Road Map to Financing Supportive Housing in New Jersey

CURRENT PUBLIC FUNDING SOURCES & USES

How to Use This Document

The *'Road Map to Financing Supportive Housing in New Jersey'* provides developers, service providers, community partners, owners and funders with resources to build supportive housing. There is no single "go-to" source to build and sustain supportive housing. However, this *Road Map* seeks to identify public funding sources and resources that typically leverage private capital and lending.

Supportive housing combines permanent, affordable housing with individualized support services to help individuals with disabilities and complex health needs who are at high risk of chronic or recurring homelessness achieve greater stability and independence. Supportive housing is a proven solution that demonstrates positive outcomes and creates opportunities for effective resource investment.

Supportive housing is an important factor in competitive funding environments such as the Low-Income Housing Tax Credit (LIHTC) rounds. It provides additional points in competitive applications and supports both tenants and landlords/property managers while fostering community partnerships that benefit the entire project.

Supportive Housing Financing Components		
Capital	**Operating**	**Services**
Covers the costs of acquiring & constructing development, including: - Building and land acquisition - Architectural and engineering services - Financing fees - Project management	*Supports the ongoing costs of running rental housing, such as:* - Property management - Staffing - Utilities and maintenance - Insurance and real estate taxes	*Funds the delivery of supportive services, including:* - Mental health counseling - Case management - Tenancy supports (e.g., life skills, job training)

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One advantage of including supportive housing is access to housing subsidies because tenant income in supportive housing projects is often insufficient to cover full operating costs. These projects typically serve households earning less than 30% of the Area Median Income (AMI).

- Another advantage is that developers partner with community-based providers who deliver and fund required services. Additionally, these providers often access additional funding through Medicaid, grants, and contracts. Sometimes developers build in-house service capacity.

Below is a summary of the government agency capital, rental assistance and services funding shared in this Road Map.

NJ Supportive Housing Funding Summary

Department of Community Affairs (DCA)	Housing Mortgage Finance Agency (HMFA)	Local Governments

<u>Capital</u>
• HOME
  o National Housing Trust Fund (NHTF), which includes project-based vouchers (PBVs) per unit
  o Affordable Housing Trust Fund (AHTF)
  o Neighborhood Revitalization Tax Credit (NRTC)
  o Neighborhood Preservation Program (NPP)
  o CDBG (Small Cities Program)
  o Healthy Homes Initiative (includes capitalized operating reserve)
 	
<u>Rental Assistance</u>
• 811 Project Rental Assistance (PRA)
• State Rental Assistance Program (SRAP)
• Supportive Housing Connection (SHC), in collaboration with the Deptartment of Human Services
	<u>Capital</u>
	• Low-Income Housing Tax Credits (LIHTC)
	• Special Needs Housing Trust Fund (SNHTF)
	• Money Follows the Person Housing Partnership Program (MFPHPP)
	• State Tax Credit Subsidy (STCS) Program Fund
	• Permanent bond financing programs
	
	<u>Rental Assistance</u>
	• 811 Project Rental Assistance
	
	Economic Development Authority (EDA)
	<u>Capital</u>
	• ASPIRE Program
	
	Redevelopment Authority
	<u>Capital</u>
	• Gap financing and predevelopment
		<u>Capital</u>
		• Local Trust Funds (Mount Laurel)
		• HOME funds (Local PJs)
		• CDBG (entitlement jurisdictions)
		
		<u>Rental Assistance</u>
		• HOPWA Funds (HUD-funded cities)
		
		CoCs
		<u>Rental Assistance</u>
		• CoC Rental Assistance
		
		<u>Services Funding</u>
		• Supportive services paired with CoC-funded housing
		
		Federal HUD
		<u>Capital</u>
		• Section 811 (Supportive Housing for Disabilities)
		• Section 202 (Elderly Housing)

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• Housing Choice Vouchers (HCV)
• Special Purpose Vouchers (SPV)
• Housing Opportunities for Persons With AIDS (HOPWA) Funds
	Department of Human Services, in coordination with the Department of Community Affairs (DCA)
	Services Funding
	• Supportive Housing Connection
	    o IDD Medicaid Program
	    o CSS Medicaid Program
	• Housing Supports Medicaid Program
	
	Public Housing Authorities (PHAs)
	Rental Assistance
	• Housing Choice Vouchers (HCV)
	• Special Purpose Vouchers (SPV)
	• HUD-Veterans Affairs Supportive Housing (HUD-VASH) Program
		Rental Assistance (coordinated by DCA or local)
		• 811 Project Rental Assistance (PRA)
		• Housing Choice Vouchers (HCV)
		• Special Purpose Vouchers (SPV)
		• HOPWA Funds
		
