

S1415 (SCS)

INTRODUCED BILL: (Includes sponsor(s) statement)	Yes	
REPRINT(S)	Yes	SBA 3/11/24 SCS
TECHNICAL REVIEW	Yes	SCU 1/25/24 TR
COMMITTEE STATEMENT:		
ASSEMBLY:	No	
SENATE:	Yes	Community & Urban Affairs Budget & Appropriations

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT:	No
LEGISLATIVE FISCAL ESTIMATE:	No
VETO MESSAGE:	No
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes

FOLLOWING WERE PRINTED:

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REPORTS:	No
HEARINGS:	No
NEWSPAPER ARTICLES:	No

CL/MM

P.L. 2024, CHAPTER 4, *approved March 20, 2024*
Assembly Committee Substitute (*First Reprint*) for
Assembly, No. 2267

1 AN ACT concerning an insurance fund for certain for-profit
2 affordable housing entities, supplementing Title 55 of the
3 Revised Statutes, and making an appropriation.
4

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

7
8 1. a. As used in this section:

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

12 "Eligible affordable housing project" means a residential
13 development where 100 percent of units are reserved for rental by
14 low- and moderate-income households as low income housing or
15 moderate income housing as defined in section 5 of P.L.1985, c.222
16 (C.52:27D-304), and meets one of the following criteria:

17 is a newly constructed project that utilizes traditional agency tax -
18 exempt financing and 4 percent low-income housing tax credits,
19 except that a project seeking financing through the agency's conduit
20 bond program or through any tax credit program administered by
21 the New Jersey Economic Development Authority shall not be an
22 eligible affordable housing project;

23 is an existing residential development in receipt of supplemental
24 agency financing for rehabilitation or disaster recovery; or

25 is an existing residential development that has previously
26 received agency financing where insurance premiums have
27 increased by at least 50 percent over a 24 month period for the same
28 insurance product or that has experienced other extraordinary
29 expenses increases, as determined by the agency, that threaten the
30 long-term financial viability of the property.

31 "For-profit affordable housing entity" means a corporation,
32 partnership, or other organization, that receives an allocation from
33 the federal Low Income Housing Tax Credit Program.

34 "Fund" means the Affordable Housing Insurance Fund
35 established pursuant to subsection c. of this section.

36 b. The agency shall establish, through promulgation of
37 guidelines, an affordable housing insurance pilot program to

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:

¹Senate floor amendments adopted March 18, 2024.

1 provide financial assistance to for-profit affordable housing entities
2 for insurance premiums for coverage for eligible affordable housing
3 projects. The agency shall accept applications to participate in the
4 pilot program for two years following the effective date of P.L. ,
5 c. (C.) (pending before the Legislature as this bill), and the
6 agency, in its guidelines, shall provide for the termination of the
7 pilot program no later than 20 years following the effective date of
8 P.L. , c. (C.) (pending before the Legislature as this bill).

9 c. To implement an affordable housing insurance pilot program,
10 there is established within the agency an Affordable Housing
11 Insurance Fund, which shall be a non-lapsing fund and which shall
12 be the repository for funds appropriated or otherwise made
13 available for the purposes of P.L. , c. (C.) (pending before
14 the Legislature as this bill), as well as fees collected pursuant to
15 subsection e. of this section. The agency shall distribute moneys
16 deposited in the fund to participating for-profit affordable housing
17 entities to provide financial assistance for policies maintained by
18 those for-profit affordable housing entities insuring against bodily
19 injury and property damage claims related to eligible affordable
20 housing projects. Moneys deposited in the fund shall be held in
21 interest-bearing accounts in public depositories and may be invested
22 or reinvested by the agency. Interest or other income earned on
23 moneys deposited into the fund shall be credited to and deposited in
24 the fund for use as provided for in this section.

25 d. A for-profit affordable housing entity shall be eligible for
26 participation in the pilot program upon application to the agency in
27 a form and manner determined in guidelines promulgated by the
28 agency. In addition to any other criteria established by the agency,
29 affordable housing projects shall only qualify as an eligible
30 affordable housing project if minimum criteria established by the
31 agency regarding insurance policy minimums and other standards to
32 protect against loss are met. Application for participation in the
33 pilot program shall be subject to a fee set by the agency which fee
34 shall be deposited in the fund for use as provided for in this section.

35 e. The agency shall provide financial assistance in an amount
36 not to exceed \$250 annually per unit and \$1,000,000 annually per
37 eligible affordable housing project to for-profit affordable housing
38 entities in accordance with guidelines established by the agency.
39 The agency may determine the manner and means by which
40 financial assistance is provided and may establish requirements for
41 for-profit affordable housing entities awarded assistance to remain
42 eligible to participate in the pilot program.

43 f. In order to carry out the purposes and provisions of this
44 section, the agency shall have the authority to form, purchase, or
45 assume control of one or more subsidiary corporations. Under no
46 circumstances shall a participating for-profit affordable housing
47 entity have any legal recourse against the agency, the State, or their

1 officers or employees for any damages, of any sort whatsoever, that
2 might arise on account of or in connection with the pilot program.

3 g. Not later than six months following completion of the pilot
4 program, the agency, in consultation with the Department of
5 Banking and Insurance, shall prepare and submit a report to the
6 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
7 19.1), to the Legislature, presenting information necessary to assess
8 the success of the pilot program.

9
10 ¹2. There is appropriated the sum of \$5,000,000 from the
11 General Fund to the Affordable Housing Insurance Fund established
12 in section 1 of P.L. , c. (C.) (pending before the Legislature
13 as this bill). The agency may transfer remaining, unencumbered
14 funds appropriated to the agency pursuant to P.L.2021, c.133 for the
15 Risk Share Pilot Program to the Affordable Housing Insurance Fund
16 for use as set forth in section 1 of P.L. , c. (C.) (pending
17 before the Legislature as this bill).¹

18
19 ¹2. There is appropriated the sum of \$5,000,000 from the
20 General Fund to the Affordable Housing Insurance Fund established
21 in section 1 of P.L. , c. (C.) (pending before the Legislature
22 as this bill). Notwithstanding the provisions of any law to the
23 contrary, the agency may utilize remaining, unencumbered funds
24 appropriated to the agency pursuant to P.L.2021, c.133 for the Risk
25 Share Pilot Program for investment, financing, and facilitating
26 housing opportunities for low- and moderate-income families, older
27 adults, and individuals with specialized housing needs; provided,
28 however, of this amount, an amount not to exceed \$5,000,000 shall
29 be deposited in the Affordable Housing Insurance Fund for use as
30 set forth in section 1 of P.L. , c. (C.) (pending before the
31 Legislature as this bill).¹

32
33 3. This act shall take effect immediately.

34
35
36
37
38 _____
39 Requires HMFA to establish affordable housing insurance pilot
program; appropriates \$5 million.

CHAPTER 4

AN ACT concerning an insurance fund for certain for-profit affordable housing entities, supplementing Title 55 of the Revised Statutes, and making an appropriation.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.55:14K-30.1 Definitions; affordable housing insurance pilot program established, Affordable Housing Insurance Fund established; report to Governor, Legislature.

1. a. As used in this section:

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

"Eligible affordable housing project" means a residential development where 100 percent of units are reserved for rental by low- and moderate-income households as low-income housing or moderate-income housing as defined in section 5 of P.L.1985, c.222 (C.52:27D-304) and meets one of the following criteria:

is a newly constructed project that utilizes traditional agency tax-exempt financing and four percent low-income housing tax credits, except that a project seeking financing through the agency's conduit bond program or through any tax credit program administered by the New Jersey Economic Development Authority shall not be an eligible affordable housing project;

is an existing residential development in receipt of supplemental agency financing for rehabilitation or disaster recovery; or

is an existing residential development that has previously received agency financing where insurance premiums have increased by at least 50 percent over a 24-month period for the same insurance product or that has experienced other extraordinary expenses increases, as determined by the agency, that threaten the long-term financial viability of the property.

"For-profit affordable housing entity" means a corporation, partnership, or other organization that receives an allocation from the federal Low Income Housing Tax Credit Program.

