

December 3, 2021

New Jersey Legislature's Joint Budget Oversight Committee Approves \$40 Million for In-Process Affordable Housing Projects

Gov. Phil Murphy and legislative leaders agreed on a \$700 million spending plan aimed at stimulating economic growth. The spending plan will be paid for in part using federal funds from the Coronavirus State Fiscal Recovery Fund, established under the American Rescue Plan Act of 2021.

On November 24, the New Jersey Department of the Treasury requested the Joint Budget Oversight Committee's approval to spend \$40 million from the fund to establish a program to "fill COVID-19-induced funding gaps in already underwritten and in-process affordable housing and community development projects."

The committee approved the funding program at its meeting on Tuesday, November 30. Funds will be available for developers of projects previously awarded tax credits pursuant to the federal 9 percent Low-Income Housing Tax Credit (LIHTC) program as well as other programs, including the federal 4 percent LIHTC program, the federal New Markets Tax Credit program and the Affordable Housing Trust Fund.

The funding program will be run by the New Jersey Department of Community Affairs (DCA) and the Housing and Mortgage Finance Agency (HMFA). The DCA and HMFA will require some compression or deferral of developer fees, and they will create an application so that awardees are incentivized to identify all other funding sources before entering the program.

Should you have any questions concerning this legislation or land use matters in general, please contact the authors of this alert or any of the Day Pitney Real Estate team.

Terence Ford, a candidate for the NJ bar, co-authored this alert.

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