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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)

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:*

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 4 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. , c. (C.) (pending before the Legislature as this bill), 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. , 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:
[1]Senate floor amendments adopted March 18, 2024.

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. , c. (C.) (pending before the Legislature as this bill), 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.

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

[1]<u>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. , c. (C.) (pending before the Legislature as this bill). 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. , c. (C.) (pending before the Legislature as this bill).</u>[1]

3. This act shall take effect immediately.