

55:14J-1 et seq

February 7, 1969

LEGISLATIVE HISTORY OF R.S. 55:14J-1 et seq
(Moderate Income Housing)

C.7

Previous bills were:

1961 A279

January 30 - Introduced by Crabiel and 3 others.
May 1 - Passed Assembly.
May 1 - Senate Judiciary Committee.
Died in committee.
No statement.
No amendment.

1961 A281

January 30 - Introduced by Crabiel and 3 others.
May 1 - Passed Assembly.
May 1 - Senate Judiciary Committee.
Died in committee.
No statement.
No amendments.

1962 A373

February 5 - Introduced by Crabiel and 3 others.
April 30 - Passed in Assembly, amended.
May 7 - Senate Judiciary Committee.
Died in committee.
No statement.
Amended.

1963 A416

February 4 - Introduced by Panaro.
February 4 - Appropriations Committee.
Died in committee.
No statement.
No amendment.

1962 A417

February 4 - Introduced by Panaro.
February 4 - Appropriations Committee.
Died in committee.
No statement.
No amendment.

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1963 A742

May 6 - Introduced by Matthews and 15 others.
May 6 - Business Affairs Committee.
Died in committee.
No statement.
No amendments.

1964 S200

March 9 - Introduced by Sarcone, Grossi and Sandman.
May 18 - Passed in Senate, amended.
June 22 - Assembly - State, County and Municipal Government Committee.
Died in committee.
Statement; copy attached.
Amendment.

1965 S55

January 18 - Introduced by Sarcone, Grossi, Sandman.
January 18 - Business Affairs Committee.
Died in committee.
Statement; identical to S200 of 1964, a copy of which is attached.
No amendment.

1966 A756

May 9 - Introduced by Brady and 4 others.
May 9 - County and Municipal Government Committee.
Amended by committee and recommitted.
Died in Committee.
No statement.
Amendment.

The bill which became law was:

L. 1967 Chapter 81 A770.

March 13 - Introduced by Addonizio and 9 others.
May 8 - Passed in Assembly, amended.
May 8 - Passed in Senate under emergency resolution.
May 31 - Approved, chapter 81.
No statement.
Amended during passage ^{by} both the committee and the assembly.
A copy of A770 official copy reprint incorporating the committee amendments and a copy of subsequent assembly amendments is attached.

This law L. 1967, chapter 81 was amended by:

L. 1967 Chapter 247 A954

November 20 - Introduced by Addonizio.
November 27 - Passed in Assembly.
December 11 - Passed in Senate.
December 12 - Approved, chapter 247.
Statement; copy of original bill with statement attached.
Not amended during passage.

The law below does not amend the above two laws but relates to moderate income housing in that it provides for non-interest bearing advances to non profit and mutual housing sponsors to defray development costs for housing projects for families of moderate income.

1967 Chapter 82 A804

March 20 - Introduced by Woodson.
March 30 - Public hearing held.
April 20 - Passed in Assembly, amended.
April 24 - Passed in Senate.
May 31 - Approved, chapter 82.
No statement. Amended during passage.
Photostat of Governor's message upon signing is attached.

Hearing on P.L. 1967 chapter 81 A770 and on P.L. 1967 chapter ^{82(A804)}~~804~~:

974.90 New Jersey. Legislature. Assembly Committee on County
H842 and Municipal Government. Public hearing on Assembly
1967 bills nos. 757, 763, 765, 766, 767, 768, 770 and 804.
Trenton, New Jersey 1967.

Two additional reports that may be consulted are:

974.90 New Jersey. Housing Finance Agency. Moderate income
H842 housing finance program under P.L. 1967 - Chapter 81;
1968a preliminary submissions. /Trenton, 1968/.

974.90 New Jersey. Housing Finance Agency. The New Jersey
H842 Housing Finance Agency: programs and purposes.
1968a /Trenton, New Jersey 1968/.

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 770

STATE OF NEW JERSEY

INTRODUCED MARCH 13, 1967

By Assemblymen ADDONIZIO, A. E. BROWN, BIBER, POLI-
CASTRO, VOHDIN, DODD, OWENS, HORN, LEMBO and
CRYAN

Referred to Committee on County and Municipal Government

AN ACT to facilitate the construction and rehabilitation of housing projects in certain areas for families of moderate income by providing for mortgage loans to qualified housing sponsors to be used for such construction and rehabilitation, creating within the Department of Community Affairs a New Jersey Housing Finance Agency and prescribing the powers and duties thereof, authorizing the New Jersey Housing Finance Agency to issue bonds and other obligations and providing for the terms and security thereof and the means to pay such bonds and other obligations and the interest thereon, prescribing penalties for certain violations and making an appropriation.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

3 1. This act shall be known as, and may be cited as, the "New
4 Jersey Housing Finance Agency Law of 1967."

5 2. It is hereby declared that there exists in this State a need for
6 adequate, safe and sanitary dwelling units for many families of
7 moderate income in this State; that a large and significant propor-
8 tion of the families compelled to relocate by reason of urban re-
9 newal, highway construction and other public work programs will
10 be subject to extreme hardship in finding adequate, safe and sani-
11 tary housing unless new facilities are constructed and existing
12 housing, where appropriate, is rehabilitated, and such new or
13 rehabilitated housing facilities are made available at a rental level
14 within their means; and that, unless the supply of housing for
15 families of moderate income is increased significantly and ex-
16 peditiously, a large number of the residents of this State will be
17 compelled to live under unsanitary, ***[overcrowded]*** **over-*
18 *crowded** and unsafe conditions to the detriment of the health,

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

1 welfare and well-being of these persons and of the whole com-
 2 munity of which they are part. It is further declared that the
 3 building industry can provide a fully adequate supply of safe
 4 **and sanitary accommodations at rental or carrying charges which**
 5 families of moderate income can afford only if a public agency is
 6 created to encourage the investment of private capital and stimu-
 7 late construction ***[of housing]*** **and rehabilitation of dwelling*
 8 *units** to meet the needs of such families through the use of public
 9 financing, public loans and otherwise; that, to accomplish the fore-
 10 going, co-ordination, co-operation and agreement of and among
 11 private enterprise, State and local government is essential; that
 12 **the acquisition of land, the construction, *rehabilitation,*** financing
 13 by mortgage or otherwise, management, operation, maintenance
 14 and disposition of dwelling units constructed **or rehabilitated**
 15 hereunder, and the real and personal property and other facilities
 16 necessary, incidental or appurtenant thereto is a public use for
 17 which public moneys may be spent, advanced, loaned or granted;
 18 and that the enactment of the provisions hereinafter set forth is
 19 in the public interest and is hereby so declared to be such as a
 20 matter of legislative determination.