"Fund" means the Affordable Housing Insurance Fund established pursuant to subsection c. of this section.

b. The agency shall establish, through promulgation of guidelines, an affordable housing insurance pilot program to provide financial assistance to for-profit affordable housing entities for insurance premiums for coverage for eligible affordable housing projects. The agency shall accept applications to participate in the pilot program for two years following the effective date of P.L.2024, c.4 (C.55:14K-30.1), and the agency, in its guidelines, shall provide for the termination of the pilot program no later than 20 years following the effective date of P.L.2024, c.4 (C.55:14K-30.1).

c. To implement an affordable housing insurance pilot program, there is established within the agency an Affordable Housing Insurance Fund, which shall be a non-lapsing fund and which shall be the repository for funds appropriated or otherwise made available for the purposes of P.L.2024, c.4 (C.55:14K-30.1), as well as fees collected pursuant to subsection e. of this section. The agency shall distribute moneys deposited in the fund to participating for-profit affordable housing entities to provide financial assistance for policies maintained by those for-profit affordable housing entities insuring against bodily injury and property damage claims related to eligible affordable housing projects. Moneys deposited in the fund shall be held in interest-bearing accounts in public depositories and may be invested or reinvested by the agency. Interest or other income earned on moneys deposited into the fund shall be credited to and deposited in the fund for use as provided for in this section.

d. A for-profit affordable housing entity shall be eligible for participation in the pilot program upon application to the agency in a form and manner determined in guidelines promulgated by the agency. In addition to any other criteria established by the agency,

affordable housing projects shall only qualify as an eligible affordable housing project if minimum criteria established by the agency regarding insurance policy minimums and other standards to protect against loss are met. Application for participation in the pilot program shall be subject to a fee set by the agency which fee shall be deposited in the fund for use as provided for in this section.

e. The agency shall provide financial assistance in an amount not to exceed \$250 annually per unit and \$1,000,000 annually per eligible affordable housing project to for-profit affordable housing entities in accordance with guidelines established by the agency. The agency may determine the manner and means by which financial assistance is provided and may establish requirements for for-profit affordable housing entities awarded assistance to remain eligible to participate in the pilot program.

f. In order to carry out the purposes and provisions of this section, the agency shall have the authority to form, purchase, or assume control of one or more subsidiary corporations. Under no circumstances shall a participating for-profit affordable housing entity have any legal recourse against the agency, the State, or their officers or employees for any damages, of any sort whatsoever, that might arise on account of or in connection with the pilot program.

g. Not later than six months following completion of the pilot program, the agency, in consultation with the Department of Banking and Insurance, shall prepare and submit a report to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature, presenting information necessary to assess the success of the pilot program.

2. There is appropriated the sum of \$5,000,000 from the General Fund to the Affordable Housing Insurance Fund established in section 1 of P.L.2024, c.4 (C.55:14K-30.1). Notwithstanding the provisions of any law to the contrary, the agency may utilize remaining, unencumbered funds appropriated to the agency pursuant to P.L.2021, c.133 for the Risk Share Pilot Program for investment, financing, and facilitating housing opportunities for low- and moderate-income families, older adults, and individuals with specialized housing needs; provided, however, of this amount, an amount not to exceed \$5,000,000 shall be deposited in the Affordable Housing Insurance Fund for use as set forth in section 1 of P.L.2024, c.4 (C.55:14K-30.1).

3. This act shall take effect immediately.

Approved March 20, 2024.

ASSEMBLY, No. 2267

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

SYNOPSIS

Permits for-profit affordable housing entities to join with non-profit entities and housing authorities in joint insurance funds under certain circumstances.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT permitting certain for-profit affordable housing entities to
2 join certain non-profit entities and housing authorities for
3 insurance purposes, and amending P.L.2004, c.146.
4

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

7
8 1. Section 1 of P.L.2004, c.146 (C.40A:10-36.3) is amended to
9 read as follows:

10 1. a. For the purposes of P.L.2004, c.146 (C.40A:10-36.3) **[a**
11 "non-profit"] :

12 "Non-profit housing entity" means an organization that provides
13 housing meeting the low and moderate income limits established by
14 the United States Department of Housing and Urban Development,
15 if that organization is organized as a not-for-profit entity or as a
16 limited partnership, in a low or moderate income housing project
17 that has as its general partner a not-for-profit entity that has as its
18 primary purpose the construction, rehabilitation or management of
19 housing projects for occupancy by persons of low and moderate
20 income.

21 "For-profit affordable housing entity" means a corporation,
22 partnership, or other organization, created for the purpose of
23 providing one or more:

24 (1) 100 percent low and moderate income housing development
25 in association with P.L.1985, c.222 (C.52:27D-301 et al.),
26 constructed through the direction of a municipal fair share plan, or a
27 court order to enforce the construction; or

28 (2) project-based federal rental developments, authorized
29 pursuant to section 8 of the United States Housing Act of 1937 (42
30 U.S.C. s.1437f), including but not limited to housing constructed
31 for this purpose, and housing converted for this purpose through the
32 federal Rental Assistance Demonstration Program.

33 b. A non-profit housing entity, or a for-profit affordable housing
34 entity, shall be deemed a local unit for the purposes of P.L.1983,
35 c.372 (C.40A:10-36 et seq.) if it chooses to establish or join a joint
36 insurance fund, pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.),
37 that is comprised of either non-profit housing entities **[or]** , housing
38 authorities, for-profit affordable housing entities, or a combination
39 thereof. Such joint insurance funds shall not have as its members
40 local units that are municipalities, counties, boards of education, or
41 fire districts.

42 c. Notwithstanding any provision of law to the contrary, a joint
43 insurance fund established pursuant to P.L.1983, c.372 (C.40A:10-
44 36 et seq.) that includes non-profit housing entities, or for-profit
45 affordable housing entities, or both, as members shall not join

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.

1 together with other local units, as otherwise provided in section 1 of
2 P.L.1983, c.372 (C.40A:10-36), for the purpose of providing
3 contributory or non-contributory group health insurance or group
4 term life insurance, or both, to employees or their dependents or
5 both.

6 d. Notwithstanding any provision of law to the contrary, a joint
7 insurance fund established pursuant to P.L.1983, c.372 (C.40A:10-
8 36 et seq.) that includes non-profit housing entities, or for-profit
9 affordable housing entities, or both, as members may participate in
10 joint insurance funds:

11 (1) where the membership is exclusively comprised of other
12 joint insurance funds and whose purpose is to provide excess levels
13 of coverage;

14 (2) where the membership is exclusively comprised of other
15 joint insurance funds and whose purpose is to accept the transfer of
16 residual claims liabilities; or

17 (3) whose purpose is to provide environmental impairment
18 liability insurance.

19 e. A joint insurance fund that has as its members non-profit
20 housing entities, or for-profit affordable housing entities, or both,
21 shall operate pursuant to the provisions of P.L.1983, c.372
22 (C.40A:10-36 et seq.).

23 (cf: P.L.2004, c.146, s.1)

24

25 2. This act shall take effect immediately.

26

27

28

STATEMENT

29

30 This bill would authorize for-profit affordable housing entities to
31 establish or join joint insurance funds that are comprised of either
32 other for-profit affordable housing entities, non-profit housing
33 entities, housing authorities, or a combination thereof. For-profit
34 affordable housing entities, however, would be precluded from
35 joining joint insurance funds that have as their members local units
36 that are municipalities, counties, boards of education, or fire
37 districts.

38 The bill defines a “for-profit affordable housing entity” as an
39 organization created for the purpose of providing either one or
40 more: (1) 100 percent low and moderate income developments in
41 association with the “Fair Housing Act,” N.J.S.A.52:27D-301 et al.,
42 constructed through the direction of a municipal fair share plan, or a
43 court order to enforce the construction, or (2) project-based federal
44 rental developments, authorized pursuant to the federal Section 8
45 Program, including but not limited to housing constructed for this
46 purpose, and housing converted for this purpose through the federal
47 Rental Assistance Demonstration Program.

1 The bill provides that joint insurance funds that include for-profit
2 affordable housing entities as members may not provide
3 contributory or non-contributory group health insurance or group
4 term life insurance, or both, to employees or their dependents, or
5 both.

6 The bill provides that a joint insurance fund that includes for-
7 profit affordable housing entities as members may participate in
8 joint insurance funds:

9 (1) where the membership is exclusively comprised of other
10 joint insurance funds and whose purpose is to provide excess levels
11 of coverage;

12 (2) where the membership is exclusively comprised of other
13 joint insurance funds and whose purpose is to accept the transfer of
14 residual claims liabilities; or

15 (3) whose purpose is to provide environmental impairment
16 liability insurance.

17 Otherwise, a joint insurance fund that has as its members non-
18 profit housing entities, or for-profit affordable housing entities,
19 would operate pursuant to the provisions of P.L.1983, c.372
20 (N.J.S.A.40A:10-36 et seq.), the provision of law governing joint
21 insurance funds.

