

SENATE, No. 1446

STATE OF NEW JERSEY
221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator M. TERESA RUIZ

District 29 (Essex and Hudson)

Senator TROY SINGLETON

District 7 (Burlington)

SYNOPSIS

Modifies down payment assistance program for benefit of first-generation and first-time homebuyers.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 1/25/2024)

1 AN ACT concerning housing assistance for certain homebuyers and
2 amending P.L.2023, c.78.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 1 of P.L.2023, c.78 (C.55:14K-104) is amended to
8 read as follows:

9 1. As used in P.L.2023, c.78 (C.55:14K-104 et al.):

10 "Agency" means the New Jersey Housing and Mortgage Finance
11 Agency established pursuant to section 4 of P.L.1983, c.530
12 (C.55:14K-4).

13 "Commissioner" means the Commissioner of Community
14 Affairs.

15 "Department" means the Department of Community Affairs.

16 "Down payment assistance" or "assistance" means financial
17 assistance for first-time homebuyers to acquire single-family
18 housing for principal residence through the loan program.

19 "Executive director" means the Executive Director of the New
20 Jersey Housing and Mortgage Finance Agency.

21 "First-generation homebuyer" means a first-time homebuyer,
22 who is:

23 a. an individual:

24 (1) whose parents or legal guardians do not have any present
25 ownership interest in any residential real property in any state or
26 territory of the United States, or outside of the United States; and

27 (2) whose spouse, or domestic partner **[**, and each member of
28 whose household**]** has not, during the **[3-year]** three-year period
29 ending upon acquisition of the eligible home to be acquired using
30 such assistance, had any present ownership interest in any
31 residential real property used as their principal residence in any
32 state or territory of the United States, or outside of the United
33 States; or

34 b. an individual who has at any time been placed in foster care
35 in the State.

36 "First-time homebuyer" means a homebuyer who, in accordance
37 with **[rules and regulations]** guidelines adopted by the agency, **[**has
38 not owned any residential real property as their principal residence
39 within the preceding three years, and**]** is utilizing a mortgage
40 product offered by the agency through an agency homebuyer
41 program to purchase single-family housing, and has a gross
42 household income that does not exceed a limitation determined by
43 the agency.

44 "Loan program" means the zero-interest, forgivable loan
45 program established pursuant to section 2 of P.L.2023, c.78
46 (C.55:14K-105).

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.

1 "Principal residence" means a homestead that is actually and
2 continually occupied as the permanent residence of a household, as
3 distinguished from a vacation home, real property owned and rented
4 or offered for rent by the household, or other secondary real
5 property holdings.

6 "Single-family housing" means a one- to four-family residence, a
7 condominium unit, a cooperative unit, a combination of a
8 manufactured housing and lot, or a manufactured housing lot.
9 (cf: P.L.2023, c.78, s.1)

10

11 2. Section 2 of P.L.2023, c.78 (C.55:14K-105) is amended to
12 read as follows:

13 2. a. There is established in the agency a zero-interest,
14 forgivable loan program to provide down payment assistance for
15 first-time homebuyers to achieve homeownership. The loan
16 program shall provide down payment assistance to defray the costs
17 associated with acquiring single-family housing for principal
18 residence, as provided for in subsection b. of this section. A first-
19 time homebuyer shall commit to use the home as their principal
20 residence for five years following the purchase of the home, and for
21 these five years retain the first mortgage product offered by the
22 agency through an agency homebuyer program. The agency shall
23 forgive the down payment assistance loan, provided that the five-
24 year commitment is satisfied and the first-time homebuyer meets
25 the other requirements established pursuant to subsection c. of this
26 section.

27 b. (1) The down payment assistance provided pursuant to this
28 section shall be in the form of a zero-interest, forgivable loan
29 award. The loan award shall be in **【the】** an amount **【of \$15,000】**
30 not to exceed \$20,000.

31 (2) In addition to a loan award that may be provided pursuant to
32 paragraph (1) of this subsection, a first-generation homebuyer shall
33 be eligible for a zero-interest, forgivable loan award of an
34 additional award amount of not less than \$7,000 and not more than
35 \$10,000 to be used for down payment assistance.

36 (3) Each first-time homebuyer who receives down payment
37 assistance through the loan program shall, prior to the award of
38 down payment assistance, complete **【not less than eight hours of】** a
39 homebuyer counseling course, as directed by the agency pursuant to
40 subsection c. of this section. The homebuyer counseling course
41 **【shall】** may include, but not be limited to, coursework concerning:

42 (a) the maintenance of housing costs, including methods for
43 budgeting mortgage payments, utility charges, property taxes, and
44 any other applicable housing cost;

45 (b) the basics of home finance, property taxes, home warranties,
46 and home inspection;

