





§§1,2  
C.55:14K-104  
and 55:14K-105  
§§3,4  
C.52:27D-161.1  
and 52:27D-161.2  
§5  
T & E and Note  
to §3

P.L. 2023, CHAPTER 78, *approved June 30, 2023*  
Assembly, No. 5415 (*Second Reprint*)

1 AN ACT concerning housing assistance for certain homebuyers and  
2 developers, supplementing Title 55 of the Revised Statutes <sup>2</sup>[,  
3 P.L.1974, c.80 (C.34:1B-1 et seq.), and P.L.1985, c.222  
4 (C.52:27D-301 et seq.), and making an appropriation] and Title  
5 52 of the Revised Statutes<sup>2</sup>.

6  
7 **BE IT ENACTED** by the Senate and General Assembly of the State  
8 of New Jersey:  
9

10 1. As used in <sup>2</sup>[sections 1 through 2 of]<sup>2</sup> P.L. , c. (C.  
11 through C. ) (pending before the Legislature as this bill):

12 "Agency" means the New Jersey Housing and Mortgage Finance  
13 Agency established pursuant to section 4 of P.L.1983, c.530  
14 (C.55:14K-4).

15 <sup>2</sup>"Commissioner" means the Commissioner of Community Affairs.

16 "Department" means the Department of Community Affairs.<sup>2</sup>

17 "Down payment assistance" or "assistance" means financial  
18 assistance for first-time homebuyers to acquire single-family housing  
19 for principal residence through the loan program.

20 "Executive director" means the Executive Director of the New  
21 Jersey Housing and Mortgage Finance Agency.

22 "First-generation homebuyer" means a first-time homebuyer, who  
23 is:

24 a. an individual:

25 (1) whose parents or legal guardians do not have any present  
26 ownership interest in any residential real property in any state or  
27 territory of the United States, or outside of the United States; and

28 (2) whose spouse, or domestic partner, and each member of whose  
29 household has not, during the 3-year period ending upon acquisition of  
30 the eligible home to be acquired using such assistance, had any present  
31 ownership interest in any residential real property used as their

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Assembly AAP committee amendments adopted June 22, 2023.

<sup>2</sup>Assembly ABU committee amendments adopted June 27, 2023.

1 principal residence in any state or territory of the United States, or  
2 outside of the United States; or

3 b. an individual who has at any time been placed in foster care in  
4 the State.

5 "First-time homebuyer" means a homebuyer <sup>1</sup>~~who~~ <sup>2</sup>~~for~~  
6 ~~whom~~<sup>1</sup> who<sup>2</sup>, in accordance with rules and regulations adopted by  
7 the agency, <sup>2</sup>~~no member of the household~~<sup>1</sup> has <sup>1</sup>~~not~~ <sup>2</sup>~~not~~  
8 owned any residential real property as their principal residence  
9 <sup>1</sup>~~within the preceding three years, and~~ <sup>2</sup>~~during the three-year~~  
10 ~~period prior to the purchase of the home, which household~~<sup>1</sup> within  
11 ~~the preceding three years, and~~<sup>2</sup> is utilizing a mortgage product offered  
12 by the agency through an agency homebuyer program to purchase  
13 single-family housing <sup>1</sup>, and has a gross household income that does  
14 ~~not exceed a limitation determined by the agency~~<sup>1</sup>.

15 "Loan program" means the zero-interest, forgivable loan program  
16 established pursuant to section 2 of P.L. , c. (C. ) (pending  
17 before the Legislature as this bill).

18 "Principal residence" means a homestead that is actually and  
19 continually occupied as the permanent residence of a household, as  
20 distinguished from a vacation home, real property owned and rented or  
21 offered for rent by the household, or other secondary real property  
22 holdings.

23 "Single-family housing" means a one- to four-family residence, a  
24 condominium unit, a cooperative unit, a combination of a  
25 manufactured housing and lot, or a manufactured housing lot.

26  
27 2. a. There is established in the agency a zero-interest, forgivable  
28 loan program to provide down payment assistance for first-time  
29 homebuyers to achieve homeownership. The loan program shall  
30 provide down payment assistance to defray the costs associated with  
31 acquiring single-family housing for principal residence, as provided  
32 for in subsection b. of this section. A first-time homebuyer shall  
33 commit to use the home as their principal residence for five years  
34 following the purchase of the home. The agency shall forgive the  
35 loan, provided that the five-year commitment is satisfied and the first-  
36 time homebuyer meets the other requirements established pursuant to  
37 <sup>2</sup>~~P.L. , c. (C. ) (pending before the Legislature as this bill)~~  
38 ~~subsection c. of this section~~<sup>2</sup>.

39 b. (1) The down payment assistance provided pursuant to this  
40 section shall be in the form of a zero-interest, forgivable loan award.  
41 The loan award shall be in the amount of \$15,000.

42 (2) In addition to a loan award that may be provided pursuant to  
43 paragraph (1) of this subsection, a first-generation homebuyer shall be  
44 eligible for a zero-interest, forgivable loan award of an additional  
45 <sup>2</sup>~~award amount of not less than \$7,000 and not more than~~<sup>2</sup> \$10,000 to  
46 be used for down payment assistance.

1 (3) Each first-time homebuyer who receives down payment  
2 assistance through the loan program shall, prior to the award of down  
3 payment assistance, complete not less than eight hours of a homebuyer  
4 counseling course, as directed by the agency pursuant to subsection c.  
5 of this section. The homebuyer counseling course shall include, but  
6 not be limited to, coursework concerning:

7 (a) the maintenance of housing costs, including methods for  
8 budgeting mortgage payments, utility charges, property taxes, and any  
9 other applicable housing cost;

10 (b) the basics of home finance, property taxes, home warranties,  
11 and home inspection;

12 (c) the legal components of finalizing a home purchase; and

13 (d) the process of finding an appropriate house, including how to  
14 search real estate listings through a real estate agent or other sources.

15 c. The executive director shall promulgate rules and regulations  
16 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
17 (C.52:14B-1 et seq.) <sup>2</sup>[, on or before the first day of the third month  
18 next following the enactment of P.L. , c. (C. ) (pending before  
19 the Legislature as this bill),] <sup>2</sup> to effectuate, administer, and  
20 accomplish the purposes of the loan program. <sup>2</sup>Notwithstanding the  
21 limitations established in section 1 of P.L.2011, c.215 (C.52:14B-3a)  
22 on the use of regulatory guidance documents, the executive director  
23 shall prepare and disseminate guidelines or regulatory guidance  
24 documents, on or before the first day of the third month next following  
25 the enactment of P.L. , c. (C. ) (pending before the Legislature  
26 as this bill), in advance of the adoption of rules and regulations to  
27 effectuate, administer, and accomplish the purposes of the loan  
28 program. <sup>2</sup> The <sup>2</sup>guidelines, guidance documents, and <sup>2</sup> rules and  
29 regulations shall, at a minimum, set forth the requirements for  
30 application submissions, the criteria for application selections, the  
31 eligible uses of down payment assistance, eligibility as a first-time or  
32 first-generation homebuyer, and the curriculum and provision of the  
33 homebuyer counseling course.

34 d. The agency shall permit an individual to establish eligibility for  
35 the loan program as a first-generation homebuyer via self-attestation,  
36 under penalty of perjury. However, nothing in this subsection shall  
37 preclude the agency from establishing measures to identify and deter  
38 fraudulent attestations. If it is established that an individual has  
39 received assistance as a result of a fraudulent attestation, the individual  
40 shall reimburse the agency for the assistance.

41 e. A down payment assistance loan shall be recoverable as a lien  
42 on the real property that the loan is used to purchase, and shall have  
43 the priority of a mortgage lien.

44 f. The annual appropriations act <sup>2</sup>[<sup>1</sup>.] for State fiscal year 2024  
45 shall include an appropriation from the General Fund to the loan  
46 program, and the annual appropriations acts <sup>2</sup> following State fiscal  
47 year 2024 <sup>2</sup>[<sup>1</sup>.] <sup>2</sup> shall appropriate not less than \$25 million from the

1 General Fund to the agency, during each <sup>1</sup>State fiscal<sup>1</sup> year in which  
2 the loan program remains in operation, to <sup>1</sup>effectuate the purposes of  
3 the loan program, and<sup>1</sup> defray the costs associated with administering  
4 the loan program, except that the agency shall retain not more than  
5 <sup>1</sup>[five] <sup>2</sup>[two<sup>1</sup>] five<sup>2</sup> percent of the annual appropriation for  
6 administrative costs. <sup>1</sup>Of the total amount of down payment assistance  
7 funding awarded each State fiscal year through the loan program, no  
8 less than 50 percent shall be awarded to first-generation homebuyers,  
9 unless the agency determines that 50 percent of the down payment  
10 assistance funding cannot be awarded to first-generation homebuyers,  
11 because too few first-generation homebuyers have applied for the loan  
12 program, in which case, more than 50 percent of the funding shall be  
13 awarded to first-time homebuyers who are not first-generation  
14 homebuyers.<sup>1</sup>

15 g. No later than the 730th day next following the effective date of  
16 P.L. , c. (C. ) (pending before the Legislature as this bill), the  
17 agency shall prepare and submit a report to the Governor and, pursuant  
18 to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The  
19 report shall analyze the efficacy of the loan program. The report shall  
20 provide an overview of the total amount of down payment assistance  
21 provided by the agency, with information by census tract on the race  
22 and ethnicity of the recipients of assistance. The report also shall  
23 analyze:

24 (1) the impact of the down payment assistance on the total housing  
25 costs of the recipients of such assistance;

26 (2) the impact of the additional loan award for first-generation  
27 homebuyers provided pursuant to paragraph (2) of subsection b. of this  
28 section, and the other components of the loan program, on first-  
29 generation homeownership; and

30 (3) any other information determined by the agency to be relevant  
31 to the costs and benefits of the loan program.

32

33 <sup>2</sup>[3. As used in sections 3 through 4 of P.L. , c. (C.  
34 through C. ) (pending before the Legislature as this bill):

35 "Agency" means the New Jersey Housing and Mortgage Finance  
36 Agency established pursuant to section 4 of P.L.1983, c.530  
37 (C.55:14K-4).

38 "Authority" means the New Jersey Economic Development  
39 Authority established pursuant to section 4 of P.L.1974, c.80  
40 (C.34:1B-4).

41 "Construction or reconstruction" means the development of real  
42 property through means of new construction, or through  
43 rehabilitation or renovation of an existing structure, provided that  
44 the rehabilitation or renovation has received at least \$50,000 in  
45 construction investment.

46 "Construction or reconstruction commitment" means a  
47 commitment, including any assurances the authority determines

1 necessary, made by a taxpayer-developer, to the construction or  
2 reconstruction of one or more qualified residential properties in a  
3 distressed municipality for purchase by one or more first-time  
4 homebuyers in compliance with section 4 of P.L. , c. (C. )  
5 (pending before the Legislature as this bill).

6 "Distressed municipality" means a municipality with a distress  
7 score of 50 or higher according to the 2020 Municipal  
8 Revitalization Index distress score for the municipality, determined  
9 by the Department of Community Affairs.

10 "First-time homebuyer" means a household with a gross  
11 household income of less than 140 percent of the median gross  
12 household income for households of the same size within the  
13 housing region in which the qualified residential property is located,  
14 and for whom no member of the household has owned a home  
15 during the three-year period prior to the purchase of the home.

16 "Principal residence" means a qualified residential property that  
17 is actually and continually occupied by a first-time homebuyer as  
18 the homebuyer's permanent residence, as distinguished from a  
19 vacation home, real property owned and rented or offered for rent  
20 by the homebuyer, and other secondary real property holdings.

21 "Qualified home purchase" means the acquisition of a qualified  
22 residential property that is occupied as a first-time homebuyer's  
23 principal residence following construction or reconstruction by a  
24 taxpayer-developer; provided, however, that the value of the  
25 qualified residential property does not exceed 75 percent of the  
26 median home sale price for homes in the county in which the  
27 qualified home purchase occurs, in accordance with data approved  
28 by the agency.

29 "Qualified residential property" means a dwelling house, a  
30 condominium unit under the form of real property ownership  
31 provided for under the "Condominium Act," P.L.1969, c.257  
32 (C.46:8B-1 et seq.), a unit in a cooperative or mutual housing  
33 corporation, a unit in a horizontal property regime under the form of  
34 real property ownership provided under the "Horizontal Property  
35 Act," P.L.1963, c.168 (C.46:8A-1 et seq.), a unit in a continuing  
36 care retirement community, or a manufactured home that is taxable  
37 as real property or that is installed in a mobile home park.

38 "Tax credit program" means the New Jersey Homebuyer Tax  
39 Credit Program, established pursuant to subsection a. of section 4 of  
40 P.L. , c. (C. ) (pending before the Legislature as this bill).

41 "Taxpayer-developer" means a developer that commits to the  
42 construction or reconstruction of one or more qualified residential  
43 properties that are to be sold through qualified home purchases to  
44 first time homebuyers for use as principal residences.

45 "Value gap" means the amount of a loss, if any, incurred by a  
46 taxpayer-developer, determined by subtracting the income of the  
47 developer, as derived from the purchase price paid in a qualified

1 home purchase, from the cost of developing the qualified residential  
2 property sold in the qualified home purchase. ]<sup>2</sup>

3  
4 <sup>2</sup>[4. a. There is established a New Jersey Homebuyer Tax  
5 Credit Program to be administered by the authority in coordination  
6 with the agency. A taxpayer-developer shall be allowed a credit  
7 against the tax otherwise due pursuant to section 5 of P.L.1945,  
8 c.162 (C.54:10A-5) or the "New Jersey Gross Income Tax Act,"  
9 N.J.S.54A:1-1 et seq., as applicable, for each individual qualified  
10 home purchase completed with a first-time homebuyer in an amount  
11 not greater than the lesser of:

12 (1) 20 percent of the sale price of the qualified home purchase;  
13 or

14 (2) the amount of the value gap incurred by the developer  
15 following a qualified home purchase.

16 b. The authority shall award the tax credit established by this  
17 section to a taxpayer-developer for securing a qualified home  
18 purchase by a first-time homebuyer following construction or  
19 reconstruction of a qualified residential property in a distressed  
20 municipality; provided, however, that the first-time homebuyer  
21 commits to use the home as their principal residence for 10 years  
22 following the date of the qualified home purchase.

23 c. (1) The amount of all credits allowed pursuant to this section  
24 shall not exceed \$100,000,000, to be conditionally approved for  
25 allocation over four terms as follows:

26 (a) up to \$25,000,000 for construction or reconstruction  
27 commitments made on or before the 365th day next following the  
28 effective date of P.L. , c. (C. ) (pending before the  
29 Legislature as this bill); and

30 (b) up to \$25,000,000 for construction or reconstruction  
31 commitments made after the 365th, but before the 730th, day next  
32 following the effective date of P.L. , c. (C. ) (pending  
33 before the Legislature as this bill).

34 (2) Upon a joint resolution adopted by the Senate and General  
35 Assembly and signed by the Governor that extends the tax credit  
36 program, as described in paragraph (2) of subsection g. of this  
37 section, the balance of credits allowed pursuant to an extension of  
38 the tax credit program shall be conditionally approved for allocation  
39 as follows:

40 (a) up to \$25,000,000 for construction or reconstruction  
41 commitments made on or before the 365th day next following the  
42 date the Governor signs the joint resolution; and

43 (b) up to \$25,000,000 for construction or reconstruction  
44 commitments made after the 365th, but before the 730th, day next  
45 following the date the Governor signs the joint resolution.

46 d. Tax credits shall be conditionally approved for allocation  
47 pursuant to the timelines established in subsection c. of this section.  
48 The authority shall conditionally approve a tax credit for a

1 taxpayer-developer if the taxpayer-developer enters into a  
2 construction or reconstruction commitment. A tax credit shall be  
3 allocated upon the execution of a contract for sale of a qualified  
4 home purchase. The total amount of the credit allowed shall be  
5 applied against the tax otherwise due from the taxpayer-developer  
6 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) or the "New  
7 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., as applicable.  
8 A tax credit issued pursuant to this section shall be applied against  
9 taxes otherwise due during the taxable year in which the credit is  
10 allocated, or may be carried forward and applied against taxes  
11 otherwise due in any of the four subsequent taxable years.

12 e. The agency shall ensure that convenient means are established  
13 for first-time homebuyers to apply to purchase homes constructed  
14 pursuant to this section. A first-time homebuyer who purchases a  
15 qualified residential property pursuant to this section shall commit  
16 to using the home as the homebuyer's principal residence for 10  
17 consecutive years after the home purchase.

18 f. A first-time homebuyer shall be required to pay a penalty to  
19 the authority in an amount equaling the lesser of \$5,000 or one  
20 percent of the value of the home, upon a determination by the  
21 authority the first-time homebuyer has violated the requirements of  
22 this section, including but not limited to:

23 (1) the failure of a first-time homebuyer to use the home as the  
24 homebuyer's principal residence for 10 consecutive years after the  
25 home purchase; or

26 (2) the use of an agent to conceal the identity of the true  
27 purchaser of the home for purposes of completing more than one  
28 qualified home purchase pursuant to this section.

29 g. (1) No later than the 730th day next following the effective  
30 date of P.L. , c. (C. ) (pending before the Legislature as this  
31 bill), the Office of Revenue and Economic Analysis in the  
32 Department of the Treasury shall prepare and submit a report to the  
33 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-  
34 19.1), to the Legislature. The report shall analyze the costs and  
35 benefits of the tax credit program provided by this section,  
36 including but not limited to:

37 (a) the impact of the tax credit program on State revenues;

38 (b) the extent to which home purchases by first-time  
39 homebuyers, including but not limited to purchases of new qualified  
40 residential property, increased during the terms the tax credit was  
41 available to taxpayer-developers, as compared with historical trends  
42 and comparable housing markets outside of New Jersey;

43 (c) whether the data suggests that a two-year extension of the  
44 tax credit program may have a material, positive impact on the  
45 State's construction, real estate, and any other sectors of the State  
46 economy;

47 (d) whether the fiscal condition and outlook of the State has  
48 materially changed such as to materially affect the purpose

1 underlying the tax credit program to promote home ownership and  
2 strengthen key sectors of the State's economy; and

3 (e) any other information determined by the Office of Revenue  
4 and Economic Analysis to be relevant to the costs and benefits of  
5 the tax credit program to the State.

