

55:19-3

**LEGISLATIVE HISTORY CHECKLIST**  
Compiled by the NJ State Law Library

**NJSA:** 55:19-3

(Urban  
Development  
Corporation--broaden  
powers)

**LAWS OF:** 1991

**CHAPTER:** 228

**Bill No:** A3765

**Sponsor(s):** Schwartz

**Date Introduced:** September 10, 1990

**Committee: Assembly:** Housing

**Senate:** County & Municipal Government

**Amended during passage:** Yes      Amendments during passage  
denoted by asterisks.

**Date of Passage: Assembly:** January 8, 1991

**Senate:** May 20, 1991

**Date of Approval:** July 26, 1991

**Following statements are attached if available:**

**Sponsor statement:** Yes

**Committee Statement: Assembly:** Yes

**Senate:** Yes

**Fiscal Note:** No

**Veto Message:** No

**Message on signing:** No

**Following were printed:**

**Reports:** No

**Hearings:** No

**KBG/SLJ**

[SECOND REPRINT]

ASSEMBLY, No. 3765

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 10, 1990

By Assemblymen SCHWARTZ, SMITH, Salmon and Gill

1 AN ACT concerning economic development and amending  
2 P.L.1985, c.227 <sup>1</sup>and P.L.1949, c.306<sup>1</sup>.

3

4 BE IT ENACTED by the Senate and General Assembly of the  
5 State of New Jersey:

6 1. Section 3 of P.L.1985, c.227 (C.55:19-3) is amended to read  
7 as follows:

8 3. As used in this act, except as otherwise clearly required by  
9 the context:

10 a. "Board" or "board of directors" means the directors of the  
11 corporation appointed pursuant to section 4 of this act.

12 b. "Corporation" means the New Jersey Urban Development  
13 Corporation established pursuant to section 4 of this act.

14 c. "Department" means the New Jersey Department of  
15 Commerce and Economic Development.

16 d. "Director" means a director of the corporation.

17 e. "Project" means a specific work or improvement, including  
18 lands, buildings, improvements, real and personal property or any  
19 interest therein, including lands under water, riparian rights,  
20 space rights and air rights, acquired, owned, constructed,  
21 reconstructed, rehabilitated or improved by the corporation or a  
22 subsidiary, or by any other person, firm or corporation under  
23 agreement with the corporation or subsidiary pursuant to the  
24 provisions of this act in a qualified municipality, and which falls  
25 within any of the following classifications:

26 (1) "Industrial project"--a project designed and intended to  
27 provide facilities for manufacturing, industrial, commercial,  
28 wholesale, retail, warehousing, or research and development  
29 purposes, including but not limited to machinery and equipment  
30 deemed necessary for the operation thereof, when the board finds  
31 that there is a compelling public need to undertake such project  
32 and insufficient responsible interest by the private financial or  
33 development community to undertake the project without the  
34 corporation's assistance or involvement.

35 (2) "Land-use improvement project"--a project for the  
36 clearance, replanning, reconstruction, rehabilitation, renewal,  
37 redevelopment, conservation, restoration or improvement of an  
38 area, in cooperation or under agreement with a qualified

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Assembly AHO committee amendments adopted November 19, 1990.

<sup>2</sup> Senate SCM committee amendments adopted January 31, 1991.

1 municipality which has designated the area blighted or in need of  
2 rehabilitation.

3 (3) "Civil project"--a project designed and intended to provide  
4 facilities for educational, cultural, health, recreational,  
5 community or other civic purposes.

6 (4) "Utility project"--a project designed and intended to  
7 provide facilities for provision of water, sewerage, solid waste  
8 disposal, transportation, utility or other public services necessary  
9 for the accommodation of a project of another classification  
10 undertaken pursuant to this act, but accommodation of needs  
11 greater than those of the other project may be encompassed.

12 (5) "Mixed-use project"--a project consisting of housing  
13 development and commercial development, in which the prorated  
14 cost of the housing development is equivalent to no more than  
15 one-third of the cost of the total project.

