the Deed Restrictions, and also seeks to discharge and release the property from those unauthorized mortgages which exceed the amount permissible under applicable COAH regulations. The theory against the lenders is that they provided mortgages, notwithstanding the clear language contained within the recorded Deed Restrictions which prevents re-financing and the taking of additional mortgages (i.e., those beyond the first purchase-money mortgage), without prior approval from Homes Now. This lawsuit remains pending at the current time, but a settlement has been reached through which the unit will be relieved of any encumbrances which exceed the amount allowed under COAH guidelines. Per the settlement, although the homeowner will be permitted to remain in the premises, the unauthorized lenders will be left with unsecured loans against the homeowner which are no longer shown as encumbrances against the premises. As such, the unit remains protected.

... Continued on page 4



Our grateful appreciation to:

AHPNJ General Counsel

David A. Weinstein, Esq.
Archer & Greiner, PC

and

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AHPNJ is a membership organization that is dedicated to the educational, professional and ethical standards of those serving in New Jersey's affordable housing industry.

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For membership information, visit us on the web, at www.AHPNJ.org.

Tips (Continued)

These are just a few examples of the measures that Homes Now has taken to protect and preserve the affordable housing inventory of Brick Township. Homes Now knows that creating new affordable units is costly and can be cumbersome. As such, each existing unit is considered to be a gem that should be closely guarded. Homes Now accomplishes this goal through hard work, including, most notably, proactive oversight and management.

Frederick C. Raffetto, Esq., is a partner at the firm, Ansell Zaro Grimm & Aaron, P.C., on the web, at www.ansellzaro.com.



AHPNJ Association News

September 8th Seminar Sponsored by AHPNJ

Foreclosure Happens:

How NJ Towns are Preserving COAH Credits on Foreclosed Homes

Existing affordable homes throughout New Jersey are among those most threatened by the nation's foreclosure crisis. AHPNJ has convened a panel of leading attorneys to share their experiences and techniques. Real world cases representing many of the most common foreclosure scenarios will be discussed -- from a condo association foreclosing on nonpayment liens to an over-financed home under foreclosure. A moderator will lead the panelists through a discussion of the tools, techniques and legal decisions that were significant to their successful preservation of the COAH credits represented by these homes. The presentation will conclude with a question and answer session.

"Foreclosure Happens," sponsored by AHPNJ, will be held on September 8, 2008, from 10:00 a.m. to 12:30 p.m. at the New Jersey Housing and Mortgage Finance Agency, 637 Clinton Avenue, Trenton, New Jersey. The cost is \$10 for members and \$35 for non-members. For more information, contact Randy Gottesman at randy@cgph.net or 609 /371-1937 ext. 12.

September 22nd & 23rd

2008 Governors Conference

on Housing & Community Development
at the Atlantic City Convention Center

Visit our booth & win a free membership in AHPNJ!

More Photos of the Southern Regional Gathering



Clockwise from top left: UHAC presentation; Doug McCollister, answering questions from the floor; Gina Fischetti, DCA; and Gerard Velazquez, AHPNJ Regional VP and Host.