6 (2) Upon receipt of the report pursuant to this subsection, the  
7 Legislature may adopt and the Governor may sign a joint resolution  
8 that extends the tax credit, as described in paragraph (2) of  
9 subsection c. of this section, for an additional two years, except as  
10 otherwise provided in this section.

11 h. On or before the first day of the third month next following  
12 the enactment of P.L. , c. (C. ) (pending before the  
13 Legislature as this bill), the authority, in coordination with the  
14 agency, shall promulgate rules and regulations pursuant to the  
15 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
16 seq.) to effectuate the purposes of the tax credit program. The rules  
17 and regulations of the authority shall include, but shall not be  
18 limited to:

19 (1) The establishment of a limitation on tax credit conditional  
20 approvals and allocations to projects that do not obtain nine-percent  
21 tax credits provided for by the federal Low Income Housing Tax  
22 Credit program pursuant to section 42 of the Internal Revenue Code  
23 (26 U.S.C. s.42), and shall make other appropriate limitations on  
24 eligibility; and

25 (2) Detailed guidance on the calculation of development costs,  
26 and income derived from a qualified home purchase, for the  
27 purposes of calculating the value gap.

28 i. If any amount of tax credits made available pursuant to this  
29 section are not conditionally approved in accordance with the  
30 timeline established pursuant to subsections a. through d. of this  
31 section, then the Legislature shall in the next subsequent fiscal year  
32 appropriate an amount equivalent to the value of the non-  
33 conditionally approved tax credits to the New Jersey Housing and  
34 Mortgage Finance Agency for the purposes of providing further  
35 down payment assistance through the loan program established  
36 pursuant to section 2 of P.L. , c. (C. ) (pending before the  
37 Legislature as this bill).<sup>2</sup>

38  
39 <sup>5</sup>[5. a. A municipality shall be provided with an opportunity to  
40 contribute funding towards the construction or reconstruction of a  
41 home purchased by a low- or moderate-income homebuyer through  
42 the tax credit program established pursuant to section 4 of P.L. , c.  
43 (C. ) (pending before the Legislature as this bill). If a low- or  
44 moderate-income homebuyer completes a home purchase as  
45 provided in this section, and the municipality contributes no less  
46 than \$10,000 towards the construction or reconstruction of the unit,  
47 then the agency shall notify the administrative agent or other  
48 appropriate official of the municipality that the municipality shall

1 count the property towards the municipality's present or prospective  
2 fair share obligation.

3 b. For the purposes of this section "low- or moderate-income  
4 homebuyer" means a household that has a gross household income  
5 that is less than 80 percent of the median gross household income  
6 for households of the same size within the housing region in which  
7 the housing is located. ]<sup>2</sup>

8  
9 <sup>2</sup>3. a. There is established in the Department of Community  
10 Affairs a Resilient Home Construction Pilot Program for the purpose  
11 of providing funding for developers to rehabilitate existing homes and  
12 construct new affordable homes for sale.

13 b. As part of the pilot program, the department shall develop an  
14 application process and promulgate criteria that enables a developer to  
15 qualify for funding for the rehabilitation or construction of homes for  
16 sale. Among such other criteria as the department deems necessary,  
17 the department shall require that:

18 (1) the homes rehabilitated or constructed for sale are not located  
19 in the 500-year floodplain or the inland or coastal climate adjusted  
20 floodplain, as defined by Department of Environmental Protection;

21 (2) the homes rehabilitated or constructed are to be sold to  
22 households with a gross household income not to exceed 120 percent  
23 of the median gross household income for households of the same size  
24 within the housing region in which the housing is located;

25 (3) the prospective homebuyer is a renter that has been impacted  
26 by a storm or natural disaster that has prompted the governor to  
27 declare a state of emergency; or a first-time homebuyer, including a  
28 first-time homebuyer receiving financial assistance from the agency;

29 (4) the developer include a purchase discount on the home sale  
30 price, as established in accordance with criteria developed by the  
31 department; and

32 (5) the homes for sale contain a minimum period of affordability  
33 as determined by the department.

34 c. Funding to successful pilot program applicants shall be  
35 provided in a manner determined by the department and pursuant to an  
36 agreement between the department and a successful pilot program  
37 applicant, and shall be conditioned upon compliance with the  
38 provisions of such an agreement as determined by the department.

39 d. As part of the pilot program, the department shall permit local  
40 government entities to apply for funding to provide to developers to  
41 rehabilitate existing homes and construct new, affordable homes for  
42 sale, so long as: (1) the application process and criteria imposed by the  
43 local government entity on developers is the same as the criteria  
44 developed pursuant to subsection b. of this section; (2) the local  
45 government entity and the developer enter into an agreement subject to  
46 the same requirements as an agreement pursuant to subsection c. of  
47 this section; and that funding to the local government entity is

1 conditioned upon compliance with the provisions of an agreement as  
2 determined by the department.

3 e. In addition to the funding provided to developers pursuant to  
4 the pilot program, the department may establish incentives to  
5 encourage homebuyers to remain in the homes developed pursuant to  
6 this pilot program, including through the provision of down payment  
7 assistance as a zero-interest forgivable loan for homebuyers who are  
8 not eligible or do not qualify for down payment assistance through  
9 other State programs including the program established pursuant to  
10 section 2 of P.L. , c. (C. ) (pending before the Legislature as  
11 this bill).

12 f. For the purpose of determining the amount of purchase  
13 discount, provided pursuant to paragraph (4) of subsection b. of this  
14 section, the department shall establish a sale price, pursuant to an  
15 appraisal conducted by a professional appraiser hired by the  
16 department.<sup>2</sup>

17

18 <sup>2</sup>4. Notwithstanding the limitations established in section 1 of  
19 P.L.2011, c.215 (C.52:14B-3a) on the use of regulatory guidance  
20 documents, the commissioner may promulgate application and  
21 eligibility criteria and guidelines regarding the pilot program through  
22 regulatory guidance documents as defined in subsection d. of section 1  
23 of P.L.2011, c.215 (C.52:14B-3a).<sup>2</sup>

24

25 <sup>2</sup>6. There is appropriated \$25 million from the General Fund <sup>1</sup>,  
26 for State fiscal year 2024,<sup>1</sup> to the New Jersey Housing and Mortgage  
27 Finance Agency to effectuate <sup>1</sup>the purposes of the loan program,<sup>1</sup> and  
28 defray the costs associated with administering the loan program  
29 established pursuant to section 2 of P.L. , c. (C. ) (pending  
30 before the Legislature as this bill) <sup>1</sup>, except that the agency shall retain  
31 not more than two percent of the annual appropriation for  
32 administrative costs. Of the total amount of down payment assistance  
33 funding awarded through the loan program pursuant to this section, no  
34 less than 50 percent shall be awarded to first-generation homebuyers,  
35 unless the agency determines that 50 percent of the down payment  
36 assistance funding cannot be awarded to first-generation homebuyers,  
37 because too few first-generation homebuyers have applied for the loan  
38 program, in which case, more than 50 percent of the funding shall be  
39 awarded to first-time homebuyers who are not first-generation  
40 homebuyers. The amount appropriated pursuant to this section shall  
41 be in addition to any amount also appropriated through the annual  
42 appropriations act for State fiscal year 2024<sup>1</sup>】 5. a. The pilot program  
43 shall be eligible for funding from the federal "American Rescue Plan  
44 Act of 2021," Pub.L.117-2 to the Division of Disaster Recovery and  
45 Mitigation in the Department of Community Affairs for the Resilient  
46 Home Construction Pilot Program, established pursuant to section 3 of  
47 P.L. , c. (C. ) (pending before the Legislature as this bill), and

1 other funding sources, and of such amounts provided, not more than  
2 five percent shall be utilized by the department for organizational,  
3 administrative, and other work and services, including salaries,  
4 equipment, services, and materials necessary to administer the  
5 activities authorized by this subsection.

6 b. Notwithstanding the provisions of subsection a. of this section  
7 to the contrary, the division may transfer the uncommitted balance of  
8 any funds made available pursuant to this section for any use  
9 authorized pursuant to P.L. , c. (C. ) (pending before the  
10 Legislature as this bill). The division shall submit notice to the Joint  
11 Budget Oversight Committee, or its successor, no less than five  
12 calendar days before the date of a transfer made pursuant to this  
13 subsection. The notice shall indicate the amount of the transferred  
14 funds and the purpose for which the funds are transferred<sup>2</sup>.

15  
16 <sup>2</sup>**[7.] 6.<sup>2</sup>** This act shall take effect immediately <sup>2</sup>**[**, except that  
17 sections 3 through 5 of this act shall take effect on the first day of the  
18 sixth month next following enactment to provide time for the authority  
19 to prepare to administer the tax credit program<sup>2</sup>**]**.

20

21

22

23

24 Provides down payment assistance for benefit of certain first-time  
25 homebuyers; establishes Resilient Home Construction Pilot Program.

# ASSEMBLY, No. 5415

## STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MAY 8, 2023

**Sponsored by:**

**Assemblyman LOUIS D. GREENWALD**

**District 6 (Burlington and Camden)**

**Assemblyman ROY FREIMAN**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Assemblywoman VERLINA REYNOLDS-JACKSON**

**District 15 (Hunterdon and Mercer)**

**Assemblyman HERB CONAWAY, JR.**

**District 7 (Burlington)**

**Assemblywoman SADAF F. JAFFER**

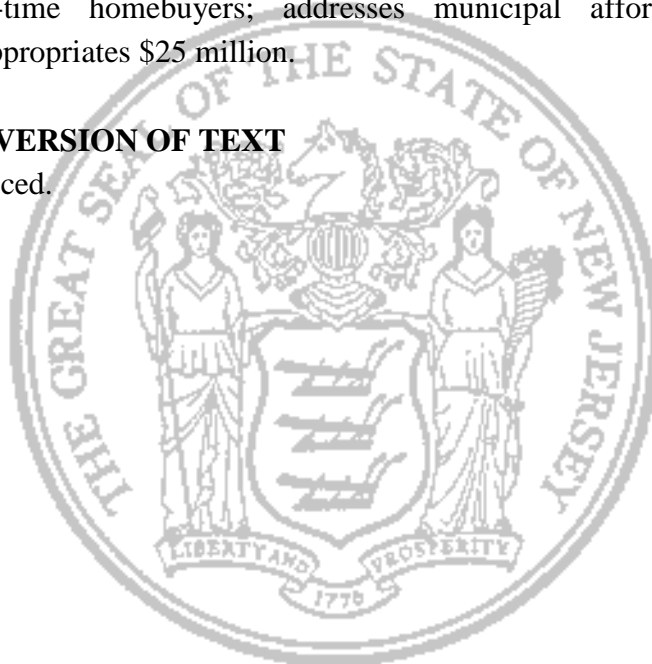
**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**SYNOPSIS**

Provides developer tax credits, and down payment assistance, for benefit of certain first-time homebuyers; addresses municipal affordable housing obligation; appropriates \$25 million.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning housing assistance for certain homebuyers and  
2 developers, supplementing Title 55 of the Revised Statutes,  
3 P.L.1974, c.80 (C.34:1B-1 et seq.), and P.L.1985, c.222  
4 (C.52:27D-301 et seq.), and making an appropriation.

5  
6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

8  
9 1. As used in sections 1 through 2 of P.L. , c. (C.  
10 through C. ) (pending before the Legislature as this bill):

11 "Agency" means the New Jersey Housing and Mortgage Finance  
12 Agency established pursuant to section 4 of P.L.1983, c.530  
13 (C.55:14K-4).

14 "Down payment assistance" or "assistance" means financial  
15 assistance for first-time homebuyers to acquire single-family  
16 housing for principal residence through the loan program.

17 "Executive director" means the Executive Director of the New  
18 Jersey Housing and Mortgage Finance Agency.

19 "First-generation homebuyer" means a first-time homebuyer,  
20 who is:

21 a. an individual:

22 (1) whose parents or legal guardians do not have any present  
23 ownership interest in any residential real property in any state or  
24 territory of the United States, or outside of the United States; and

25 (2) whose spouse, or domestic partner, and each member of  
26 whose household has not, during the 3-year period ending upon  
27 acquisition of the eligible home to be acquired using such  
28 assistance, had any present ownership interest in any residential real  
29 property used as their principal residence in any state or territory of  
30 the United States, or outside of the United States; or

31 b. an individual who has at any time been placed in foster care  
32 in the State.

33 "First-time homebuyer" means a homebuyer who, in accordance  
34 with rules and regulations adopted by the agency, has not owned  
35 any residential real property as their principal residence within the  
36 preceding three years, and is utilizing a mortgage product offered  
37 by the agency through an agency homebuyer program to purchase  
38 single-family housing.

39 "Loan program" means the zero-interest, forgivable loan  
40 program established pursuant to section 2 of P.L. , c. (C. )  
41 (pending before the Legislature as this bill).

42 "Principal residence" means a homestead that is actually and  
43 continually occupied as the permanent residence of a household, as  
44 distinguished from a vacation home, real property owned and rented  
45 or offered for rent by the household, or other secondary real  
46 property holdings.

1 "Single-family housing" means a one- to four-family residence, a  
2 condominium unit, a cooperative unit, a combination of a  
3 manufactured housing and lot, or a manufactured housing lot.

4  
5 2. a. There is established in the agency a zero-interest,  
6 forgivable loan program to provide down payment assistance for  
7 first-time homebuyers to achieve homeownership. The loan  
8 program shall provide down payment assistance to defray the costs  
9 associated with acquiring single-family housing for principal  
10 residence, as provided for in subsection b. of this section. A first-  
11 time homebuyer shall commit to use the home as their principal  
12 residence for five years following the purchase of the home. The  
13 agency shall forgive the loan, provided that the five-year  
14 commitment is satisfied and the first-time homebuyer meets the  
15 other requirements established pursuant to P.L. , c. (C. )  
16 (pending before the Legislature as this bill).

17 b. (1) The down payment assistance provided pursuant to this  
18 section shall be in the form of a zero-interest, forgivable loan  
19 award. The loan award shall be in the amount of \$15,000.

20 (2) In addition to a loan award that may be provided pursuant to  
21 paragraph (1) of this subsection, a first-generation homebuyer shall  
22 be eligible for a zero-interest, forgivable loan award of an  
23 additional \$10,000 to be used for down payment assistance.

24 (3) Each first-time homebuyer who receives down payment  
25 assistance through the loan program shall, prior to the award of  
26 down payment assistance, complete not less than eight hours of a  
27 homebuyer counseling course, as directed by the agency pursuant to  
28 subsection c. of this section. The homebuyer counseling course  
29 shall include, but not be limited to, coursework concerning:

30 (a) the maintenance of housing costs, including methods for  
31 budgeting mortgage payments, utility charges, property taxes, and  
32 any other applicable housing cost;

33 (b) the basics of home finance, property taxes, home warranties,  
34 and home inspection;

35 (c) the legal components of finalizing a home purchase; and

36 (d) the process of finding an appropriate house, including how  
37 to search real estate listings through a real estate agent or other  
38 sources.

39 c. The executive director shall promulgate rules and regulations  
40 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
41 (C.52:14B-1 et seq.), on or before the first day of the third month  
42 next following the enactment of P.L. , c. (C. ) (pending  
43 before the Legislature as this bill), to effectuate, administer, and  
44 accomplish the purposes of the loan program. The rules and  
45 regulations shall, at a minimum, set forth the requirements for  
46 application submissions, the criteria for application selections, the  
47 eligible uses of down payment assistance, eligibility as a first-time

1 or first-generation homebuyer, and the curriculum and provision of  
2 the homebuyer counseling course.

3 d. The agency shall permit an individual to establish eligibility  
4 for the loan program as a first-generation homebuyer via self-  
5 attestation, under penalty of perjury. However, nothing in this  
6 subsection shall preclude the agency from establishing measures to  
7 identify and deter fraudulent attestations. If it is established that an  
8 individual has received assistance as a result of a fraudulent  
9 attestation, the individual shall reimburse the agency for the  
10 assistance.

11 e. A down payment assistance loan shall be recoverable as a lien  
12 on the real property that the loan is used to purchase, and shall have  
13 the priority of a mortgage lien.

14 f. The annual appropriations act shall appropriate not less than  
15 \$25 million from the General Fund to the agency, during each year  
16 in which the loan program remains in operation, to defray the costs  
17 associated with administering the loan program, except that the  
18 agency shall retain not more than five percent of the annual  
19 appropriation for administrative costs.

20 g. No later than the 730th day next following the effective date  
21 of P.L. , c. (C. ) (pending before the Legislature as this  
22 bill), the agency shall prepare and submit a report to the Governor  
23 and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the  
24 Legislature. The report shall analyze the efficacy of the loan  
25 program. The report shall provide an overview of the total amount  
26 of down payment assistance provided by the agency, with  
27 information by census tract on the race and ethnicity of the  
28 recipients of assistance. The report also shall analyze:

29 (1) the impact of the down payment assistance on the total  
30 housing costs of the recipients of such assistance;

31 (2) the impact of the additional loan award for first-generation  
32 homebuyers provided pursuant to paragraph (2) of subsection b. of  
33 this section, and the other components of the loan program, on first-  
34 generation homeownership; and

35 (3) any other information determined by the agency to be  
36 relevant to the costs and benefits of the loan program.

37

38 3. As used in sections 3 through 4 of P.L. , c. (C.  
39 through C. ) (pending before the Legislature as this bill):

40 "Agency" means the New Jersey Housing and Mortgage Finance  
41 Agency established pursuant to section 4 of P.L.1983, c.530  
42 (C.55:14K-4).

43 "Authority" means the New Jersey Economic Development  
44 Authority established pursuant to section 4 of P.L.1974, c.80  
45 (C.34:1B-4).

46 "Construction or reconstruction" means the development of real  
47 property through means of new construction, or through  
48 rehabilitation or renovation of an existing structure, provided that

1 the rehabilitation or renovation has received at least \$50,000 in  
2 construction investment.

3 "Construction or reconstruction commitment" means a  
4 commitment, including any assurances the authority determines  
5 necessary, made by a taxpayer-developer, to the construction or  
6 reconstruction of one or more qualified residential properties in a  
7 distressed municipality for purchase by one or more first-time  
8 homebuyers in compliance with section 4 of P.L. , c. (C. )  
9 (pending before the Legislature as this bill).