21 3. The following terms wherever used or referred to in this act
 22 shall have the following meanings, unless a different meaning
 23 clearly appears from the context:

24 (a) "Act" means this act and the rules and regulations adopted
 25 by the agency hereunder.

26 (b) "Agency" means the New Jersey Housing Finance Agency
 27 created by section 4 of this act, or, if said agency shall be abolished
 28 by law, the person, board, body or commission succeeding to the
 29 powers and duties thereof or to whom such powers and duties
 30 shall be given by law.

31 ***[(c) "Bonds and other obligations" or "bonds or other obliga-**
 32 **tions" means any bonds, notes, debentures or other evidences of**
 33 **financial indebtedness issued by the agency.]***

34 **(c) "Bonds, bond anticipation notes and other obligations," or*
 35 *"bonds, bond anticipation notes or other obligations" means any*
 36 *bonds, notes, debentures or other evidences of financial indebted-*
 37 *ness issued by the agency.**

38 (d) "Family" means 2 or more persons related by blood, mar-
 39 riage or adoption who live or expect to live together as a single
 40 household in the same dwelling unit***[,]*** **,* provided, however,*
 41 *that any individual who (1) has attained retirement age as defined*
 42 *in section 216a of the Federal Social Security Act, or (2) is under a*
 43 *disability as defined in section 223 of that act, *or (3) such other*

1 *individuals as the agency by rule or regulation shall include,**
 2 *shall be considered as a family for the purpose of this act***[***, or
 3 *(3) such other individuals as the agency by rule or regulation shall*
 4 *include**]****; and provided further*,* that the surviving member of
 5 a family whose other members died during occupancy of a housing
 6 project shall be considered as a family for purposes of permitting
 7 continued occupancy of the dwelling unit occupied by such family.

8 (e) "Family of moderate income" means a family (1) whose
 9 income is too low to compete successfully in the normal rental or
 10 mutual housing market, and (2) whose gross aggregate family
 11 income does not exceed the limits established under section 10 of
 12 this act.

13 (f) "Gross aggregate family income" means the total annual
 14 income of all members of a family, from whatever source derived,
 15 including but not limited to, pension, annuity, retirement and social
 16 security benefits, provided, however, that there may be excluded
 17 from income (1) such reasonable allowances for dependents,
 18 (2) such reasonable allowances for medical expenses, (3) all or
 19 any proportionate part of the earnings of gainfully employed
 20 minors or family members other than the chief wage earner, or
 21 (4) such income as is not received regularly*,* as the agency by
 22 rule or regulation ****[**determines**]**** **may determine**.

23 (g) "Housing project" or "project" means any work or under-
 24 taking, whether new construction or rehabilitation, which is de-
 25 signed for the primary purpose of providing decent, safe and
 26 sanitary dwelling units for families of moderate income in ****[**the**]****
 27 need of housing; such undertaking may include any buildings, land,
 28 equipment, facilities, or other real or personal properties which
 29 are necessary, convenient, or desirable appurtenances, such as, but
 30 not limited to streets, sewers, utilities, parks, site preparation,
 31 landscaping, and such stores, offices, and other nonhousing facilities
 32 such as administrative, community, health, recreational, educational
 33 and welfare facilities as the agency determines to be necessary,
 34 convenient or desirable appurtenances.

35 (h) "Municipality" means any political subdivision of the State
 36 other than a county or a school district.

37 (i) "Mutual housing" means a housing project operated or to
 38 be operated upon completion of construction **or rehabilitation**
 39 exclusively for the benefit of the families of moderate income who
 40 are entitled to occupancy by reason of ownership of stock in the
 41 qualified housing ****[**corporation,**]**** **sponsor,** or by reason of
 42 co-ownership of premises in a horizontal property regime **pur-*
 43 *suant to chapter 168 of the laws of 1963**, provided, however, the

1 agency may adopt rules and regulations permitting a reasonable
 2 percentage of ***[rental]*** space **in such project** to be rented ***[to**
 3 tenant families]* **for residential** or for commercial use.

4 (j) "Project cost" means the sum total of all costs incurred in
 5 the development of a housing ***[projects]*** **project**, which are
 6 approved by the agency as reasonable and necessary, which costs
 7 shall include, but are not necessarily limited to, (1) cost of land
 8 acquisition and any buildings thereon, (2) cost of site preparation,
 9 demolition and development, (3) architect, engineer, legal, agency
 10 and other fees paid or payable in connection with the planning,
 11 ***[construction]*** **execution** and financing of the project, (4) cost
 12 of necessary studies, surveys, plans ***[or]*** **and** permits, (5) in-
 13 surance, interest, financing, tax and assessment costs and other
 14 operating and carrying costs during construction, (6) cost of con-
 15 struction, reconstruction, fixtures, and equipment ***[permanently]***
 16 related to the real property, (7) cost of land improvements, (8)
 17 necessary expenses in connection with initial occupancy of the
 18 project, (9) a reasonable profit or ***[fees]*** **fee** to the builder and
 19 developer, (10) an allowance established by the agency for working
 20 capital and contingency reserves, and reserves for any anticipated
 21 operating deficits during the first 2 years of occupancy, (11) the
 22 cost of such other items, including tenant relocation, as the agency
 23 shall determine to be reasonable and necessary for the development
 24 of the project, less any and all net rents and other net revenues
 25 received from the operation of the real and personal property on
 26 the project site during construction.

27 All costs shall be subject to approval and audit by the agency.
 28 The agency ***[shall]*** **may** adopt rules and regulations specifying
 29 in detail the types and categories of cost which shall be allowable
 30 if actually incurred in the construction or reconstruction of a
 31 housing project.