16 [(5)] (6) "Multi-purpose project"--a project combining the  
17 purposes of two or more of the foregoing classifications.

18 f. "Qualified municipality" means any municipality which at  
19 the time of the initiation of a project was eligible to receive  
20 State aid under P.L.1977, c.260 (C.52:27D-162 et seq.); or any  
21 municipality which in any year subsequent to the enactment of  
22 P.L.1978, c.14 (C.52:27D-178 et seq.) was eligible to receive  
23 State aid pursuant to that act; or any municipality which has: (1)  
24 a population of 15,000 or less, according to the most recent  
25 federal decennial census; (2) a population density of 5,000 or  
26 more per square mile; (3) 100 or more children enrolled in the Aid  
27 to Families with Dependent Children program, according to the  
28 data available to and utilized by the Director of the Division of  
29 Local Government Services in the Department of Community  
30 Affairs to determine eligibility for State aid under the provisions  
31 of P.L.1978, c.14 (C.52:27D-178 et seq.); (4) an equalized tax rate  
32 which exceeds the State equalized tax rate; and (5) an equalized  
33 valuation per capita which is less than the State equalized  
34 valuation per capita<sup>1</sup>; or a municipality which has designated the  
35 corporation as its local redevelopment agency pursuant to  
36 subsection b.b. of section 6 of P.L.1985, c.227 (C.55:19-6)<sup>1</sup>.

37 g. "Subsidiary" means a subsidiary corporation formed by the  
38 corporation pursuant to section 7 of this act.

39 (cf: P.L.1985, c.227, s.3)

40 2. Section 6 of P.L.1985, c.227 (C.55:19-6) is amended to read  
41 as follows:

42 6. Except as otherwise limited in this act, the corporation  
43 shall have power:

44 a. to sue and be sued;

45 b. to have a seal and alter the same at pleasure;

46 c. to make and execute contracts and all other instruments  
47 necessary or convenient for the exercise of its powers and  
48 functions under this act;

49 d. to make and alter bylaws for its organization and internal

- 1 management and, subject to agreements with noteholders or  
2 bondholders, to make rules and regulations with respect to its  
3 projects, operations, properties and facilities;
- 4 e. to acquire, hold and dispose of real or personal property for  
5 its corporate purposes;
- 6 f. to appoint officers, agents and employees, prescribe their  
7 duties and fix their compensation;
- 8 g. to acquire or contract to acquire from any individual,  
9 partnership, trust, association or corporation, or any public  
10 agency, by grant, purchase or otherwise, real or personal property  
11 or any interest therein; to own, hold, clear, improve [and],  
12 rehabilitate and develop, and to sell, assign, exchange, transfer,  
13 convey, lease, mortgage or otherwise dispose of or encumber the  
14 same;
- 15 h. to create subsidiary corporations as provided in section 7 of  
16 this act;
- 17 i. to acquire, construct, reconstruct, rehabilitate, improve,  
18 alter or repair or provide for construction, reconstruction,  
19 rehabilitation, improvement, alteration or repair of any project;
- 20 j. to arrange or contract with a municipality for the planning,  
21 replanning, opening, grading or closing of streets, roads,  
22 roadways, alleys or other places, or for the furnishing of facilities  
23 or for the acquisition by a municipality of property or property  
24 rights or for the furnishing of property or services, in connection  
25 with a project;
- 26 k. to sell, lease, assign, transfer, convey, exchange, mortgage,  
27 or otherwise dispose of or encumber any project, and in the case  
28 of the sale of any project, to accept a purchase money mortgage  
29 in connection therewith; and to lease, repurchase or otherwise  
30 acquire and hold any project which the corporation has  
31 theretofore sold, leased or otherwise conveyed, transferred or  
32 disposed of;
- 33 l. to grant options to purchase any project or to renew any  
34 leases entered into by it in connection with any of its projects, on  
35 such terms and conditions as it may deem advisable;
- 36 m. to prepare or cause to be prepared plans, specifications,  
37 designs and estimates of costs for the construction,  
38 reconstruction, rehabilitation, improvement, alteration or repair  
39 of any project, and from time to time to modify such plans,  
40 specifications, designs or estimates;
- 41 n. to manage any project, whether then owned or leased by the  
42 corporation, and to enter into agreements with any individual,  
43 partnership, trust, association or corporation, or with any public  
44 agency, for the purpose of causing any project to be managed;
- 45 o. to provide advisory, consultative, training and educational  
46 services, technical assistance and advice to any individual,  
47 partnership, trust, association or corporation, or to any public  
48 agency, in order to carry out the purposes of this act;
- 49 p. to issue, purchase, pledge and sell stock in projects of the