10 "Distressed municipality" means a municipality with a distress  
11 score of 50 or higher according to the 2020 Municipal  
12 Revitalization Index distress score for the municipality, determined  
13 by the Department of Community Affairs.

14 "First-time homebuyer" means a household with a gross  
15 household income of less than 140 percent of the median gross  
16 household income for households of the same size within the  
17 housing region in which the qualified residential property is located,  
18 and for whom no member of the household has owned a home  
19 during the three-year period prior to the purchase of the home.

20 "Principal residence" means a qualified residential property that  
21 is actually and continually occupied by a first-time homebuyer as  
22 the homebuyer's permanent residence, as distinguished from a  
23 vacation home, real property owned and rented or offered for rent  
24 by the homebuyer, and other secondary real property holdings.

25 "Qualified home purchase" means the acquisition of a qualified  
26 residential property that is occupied as a first-time homebuyer's  
27 principal residence following construction or reconstruction by a  
28 taxpayer-developer; provided, however, that the value of the  
29 qualified residential property does not exceed 75 percent of the  
30 median home sale price for homes in the county in which the  
31 qualified home purchase occurs, in accordance with data approved  
32 by the agency.

33 "Qualified residential property" means a dwelling house, a  
34 condominium unit under the form of real property ownership  
35 provided for under the "Condominium Act," P.L.1969, c.257  
36 (C.46:8B-1 et seq.), a unit in a cooperative or mutual housing  
37 corporation, a unit in a horizontal property regime under the form of  
38 real property ownership provided under the "Horizontal Property  
39 Act," P.L.1963, c.168 (C.46:8A-1 et seq.), a unit in a continuing  
40 care retirement community, or a manufactured home that is taxable  
41 as real property or that is installed in a mobile home park.

42 "Tax credit program" means the New Jersey Homebuyer Tax  
43 Credit Program, established pursuant to subsection a. of section 4 of  
44 P.L. , c. (C. ) (pending before the Legislature as this bill).

45 "Taxpayer-developer" means a developer that commits to the  
46 construction or reconstruction of one or more qualified residential  
47 properties that are to be sold through qualified home purchases to  
48 first time homebuyers for use as principal residences.

1 "Value gap" means the amount of a loss, if any, incurred by a  
2 taxpayer-developer, determined by subtracting the income of the  
3 developer, as derived from the purchase price paid in a qualified  
4 home purchase, from the cost of developing the qualified residential  
5 property sold in the qualified home purchase.

6  
7 4. a. There is established a New Jersey Homebuyer Tax Credit  
8 Program to be administered by the authority in coordination with  
9 the agency. A taxpayer-developer shall be allowed a credit against  
10 the tax otherwise due pursuant to section 5 of P.L.1945, c.162  
11 (C.54:10A-5) or the "New Jersey Gross Income Tax Act,"  
12 N.J.S.54A:1-1 et seq., as applicable, for each individual qualified  
13 home purchase completed with a first-time homebuyer in an amount  
14 not greater than the lesser of:

15 (1) 20 percent of the sale price of the qualified home purchase;

16 or

17 (2) the amount of the value gap incurred by the developer  
18 following a qualified home purchase.

19 b. The authority shall award the tax credit established by this  
20 section to a taxpayer-developer for securing a qualified home  
21 purchase by a first-time homebuyer following construction or  
22 reconstruction of a qualified residential property in a distressed  
23 municipality; provided, however, that the first-time homebuyer  
24 commits to use the home as their principal residence for 10 years  
25 following the date of the qualified home purchase.

26 c. (1) The amount of all credits allowed pursuant to this section  
27 shall not exceed \$100,000,000, to be conditionally approved for  
28 allocation over four terms as follows:

29 (a) up to \$25,000,000 for construction or reconstruction  
30 commitments made on or before the 365th day next following the  
31 effective date of P.L. , c. (C. ) (pending before the  
32 Legislature as this bill); and

33 (b) up to \$25,000,000 for construction or reconstruction  
34 commitments made after the 365th, but before the 730th, day next  
35 following the effective date of P.L. , c. (C. ) (pending  
36 before the Legislature as this bill).

37 (2) Upon a joint resolution adopted by the Senate and General  
38 Assembly and signed by the Governor that extends the tax credit  
39 program, as described in paragraph (2) of subsection g. of this  
40 section, the balance of credits allowed pursuant to an extension of  
41 the tax credit program shall be conditionally approved for allocation  
42 as follows:

43 (a) up to \$25,000,000 for construction or reconstruction  
44 commitments made on or before the 365th day next following the  
45 date the Governor signs the joint resolution; and

46 (b) up to \$25,000,000 for construction or reconstruction  
47 commitments made after the 365th, but before the 730th, day next  
48 following the date the Governor signs the joint resolution.

1 d. Tax credits shall be conditionally approved for allocation  
2 pursuant to the timelines established in subsection c. of this section.  
3 The authority shall conditionally approve a tax credit for a  
4 taxpayer-developer if the taxpayer-developer enters into a  
5 construction or reconstruction commitment. A tax credit shall be  
6 allocated upon the execution of a contract for sale of a qualified  
7 home purchase. The total amount of the credit allowed shall be  
8 applied against the tax otherwise due from the taxpayer-developer  
9 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) or the "New  
10 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., as applicable.  
11 A tax credit issued pursuant to this section shall be applied against  
12 taxes otherwise due during the taxable year in which the credit is  
13 allocated, or may be carried forward and applied against taxes  
14 otherwise due in any of the four subsequent taxable years.

15 e. The agency shall ensure that convenient means are established  
16 for first-time homebuyers to apply to purchase homes constructed  
17 pursuant to this section. A first-time homebuyer who purchases a  
18 qualified residential property pursuant to this section shall commit  
19 to using the home as the homebuyer's principal residence for 10  
20 consecutive years after the home purchase.

21 f. A first-time homebuyer shall be required to pay a penalty to  
22 the authority in an amount equaling the lesser of \$5,000 or one  
23 percent of the value of the home, upon a determination by the  
24 authority the first-time homebuyer has violated the requirements of  
25 this section, including but not limited to:

26 (1) the failure of a first-time homebuyer to use the home as the  
27 homebuyer's principal residence for 10 consecutive years after the  
28 home purchase; or

29 (2) the use of an agent to conceal the identity of the true  
30 purchaser of the home for purposes of completing more than one  
31 qualified home purchase pursuant to this section.

32 g. (1) No later than the 730th day next following the effective  
33 date of P.L. , c. (C. ) (pending before the Legislature as this  
34 bill), the Office of Revenue and Economic Analysis in the  
35 Department of the Treasury shall prepare and submit a report to the  
36 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-  
37 19.1), to the Legislature. The report shall analyze the costs and  
38 benefits of the tax credit program provided by this section,  
39 including but not limited to:

40 (a) the impact of the tax credit program on State revenues;

41 (b) the extent to which home purchases by first-time  
42 homebuyers, including but not limited to purchases of new qualified  
43 residential property, increased during the terms the tax credit was  
44 available to taxpayer-developers, as compared with historical trends  
45 and comparable housing markets outside of New Jersey;

46 (c) whether the data suggests that a two-year extension of the  
47 tax credit program may have a material, positive impact on the

1 State's construction, real estate, and any other sectors of the State  
2 economy;

3 (d) whether the fiscal condition and outlook of the State has  
4 materially changed such as to materially affect the purpose  
5 underlying the tax credit program to promote home ownership and  
6 strengthen key sectors of the State's economy; and

7 (e) any other information determined by the Office of Revenue  
8 and Economic Analysis to be relevant to the costs and benefits of  
9 the tax credit program to the State.

10 (2) Upon receipt of the report pursuant to this subsection, the  
11 Legislature may adopt and the Governor may sign a joint resolution  
12 that extends the tax credit, as described in paragraph (2) of  
13 subsection c. of this section, for an additional two years, except as  
14 otherwise provided in this section.

15 h. On or before the first day of the third month next following  
16 the enactment of P.L. , c. (C. ) (pending before the  
17 Legislature as this bill), the authority, in coordination with the  
18 agency, shall promulgate rules and regulations pursuant to the  
19 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
20 seq.) to effectuate the purposes of the tax credit program. The rules  
21 and regulations of the authority shall include, but shall not be  
22 limited to:

23 (1) The establishment of a limitation on tax credit conditional  
24 approvals and allocations to projects that do not obtain nine-percent  
25 tax credits provided for by the federal Low Income Housing Tax  
26 Credit program pursuant to section 42 of the Internal Revenue Code  
27 (26 U.S.C. s.42), and shall make other appropriate limitations on  
28 eligibility; and

29 (2) Detailed guidance on the calculation of development costs,  
30 and income derived from a qualified home purchase, for the  
31 purposes of calculating the value gap.

32 i. If any amount of tax credits made available pursuant to this  
33 section are not conditionally approved in accordance with the  
34 timeline established pursuant to subsections a. through d. of this  
35 section, then the Legislature shall in the next subsequent fiscal year  
36 appropriate an amount equivalent to the value of the non-  
37 conditionally approved tax credits to the New Jersey Housing and  
38 Mortgage Finance Agency for the purposes of providing further  
39 down payment assistance through the loan program established  
40 pursuant to section 2 of P.L. , c. (C. ) (pending before the  
41 Legislature as this bill).

42  
43 5. a. A municipality shall be provided with an opportunity to  
44 contribute funding towards the construction or reconstruction of a  
45 home purchased by a low- or moderate-income homebuyer through  
46 the tax credit program established pursuant to section 4 of P.L. , c.  
47 (C. ) (pending before the Legislature as this bill). If a low- or  
48 moderate-income homebuyer completes a home purchase as

1 provided in this section, and the municipality contributes no less  
2 than \$10,000 towards the construction or reconstruction of the unit,  
3 then the agency shall notify the administrative agent or other  
4 appropriate official of the municipality that the municipality shall  
5 count the property towards the municipality's present or prospective  
6 fair share obligation.

7 b. For the purposes of this section "low- or moderate-income  
8 homebuyer" means a household that has a gross household income  
9 that is less than 80 percent of the median gross household income  
10 for households of the same size within the housing region in which  
11 the housing is located.

12

13 6. There is appropriated \$25 million from the General Fund to  
14 the New Jersey Housing and Mortgage Finance Agency to  
15 effectuate and defray the costs associated with administering the  
16 loan program established pursuant to section 2 of  
17 P.L. , c. (C. ) (pending before the Legislature as this bill).

18

19 7. This act shall take effect immediately, except that sections 3  
20 through 5 of this act shall take effect on the first day of the sixth  
21 month next following enactment to provide time for the authority to  
22 prepare to administer the tax credit program.

23

24

## 25 STATEMENT

26

27 This bill would establish a zero-interest, forgivable loan program  
28 to provide down payment assistance, as well as a tax credit program  
29 to provide tax credits for developers that commit to construct or  
30 reconstruct housing for certain first-time homebuyers. The bill  
31 would also establish a means to allow certain housing units,  
32 constructed through the tax credit program, to count toward  
33 municipal affordable housing obligations, and would appropriate  
34 \$25 million to provide for the zero-interest, forgivable loans.

35 The loan program would provide down payment assistance for  
36 households of modest income to achieve homeownership.  
37 Specifically, the loan program would provide down payment  
38 assistance to certain households, who are first-time homebuyers, to  
39 defray the costs associated with acquiring a home to be used as a  
40 principal residence. The bill defines a "first-time homebuyer" as a  
41 homebuyer who has not owned a home as a principal residence  
42 during the preceding three years, and is using a mortgage product  
43 offered by the New Jersey Housing and Mortgage Finance Agency  
44 (NJHMFA) to purchase a single-family property. A first-time  
45 homebuyer would be required to commit to use the home as their  
46 principal residence for five years following a loan program-  
47 supported purchase. The bill requires NJHMFA to forgive the loan  
48 if this five-year commitment is satisfied.

1 The loan award would consist of \$15,000 to be used for down  
2 payment assistance. In addition to the standard loan award offered  
3 by the loan program, if the first-time homebuyer is also a first-  
4 generation homebuyer, as defined in the bill, the homebuyer would  
5 be eligible for a loan award of an additional \$10,000.

6 The down payment assistance provided by the loan program  
7 would not be available in addition to other loan or grant assistance  
8 made available through other programs administered by NJHMFA,  
9 and would be subject to restrictions established by NJHMFA that  
10 may be necessary for compliance with federal law.

11 Each first-time homebuyer who receives down payment  
12 assistance through the loan program would be required, prior to the  
13 award of down payment assistance, to complete a homebuyer  
14 counseling course, as directed by NJHMFA. An applicant would be  
15 permitted to establish eligibility for the loan program as a first-  
16 generation homebuyer via self-attestation, under penalty of perjury.

17 NJHMFA would adopt rules and regulations to effectuate,  
18 administer, and accomplish the purposes of the loan program. The  
19 bill appropriates \$25 million from the General Fund to the  
20 department to support the loan program.

21 This bill would also establish a tax credit program, through  
22 which a developer of real property would be provided with a credit  
23 against the tax otherwise due under the Corporation Business Tax  
24 Act (1945) or the "New Jersey Gross Income Tax Act," as  
25 applicable. Each tax credit would be awarded in an amount equal to  
26 20 percent of the sale price of the qualified home purchase, or the  
27 amount of the value gap incurred by the developer following a that  
28 purchase, whichever is less, for securing a qualified home purchase  
29 of a qualified residential property in a distressed municipality from  
30 a first-time homebuyer following the developer's construction or  
31 reconstruction of the property. The bill defines "construction or  
32 reconstruction" to consist of new construction, or the rehabilitation  
33 or renovation of an existing structure, as long as the rehabilitation  
34 or renovation has received at least \$50,000 in construction  
35 investment. A tax credit would be awarded for each individual  
36 qualified home purchase that the developer completes with a first-  
37 time homebuyer.

38 For the purposes of the tax credit program, "qualified home  
39 purchases" would be limited to purchases that do not exceed 75  
40 percent of the county median home sale price. The bill defines a  
41 "distressed municipality" as a municipality with a distress score of  
42 50 or higher according to the 2020 Department of Community  
43 Affairs Municipal Revitalization Index. The first-time homebuyer  
44 would be required to commit to use the home as their principal  
45 residence for 10 years following the date of the qualified home  
46 purchase. The tax credit program would be administered by the  
47 New Jersey Economic Development Authority (EDA) in  
48 coordination with NJHMFA.

1       The amount of all credits allowed through the tax credit program  
2 would not exceed \$100,000,000, to be conditionally approved over  
3 up to four terms. Up to \$25,000,000 would be conditionally  
4 approved for construction commitments made in the first year  
5 following the effective date of the bill. Up to \$25,000,000 would  
6 be conditionally approved for construction commitments made in  
7 the second year following the effective date of the bill. Upon a  
8 joint resolution adopted by the Senate and General Assembly and  
9 signed by the Governor that extends the tax credit program, the  
10 balance of credits allowed through the extension of the tax credit  
11 program would be conditionally approved in the form of  
12 \$25,000,000 for construction commitments made in the first year  
13 following the date the Governor signs the joint resolution.  
14 Additionally, up to \$25,000,000 would be conditionally approved  
15 for construction commitments made in the second year following  
16 the date the Governor signs the joint resolution.

17       Although tax credits would be conditionally approved along the  
18 above timeline, tax credits would be allocated upon the subsequent  
19 execution of a contract for sale of a qualified home purchase. The  
20 total amount of each credit allowed would be applied against the tax  
21 otherwise due from the taxpayer-developer pursuant to the  
22 Corporation Business Tax Act (1945) or the "New Jersey Gross  
23 Income Tax Act," as applicable. The tax credit would be applied  
24 against taxes otherwise due during the taxable year in which the  
25 credit is allocated, or may be carried forward and applied against  
26 taxes otherwise due in any of the four subsequent taxable years.

27       A first-time homebuyer who purchases a property that has been  
28 constructed or reconstructed through the tax credit program would  
29 be required to pay a penalty in an amount equaling the lesser of  
30 \$5,000 or one percent of the value of the home, upon a  
31 determination by EDA that the first-time homebuyer has violated  
32 the requirements the program, including but not limited to:

33       (1) the failure of a first-time homebuyer to use the home as the  
34 homebuyer's principal residence for 10 years; or

35       (2) the use of an agent to conceal the identity of the true  
36 purchaser of the home for purposes of claiming more than one  
37 benefit.

38       A municipality would be provided with an opportunity to  
39 contribute funding towards the construction or reconstruction of a  
40 housing unit purchased by a low- or moderate-income homebuyer  
41 through the tax credit program. If a low- or moderate-income  
42 homebuyer completes a home purchase and the municipality  
43 contributes no less than \$10,000 towards the construction or  
44 reconstruction of the unit, then the agency is required to notify the  
45 administrative agent or other appropriate official of the municipality  
46 that the municipality is to count the property towards the  
47 municipality's present or prospective fair share obligation. The bill  
48 defines a "low- or moderate-income homebuyer" as a household

1 with a gross household income of less than 80 percent of the median  
2 gross household income for households of the same size within the  
3 same housing region.

4 The bill requires the tax credit program to remain in operation  
5 for not less than two years. The bill requires the submission of  
6 reports to the Governor and Legislature, concerning the efficacy of  
7 each program two years after the effective date of the bill. Upon  
8 receipt of the reports, the Legislature may adopt, and the Governor  
9 may sign, a joint resolution that extends the tax credit program for  
10 two additional years. The loan program would be extended through  
11 the appropriations processes.

12 The bill would take effect immediately, except that the  
13 provisions of the bill concerning the tax credit program would take  
14 effect on the first day of the sixth month following enactment.

# ASSEMBLY HOUSING COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 5415

# STATE OF NEW JERSEY

DATED: MAY 18, 2023

The Assembly Housing Committee reports favorably Assembly Bill No. 5415.

This bill would establish a zero-interest, forgivable loan program to provide down payment assistance, as well as a tax credit program to provide tax credits for developers that commit to construct or reconstruct housing for certain first-time homebuyers. The bill would also establish a means to allow certain housing units, constructed through the tax credit program, to count toward municipal affordable housing obligations, and would appropriate \$25 million to provide for the zero-interest, forgivable loans.