32 (k) "Qualified housing sponsor" means (1) any housing corpora-
 33 tion qualified under the provisions of the "Limited-Dividend Hous-
 34 ing Corporations Law," P. L. 1949, chapter 184 (C. 55:16-1 et seq.),
 35 (2) any urban renewal corporation qualified under the provisions
 36 of the "Urban Renewal Corporation Law of 1961," P. L. 1961,
 37 chapter 40 (C. 40:55C-40 et seq.) which has as one of its purposes
 38 the construction, rehabilitation or operation of housing projects,
 39 (3) any general corporation formed under the provisions of Title
 40 14 of the Revised Statutes which has as one of its purposes the
 41 construction, rehabilitation or operation of housing projects, (4)
 42 any corporation or association organized not for profit under the
 43 provisions of Title 15 of the Revised Statutes or any other law of

1 this State which has as one of its purposes the construction, re-
2 habilitation or operation of housing projects, (5) any horizontal
3 property regime formed under the "Horizontal Property Act,"
4 P. L. 1963, chapter 168 (C. 46:8A-1 et seq.) which has as one of its
5 purposes the construction, rehabilitation or operation of housing
6 projects, and (6) any individual*[,] *or* association *[,or corpo-
7 ration]* approved by the agency as qualified to own, construct, re-
8 habilitate, operate, manage and maintain a housing project.

9 (1) "Required minimum capital reserve" means the reserve
10 amount required to be maintained in the Housing Finance Fund
11 under the provisions of section 20 of this act.

12 4. (a) There is hereby established in, but not of, the Department
13 of Community Affairs a body corporate and politic, with corporate
14 succession, to be known as the "New Jersey Housing Finance
15 Agency." The agency is hereby constituted an instrumentality
16 exercising public and essential governmental functions, and the
17 exercise by the agency of the powers conferred by this act shall
18 be deemed and held to be an essential governmental function of the
19 State.

20 (b) The agency shall consist of the Commissioner of the De-
21 partment of Community Affairs, the *State* Treasurer, and the
22 Attorney General, who shall be members ex officio, and 2 members
23 appointed by the Governor with the advice and consent of the
24 Senate for terms of 3 years; provided, that the 2 members
25 appointed by the Governor shall be residents of this State; and,
26 provided further, that the 2 members first appointed by the Gov-
27 ernor shall serve terms of 2 years and 3 years respectively. Each
28 member shall hold office for the term of his appointment and until
29 his successor shall have been appointed and qualified. A member
30 of the agency shall be eligible for reappointment.

31 (c) Each member of the agency may be removed from office
32 by the Governor, for cause, after a public hearing and may be
33 suspended by the Governor pending the completion of such a
34 hearing. Each member of the agency before entering upon his
35 duties shall take and subscribe an oath to perform the duties of
36 this office faithfully, impartially and justly to the best of his ability.
37 A record of such oaths shall be filed in the office of the Secretary
38 of State.

39 Any vacancies in the membership of the agency occurring other
40 than by expiration of term shall be filled in the same manner as
41 the original appointment, but for the unexpired term only.

42 (d) The Commissioner of the Department of Community Affairs
43 shall be the chairman and chief executive officer of the agency and

1 the members shall elect one of their number as vice-chairman
2 thereof. The agency shall elect a secretary and a treasurer who
3 need not be members; provided, that the same person may be
4 elected to serve both as secretary and treasurer. The powers of
5 the agency shall be vested in the members thereof in office from
6 time to time and 3 members of the agency shall constitute a quorum
7 at any meeting thereof. Action may be taken and motions and
8 resolutions adopted by the agency at any meeting thereof by the
9 affirmative vote of at least 3 members of the agency. No vacancy
10 in the membership of the agency shall impair the right of a quo-
11 rum to exercise all the powers and perform all the duties of the
12 agency.

13 (e) Before the issuance of any bonds or other obligations under
14 the provisions of this act, each member of the agency shall execute
15 a surety bond in the penal sum of \$25,000.00 and the treasurer of
16 the agency shall execute a surety bond in the penal sum of
17 \$50,000.00, each such surety bond to be conditioned upon the faith-
18 ful performance of the duties of the office of such member or
19 treasurer, as the case may be, to be executed by a surety company
20 authorized to transact business in the State of New Jersey as
21 surety and to be approved by the Attorney General and filed in
22 the office of the Secretary of State. At all times after the issuance
23 of any bonds or other obligations by the agency each member of
24 the agency shall maintain such surety bonds in full force and effect.
25 All costs of such surety bonds shall be borne by the agency.

26 The members of the agency shall serve without compensation,
27 but the agency shall reimburse its members for actual expenses
28 necessarily incurred in the discharge of their duties.

29 Notwithstanding the *~~provision~~* *provisions** of any other
30 law, no officer or employee of *~~the~~* *this** State shall be deemed
31 to have forfeited or shall forfeit his office or employment by reason
32 of his acceptance of membership on the agency or his service
33 thereon.

34 5. (a) The agency in order to encourage the construction and
35 rehabilitation of safe and adequate housing for families of moderate
36 income of this State, is hereby authorized and empowered to finance,
37 by mortgage loans or otherwise, the construction or rehabilitation
38 of housing projects in this State, to make temporary loans or
39 advances in anticipation of permanent loans and to issue bonds*,
40 *bond anticipation notes** and other obligations of the agency pay-
41 able solely from the revenues or other funds of the agency and to
42 otherwise assist with housing projects as provided in this act.

43 (b) Bonds*, *bond anticipation notes** and other obligations

1 issued under the provisions of this act shall not be deemed to con-
2 stitute a debt or liability of ***[the]*** **this** State or of any political
3 subdivision thereof other than the agency created hereunder or to
4 be a pledge of the faith and credit of ***[the]*** **this** State or any
5 such political subdivision but such bonds, unless refunded by bonds
6 and other obligations of the agency, shall be payable solely from
7 funds pledged or available for their payment as authorized herein.
8 All bonds shall contain on the face thereof a statement to the effect
9 that the agency is obligated to pay the same or the interest thereon
10 only from the revenues or other funds of the agency and that
11 neither ***[the]*** **this** State nor any political subdivision thereof
12 is obligated to pay the same or the interest thereon and that neither
13 the faith and credit nor the taxing power of ***[the]*** **this** State or
14 any political subdivision thereof is pledged to the payment of the
15 principal of or the interest on such bonds.

16 All expenses incurred in carrying out the provisions of this act
17 shall be payable solely from funds provided under the provisions
18 of this act and nothing in this act shall be construed to authorize
19 the agency to incur indebtedness or liability on behalf of or pay-
20 able by ***[the]*** **this** State or any political subdivision thereof.

