

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5596

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 23, 2023

SUMMARY

- Synopsis:** Establishes Affordable Housing Rehabilitation and Renovation Program in HMFA; requires federal funds be made available to HMFA to support affordable housing rehabilitation.
- Type of Impact:** Annual State cost increase.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency, Department of Community Affairs.

Office of Legislative Services Estimate

Fiscal Impact	<u>Duration of Program</u>
Annual State Cost Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will result in an indeterminate increase in costs to the New Jersey Housing and Mortgage Finance Agency to administer the rehabilitation of multiple dwellings to be used as affordable housing and the renovation and preservation of existing affordable housing through the Affordable Housing Rehabilitation and Renovation Program.
- The bill is also expected to result in administrative costs to the Housing and Mortgage Finance Agency associated with establishing an application and review process through which a developer may receive an allocation of funds through the Affordable Housing Rehabilitation and Renovation Fund, established for the purposes of the Affordable Housing Rehabilitation and Renovation Program, and promulgating rules and regulations to implement the provisions of the bill.

BILL DESCRIPTION

This bill would establish the Affordable Housing Rehabilitation and Renovation Program in the Housing and Mortgage Finance Agency in order to allocate available funding for the purposes of rehabilitating multiple dwellings to be used as affordable housing, and renovating and

preserving existing affordable housing units nearing the end their affordability control periods established in accordance with the Fair Housing Act, P.L.1985, c.222. The bill further establishes the Affordable Housing Rehabilitation and Renovation Fund to support the purposes of the program. The rehabilitation fund would be supported by federal funds allocated to New Jersey from the federal American Rescue Plan Act of 2021. The Affordable Housing Rehabilitation and Renovation Fund would be administered by the Housing and Mortgage Finance Agency.

Allocations of moneys for eligible developers through the Affordable Housing Rehabilitation and Renovation Program would be provided initially from the Affordable Housing Rehabilitation and Renovation Fund. If moneys in the Affordable Housing Rehabilitation and Renovation Fund are not sufficient to adequately support a developer eligible for the program, then the developer would be eligible to obtain funding from the New Jersey Affordable Housing Trust Fund.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an indeterminate increase in costs to the Housing and Mortgage Finance Agency to administer the allocation of funds for the rehabilitation of multiple dwellings to be used as affordable housing and the renovation and preservation of existing affordable housing through the Affordable Housing Rehabilitation and Renovation Program. The OLS notes that funds for these purposes are required to be initially provided from the Affordable Housing Rehabilitation and Renovation Fund, for which the bill requires federal American Rescue Plan Act funds be made available. If monies from the fund are insufficient to support an eligible developer who commits to use the funding for affordable housing rehabilitation or renovation pursuant to the bill, additional funds may be provided from the Affordable Housing Trust Fund. The OLS is unable to predict the amount of federal American Rescue Plan Act funds that will be made available for the bill's purposes, and notes that, as of June 19, 2023, \$145.2 million remained unobligated in the Affordable Housing Trust Fund. The OLS is also unable to predict the magnitude of rehabilitation, renovation, and preservation efforts that may be needed to utilize a dwelling unit as affordable housing, or the cost of these individual efforts.

The bill is also expected to result in administrative costs to the Housing and Mortgage Finance Agency associated with establishing an application and review process through which a developer may receive an allocation of funds through the Affordable Housing Rehabilitation and Renovation Fund, and promulgating rules and regulations to implement the provisions of the bill.

Section: *Local Government*

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 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).