- 1 corporation and to purchase, sell or pledge the shares, or other  
2 obligations or securities of any subsidiary corporation, on such  
3 terms and conditions as the corporation may deem advisable;
- 4 q. subject to the provisions of any contract with noteholders,  
5 to consent to the modification, with respect to rate of interest,  
6 time of payment or any installment of principal or interest,  
7 security, or any other terms, of any loan, mortgage, commitment,  
8 contract or agreement of any kind to which the corporation is a  
9 party;
- 10 r. in connection with any property on which it has made a  
11 mortgage loan, to foreclose on the property or commence any  
12 action to protect or enforce any right conferred upon it by any  
13 law, mortgage, contract or other agreement, and to bid for or  
14 purchase the property at any foreclosure or at any other sale, or  
15 acquire or take possession of the property; and in such event the  
16 corporation may complete, administer, pay the principal of and  
17 interest on any obligations incurred in connection with the  
18 property, dispose of and otherwise deal with the property, in such  
19 manner as may be necessary or desirable to protect the interests  
20 of the corporation therein;
- 21 s. to invest any funds held in reserve or sinking funds, or any  
22 moneys not required for immediate use and disbursement, at the  
23 discretion of the corporation, in obligations of this State or of the  
24 United States, or obligations the principal and interest of which  
25 are guaranteed by this State or the United States;
- 26 t. to procure insurance against any loss in connection with its  
27 property and other assets and operations, in such amounts and  
28 from such insurers as it deems desirable;
- 29 u. to engage the services of consultants on a contract basis for  
30 rendering professional and technical assistance and advice;
- 31 v. to contract for and to accept any gifts or grants or loans of  
32 funds or property or financial or other aid in any form from the  
33 federal government or any agency or instrumentality thereof, or  
34 from the State or a municipality or any agency or instrumentality  
35 thereof, or from any other source, and, subject to the provisions  
36 of this act and any other applicable law, to comply with the  
37 terms and conditions thereof;
- 38 w. to establish, levy and collect, in connection with any civic  
39 project or utilities project managed or operated by the  
40 corporation, whether then owned or leased by the corporation,  
41 user fees and facility charges; <sup>1</sup>[and
- 42 x. to borrow money or secure credit against the assets of the  
43 corporation on a temporary, short-term, interim or long-term  
44 basis;
- 45 y. to make short-term loans or advances to developers for  
46 construction in anticipation of the issuance of permanent loans;]<sup>1</sup>
- 47 [x.] <sup>1</sup>[z.] x.<sup>1</sup> to do any and all things necessary or convenient  
48 to carry out its purposes and exercise the powers given and  
49 granted in this act<sup>1</sup>;

1 y. to borrow money or secure credit against the assets of the  
 2 corporation on a temporary, short-term, interim or long-term  
 3 basis;

4 z. to make short-term loans or advances to developers for  
 5 construction in anticipation of the issuance of permanent loans;

