

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 3128**

# **STATE OF NEW JERSEY**

DATED: FEBRUARY 8, 2024

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3128 (1R).

This bill authorizes the New Jersey Housing and Mortgage Finance Agency (HMFA) to issue project financing tax credits to support the development of certain housing projects.

Specifically, the bill permits the HMFA to award project financing tax credits to the developers of certain qualified projects that: (1) have received a four-percent federal low income housing tax credit (LIHTC) when the total demand for nine-percent LIHTC exceeds the total value available for distribution; and (2) have a project financing gap demonstrated by the developer at the time of application. The total tax credit award may not exceed the lesser of: (1) the amount necessary to ensure that the qualified project receives a total subsidy in an amount equivalent to the receipt of a nine-percent LIHTC for the qualified project; or (2) the amount of the project financing gap for a qualified project.

The bill provides that the HMFA may award some or all of these tax credits as part of an existing program operated by the HMFA or through the establishment of a new program to effectuate the provisions of this bill. The bill also provides that certain of these tax credits may be sold or transferred by the recipient, subject to certain restrictions specified in the bill.

Under the bill, the uncommitted balance of tax credits otherwise authorized to be awarded by the New Jersey Economic Development Authority (EDA) under the Community-Anchored Development Program would be annually reallocated to the HMFA to support the purposes set forth in this bill. Under current law, the EDA may annually award up to \$200 million in tax credits under the Community-Anchored Development Program, including up to \$130 million in the northern counties of the State and up to \$70 million in the southern counties of the State, beginning on January 1, 2026 through the conclusion of the nine-year authorization period set forth in the “Economic Recovery Act of 2020.” If during any of these years, the EDA awards less than the annual limitation of tax credits for either geographic region, the bill provides that the uncommitted

balance of tax credits would be annually reallocated to the HMFA to support the purposes of this bill.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill may result in annual State revenue decreases in an indeterminate amount associated with certain tax credits being made available for a broader purpose and in a larger area of the State. This potential impact is expected for a period of four years beginning in CY 2027.