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2267

STATE OF NEW JERSEY
221st LEGISLATURE

ADOPTED FEBRUARY 8, 2024

Sponsored by:

Assemblywoman YVONNE LOPEZ
District 19 (Middlesex)
Assemblywoman ANNETTE QUIJANO
District 20 (Union)
Senator TROY SINGLETON
District 7 (Burlington)
Senator BRIAN P. STACK
District 33 (Hudson)

Co-Sponsored by:

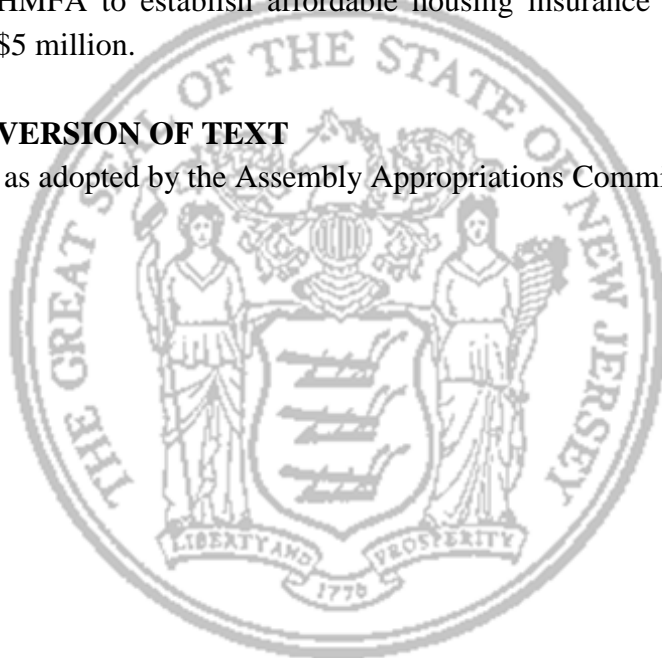
Assemblywomen Speight, Hall and Senator Pou

SYNOPSIS

Requires HMFA to establish affordable housing insurance pilot program; appropriates \$5 million.

CURRENT VERSION OF TEXT

Substitute as adopted by the Assembly Appropriations Committee.



(Sponsorship Updated As Of: 3/18/2024)

1 AN ACT concerning an insurance fund for certain for-profit
2 affordable housing entities, supplementing Title 55 of the
3 Revised Statutes, and making an appropriation.
4

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

7
8 1. a. As used in this section:

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

12 "Eligible affordable housing project" means a residential
13 development where 100 percent of units are reserved for rental by
14 low- and moderate-income households as low income housing or
15 moderate income housing as defined in section 5 of P.L.1985, c.222
16 (C.52:27D-304), and meets one of the following criteria:

17 is a newly constructed project that utilizes traditional agency tax-
18 exempt financing and 4 percent low-income housing tax credits,
19 except that a project seeking financing through the agency's conduit
20 bond program or through any tax credit program administered by
21 the New Jersey Economic Development Authority shall not be an
22 eligible affordable housing project;

23 is an existing residential development in receipt of supplemental
24 agency financing for rehabilitation or disaster recovery; or

25 is an existing residential development that has previously
26 received agency financing where insurance premiums have
27 increased by at least 50 percent over a 24 month period for the same
28 insurance product or that has experienced other extraordinary
29 expenses increases, as determined by the agency, that threaten the
30 long-term financial viability of the property.

31 "For-profit affordable housing entity" means a corporation,
32 partnership, or other organization, that receives an allocation from
33 the federal Low Income Housing Tax Credit Program.

34 "Fund" means the Affordable Housing Insurance Fund
35 established pursuant to subsection c. of this section.

36 b. The agency shall establish, through promulgation of
37 guidelines, an affordable housing insurance pilot program to
38 provide financial assistance to for-profit affordable housing entities
39 for insurance premiums for coverage for eligible affordable housing
40 projects. The agency shall accept applications to participate in the
41 pilot program for two years following the effective date of P.L. ,
42 c. (C.) (pending before the Legislature as this bill), and the
43 agency, in its guidelines, shall provide for the termination of the
44 pilot program no later than 20 years following the effective date of
45 P.L. , c. (C.) (pending before the Legislature as this bill).

46 c. To implement an affordable housing insurance pilot program,
47 there is established within the agency an Affordable Housing
48 Insurance Fund, which shall be a non-lapsing fund and which shall

1 be the repository for funds appropriated or otherwise made
2 available for the purposes of P.L. , c. (C.) (pending before
3 the Legislature as this bill), as well as fees collected pursuant to
4 subsection e. of this section. The agency shall distribute moneys
5 deposited in the fund to participating for-profit affordable housing
6 entities to provide financial assistance for policies maintained by
7 those for-profit affordable housing entities insuring against bodily
8 injury and property damage claims related to eligible affordable
9 housing projects. Moneys deposited in the fund shall be held in
10 interest-bearing accounts in public depositories and may be invested
11 or reinvested by the agency. Interest or other income earned on
12 moneys deposited into the fund shall be credited to and deposited in
13 the fund for use as provided for in this section.

14 d. A for-profit affordable housing entity shall be eligible for
15 participation in the pilot program upon application to the agency in
16 a form and manner determined in guidelines promulgated by the
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18 affordable housing projects shall only qualify as an eligible
19 affordable housing project if minimum criteria established by the
20 agency regarding insurance policy minimums and other standards to
21 protect against loss are met. Application for participation in the
22 pilot program shall be subject to a fee set by the agency which fee
23 shall be deposited in the fund for use as provided for in this section.

24 e. The agency shall provide financial assistance in an amount
25 not to exceed \$250 annually per unit and \$1,000,000 annually per
26 eligible affordable housing project to for-profit affordable housing
27 entities in accordance with guidelines established by the agency.
28 The agency may determine the manner and means by which
29 financial assistance is provided and may establish requirements for
30 for-profit affordable housing entities awarded assistance to remain
31 eligible to participate in the pilot program.

32 f. In order to carry out the purposes and provisions of this
33 section, the agency shall have the authority to form, purchase, or
34 assume control of one or more subsidiary corporations. Under no
35 circumstances shall a participating for-profit affordable housing
36 entity have any legal recourse against the agency, the State, or their
37 officers or employees for any damages, of any sort whatsoever, that
38 might arise on account of or in connection with the pilot program.

39 g. Not later than six months following completion of the pilot
40 program, the agency, in consultation with the Department of
41 Banking and Insurance, shall prepare and submit a report to the
42 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
43 19.1), to the Legislature, presenting information necessary to assess
44 the success of the pilot program.

45

46 2. There is appropriated the sum of \$5,000,000 from the General
47 Fund to the Affordable Housing Insurance Fund established in
48 section 1 of P.L. , c. (C.) (pending before the Legislature

1 as this bill). The agency may transfer remaining, unencumbered
2 funds appropriated to the agency pursuant to P.L.2021, c.133 for the
3 Risk Share Pilot Program to the Affordable Housing Insurance Fund
4 for use as set forth in section 1 of P.L. , c. (C.) (pending
5 before the Legislature as this bill).

6

7 3. This act shall take effect immediately.

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2267

STATE OF NEW JERSEY
221st LEGISLATURE

ADOPTED FEBRUARY 8, 2024

Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblywoman ANNETTE QUIJANO

District 20 (Union)

Senator TROY SINGLETON

District 7 (Burlington)

Senator BRIAN P. STACK

District 33 (Hudson)

Co-Sponsored by:

Assemblywomen Speight, Hall and Senator Pou

SYNOPSIS

Requires HMFA to establish affordable housing insurance pilot program; appropriates \$5 million.

CURRENT VERSION OF TEXT

As amended by the Senate on March 18, 2024.



(Sponsorship Updated As Of: 3/18/2024)

1 AN ACT concerning an insurance fund for certain for-profit
2 affordable housing entities, supplementing Title 55 of the
3 Revised Statutes, and making an appropriation.
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
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13 development where 100 percent of units are reserved for rental by
14 low- and moderate-income households as low income housing or
15 moderate income housing as defined in section 5 of P.L.1985, c.222
16 (C.52:27D-304), and meets one of the following criteria:

17 is a newly constructed project that utilizes traditional agency tax-
18 exempt financing and 4 percent low-income housing tax credits,
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20 bond program or through any tax credit program administered by
21 the New Jersey Economic Development Authority shall not be an
22 eligible affordable housing project;

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28 insurance product or that has experienced other extraordinary
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35 established pursuant to subsection c. of this section.

36 b. The agency shall establish, through promulgation of
37 guidelines, an affordable housing insurance pilot program to
38 provide financial assistance to for-profit affordable housing entities
39 for insurance premiums for coverage for eligible affordable housing
40 projects. The agency shall accept applications to participate in the
41 pilot program for two years following the effective date of P.L. ,
42 c. (C.) (pending before the Legislature as this bill), and the
43 agency, in its guidelines, shall provide for the termination of the
44 pilot program no later than 20 years following the effective date of
45 P.L. , c. (C.) (pending before the Legislature as this bill).

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:

¹Senate floor amendments adopted March 18, 2024.