		Services
		• Section 202 (Elderly Housing)

Capital Sources & Uses	Funding Process & Pertinent Information
This Road Map highlights federal, state, and local government capital sources. Other key sources include community development financial institutions (e.g., LISC Greater Newark, NJ Community Capital), banks (e.g., Federal Home Loan Bank, PNC, Bank of America), private donations, donated land, extended use leases, and conventional debt.	
Local Government (e.g. entitlement jurisdictions such as Newark, Jersey City, Camden)	
HOME Funds **Uses:** New construction, rehabilitation, adaptive reuse, development cost	• **Deadline is annually around June 30.** • Entitlement jurisdictions (e.g., Newark, Jersey City, Camden) receive HOME funds directly and set their own priorities and application processes. • Non-entitlement municipalities may apply for DCA's statewide HOME funds. • Projects must align with HUD's national objectives, demonstrate measurable community impact, and meet the state's certified Community Housing Development Organization (CHDO) criteria. • Twenty-eight jurisdictions are in New Jersey.
Community Development Block Grant (CDBG) *(Federal source, state/locally administered)* **Uses:** Rehabilitation	• **Deadline is annually around June 30.** • Entitlement jurisdictions (e.g., Newark, Jersey City, Camden) receive CDBG funds directly and set their own priorities and application processes. • For non-entitlement jurisdictions, apply through NJ DCA's Small Cities CDBG Program.
New Jersey Department of Community Affairs (DCA), Division of Housing & Community Resources (with some funding available through both DCA and local, participating municipalities)	

Capital Sources & Uses	Funding Process & Pertinent Information

National Housing Trust Fund *(Federal pass through to states)*
 	
 Uses: New construction rehabilitation, adaptive reuse, acquisition and development, preservation
	• **Rolling Application Basis**, but priority given to projects already in the **pipeline** (e.g., 4% LIHTC, 9% LIHTC, shelter projects). Project must secure all other financing before applying.
	 • **Maximum Award**: Up to **$1 million per application.**
	 • No more than four NHTF-assisted units per project.
	    ◦ **Target Population**: special needs units, exclusively for households earning ≤30% AMI
	    ◦ **Eligible Applicants**: Nonprofit or for-profit developers with strong capacity
	    ◦ **Environmental Restrictions**: Projects cannot be in floodplains or environmentally sensitive areas

Affordable Housing Trust Fund (AHTF) **Uses:** New construction rehabilitation, preservation, homeownership projects	• **The cap is $3 million per application.** • Applications are reviewed competitively through an RFP when funds are available. • Supports 100% affordable projects. • Rental and homeownership projects with 25 units or fewer. • Targets municipalities with court-sanctioned affordable housing settlements.
Neighborhood Revitalization Tax Credit Program (NRTC) **Uses:** Affordable housing development	• **Next application round likely opening in late 2025 for SFY 2027.** • Nonprofit led: Only qualified nonprofit organizations can apply; developers can partner with nonprofits to implement housing components. • Place-Based Focus: Projects must target specific, designated neighborhoods. • Applicants may request up to **$800,000**; approximately **$15 million** available annually.

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Capital Sources & Uses	Funding Process & Pertinent Information
Neighborhood Preservation Program (NPP) **Uses:** • Revitalization of mixed-use districts, including affordable housing	• $125,000 annual grants are awarded to designated municipalities • Only qualified nonprofit organizations or designated municipal entities may apply • Developers must partner with an eligible lead applicant to participate

HOME Funds (DCA Statewide Program)
 	
Uses:
• New construction
• Rehabilitation
• Adaptive reuse
• Development cost
	• **Deadline is annually around June 30.**
	• Entitlement jurisdictions (e.g., Newark, Jersey City, Camden) receive HOME funds directly and set their own priorities and application processes
	• Non-entitlement municipalities apply through the DCA Housing Production Unit
	  o HOME Production
	    ▪ New link will be posted on SAGE in late October
	  o Home CHDO
	    ▪ Projects must align with HUD's national objectives, demonstrate measurable community impact, and meet the state's certified CHDO requirements
	    ▪ CFR :: 24 CFR Part 92 -- Home Investment Partnerships Program (rules at § 92.208)
	  o HOME American Rescue Plan (ARP): **Rolling application** and final deadline around June 30, 2026
	    ▪ **Prioritized for projects serving**:
	      • People who are homeless or at risk
	      • Survivors of domestic violence or human trafficking
	      • Households at greatest risk of housing instability

Community Development Block Grants (CDBG) (Federal source, state/locally administered) **Uses:** Rehabilitation	• **Annually competitive; deadlines usually fall / early winter.** • Non-entitlement municipalities apply through NJ DCA's Small Cities CDBG Program.

