

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 2824

### STATE OF NEW JERSEY 221st LEGISLATURE

DATED: MAY 7, 2024

#### SUMMARY

- Synopsis:** Modifies down payment assistance program for benefit of first-generation and first-time homebuyers
- Type of Impact:** Annual State expenditure increase.
- Agencies Affected:** New Jersey Housing and Mortgage Finance Agency.

#### Office of Legislative Services Estimate

Annual Fiscal Impact	
State Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill would lead to an indeterminate increase in annual State expenditures. Expanding the population that is eligible for down payment assistance and increasing the maximum size of the loan to \$20,000 would increase annual program costs.

#### BILL DESCRIPTION

The bill modifies the Housing and Mortgage Finance Agency's down payment assistance loan program. The bill broadens the loan program's definition of "first-generation homebuyer" so that an applicant would qualify for down payment assistance even if a member of the household had acquired a home in the last three years as long as the applicant, and the applicant's spouse or domestic partner, had not. The bill further modifies that definition to include an individual who was an emancipated youth, or was designated as a homeless, unaccompanied youth.

The bill modifies the loan program's definition of "first-time homebuyer" so that the definition does not restrict ownership of residential real property within the previous three years, as long as an applicant is using a mortgage product offered by the Housing and Mortgage Finance Agency through an agency homebuyer program to purchase single-family housing. The applicant must also have a gross household income that does not exceed a limitation determined by the agency.

Moreover, existing law requires a first-time homebuyer to commit to use the home for which the down payment assistance is provided as a principal residence for five years following the purchase of the home as a condition for receiving the loan and qualifying for loan forgiveness. The bill additionally requires the homebuyer to commit to retaining the first mortgage product offered by the agency for a five-year period as a condition for receiving the assistance and qualifying for loan forgiveness.

The bill also adjusts the loan award to be offered through the loan program from \$15,000 to an amount not to exceed \$20,000.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS concludes that the bill would lead to an indeterminate increase in annual State expenditures. Expanding the population that is eligible for down payment assistance and increasing the maximum size of the loan to \$20,000 would increase annual program costs.

*Section: Local Government*

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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.).