

# 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.