Capital Sources & Uses	Funding Process & Pertinent Information
Healthy Homes Initiative Includes three funding streams: • Capital funds for new construction or rehabilitation • Repair & Replacement (R&R) funds for ongoing maintenance • Capitalized Operating Reserve & Rental Assistance (CORRA) to support rent subsidies and operating costs	• Developers apply through DCA's formal review process; units must meet affordability and Medicaid eligibility standard • Units are restricted to NJ FamilyCare members and must comply with Medicaid and affordability guidelines • Rent increases, unit turnover, and tenant placement are subject to DCA oversight • Developers and landlords must coordinate with managed care organizations (MCOs) for tenant referrals • Ongoing monitoring includes housing assessments, vacancy notifications, and compliance with participant obligations
New Jersey Housing and Mortgage Finance Agency (HMFA)	
Low-Income Housing Tax Credits *(9% and 4%)* **Uses:** New construction, rehabilitation, preservation, supportive housing cycle (9% only), mixed-use development, adaptive reuse	• **Deadlines:** • 9% credits are competitive funding administered annually • 4% credits are non-competitive on a rolling basis and paired with tax-exempt bond financing • Qualified Allocation Plan (QAP) governs scoring, eligibility, and priorities.
Special Needs Housing Trust Fund **Uses:** New construction, rehabilitation, adaptive reuse	• Priority given to projects serving individuals with mental illness. • Applicants must comply with NJHMFA underwriting guidelines and may combine with other financing (e.g., LIHTC, tax-exempt bonds).

Updated February 2026

Capital Sources & Uses	Funding Process & Pertinent Information

Money Follows the Person Housing Partnership Program (MFPHPP)
 	
Goal is to move individuals from nursing home facilities to community housing.
 	
Uses: New construction, rehabilitation, multifamily projects
 	
The target population for the MFPHPP program are individuals with physical disabilities between the ages of 18 – 61 who are living in nursing homes and have an interest in residing in the community with supportive services.
	• **Rolling basis, subject to availability and readiness**
	• Requirements:
	  1. Project location is in one of the eligible counties (Bergen, Passaic, Essex, Morris, Hudson, Monmouth, and Ocean), which is subject to change
	  2. Project includes amenities necessary to enable the tenant to transition into the community
	  3. Housing developer is an experienced developer of special needs housing
	  4. Letter of Support from the Department of Aging Services, DHS (DoAS)

State Tax Credit Subsidy (STCS) Program Fund
 	
Uses: Land acquisition, construction costs, soft costs, reserves, developer fee, compliance and certification costs
	• Credits will be auctioned off starting April 15, 2026, via NJHMFA's online auction platform.
	• Funds raised will be allocated to the STCS Program after the close of the bidding.
	• All STCS subsidies must be paired with federal 4% LIHTC.
	• There is a preference for certain suburban municipalities.
	• Fund Allocation:
	  ◦ 50% to Affordable Housing Production Fund (<80% AMI)
	  ◦ 50% to Workforce Housing Fund (80–120% AMI)

Capital Sources & Uses	Funding Process & Pertinent Information
HMFA's Permanent Financing Programs **Uses:** New construction; rehabilitation; acquisition and development; mixed-income and mixed-use projects; supportive housing	• Rolling **basis financing that are loans**, subject to readiness and financial feasibility. • Development may pair these loans with LIHTC (4% or 9%), the Special Needs Trust Fund, or Affordable Housing Production Fund (AHPF). • Requires submission of Form 10 and full underwriting documentation.
New Jersey Economic Development Authority (NJEDA)	
ASPIRE program **Uses:** Gap financing; supportive housing, if part of a broader development; mixed-use; residential, commercial, and infrastructure projects **Eligible costs** include construction, acquisition, site prep, and soft costs.	• Rolling basis deadline. • Must be located in a designated incentive area (e.g., Planning Area 1, GRMs, Enhanced Areas). • Developers must contribute at least 20% equity toward the total development cost (or 10% in GRMs). • Requires use of prevailing wage.
New Jersey Redevelopment Authority	
Gap financing and predevelopment loans are available for urban redevelopment projects	• Limited to NJRA-designated municipalities, typically urban and economically distressed areas. • Projects must align with NJRA's mission of community revitalization and economic development.
Local Government	

