SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 242

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 6, 2021

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 242.

As amended, 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, prior to the award of financial assistance, 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"). The homebuyer counseling course would 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.

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. The bill defines "overburdened community" as any census block group, as determined in accordance with the most recent federal decennial census, in which:

(1) at least 35 percent of the households qualify as low-income households; (2) at least 40 percent of the residents identify either as minority or as members of a State recognized tribal community; or (3) at least 40 percent of the households have limited English proficiency. 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. Additionally, the division is required to dedicate at least 20 percent of the grant awards under the grant program to down payment assistance, home repair assistance, or any combination thereof for homes located in overburdened communities.

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.

The bill provides that the department is required to submit an annual report to the Legislature, concerning the efficacy of the grant program for each year the grant program remains in operation. The report would provide an annual overview of the total amount of down payment assistance and home repair assistance, respectively, provided by the department, with information by census tract on the race and ethnicity of the recipients of assistance provided for that year. The report also would analyze the impact of the financial assistance on the total housing costs of the recipients of such assistance.

COMMITTEE AMENDMENTS:

The committee amendments:

- Expands the bill's provisions to apply to overburdened communities, which is defined under the bill.
- Provides that prior to the award of financial assistance, a first-time homebuyer would complete not less than eight hours of a homebuyer counseling course that would include coursework as described under the bill.
- Provides that the division would dedicate at least 20 percent of the grant awards under the grant program to down payment

assistance, home repair assistance, or any combination thereof for homes located in overburdened communities.

- Provides that the department would submit an annual report to the Legislature, concerning the efficacy of the grant program for each year the grant program remains in operation.