21 6. (a) The agency, for the purpose of carrying out the purposes
22 of this act, may (1) accept from qualified housing sponsors applica-
23 tions for loans from the Housing Finance Fund created by section
24 20 of this act;

25 (2) enter into agreements with qualified housing sponsors for
26 permanent loans and temporary loans or advances in anticipation
27 of such permanent loans for the construction or rehabilitation
28 of housing projects; and

29 (3) make permanent loans and temporary loans or advances in
30 anticipation of such permanent loans to qualified housing sponsors
31 under the provisions of this act.

32 (b) No application for a loan for the construction or rehabilita-
33 tion of a housing project to be located in any municipality shall be
34 processed ***[until the applicant therefor shall have]*** **unless there*
35 *is already** filed with the secretary of the agency a certified copy of
36 a resolution adopted by said municipality reciting that there is a
37 need for moderate income housing projects in said municipality.

38 7. Every application for a loan to a qualified housing sponsor
39 shall be made on forms furnished by the agency and shall contain
40 such information as the agency shall require.

41 8. In considering any application for a loan, the agency shall
42 give first priority to applications for loans for the construction
43 or rehabilitation of housing projects which will be a part of or

1 constructed in connection with an urban renewal program, and also
2 shall give consideration to:

3 (a) The comparative need of the area to be served by the pro-
4 posed project for housing for families of moderate income;

5 (b) The ability of the applicant to construct, operate, manage
6 and maintain the proposed housing project;

7 (c) The existence of zoning or other regulations to protect
8 adequately the proposed housing project against detrimental fu-
9 ture uses which could cause undue depreciation in the value of
10 the project;

11 (d) The availability of adequate parks, recreational areas,
12 utilities, schools, transportation and parking;

13 (e) The availability of adequate, accessible places of employ-
14 ment; and

15 (f) Where applicable, the eligibility of the applicant to make
16 payments to the municipality in which the housing project is
17 located in lieu of local property taxes.

18 9. (a) Loans made by the agency shall be subject to the following
19 terms and conditions:

20 (1) The loan shall be for a period of time not in excess of 50
21 years as determined by the agency;

22 (2) The amount of the loan shall not exceed 90% of the total
23 project cost as determined by the agency, except that as to projects
24 to be owned, constructed, rehabilitated, operated, managed and
25 maintained as mutual housing or by any corporation or associa-
26 tion organized not for profit which has as one of its purposes the
27 construction or rehabilitation of housing projects, the amount of
28 the loan shall not exceed 100% of the total project cost as deter-
29 mined by the agency; provided, however, that any such loan shall
30 be subject to an agreement between the ***[authority]*** **agency**
31 and any such corporation or association organized not for profit
32 or for mutual housing which will prohibit the transfer of ownership
33 or management responsibilities by said corporation or association,
34 at any time prior to repayment of at least 10% of the original loan,
35 unless the transfer of ownership or management responsibilities is
36 ordered by a court of competent jurisdiction.

37 (3) The interest rate on the loan shall be established by the
38 agency at the lowest level consistent with the agency's cost of opera-
39 tion and its responsibilities to the holders of its bonds*, *bond anti-*
40 *cipation notes** and **other** obligations;

41 (4) The loan shall be evidenced by a mortgage note or bond and
42 by a mortgage which shall be a first lien on the project and which
43 shall contain such terms and provisions and be in a form approved

1 by the agency. The agency shall require the qualified housing spon-
 2 sor receiving a loan or its contractor to post labor and materials,
 3 and construction performance, surety bonds in amounts related to
 4 the project cost as established by regulation and to execute such
 5 other assurances and guarantees as the agency may deem necessary;

6 (5) The loan shall be subject to an agreement between the agency
 7 and the qualified housing sponsor which will subject said qualified
 8 housing sponsor and its principals or stockholders to limitations
 9 established by the agency as to rentals and other charges, ***[profits**
 10 **and dividends,]*** builders' and developers' profits and fees, and the
 11 disposition of its property and franchises to the extent more re-
 12 strictive limitations are not provided by the law under which the
 13 borrower is incorporated***[; and]*** **or organized;**

14 **(6) The loan shall be subject to an agreement between the agency*
 15 *and the qualified housing sponsor limiting said qualified housing*
 16 *sponsor, and its principals or stockholders, to a return of 8% per*
 17 *annum of its investment in any housing project assisted with a loan*
 18 *from the agency. No qualified housing sponsor which is permitted*
 19 *by the provisions of the law under which it is organized or in-*
 20 *corporated to earn a return on its investment, nor any of the*
 21 *principals or stockholders of such qualified housing sponsor, shall*
 22 *at any time earn, accept or receive a return greater than 8% per*
 23 *annum of its investment in any housing project assisted with a loan*
 24 *from the agency, whether upon the completion of the construction*
 25 *or rehabilitation of such project, or upon the operation thereof, or*
 26 *upon the sale, assignment or lease of such project to any other*
 27 *person, association or corporation. Any person, association or*
 28 *corporation who shall be found guilty of violating the provisions of*
 29 *section 9 (a) (6) of this act shall be a disorderly person and subject*
 30 *to a fine of not less than \$500.00 or more than \$2,500.00.**

31 ***[(6)]*** **(7)** No loan shall be executed except a loan made to a
 32 corporation or association organized not for profit which has as
 33 one of its purposes the construction or rehabilitation of housing
 34 projects or for mutual housing unless the qualified housing sponsor
 35 agrees (1) to certify upon completion of project construction or
 36 rehabilitation, subject to audit by the agency, either that the actual
 37 project cost as defined herein exceeded the amount of the loan pro-
 38 ceeds by 10% or more, or the amount by which the loan proceeds
 39 exceed 90% of the total project cost, and (2) to pay forthwith to
 40 the agency, for application to reduction of the principal of the loan,
 41 the amount, if any, of **such** excess loan proceeds ***[as audited and**
 42 **determined]*** **, subject to audit and determination** by the agency.
 43 No loan shall be made to a ***[nonprofit]*** corporation or association

1 **organized not for profit** or for mutual housing unless the ***[non-**
 2 **profit or mutual housing]*** corporation or association **organized*
 3 *not for profit or for mutual housing** agrees to certify the actual
 4 project cost upon completion of **the** project ***[construction]***,
 5 subject to audit **and determination** by the agency, and further
 6 agrees to pay forthwith to the agency, for application to reduction
 7 of the principal of the loan, the amount, if any, by which the
 8 proceeds of the loan ***[exceeds]*** **exceed** the certified project
 9 cost ***[as audited and approved]*** **subject to audit and determina-*
 10 *tion** by the agency. Notwithstanding the provisions of this sub-
 11 section, the agency may accept, in lieu of any certification of project
 12 cost as provided herein, such other assurances of the said project
 13 cost, in any form or manner whatsoever, as will enable the agency
 14 to determine with reasonable accuracy the amount of said project
 15 cost.