1 c. To implement an affordable housing insurance pilot program,
2 there is established within the agency an Affordable Housing
3 Insurance Fund, which shall be a non-lapsing fund and which shall
4 be the repository for funds appropriated or otherwise made
5 available for the purposes of P.L. , c. (C.) (pending before
6 the Legislature as this bill), as well as fees collected pursuant to
7 subsection e. of this section. The agency shall distribute moneys
8 deposited in the fund to participating for-profit affordable housing
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11 injury and property damage claims related to eligible affordable
12 housing projects. Moneys deposited in the fund shall be held in
13 interest-bearing accounts in public depositories and may be invested
14 or reinvested by the agency. Interest or other income earned on
15 moneys deposited into the fund shall be credited to and deposited in
16 the fund for use as provided for in this section.

17 d. A for-profit affordable housing entity shall be eligible for
18 participation in the pilot program upon application to the agency in
19 a form and manner determined in guidelines promulgated by the
20 agency. In addition to any other criteria established by the agency,
21 affordable housing projects shall only qualify as an eligible
22 affordable housing project if minimum criteria established by the
23 agency regarding insurance policy minimums and other standards to
24 protect against loss are met. Application for participation in the
25 pilot program shall be subject to a fee set by the agency which fee
26 shall be deposited in the fund for use as provided for in this section.

27 e. The agency shall provide financial assistance in an amount
28 not to exceed \$250 annually per unit and \$1,000,000 annually per
29 eligible affordable housing project to for-profit affordable housing
30 entities in accordance with guidelines established by the agency.
31 The agency may determine the manner and means by which
32 financial assistance is provided and may establish requirements for
33 for-profit affordable housing entities awarded assistance to remain
34 eligible to participate in the pilot program.

35 f. In order to carry out the purposes and provisions of this
36 section, the agency shall have the authority to form, purchase, or
37 assume control of one or more subsidiary corporations. Under no
38 circumstances shall a participating for-profit affordable housing
39 entity have any legal recourse against the agency, the State, or their
40 officers or employees for any damages, of any sort whatsoever, that
41 might arise on account of or in connection with the pilot program.

42 g. Not later than six months following completion of the pilot
43 program, the agency, in consultation with the Department of
44 Banking and Insurance, shall prepare and submit a report to the
45 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
46 19.1), to the Legislature, presenting information necessary to assess
47 the success of the pilot program.

1 ¹[2. There is appropriated the sum of \$5,000,000 from the
2 General Fund to the Affordable Housing Insurance Fund established
3 in section 1 of P.L. , c. (C.) (pending before the Legislature
4 as this bill). The agency may transfer remaining, unencumbered
5 funds appropriated to the agency pursuant to P.L.2021, c.133 for the
6 Risk Share Pilot Program to the Affordable Housing Insurance Fund
7 for use as set forth in section 1 of P.L. , c. (C.) (pending
8 before the Legislature as this bill).]¹

9
10 ¹2. There is appropriated the sum of \$5,000,000 from the
11 General Fund to the Affordable Housing Insurance Fund established
12 in section 1 of P.L. , c. (C.) (pending before the Legislature
13 as this bill). Notwithstanding the provisions of any law to the
14 contrary, the agency may utilize remaining, unencumbered funds
15 appropriated to the agency pursuant to P.L.2021, c.133 for the Risk
16 Share Pilot Program for investment, financing, and facilitating
17 housing opportunities for low- and moderate-income families, older
18 adults, and individuals with specialized housing needs; provided,
19 however, of this amount, an amount not to exceed \$5,000,000 shall
20 be deposited in the Affordable Housing Insurance Fund for use as
21 set forth in section 1 of P.L. , c. (C.) (pending before the
22 Legislature as this bill).¹

23
24 3. This act shall take effect immediately.

ASSEMBLY, No. 2267

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblywoman ANNETTE QUIJANO

District 20 (Union)

SYNOPSIS

Permits for-profit affordable housing entities to join with non-profit entities and housing authorities in joint insurance funds under certain circumstances.

CURRENT VERSION OF TEXT

As reported by the Assembly Housing Committee with technical review.



(Sponsorship Updated As Of: 2/1/2024)

1 AN ACT permitting certain for-profit affordable housing entities to
2 join certain non-profit entities and housing authorities for
3 insurance purposes, and amending P.L.2004, c.146.
4

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

7
8 1. Section 1 of P.L.2004, c.146 (C.40A:10-36.3) is amended to
9 read as follows:

10 1. a. For the purposes of P.L.2004, c.146 (C.40A:10-36.3) **[a**
11 "non-profit"] :

12 "Non-profit housing entity" means an organization that provides
13 housing meeting the low and moderate income limits established by
14 the United States Department of Housing and Urban Development,
15 if that organization is organized as a not-for-profit entity or as a
16 limited partnership, in a low or moderate income housing project
17 that has as its general partner a not-for-profit entity that has as its
18 primary purpose the construction, rehabilitation or management of
19 housing projects for occupancy by persons of low and moderate
20 income.

21 "For-profit affordable housing entity" means a corporation,
22 partnership, or other organization, created for the purpose of
23 providing one or more:

24 (1) 100 percent low and moderate income housing development
25 in association with P.L.1985, c.222 (C.52:27D-301 et al.),
26 constructed through the direction of a municipal fair share plan, or a
27 court order to enforce the construction; or

28 (2) project-based federal rental developments, authorized
29 pursuant to section 8 of the United States Housing Act of 1937 (42
30 U.S.C. s.1437f), including but not limited to housing constructed
31 for this purpose, and housing converted for this purpose through the
32 federal Rental Assistance Demonstration Program.

33 b. A non-profit housing entity, or a for-profit affordable housing
34 entity, shall be deemed a local unit for the purposes of P.L.1983,
35 c.372 (C.40A:10-36 et seq.) if it chooses to establish or join a joint
36 insurance fund, pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.),
37 that is comprised of either non-profit housing entities **[or]** , housing
38 authorities, for-profit affordable housing entities, or a combination
39 thereof. Such joint insurance funds shall not have as its members
40 local units that are municipalities, counties, boards of education, or
41 fire districts.

42 c. Notwithstanding any provision of law to the contrary, a joint
43 insurance fund established pursuant to P.L.1983, c.372 (C.40A:10-
44 36 et seq.) that includes non-profit housing entities, or for-profit
45 affordable housing entities, or both, as members shall not join

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.

1 together with other local units, as otherwise provided in section 1 of
2 P.L.1983, c.372 (C.40A:10-36), for the purpose of providing
3 contributory or non-contributory group health insurance or group
4 term life insurance, or both, to employees or their dependents or
5 both.

6 d. Notwithstanding any provision of law to the contrary, a joint
7 insurance fund established pursuant to P.L.1983, c.372 (C.40A:10-
8 36 et seq.) that includes non-profit housing entities, or for-profit
9 affordable housing entities, or both, as members may participate in
10 joint insurance funds:

11 (1) where the membership is exclusively comprised of other
12 joint insurance funds and whose purpose is to provide excess levels
13 of coverage;

14 (2) where the membership is exclusively comprised of other
15 joint insurance funds and whose purpose is to accept the transfer of
16 residual claims liabilities; or

17 (3) whose purpose is to provide environmental impairment
18 liability insurance.

19 e. A joint insurance fund that has as its members non-profit
20 housing entities, or for-profit affordable housing entities, or both,
21 shall operate pursuant to the provisions of P.L.1983, c.372
22 (C.40A:10-36 et seq.).

23 (cf: P.L.2004, c.146, s.1)

24

25 2. This act shall take effect immediately.

ASSEMBLY HOUSING COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2267

STATE OF NEW JERSEY

DATED: JANUARY 29, 2024

The Assembly Housing Committee reports favorably Assembly Bill No. 2267.

This bill would authorize for-profit affordable housing entities to establish or join joint insurance funds that are comprised of either other for-profit affordable housing entities, non-profit housing entities, housing authorities, or a combination thereof. For-profit affordable housing entities, however, would be precluded from joining joint insurance funds that have as their members local units that are municipalities, counties, boards of education, or fire districts.

The bill defines a “for-profit affordable housing entity” as an organization created for the purpose of providing either one or more: (1) 100 percent low and moderate income developments in association with the “Fair Housing Act,” N.J.S.A.52:27D-301 et al., constructed through the direction of a municipal fair share plan, or a court order to enforce the construction, or (2) project-based federal rental developments, authorized pursuant to the federal Section 8 Program, including but not limited to housing constructed for this purpose, and housing converted for this purpose through the federal Rental Assistance Demonstration Program.

The bill provides that joint insurance funds that include for-profit affordable housing entities as members may not provide contributory or non-contributory group health insurance or group term life insurance, or both, to employees or their dependents, or both.