Capital Sources & Uses	Funding Process & Pertinent Information
Local Trust Funds **Uses:** New construction, rehabilitation, preservation, supportive housing services	• Available to meet Mount Laurel requirements, deadlines vary by township. • Provides official data on municipal trust fund balances, expenditures, and affordable housing activity across New Jersey. • Offers strategic guidance, policy context, and recommendations for maximizing the impact of local trust funds.
US Department of Housing and Urban Development Federal funding for supportive housing exists but is inconsistent; eligibility and tenant selection must align with local needs.	
HUD Section 202 – Elderly Housing **Uses:** Multifamily housing, preservation and rehabilitation	• Expected to be released; no immediate deadline / availability. • Funding can also go towards supportive services and project-based rental assistance to keep rents affordable.

Updated February 2026

Operating and Rental Assistance Program & Uses	Pertinent Information
OPERATING/RENTAL ASSISTANCE Due to the extremely low incomes of supportive housing populations, rental assistance or an operating subsidy is required to cover the costs between what a tenant can pay and the rent for the unit or operating costs for a project. Eligibility criteria vary by subsidy type and administering agency. Most programs follow HUD voucher payment standards. Project-based vouchers help ensure units remain dedicated to priority populations long term and support the project's financial feasibility.	
New Jersey Housing Mortgage Finance Agency	
HUD Section 811 Project Rental Assistance (HMFA administers Section 811 through an interagency agreement with DDD, DMHAS, and Division of Aging.) **Uses:** Provides operating subsidies for units in properties funded by LIHTC, HOME, MFTP and other programs.	Section 811 is a **federal HUD program** that helps **adults with disabilities (ages 18-61)** live independently by providing **affordable housing linked with supportive services**. The program can support people who receive Medicaid services through DMAS, DDD and Division of Aging.
New Jersey Department of Community Affairs (DCA)	
HUD Section 811 Project Rental Assistance (PRA) **Uses:** Provides operating subsidies for units in properties funded by LIHTC, HOME, or other programs. • Can also be used as Capital Advance + Project Rental Assistance Contract (PRAC), *but only for nonprofit developers*	Section 811 is a **federal HUD program** that helps **adults with disabilities (ages 18-61)** live independently in the community by providing **affordable housing linked with supportive services**. Apply through HUD's **Notice of Funding Opportunity (NOFO)**, typically released every 1-2 years. Applicants must demonstrate site control, financial capacity, and service partnerships.

Updated February 2026

Operating and Rental Assistance Program & Uses	Pertinent Information
State Rental Assistance Program (SRAP) **Uses:** Provides rental subsidies to very low-income designated populations using HUD payment standards	• SRAP is state-funded rental assistance modeled after Section 8 and administered the same way, with preferences for veterans, people with disabilities, survivors of domestic violence, seniors, and people experiencing homelessness. • About 5,000 people participate in SRAP, through tenant-based and project-based assistance. • DCA periodically opens the waiting list by lottery and issues RFPs for project-based vouchers.
Supportive Housing Connection (SHC) *Distributed by the Department of Human Services (DHS) but administered by DCA* **Uses:** Provide rental subsidies to individuals served by DHS, including those with mental health, substance use, developmental disabilities, or other complex needs	The program supports long-term housing stability, and in some cases, serves as a bridge to permanent housing. • Some rental assistance may be project-based • Subsidies are tied to participation in DHS programs and services.
Local Public Housing Authorities & New Jersey Department of Community Affairs (DCA)	
Housing Choice Vouchers (HCV) **Uses:** Rehabilitation, new construction, or existing units	The HCV program (commonly called **Section 8**) is HUD's largest rental assistance program. • Project-based HCVs are available through DCA and local PHAs. • Availability is rolling, based on HUD allocations and local PHA funding cycles. • Respond to PHA Requests for Proposals (RFPs).

