

Governor Phil Murphy

ICYMI: Murphy Administration Announces Affordable Housing Trust Fund Allocation Plan

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From the New Jersey Department of Community Affairs:

ICYMI: Murphy Administration Announces Affordable Housing Trust Fund Allocation Plan

\$60 Million in Financing Available to Develop Affordable Housing, Strengthen Neighborhoods, and Stimulate Economic Development

TRENTON, NJ – The Murphy Administration today announced a roadmap for spending \$60 million in Affordable Housing Trust Fund (AHTF) funding to advance affordable housing across the state. The funding, which was diverted in previous years, was restored as part of Governor Murphy’s FY2020 budget and is now available for pre-applications. The Department of Community Affairs (DCA) will administer the funds to create stronger, fairer communities in which people can afford to live.

“Ensuring that every New Jerseyan has a safe, affordable place to call home is a core principle of my Administration’s vision for a stronger and fairer New Jersey,” **said Governor Murphy**. “With the elimination of diversions from the Affordable Housing Trust Fund in the FY2020 budget, we ended nearly a decade of disinvestment that punished New Jersey residents struggling to make ends meet. The allocation plan unveiled today, which utilizes a community-centered approach, is a significant step in the right direction to address our state’s affordable housing crisis.”

“Governor Murphy and I are excited to more fully address the shortage of affordable housing in New Jersey by re-dedicating these Affordable Housing Trust Fund dollars for their stated purpose with a plan that makes sense,” **said Lt. Governor Sheila Y. Oliver, who serves as DCA Commissioner**. “Through this investment, we will strengthen neighborhoods, create more diverse communities, and stimulate economic development throughout the state. Affordable housing is an issue I have championed over the course of my career, which is why I am so pleased to help lead this effort.”

“Our members, who are working to create the affordable homes our neighbors and our communities need to thrive, are absolutely thrilled with today’s announcement,” **said Staci Berger, President and Chief Executive Officer of the Housing and Community Development Network of NJ**. “For nearly a decade, we have been advocating to restore the Affordable Housing Trust Fund, which is crucial to addressing our state’s housing crisis. The parameters of the program will allow the Trust Fund to be used in communities around the state, to create all kinds of housing choices, and can help to make sure that everyone can afford to call New Jersey home. We are deeply grateful to Governor Murphy, Lieutenant Governor Oliver, Senate President Sweeney, Assembly Speaker Coughlin and all of the housing and community development champions in the Legislature for their steadfast commitment to affordability and inclusion.”

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"We're excited to see the state's affordable housing trust funds finally being used for their intended purpose: to break down barriers that exclude low-income families, particularly people of color," **said Rev. Eric Dobson, Deputy Director of Fair Share Housing Center.** "These programs will provide innovative new tools to tackle New Jersey's housing affordability crisis -- and will provide additional resources as towns prepare to meet their fair housing plans. We want to thank the leadership of Gov. Murphy, Lt. Gov. Oliver, Senate President Sweeney and Assembly Speaker Coughlin for passing a budget that prioritizes these crucial investments."

The allocation plan reflects several core principles, including advancing equity in addressing housing needs, encouraging leverage of other public and private resources, and allowing a flexible structure for funds to be used to get projects done. To ensure maximum impact of AHTF investments, DCA held multiple listening sessions to hear from stakeholders about how the funding can be best and most equitably spent. The sessions helped DCA assess factors to incorporate in determining how to allocate the funds, such as collaborative approaches; market impact; resilience and sustainability; synergy with other redevelopment efforts; and proximity to educational, employment, and transportation opportunities.

Based on the input received, DCA will allocate \$60 million in AHTF funding to smaller rental and homeownership housing projects sized at 25 or fewer units that often have difficulty obtaining financing. These projects will fill the gaps within the existing affordable housing ecosystem, build on current assets and investments, and add value to neighborhoods, and they tend to be developed by community-based organizations that have a strong connection to the housing equity issues in their communities.

