



Key Technical Applications

Pro Forma Modeling

Economic Analysis

New Jersey Housing Mortgage and Finance Agency: Compliance for Multifamily Affordable Housing

Since 2011, ESI has provided the New Jersey Housing Mortgage and Finance Agency (NJHMFA) with on-call management services for multifamily housing developments. ESI leads the analysis of compliance with Public Law 2008, c. 46 (A500 ACS), which requires an analysis of the finances of the proposed project to answer the question “Are the profits from the market rate units able to internally subsidize the affordable units without tax credit subsidy or other state subsidy?” To date, ESI has completed this analysis for more than 25 different projects.

ESI works with NJHMFA and the project sponsors to collect detailed information on the nature of the project, the financial projections, and the relationship between the affordable and market rate components. ESI has helped the Agency to develop recommended information submissions and guidance for applicants to demonstrate compliance with the standard.

ESI has constructed and evaluated pro forma analyses that measure the profitability of projects and project components (affordable and market rate) with and without requested subsidies. Based on independent analysis of market conditions and returns, ESI provides NJHMFA with recommendations regarding the representations of the applicants as to financial viability of the project under different scenarios.

The analysis and recommendations are compiled into memorandum reports that set forth the nature of the project and development incentives sought, the effect of these incentives, and ESI’s recommendations with respect to compliance with the standard set forth in Public Law 2009, c. 46 (A500 ACS).

Project Information

Location: New Jersey
Client: New Jersey Housing Mortgage and Finance Agency
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