LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1803
STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: NOVEMBER 18, 2026

SUMMARY

Synopsis: Expands financing opportunities for low and moderate income housing.

Type of Impact: Indeterminate impact on State finances.

Agencies Affected: New Jersey Housing and Mortgage Finance Agency.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Finances Impact	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will have an indeterminate impact on State finances. At a minimum, the bill may result in an indeterminate loss of New Jersey Housing and Mortgage Finance Agency revenues because it permits the repayment of agency-financed mortgages without penalty after a certain period of time. The OLS cannot predict the impact of the bill's provisions restricting the use of savings achieved by the agency through bond refinancing or the discharge of debt.

- The impact of the bill's provision allowing for the extension of existing debt, loans, and liens in order to preserve existing affordable housing will be driven by the terms of any additional financing for these projects.

BILL DESCRIPTION

This bill revises certain aspects of the New Jersey Housing and Mortgage Finance Agency's governing statutes to encourage participation by certified minority-, women-, and veteran-owned development firms and certified nonprofit organizations in the development of affordable housing. The bill directs the agency to establish incentives and priorities to promote participation by these businesses to provide opportunities for these firms to successfully participate in providing low- and moderate-income housing operations to residents of the State. The bill also encourages the development of multi-family rental housing and home-ownership opportunities for low- and

moderate-income families by allowing qualified housing sponsors to satisfy existing bonding requirements through a valid letter of credit or traditional performance bonding.

The bill also makes various procedural changes to help the New Jersey Housing and Mortgage Finance Agency carry out its housing priorities. Most notably, the bill limits the purposes for which the agency may use savings achieved through bond refinancing or the discharge of agency debt. The bill also allows the agency to issue non-amortizing debt to permit the preservation of existing affordable housing.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill will affect State finances. The bill limits the purposes for which the New Jersey Housing and Mortgage Finance Agency may use debt service savings realized through the financing or discharge of agency debt and permits the repayment of agency-financed mortgages, without penalty, after a certain period of time. The bill also permits the authority to extend the terms of existing debt, loans, and liens under certain circumstances.

The lower debt service payments resulting from a bond refinancing, or refunding, generally improve the amount of cash available to an issuer. Current law does not circumscribe the purposes for which the New Jersey Housing and Mortgage Finance Agency may use agency funds that would otherwise be allocated for debt service but may not be appropriated for other uses. The bill restricts the agency's use of the funding made available following a refunding because it requires the agency to apply a proportionate share of the savings to each of the projects participating in the refinancing.

An issuer considers refunding outstanding bonds under several conditions, including the opportunity to achieve interest rate savings, the need to extinguish old debt, the ability to make favorable changes in the debt service schedule, and the potential to garner other economic benefits. The OLS cannot predict the extent to which this provision of the bill will affect future decisions by the agency to refinance or discharge agency debt and its ability to support ongoing operations and capital projects.

From time to time, the New Jersey Housing and Mortgage Finance Agency refinances, or refunds, agency debt. In a refunding, an issuer sells new debt (also known as "refunding bonds") and uses all or a portion of the bond proceeds to pay off previously issued bonds. For example, financial information available through the Municipal Securities Rulemaking Board indicates that in 2023 the agency issued $133.9 million in bonds to support its Multi-Family Housing Program. Of that amount, $69.5 million was applied to refund Multi-Family Revenue Bonds previously issued by the agency in 2000, 2002, 2008, and 2013. The refunding was expected to generate net present value savings of approximately $6.0 million.

The bill also provides that, beginning on the first day of the eleventh calendar year following the issuance of a mortgage financed by the New Jersey Housing and Mortgage Finance Agency, a project sponsor may repay a mortgage at any time without penalty. Presumably, this provision would result in a reduction in agency revenues. Information on the total amount of agency revenues generated by repayment penalties is unavailable at this time.

The bill also allows the agency to extend the terms of any existing debt, loans, and liens and provide additional financing to ensure the financial viability of existing affordable housing and to promote the preservation of existing affordable housing. Any affordable housing deed restriction must be extended for a minimum term of ten years. The impact of this provision of the bill will depend on the terms of any extension or additional financing.

Section:	*Revenue, Finance, and Appropriations*
Analyst:	*Scott A. Brodsky* *Staff Fiscal and Budget Analyst*
Approved:	*Thomas Koenig* *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.).