The bill provides that a joint insurance fund that includes for-profit affordable housing entities as members may participate in joint insurance funds:

(1) where the membership is exclusively comprised of other joint insurance funds and whose purpose is to provide excess levels of coverage;

(2) where the membership is exclusively comprised of other joint insurance funds and whose purpose is to accept the transfer of residual claims liabilities; or

(3) whose purpose is to provide environmental impairment liability insurance.

Otherwise, a joint insurance fund that has as its members non-profit housing entities, or for-profit affordable housing entities, would operate pursuant to the provisions of P.L.1983, c.372

(N.J.S.A.40A:10-36 et seq.), the provision of law governing joint insurance funds.

This bill was pre-filed for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 2267

STATE OF NEW JERSEY

DATED: FEBRUARY 8, 2024

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 2267.

This committee substitute requires the New Jersey Housing and Mortgage Finance Agency (agency) to establish an affordable housing insurance pilot program (pilot program).

Under the bill, the agency is required to establish the pilot program through promulgation of guidelines, to provide financial assistance to for-profit affordable housing entities for insurance premiums for coverage for eligible affordable housing projects. The bill requires agency to accept applications to participate in the pilot program for two years following the effective date of bill, and the agency, in its guidelines, is require to provide for the termination of the pilot program no later than 20 years following the effective date of the bill.

The bill establishes within the agency a non-lapsing Affordable Housing Insurance Fund. The bill requires the agency to distribute moneys deposited in the fund to participating for-profit affordable housing entities to provide financial assistance for policies maintained by those for-profit affordable housing entities insuring against bodily injury and property damage claims related to eligible affordable housing projects. The bill appropriates \$5 million from the General Fund to the Affordable Housing Insurance Fund and allows the agency to transfer remaining, unencumbered funds appropriated to the agency for the Risk Share Pilot Program for the purposes of the Affordable Housing Insurance Fund.

The bill specifies that a for-profit affordable housing entity would be eligible for participation in the pilot program upon application to the agency in a form and manner determined in guidelines promulgated by the agency. In addition to any other criteria established by the agency, the bill requires that affordable housing projects shall only qualify as eligible affordable housing projects if minimum criteria established by the agency regarding insurance policy minimums and other standards to protect against loss are met and that an applicant for the pilot program would be subject to a fee set by the agency.

The bill specifies that financial assistance provided under the pilot program is not to exceed \$250 annually per unit and \$1,000,000

annually per eligible affordable housing. The agency is further authorized under the bill to determine the manner and means by which financial assistance is provided and is authorized to establish requirements for for-profit affordable housing entities awarded assistance to remain eligible to participate in the pilot program.

The bill authorizes the agency to form, purchase, or assume control of one or more subsidiary corporations to carry out the provisions of the bill, and specifies that a participating for-profit affordable housing entity shall not have any legal recourse against the agency, the State, or their officers or employees for any damages that might arise on account of or in connection with the pilot program.

The agency, following completion of the pilot program, is required to prepare and submit a report to the Governor and the Legislature, presenting information necessary to assess the success of the pilot program.

FISCAL IMPACT:

This bill was not certified as requiring a fiscal note.

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2267

with Senate Floor Amendments
(Proposed by Senator SINGLETON)

ADOPTED: MARCH 18, 2024

These Senate floor amendments allow, notwithstanding provisions of any law to the contrary, that funds appropriated to the New Jersey Housing and Mortgage Finance Agency (agency) that are remaining and unencumbered funds pursuant to P.L.2021, c.133 may be utilized for investment, financing, and facilitating housing opportunities for low- and moderate-income families, older adults, and individuals with specialized housing needs under the bill's Risk Share Pilot Program (program). The amendments further specify that an amount not to exceed \$5,000,000 is to be deposited in the Affordable Housing Insurance Fund for use pursuant to the program.

SENATE, No. 1415

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator BRIAN P. STACK

District 33 (Hudson)

Co-Sponsored by:

Senator Pou

SYNOPSIS

Permits for-profit affordable housing entities to join with non-profit entities and housing authorities in joint insurance funds under certain circumstances.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 1/25/2024)

1 AN ACT permitting certain for-profit affordable housing entities to
2 join certain non-profit entities and housing authorities for
3 insurance purposes, and amending P.L.2004, c.146.
4

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

7
8 1. Section 1 of P.L.2004, c.146 (C.40A:10-36.3) is amended to
9 read as follows:

10 1. a. For the purposes of P.L.2004, c.146 (C.40A:10-36.3) **[a**
11 "non-profit"] :

12 "Non-profit housing entity" means an organization that provides
13 housing meeting the low and moderate income limits established by
14 the United States Department of Housing and Urban Development,
15 if that organization is organized as a not-for-profit entity or as a
16 limited partnership, in a low or moderate income housing project
17 that has as its general partner a not-for-profit entity that has as its
18 primary purpose the construction, rehabilitation or management of
19 housing projects for occupancy by persons of low and moderate
20 income.

21 "For-profit affordable housing entity" means a corporation,
22 partnership, or other organization, created for the purpose of
23 providing one or more:

24 (1) 100 percent low and moderate income housing development
25 in association with P.L.1985, c.222 (C.52:27D-301 et al.),
26 constructed through the direction of a municipal fair share plan, or a
27 court order to enforce the construction; or

28 (2) project-based federal rental developments, authorized
29 pursuant to section 8 of the United States Housing Act of 1937
30 (42 U.S.C. s.1437f), including but not limited to housing
31 constructed for this purpose, and housing converted for this purpose
32 through the federal Rental Assistance Demonstration Program.

33 b. A non-profit housing entity, or a for-profit affordable housing
34 entity, shall be deemed a local unit for the purposes of P.L.1983,
35 c.372 (C.40A:10-36 et seq.) if it chooses to establish or join a joint
36 insurance fund, pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.),
37 that is comprised of either non-profit housing entities **[or]** , housing
38 authorities, for-profit affordable housing entities, or a combination
39 thereof. Such joint insurance funds shall not have as its members
40 local units that are municipalities, counties, boards of education, or
41 fire districts.

42 c. Notwithstanding any provision of law to the contrary, a joint
43 insurance fund established pursuant to P.L.1983, c.372
44 (C.40A:10-36 et seq.) that includes non-profit housing entities, or
45 for-profit affordable housing entities, or both, as members shall not
46 join together with other local units, as otherwise provided in section

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.

1 1 of P.L.1983, c.372 (C.40A:10-36), for the purpose of providing
2 contributory or non-contributory group health insurance or group
3 term life insurance, or both, to employees or their dependents or
4 both.

5 d. Notwithstanding any provision of law to the contrary, a joint
6 insurance fund established pursuant to P.L.1983, c.372
7 (C.40A:10-36 et seq.) that includes non-profit housing entities, or
8 for-profit affordable housing entities, or both, as members may
9 participate in joint insurance funds:

10 (1) where the membership is exclusively comprised of other
11 joint insurance funds and whose purpose is to provide excess levels
12 of coverage;

13 (2) where the membership is exclusively comprised of other
14 joint insurance funds and whose purpose is to accept the transfer of
15 residual claims liabilities; or

16 (3) whose purpose is to provide environmental impairment
17 liability insurance.

18 e. A joint insurance fund that has as its members non-profit
19 housing entities, or for-profit affordable housing entities, or both,
20 shall operate pursuant to the provisions of P.L.1983, c.372
21 (C.40A:10-36 et seq.).

22 (cf: P.L.2004, c.146, s.1)

23

24 2. This act shall take effect immediately.

25

26

27

STATEMENT

28

29 This bill would authorize for-profit affordable housing entities to
30 establish or join joint insurance funds that are comprised of either
31 other for-profit affordable housing entities, non-profit housing
32 entities, housing authorities, or a combination thereof. For-profit
33 affordable housing entities, however, would be precluded from
34 joining joint insurance funds that have as their members local units
35 that are municipalities, counties, boards of education, or fire
36 districts.

37 The bill defines a “for-profit affordable housing entity” as an
38 organization created for the purpose of providing either one or
39 more: (1) 100 percent low and moderate income developments in
40 association with the “Fair Housing Act,” N.J.S.A.52:27D-301 et al.,
41 constructed through the direction of a municipal fair share plan, or a
42 court order to enforce the construction, or (2) project-based federal
43 rental developments, authorized pursuant to the federal Section 8
44 Program, including but not limited to housing constructed for this
45 purpose, and housing converted for this purpose through the federal
46 Rental Assistance Demonstration Program.

47 The bill provides that joint insurance funds that include for-profit
48 affordable housing entities as members may not provide

1 contributory or non-contributory group health insurance or group
2 term life insurance, or both, to employees or their dependents, or
3 both.