The AHTF dollars will be allocated through three funds, all focused on creating housing for households earning less than 80 percent of Area Median Income (AMI), with preferences for providing units with deeper affordability. To ensure flexibility in response to demonstrated demand for these different funds, the Commissioner of DCA may adjust the allocations between them to ensure that the AHTF is addressing affordable housing needs in our state as efficiently as possible.

Municipal Settlement Fund

The Municipal Settlement Fund, comprising approximately 50% of the AHTF, will help municipalities create smaller-scale projects that fit into the landscapes of their neighborhoods and assist them in fulfilling their court-sanctioned affordable housing settlements. Applicants may be municipalities or developers supported by a municipality. Municipalities will be required to provide leverage in the form of funding from their local affordable housing trust fund or, where there is no local fund, in the form of publicly owned property made available at low or no cost, or some other form of investment.

Neighborhood Partnerships Fund

The Neighborhood Partnerships Fund will dedicate approximately 40% of the AHTF funds to support the development of affordable housing in Qualified Urban Aid Towns, particularly those projects that leverage other existing resources to strengthen their neighborhoods. This fund will prioritize: projects that further community development initiatives through coordinated state investments from DCA or other state agency programs; projects located in Opportunity Zones or active redevelopment areas with current redevelopment plans; and projects offering collaboration with private partners such as Community Development Financial Institutions (CDFIs), philanthropic foundations, and anchor institutions.

Innovation Fund

The Innovation Fund will dedicate approximately 10% of the AHTF funds for innovative projects that may not fit under the umbrella of the other two funds but that creatively advance the State's housing goals. These projects could include, for example, makerhoods; tiny homes; housing innovations aimed at the Asset Limited, Income Constrained, Employed (ALICE) population; healthy homes; and new technologies. A portion of this fund may be used for grants to help municipalities create long-term affordable housing plans.

Additionally, the fund may be used for capacity building, such as to create a technical guidance “library” offering case studies and how-to information for municipalities on the development of new models of housing, changes in redevelopment practices, and reducing regulatory barriers that increase construction cost.

The Department will prioritize projects that include municipal leverage; participation in other state-funded community development initiatives; partnerships with private sector investors; sustainability/resilience; walkability; mixed-use; accessibility; and projects addressing gentrification. The maximum subsidy for a given project financed through the Municipal Settlement and Neighborhood Partnership Funds is \$6 million, while the maximum amount provided per project through the Innovation Fund will be \$2 million. All housing units receiving AHTF financing must be deed restricted for a minimum of 20 years.

Grant guidelines are available on DCA’s website. DCA will host a webinar on March 2, 2020, from 9:00 – 12:00, launching the unified AHTF application, which will be available on SAGE, DCA’s grant management system. Applications will be accepted on a rolling basis. To move projects quickly through the process, a pre-application can be submitted using the link below. DCA will offer in-person presentations and one-on-one technical assistance.

To view the pre-application, guidelines, and webinar information:

Pre-application (https://www.nj.gov/dca/divisions/dhcr/offices/docs/AHTF_Pre_Application.pdf)

Guidelines (https://www.nj.gov/dca/divisions/dhcr/offices/docs/AHTF_Program_Guidelines.pdf)

Webinar Information (https://www.nj.gov/dca/divisions/dhcr/offices/docs/AHTF_webinar_info.pdf)

To help build the capacity of existing developers, including those from underserved communities, and to encourage new voices in the development field, the New Jersey Redevelopment Authority, an affiliate of DCA, will provide a targeted curriculum to build the skills and expertise of developers who will use the fund. A small percentage of funds may also be allocated for predevelopment loans to help jump-start projects at the beginning of the development process.

To learn more about the Affordable Housing Trust Fund, please visit:

<https://www.nj.gov/dca/divisions/dhcr/offices/ahtf.html>

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