

SENATE, No. 242

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator TROY SINGLETON

District 7 (Burlington)

Senator RONALD L. RICE

District 28 (Essex)

SYNOPSIS

“New Jersey American Dream Act”; appropriates \$25 million to provide down payment and home repair assistance to low and moderate income first-time homebuyers.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 5/6/2021)

1 **AN ACT** concerning housing assistance for certain homebuyers,
2 supplementing Title 52 of the Revised Statutes, and making an
3 appropriation.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. P.L. , c. (C.) (pending before the Legislature as this
9 bill) shall be known and may be cited as the “New Jersey American
10 Dream Act.”

11
12 2. As used in P.L. , c. (C.) (pending before the
13 Legislature as this bill):

14 “Commissioner” means the Commissioner of Community
15 Affairs.

16 “Department” means the Department of Community Affairs.

17 “Director” means the director of the division.

18 “Division” means the Division of Housing and Community
19 Resources in the department.

20 “Down payment assistance” means financial assistance for first-
21 time homebuyers to acquire single-family housing for principal
22 residence.

23 “First-time homebuyer” means a lower-income household in
24 which no person has owned a home during the three-year period
25 prior to the purchase of the single-family housing for which
26 financial assistance is provided.

27 “Grant program” means the “New Jersey American Dream
28 Program” established pursuant to section 3 of P.L. , c. (C.)
29 (pending before the Legislature as this bill).

30 “Home repair assistance” means financial assistance for first-
31 time homebuyers to complete capital improvements or repairs that:
32 (1) are identified in an appraisal or home inspection completed in
33 conjunction with a purchase of single-family housing; or (2) are
34 completed within one year of the purchase of single-family housing
35 and are necessary to bring the housing unit into compliance with
36 any applicable health and safety housing code, including but not
37 limited to the remediation of lead-based paint hazards.

38 “Low and moderate income household” means a household
39 whose gross income is not greater than 80 percent of the median
40 gross household income, according to the federal Department of
41 Housing and Urban Development, for households of the same size
42 within the county in which the single-family housing, for which
43 financial assistance is provided, is located.

44 “Principal residence” means the homestead actually and
45 continually occupied as the permanent residence of a household, as
46 distinguished from a vacation home, property owned and rented or
47 offered for rent by the household, or other secondary real property
48 holdings.

1 “Single-family housing” means a one- to four-family residence, a
2 condominium unit, a cooperative unit, a combination of a
3 manufactured housing and lot, or a manufactured housing lot.

4
5 3. a. There is established in the division the “New Jersey
6 American Dream Program” to provide financial assistance for low
7 and moderate income households to achieve homeownership. The
8 grant program shall provide down payment assistance and home
9 repair assistance to low and moderate income households, who are
10 first-time homebuyers, to defray the costs associated with acquiring
11 and rehabilitating single-family housing for principal residence.

12 b. The financial assistance shall be in the form of grant awards.
13 The grant awarded to each first-time homebuyer shall not exceed
14 six percent of the purchase price of the single-family housing or
15 \$10,000, whichever is greater. The grant award shall be used for
16 down payment assistance, home repair assistance, or any
17 combination thereof. Each first-time homebuyer who receives
18 financial assistance through the grant program shall complete not
19 less than eight hours of a homebuyer counseling course, as directed
20 by the department pursuant to subsection c. of this section.

21 c. (1) The commissioner, in consultation with the director,
22 shall promulgate rules and regulations pursuant to the
23 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
24 seq.), on or before the first day of the third month next following
25 the enactment of P.L. , c. (C.) (pending before the
26 Legislature as this bill), to effectuate the purposes of the grant
27 program. The rules and regulations shall, at a minimum, set forth
28 the requirements for application submissions, the criteria for
29 application selections, the eligible uses of financial assistance, and
30 the curriculum and provision of the homebuyer counseling course.

31 (2) The division shall administer the grant program. The grant
32 program shall remain in operation for not less than four years
33 following the promulgation of the rules and regulations pursuant to
34 paragraph (1) of this subsection.

35 d. The annual appropriations act shall appropriate not less than
36 \$25 million from the General Fund to the department, during each
37 year in which the grant program remains in operation, to defray the
38 costs associated with administering the grant program, except that
39 the department shall retain not more than five percent of the annual
40 appropriation for administrative costs.

41
42 4. There is appropriated \$25 million from the General Fund to
43 the Department of Community Affairs to defray the costs associated
44 with administering the “New Jersey American Dream Program,”
45 established pursuant to section 3 of P.L. , c. (C.) (pending
46 before the Legislature as this bill).

47
48 5. This act shall take effect immediately.

STATEMENT

This bill, known as the “New Jersey American Dream Act,” establishes the “New Jersey American Dream Program” (“grant program”) to provide financial assistance for certain lower-income households to achieve homeownership.

Specifically, the grant program would provide down payment assistance and home repair assistance to certain low and moderate income, first-time homebuyers in order to defray the costs associated with acquiring and rehabilitating single-family housing for principal residence. Under the grant program, the maximum grant awarded to each first-time homebuyer would not exceed six percent of the home’s purchase price or \$10,000, whichever is greater. Each first-time homebuyer who receives financial assistance through the grant program would also be required to complete not less than eight hours of a homebuyer counseling course, as directed by the Department of Community Affairs (“department”).

Under the bill, eligible recipients of financial assistance would include low and moderate income households who are first-time homebuyers. The bill defines a “low and moderate income household” as any household whose gross income is not greater than 80 percent of the median gross household income for households of the same size within the county in which the single-family housing, for which financial assistance is provided, is located. Additionally, a “first-time homebuyer” is defined as any low and moderate income household in which no person has owned a home during the three-year period prior to the purchase of the single-family housing for which financial assistance is provided.

The Division of Housing and Community Resources (“division”) in the department would administer the grant program. Under the bill, the Commissioner of Community Affairs, in consultation with the director of the division, would be required to promulgate rules and regulations within three months of the enactment of the bill to effectuate the purposes of the grant program.

The bill requires the grant program to remain in operation for not less than four years. During that time, the bill also requires the State to annually appropriate not less than \$25 million from the General Fund to support the operations of the grant program, except that the department may not retain more than five percent of program funding for administrative costs. Accordingly, the bill appropriates \$25 million from the General Fund to the department to support the grant program’s first year of operations.