

Governor Phil Murphy

Governor Murphy Signs Bill Establishing Social Impact Investment Fund

06/30/2023

\$20 Million Appropriation Will Leverage Outside Capital for Below-Market Lending

TRENTON – Governor Phil Murphy today signed bill S3977/A5670, which establishes a Social Impact Investment Fund (SIIF) to deploy below-market-rate capital for critical investments in affordable housing, infrastructure, and early childhood education facilities. Co-sponsored by Senate Majority Leader M. Teresa Ruiz and Assemblyman John F. McKeon, the bill appropriates \$20 million in seed funding for the SIIF, which will in turn leverage social impact investments from the philanthropic and private sectors, multiplying the impact of the State's funds.

Created through the work of the Public Bank Implementation Board, the SIIF will deploy below-market-rate loans, guarantees, or other financial tools to fill gaps in State financing programs, such as providing access to capital for early-stage affordable housing developers in partnership with New Jersey Housing and Mortgage Finance Agency, supporting Infrastructure Bank (I-Bank) infrastructure investments in distressed municipalities that cannot currently qualify for I-Bank support to modernize local drinking water systems, and helping finance the construction and maintenance of early childhood education facilities.

"Today I'm proud to deliver on a promise I've been determined to realize since the outset of my Administration: the creation of a socially motivated public financial vehicle serving the state of New Jersey," **said Governor Murphy**. "In far too many cases, our underserved and underinvested communities lack access to critical capital, rendering housing unaffordable, infrastructure ineffective, and opportunity unattainable. In addition to diversifying and expanding the affordable housing development ecosystem, the Social Impact Investment Fund will also enhance access to funding for the water infrastructure and early childhood education facilities upon which New Jersey's families depend."

"The S3977/A5670 bill establishing a Social Impact Investment Fund is another innovative tool to strengthen New Jersey's economy and support social impact issues like affordable housing, education, and funding for municipalities. This bill takes large, private financial institution tools and puts them to use for public benefit," **said Lieutenant Governor Sheila Oliver**.

The funds appropriated to the SIIF will be invested in special purpose investment vehicles that will be managed by an external fund manager and used to carry out SIIF transactions along with capital from outside investors. A steering committee composed of representatives from the Office of the Treasurer and relevant state agencies will provide State guidance to the external fund manager.

"The projects supported by this fund will advance our vision for the next New Jersey, from expanding affordable housing to reinvigorating early childhood education centers," **said State Treasurer Elizabeth Maher Muoio**. "I supported the concept of a public bank during my time in the Legislature, and at its core, the mission of the Social Impact Investment Fund will be to enhance social equity across the Garden State. We're excited to see these all-important projects become a reality."

"The establishment of the Social Impact Investment Fund is an important step forward in the state's work to develop a public banking model that supports projects that have a meaningful, positive impact on our communities. The fund will provide a financing mechanism to address infrastructure needs and support affordable housing throughout the state. The increased access to capital will benefit New Jersey's residents in the near-term, and well into the future," **said Department of Banking and Insurance Acting Commissioner Justin Zimmerman**.

"It is critical we continue to look for creative ways to invest in our infrastructure and fund brick and mortar facilities improvements. By leveraging state funding to attract private sector investors we can foster public private partnerships to tackle some of the greatest issues plaguing our communities," **said Senate Majority Leader M. Teresa Ruiz**. "This legislation will assist in early-stage affordable housing development, provide municipal loans for water and transportation infrastructure and finance the construction and maintenance of early childhood education facilities."

"The projects we invest in paint a clear picture about our values," **said Assemblyman John McKeon**. "The Social Impact Investment Fund will have an indelible, positive impact on New Jersey communities. By increasing the capacity of early-stage affordable housing developers and supporting our municipalities' water infrastructure projects, the fund will uplift the families that live in our state. All New Jerseyans deserve access to safe, affordable housing and clean drinking water."

"This is exactly the kind of alternative finance mechanism cities across New Jersey need for critical investments in low-and moderate-income communities," **said New Jersey Citizen Action President and Public Bank Implementation Board member Phyllis Satow**.



Kaye. "From Cape May County to Bergen County, cities across the state struggling to access funding for water infrastructure clean-up, and affordable housing developers lacking access to pre-development funds, would be able to secure financing through the SIIF. The SIIF will act as a multiplier for public funding and expand the number of solutions to our state's most pressing social and economic problems, modeling some of what a New Jersey public bank could achieve in the future."

"NJEA supports S-3977 / A-5670 as a critical step towards demonstrating the power of mission-driven financing for long-neglected public needs," **said NJEA President and Public Bank Implementation Board member Sean M. Spiller.** "This demonstration program will address underserved financing in affordable housing, infrastructure, and education. Proving the vast potential of social impact investing will pave the way for bolder initiatives in the near future. I thank Governor Murphy, Senators Ruiz and Singleton, and Assemblyman McKeon for their commitment towards establishing this necessary program."

"New Jersey now formally joins the growing list of States pursuing creation of their own Public Banks; Governor Murphy's promise to do so has delivered a substantive first step in the State Bank-formation process," **said Joan Bartl, Director of Banking on New Jersey and Public Bank Implementation Board member.** "This initial Social Impact Investment Fund will demonstrate some of the benefits such a Bank could make, and more importantly provide a committed platform for advancing our State Bank work."

Governor Phil Murphy

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