4 The bill provides that a joint insurance fund that includes for-
5 profit affordable housing entities as members may participate in
6 joint insurance funds:

7 (1) where the membership is exclusively comprised of other
8 joint insurance funds and whose purpose is to provide excess levels
9 of coverage;

10 (2) where the membership is exclusively comprised of other
11 joint insurance funds and whose purpose is to accept the transfer of
12 residual claims liabilities; or

13 (3) whose purpose is to provide environmental impairment
14 liability insurance.

15 Otherwise, a joint insurance fund that has as its members non-
16 profit housing entities, or for-profit affordable housing entities,
17 would operate pursuant to the provisions of P.L.1983, c.372
18 (N.J.S.A.40A:10-36 et seq.), the provision of law governing joint
19 insurance funds.

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1415

STATE OF NEW JERSEY
221st LEGISLATURE

ADOPTED MARCH 11, 2024

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator BRIAN P. STACK

District 33 (Hudson)

Co-Sponsored by:

Senator Pou

SYNOPSIS

Requires HMFA to establish affordable housing insurance pilot program; appropriates \$5 million.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.



1 AN ACT concerning an insurance fund for certain for-profit
2 affordable housing entities, supplementing Title 55 of the
3 Revised Statutes, and making an appropriation.
4

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

7
8 1. a. As used in this section:

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

12 "Eligible affordable housing project" means a residential
13 development where 100 percent of units are reserved for rental by
14 low- and moderate-income households as low income housing or
15 moderate income housing as defined in section 5 of P.L.1985, c.222
16 (C.52:27D-304), and meets one of the following criteria:

17 is a newly constructed project that utilizes traditional agency tax-
18 exempt financing and 4 percent low-income housing tax credits,
19 except that a project seeking financing through the agency's conduit
20 bond program or through any tax credit program administered by
21 the New Jersey Economic Development Authority shall not be an
22 eligible affordable housing project;

23 is an existing residential development in receipt of supplemental
24 agency financing for rehabilitation or disaster recovery; or

25 is an existing residential development that has previously
26 received agency financing where insurance premiums have
27 increased by at least 50 percent over a 24 month period for the same
28 insurance product or that has experienced other extraordinary
29 expenses increases, as determined by the agency, that threaten the
30 long-term financial viability of the property.

31 "For-profit affordable housing entity" means a corporation,
32 partnership, or other organization, that receives an allocation from
33 the federal Low Income Housing Tax Credit Program.

34 "Fund" means the Affordable Housing Insurance Fund
35 established pursuant to subsection c. of this section.

36 b. The agency shall establish, through promulgation of
37 guidelines, an affordable housing insurance pilot program to
38 provide financial assistance to for-profit affordable housing entities
39 for insurance premiums for coverage for eligible affordable housing
40 projects. The agency shall accept applications to participate in the
41 pilot program for two years following the effective date of P.L. ,
42 c. (C.) (pending before the Legislature as this bill), and the
43 agency, in its guidelines, shall provide for the termination of the
44 pilot program no later than 20 years following the effective date of
45 P.L. , c. (C.) (pending before the Legislature as this bill).

46 c. To implement an affordable housing insurance pilot program,
47 there is established within the agency an Affordable Housing
48 Insurance Fund, which shall be a non-lapsing fund and which shall

1 be the repository for funds appropriated or otherwise made
2 available for the purposes of P.L. , c. (C.) (pending before
3 the Legislature as this bill), as well as fees collected pursuant to
4 subsection e. of this section. The agency shall distribute moneys
5 deposited in the fund to participating for-profit affordable housing
6 entities to provide financial assistance for policies maintained by
7 those for-profit affordable housing entities insuring against bodily
8 injury and property damage claims related to eligible affordable
9 housing projects. Moneys deposited in the fund shall be held in
10 interest-bearing accounts in public depositories and may be invested
11 or reinvested by the agency. Interest or other income earned on
12 moneys deposited into the fund shall be credited to and deposited in
13 the fund for use as provided for in this section.

14 d. A for-profit affordable housing entity shall be eligible for
15 participation in the pilot program upon application to the agency in
16 a form and manner determined in guidelines promulgated by the
17 agency. In addition to any other criteria established by the agency,
18 affordable housing projects shall only qualify as an eligible
19 affordable housing project if minimum criteria established by the
20 agency regarding insurance policy minimums and other standards to
21 protect against loss are met. Application for participation in the
22 pilot program shall be subject to a fee set by the agency which fee
23 shall be deposited in the fund for use as provided for in this section.

24 e. The agency shall provide financial assistance in an amount
25 not to exceed \$250 annually per unit and \$1,000,000 annually per
26 eligible affordable housing project to for-profit affordable housing
27 entities in accordance with guidelines established by the agency.
28 The agency may determine the manner and means by which
29 financial assistance is provided and may establish requirements for
30 for-profit affordable housing entities awarded assistance to remain
31 eligible to participate in the pilot program.

32 f. In order to carry out the purposes and provisions of this
33 section, the agency shall have the authority to form, purchase, or
34 assume control of one or more subsidiary corporations. Under no
35 circumstances shall a participating for-profit affordable housing
36 entity have any legal recourse against the agency, the State, or their
37 officers or employees for any damages, of any sort whatsoever, that
38 might arise on account of or in connection with the pilot program.

39 g. Not later than six months following completion of the pilot
40 program, the agency, in consultation with the Department of
41 Banking and Insurance, shall prepare and submit a report to the
42 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
43 19.1), to the Legislature, presenting information necessary to assess
44 the success of the pilot program.

45

46 2. There is appropriated the sum of \$5,000,000 from the General
47 Fund to the Affordable Housing Insurance Fund established in
48 section 1 of P.L. , c. (C.) (pending before the Legislature

1 as this bill). Notwithstanding the provisions of any law to the
2 contrary, the agency may utilize remaining, unencumbered funds
3 appropriated to the agency pursuant to P.L.2021, c.133 for the Risk
4 Share Pilot Program for investment, financing, and facilitating
5 housing opportunities for low- and moderate-income families, older
6 adults, and individuals with specialized housing needs; provided,
7 however, of this amount, an amount not to exceed \$5,000,000 shall
8 be deposited in the Affordable Housing Insurance Fund for use as
9 set forth in section 1 of P.L. , c. (C.) (pending before the
10 Legislature as this bill).

11

12 3. This act shall take effect immediately.

SENATE, No. 1415

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator BRIAN P. STACK

District 33 (Hudson)

Co-Sponsored by:

Senator Pou

SYNOPSIS

Permits for-profit affordable housing entities to join with non-profit entities and housing authorities in joint insurance funds under certain circumstances.

CURRENT VERSION OF TEXT

As reported by the Senate Community and Urban Affairs Committee with technical review.



(Sponsorship Updated As Of: 1/25/2024)

S1415 SINGLETON, STACK

2

1 AN ACT permitting certain for-profit affordable housing entities to
2 join certain non-profit entities and housing authorities for
3 insurance purposes, and amending P.L.2004, c.146.
4

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

7
8 1. Section 1 of P.L.2004, c.146 (C.40A:10-36.3) is amended to
9 read as follows:

10 1. a. For the purposes of P.L.2004, c.146 (C.40A:10-36.3) **[a**
11 **"non-profit"]** :

12 “Non-profit housing entity” means an organization that provides
13 housing meeting the low and moderate income limits established by
14 the United States Department of Housing and Urban Development,
15 if that organization is organized as a not-for-profit entity or as a
16 limited partnership, in a low or moderate income housing project
17 that has as its general partner a not-for-profit entity that has as its
18 primary purpose the construction, rehabilitation or management of
19 housing projects for occupancy by persons of low and moderate
20 income.

21 “For-profit affordable housing entity” means a corporation,
22 partnership, or other organization, created for the purpose of
23 providing one or more:

24 (1) 100 percent low and moderate income housing development
25 in association with P.L.1985, c.222 (C.52:27D-301 et al.),
26 constructed through the direction of a municipal fair share plan, or a
27 court order to enforce the construction; or

28 (2) project-based federal rental developments, authorized
29 pursuant to section 8 of the United States Housing Act of 1937
30 (42 U.S.C. s.1437f), including but not limited to housing
31 constructed for this purpose, and housing converted for this purpose
32 through the federal Rental Assistance Demonstration Program.

33 b. A non-profit housing entity, or a for-profit affordable housing
34 entity, shall be deemed a local unit for the purposes of P.L.1983,
35 c.372 (C.40A:10-36 et seq.) if it chooses to establish or join a joint
36 insurance fund, pursuant to P.L.1983, c.372 (C.40A:10-36 et seq.),
37 that is comprised of either non-profit housing entities **[or]** , housing
38 authorities, for-profit affordable housing entities, or a combination
39 thereof. Such joint insurance funds shall not have as its members
40 local units that are municipalities, counties, boards of education, or
41 fire districts.

