

# Special Needs Housing Subsidy Loan Program

**New Jersey Housing and Mortgage Finance Agency**

Special Needs Housing: Housing for Persons with Special Needs

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Providing housing for residents who have special needs is a challenge nationally and even more so in New Jersey where housing costs are high and funding resources for special needs housing can be limited.

The New Jersey Housing and Mortgage Finance Agency's (NJHMFA) \$50 million initiative is helping to create permanent housing solutions with appropriate support services for a wide range of special needs populations and enable them to live independently in communities of their choice, which is a key component of NJHMFA's mission.

The Special Needs Housing Subsidy Loan Program will provide 400 apartments for some of the most vulnerable members of our communities, including those who are at risk for homelessness, prisons and hospitals.

The program is NJHMFA's first major new funding source in seven years to provide supportive and affordable housing opportunities statewide. It is also the largest infusion of state funding since the creation of the Special Needs Housing Trust Fund in 2005, which provided nearly \$192 million to create nearly 1,600 housing opportunities throughout the state for special needs individuals and families. That fund has since been exhausted leaving little to no funding to meet the need for special needs housing in the state until NJHMFA stepped up with the creation of its new Special Needs Housing Subsidy Loan Program.

**Innovation:** The New Jersey Housing and Mortgage Finance Agency is the largest provider of special needs funding in the state. The Special Needs Housing Subsidy Loan Program provides capital financing in the form of loans to eligible not-for-profit and for-profit developers, as well as government entities at the state, county and municipal levels, for new construction of or the rehabilitation of housing units for individuals with special needs.

NJHMFA's Special Needs Housing Subsidy Loan Program is not funded by taxpayers. The program, which is the largest pool of state funding since 2005, is financed directly by NJHMFA through bonding or agency contributions. As a result, the financing is generated at little cost to the agency.

**Replicable:** As in New Jersey, there is a critical need for supportive housing nationwide and funding resources are limited.

Jumpstarting the funding pool through bonding and its own resources, NJHMFA's program is easily replicable across the country. The cost to NJHMFA is the cost of issuing the bonds which makes the project's cash-flow loans to developers effectively interest free. State housing agencies across the country with volume cap and able to front low bond issuance costs can easily replicate the program.

Developers/sponsors proposing a project must identify the target population and a service provider agency for the project. The program guidelines provide clear caps for the financing as well as program targets such as location and maximizing affordability.

**Respond to an important state housing need:** The need for affordable permanent affordable housing in New Jersey clearly outstrips the availability. NJHMFA's financing make it a leader to increase supportive housing across the state for a range of populations and help meet state mandates to increase community independent living opportunities.

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**Measurable benefits to HFA targeted customers:** The need for supportive housing is critical. SNHSLP provides opportunities for residents to live in a community setting, out of a nursing home or institution or helps to avoid homelessness.

The populations served under this program include: disabled and homeless veterans; homeless individuals and families; individuals with mental illness, and physical and developmental disabilities; victims of domestic violence; individuals in treatment for substance abuse; ex-offenders and youth offenders; youth aging out of foster care; runaway and homeless youth; individuals with AIDS/HIV; individuals 18 years and over coming out of nursing homes; and individuals in other emerging special needs groups identified by state agencies.

**Proven track record of success in the marketplace:** NJHMFA's program builds on earlier programs to expand housing opportunities for special needs residents. This housing has included group homes and standalone special needs housing, as well as apartments set aside for special needs residents as part of multifamily developments. All housing has been quickly filled, often resulting in waiting lists, and the need remains great.

**Benefits outweigh costs:** The SNHSLP enables residents to live independently with dignity in communities of their choice with supportive services as alternatives to institutionalization or homelessness. As a result, providing permanent and affordable supportive homes as an alternative helps reduce costs and the impact on resources. But beyond that the personal benefits of living as part of a community and receiving supportive services to enable success are tremendous.

**Effective use of resources:** The SNHSLP financing, in the form of loans, is available to eligible not-for-profit and for-profit developers, as well as government entities at the state, county and local level for new construction or the rehabilitation of housing. Since program funding is limited, NJHMFA has established priorities for determining projects.

For special needs-only developments, the maximum loan amount may not exceed \$500,000. For multifamily projects, the maximum loan amount may not exceed \$125,000 per unit, with a maximum of five units per project.

Since program funding is limited, NJHMFA has established priorities for determining projects. Developments must maximize long-term affordability of at least 30 years; minimize temporary or permanent displacement; and demonstrate appropriate location and design.

**Employs partnerships:** The New Jersey Housing and Mortgage Finance Agency has solid working partnerships with a number of developers throughout New Jersey who have a commitment and dedication to building housing for residents with special needs. Through these financing partnerships, NJHMFA has been able to fulfill one of its key missions to provide permanent and affordable supportive housing for individuals throughout the state who require and would benefit from it.

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**Achieves strategic objectives:** With the goal of expanding affordable, supportive housing, NJHMFA's initial \$50 million investment in the Special Needs Housing Subsidy Loan Program will result in 400 supportive apartments and provide a model for other states to follow.

Without this funding and NJHMFA's leadership, special needs housing simply would not be built at the scale needed to meet the needs of New Jersey residents.

The new program will help meet the demand for affordable supportive homes while improving lives and building stronger and fairer communities for all New Jerseyans.