16 ***[(7)]*** **(8)** No loan shall be made for the construction or
 17 rehabilitation of a housing project for which tax exemption is
 18 granted by a municipality unless such tax exemption remains in
 19 effect during the entire term of the loan, unless a lesser period of
 20 tax exemption is approved by the agency.

21 (b) As a condition of the loan, the agency shall have the power
 22 at all times during the construction and rehabilitation of a housing
 23 project and the operation thereof:

24 (1) To enter upon and inspect without prior notice any project,
 25 including all parts thereof, for the purpose of investigating the
 26 physical and financial condition thereof, and its construction, re-
 27 habilitation, operation, management and maintenance, and to exam-
 28 ine all books and records with respect to capitalization, income and
 29 other matters relating thereto and to make such charges as may
 30 be required to cover the cost of such inspections and examinations;

31 (2) To order such alterations, changes or repairs as may be nec-
 32 essary to protect the security of its investment in a housing project
 33 or the health, safety, and welfare of the occupants thereof;

34 (3) To order any managing agent, project manager or owner of
 35 ***[said]*** **a** housing project to do such acts as may be necessary
 36 to comply with the provisions of all applicable laws or ordinances
 37 or any rule or regulation of the agency or the terms of any agree-
 38 ment concerning the said project or to refrain from doing any acts
 39 in violation thereof and in this regard the agency shall be a proper
 40 party to file a complaint and to prosecute thereon for any violations
 41 of laws or ordinances as set forth herein;

42 (4) To require the adoption and continuous use of uniform sys-
 43 tems of accounts and records for a project and to require all owners

1 or managers of same to file annual reports containing such infor-
2 mation and verified in such manner as the agency shall require,
3 and to file at such times and on such forms as it may prescribe,
4 reports and answers to specific inquiries required by the agency
5 to determine the extent of compliance with any agreement, the
6 terms of the loan, the provisions of this act and any other applicable
7 law; and

8 (5) To enforce, by court action if necessary, the terms and pro-
9 visions of any agreement between the agency and the qualified
10 housing sponsor and the terms of any agreement between the quali-
11 fied housing sponsor and any municipality granting tax exemption,
12 as to schedules of rental or carrying charges, income limits as ap-
13 plied to tenants or occupants, or any other limitation imposed upon
14 the qualified housing sponsor as to financial structure, construction
15 or operation of the project.

16 (6) In the event of a violation by the qualified housing sponsor of
17 the terms of any agreement between the agency and the qualified
18 housing sponsor, or between the municipality granting tax exemp-
19 tion and the qualified housing sponsor, or in the event of a violation
20 by the qualified housing sponsor of this act or of the terms of the
21 mortgage loan agreement or of any rules and regulations of the
22 agency duly promulgated pursuant to this act, or in the event that
23 the agency shall determine that any loan or advance from the
24 Housing Development Fund pursuant to section 36 of this act is
25 in jeopardy of not being repaid, the agency may remove any or
26 all of the existing officers and directors of **[the said]* *such quali-*
27 *fied housing* sponsor and appoint such person or persons who the*
28 *agency in its sole discretion deems advisable, including officers or*
29 *employees of the agency, as new officers or directors to serve in*
30 *place of those removed. Officers or directors so appointed need not*
31 *be stockholders or meet other qualifications which may be pre-*
32 *scribed by the certificate of incorporation or by laws *of such*
33 *qualified housing sponsor*. In the absence of fraud or bad faith,*
34 *officers or directors so appointed shall not be personally liable for*
35 *debts, obligations or liabilities of *[the corporation]* *such quali-*
36 *fied housing sponsor*. Officers or directors so appointed shall serve*
37 *only for a period coexistent with the duration of such violation or*
38 *until the agency is assured in a manner satisfactory to it that such*
39 *violation, or violations of a similar nature*,* have not and will not*
40 *re-occur. Officers or employees of the agency who are so appointed*
41 *as officers or directors shall serve in such capacity without com-*
42 *pensation, but shall be entitled to be reimbursed*,* if and as the*
43 *certificate of incorporation or by-laws of *[the]* *such* qualified*

1 housing sponsor may provide, for all necessary expenses incurred
 2 in the discharge of their duties as officers or directors so appointed
 3 of ***[the]*** **such** qualified housing sponsor.

4 10. (a) Any qualified housing sponsor is hereby authorized to
 5 construct or rehabilitate housing projects and to apply for and
 6 obtain loans hereunder. Admission to housing projects constructed
 7 or rehabilitated under this act shall be limited to families of mod-
 8 erate income whose gross aggregate ***[annual]*** **family** income
 9 at the time of admission does not exceed 6 times the **annual**
 10 rental or carrying charges, including the value or cost to them of
 11 heat, light, water, sewerage, parking facilities and cooking fuel, of
 12 the dwellings that may be furnished to such families, or 7 times said
 13 charges if there are 3 or more dependents. There may be included
 14 in the carrying charges to any family for residence in any mutual
 15 housing project constructed or rehabilitated with a loan from the
 16 agency an amount equal to 6% of the original cash investment of
 17 the family in said mutual housing project and, to the extent author-
 18 ized by the agency where not included in said carrying charges, the
 19 value or cost of repainting **the apartment** and replacing any
 20 fixtures or appliances.