42 c. Notwithstanding any provision of law to the contrary, a joint
43 insurance fund established pursuant to P.L.1983, c.372
44 (C.40A:10-36 et seq.) that includes non-profit housing entities, or
45 for-profit affordable housing entities, or both, as members shall not

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.

1 join together with other local units, as otherwise provided in section
2 1 of P.L.1983, c.372 (C.40A:10-36), for the purpose of providing
3 contributory or non-contributory group health insurance or group
4 term life insurance, or both, to employees or their dependents or
5 both.

6 d. Notwithstanding any provision of law to the contrary, a joint
7 insurance fund established pursuant to P.L.1983, c.372
8 (C.40A:10-36 et seq.) that includes non-profit housing entities, or
9 for-profit affordable housing entities, or both, as members may
10 participate in joint insurance funds:

11 (1) where the membership is exclusively comprised of other
12 joint insurance funds and whose purpose is to provide excess levels
13 of coverage;

14 (2) where the membership is exclusively comprised of other
15 joint insurance funds and whose purpose is to accept the transfer of
16 residual claims liabilities; or

17 (3) whose purpose is to provide environmental impairment
18 liability insurance.

19 e. A joint insurance fund that has as its members non-profit
20 housing entities, or for-profit affordable housing entities, or both,
21 shall operate pursuant to the provisions of P.L.1983, c.372
22 (C.40A:10-36 et seq.).

23 (cf: P.L.2004, c.146, s.1)

24

25 2. This act shall take effect immediately.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1415

STATE OF NEW JERSEY

DATED: JANUARY 25, 2024

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 1415.

This bill authorizes for-profit affordable housing entities to establish or join joint insurance funds that are comprised of either other for-profit affordable housing entities, non-profit housing entities, housing authorities, or a combination thereof. For-profit affordable housing entities, however, are to be precluded from joining joint insurance funds that have as their members local units that are municipalities, counties, boards of education, or fire districts.

The bill defines a “for-profit affordable housing entity” as an organization created for the purpose of providing either one or more: (1) 100 percent low- and moderate-income developments in association with the “Fair Housing Act,” N.J.S.A.52:27D-301 et al., constructed through the direction of a municipal fair share plan, or a court order to enforce the construction, or (2) project-based federal rental developments, authorized pursuant to the federal Section 8 Program, including but not limited to housing constructed for this purpose, and housing converted for this purpose through the federal Rental Assistance Demonstration Program.

The bill provides that joint insurance funds that include for-profit affordable housing entities as members may not provide contributory or non-contributory group health insurance or group term life insurance, or both, to employees or their dependents, or both.

The bill also provides that a joint insurance fund that includes for-profit affordable housing entities as members may participate in joint insurance funds:

(1) where the membership is exclusively comprised of other joint insurance funds and whose purpose is to provide excess levels of coverage;

(2) where the membership is exclusively comprised of other joint insurance funds and whose purpose is to accept the transfer of residual claims liabilities; or

(3) whose purpose is to provide environmental impairment liability insurance.

Otherwise, a joint insurance fund that has as its members non-

profit housing entities, or for-profit affordable housing entities, would operate pursuant to the provisions of P.L.1983, c.372 (N.J.S.A.40A:10-36 et seq.), the provision of law governing joint insurance funds.

This bill was pre-filed for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 1415

STATE OF NEW JERSEY

DATED: MARCH 11, 2024

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Bill No. 1415.

This committee substitute requires the New Jersey Housing and Mortgage Finance Agency (agency) to establish an affordable housing insurance pilot program (pilot program).

Under the bill, the agency is required to establish the pilot program through promulgation of guidelines, to provide financial assistance to for-profit affordable housing entities for insurance premiums for coverage for eligible affordable housing projects. The bill requires agency to accept applications to participate in the pilot program for two years following the effective date of bill, and the agency, in its guidelines, is require to provide for the termination of the pilot program no later than 20 years following the effective date of the bill.

The bill establishes within the agency a non-lapsing Affordable Housing Insurance Fund. The bill requires the agency to distribute moneys deposited in the fund to participating for-profit affordable housing entities to provide financial assistance for policies maintained by those for-profit affordable housing entities insuring against bodily injury and property damage claims related to eligible affordable housing projects. The bill appropriates \$5 million from the General Fund to the Affordable Housing Insurance Fund and allows the agency to use remaining, unencumbered funds appropriated to the agency for the Risk Share Pilot Program for investment, financing, and facilitating housing opportunities for low- and moderate-income families, older adults, and individuals with specialized housing needs. However, of this appropriation, the bill requires an amount of up to \$5 million to be deposited in the Affordable Housing Insurance Fund.

The bill specifies that a for-profit affordable housing entity would be eligible for participation in the pilot program upon application to the agency in a form and manner determined in guidelines promulgated by the agency. In addition to any other criteria established by the agency, the bill requires that affordable housing projects shall only qualify as eligible affordable housing projects if minimum criteria established by the agency regarding insurance policy minimums and other standards to protect against loss are met and that

an applicant for the pilot program would be subject to a fee set by the agency.

The bill specifies that financial assistance provided under the pilot program is not to exceed \$250 annually per unit and \$1,000,000 annually per eligible affordable housing. The agency is further authorized under the bill to determine the manner and means by which financial assistance is provided and is authorized to establish requirements for for-profit affordable housing entities awarded assistance to remain eligible to participate in the pilot program.

The bill authorizes the agency to form, purchase, or assume control of one or more subsidiary corporations to carry out the provisions of the bill, and specifies that a participating for-profit affordable housing entity shall not have any legal recourse against the agency, the State, or their officers or employees for any damages that might arise on account of or in connection with the pilot program.

The agency, following completion of the pilot program, is required to prepare and submit a report to the Governor and the Legislature, presenting information necessary to assess the success of the pilot program.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.

Governor Murphy Signs Landmark Affordable Housing Legislation

03/20/2024

Bill Revamps Process for Municipalities to Meet Their Mount Laurel Obligations in Most Significant Housing Legislation in Four Decades

TRENTON – Governor Phil Murphy today signed landmark affordable housing legislation to support towns in meeting their affordable housing obligations, building on his administration’s promise to create a stronger, fairer, and more affordable state for all New Jerseyans. The legislation develops a new system for municipalities to meet their Mount Laurel affordable housing obligations, replacing the current process that exists entirely in the courts.

“One of our Administration’s top priorities has been to establish New Jersey as a national leader in expanding affordable housing,” **said Governor Murphy**. “With today’s bill signing, we will be able to create more certainty and lower costs in New Jersey’s affordable housing landscape. By establishing new processes and practices for towns to meet their Mount Laurel affordable housing obligations, we are able to more quickly and efficiently allocate funding to municipalities and support those building affordable housing in our state. I am proud that my Administration and the Legislature have enacted a coherent and workable framework that no longer leaves this issue exclusively to the courts.”

The primary bill, **A-4/S-50 (Lopez, Coughlin, Wimberly, Reynolds-Jackson/Singleton, Scutari, Ruiz)**, establishes a new, streamlined framework for determining and enforcing municipalities’ affordable housing obligations under the New Jersey Supreme Court’s Mount Laurel doctrine and the State’s Fair Housing Act. Starting with the compliance period that begins in 2025, the Department of Community Affairs will publish non-binding calculations of municipalities’ current and prospective need for affordable housing using a formula based on prior court decisions. Disputes about municipalities’ affordable housing obligations and plans to meet those obligations will be resolved on an expedited basis by the Judiciary with assistance from a new dispute resolution program.

This process will replace the role previously played by the Council on Affordable Housing (COAH), which has been defunct for over a decade and is formally abolished under this bill. The new process will streamline compliance and reduce litigation-related delays to the construction of new affordable housing and will give municipalities and developers more certainty, which will enable smarter planning around where housing should be built.

As part of this process, the bill contains provisions outlining how municipalities may receive “bonus credits” that allows units of affordable housing to be credited as 1.5 or 2 units in certain circumstances. This bonus credit system incentivizes age-restricted housing, housing set aside for individuals with special needs, and other location or purpose-specific housing projects, such as housing near mass transit stations. The bill caps the use of bonus credit units at 25% of a municipality’s prospective need obligations and establishes related parameters for how much of a municipality’s obligations must be satisfied through housing available to families with children and through rental housing.