Operating and Rental Assistance Program & Uses	Pertinent Information
Special Purpose Vouchers (SPV) *(Federal – within Section 8)* **Uses:** • Provide stable operating income because the subsidy is guaranteed • Can be layered with other programs (e.g., LIHTC, HOME) • Help meet affordability requirements in mixed-income developments	Special Purpose Vouchers operate within **Section 8**, HUD's largest rental assistance program. Developers partner with **service agencies** (e.g., VA for Veterans Affairs Supportive Housing (VASH), child welfare for Family Unification Program (FUP)). Availability is rolling, based on HUD allocations and local PHA funding cycles.
Local Government & New Jersey Department of Community Affairs (DCA)	
HOPWA Funds *(Federal)* **Uses:** New construction; rehabilitation; acquisition; services and facility operations, including case management, health care access, and maintenance of housing facilities	Developers can partner with grantees (e.g., DCA or eligible cities) to deliver housing and services for low-income individuals diagnosed with HIV/AIDS. • Developers typically apply through **DCA** or **local jurisdictions** depending on location. • Applicants must respond to **RFPs/NOFAs** and align with HUD guidelines.
Local Continuum of Care (CoC)s	

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Operating and Rental Assistance Program & Uses	Pertinent Information
Continuum of Care (CoC) Funding *(Federal)* **Uses:** • Cover leasing costs, operations, and service coordination for PSH units. • Layer CoC funds with other sources like PHAs, LIHTC, SRAP, and Medicaid to build financially viable projects. • Partner with nonprofits or service providers to meet eligibility and service delivery requirements.	CoC funding is the **primary federal source** for **permanent supportive housing** for people experiencing chronic homelessness. • **HUD** administers the program through an annual **CoC NOFO.** • Funding goes to **CoC lead agencies** that coordinate regional homelessness systems and submit consolidated applications. • HUD has proposed significant changes to CoC funding, and litigation may affect implementation. • Developers should connect early with their local CoC to align on goals and application strategy. New Jersey has 16 CoCs, and early consultation with the CoC lead is strongly recommended.

SERVICES FUNDING

Services within supportive housing help people facing complex challenges live with stability, autonomy and dignity. These services are flexible and voluntary. Examples include case management, mental health services and substance use treatment, assistance building life skills, and other needed supports.

Because services funding is not robust for all supportive housing types, CSH recommends partnering with community-based service providers who already serve the same population in the community. These providers can often braid funding from grants and contracts into a services budget. This typically requires a formal MOU and a social service plan that must be approved by state agencies reviewing the affordable /supportive housing proposal.

For example, developers often collaborate with an existing IDD provider when setting aside IDD units. This also requires a formal MOU and a social services plan approved by reviewing state agencies.

New Jersey Department of Human Services (DHS)	
Services Program	**Uses & Pertinent Information**
Intellectual and Developmental Disability (IDD) Medicaid Program Can be coordinated with the Supportive Housing Connection (SHC) via DCA	**Uses:** Services to support people with IDD in independent living Services are delivered by IDD providers credentialed through managed care organizations and who receive referrals from the Division of Developmental Disabilities Home within DHS.
Community Support Services (CSS) Medicaid Program Can be coordinated with the Supportive Housing Connection (SHC) via DCA	**Uses:** Services to support people leaving state institutions with severe mental illness in independent living Services are delivered by CSS providers approved by DMHAS and client referrals are from the Department of Human Services	Division of Medical Assistance and Health Services Home within DHS.

Housing Supports Program (HSP) Medicaid Program	**Uses:** Pre- tenancy and tenancy services for people who are homeless or at risk of homelessness and who meet clinical eligibility criteria. • Services are delivered by HSP providers credentialed through managed care organizations. • Tenants must be enrolled in Medicaid through an MCO. If they qualify for HSP, referrals follow a no-wrong door approach and can come from a provider, caregiver, community organization, individual, friend or family member.
Assisted Living Program (ALP)	• Generally, supports adults (21+) who require a nursing home level of care (typically needing support with three or more activities of daily living) but prefer to live in community settings such as subsidized housing. • Administered through the Medicaid Managed Long-Term Services and Supports (MLTSS) program and managed by MCOs. • Developers may contact the New Jersey Assisted Living Program Provider Coalition to explore partnership options with ALPs in their project region.
Bringing Veterans Home (BVH) Program	Administering Agencies: • NJ Department of Community Affairs (DCA) – Office of Homelessness Prevention • NJ Department of Military and Veterans Affairs (DMAVA) Supportive services funding available through the System Enhancements RFP.

While this roadmap highlights public (government) sources, it is important to include some of the bank, CDFI, and foundation resources that developers who reviewed earlier drafts generously shared, recognizing the importance of gap fillers and soft dollars in New Jersey:

- Federal Home Loan Bank of New York and Pittsburgh
- TD Foundation/Housing Grant
- Weinberg Foundation
- Home Depot Foundation