

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2329
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JULY 31, 2023

SUMMARY

- Synopsis:** Creates housing purchase matching grant program for members of United States Armed Forces and New Jersey National Guard who have served in certain military operations.
- Type of Impact:** Annual State cost increase.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency; Department of Military and Veterans Affairs.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Annually Thereafter</u>
State Cost Increase	Up to \$2 million	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill may result in a State expenditure increase of up to \$2 million in the first year the bill is in effect for the New Jersey Housing and Mortgage Finance Agency and the Department of Military and Veterans Affairs to provide matching grants to eligible military personnel to assist in the purchase of a home. If the full \$2 million is not expended in the first year, the residual amount will be spent in subsequent fiscal years until the full \$2 million is exhausted.
- The bill is also expected to result in an indeterminate increase in administrative costs to the Housing and Mortgage Finance Agency and the Department of Military and Veterans Affairs associated with establishing the matching grant program and promulgating rules and regulations for the program.

BILL DESCRIPTION

The bill establishes a matching grant program for certain members of the United States Armed Forces and the New Jersey National Guard to assist them in purchasing a home. The program is established in the Housing and Mortgage Finance Agency in coordination with the Department of Military and Veterans Affairs. The program may be interfaced with any program currently administered by the agency for first time homebuyers, although a recipient need not meet the other

eligibility criteria of any other homebuyer program in order to be entitled to participate in the matching grant program. The bill defines “members of the United States Armed Forces” as members in both active and reserve components.

Matching grants would be made on the basis of available funds to eligible personnel on a dollar for dollar matching fund basis, up to a maximum of \$10,000. The funds may be applied to closing costs, equity payments, or for any other purpose that assists the recipient in purchasing a home.

In order to be eligible for a matching grant, a member of the United States Armed Forces or the New Jersey National Guard, at the time of application, must provide proof of: (1) at least 90 days of service on active duty in Operation Noble Eagle, Operation Enduring Freedom, or Operation Iraqi Freedom; (2) legal residency in the State of New Jersey; and (3) intent to purchase a principal residence in the State of New Jersey.

The bill appropriates \$2 million from the General Fund to the Housing and Mortgage Finance Agency to fund the grant program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill may result in a State expenditure increase of up to \$2 million in the first year the bill is in effect for the Housing and Mortgage Finance Agency and the Department of Military and Veterans Affairs to provide matching grants to eligible military personnel to assist in the purchase of a home. If the full \$2 million is not expended in the first year, the residual amount will be spent in subsequent fiscal years until the full \$2 million is exhausted.

The bill provides that matching grants for closing costs, equity payments, or any other purpose that assists a recipient in purchasing a home are to be made available to eligible members of the United States Armed Forces and the New Jersey National Guard on a dollar-for-dollar basis, up to \$10,000 per recipient. The bill’s \$2 million appropriation would provide 200 grants to eligible military personnel if each grant were to be awarded at the maximum amount of \$10,000. The OLS notes, however, that more than 200 military personnel may benefit from the matching grant program if grants are provided at amounts less than \$10,000. The OLS is unable to predict the amount that a program participant may contribute, and therefore, be eligible to receive in the form of a matching grant through the program. The OLS is also unable to estimate the number of military personnel who have: participated in at least 90 days of active duty military service in Operation Noble Eagle, Operation Enduring Freedom, or Operation Iraqi Freedom; have legal residence in New Jersey; and intend to purchase a principal residence in New Jersey.

The bill is also expected to result in an indeterminate increase in administrative costs to the Housing and Mortgage Finance Agency and the Department of Military and Veterans Affairs associated with establishing the matching grant program and promulgating rules and regulations for the program.

Section: Local Government

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

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