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New Jersey Housing and Mortgage Finance Agency Launches \$500M Tax Credit Auction

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On October 2, 2025, the New Jersey Housing and Mortgage Finance Agency (NJHMFA) received formal authorization to auction up to \$500 million in New Jersey state tax credits, pursuant to the State Tax Credit Subsidy Program (STCS). This subsidy program is intended to incentivize private investment in both workforce housing and affordable housing in equal proportions.

Affordable housing subsidies will be made available for projects that benefit low-to-moderate income families, which in turn assist municipalities in meeting their affordable housing goal. These subsidies will be available not only for 100% affordable housing projects but also for inclusionary projects.

Applications to obtain subsidies for affordable housing or workforce housing projects will begin in the fall. With the inclusion of these subsidies, NJHMFA expects a minimum of an additional \$400 million in housing production investment. The tax credits utilized for this program are being repurposed from existing programs, so no additional spending will be required. All auction proceeds will fund the STCS program, minus operational and administrative costs.

NJHMFA promotes and encourages all qualified New Jersey businesses to participate in the auctions:

- Bidders must have a valid Tax Clearance Certificate from the New Jersey Division of Taxation.
- Tax credits can be used in the same tax year they are won or can be carried forward up to seven years from their purchase date.
- The minimum bid must be at least \$250,000 in tax credit value and the minimum bid price per tax credit is \$0.80 per dollar.

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- Tax credits will only be awarded to the highest qualifying bidders.
- Tax credits won through the auctions can be applied to either corporate business tax or insurance premium tax. The agency can only auction \$100 million in tax credits per year.

The first \$100 million tax credits auction will begin on October 27, 2025, at 9:00am. This auction will last until November 26, 2025, at 5:00pm. Auctions will continue to take place over the next five to six years until the tax credits are fully awarded.

Any qualified New Jersey business can benefit from the tax credits being offered. This program allows all qualifying New Jersey taxpayers to obtain valuable tax reductions at a dollar-for-dollar reduction on tax liabilities. Businesses are provided with the option to utilize the credits immediately or carryover unused tax credits, creating financial flexibility. While businesses will obtain a direct tax reduction, they will also be supporting an important investment in affordable and workforce housing for communities within New Jersey.

The attorneys in Greenbaum's **Financial Incentives & Economic Development** practice assist clients in obtaining various types of tax credits and work with the NJHMFA routinely. Please contact the authors with questions regarding the tax credits discussed in this Alert or to discuss your specific business circumstances.

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