The loan program would provide down payment assistance for households of modest income to achieve homeownership. Specifically, the loan program would provide down payment assistance to certain households, who are first-time homebuyers, to defray the costs associated with acquiring a home to be used as a principal residence. The bill defines a "first-time homebuyer" as a homebuyer who has not owned a home as a principal residence during the preceding three years, and is using a mortgage product offered by the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to purchase a single-family property. A first-time homebuyer would be required to commit to use the home as their principal residence for five years following a loan program-supported purchase. The bill requires NJHMFA to forgive the loan if this five-year commitment is satisfied.

The loan award would consist of \$15,000 to be used for down payment assistance. In addition to the standard loan award offered by the loan program, if the first-time homebuyer is also a first-generation homebuyer, as defined in the bill, the homebuyer would be eligible for a loan award of an additional \$10,000.

Each first-time homebuyer who receives down payment assistance through the loan program would be required, prior to the award of down payment assistance, to complete a homebuyer counseling course, as directed by NJHMFA. An applicant would be permitted to establish eligibility for the loan program as a first-generation homebuyer via self-attestation, under penalty of perjury.

NJHMFA would adopt rules and regulations to effectuate, administer, and accomplish the purposes of the loan program. The bill appropriates \$25 million from the General Fund to the department to support the loan program.

This bill would also establish a tax credit program, through which a developer of real property would be provided with a credit against the tax otherwise due under the Corporation Business Tax Act (1945) or the "New Jersey Gross Income Tax Act," as applicable. Each tax credit would be awarded in an amount equal to 20 percent of the sale price of the qualified home purchase, or the amount of the value gap incurred by the developer following a that purchase, whichever is less, for securing a qualified home purchase of a qualified residential property in a distressed municipality from a first-time homebuyer following the developer's construction or reconstruction of the property. The bill defines "construction or reconstruction" to consist of new construction, or the rehabilitation or renovation of an existing structure, as long as the rehabilitation or renovation has received at least \$50,000 in construction investment. A tax credit would be awarded for each individual qualified home purchase that the developer completes with a first-time homebuyer.

For the purposes of the tax credit program, "qualified home purchases" would be limited to purchases that do not exceed 75 percent of the county median home sale price. The bill defines a "distressed municipality" as a municipality with a distress score of 50 or higher according to the 2020 Department of Community Affairs Municipal Revitalization Index. The first-time homebuyer would be required to commit to use the home as their principal residence for 10 years following the date of the qualified home purchase. The tax credit program would be administered by the New Jersey Economic Development Authority (EDA) in coordination with NJHMFA.

The amount of all credits allowed through the tax credit program would not exceed \$100 million, to be conditionally approved over up to four terms. Up to \$25 million would be conditionally approved for construction commitments made in the first year following the effective date of the bill. Up to \$25 million would be conditionally approved for construction commitments made in the second year following the effective date of the bill. Upon a joint resolution adopted by the Senate and General Assembly and signed by the Governor that extends the tax credit program, the balance of credits allowed through the extension of the tax credit program would be conditionally approved in the form of \$25 million for construction commitments made in the first year following the date the Governor signs the joint resolution. Additionally, up to \$25 million would be conditionally approved for construction commitments made in the second year following the date the Governor signs the joint resolution.

Although tax credits would be conditionally approved along the above timeline, tax credits would be allocated upon the subsequent execution of a contract for sale of a qualified home purchase. The total amount of each credit allowed would be applied against the tax otherwise due from the taxpayer-developer pursuant to the Corporation Business Tax Act (1945) or the "New Jersey Gross Income Tax Act,"

as applicable. The tax credit would be applied against taxes otherwise due during the taxable year in which the credit is allocated, or may be carried forward and applied against taxes otherwise due in any of the four subsequent taxable years.

A first-time homebuyer who purchases a property that has been constructed or reconstructed through the tax credit program would be required to pay a penalty in an amount equaling the lesser of \$5,000 or one percent of the value of the home, upon a determination by EDA that the first-time homebuyer has violated the requirements the program, including but not limited to:

(1) the failure of a first-time homebuyer to use the home as the homebuyer's principal residence for 10 years; or

(2) the use of an agent to conceal the identity of the true purchaser of the home for purposes of claiming more than one benefit.

A municipality would be provided with an opportunity to contribute funding towards the construction or reconstruction of a housing unit purchased by a low- or moderate-income homebuyer through the tax credit program. If a low- or moderate-income homebuyer completes a home purchase and the municipality contributes no less than \$10,000 towards the construction or reconstruction of the unit, then the agency is required to notify the administrative agent or other appropriate official of the municipality that the municipality is to count the property towards the municipality's present or prospective fair share obligation. The bill defines a "low- or moderate-income homebuyer" as a household with a gross household income of less than 80 percent of the median gross household income for households of the same size within the same housing region.

The bill requires the tax credit program to remain in operation for not less than two years. The bill requires the submission of reports to the Governor and Legislature, concerning the efficacy of each program two years after the effective date of the bill. Upon receipt of the reports, the Legislature may adopt, and the Governor may sign, a joint resolution that extends the tax credit program for two additional years. The loan program would be extended through the appropriations processes.

The bill would take effect immediately, except that the provisions of the bill concerning the tax credit program would take effect on the first day of the sixth month following enactment.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 5415**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5415 with committee amendments.

As amended, this bill establishes a zero-interest, forgivable loan program to provide down payment assistance, a tax credit program to provide tax credits for developers that commit to construct or reconstruct housing for certain first-time homebuyers, and a means to allow certain housing units constructed through the tax credit program to count toward municipal affordable housing obligations. The bill also appropriates \$25 million to provide for the zero-interest, forgivable loans.

The loan program is to provide down payment assistance for households of modest income to achieve homeownership. Specifically, the loan program is to provide down payment assistance to certain households who are first-time homebuyers, as defined in the bill, to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which time, the New Jersey Housing and Mortgage Finance Agency (NJHMFA) is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer, as defined in the bill, the homebuyer would be eligible for a loan award of an additional \$10,000. The down payment assistance provided by the loan program is not to be available to the same homeowner in addition to other loan or grant assistance made available through other programs administered by NJHMFA, and is to be subject to certain restrictions established by NJHMFA.

Each first-time homebuyer receiving down payment assistance through the loan program is to be required, prior to the award of down payment assistance, to complete a homebuyer counseling course, as directed by NJHMFA, and to establish eligibility as a first-generation homebuyer via self-attestation, under penalty of perjury.

NJHMFA is to adopt rules and regulations to effectuate the purposes of the loan program. The bill appropriates \$25 million from the General Fund to the NJHMFA to support the loan program.

Additionally, the bill is to establish a tax credit program, to be administered by the New Jersey Economic Development Authority (EDA) in coordination with NJHMFA, through which a developer of real property is to be provided with a credit against the tax otherwise due under the Corporation Business Tax Act (1945) or the "New Jersey Gross Income Tax Act," as applicable, for each individual, qualified home purchase that the developer completes with a first-time homebuyer. Each tax credit is to be awarded in an amount equal to 20 percent of the sale price of the qualified home purchase, or the amount of the value gap incurred by the developer following the purchase, whichever is less, for securing a qualified home purchase, as prescribed in the bill, of a qualified residential property in a distressed municipality from a first-time homebuyer, following the developer's construction or reconstruction of the property. A first-time homebuyer is to commit to use the home as their principal residence for 10 years following the date of the qualified home purchase, and is subject to penalties, as prescribed in the bill, for a violation of certain program requirements.

The amount of all credits allowed through the tax credit program is not to exceed \$100 million, to be conditionally approved over four terms, as prescribed in the bill, although the tax credits are to be allocated upon the subsequent execution of a contract for sale of a qualified home purchase. The total amount of each credit allowed is to be applied against the tax otherwise due from the taxpayer-developer pursuant to the Corporation Business Tax Act (1945) or the "New Jersey Gross Income Tax Act," as applicable, and is to be applied against taxes otherwise due during the taxable year in which the credit is allocated, or may be carried forward and applied against taxes otherwise due in any of the four subsequent taxable years.

A municipality is to be provided with an opportunity to contribute funding towards the construction or reconstruction of a housing unit purchased by a low- or moderate-income homebuyer through the tax credit program. If a low- or moderate-income homebuyer, as defined in the bill, completes a home purchase, and the municipality contributes at least \$10,000 towards the construction or reconstruction of the unit, the municipality is to count the property towards the municipality's present or prospective fair share obligation.

The bill requires the tax credit program to remain in operation for not less than two years, and requires the submission of reports to the Governor and Legislature concerning the efficacy of each program two years after the effective date of the bill. Upon receipt of the reports, the Legislature may adopt, and the Governor may sign, a joint resolution that extends the tax credit program for two additional years.

The bill appropriates \$25 million to provide for the loan program. The loan program would be extended through the appropriations process such that, following State fiscal year 2024, \$25 million would continue to be appropriated each year. Of the funding provided each

year for the loan program, no less than 50 percent would be awarded to first-generation homebuyers, unless HMFA determines that the number of application submissions by first-generation homebuyers makes this impossible.

The bill is to take effect immediately, except that the provisions of the bill concerning the tax credit program are to take effect on the first day of the sixth month following enactment.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- Permit HMFA to determine the household income limitations necessary to meet the definition of a first-time homebuyer for the purposes of the loan program;
- Provide that the \$25 million appropriated by the bill for State fiscal year 2024 is in addition to any amount provided by the annual appropriations act for the same year;
- Provide that, of the funding provided each year for the loan program, no less than 50 percent would be awarded to first-generation homebuyers, unless HMFA determines that the number of application submissions by first-generation homebuyers makes this impossible;
- Restrict HMFA from using more than two percent of the amounts appropriated for administrative purposes; and
- Make technical amendments.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill will result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill appropriates \$25 million to provide for the zero-interest, forgivable loans and requires the annual appropriation of at least \$25 million from the General Fund to the agency for each year of the loan program. The bill is also expected to result in a reduction in Corporation Business Tax or Gross Income Tax revenues, as applicable, in an amount capped at \$50 million over two years, and, if extended, up to \$100 million in total over four years, associated with the establishment of a tax credit program for developers that commit to construct or reconstruct housing for certain first-time homebuyers. The State may collect increased revenues if certain violations of the bill's provisions occur. The bill is expected to result in increased administrative costs to the New Jersey Housing and Mortgage Finance Agency and the New Jersey Economic Development Authority associated with administering the loan and tax credit programs. However, the bill provides that up to two percent, or \$500,000, of the bill's \$25 million

appropriation, and two percent of any future amount appropriated through annual appropriations acts may be used by the agency for administrative costs incurred for administering the loan program.

# ASSEMBLY BUDGET COMMITTEE

## STATEMENT TO

[First Reprint]

## ASSEMBLY, No. 5415

with committee amendments

# STATE OF NEW JERSEY

DATED: JUNE 27, 2023

The Assembly Budget Committee reports favorably and with committee amendments Assembly Bill No. 5415 (1R).

As amended, this bill establishes a zero-interest, forgivable loan program to provide down payment assistance for certain first-time homebuyers. The bill also establishes a Resilient Home Construction Pilot Program (pilot program) for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale.

The loan program is to provide down payment assistance for households of certain limited income to achieve homeownership. Specifically, the loan program is to provide down payment assistance to certain households who are first-time homebuyers, as defined in the bill, to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which time, the New Jersey Housing and Mortgage Finance Agency (HMFA) is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer, as defined in the bill, the homebuyer would be eligible for an additional loan award amount of not less than \$7,000, and not more than \$10,000.

Each first-time homebuyer receiving down payment assistance through the loan program is to be required, prior to the award of down payment assistance, to complete a homebuyer counseling course, as directed by HMFA, and to establish eligibility as a first-generation homebuyer via self-attestation, under penalty of perjury. The bill directs HMFA to adopt rules and regulations to effectuate the purposes of the loan program, and to prepare and disseminate guidelines or regulatory guidance documents on or before the first day of the third month following the enactment of the bill to accomplish the purposes of the loan program.

The annual appropriations act for State fiscal year 2024 is to include an appropriation from the General Fund to the loan program

and the annual appropriations acts, following State fiscal year 2024, are to appropriate not less than \$25 million from the General Fund to the HMFA during each year in which the loan program is in operation.

Additionally, the bill establishes a pilot program in the Department of Community Affairs (DCA) for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale. As part of the pilot program, the bill directs DCA to develop an application process and promulgate criteria that enables a developer to qualify for funding for the rehabilitation or construction of homes for sale. Among such other criteria as DCA deems necessary, DCA is to require that:

- homes rehabilitated or constructed for sale are not located in the 500-year floodplain or the inland or coastal climate adjusted floodplain;
- homes rehabilitated or constructed are to be sold to households with a gross household income not to exceed 120 percent of median gross household income;
- a prospective homebuyer is either: a renter that has been impacted by a storm or natural disaster that has prompted the governor to declare a state of emergency; or a first-time homebuyer, including a first-time homebuyer who receiving financial assistance from HMFA;
- the developer include a purchase discount on the home sale price, as established in accordance with criteria developed by DCA; and
- homes for sale contain a minimum period of affordability as determined by DCA.

Funding to successful pilot program applicants would be provided in a manner determined by DCA through an agreement with a successful program applicant, and conditioned upon compliance with the agreement. As part of the pilot program, DCA would permit local government entities to apply for funding to provide to developers to rehabilitate existing homes and construct new, affordable homes for sale, so long as certain conditions are satisfied, as provided in the bill.

In addition to the funding provided to developers through the program, the bill permits DCA to establish incentives to encourage homebuyers to remain in the homes developed through the pilot program, including through the provision of down payment assistance as a zero-interest, forgivable loan for homebuyers who are not eligible or do not qualify for down payment assistance through other State programs, including the loan program established in the bill.

The bill authorizes the Commissioner of Community Affairs (commissioner) to promulgate application and eligibility criteria and guidelines regarding the pilot program through regulatory guidance documents.

The bill directs the pilot program to be eligible for funding from the federal “American Rescue Plan Act of 2021,” Pub.L.117-2, to

DCA for the purposes of the pilot program. Of this amount, no more than five percent would be utilized by DCA for organizational, administrative, and other work and services, including salaries, equipment, services, and materials necessary to administer the activities authorized by the bill.

The bill would take effect immediately.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- revise the additional award that a first-generation homebuyer may obtain from \$10,000 to an award of not less than \$7,000, and not more than \$10,000;
- replace tax credit provisions of the bill with the Resilient Home Construction Pilot Program (pilot program) for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale;
- direct HMFA to prepare and disseminate guidelines or regulatory guidance documents on by the first day of the third month following the enactment of the bill to accomplish the purposes of the loan program, and permit the commissioner to promulgate application and eligibility criteria and guidelines regarding the pilot program through regulatory guidance documents;
- remove appropriation for the loan program;
- makes the pilot program eligible for funding from the federal “American Rescue Plan Act of 2021,” Pub.L.117-2 for the purposes of the pilot program, permitting DCA to use up to five percent for organizational, administrative, and other work and services; and
- make technical amendments.

FISCAL IMPACT:

Fiscal information is currently unavailable.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 5415**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: JUNE 22, 2023

**SUMMARY**

- Synopsis:** Provides developer tax credits, and down payment assistance, for benefit of certain first-time homebuyers; addresses municipal affordable housing obligation; appropriates \$25 million.
- Type of Impact:** State Expenditure Increase; State Revenue net Decrease.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency; New Jersey Economic Development Authority; municipalities.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Duration of Loan</u> Program</b>	<b><u>Duration of Tax Credit</u> Program (Two to Four Years)</b>
<b>Annual State Cost Increase</b>	\$25 million	No Impact
<b>Annual State Revenue Decrease</b>	No Impact	Up to \$25 million
<b>Annual State Revenue Increase</b>	Indeterminate	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill appropriates \$25 million to provide for the zero-interest, forgivable loans and requires the annual appropriation of at least \$25 million from the General Fund to the agency for each year of the loan program.
- The bill is also expected to result in a reduction in Corporation Business Tax or Gross Income Tax revenues, as applicable, in an amount capped at \$50 million over two years, and, if extended, up to \$100 million in total over four years, associated with the establishment of a tax credit program for developers that commit to construct or reconstruct housing for certain first-time homebuyers.
- The State may collect increased revenues if certain violations of the bill’s provisions occur.



- The bill is expected to result in increased administrative costs to the New Jersey Housing and Mortgage Finance Agency and the New Jersey Economic Development Authority associated with administering the loan and tax credit programs. However, the bill provides that up to five percent, or \$1.25 million, of the bill's \$25 million appropriation, and five percent of any future amount appropriated through annual appropriations acts may be used by the agency for administrative costs incurred for administering the loan program.

## **BILL DESCRIPTION**

This bill establishes a zero-interest, forgivable loan program to provide down payment assistance for certain first-time homebuyers and a tax credit program to provide tax credits for developers that commit to construct or reconstruct housing for those homebuyers. The bill appropriates \$25 million to provide for the zero-interest, forgivable loans and requires the annual appropriation of at least \$25 million from the General Fund to the New Jersey Housing and Mortgage Finance Agency during each year in which the loan program remains in operation.

The loan program is to provide down payment assistance to certain households who are first-time homebuyers, as defined in the bill, to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which, the New Jersey Housing and Mortgage Finance Agency is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer the homebuyer would be eligible for a loan award of an additional \$10,000.

Additionally, the bill is to establish a tax credit program, to be administered by the New Jersey Economic Development Authority, in coordination with the agency, through which a developer of real property is to be provided with a credit against the tax otherwise due under the Corporation Business Tax Act or the New Jersey Gross Income Tax Act, as applicable, for each individual, qualified home purchase that the developer completes with a first-time homebuyer. Each tax credit is to be awarded in an amount equal to 20 percent of the sale price of the qualified home purchase, or the amount of the value gap incurred by the developer following the purchase, whichever is less, for securing a qualified home purchase of a qualified residential property in a distressed municipality from a first-time homebuyer, following the developer's construction or reconstruction of the property. A first-time homebuyer is to commit to use the home as their principal residence for 10 years following the date of the qualified home purchase, and is subject to penalties for a violation of certain program requirements.