Additional bills signed today include:

1. **ACS for A-2267/SCS for S-1415 (Lopez, Quijano/Singleton, Stack)**, which requires the New Jersey Housing Mortgage and Finance Agency to establish a pilot program to support insurance premiums for eligible affordable housing projects constructed by for-profit affordable housing developers.
2. **S-1422/A-3365 (Singleton, Turner/Lopez, Speight, Calabrese)**, which allows taxpayers to accelerate depreciation of eligible property expenditures in connection with construction of new affordable housing developments in order to realize cost savings.
3. **A-2296/S-2309 (Lopez, Wimberly/McKnight, Stack)**, which allows a municipal governing body to delegate to the municipal clerk the authority to issue certain approvals to facilitate development of affordable housing projects.
4. **A-3337/S-2312 (Wimberly, Reynolds-Jackson, Quijano/Stack, Singleton)**, which permits “payment in lieu of taxation” (PILOT) agreements between municipalities and affordable housing projects that receive funding through the State Affordable Housing Trust Fund or municipal affordable housing trust funds.
5. **A-1495/S-1484 (Karabinchak, Lopez, Swain/Lagana, Diegnan)**, which exempts receipts from sales made to contractors or repairmen of materials, supplies, or services related to the construction of 100%-affordable housing projects in order to help reduce costs for the construction of such projects.

“Affordability has been the cornerstone of the efforts we have taken in the Legislature to address the challenges our residents face every day,” **said Senate President Nicholas Scutari**. “This initiative will allow us to develop additional affordable housing in New Jersey and make the system more workable. These bills make real progress in making housing more accessible and affordable for residents in communities throughout the state.”

“At this critical juncture in New Jersey, with soaring housing prices and limited housing stock, this legislation is essential,” **said Senate Majority Leader M. Teresa Ruiz**. “It will expedite the construction of affordable housing near transit hubs, generating more jobs. Furthermore, by streamlining the process for municipalities with clear guidance and deadlines, we aim to make fulfilling affordable housing obligations less daunting while effectively addressing the state’s affordable housing shortage.”

“Housing is the most basic of human needs, and without first securing that need, other policies that we implement cannot be as effective. The Governor’s signing of S-50 puts us on a pathway to more success in the next round of affordable housing obligations, with clearer guidance for municipalities and a reduction of legal disputes that can allow those obligations to be fulfilled faster,” **said Senate Majority Whip and Chair of the Senate Community and Urban Affairs Committee Senator Troy Singleton**. “The continued enforcement of the Mount Laurel Doctrine and the associated construction of affordable housing benefits everybody. It creates jobs and stimulates economic growth, while manageable rents give working families financial flexibility. Housing stability removes barriers to accessing better education and work opportunities. Most importantly, the availability of affordable housing helps to ensure that the next generation grows up in stable homes and safe environments.”

“Families should not have to contend with uncertainty as to where they will be able to find a home, or whether they will be able to afford a future rent increase,” **said Senator Angela McKnight**. “Unfortunately, years of neglect have led to a massive shortage of affordable rental and homeownership opportunities. It will take time, but these reforms would put us on a path to reversing that shortage and reducing the barriers to affordable housing production.”

“These efforts would enable the faster production of affordable housing and faster fulfillment of local affordable housing obligations,” **said Senator Brian Stack**. “Giving municipalities a more streamlined process, aligning our tax system with our housing production goals, and taking a regional approach to our affordable housing challenges will put a system in place that is best equipped to reverse the growing trend of unaffordability.”

“We have an obligation to expand opportunities and make housing more affordable in our state,” **said Assembly Speaker Craig J. Coughlin**. “When more families are secure in homes of their own, they contribute to their

communities and our economy thrives. This legislation strikes the right balance in incentivizing opportunity and providing support for municipalities.”

“A house is much more than four walls and a roof, it is a place where cherished memories are made, an asset that creates generational wealth and a structure upon which a great quality of life can be built,” **said Assemblywoman Yvonne Lopez**. “The signing of A4 will allow more hard working families to have access to affordable housing and ahead of the 4th Round offers a pathway for municipality's to deliver on their constitutional obligations within a consistent and uniform process for decades to come. The signing of this bill will allow more New Jerseyans to move into, stay and thrive in the communities they love.”

“These bills being signed into law today will address the housing needs of numerous New Jersey residents, spanning from the youngest children to the eldest seniors,” **said Assemblyman Benjie E. Wimberly**. “A3337 streamlines the process for towns to build or preserve certain affordable housing units by exempting them from property taxation. Instead, a municipality and housing sponsor may negotiate a payment in lieu of taxation (PILOT), contributing funds toward crucial services like garbage collection, road upkeep, schools, and other essential town services.”

“Empowering New Jersey residents is at heart of our efforts to create more affordable housing in New Jersey,” **said Assemblyman Robert J. Karabinchak**. “By making materials associated with the construction of affordable housing tax exempt, A1495 is mitigating the cost for developers and subsequently lowering the costs for New Jerseyans renting or owning their places of residence.”

“This law marks a significant change for the better. It's about ensuring that finding a good, affordable home is no longer a struggle. We are united in this effort to transform our state, our county, our city into a place where everyone can live well and have equal opportunities to thrive. Thank you, Governor and legislative leaders, for helping our families move towards a future where prosperity is accessible to all. Thank you for turning this historic day into reality,” **said City of Perth Amboy Mayor Helmin Caba**.

“The signing of today’s bill package shows the commitment of Governor Murphy and state legislators to build more affordable housing in New Jersey. These new laws will promote the construction and preservation of affordable housing and enable working families to find affordable homes in good communities where they can live and raise a family,” **said New Jersey Department of Community Affairs Acting Commissioner Jacquelyn A. Suárez**. “It has long been DCA’s mission to create affordable housing for New Jersey residents and we look forward to the opportunities the new laws present to further this goal. The Department is proud to be a part of such a noble pursuit and we will conduct our work to the best of our ability to make New Jersey a place where people from all walks of life can thrive.”

“The housing bills being signed today are the culmination of months of comprehensive, statewide focus on affordable housing. These significant updates to New Jersey housing policy reflect a clear understanding by all involved of the importance of affordable housing to our shared future,” **said NJHMFA Executive Director Melanie Walter**. “As allocator of the federal Low-Income Housing Tax Credit and administrator of numerous landmark housing developments programs, NJHMFA stands ready to help every community produce the housing needed to ensure that all New Jersey residents have access to safe, affordable homes.”

“This new law will help tear down the walls that have denied too many access to opportunity and create new affordable homes near jobs, schools, and transportation,” **said Adam Gordon, Executive Director of Fair Share Housing Center**. “By making compliance with New Jersey’s landmark Mount Laurel Doctrine simpler and clearer, we will build affordable homes faster with less cost to everyone involved. It’s good news for families across the state who are struggling to keep up with the soaring cost of housing. We commend Governor Murphy and the legislative

sponsors - Chairs Singleton and Lopez, Speaker Coughlin, and Senate President Scutari - for making this best-in-the-nation legislation the law of our state."

"Domestic violence is one of the leading causes of homelessness for women and their children," **said Cierra Hart, Director of Housing and Economic Justice at the NJ Coalition to End Domestic Violence.** "Affordable housing serves as a catalyst for breaking the cycle of violence and abuse. It offers survivors the stability necessary to access crucial support services — therapeutic interventions, legal aid, counseling — that are indispensable in their journey to recovery."

"This new law will create much-needed access to housing in the middle of a historic housing crisis. It will help overcome the deep segregation that has plagued our state for decades," **said Richard Smith, President of the NAACP New Jersey State Conference.** "I particularly want to thank lawmakers for adding stronger deed restrictions to this legislation, which will protect the affordability of newly-built homes for decades to come."

"We want to thank Governor Murphy for signing the affordable housing packages bill into law today. This legislation will strengthen the implementation of the Mount Laurel Doctrine and help ensure that New Jersey municipalities create their fair share of affordable housing," **said Dena Mottola Jaborska, Executive Director for New Jersey Citizen Action.**

"This legislation positions New Jersey to create opportunities for every household in the state to thrive by creating a clear process to ensure all municipalities create their fair share of affordable housing," **said Taiisa Kelly, CEO of Monarch Housing Associates.** "We at Monarch believe Housing is a Human Right and this legislation sets the stage to ensure every New Jersey resident has access to the housing they so critically need, in every community across the state, regardless of race or socioeconomic status."

"This legislation will help provide a lot more clarity and transparency in the affordable housing development process," **said Javier Robles, President of the Latino Action Network.** "Skyrocketing housing costs are making it extremely difficult for many hard-working people and vulnerable communities — including seniors, people with disabilities, and caregivers — to keep a roof over their heads. This legislation will help ensure access to affordable, accessible, and livable homes, which not only improve the lives of residents but also benefit society."

"Over the course of New Jersey's history, fair housing policies have been integral in making our state more inclusive," **said Jesselly de la Cruz, Executive Director of the Latino Action Network Foundation.** "It is encouraging that residents, advocates and policymakers from across our state are joining forces to break down racial and economic exclusion by strengthening the Mount Laurel Doctrine."