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Christie Administration Commits More Than \$135 Million To Create Affordable Housing In Sandy-Impacted Counties

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Tags: [Hurricane Sandy](#)

Funds Will Facilitate the Creation of Approximately 2,250 Affordable Housing Opportunities as Part of Community Development Block Grant Disaster Recovery Action Plan

Trenton, NJ – In an effort to help New Jersey recover from the loss of multi-family housing as a result of Superstorm Sandy, New Jersey Department of Community Affairs (DCA) Commissioner Richard E. Constable, III and New Jersey Housing and Mortgage Finance Agency (HMFA) Executive Director Anthony Marchetta today announced the Christie Administration's first commitment of more than \$135 million in federal Community Development Block Grant Disaster Recovery (CDBG-DR) funds to help create approximately 2,250 affordable housing opportunities in the nine counties most impacted by the storm. These projects are part of the State's CDBG-DR Fund for Restoration of Multi-Family and Sandy Special Needs Housing Fund.

The announcement was made at a former Clarion Hotel and Convention Center in Egg Harbor Township that was damaged by Sandy and will be converted into 83 affordable rental units. In addition to this hotel conversion, CDBG-DR funds will go to 33 other projects aimed at providing housing that is affordable for low- to moderate-income families, as well as individuals with special needs.

"Superstorm Sandy impacted New Jerseyans of all socioeconomic levels, including low- to moderate-income working families, elderly residents on fixed incomes, and individuals with special needs," said DCA Commissioner Constable, whose Department is administering the distribution of CDBG-DR funds for the State. "The funding commitment announced today will help replenish the stock of rental housing throughout affected areas and provide much needed affordable housing so that all Sandy-impacted households, including those of limited financial means, can return to live in their home communities."

The State of New Jersey has received \$1,829,520,000 in CDBG-DR funding from the federal government to assist in the recovery and rebuilding of Sandy-affected communities. Today's announcement of \$135 million in committed funding from the Christie Administration was allocated as part of more than \$200 million of these CDBG Disaster Recovery monies for the two programs behind today's initiative. The first program is the \$179.52 million Fund for Restoration of Multifamily Housing (FRM), which provides for-profit and non-profit housing developers an opportunity to secure zero- and low-interest loans to finance the development of affordable housing through new construction, conversion of vacant commercial/industrial buildings, or substantial rehabilitation of uninhabitable dwellings. The second program is the \$25 million Sandy Special Needs Housing Fund (SSNHF) which provides similar financial assistance to for-profit and non-profit developers who are constructing permanent supportive rental housing units for special needs populations, including individuals with mental, physical, or developmental disabilities, and other at-risk populations identified by the State.

To use the funds as efficiently as possible, developers are encouraged to leverage the CDBG Disaster Recovery monies with 9% and 4% federal Low Income Housing Tax Credits, which are a dollar-for-dollar reduction in federal tax liability and act as a catalyst to attract private investment into the affordable housing market. The credits are sold to an investor by the developer, who then, through equity from the sale, is able to take out a smaller mortgage to help build the project and thereby able to charge more affordable rents.

With the goal of leveraging these limited resources, the HMFA accelerated the 2013 application deadline for the competitive 9% Low Income Housing Tax Credits from June 2013 to May 2013 for projects located in the nine most impacted counties, which include Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean and Union. This enabled developers to apply for both CDBG-DR funds and the 9% tax credits simultaneously.

This year, the HMFA received over 50 project applications of which 25 were awarded for the creation of more than 1,600 affordable units. These projects will receive more than \$100 million in FRM and SSNHF funds and approximately \$260 million in tax credit equity. Apart from these 25 projects, the HMFA has also approved 9 other projects, bringing the total affordable units to be created through CDBG-DR funding to approximately 2,250.

"We are pleased to help replenish the supply of affordable rental units lost as a result of storm damage from Sandy," said HMFA Executive Director Marchetta. "Additionally, we are proud that these projects will positively contribute to the economy, particularly in communities hardest hit by the storm."

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The HMFA estimates that the 34 projects receiving CDBG-DR funding will produce 5,660 full-time equivalent jobs, \$275 million in compensation, and \$940 million in economic spending during the initial construction period, according to economic and fiscal impact analysis ratios developed by HR&A Advisors, Inc., a national real estate and economic development consulting firm. Furthermore, construction activity would generate approximately \$33 million in one-time State and local tax revenue. Following construction, the 34 projects would continue to produce benefits for the state's economy from resident spending and building maintenance.

Individuals can learn more about the Fund for Restoration of Multifamily Housing and the Sandy Special Needs Housing Fund by going to <http://www.state.nj.us/dca/hmfa/developers/cdbg/> on the HMFA website.

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