The amount of all credits allowed through the tax credit program is not to exceed \$50 million over two years, and, if extended, up to \$100 million over four years, to be conditionally approved over four terms, although the tax credits are to be allocated upon the subsequent execution of a contract for sale of a qualified home purchase. The total amount of each credit allowed is to be applied against the tax otherwise due from the taxpayer-developer pursuant to the Corporation Business Tax Act or the New Jersey Gross Income Tax Act, as applicable, and is to be applied against taxes otherwise due during the taxable year in which the credit is allocated, or may be carried forward and applied against taxes otherwise due in any of the four subsequent taxable years.

The bill requires the tax credit program to remain in operation for not less than two years, and requires the submission of reports to the Governor and Legislature concerning the efficacy of the

loan program and the tax credit program two years after the effective date of the bill. Upon receipt of the reports, the Legislature may adopt, and the Governor may sign, a joint resolution that extends the tax credit program for two additional years. The loan program would be extended through the appropriations processes.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that the bill will increase State expenditures and decrease State revenues to provide zero-interest, forgivable loans for down payment assistance to certain homebuyers and tax credits to certain developers, respectively. The State may also collect increased revenues if certain violations of the bill's provisions occur.

The bill is expected to result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency of \$25 million to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill appropriates \$25 million for the loan program's first year and requires the annual appropriation of at least \$25 million from the General Fund to the agency during each year of the program. At this funding level, each year the loan program can support between 950 zero-interest, forgivable loans at the maximum amount of \$25,000 if all participants are first-generation/first-time homebuyers and 1,583 zero-interest, forgivable loans at the minimum amount of \$15,000 if all participants are first-time homebuyers.

The State may also collect reimbursements of down payment assistance loans provided to an individual if it is established that the individual has received assistance as a result of a fraudulent attestation that the individual is a first-generation homebuyer. Loan amounts are required to be recovered as a lien on the real property that the loan was used to purchase. The OLS is unable to predict the number of homebuyers who will be determined to be subject to a lien on real property, and is therefore unable to estimate the potential amount of State revenues that may be collected under these circumstances.

The bill is also expected to result in a reduction in Corporation Business Tax or Gross Income Tax revenues, as applicable, in the amount of up to \$50 million over two years, and, if the program is extended by a joint resolution, up to \$100 million in total over four years associated with the establishment of a tax credit program for developers that commit to invest at least \$50,000 to construct or reconstruct housing for certain first-time homebuyers in a distressed municipality. A distressed municipality is a municipality with a distress score of 50 or higher according to the Department of Community Affairs' 2020 Municipal Revitalization Index. The bill provides that the amount of all tax credits permitted is to be conditionally approved for allocation over four, one year terms of up to \$25 million each. The bill also provides that the amount of a tax credit to a developer is not to exceed 20 percent of the sale price of a qualified home purchase, which qualified home purchase is not to exceed 75 percent of the median home sale price for homes in the county in which the purchase occurs. Should a municipality choose to contribute at least \$10,000 towards the construction or reconstruction of a housing unit, the municipality may count the property towards its present or prospective fair share obligation.

The State may also collect a penalty of up to \$5,000 from an individual who purchases a home through the tax credit program and fails to use the home as their principal residence for 10 consecutive years after the home purchase, or that conceals the identity of the true purchaser of the home for the purpose of completing more than one qualified home purchase. The OLS is unable to predict the number of homeowners who will be determined to be in violation of the bill's provisions and is, therefore, unable to estimate the potential amount of State revenues that may be collected under these circumstances.

The New Jersey Housing and Mortgage Finance Agency and the New Jersey Economic Development Authority are expected to incur increased administrative costs associated with administering the down payment assistance loan and developer tax credit programs, including promulgating rules and regulations and preparing required reports. However, the bill provides that up to five percent, or \$1.25 million, of the bill's \$25 million appropriation and five percent of any future amounts appropriated through the annual appropriations act may be used by the agency for administrative costs incurred to administer the loan program.

*Section: Local Government*  
*Analyst: Abigail Stoyer*  
*Associate Research Analyst*  
*Approved: Thomas Koenig*  
*Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 5415

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 29, 2023

#### SUMMARY

- Synopsis:** Provides developer tax credits, and down payment assistance, for benefit of certain first-time homebuyers; addresses municipal affordable housing obligation; appropriates \$25 million.
- Type of Impact:** State Expenditure Increase; State Revenue net Decrease.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency; New Jersey Economic Development Authority; municipalities.

#### Office of Legislative Services Estimate

Fiscal Impact	<u>Duration of Loan</u>	<u>Duration of Tax Credit</u>
	<u>Program</u>	<u>Program (Two to Four Years)</u>
Annual State Cost Increase	\$25 million	No Impact
Annual State Revenue Decrease	No Impact	Up to \$25 million
Annual State Revenue Increase	Indeterminate	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill appropriates \$25 million to provide for the zero-interest, forgivable loans and requires the annual appropriation of at least \$25 million from the General Fund to the agency for each year of the loan program.
- The bill is also expected to result in a reduction in Corporation Business Tax or Gross Income Tax revenues, as applicable, in an amount capped at \$50 million over two years, and, if extended, up to \$100 million in total over four years, associated with the establishment of a tax credit program for developers that commit to construct or reconstruct housing for certain first-time homebuyers.
- The State may collect increased revenues if certain violations of the bill's provisions occur.

- The bill is expected to result in increased administrative costs to the New Jersey Housing and Mortgage Finance Agency and the New Jersey Economic Development Authority associated with administering the loan and tax credit programs. However, the bill provides that up to two percent, or \$500,000, of the bill's \$25 million appropriation, and two percent of any future amount appropriated through annual appropriations acts may be used by the agency for administrative costs incurred for administering the loan program.

## **BILL DESCRIPTION**

The bill establishes a zero-interest, forgivable loan program to provide down payment assistance, a tax credit program to provide tax credits for developers that commit to construct or reconstruct housing for certain first-time homebuyers, and a means to allow certain housing units constructed through the tax credit program to count toward municipal affordable housing obligations. The bill also appropriates \$25 million to provide for the zero-interest, forgivable loans.

The loan program is to provide down payment assistance to certain households who are first-time homebuyers to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which time, the New Jersey Housing and Mortgage Finance Agency is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer, as defined in the bill, the homebuyer would be eligible for a loan award of an additional \$10,000. The down payment assistance provided by the loan program is not to be available to the same homeowner in addition to other loan or grant assistance made available through other programs administered by the New Jersey Housing and Mortgage Finance Agency, and is to be subject to certain restrictions established by the agency.

The New Jersey Housing and Mortgage Finance Agency is to adopt rules and regulations to effectuate the purposes of the loan program. The bill appropriates \$25 million from the General Fund to the agency to support the loan program.

Additionally, the bill is to establish a tax credit program, to be administered by the New Jersey Economic Development Authority in coordination with the New Jersey Housing and Mortgage Finance Agency, through which a developer of real property is to be provided with a credit against the tax otherwise due under the Corporation Business Tax Act or the New Jersey Gross Income Tax Act, as applicable, for each individual, qualified home purchase that the developer completes with a first-time homebuyer. Each tax credit is to be awarded in an amount equal to 20 percent of the sale price of the qualified home purchase, or the amount of the value gap incurred by the developer following the purchase, whichever is less, for securing a qualified home purchase, as prescribed in the bill, of a qualified residential property in a distressed municipality from a first-time homebuyer, following the developer's construction or reconstruction of the property. A first-time homebuyer is to commit to use the home as their principal residence for 10 years following the date of the qualified home purchase, and is subject to penalties, as prescribed in the bill, for a violation of certain program requirements.

The amount of all credits allowed through the tax credit program is not to exceed \$100 million, to be conditionally approved over four terms, although the tax credits are to be allocated upon the subsequent execution of a contract for sale of a qualified home purchase. The total amount of each credit allowed is to be applied against the tax otherwise due from the taxpayer-developer pursuant to the Corporation Business Tax Act or the New Jersey Gross Income Tax Act, as applicable, and

is to be applied against taxes otherwise due during the taxable year in which the credit is allocated, or may be carried forward and applied against taxes otherwise due in any of the four subsequent taxable years.

The bill requires the tax credit program to remain in operation for not less than two years, and requires the submission of reports to the Governor and Legislature concerning the efficacy of each program two years after the effective date of the bill. Upon receipt of the reports, the Legislature may adopt, and the Governor may sign, a joint resolution that extends the tax credit program for two additional years.

The bill appropriates \$25 million to provide for the loan program. The loan program would be extended through the appropriations process such that, following State fiscal year 2024, \$25 million would continue to be appropriated each year. Of the funding provided each year for the loan program, no less than 50 percent would be awarded to first-generation homebuyers, unless the New Jersey Housing and Mortgage Finance Agency determines that the number of application submissions by first-generation homebuyers makes this impossible.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that the bill will increase State expenditures and decrease State revenues to provide zero-interest, forgivable loans for down payment assistance to certain homebuyers and tax credits to certain developers, respectively. The State may also collect increased revenues if certain violations of the bill's provisions occur.

The bill is expected to result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency of \$25 million to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill appropriates \$25 million for the loan program's first year and requires the annual appropriation of at least \$25 million from the General Fund to the agency during each year of the program. At least 50 percent of the amount appropriated is required to be used to provide zero-interest, forgivable loans for down payment assistance to first-generation homebuyers. The bill's provisions and appropriation would provide funds to support up to 490 zero-interest, forgivable loans for down payment assistance in the amount of \$25,000 each to those first-generation homebuyers, and up to 816 zero-interest, forgivable loans for down payment assistance to the other first-time homebuyers in the program in the amount of \$15,000 each. The OLS notes that the bill's \$25 million appropriation is required to be in addition to any amounts provided in the FY 2024 Appropriations Act for the same purpose.

The State may also collect reimbursements of down payment assistance loans provided to an individual if it is established that the individual has received assistance as a result of a fraudulent attestation that the individual is a first-generation homebuyer. Loan amounts are required to be recovered as a lien on the real property that the loan was used to purchase. The OLS is unable to predict the number of homebuyers who will be determined to be subject to a lien on real property, and is therefore unable to estimate the potential amount of State revenues that may be collected under these circumstances.

The bill is also expected to result in a reduction in Corporation Business Tax or Gross Income Tax revenues, as applicable, in the amount of up to \$50 million over two years, and, if the program is extended by a joint resolution, up to \$100 million in total over four years associated with the establishment of a tax credit program for developers that commit to invest at least \$50,000 to construct or reconstruct housing for certain first-time homebuyers in a distressed municipality. A distressed municipality is a municipality with a distress score of 50 or higher according to the Department of Community Affairs' 2020 Municipal Revitalization Index. The bill provides that the amount of all tax credits permitted is to be conditionally approved for allocation over four, one year terms of up to \$25 million each. The bill also provides that the amount of a tax credit to a developer is not to exceed 20 percent of the sale price of a qualified home purchase, which qualified home purchase is not to exceed 75 percent of the median home sale price for homes in the county in which the purchase occurs. Should a municipality choose to contribute at least \$10,000 towards the construction or reconstruction of a housing unit, the municipality may count the property towards its present or prospective fair share obligation.

The State may also collect a penalty of up to \$5,000 from an individual who purchases a home through the tax credit program and fails to use the home as their principal residence for 10 consecutive years after the home purchase, or that conceals the identity of the true purchaser of the home for the purpose of completing more than one qualified home purchase. The OLS is unable to predict the number of homeowners who will be determined to be in violation of the bill's provisions and is, therefore, unable to estimate the potential amount of State revenues that may be collected under these circumstances.

The New Jersey Housing and Mortgage Finance Agency and the New Jersey Economic Development Authority are expected to incur increased administrative costs associated with administering the down payment assistance loan and developer tax credit programs, including promulgating rules and regulations and preparing required reports. However, the bill provides that up to two percent, or \$500,000, of the bill's \$25 million appropriation and two percent of any future amounts appropriated through the annual appropriations act may be used by the agency for administrative costs incurred to administer the loan program.

*Section: Local Government*  
*Analyst: Abigail Stoyer*  
*Associate Fiscal Analyst*  
*Approved: Thomas Koenig*  
*Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

## ASSEMBLY, No. 5415

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JULY 6, 2023

#### SUMMARY

- Synopsis:** Provides down payment assistance for benefit of certain first-time homebuyers; establishes Resilient Home Construction Pilot Program.
- Type of Impact:** State Expenditure Increase; Potential State Revenue Increase.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency, Department of Community Affairs, Municipalities.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Duration of Loan Program</u></b>	<b><u>Duration of Pilot Program</u></b>
<b>Annual State Cost Increase</b>	At least \$25 million	Not determined
<b>Annual State Revenue Increase</b>	Indeterminate	No Impact

- The Office of Legislative Services (OLS) concludes that the bill will result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency to provide zero-interest forgivable loans for down payment assistance to first time homebuyers for each year that the loan program remains in operation. The bill requires an appropriation to the program through the Fiscal Year 2024 Appropriations Act, and requires an annual appropriation of at least \$25 million from the General Fund to the New Jersey Housing and Mortgage Finance Agency for each year of the loan program.
- The bill is also expected to result in an increase in State expenditures of American Rescue Plan Act monies that are made available for the Resilient Home Construction Pilot Program to enable developers to engage in the rehabilitation or construction of certain housing.
- The State may collect increased revenues if certain violations of the bill's provisions occur.
- The bill is expected to result in increased administrative costs to the New Jersey Housing and Mortgage Finance Agency and the Department of Community Affairs associated with the administration of the loan and pilot programs. However, the bill provides that, of the amounts

made available for the programs established by the bill, five percent may be used by the agency and the department for costs incurred administering the programs.

## **BILL DESCRIPTION**

The bill establishes a zero-interest, forgivable loan program to provide down payment assistance for certain first-time homebuyers. The bill also establishes a Resilient Home Construction Pilot Program for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale.

### Loan Program

The loan program would provide down payment assistance for households of certain limited income to achieve homeownership. Specifically, the loan program is to provide down payment assistance to certain households who are first-time homebuyers to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which time, the New Jersey Housing and Mortgage Finance Agency is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer, as defined in the bill, the homebuyer would be eligible for an additional loan award amount of not less than \$7,000, and not more than \$10,000.

The annual appropriations act for State fiscal year 2024 is to include an appropriation from the General Fund to the loan program and the annual appropriations acts, following State fiscal year 2024, are to appropriate not less than \$25 million from the General Fund to the New Jersey Housing and Mortgage Finance Agency during each year in which the loan program is in operation.

### Resilient Home Construction Pilot Program

Additionally, the bill establishes a Resilient Home Construction Pilot Program in the Department of Community Affairs for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale. Funding to successful pilot program applicants would be provided in a manner determined by the department through an agreement with a successful program applicant, and would be conditioned upon compliance with the agreement. As part of the pilot program, the department would permit local government entities to apply for funding to provide to developers to rehabilitate existing homes and construct new, affordable homes for sale, so long as certain conditions are satisfied, as provided in the bill.

In addition to the funding provided to developers through the pilot program, the bill permits the Department of Community Affairs to establish incentives to encourage homebuyers to remain in the homes developed through the pilot program, including through the provision of down payment assistance as a zero-interest, forgivable loan for homebuyers who are not eligible or do not qualify for down payment assistance through other State programs, including the loan program established in this bill.

The bill authorizes the Commissioner of Community Affairs to promulgate application and eligibility criteria and guidelines regarding the pilot program through regulatory guidance documents.

The bill directs the pilot program to be eligible for funding from the federal "American Rescue Plan Act of 2021," Pub.L.117-2, to the department of Community Affairs for the purposes of the pilot program. Of this amount, no more than five percent would be utilized by the department for

organizational, administrative, and other work and services, including salaries, equipment, services, and materials necessary to administer the activities authorized by the bill.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that the bill will increase State expenditures to provide zero-interest, forgivable loans for down payment assistance to certain homebuyers and funding to certain developers. The State may also collect increased revenues if certain violations of the bill's provisions occur.

#### **Loan Program**

The bill is expected to result in an increase in annual expenditures to the New Jersey Housing and Mortgage Finance Agency of at least \$25 million to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill requires an appropriation for the program through the Fiscal Year 2024 Appropriations Act and requires annual appropriations of at least \$25 million from the General Fund to the agency during each year of the program. At least 50 percent of the amount appropriated is required to be used to provide zero-interest, forgivable loans for down payment assistance to first-generation homebuyers. The bill's provisions would provide that an appropriation of \$25 million would support, after deducting for administrative costs, at least 475 zero-interest, forgivable loans for down payment assistance in the amount of \$25,000 each to those first-generation homebuyers, and up to 791 zero-interest, forgivable loans for down payment assistance to the other first-time homebuyers in the program in the amount of \$15,000 each.

The State may also collect reimbursements of down payment assistance loans provided to an individual if it is established that the individual has received assistance as a result of a fraudulent attestation that the individual is a first-generation homebuyer. Loan amounts are required to be recovered as a lien on the real property that the loan was used to purchase.

#### **Resilient Home Construction Pilot Program**

The bill is also expected to result in an increase in expenditures of American Rescue Plan Act funds for the Department of Community Affairs to provide funding to developers to rehabilitate existing homes and construct new affordable homes for sale through the pilot program. The bill provides that homes rehabilitated or constructed as part of the pilot program are required to meet the following criteria:

- homes rehabilitated or constructed for sale are not located in the 500-year floodplain or the inland or coastal climate adjusted floodplain;
- homes rehabilitated or constructed are to be sold to households with a gross household income not to exceed 120 percent of median gross household income;
- a prospective homebuyer is either: a renter that has been impacted by a storm or natural disaster that has prompted the governor to declare a state of emergency or a first-time

homebuyer, including a first-time homebuyer who receiving financial assistance from the New Jersey Housing and Mortgage Finance Agency;

- the developer includes a purchase discount on the home sale price, as established in accordance with criteria developed by the department; and
- homes for sale contain a minimum period of affordability as determined by the department.

The OLS notes that the size and structure of the pilot program and the funding needed to support it depend on determinations made by the Department of Community Affairs or through a pre-determined, approved amount from which the department can operate the program. In addition, the bill permits the department to establish incentives to encourage homebuyers to remain in the homes developed through the pilot program, including through the provision of down payment assistance as a zero-interest, forgivable loan for homebuyers who are not eligible or do not qualify for down payment assistance through other State programs. The OLS notes that the additional funding needed to support the down payment assistance also depends on determinations made by the department or through a pre-determined, approved amount from which the department can provide incentives.