47 (c) the legal components of finalizing a home purchase; and

- 1 (d) the process of finding an appropriate house, including how
2 to search real estate listings through a real estate agent or other
3 sources.
- 4 c. The executive director shall **【promulgate rules and**
5 **regulations pursuant to the "Administrative Procedure Act,"**
6 **P.L.1968, c.410 (C.52:14B-1 et seq.) to effectuate, administer, and**
7 **accomplish the purposes of the loan program. Notwithstanding the**
8 **limitations established in section 1 of P.L.2011, c.215**
9 **(C.52:14B-3a) on the use of regulatory guidance documents, the**
10 **executive director shall prepare and disseminate guidelines or**
11 **regulatory guidance documents, on or before the first day of the**
12 **third month next following the enactment of P.L.2023, c.78**
13 **(C.55:14K-104 et al.), in advance of the adoption of rules and**
14 **regulations】 develop program guidelines to effectuate, administer,**
15 **and accomplish the purposes of the loan program. The guidelines 【,**
16 **guidance documents, and rules and regulations】 shall, at a**
17 **minimum, set forth the requirements for application submissions,**
18 **the criteria for application selections, the eligible uses of down**
19 **payment assistance, eligibility as a first-time or first-generation**
20 **homebuyer, and the curriculum and provision of the homebuyer**
21 **counseling course.**
- 22 d. The agency shall permit an individual to establish eligibility
23 for the loan program as a first-generation homebuyer via self-
24 attestation, under penalty of perjury. However, nothing in this
25 subsection shall preclude the agency from establishing measures to
26 identify and deter fraudulent attestations. If it is established that an
27 individual has received assistance as a result of a fraudulent
28 attestation, the individual shall reimburse the agency for the
29 assistance.
- 30 e. A down payment assistance loan shall be recoverable as a
31 lien on the real property that the loan is used to purchase, and shall
32 have the priority of a mortgage lien.
- 33 f. The annual appropriations act for State fiscal year 2024 shall
34 include an appropriation from the General Fund to the loan
35 program, and the annual appropriations acts following State fiscal
36 year 2024 shall appropriate not less than \$25 million from the
37 General Fund to the agency, during each State fiscal year in which
38 the loan program remains in operation, to effectuate the purposes of
39 the loan program, and defray the costs associated with
40 administering the loan program, except that the agency shall retain
41 not more than five percent of the annual appropriation for
42 administrative costs. Of the total amount of down payment
43 assistance funding awarded each State fiscal year through the loan
44 program, no less than 50 percent shall be awarded to first-
45 generation homebuyers, unless the agency determines that 50
46 percent of the down payment assistance funding cannot be awarded
47 to first-generation homebuyers, because too few first-generation
48 homebuyers have applied for the loan program, in which case, more

1 than 50 percent of the funding shall be awarded to first-time
2 homebuyers who are not first-generation homebuyers.

3 g. No later than the 730th day next following the effective date
4 of P.L.2023, c.78 (C.55:14K-104 et al.), the agency shall prepare
5 and submit a report to the Governor and, pursuant to section 2 of
6 P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The report shall
7 analyze the efficacy of the loan program. The report shall provide
8 an overview of the total amount of down payment assistance
9 provided by the agency, with information by census tract on the
10 race and ethnicity of the recipients of assistance. The report also
11 shall analyze:

12 (1) the impact of the down payment assistance on the total
13 housing costs of the recipients of such assistance;

14 (2) the impact of the additional loan award for first-generation
15 homebuyers provided pursuant to paragraph (2) of subsection b. of
16 this section, and the other components of the loan program, on first-
17 generation homeownership; and

18 (3) any other information determined by the agency to be
19 relevant to the costs and benefits of the loan program.

20 (cf: P.L.2023, c.78, s.2)

21

22 3. This act shall take effect immediately.

23

24

25 STATEMENT

26

27 This bill would modify a down payment assistance loan program,
28 administered by the New Jersey Housing and Mortgage Finance
29 Agency (HMFA), for the benefit of first-generation and first-time
30 homebuyers.

31 The bill would modify the loan program's definition of "first-
32 generation homebuyer" so that a loan program applicant would be
33 able to meet this definition if a member of their household has
34 acquired a home in the last three years, so long as the applicant, and
35 their spouse or domestic partner, have not.

36 The bill would modify the loan program's definition of "first-
37 time homebuyer" so that the definition would not restrict ownership
38 of residential real property within the previous three years, as long
39 as an applicant is using a mortgage product offered by HMFA
40 through an HMFA homebuyer program to purchase single-family
41 housing, and has a gross household income that does not exceed a
42 limitation determined by HMFA.

43 A first-time homebuyer would be required to commit to use a
44 home purchased through the loan program as their principal
45 residence for five years following the purchase, and, and provided
46 by this bill, for these five years retain the first mortgage product
47 offered by the agency through an agency homebuyer program.

S1446 RUIZ, SINGLETON

6

1 The bill would adjust the loan award to be offered through the
2 loan program from \$15,000 to an amount not to exceed \$20,000.

3 The bill would modify a homebuyer education requirement for
4 participation in the loan program to provide HMFA with more
5 discretion over how to administer the coursework.

6 The bill would also adjust the regulatory guidance requirements
7 for the loan program, requiring HMFA to develop guidelines
8 instead of promulgating rules and regulations.