CHRISTIE ADMINISTRATION ANNOUNCES HOUSING POLICY CHANGES TO COMBAT HOMELESSNESS

DCA & HMFA Launch Major Effort to Expand Affordable Housing Opportunities

TRENTON, N.J. – The New Jersey Housing and Mortgage Finance Agency (HMFA) Board today held a special meeting to propose new rules that would provide more incentives to developers to include housing units for homeless families in their developments. The proposed rules also aim to increase the construction of affordable units in high achieving school districts, encourage the development of mixed income properties and limit further development in areas already containing large amounts of federal and state financed low and moderate income housing. Today's recommendations would amend the state's Qualified Allocation Plan (QAP), which allocates tax credits to developers as part of the Low Income Housing Tax Credit Program.

"My administration is committed to expanding housing options for our most vulnerable citizens as part of our long-term, comprehensive plan to combat homelessness," said Governor Chris Christie. "I'm particularly pleased that the New Jersey Housing and Mortgage Finance Agency has been able to identify and implement changes that will address the issue of chronic homelessness and provide incentives to build mixed income housing developments."

The new rules proposed today by the HMFA, under the direction of Executive Director Anthony Marchetta, would:

- Provide more incentives to developers to include housing units for currently homeless households in their development projects, as well as provide social support programs to assist them while they are in transition;
- Set a cap to ensure wider geographic distribution of housing available to low-income families throughout New Jersey;
- Discourage a concentration of poverty in any one area or region of the state by limiting the number of low and moderate income units in communities where there are already a high number of affordable housing units; and
- Direct 40 percent of all awards to urban target areas to guarantee urban project development.

The rule also proposes incentives to locate developments proximate to areas of high job growth and excellent schools.

"The changes will create opportunities for children to flourish in high achieving schools while greatly expanding parents' ability to find employment proximate to their residence" explained Acting DCA Commissioner Richard E. Constable, III, who is Chair of the HMFA Board and Co-chair of the Interagency Council on Homelessness.

Last month, Governor Christie signed Executive Order 92 creating the Interagency Council on Homelessness, which is tasked with better identifying and addressing the needs of homeless individuals in order to strengthen existing efforts through improved coordination and delivery of programs and services to people affected by homelessness. The Council, which is co-chaired by the Commissioners of the Departments of Community Affairs and Human Services, will operate until December 31, 2014, at which time it will submit a 10-year plan to end homelessness in New Jersey.

"The issue of homelessness touches each of our communities as people struggle to have their basic housing needs met," said Acting Commissioner Constable. "The HMFA is smartly utilizing an established incentive-driven tax program to advance the Governor's goal of eliminating homelessness in the state."

The proposed new rules would revise the way the federal Low Income Housing Tax Credit (LIHTC) Program is administered in New Jersey by the HMFA. The Low Income Housing Tax Credit Program was created in 1982 within the IRS Code to encourage investment in multifamily housing for low-income households. The tax credits are a dollar-for-dollar reduction in federal tax liability and act as a catalyst to attract private investment into the affordable housing market. They are sold to an investor by the developer who, through equity from the sale, is able to take out a smaller mortgage to help build the project and is thereby able to charge more affordable rents. Through their annual allocation plans, high-cost states such as New Jersey can add additional incentives for projects located in high-cost areas or in areas that are difficult to develop.

New Jersey is annually allocated approximately $18 million in low income tax credits. The sale of the credits produces over $162 million in project equity.

The proposed changes are subject to a formal rulemaking and will be published in the July 2, 2012 issue of the New Jersey Register. Upon publication, members of the public will have 60 days to comment on the rules.

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