21 (b) The agency shall by rules and regulations provide for the
 22 periodic examination of the income of any person or family resid-
 23 ing in any housing project constructed or rehabilitated with a loan
 24 from the agency. In the event that the gross aggregate ***[annual]***
 25 **family** income of ***[the]*** **a** family residing in any such housing
 26 project increases and the ratio to the current rental **or carrying**
 27 charges of the dwelling unit becomes greater than **the ratio** pre-
 28 scribed for admission in ***[the preceding paragraph,]*** **subsection**
 29 *(a) of this section** but is not more than 25% above the family in-
 30 come so prescribed for admission to the project, the owner or
 31 managing agent **of such housing project** shall permit the family
 32 to continue to occupy the ***[unity]*** **unit**. ***[Families whose in-**
 33 **come exceeds 25% of that prescribed herein and continues to exceed**
 34 **same for a period of 6 months or more are subject to termination of**
 35 **their tenancies by the qualified housing sponsor with the approval**
 36 **of the agency,]*** **The agency or (with the approval of the agency)*
 37 *the qualified housing sponsor of any housing project constructed or*
 38 *rehabilitated with a loan from the agency, may terminate the*
 39 *tenancy or interest of any family residing in such housing project*
 40 *whose gross aggregate family income exceeds 25% of that pre-*
 41 *scribed herein and which continues to exceed the same for a period*
 42 *of 6 months or more; provided, that no tenancy or interest of any*
 43 *such family in any such housing project shall be terminated except**

1 or by the agency, upon reasonable notice and opportunity to obtain
 2 suitable alternate ***[dwellings]*** **housing**, in accordance with
 3 rules and regulations of the agency ***[or,]*** **; provided further,*
 4 *that any such family,** with the approval of the agency, may be
 5 permitted to continue ***[as tenants in]*** **to occupy the unit,** ***[the**
 6 *housing project,]** subject to payment of a rent or carrying charge
 7 surcharge to the qualified housing sponsor in accordance with a
 8 schedule of surcharges fixed by the agency. Said **qualified hous-*
 9 *ing** sponsor shall pay such surcharge to the municipality granting
 10 tax exemption, but only up to an amount that together with pay-
 11 ments made to the municipality in lieu of taxes and for any land
 12 taxes equals 25% of the total rents **or carrying charges** of the
 13 housing project for the current and any prior years that the project
 14 has been in operation. Any remainder of the surcharge*,* or the
 15 total surcharge if tax exemption has not been granted*,* shall be
 16 paid into the ***[capital reserve fund]*** **housing finance fund*
 17 *created by section 20 of this act** for the use of the agency.

18 (c) Any family residing in a mutual housing project required
 19 to remove from the project because of excessive income as herein
 20 provided shall be discharged from liability on any note, bond or
 21 other evidence of indebtedness relating thereto and shall be reim-
 22 bursed, in accordance with the rules of the agency, for all sums paid
 23 by such family to the qualified housing sponsor on account of the
 24 purchase of stock or debentures as a condition of occupancy or on
 25 account of the acquisition of title for such purpose.

26 11. The agency shall establish admission rules and regulations for
 27 any housing project financed in whole or in part by loans authorized
 28 hereunder which shall provide priority categories for persons dis-
 29 placed by urban renewal projects, highway programs or other pub-
 30 lic works, persons living in substandard housing, persons and fam-
 31 ilies who, by reason of family income, family size or disabilities
 32 have special needs, elderly persons and families living under condi-
 33 tions violative of minimum health and safety standards.

34 12. The agency may institute any action or proceeding against
 35 any qualified housing sponsor receiving a loan under the provisions
 36 hereof, or owning any housing project hereunder in any court of
 37 competent jurisdiction in order to enforce the provisions of this act,
 38 or to foreclose its mortgage, or to protect the public interest, the
 39 tenants, the stockholders or creditors of such sponsor. In connection
 40 with any such action or proceeding it may apply for the appoint-
 41 ment of a receiver to take over, manage, operate and maintain the
 42 affairs of such **qualified housing** sponsor and the agency through
 43 such agent as it shall designate is hereby authorized to accept

1 appointment as receiver of any such sponsor when so appointed
2 by a court of competent jurisdiction.

3 The reorganization of any qualified housing sponsor shall be sub-
4 ject to the supervision and control of the agency, and no such re-
5 organization shall be had without the consent of the agency. Upon
6 any such reorganization the amount of capitalization, including
7 therein all stocks, income debentures and bonds and other evidence
8 of indebtedness shall be such as is authorized by the agency, but
9 not in excess of the fair value of the property received.

10 13. In any foreclosure action involving a qualified housing spon-
11 sor other than a foreclosure action instituted by the agency, the
12 agency and the municipality in which any tax exemption or abate-
13 ment is provided such **qualified housing** sponsor shall, in addition
14 to other necessary parties, be made parties defendant. The agency
15 and the municipality shall take all steps in such action necessary to
16 protect the interest of the public therein, and no costs shall be
17 awarded against the agency or the municipality.

18 Subject to the terms of any applicable agreement, contract or
19 other instrument entered into or obtained pursuant to section 27
20 of this act, judgment of foreclosure shall not be entered unless the
21 court to which application therefor is made shall be satisfied that
22 the interest of the lienholder or holders cannot be adequately se-
23 cured or safeguarded except by the sale of the property; and in such
24 proceeding the court shall be authorized to make an order increas-
25 ing the rental or carrying charges to be charged for the housing
26 accommodations in the **housing** project involved in such fore-
27 closure, or appoint a member of the agency or any officer of the
28 municipality in which any tax exemption or abatement with respect
29 to the project is provided, as a receiver of the property, or grant
30 such other and further relief as may be reasonable and proper; and
31 in the event of a foreclosure or other judicial sale, the property
32 shall be sold only to a qualified housing sponsor which will manage,
33 operate and maintain the project subject to the provisions of this
34 act, unless the court shall find that the interest and principal on the
35 obligations secured by the lien which is the subject of foreclosure
36 cannot be earned under the limitations imposed by the provisions
37 of this act and that the proceeding was brought in good faith, in
38 which event the property may be sold free of limitations imposed
39 by this act or subject to such limitations as the court may deem
40 advisable to protect the public interest.

41 14. In the event of a judgment against any qualified housing
42 sponsor in any action not pertaining to the foreclosure of a mort-
43 gage, there shall be no sale of any of the real property included

1 in any housing project hereunder of such *qualified housing* spon-
2 sor except upon 60 days' written notice to the agency. Upon receipt
3 of such notice the agency shall take *such* steps as in its judgment
4 ~~*[shall]*~~ *may* be necessary to protect the rights of all parties.

5 15. (a) The agency shall have the power and is hereby author-
6 ized from time to time to issue its bonds, bond anticipation notes
7 and other obligations in such principal amounts as in the opinion
8 of the agency shall be necessary to provide sufficient funds for
9 achieving any of its corporate purposes, including the making of
10 mortgage loans, the payment, funding or refunding of the principal
11 of, or interest or redemption premiums on, any bonds, bond antici-
12 pation notes and other obligations issued by it whether the bonds,
13 bond anticipation notes or other obligations or interest to be funded
14 or refunded have or have not become due, the establishment of
15 reserves to secure such bonds, bond anticipation notes and other
16 obligations and all other expenditures of the agency incident to and
17 necessary or convenient to carry out its corporate purposes and
18 power.