The New Jersey Housing and Mortgage Finance Agency and the department are expected to incur increased administrative costs associated with administering the down payment assistance loan and pilot programs, including promulgating rules and regulations and preparing required reports. For this purpose, the bill provides that up to five percent of amounts appropriated through an annual appropriations act, and five percent of any American Rescue Plan Act funds made available for the loan or pilot programs may be used to administer the programs.

*Section: Local Government*

*Analyst: Abigail Stoyer  
Associate Research Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# SENATE, No. 3780

## STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MAY 8, 2023

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Co-Sponsored by:**

**Senators Johnson and Cruz-Perez**

**SYNOPSIS**

Provides developer tax credits, and down payment assistance, for benefit of certain first-time homebuyers; addresses municipal affordable housing obligation; appropriates \$25 million.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/26/2023)**

1 AN ACT concerning housing assistance for certain homebuyers and  
2 developers, supplementing Title 55 of the Revised Statutes,  
3 P.L.1974, c.80 (C.34:1B-1 et seq.), and P.L.1985, c.222  
4 (C.52:27D-301 et seq.), and making an appropriation.

5  
6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

8  
9 1. As used in sections 1 through 2 of P.L. , c. (C.  
10 through C. ) (pending before the Legislature as this bill):

11 "Agency" means the New Jersey Housing and Mortgage Finance  
12 Agency established pursuant to section 4 of P.L.1983, c.530  
13 (C.55:14K-4).

14 "Down payment assistance" or "assistance" means financial  
15 assistance for first-time homebuyers to acquire single-family  
16 housing for principal residence through the loan program.

17 "Executive director" means the Executive Director of the New  
18 Jersey Housing and Mortgage Finance Agency.

19 "First-generation homebuyer" means a first-time homebuyer,  
20 who is:

21 a. an individual:

22 (1) whose parents or legal guardians do not have any present  
23 ownership interest in any residential real property in any state or  
24 territory of the United States, or outside of the United States; and

25 (2) whose spouse, or domestic partner, and each member of  
26 whose household has not, during the 3-year period ending upon  
27 acquisition of the eligible home to be acquired using such  
28 assistance, had any present ownership interest in any residential real  
29 property used as their principal residence in any state or territory of  
30 the United States, or outside of the United States; or

31 b. an individual who has at any time been placed in foster care  
32 in the State.

33 "First-time homebuyer" means a homebuyer who, in accordance  
34 with rules and regulations adopted by the agency, has not owned  
35 any residential real property as their principal residence within the  
36 preceding three years, and is utilizing a mortgage product offered  
37 by the agency through an agency homebuyer program to purchase  
38 single-family housing.

39 "Loan program" means the zero-interest, forgivable loan  
40 program established pursuant to section 2 of P.L. , c. (C. )  
41 (pending before the Legislature as this bill).

42 "Principal residence" means a homestead that is actually and  
43 continually occupied as the permanent residence of a household, as  
44 distinguished from a vacation home, real property owned and rented  
45 or offered for rent by the household, or other secondary real  
46 property holdings.

1 "Single-family housing" means a one- to four-family residence, a  
2 condominium unit, a cooperative unit, a combination of a  
3 manufactured housing and lot, or a manufactured housing lot.

4  
5 2. a. There is established in the agency a zero-interest,  
6 forgivable loan program to provide down payment assistance for  
7 first-time homebuyers to achieve homeownership. The loan  
8 program shall provide down payment assistance to defray the costs  
9 associated with acquiring single-family housing for principal  
10 residence, as provided for in subsection b. of this section. A first-  
11 time homebuyer shall commit to use the home as their principal  
12 residence for five years following the purchase of the home. The  
13 agency shall forgive the loan, provided that the five-year  
14 commitment is satisfied and the first-time homebuyer meets the  
15 other requirements established pursuant to P.L. , c. (C. )  
16 (pending before the Legislature as this bill).

17 b. (1) The down payment assistance provided pursuant to this  
18 section shall be in the form of a zero-interest, forgivable loan  
19 award. The loan award shall be in the amount of \$15,000.

20 (2) In addition to a loan award that may be provided pursuant to  
21 paragraph (1) of this subsection, a first-generation homebuyer shall  
22 be eligible for a zero-interest, forgivable loan award of an  
23 additional \$10,000 to be used for down payment assistance.

24 (3) Each first-time homebuyer who receives down payment  
25 assistance through the loan program shall, prior to the award of  
26 down payment assistance, complete not less than eight hours of a  
27 homebuyer counseling course, as directed by the agency pursuant to  
28 subsection c. of this section. The homebuyer counseling course  
29 shall include, but not be limited to, coursework concerning:

30 (a) the maintenance of housing costs, including methods for  
31 budgeting mortgage payments, utility charges, property taxes, and  
32 any other applicable housing cost;

33 (b) the basics of home finance, property taxes, home warranties,  
34 and home inspection;

35 (c) the legal components of finalizing a home purchase; and

36 (d) the process of finding an appropriate house, including how  
37 to search real estate listings through a real estate agent or other  
38 sources.

39 c. The executive director shall promulgate rules and regulations  
40 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
41 (C.52:14B-1 et seq.), on or before the first day of the third month  
42 next following the enactment of P.L. , c. (C. ) (pending  
43 before the Legislature as this bill), to effectuate, administer, and  
44 accomplish the purposes of the loan program. The rules and  
45 regulations shall, at a minimum, set forth the requirements for  
46 application submissions, the criteria for application selections, the  
47 eligible uses of down payment assistance, eligibility as a first-time

1 or first-generation homebuyer, and the curriculum and provision of  
2 the homebuyer counseling course.

3 d. The agency shall permit an individual to establish eligibility  
4 for the loan program as a first-generation homebuyer via self-  
5 attestation, under penalty of perjury. However, nothing in this  
6 subsection shall preclude the agency from establishing measures to  
7 identify and deter fraudulent attestations. If it is established that an  
8 individual has received assistance as a result of a fraudulent  
9 attestation, the individual shall reimburse the agency for the  
10 assistance.

11 e. A down payment assistance loan shall be recoverable as a lien  
12 on the real property that the loan is used to purchase, and shall have  
13 the priority of a mortgage lien.

14 f. The annual appropriations act shall appropriate not less than  
15 \$25 million from the General Fund to the agency, during each year  
16 in which the loan program remains in operation, to defray the costs  
17 associated with administering the loan program, except that the  
18 agency shall retain not more than five percent of the annual  
19 appropriation for administrative costs.

20 g. No later than the 730th day next following the effective date  
21 of P.L. , c. (C. ) (pending before the Legislature as this  
22 bill), the agency shall prepare and submit a report to the Governor  
23 and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the  
24 Legislature. The report shall analyze the efficacy of the loan  
25 program. The report shall provide an overview of the total amount  
26 of down payment assistance provided by the agency, with  
27 information by census tract on the race and ethnicity of the  
28 recipients of assistance. The report also shall analyze:

29 (1) the impact of the down payment assistance on the total  
30 housing costs of the recipients of such assistance;

31 (2) the impact of the additional loan award for first-generation  
32 homebuyers provided pursuant to paragraph (2) of subsection b. of  
33 this section, and the other components of the loan program, on first-  
34 generation homeownership; and

35 (3) any other information determined by the agency to be  
36 relevant to the costs and benefits of the loan program.

37

38 3. As used in sections 3 through 4 of P.L. , c. (C.  
39 through C. ) (pending before the Legislature as this bill):

40 "Agency" means the New Jersey Housing and Mortgage Finance  
41 Agency established pursuant to section 4 of P.L.1983, c.530  
42 (C.55:14K-4).

43 "Authority" means the New Jersey Economic Development  
44 Authority established pursuant to section 4 of P.L.1974, c.80  
45 (C.34:1B-4).

46 "Construction or reconstruction" means the development of real  
47 property through means of new construction, or through  
48 rehabilitation or renovation of an existing structure, provided that

1 the rehabilitation or renovation has received at least \$50,000 in  
2 construction investment.

3 "Construction or reconstruction commitment" means a  
4 commitment, including any assurances the authority determines  
5 necessary, made by a taxpayer-developer, to the construction or  
6 reconstruction of one or more qualified residential properties in a  
7 distressed municipality for purchase by one or more first-time  
8 homebuyers in compliance with section 4 of P.L. , c. (C. )  
9 (pending before the Legislature as this bill).

10 "Distressed municipality" means a municipality with a distress  
11 score of 50 or higher according to the 2020 Municipal  
12 Revitalization Index distress score for the municipality, determined  
13 by the Department of Community Affairs.

14 "First-time homebuyer" means a household with a gross  
15 household income of less than 140 percent of the median gross  
16 household income for households of the same size within the  
17 housing region in which the qualified residential property is located,  
18 and for whom no member of the household has owned a home  
19 during the three-year period prior to the purchase of the home.

20 "Principal residence" means a qualified residential property that  
21 is actually and continually occupied by a first-time homebuyer as  
22 the homebuyer's permanent residence, as distinguished from a  
23 vacation home, real property owned and rented or offered for rent  
24 by the homebuyer, and other secondary real property holdings.

25 "Qualified home purchase" means the acquisition of a qualified  
26 residential property that is occupied as a first-time homebuyer's  
27 principal residence following construction or reconstruction by a  
28 taxpayer-developer; provided, however, that the value of the  
29 qualified residential property does not exceed 75 percent of the  
30 median home sale price for homes in the county in which the  
31 qualified home purchase occurs, in accordance with data approved  
32 by the agency.

33 "Qualified residential property" means a dwelling house, a  
34 condominium unit under the form of real property ownership  
35 provided for under the "Condominium Act," P.L.1969, c.257  
36 (C.46:8B-1 et seq.), a unit in a cooperative or mutual housing  
37 corporation, a unit in a horizontal property regime under the form of  
38 real property ownership provided under the "Horizontal Property  
39 Act," P.L.1963, c.168 (C.46:8A-1 et seq.), a unit in a continuing  
40 care retirement community, or a manufactured home that is taxable  
41 as real property or that is installed in a mobile home park.

42 "Tax credit program" means the New Jersey Homebuyer Tax  
43 Credit Program, established pursuant to subsection a. of section 4 of  
44 P.L. , c. (C. ) (pending before the Legislature as this bill).

45 "Taxpayer-developer" means a developer that commits to the  
46 construction or reconstruction of one or more qualified residential  
47 properties that are to be sold through qualified home purchases to  
48 first time homebuyers for use as principal residences.

1 "Value gap" means the amount of a loss, if any, incurred by a  
2 taxpayer-developer, determined by subtracting the income of the  
3 developer, as derived from the purchase price paid in a qualified  
4 home purchase, from the cost of developing the qualified residential  
5 property sold in the qualified home purchase.

6  
7 4. a. There is established a New Jersey Homebuyer Tax Credit  
8 Program to be administered by the authority in coordination with  
9 the agency. A taxpayer-developer shall be allowed a credit against  
10 the tax otherwise due pursuant to section 5 of P.L.1945, c.162  
11 (C.54:10A-5) or the "New Jersey Gross Income Tax Act,"  
12 N.J.S.54A:1-1 et seq., as applicable, for each individual qualified  
13 home purchase completed with a first-time homebuyer in an amount  
14 not greater than the lesser of:

15 (1) 20 percent of the sale price of the qualified home purchase;

16 or

17 (2) the amount of the value gap incurred by the developer  
18 following a qualified home purchase.

19 b. The authority shall award the tax credit established by this  
20 section to a taxpayer-developer for securing a qualified home  
21 purchase by a first-time homebuyer following construction or  
22 reconstruction of a qualified residential property in a distressed  
23 municipality; provided, however, that the first-time homebuyer  
24 commits to use the home as their principal residence for 10 years  
25 following the date of the qualified home purchase.

26 c. (1) The amount of all credits allowed pursuant to this section  
27 shall not exceed \$100,000,000, to be conditionally approved for  
28 allocation over four terms as follows:

29 (a) up to \$25,000,000 for construction or reconstruction  
30 commitments made on or before the 365th day next following the  
31 effective date of P.L. , c. (C. ) (pending before the  
32 Legislature as this bill); and

33 (b) up to \$25,000,000 for construction or reconstruction  
34 commitments made after the 365th, but before the 730th, day next  
35 following the effective date of P.L. , c. (C. ) (pending  
36 before the Legislature as this bill).

37 (2) Upon a joint resolution adopted by the Senate and General  
38 Assembly and signed by the Governor that extends the tax credit  
39 program, as described in paragraph (2) of subsection g. of this  
40 section, the balance of credits allowed pursuant to an extension of  
41 the tax credit program shall be conditionally approved for allocation  
42 as follows:

43 (a) up to \$25,000,000 for construction or reconstruction  
44 commitments made on or before the 365th day next following the  
45 date the Governor signs the joint resolution; and

46 (b) up to \$25,000,000 for construction or reconstruction  
47 commitments made after the 365th, but before the 730th, day next  
48 following the date the Governor signs the joint resolution.

1 d. Tax credits shall be conditionally approved for allocation  
2 pursuant to the timelines established in subsection c. of this section.  
3 The authority shall conditionally approve a tax credit for a  
4 taxpayer-developer if the taxpayer-developer enters into a  
5 construction or reconstruction commitment. A tax credit shall be  
6 allocated upon the execution of a contract for sale of a qualified  
7 home purchase. The total amount of the credit allowed shall be  
8 applied against the tax otherwise due from the taxpayer-developer  
9 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) or the "New  
10 Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq., as applicable.  
11 A tax credit issued pursuant to this section shall be applied against  
12 taxes otherwise due during the taxable year in which the credit is  
13 allocated, or may be carried forward and applied against taxes  
14 otherwise due in any of the four subsequent taxable years.

15 e. The agency shall ensure that convenient means are established  
16 for first-time homebuyers to apply to purchase homes constructed  
17 pursuant to this section. A first-time homebuyer who purchases a  
18 qualified residential property pursuant to this section shall commit  
19 to using the home as the homebuyer's principal residence for 10  
20 consecutive years after the home purchase.

21 f. A first-time homebuyer shall be required to pay a penalty to  
22 the authority in an amount equaling the lesser of \$5,000 or one  
23 percent of the value of the home, upon a determination by the  
24 authority the first-time homebuyer has violated the requirements of  
25 this section, including but not limited to:

26 (1) the failure of a first-time homebuyer to use the home as the  
27 homebuyer's principal residence for 10 consecutive years after the  
28 home purchase; or

29 (2) the use of an agent to conceal the identity of the true  
30 purchaser of the home for purposes of completing more than one  
31 qualified home purchase pursuant to this section.

32 g. (1) No later than the 730th day next following the effective  
33 date of P.L. , c. (C. ) (pending before the Legislature as this  
34 bill), the Office of Revenue and Economic Analysis in the  
35 Department of the Treasury shall prepare and submit a report to the  
36 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-  
37 19.1), to the Legislature. The report shall analyze the costs and  
38 benefits of the tax credit program provided by this section,  
39 including but not limited to:

40 (a) the impact of the tax credit program on State revenues;

41 (b) the extent to which home purchases by first-time  
42 homebuyers, including but not limited to purchases of new qualified  
43 residential property, increased during the terms the tax credit was  
44 available to taxpayer-developers, as compared with historical trends  
45 and comparable housing markets outside of New Jersey;

46 (c) whether the data suggests that a two-year extension of the  
47 tax credit program may have a material, positive impact on the

1 State's construction, real estate, and any other sectors of the State  
2 economy;

3 (d) whether the fiscal condition and outlook of the State has  
4 materially changed such as to materially affect the purpose  
5 underlying the tax credit program to promote home ownership and  
6 strengthen key sectors of the State's economy; and

7 (e) any other information determined by the Office of Revenue  
8 and Economic Analysis to be relevant to the costs and benefits of  
9 the tax credit program to the State.

10 (2) Upon receipt of the report pursuant to this subsection, the  
11 Legislature may adopt and the Governor may sign a joint resolution  
12 that extends the tax credit, as described in paragraph (2) of  
13 subsection c. of this section, for an additional two years, except as  
14 otherwise provided in this section.

15 h. On or before the first day of the third month next following  
16 the enactment of P.L. , c. (C. ) (pending before the  
17 Legislature as this bill), the authority, in coordination with the  
18 agency, shall promulgate rules and regulations pursuant to the  
19 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
20 seq.) to effectuate the purposes of the tax credit program. The rules  
21 and regulations of the authority shall include, but shall not be  
22 limited to:

23 (1) The establishment of a limitation on tax credit conditional  
24 approvals and allocations to projects that do not obtain nine-percent  
25 tax credits provided for by the federal Low Income Housing Tax  
26 Credit program pursuant to section 42 of the Internal Revenue Code  
27 (26 U.S.C. s.42), and shall make other appropriate limitations on  
28 eligibility; and

29 (2) Detailed guidance on the calculation of development costs,  
30 and income derived from a qualified home purchase, for the  
31 purposes of calculating the value gap.

32 i. If any amount of tax credits made available pursuant to this  
33 section are not conditionally approved in accordance with the  
34 timeline established pursuant to subsections a. through d. of this  
35 section, then the Legislature shall in the next subsequent fiscal year  
36 appropriate an amount equivalent to the value of the non-  
37 conditionally approved tax credits to the New Jersey Housing and  
38 Mortgage Finance Agency for the purposes of providing further  
39 down payment assistance through the loan program established  
40 pursuant to section 2 of P.L. , c. (C. ) (pending before the  
41 Legislature as this bill).

42  
43 5. a. A municipality shall be provided with an opportunity to  
44 contribute funding towards the construction or reconstruction of a  
45 home purchased by a low- or moderate-income homebuyer through  
46 the tax credit program established pursuant to section 4 of P.L. , c.  
47 (C. ) (pending before the Legislature as this bill). If a low- or  
48 moderate-income homebuyer completes a home purchase as

1 provided in this section, and the municipality contributes no less  
2 than \$10,000 towards the construction or reconstruction of the unit,  
3 then the agency shall notify the administrative agent or other  
4 appropriate official of the municipality that the municipality shall  
5 count the property towards the municipality's present or prospective  
6 fair share obligation.

