

CHAPTER 23

AN ACT concerning housing assistance for certain homebuyers and amending P.L.2023, c.78.

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

1. Section 1 of P.L.2023, c.78 (C.55:14K-104) is amended to read as follows:

C.55:14K-104 Definitions.

1. As used in P.L.2023, c.78 (C.55:14K-104 et al.):

"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).

"Commissioner" means the Commissioner of Community Affairs.

"Department" means the Department of Community Affairs.

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

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

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

a. an individual:

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

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

b. an individual who has at any time been placed in foster care in the State, was an emancipated youth, or was designated as a homeless, unaccompanied youth pursuant to the "McKinney-Vento Homeless Assistance Act," as described in 42 U.S.C. s.11434a.

"First-time homebuyer" means a homebuyer who, in accordance with guidelines adopted by the agency, is utilizing a mortgage product offered by the agency through an agency homebuyer program to purchase single-family housing, and has a gross household income that does not exceed a limitation determined by the agency.

"Loan program" means the zero-interest, forgivable loan program established pursuant to section 2 of P.L.2023, c.78 (C.55:14K-105).

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

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

2. Section 2 of P.L.2023, c.78 (C.55:14K-105) is amended to read as follows:

C.55:14K-105 Zero-interest, forgivable loan program, down payment assistance; rules, regulations; report to Governor, Legislature.

2. a. There is established in the agency a zero-interest, forgivable loan program to provide down payment assistance for first-time homebuyers to achieve homeownership. The loan program shall provide down payment assistance to defray the costs associated with acquiring single-family housing for principal residence, as provided for in subsection b. of this section. A

first-time homebuyer shall commit to use the home as their principal residence for five years following the purchase of the home, and for these five years retain the first mortgage product offered by the agency through an agency homebuyer program. The agency shall forgive the down payment assistance loan, provided that the five-year commitment is satisfied and the first-time homebuyer meets the other requirements established pursuant to subsection c. of this section.

b. (1) The down payment assistance provided pursuant to this section shall be in the form of a zero-interest, forgivable loan award. The loan award shall be in an amount not to exceed \$20,000.

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

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

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

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

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

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

c. The executive director shall develop program guidelines to effectuate, administer, and accomplish the purposes of the loan program. The guidelines shall, at a minimum, set forth the requirements for application submissions, the criteria for application selections, the eligible uses of down payment assistance, eligibility as a first-time or first-generation homebuyer, and the curriculum and provision of the homebuyer counseling course.

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

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

f. The annual appropriations act for State fiscal year 2024 shall include an appropriation from the General Fund to the loan program, and the annual appropriations acts following State fiscal year 2024 shall appropriate not less than \$25 million from the General Fund to the agency, during each State fiscal year in which the loan program remains in operation, to effectuate the purposes of the loan program, and defray the costs associated with administering the loan program, except that the agency shall retain not more than five percent of the annual appropriation for administrative costs. Of the total amount of down payment assistance funding awarded each State fiscal year through the loan program, no less than 50 percent shall be awarded to first-generation homebuyers, unless the agency determines that 50 percent of the down payment assistance funding cannot be awarded to first-generation homebuyers, because too few first-generation homebuyers have applied for the loan program, in which case, more than 50 percent of the funding shall be awarded to first-time homebuyers who are not first-generation homebuyers.

g. No later than the 730th day next following the effective date of P.L.2023, c.78 (C.55:14K-104 et al.), the agency 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. The report shall analyze the efficacy of the loan program. The report shall provide an overview of the total amount of down payment assistance provided by the agency, with information by census tract on the race and ethnicity of the recipients of assistance. The report also shall analyze:

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

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

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

3. Notwithstanding the provisions of any law or regulation to the contrary, an amount not to exceed \$8,000,000 from the New Jersey Affordable Housing Trust Fund is appropriated to the New Jersey Housing and Mortgage Finance Agency for the Down Payment Assistance Program established pursuant to section 2 of P.L.2023, c.78 (C.55:14K-105), subject to the approval of the Director of the Division of Budget and Accounting.

4. This act shall take effect immediately.

Approved June 28, 2024.