6 a.a. to exercise sole authority for investment, reinvestment or  
 7 expenditure of its revenues, fund balances and appropriations  
 8 consistent with the purposes of this act <sup>2</sup>on projects and  
 9 investments utilizing revenues from the sale of government  
 10 obligation bonds, which projects shall be subject to the approval  
 11 of the State Treasurer, and the Treasurer's actions shall be based  
 12 solely on his fiduciary role to ensure that all applicable Federal  
 13 and State tax laws are adhered to regarding the investment of  
 14 bond funds<sup>2</sup>;

15 b.b. notwithstanding any law to the contrary, and upon  
 16 resolution of the municipal governing body, to act as the local  
 17 redevelopment agency of any municipality in which there is not  
 18 established a local redevelopment agency pursuant to P.L.1949,  
 19 c.306 (C.40:55C-1 et seq.) and which is not precluded from  
 20 establishing such an agency by the provisions of section 9 of  
 21 P.L.1949, c.306 (C.40:55C-9); and

22 c.c. to act as a district agent pursuant to P.L. , c.  
 23 (C. ) (now pending before the Legislature as this bill)<sup>1</sup>.  
 24 (cf: P.L.1985, c.227, s.6)

25 <sup>13.</sup> Section 16 of P.L.1985, c.227 (C.55:19-17) is amended to  
 26 read as follows:

27 16. a. There is hereby created the Urban Development  
 28 Investment Fund, into which shall be paid:

29 (1) Funds appropriated by section 17 of this act;

30 (2) Repayments of loans or other payments received by the  
 31 corporation pursuant to agreements made under authority of  
 32 section 6, 7, 8 or 9 of this act;

33 (3) Any income derived from investment pursuant to  
 34 subsection b. of this section;

35 (4) Moneys collected as user fees and facility charges in  
 36 connection with any civic project or utilities project managed or  
 37 operated by the corporation as authorized by subsection w. of  
 38 section 6 of this act; and

39 (5) Such additional funds as the Legislature may from time to  
 40 time appropriate for the purpose.

41 b. The fund shall be in the custody and control of the [State  
 42 Treasurer, who] corporation, which may invest and reinvest any  
 43 portion thereof not immediately required for the purposes of the  
 44 corporation in the manner provided by law for investment of  
 45 public funds <sup>2</sup>on projects and investments utilizing revenues from  
 46 the sale of general obligation bonds, which projects shall be  
 47 subject to the approval of the State Treasurer, and the  
 48 Treasurer's actions shall be based solely on his fiduciary role to  
 49 ensure that all applicable Federal and State tax laws are adhered

1 to regarding the investment of bond funds<sup>2</sup> [in his custody, and  
2 shall make disbursements therefrom from time to time, upon  
3 certification of the corporation and warrant of the Comptroller,  
4 for the purpose of carrying out projects and agreements  
5 authorized by the provisions of this act].<sup>1</sup>

6 (cf: P.L.1985, c.227, s.16)

7 <sup>14.</sup> Section 9 of P.L.1949, c.306 (C.40:55C-9) is amended to  
8 read as follows:

9 9. a. No municipality shall create a redevelopment agency  
10 under this act if it has authorized the local housing authority to  
11 proceed with the redevelopment of blighted areas pursuant to  
12 existing law.

13 b. No municipality shall create a redevelopment agency if it  
14 has designated the Urban Development Corporation as the local  
15 redevelopment agency pursuant to subsection b.b. of section 16 of  
16 P.L.1985, c.227 (C.55:19-17).<sup>1</sup>

17 (cf: P.L.1949, c.306, s.9)

18 <sup>1</sup>[3.] 5.<sup>1</sup> This act shall take effect immediately.

19

20

21

#### ECONOMIC DEVELOPMENT

22

23

Broadens powers of Urban Development Corporation.

1 act.  
2 (cf: P.L.1985, c.227, s.6)  
3 3. This act shall take effect immediately.

4  
5  
6 STATEMENT

7  
8 The Urban Development Corporation was established in 1985 to  
9 mobilize and coordinate the use of available public and private  
10 resources in the revitalization of the State's economically  
11 depressed urban areas. This bill increases the powers and widens  
12 the scope of the corporation to improve its effectiveness.