7 b. For the purposes of this section "low- or moderate-income  
8 homebuyer" means a household that has a gross household income  
9 that is less than 80 percent of the median gross household income  
10 for households of the same size within the housing region in which  
11 the housing is located.

12

13 6. There is appropriated \$25 million from the General Fund to  
14 the New Jersey Housing and Mortgage Finance Agency to  
15 effectuate and defray the costs associated with administering the  
16 loan program established pursuant to section 2 of P.L. ,  
17 c. (C. ) (pending before the Legislature as this bill).

18

19 7. This act shall take effect immediately, except that sections 3  
20 through 5 of this act shall take effect on the first day of the sixth  
21 month next following enactment to provide time for the authority to  
22 prepare to administer the tax credit program.

23

24

25 STATEMENT

26

27 This bill would establish a zero-interest, forgivable loan program  
28 to provide down payment assistance, as well as a tax credit program  
29 to provide tax credits for developers that commit to construct or  
30 reconstruct housing for certain first-time homebuyers. The bill  
31 would also establish a means to allow certain housing units,  
32 constructed through the tax credit program, to count toward  
33 municipal affordable housing obligations, and would appropriate  
34 \$25 million to provide for the zero-interest, forgivable loans.

35 The loan program would provide down payment assistance for  
36 households of modest income to achieve homeownership.  
37 Specifically, the loan program would provide down payment  
38 assistance to certain households, who are first-time homebuyers, to  
39 defray the costs associated with acquiring a home to be used as a  
40 principal residence. The bill defines a "first-time homebuyer" as a  
41 homebuyer who has not owned a home as a principal residence  
42 during the preceding three years, and is using a mortgage product  
43 offered by the New Jersey Housing and Mortgage Finance Agency  
44 (NJHMFA) to purchase a single-family property. A first-time  
45 homebuyer would be required to commit to use the home as their  
46 principal residence for five years following a loan program-  
47 supported purchase. The bill requires NJHMFA to forgive the loan  
48 if this five-year commitment is satisfied.

1 The loan award would consist of \$15,000 to be used for down  
2 payment assistance. In addition to the standard loan award offered  
3 by the loan program, if the first-time homebuyer is also a first-  
4 generation homebuyer, as defined in the bill, the homebuyer would  
5 be eligible for a loan award of an additional \$10,000.

6 The down payment assistance provided by the loan program  
7 would not be available in addition to other loan or grant assistance  
8 made available through other programs administered by NJHMFA,  
9 and would be subject to restrictions established by NJHMFA that  
10 may be necessary for compliance with federal law.

11 Each first-time homebuyer who receives down payment  
12 assistance through the loan program would be required, prior to the  
13 award of down payment assistance, to complete a homebuyer  
14 counseling course, as directed by NJHMFA. An applicant would be  
15 permitted to establish eligibility for the loan program as a first-  
16 generation homebuyer via self-attestation, under penalty of perjury.

17 NJHMFA would adopt rules and regulations to effectuate,  
18 administer, and accomplish the purposes of the loan program. The  
19 bill appropriates \$25 million from the General Fund to the  
20 department to support the loan program.

21 This bill would also establish a tax credit program, through  
22 which a developer of real property would be provided with a credit  
23 against the tax otherwise due under the Corporation Business Tax  
24 Act (1945) or the "New Jersey Gross Income Tax Act," as  
25 applicable. Each tax credit would be awarded in an amount equal to  
26 20 percent of the sale price of the qualified home purchase, or the  
27 amount of the value gap incurred by the developer following a that  
28 purchase, whichever is less, for securing a qualified home purchase  
29 of a qualified residential property in a distressed municipality from  
30 a first-time homebuyer following the developer's construction or  
31 reconstruction of the property. The bill defines "construction or  
32 reconstruction" to consist of new construction, or the rehabilitation  
33 or renovation of an existing structure, as long as the rehabilitation  
34 or renovation has received at least \$50,000 in construction  
35 investment. A tax credit would be awarded for each individual  
36 qualified home purchase that the developer completes with a first-  
37 time homebuyer.

38 For the purposes of the tax credit program, "qualified home  
39 purchases" would be limited to purchases that do not exceed 75  
40 percent of the county median home sale price. The bill defines a  
41 "distressed municipality" as a municipality with a distress score of  
42 50 or higher according to the 2020 Department of Community  
43 Affairs Municipal Revitalization Index. The first-time homebuyer  
44 would be required to commit to use the home as their principal  
45 residence for 10 years following the date of the qualified home  
46 purchase. The tax credit program would be administered by the  
47 New Jersey Economic Development Authority (EDA) in  
48 coordination with NJHMFA.

1       The amount of all credits allowed through the tax credit program  
2 would not exceed \$100,000,000, to be conditionally approved over  
3 up to four terms. Up to \$25,000,000 would be conditionally  
4 approved for construction commitments made in the first year  
5 following the effective date of the bill. Up to \$25,000,000 would  
6 be conditionally approved for construction commitments made in  
7 the second year following the effective date of the bill. Upon a  
8 joint resolution adopted by the Senate and General Assembly and  
9 signed by the Governor that extends the tax credit program, the  
10 balance of credits allowed through the extension of the tax credit  
11 program would be conditionally approved in the form of  
12 \$25,000,000 for construction commitments made in the first year  
13 following the date the Governor signs the joint resolution.  
14 Additionally, up to \$25,000,000 would be conditionally approved  
15 for construction commitments made in the second year following  
16 the date the Governor signs the joint resolution.

17       Although tax credits would be conditionally approved along the  
18 above timeline, tax credits would be allocated upon the subsequent  
19 execution of a contract for sale of a qualified home purchase. The  
20 total amount of each credit allowed would be applied against the tax  
21 otherwise due from the taxpayer-developer pursuant to the  
22 Corporation Business Tax Act (1945) or the "New Jersey Gross  
23 Income Tax Act," as applicable. The tax credit would be applied  
24 against taxes otherwise due during the taxable year in which the  
25 credit is allocated, or may be carried forward and applied against  
26 taxes otherwise due in any of the four subsequent taxable years.

27       A first-time homebuyer who purchases a property that has been  
28 constructed or reconstructed through the tax credit program would  
29 be required to pay a penalty in an amount equaling the lesser of  
30 \$5,000 or one percent of the value of the home, upon a  
31 determination by EDA that the first-time homebuyer has violated  
32 the requirements the program, including but not limited to:

33       (1) the failure of a first-time homebuyer to use the home as the  
34 homebuyer's principal residence for 10 years; or

35       (2) the use of an agent to conceal the identity of the true  
36 purchaser of the home for purposes of claiming more than one  
37 benefit.

38       A municipality would be provided with an opportunity to  
39 contribute funding towards the construction or reconstruction of a  
40 housing unit purchased by a low- or moderate-income homebuyer  
41 through the tax credit program. If a low- or moderate-income  
42 homebuyer completes a home purchase and the municipality  
43 contributes no less than \$10,000 towards the construction or  
44 reconstruction of the unit, then the agency is required to notify the  
45 administrative agent or other appropriate official of the municipality  
46 that the municipality is to count the property towards the  
47 municipality's present or prospective fair share obligation. The bill  
48 defines a "low- or moderate-income homebuyer" as a household

**S3780 SINGLETON, RUIZ**

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1 with a gross household income of less than 80 percent of the median  
2 gross household income for households of the same size within the  
3 same housing region.

4 The bill requires the tax credit program to remain in operation  
5 for not less than two years. The bill requires the submission of  
6 reports to the Governor and Legislature, concerning the efficacy of  
7 each program two years after the effective date of the bill. Upon  
8 receipt of the reports, the Legislature may adopt, and the Governor  
9 may sign, a joint resolution that extends the tax credit program for  
10 two additional years. The loan program would be extended through  
11 the appropriations processes.

12 The bill would take effect immediately, except that the  
13 provisions of the bill concerning the tax credit program would take  
14 effect on the first day of the sixth month following enactment.

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 3780

# STATE OF NEW JERSEY

DATED: JUNE 1, 2023

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3780.

This bill establishes a zero-interest, forgivable loan program to provide down payment assistance, a tax credit program to provide tax credits for developers that commit to construct or reconstruct housing for certain first-time homebuyers, and a means to allow certain housing units constructed through the tax credit program to count toward municipal affordable housing obligations. The bill also appropriates \$25 million to provide for the zero-interest, forgivable loans.

The loan program is to provide down payment assistance for households of modest income to achieve homeownership. Specifically, the loan program is to provide down payment assistance to certain households who are first-time homebuyers, as defined in the bill, to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which, the New Jersey Housing and Mortgage Finance Agency (NJHMFA) is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer, as defined in the bill, the homebuyer would be eligible for a loan award of an additional \$10,000. The down payment assistance provided by the loan program is not to be available in addition to other loan or grant assistance made available through other programs administered by NJHMFA, and is to be subject to certain restrictions established by NJHMFA.

Each first-time homebuyer receiving down payment assistance through the loan program is to be required, prior to the award of down payment assistance, to complete a homebuyer counseling course, as directed by NJHMFA, and to establish eligibility as a first-generation homebuyer via self-attestation, under penalty of perjury.

NJHMFA is to adopt rules and regulations to effectuate the purposes of the loan program. The bill appropriates \$25 million from the General Fund to the NJHMFA to support the loan program.

Additionally, the bill is to establish a tax credit program, to be administered by the New Jersey Economic Development Authority (EDA) in coordination with NJHMFA, through which a developer of

real property is to be provided with a credit against the tax otherwise due under the Corporation Business Tax Act (1945) or the "New Jersey Gross Income Tax Act," as applicable, for each individual, qualified home purchase that the developer completes with a first-time homebuyer. Each tax credit is to be awarded in an amount equal to 20 percent of the sale price of the qualified home purchase, or the amount of the value gap incurred by the developer following the purchase, whichever is less, for securing a qualified home purchase, as prescribed in the bill, of a qualified residential property in a distressed municipality from a first-time homebuyer, following the developer's construction or reconstruction of the property. A first-time homebuyer is to commit to use the home as their principal residence for 10 years following the date of the qualified home purchase, and is subject to penalties, as prescribed in the bill, for a violation of certain program requirements.

The amount of all credits allowed through the tax credit program is not to exceed \$100 million, to be conditionally approved over four terms, as prescribed in the bill, although the tax credits are to be allocated upon the subsequent execution of a contract for sale of a qualified home purchase. The total amount of each credit allowed is to be applied against the tax otherwise due from the taxpayer-developer pursuant to the Corporation Business Tax Act (1945) or the "New Jersey Gross Income Tax Act," as applicable, and is to be applied against taxes otherwise due during the taxable year in which the credit is allocated, or may be carried forward and applied against taxes otherwise due in any of the four subsequent taxable years.

A municipality is to be provided with an opportunity to contribute funding towards the construction or reconstruction of a housing unit purchased by a low- or moderate-income homebuyer through the tax credit program. If a low- or moderate-income homebuyer, as defined in the bill, completes a home purchase, and the municipality contributes at least \$10,000 towards the construction or reconstruction of the unit, the municipality is to count the property towards the municipality's present or prospective fair share obligation.

The bill requires the tax credit program to remain in operation for not less than two years, and requires the submission of reports to the Governor and Legislature concerning the efficacy of each program two years after the effective date of the bill. Upon receipt of the reports, the Legislature may adopt, and the Governor may sign, a joint resolution that extends the tax credit program for two additional years. The loan program would be extended through the appropriations processes.

The bill is to take effect immediately, except that the provisions of the bill concerning the tax credit program are to take effect on the first day of the sixth month following enactment.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3780**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: JUNE 22, 2023

**SUMMARY**

- Synopsis:** Provides developer tax credits, and down payment assistance, for benefit of certain first-time homebuyers; addresses municipal affordable housing obligation; appropriates \$25 million.
- Type of Impact:** State Expenditure Increase; State Revenue net Decrease.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency; New Jersey Economic Development Authority; municipalities.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Duration of Loan</u> Program</b>	<b><u>Duration of Tax Credit</u> Program (Two to Four Years)</b>
<b>Annual State Cost Increase</b>	\$25 million	No Impact
<b>Annual State Revenue Decrease</b>	No Impact	Up to \$25 million
<b>Annual State Revenue Increase</b>	Indeterminate	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill appropriates \$25 million to provide for the zero-interest, forgivable loans and requires the annual appropriation of at least \$25 million from the General Fund to the agency for each year of the loan program.
- The bill is also expected to result in a reduction in Corporation Business Tax or Gross Income Tax revenues, as applicable, in an amount capped at \$50 million over two years, and, if extended, up to \$100 million in total over four years, associated with the establishment of a tax credit program for developers that commit to construct or reconstruct housing for certain first-time homebuyers.
- The State may collect increased revenues if certain violations of the bill’s provisions occur.
- The bill is expected to result in increased administrative costs to the New Jersey Housing and Mortgage Finance Agency and the New Jersey Economic Development Authority associated



with administering the loan and tax credit programs. However, the bill provides that up to five percent, or \$1.25 million, of the bill's \$25 million appropriation, and five percent of any future amount appropriated through annual appropriations acts may be used by the agency for administrative costs incurred for administering the loan program.

## **BILL DESCRIPTION**

This bill establishes a zero-interest, forgivable loan program to provide down payment assistance for certain first-time homebuyers and a tax credit program to provide tax credits for developers that commit to construct or reconstruct housing for those homebuyers. The bill appropriates \$25 million to provide for the zero-interest, forgivable loans and requires the annual appropriation of at least \$25 million from the General Fund to the New Jersey Housing and Mortgage Finance Agency during each year in which the loan program remains in operation.

The loan program is to provide down payment assistance to certain households who are first-time homebuyers, as defined in the bill, to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which, the New Jersey Housing and Mortgage Finance Agency is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer the homebuyer would be eligible for a loan award of an additional \$10,000.

Additionally, the bill is to establish a tax credit program, to be administered by the New Jersey Economic Development Authority, in coordination with the agency, through which a developer of real property is to be provided with a credit against the tax otherwise due under the Corporation Business Tax Act or the New Jersey Gross Income Tax Act, as applicable, for each individual, qualified home purchase that the developer completes with a first-time homebuyer. Each tax credit is to be awarded in an amount equal to 20 percent of the sale price of the qualified home purchase, or the amount of the value gap incurred by the developer following the purchase, whichever is less, for securing a qualified home purchase of a qualified residential property in a distressed municipality from a first-time homebuyer, following the developer's construction or reconstruction of the property. A first-time homebuyer is to commit to use the home as their principal residence for 10 years following the date of the qualified home purchase, and is subject to penalties for a violation of certain program requirements.

The amount of all credits allowed through the tax credit program is not to exceed \$50 million over two years, and, if extended, up to \$100 million over four years, to be conditionally approved over four terms, although the tax credits are to be allocated upon the subsequent execution of a contract for sale of a qualified home purchase. The total amount of each credit allowed is to be applied against the tax otherwise due from the taxpayer-developer pursuant to the Corporation Business Tax Act or the New Jersey Gross Income Tax Act, as applicable, and is to be applied against taxes otherwise due during the taxable year in which the credit is allocated, or may be carried forward and applied against taxes otherwise due in any of the four subsequent taxable years.

The bill requires the tax credit program to remain in operation for not less than two years, and requires the submission of reports to the Governor and Legislature concerning the efficacy of the loan program and the tax credit program two years after the effective date of the bill. Upon receipt of the reports, the Legislature may adopt, and the Governor may sign, a joint resolution that extends the tax credit program for two additional years. The loan program would be extended through the appropriations processes.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS concludes that the bill will increase State expenditures and decrease State revenues to provide zero-interest, forgivable loans for down payment assistance to certain homebuyers and tax credits to certain developers, respectively. The State may also collect increased revenues if certain violations of the bill's provisions occur.

The bill is expected to result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency of \$25 million to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill appropriates \$25 million for the loan program's first year and requires the annual appropriation of at least \$25 million from the General Fund to the agency during each year of the program. At this funding level, each year the loan program can support between 950 zero-interest, forgivable loans at the maximum amount of \$25,000 if all participants are first-generation/first-time homebuyers and 1,583 zero-interest, forgivable loans at the minimum amount of \$15,000 if all participants are first-time homebuyers.

The State may also collect reimbursements of down payment assistance loans provided to an individual if it is established that the individual has received assistance as a result of a fraudulent attestation that the individual is a first-generation homebuyer. Loan amounts are required to be recovered as a lien on the real property that the loan was used to purchase. The OLS is unable to predict the number of homebuyers who will be determined to be subject to a lien on real property, and is therefore unable to estimate the potential amount of State revenues that may be collected under these circumstances.

The bill is also expected to result in a reduction in Corporation Business Tax or Gross Income Tax revenues, as applicable, in the amount of up to \$50 million over two years, and, if the program is extended by a joint resolution, up to \$100 million in total over four years associated with the establishment of a tax credit program for developers that commit to invest at least \$50,000 to construct or reconstruct housing for certain first-time homebuyers in a distressed municipality. A distressed municipality is a municipality with a distress score of 50 or higher according to the Department of Community Affairs' 2020 Municipal Revitalization Index. The bill provides that the amount of all tax credits permitted is to be conditionally approved for allocation over four, one year terms of up to \$25 million each. The bill also provides that the amount of a tax credit to a developer is not to exceed 20 percent of the sale price of a qualified home purchase, which qualified home purchase is not to exceed 75 percent of the median home sale price for homes in the county in which the purchase occurs. Should a municipality choose to contribute at least \$10,000 towards the construction or reconstruction of a housing unit, the municipality may count the property towards its present or prospective fair share obligation.

The State may also collect a penalty of up to \$5,000 from an individual who purchases a home through the tax credit program and fails to use the home as their principal residence for 10 consecutive years after the home purchase, or that conceals the identity of the true purchaser of the home for the purpose of completing more than one qualified home purchase. The OLS is unable to predict the number of homeowners who will be determined to be in violation of the bill's provisions and is, therefore, unable to estimate the potential amount of State revenues that may be collected under these circumstances.

The New Jersey Housing and Mortgage Finance Agency and the New Jersey Economic Development Authority are expected to incur increased administrative costs associated with administering the down payment assistance loan and developer tax credit programs, including promulgating rules and regulations and preparing required reports. However, the bill provides that up to five percent, or \$1.25 million, of the bill's \$25 million appropriation and five percent of any future amounts appropriated through the annual appropriations act may be used by the agency for administrative costs incurred to administer the loan program.