19 (b) Except as may be otherwise expressly provided herein or
20 by the agency, every issue of bonds, bond anticipation notes or
21 other obligations shall be general obligations payable out of any
22 moneys or revenues of the agency, subject only to any agreements
23 with the ~~*[holder]*~~ *holders* of particular bonds, bond antici-
24 pation notes or other obligations pledging any particular moneys or
25 revenues. The agency may issue such types of bonds, bond antici-
26 pation notes or other obligations as it may determine, including,
27 bonds, bond anticipation notes or other obligations on which the
28 principal and interest *are* payable (1) exclusively from the in-
29 come and revenues of the project financed with the proceeds of such
30 bonds, bond anticipation notes or other obligations; (2) exclusively
31 from the income and revenues of certain designated projects
32 whether or not they are financed in whole or in part with the
33 proceeds of such bonds, bond anticipation notes or other obliga-
34 tions; or (3) from its revenues generally. Any such bonds, bond
35 anticipation notes or other obligations may be additionally secured
36 by a pledge of any grant or contributions from any department or
37 agency of the United States or any State, or person or a pledge of
38 any moneys, income or revenues of the agency from any source
39 whatsoever.

40 (c) Any provision of any law to the contrary notwithstanding,
41 any bonds, bond anticipation notes or other obligations issued pur-
42 suant to this act shall be fully negotiable within the meaning and
43 for all purposes of Title 12A of the New Jersey Statutes, and each

1 holder or owner of such a bond, bond anticipation ***[notes]*** **note**
2 or other ***[obligations]*** **obligation**, or of any coupon appurten-
3 ant thereto, by accepting such bond, bond anticipation note or
4 other obligation or coupon shall be conclusively deemed to have
5 agreed that such bond, bond anticipation note, other obligation or
6 coupon is and shall be fully negotiable within the meaning and for
7 all purposes of said Title 12A of the New Jersey Statutes.

8 (d) Bonds, bond anticipation notes or other obligations of the
9 agency shall be authorized by resolution of the agency and may be
10 issued in one or more series and shall bear such date or dates, ma-
11 ture at such time or times not exceeding 50 years from the date
12 thereof, bear interest at a rate or rates within such maximum rate
13 (not exceeding 6% per annum), be in such denomination or denom-
14 inations, be in such form, either coupon or registered, carry such
15 conversion or registration privileges, have such rank or priority,
16 be executed in such manner, be payable from such sources in such
17 medium of payment at such place or places within or without this
18 State, and be subject to such terms of redemption (with or without
19 premium) as such resolution or resolutions may provide.

20 (e) Bonds, bond anticipation notes or other obligations of the
21 agency may be sold at public or private sale at such price or prices
22 as the agency shall determine, provided, however, that the interest
23 cost to their average maturity of the money received for any group
24 of bonds or other obligations sold in a single transaction (com-
25 puted according to standard tables of bond values) shall not exceed
26 6% per annum.

27 16. Any resolution or resolutions authorizing the issuance of
28 bonds, bond anticipation notes or other obligations or any issue
29 thereof may contain provisions*,* except as expressly limited in
30 this act and except as otherwise limited by subsisting agreements
31 with the holders of bonds, bond anticipation notes or other obliga-
32 tions, which shall be a part of the contract with the holders
33 thereof*,* as to the following:

34 (a) The pledging of all or any part of the fees and charges made
35 or received by the agency and all or any part of the moneys re-
36 ceived in payment of loans and interest thereon, and other moneys
37 received or to be received, to secure the payment of the principal
38 or interest on any bonds, bond anticipation notes or other obliga-
39 tions or of any issue thereof;

40 (b) The pledging of all or any part of the assets of the agency,
41 including but not limited to mortgages and other obligations secur-
42 ing the same, to secure the payment of bonds, bond anticipation
43 notes or other obligations or of any issue of bonds*, *bond anticipa-*
44 *tion notes** or other obligations;

1 (c) The use and disposition of the gross income from, and the
2 payments of principal received by the agency on, mortgages held
3 by the agency;

4 (d) The establishment of reserves or sinking funds, the making
5 of charges and fees to provide for the same, and the regulation and
6 disposition thereof;

7 (e) Limitations on the purpose to which the proceeds of sale of
8 bonds, bond anticipation notes or other obligations may be applied
9 and pledging such proceeds to secure the payment of the bonds, bond
10 anticipation notes, or other obligations, or of any issue thereof;

11 (f) Limitations on the issuance of additional bonds, bond antici-
12 pation notes or other obligations; the terms upon which additional
13 bonds, bond anticipation notes or other obligations may be issued
14 and secured; the refunding or purchase of outstanding bonds, bond
15 anticipation notes or other obligations of the agency;

16 (g) The procedure, if any, by which the terms of any contract
17 with the holders of any bonds, bond anticipation notes or other
18 obligation of the agency may be amended or abrogated, the amount
19 of bonds, bond anticipation notes or other obligations the holders of
20 which must consent thereto, and the manner in which such consent
21 may be given;

22 (h) The vesting in a trustee or trustees of such property, rights,
23 powers and duties in trust as the agency may determine, which
24 may include any or all of the rights, powers and duties of any
25 trustee appointed by the holders of any bonds, bond anticipation
26 notes or other obligations pursuant to this act, and limiting or
27 abrogating the right of the ***[bondholders or other obligation]***
28 holders **of any bonds, bond anticipation notes or other obligations*
29 *of the agency** to appoint a trustee under this act or limiting the
30 rights, powers and duties of such trustee;

31 (i) Provision for a trust agreement by and between the agency
32 and a corporate trustee which may be any trust company or bank
33 having the powers of a trust company within the State, which
34 agreement may provide for the pledging or assigning of any assets
35 or income from assets to which or in which the agency has any
36 rights or interest, and may further provide for such other rights
37 and remedies exercisable by the trustee as may be proper for the
38 protection of the holders of any bonds, bond anticipation notes or
39 other obligations of the agency and not otherwise in violation of
40 law, and the said agreement may provide for the restriction of the
41 rights of any individual holder of bonds, bond anticipation notes
42 or other obligations of the agency. All expenses incurred in carry-
43 ing out the provisions of such trust agreement may be treated as

1 a part of the cost of operation of the agency. The trust agreement
2 may contain any further provisions which are reasonable to delin-
3 eate further the respective rights, duties, safeguards, responsibili-
4 ties and liabilities of the corporation, individual and collective
5 holders of bonds, bond anticipation notes and other obligations of
6 the agency, and the trustees;

7 (j) Covenants to do or refrain from doing such acts and things
8 as may be necessary or convenient or desirable in order to better
9 secure any bonds, bond anticipation notes, or other obligations of
10 the agency, or which, in the discretion of the agency, will tend to
11 make any bonds, bond anticipation notes or other obligations to be
12 issued more marketable notwithstanding that such covenants, act
13 or things may not be enumerated herein;

14 (k) Any other matters of like or different character, which in any
15 way affect the security or protection of the bonds, bond anticipation
16 notes or other obligations.