13 The bill would permit the corporation, in addition to its present  
14 powers, to: develop any property which it may receive; issue  
15 stock in any of its projects; borrow money against its assets, and  
16 make short-term construction loans to developers. The bill also  
17 would allow the corporation to participate in mixed-use  
18 development projects. These are defined as projects consisting of  
19 housing and commercial development, in which the cost of the  
20 housing development is no more than one-third of the total  
21 project cost.

22  
23  
24 ECONOMIC DEVELOPMENT

25  
26 Broadens powers of Urban Development Corporation.



ASSEMBLY HOUSING COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3765**

with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: NOVEMBER 1, 1990

The Assembly Housing Committee reports Assembly Bill No. 3765 favorably, with amendments.

The Urban Development Corporation was established in 1985 to mobilize and coordinate the use of available public and private resources in the revitalization of the State's economically depressed urban areas. This bill increases the powers and widens the scope of the corporation to improve its effectiveness.

The bill would permit the corporation, in addition to its present powers, to: develop any property which it may receive; issue stock in any of its projects; borrow money against its assets, and make short-term construction loans to developers. The bill also would allow the corporation to participate in mixed-use development projects. These are defined as projects consisting of housing and commercial development, in which the cost of the housing development is no more than one-third of the total project cost.

The committee agreed to amendments which:

(1) Grant UDC full authority over the funds appropriated or otherwise available to it for its corporate purposes, and remove the Urban Development Investment Fund out of the custody and control of the State Treasurer and into the sole custody and control of the corporation.

(2) Permit UDC to be designated by a municipal governing body as the local redevelopment agency in any municipality which has not established an agency to carry out redevelopment functions; and includes any municipality that makes such a designation as an "eligible municipality" under the terms of the UDC statute.

(3) Permit UDC to be designated as "district agent" in any municipality that creates a "revenue allocation district" pursuant to pending legislation (A3406) that would authorize the creation of such districts.

SENATE COUNTY AND MUNICIPAL  
GOVERNMENT COMMITTEE

STATEMENT TO

[FIRST REPRINT]

**ASSEMBLY, No. 3765**

with committee amendments

**STATE OF NEW JERSEY**

DATED: JANUARY 31, 1991

The Senate County and Municipal Government Committee reports favorably Assembly Bill No. 3765 [1R] with Senate committee amendments.

Assembly Bill No. 3765 [1R], as amended by the committee, broadens the powers of the Urban Development Corporation.

The amended bill would permit the corporation, in addition to its present powers, to: develop any property which it may receive; issue stock in any of its projects; borrow money against its assets; and make short-term construction loans to developers. The bill also would allow the corporation to participate in mixed-use development projects. These are defined as projects consisting of housing and commercial development, in which the cost of the housing development is no more than one-third of the total project cost.

In addition the amended bill would:

(1) Remove the Urban Development Investment Fund from the custody and control of the State Treasurer and place it under the custody and control of the corporation.

(2) Grant UDC full authority over the funds appropriated or otherwise available to it for its corporate purposes for projects and investments utilizing revenues from the sale of government obligation bonds, which projects shall be subject to the approval of the State Treasurer. The Treasurer's actions shall be based solely on his fiduciary role to ensure that all applicable Federal and State tax laws are adhered to regarding the investment of bond funds.

(3) Permit UDC to be designated by a municipal governing body as the local redevelopment agency in any municipality which has not established an agency to carry out redevelopment functions; and includes any municipality that makes such a designation as an "eligible municipality" under the terms of the UDC statute.

(4) Permit UDC to be designated as "district agent" in any municipality that creates a "revenue allocation district" pursuant to pending legislation (A3406) that would authorize the creation of such districts.

The committee amendments assure the State Treasurer's fiduciary role to ensure that all applicable Federal and State tax laws are adhered to regarding the investment of bond funds.