*Section: Local Government*

*Analyst: Abigail Stoyer  
Associate Research Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 3780

### STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JULY 6, 2023

#### SUMMARY

- Synopsis:** Provides down payment assistance for benefit of certain first-time homebuyers; establishes Resilient Home Construction Pilot Program.
- Type of Impact:** State Expenditure Increase; Potential State Revenue Increase.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency, Department of Community Affairs, Municipalities.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Duration of Loan</u> <u>Program</u></b>	<b><u>Duration of Pilot</u> <u>Program</u></b>
<b>Annual State Cost Increase</b>	At least \$25 million	Not determined
<b>Annual State Revenue Increase</b>	Indeterminate	No Impact

- The Office of Legislative Services (OLS) concludes that the bill will result in an increase in expenditures to the New Jersey Housing and Mortgage Finance Agency to provide zero-interest forgivable loans for down payment assistance to first time homebuyers for each year that the loan program remains in operation. The bill requires an appropriation to the program through the Fiscal Year 2024 Appropriations Act, and requires an annual appropriation of at least \$25 million from the General Fund to the New Jersey Housing and Mortgage Finance Agency for each year of the loan program.
- The bill is also expected to result in an increase in State expenditures of American Rescue Plan Act monies that are made available for the Resilient Home Construction Pilot Program to enable developers to engage in the rehabilitation or construction of certain housing.
- The State may collect increased revenues if certain violations of the bill’s provisions occur.
- The bill is expected to result in increased administrative costs to the New Jersey Housing and Mortgage Finance Agency and the Department of Community Affairs associated with the administration of the loan and pilot programs. However, the bill provides that, of the amounts

made available for the programs established by the bill, five percent may be used by the agency and the department for costs incurred administering the programs.

## **BILL DESCRIPTION**

The bill establishes a zero-interest, forgivable loan program to provide down payment assistance for certain first-time homebuyers. The bill also establishes a Resilient Home Construction Pilot Program for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale.

### Loan Program

The loan program would provide down payment assistance for households of certain limited income to achieve homeownership. Specifically, the loan program is to provide down payment assistance to certain households who are first-time homebuyers to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which time, the New Jersey Housing and Mortgage Finance Agency is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer, as defined in the bill, the homebuyer would be eligible for an additional loan award amount of not less than \$7,000, and not more than \$10,000.

The annual appropriations act for State fiscal year 2024 is to include an appropriation from the General Fund to the loan program and the annual appropriations acts, following State fiscal year 2024, are to appropriate not less than \$25 million from the General Fund to the New Jersey Housing and Mortgage Finance Agency during each year in which the loan program is in operation.

### Resilient Home Construction Pilot Program

Additionally, the bill establishes a Resilient Home Construction Pilot Program in the Department of Community Affairs for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale. Funding to successful pilot program applicants would be provided in a manner determined by the department through an agreement with a successful program applicant, and would be conditioned upon compliance with the agreement. As part of the pilot program, the department would permit local government entities to apply for funding to provide to developers to rehabilitate existing homes and construct new, affordable homes for sale, so long as certain conditions are satisfied, as provided in the bill.

In addition to the funding provided to developers through the pilot program, the bill permits the Department of Community Affairs to establish incentives to encourage homebuyers to remain in the homes developed through the pilot program, including through the provision of down payment assistance as a zero-interest, forgivable loan for homebuyers who are not eligible or do not qualify for down payment assistance through other State programs, including the loan program established in this bill.

The bill authorizes the Commissioner of Community Affairs to promulgate application and eligibility criteria and guidelines regarding the pilot program through regulatory guidance documents.

The bill directs the pilot program to be eligible for funding from the federal “American Rescue Plan Act of 2021,” Pub.L.117-2, to the department of Community Affairs for the purposes of the

pilot program. Of this amount, no more than five percent would be utilized by the department for organizational, administrative, and other work and services, including salaries, equipment, services, and materials necessary to administer the activities authorized by the bill.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that the bill will increase State expenditures to provide zero-interest, forgivable loans for down payment assistance to certain homebuyers and funding to certain developers. The State may also collect increased revenues if certain violations of the bill's provisions occur.

#### Loan Program

The bill is expected to result in an increase in annual expenditures to the New Jersey Housing and Mortgage Finance Agency of at least \$25 million to provide zero-interest, forgivable loans for down payment assistance to first-time homebuyers for each year that the program remains in operation. The bill requires an appropriation for the program through the Fiscal Year 2024 Appropriations Act and requires annual appropriations of at least \$25 million from the General Fund to the agency during each year of the program. At least 50 percent of the amount appropriated is required to be used to provide zero-interest, forgivable loans for down payment assistance to first-generation homebuyers. The bill's provisions would provide that an appropriation of \$25 million would support, after deducting for administrative costs, at least 475 zero-interest, forgivable loans for down payment assistance in the amount of \$25,000 each to those first-generation homebuyers, and up to 791 zero-interest, forgivable loans for down payment assistance to the other first-time homebuyers in the program in the amount of \$15,000 each.

The State may also collect reimbursements of down payment assistance loans provided to an individual if it is established that the individual has received assistance as a result of a fraudulent attestation that the individual is a first-generation homebuyer. Loan amounts are required to be recovered as a lien on the real property that the loan was used to purchase.

#### Resilient Home Construction Pilot Program

The bill is also expected to result in an increase in expenditures of American Rescue Plan Act funds for the Department of Community Affairs to provide funding to developers to rehabilitate existing homes and construct new affordable homes for sale through the pilot program. The bill provides that homes rehabilitated or constructed as part of the pilot program are required to meet the following criteria:

- homes rehabilitated or constructed for sale are not located in the 500-year floodplain or the inland or coastal climate adjusted floodplain;
- homes rehabilitated or constructed are to be sold to households with a gross household income not to exceed 120 percent of median gross household income;

- a prospective homebuyer is either: a renter that has been impacted by a storm or natural disaster that has prompted the governor to declare a state of emergency or a first-time homebuyer, including a first-time homebuyer who receiving financial assistance from the New Jersey Housing and Mortgage Finance Agency;
- the developer includes a purchase discount on the home sale price, as established in accordance with criteria developed by the department; and
- homes for sale contain a minimum period of affordability as determined by the department.

The OLS notes that the size and structure of the pilot program and the funding needed to support it depend on determinations made by the Department of Community Affairs or through a pre-determined, approved amount from which the department can operate the program. In addition, the bill permits the department to establish incentives to encourage homebuyers to remain in the homes developed through the pilot program, including through the provision of down payment assistance as a zero-interest, forgivable loan for homebuyers who are not eligible or do not qualify for down payment assistance through other State programs. The OLS notes that the additional funding needed to support the down payment assistance also depends on determinations made by the department or through a pre-determined, approved amount from which the department can provide incentives.

The New Jersey Housing and Mortgage Finance Agency and the department are expected to incur increased administrative costs associated with administering the down payment assistance loan and pilot programs, including promulgating rules and regulations and preparing required reports. For this purpose, the bill provides that up to five percent of amounts appropriated through an annual appropriations act, and five percent of any American Rescue Plan Act funds made available for the loan or pilot programs may be used to administer the programs.

*Section: Local Government*

*Analyst: Abigail Stoyer*  
*Associate Research Analyst*

*Approved: Thomas Koenig*  
*Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 3780**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 27, 2023

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 3780.

As amended, this bill establishes a zero-interest, forgivable loan program to provide down payment assistance for certain first-time homebuyers. The bill also establishes a Resilient Home Construction Pilot Program (pilot program) for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale.

The loan program is to provide down payment assistance for households of certain limited income to achieve homeownership. Specifically, the loan program is to provide down payment assistance to certain households who are first-time homebuyers, as defined in the bill, to defray the costs associated with acquiring a home, provided the first-time homebuyer commits to using the home as their principal residence for five years following a loan program-supported purchase, after which time, the New Jersey Housing and Mortgage Finance Agency (HMFA) is to forgive the loan.

The loan award is to consist of \$15,000 to be used for down payment assistance, and, if the first-time homebuyer is also a first-generation homebuyer, as defined in the bill, the homebuyer would be eligible for an additional loan award amount of not less than \$7,000, and not more than \$10,000.

Each first-time homebuyer receiving down payment assistance through the loan program is to be required, prior to the award of down payment assistance, to complete a homebuyer counseling course, as directed by HMFA, and to establish eligibility as a first-generation homebuyer via self-attestation, under penalty of perjury. The bill directs HMFA to adopt rules and regulations to effectuate the purposes of the loan program, and to prepare and disseminate guidelines or regulatory guidance documents on or before the first day of the third month following the enactment of the bill to accomplish the purposes of the loan program.

The annual appropriations act for State fiscal year 2024 is to include an appropriation from the General Fund to the loan program and the annual appropriations acts, following State fiscal year 2024,

are to appropriate not less than \$25 million from the General Fund to the HMFA during each year in which the loan program is in operation.

Additionally, the bill establishes a pilot program in the Department of Community Affairs (DCA) for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale. As part of the pilot program, the bill directs DCA to develop an application process and promulgate criteria that enables a developer to qualify for funding for the rehabilitation or construction of homes for sale. Among such other criteria as DCA deems necessary, DCA is to require that:

- homes rehabilitated or constructed for sale are not located in the 500-year floodplain or the inland or coastal climate adjusted floodplain;
- homes rehabilitated or constructed are to be sold to households with a gross household income not to exceed 120 percent of median gross household income;
- a prospective homebuyer is either: a renter that has been impacted by a storm or natural disaster that has prompted the governor to declare a state of emergency; or a first-time homebuyer, including a first-time homebuyer who receiving financial assistance from HMFA;
- the developer include a purchase discount on the home sale price, as established in accordance with criteria developed by DCA; and
- homes for sale contain a minimum period of affordability as determined by DCA.

Funding to successful pilot program applicants would be provided in a manner determined by DCA through an agreement with a successful program applicant, and conditioned upon compliance with the agreement. As part of the pilot program, DCA would permit local government entities to apply for funding to provide to developers to rehabilitate existing homes and construct new, affordable homes for sale, so long as certain conditions are satisfied, as provided in the bill.

In addition to the funding provided to developers through the program, the bill permits DCA to establish incentives to encourage homebuyers to remain in the homes developed through the pilot program, including through the provision of down payment assistance as a zero-interest, forgivable loan for homebuyers who are not eligible or do not qualify for down payment assistance through other State programs, including the loan program established in the bill.

The bill authorizes the Commissioner of Community Affairs (commissioner) to promulgate application and eligibility criteria and guidelines regarding the pilot program through regulatory guidance documents.

The bill directs the pilot program to be eligible for funding from the federal “American Rescue Plan Act of 2021,” Pub.L.117-2, to DCA for the purposes of the pilot program. Of this amount, no more

than five percent would be utilized by DCA for organizational, administrative, and other work and services, including salaries, equipment, services, and materials necessary to administer the activities authorized by the bill.

The bill would take effect immediately.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- permit HMFA to determine the household income limitations necessary to meet the definition of a first-time homebuyer for the purposes of the loan program;
- provide that, of the funding provided each year for the loan program, no less than 50 percent would be awarded to first-generation homebuyers, unless HMFA determines that the number of application submissions by first-generation homebuyers makes this impossible;
- revise the additional award that a first-generation homebuyer may obtain from \$10,000 to an award of not less than \$7,000, and not more than \$10,000;
- Replace tax credit provisions of the bill with the Resilient Home Construction Pilot Program (pilot program) for the purpose of providing funding for developers to rehabilitate existing homes and construct new affordable homes for sale;
- direct HMFA to prepare and disseminate guidelines or regulatory guidance documents on by the first day of the third month following the enactment of the bill to accomplish the purposes of the loan program, and permit the commissioner to promulgate application and eligibility criteria and guidelines regarding the pilot program through regulatory guidance documents;
- remove appropriation for the loan program;
- makes the pilot program eligible for funding from the federal “American Rescue Plan Act of 2021,” Pub.L.117-2 for the purposes of the pilot program, permitting DCA to use up to five percent for organizational, administrative, and other work and services; and
- make technical amendments.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

# Governor Murphy Signs Package of Housing Affordability Bills

06/30/2023

*Builds on the Murphy Administration's Historic Investments in Affordable Housing*

**TRENTON** - Governor Phil Murphy today signed a package of bills supporting housing affordability in New Jersey. The three-bill package advances the Murphy Administration's effort to prioritize housing investments and initiatives, making New Jersey a more affordable place to live, work, and raise a family.

"As we strive to make New Jersey more affordable for all, we must ensure we remove barriers that prevent people from becoming homeowners," said **Governor Murphy**. "Stable and affordable housing has the potential to be transformative in people's lives as well as our communities. I am proud to sign legislation that will not only expand opportunities for first-time homebuyers and those seeking affordable housing, but will further advance our state as the best place in the nation to raise a family."

The three bills signed today include:

- **A-5596/S-3991**, which establishes the Urban Preservation Program within the New Jersey Housing and Mortgage Finance Agency (NJHMFA). Supported by an \$80 million investment of federal American Rescue Plan (ARP) funds in the FY2024 budget, the Program allows investments in rehabilitation and reconstruction projects dedicated to preserving affordable housing in urban areas.
- **A-5595/S-4026**, which expands certain State programmatic interventions related to residential foreclosures. Supported by a \$15 million investment of ARP funds in the FY24 budget, this bill provides NJHMFA with a broader set of tools to intervene in foreclosures, keeping New Jerseyans in their homes and rehabilitating and reselling vacant homes.
- **A-5415/S-3780**, codifies and expands NJHMFA's immensely successful down payment assistance program, building on the Governor's Wealth Disparity Task Force's work to ensure meaningful benefits specifically for first-generation homebuyers. The bill also establishes Resilient Home Construction Pilot Program in DCA to provide funding for developers to rehabilitate existing homes and construct new affordable homes for sale.

Today's bill package builds on over five years of investments in housing affordability for the Murphy Administration. Over the past three years, more than \$1.3 billion in Affordable Rescue Plan (ARP) State Fiscal Recovery Fund (SFRF) dollars have been used for housing.

Earlier in the evening, Governor Murphy officially signed the Fiscal Year 2024 budget, which included over \$300 million towards affordable housing initiatives including the ones advanced by the housing bills signed today. The funding will support the programs in today's affordable housing bill package, including \$80 million of ARP for the Urban Preservation Program (A-5596/S-3991), \$15 million of ARP for foreclosure interventions (A-5595/S-4026), \$30 million of ARP for resilient homes construction (A-5415/S-3780), and \$40 million state funds for the Down Payment Assistance Program (A-5415/S-3780).

"The three housing bills signed today provide breakthrough opportunities for citizens to establish roots and enrich communities in the great state of New Jersey. As the most densely populated state in the U.S., the need for quality, affordable housing for low- and moderate-income residents and opportunities for first-generation homebuyers is a priority. Stable housing provides a stable workforce for business expansion and economic vitality. With homeownership and affordable housing, comes thriving communities, strengthened family bonds, and stable homes for children," said **Lt. Governor Sheila Oliver, who also serves as Commissioner, Department of Community Affairs**.

"This legislation, in conjunction with the fiscal year 2024 budget, meaningfully advances the Murphy-Oliver administration's historic commitment to housing affordability in New Jersey. We thank our partners in the legislature for their tireless advocacy and are committed to utilizing these resources to produce, preserve, and provide access to homes that are affordable to all New Jersey residents," said **NJHMFA Executive Director Melanie R. Walter**.

"Owning a home is a key component of the American Dream and critical to creating generational wealth," said **Senator Singleton, Chair of the Senate Community and Urban Affairs Committee**. "But, for so many, saving enough for the necessary down payment has made homeownership unattainable and those that do manage to buy a home are often one catastrophe away from losing it. By providing financial assistance to first-time homebuyers and expanding access to foreclosure intervention, we can make homeownership more affordable, accessible and most importantly, sustainable."

"In our approach to expanding access to affordable housing, we have to consider the current impact of the affordability crisis and lack of income growth for working families," said **Senator Brian Stack**, noting that the Urban Preservation Program "is an investment that will preserve and bolster the supply of affordable housing for low- and moderate-income families within our urban communities."

"Housing is a human right," said **Assemblywoman Yvonne Lopez**. "Access to safe, affordable housing is life-changing for struggling families. In too many households, the majority of a family's monthly income goes towards housing costs, leaving little to cover bills, food, health care, and other essentials. By expanding existing programs and supporting the redevelopment of residential properties, we are putting affordable housing in reach for New Jerseyans."

"New Jersey families should not have to live paycheck to paycheck struggling to make ends meet due to the overwhelming cost of housing. We need to find viable solutions to New Jersey's affordable housing shortages," said **Assemblyman Benjie Wimberly**. "Investing in programs that increase affordable housing options for New Jerseyans will help combat housing instability and reduce the number of residents at risk of homelessness."

"Every family in New Jersey deserves the opportunity to purchase their dream home, and we can do more to help young people overcome barriers to homeownership that for too long have prevented them from putting down roots in our state," said **Assembly Majority Leader Louis D. Greenwald**. "Buying a home is a significant milestone in a person's life. For many, it's the first step to growing a family and building generational wealth. By providing down payment assistance to certain first-time homebuyers and establishing a Resilient Home Construction Pilot Program, we are making homes more affordable and accessible for New Jersey families."

"Fair Share Housing Center commends Governor Murphy, Lieutenant Governor Oliver, and the sponsors of this critical legislation to address significant facets of our state's housing crisis," said **Adam Gordon, Executive Director, Fair Share Housing Center**. "By maintaining and rehabilitating public and affordable housing in New Jersey's cities, the Urban Preservation Program will help keep families in their homes and prevent displacement. And the First-Generation Homebuyer Down Payment Assistance Program will help close our state's massive racial wealth gap by giving lower-income Black and Brown families, historically redlined out of opportunity, access to building generational wealth."

"Access to quality, affordable homes is a serious concern in NJ and it's going to take bold investments and policy interventions to get us on a path where we can HouseNJ, making state a place everyone can afford to call home," said **Staci Berger, president and chief executive officer of the Housing and Community Development Network of New Jersey**. "We thank the Murphy Administration and legislative leaders for prioritizing housing affordability, creating opportunities for lower-income residents, and helping New Jerseyans stay in their homes."