

P.L. 2024, CHAPTER 4, *approved March 20, 2024*
Assembly Committee Substitute (*First Reprint*) for
Assembly, No. 2267

- 1 **AN ACT** concerning an insurance fund for certain for-profit
2 affordable housing entities, supplementing Title 55 of the
3 Revised Statutes, and making an appropriation.
4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7
8 1. a. As used in this section:
9 "Agency" means the New Jersey Housing and Mortgage Finance
10 Agency established pursuant to section 4 of P.L.1983, c.530
11 (C.55:14K-4).
12 "Eligible affordable housing project" means a residential
13 development where 100 percent of units are reserved for rental by
14 low- and moderate-income households as low income housing or
15 moderate income housing as defined in section 5 of P.L.1985, c.222
16 (C.52:27D-304), and meets one of the following criteria:
17 is a newly constructed project that utilizes traditional agency tax-
18 exempt financing and 4 percent low-income housing tax credits,
19 except that a project seeking financing through the agency's conduit
20 bond program or through any tax credit program administered by
21 the New Jersey Economic Development Authority shall not be an
22 eligible affordable housing project;
23 is an existing residential development in receipt of supplemental
24 agency financing for rehabilitation or disaster recovery; or
25 is an existing residential development that has previously
26 received agency financing where insurance premiums have
27 increased by at least 50 percent over a 24 month period for the same
28 insurance product or that has experienced other extraordinary
29 expenses increases, as determined by the agency, that threaten the
30 long-term financial viability of the property.
31 "For-profit affordable housing entity" means a corporation,
32 partnership, or other organization, that receives an allocation from
33 the federal Low Income Housing Tax Credit Program.
34 "Fund" means the Affordable Housing Insurance Fund
35 established pursuant to subsection c. of this section.
36 b. The agency shall establish, through promulgation of
37 guidelines, an affordable housing insurance pilot program to

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted March 18, 2024.

1 provide financial assistance to for-profit affordable housing entities
2 for insurance premiums for coverage for eligible affordable housing
3 projects. The agency shall accept applications to participate in the
4 pilot program for two years following the effective date of P.L. ,
5 c. (C.) (pending before the Legislature as this bill), and the
6 agency, in its guidelines, shall provide for the termination of the
7 pilot program no later than 20 years following the effective date of
8 P.L. , c. (C.) (pending before the Legislature as this bill).

9 c. To implement an affordable housing insurance pilot program,
10 there is established within the agency an Affordable Housing
11 Insurance Fund, which shall be a non-lapsing fund and which shall
12 be the repository for funds appropriated or otherwise made
13 available for the purposes of P.L. , c. (C.) (pending before
14 the Legislature as this bill), as well as fees collected pursuant to
15 subsection e. of this section. The agency shall distribute moneys
16 deposited in the fund to participating for-profit affordable housing
17 entities to provide financial assistance for policies maintained by
18 those for-profit affordable housing entities insuring against bodily
19 injury and property damage claims related to eligible affordable
20 housing projects. Moneys deposited in the fund shall be held in
21 interest-bearing accounts in public depositories and may be invested
22 or reinvested by the agency. Interest or other income earned on
23 moneys deposited into the fund shall be credited to and deposited in
24 the fund for use as provided for in this section.

25 d. A for-profit affordable housing entity shall be eligible for
26 participation in the pilot program upon application to the agency in
27 a form and manner determined in guidelines promulgated by the
28 agency. In addition to any other criteria established by the agency,
29 affordable housing projects shall only qualify as an eligible
30 affordable housing project if minimum criteria established by the
31 agency regarding insurance policy minimums and other standards to
32 protect against loss are met. Application for participation in the
33 pilot program shall be subject to a fee set by the agency which fee
34 shall be deposited in the fund for use as provided for in this section.

35 e. The agency shall provide financial assistance in an amount
36 not to exceed \$250 annually per unit and \$1,000,000 annually per
37 eligible affordable housing project to for-profit affordable housing
38 entities in accordance with guidelines established by the agency.
39 The agency may determine the manner and means by which
40 financial assistance is provided and may establish requirements for
41 for-profit affordable housing entities awarded assistance to remain
42 eligible to participate in the pilot program.

43 f. In order to carry out the purposes and provisions of this
44 section, the agency shall have the authority to form, purchase, or
45 assume control of one or more subsidiary corporations. Under no
46 circumstances shall a participating for-profit affordable housing
47 entity have any legal recourse against the agency, the State, or their

1 officers or employees for any damages, of any sort whatsoever, that
2 might arise on account of or in connection with the pilot program.

3 g. Not later than six months following completion of the pilot
4 program, the agency, in consultation with the Department of
5 Banking and Insurance, shall prepare and submit a report to the
6 Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
7 19.1), to the Legislature, presenting information necessary to assess
8 the success of the pilot program.

9
10 ¹2. There is appropriated the sum of \$5,000,000 from the
11 General Fund to the Affordable Housing Insurance Fund established
12 in section 1 of P.L. , c. (C.) (pending before the Legislature
13 as this bill). The agency may transfer remaining, unencumbered
14 funds appropriated to the agency pursuant to P.L.2021, c.133 for the
15 Risk Share Pilot Program to the Affordable Housing Insurance Fund
16 for use as set forth in section 1 of P.L. , c. (C.) (pending
17 before the Legislature as this bill).¹

18
19 ¹2. There is appropriated the sum of \$5,000,000 from the
20 General Fund to the Affordable Housing Insurance Fund established
21 in section 1 of P.L. , c. (C.) (pending before the Legislature
22 as this bill). Notwithstanding the provisions of any law to the
23 contrary, the agency may utilize remaining, unencumbered funds
24 appropriated to the agency pursuant to P.L.2021, c.133 for the Risk
25 Share Pilot Program for investment, financing, and facilitating
26 housing opportunities for low- and moderate-income families, older
27 adults, and individuals with specialized housing needs; provided,
28 however, of this amount, an amount not to exceed \$5,000,000 shall
29 be deposited in the Affordable Housing Insurance Fund for use as
30 set forth in section 1 of P.L. , c. (C.) (pending before the
31 Legislature as this bill).¹

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33 3. This act shall take effect immediately.

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38 Requires HMFA to establish affordable housing insurance pilot
39 program; appropriates \$5 million.