17 17. Any pledge made by the agency of income, revenues or other
18 property shall be valid and binding from the time the pledge is
19 made. The income, revenue or other property so pledged and
20 thereafter received by the agency shall immediately be subject to
21 the lien of such pledge without any physical delivery thereof or
22 further act, and the lien of any such pledge shall be valid and bind-
23 ing as against all parties having claims of any kind in tort, contract
24 or otherwise against the agency, irrespective of whether such par-
25 ties have notice thereof.

26 18. Neither the members of the ***[authority]*** *agency* nor any
27 person executing bonds, bond anticipation notes or other obliga-
28 tions issued pursuant to this act shall be liable personally on such
29 bonds*, *bond anticipation notes** or other obligations by reason of
30 the issuance thereof.

31 19. The agency shall have power to purchase bonds, bond antici-
32 pation notes or other obligations of the agency out of any funds
33 available therefor. The agency may hold, cancel or resell such
34 bonds, bond anticipation notes or other obligations subject to and
35 in accordance with agreements with holders of its bonds, bond
36 anticipation notes and other obligations.

37 20. (a) The agency shall establish and maintain the "Housing
38 Finance Fund" which shall consist of (1) all moneys appropriated
39 by the State for inclusion therein, (2) all proceeds of the sale of
40 bonds, bond anticipation notes or other obligations required to be
41 deposited therein by the terms of the resolution authorizing the
42 sale of said bonds, bond anticipation notes or other obligations, and
43 (3) any other moneys available to the agency which it determines

1 to utilize for this purpose. All moneys held in the Housing Finance
2 Fund, except as hereinafter provided, shall be used for the payment
3 of the principal and interest of any bonds, bond anticipation notes
4 or other obligations as such payment shall become due and for the
5 retirement of bonds, bond anticipation notes and other obligations
6 upon maturity and when due. In addition, moneys from the fund
7 may be used to retire bonds, bond anticipation notes or other obli-
8 gations before maturity, and to pay any redemption premium re-
9 quired to be paid, provided, however, that no moneys shall be
10 utilized in any year to retire bonds, bond anticipation notes or
11 other obligations as provided herein if the consequence thereof is
12 to reduce the fund below an amount of moneys sufficient to meet
13 the maximum payments required in the succeeding calendar year
14 for (1) payment of principal and interest falling due on all other
15 outstanding bonds, bond anticipation notes and other obligations
16 and (2) retiring all other bonds, bond anticipation notes or other
17 obligations required by their terms to be retired, such amount being
18 hereafter referred to as the "required minimum capital reserve."

19 (b) Income or interest from the investment of moneys held in
20 the fund shall be retained therein if needed to meet any deficiency
21 in the required minimum capital reserve but to the extent of any
22 excess over the aforesaid required minimum capital reserve, moneys
23 may be transferred by the agency to the general reserve account
24 or any other fund or account of the agency.

25 (c) Notwithstanding any other provision contained in this act,
26 no bonds, bond anticipation notes or other obligations shall be is-
27 sued by the ***[authority]*** *agency** unless there is in the fund the
28 required minimum capital reserve for all bonds, bond anticipation
29 notes or other obligations issued and to be issued, provided, how-
30 ever, that nothing shall preclude the ***[authority]*** *agency** from
31 satisfying the foregoing requirement by depositing so much of the
32 proceeds of the bonds, *bond anticipation notes** or other obliga-
33 tions to be issued, upon their issuance as is needed for the fund
34 to achieve the required minimum capital reserve.

35 21. In order to assure that the Housing Finance Fund is main-
36 tained at the minimum capital reserve level of the fund, the agency
37 shall request that there be annually appropriated by the Legislature
38 and paid to the agency for deposit in said fund, such sum or sums,
39 if any, as the agency through its chairman may certify as necessary
40 to restore said fund to the minimum required capital reserve level.
41 The chairman shall annually, on or before December 1, make and
42 deliver to the Governor a certificate for said fund stating the
43 amount then held on deposit in or invested for said fund and the

1 amount, if any, required to restore the minimum capital reserve for
2 said fund and the amount so stated, if any*, shall be included in
3 the Governor's annual budget message to the Legislature of the
4 State for consideration by the Legislature.

5 For purposes of valuation of said fund, securities acquired as
6 an investment for said fund shall be valued at par, actual cost to
7 the agency or market value, whichever value is less.

8 22. The agency may establish such additional and further reserve
9 funds as may be, in its discretion, necessary and desirable to accom-
10 plish any agency purpose or to comply with the provisions of any
11 agreement made by the agency or any resolution approved by the
12 agency. The resolution establishing such a reserve shall specify the
13 source of moneys from which the reserve shall be funded and the
14 purposes for which moneys held in the reserve fund shall be dis-
15 bursed.

16 23. The State of New Jersey does hereby pledge to and covenant
17 and agree with the holders of any bonds, bond anticipation notes
18 or other obligations issued pursuant to the authority of this act
19 that the State will not limit or alter the rights or powers hereby
20 vested in the agency to finance or otherwise assist in the construc-
21 tion, rehabilitation, operation and maintenance of housing projects
22 or to perform and fulfill the terms of any agreement made with
23 the holders of such bonds, bond anticipation notes or other obliga-
24 tions, or to fix, establish, charge and collect such revenues, fees or
25 other charges as may be convenient or necessary to produce suffi-
26 cient revenues to meet all expenses of the agency and fulfill the
27 terms of any agreement made with the holders of such bonds, bond
28 anticipation notes or other obligations, and that the State will not
29 in any way impair the rights or remedies of such holders or modify
30 in any way the exemptions from taxation provided for in this act,
31 until such bond, bond anticipation notes and other obligations, to-
32 gether with interest thereon, with interest on any unpaid install-
33 ments of interest, and all costs and expenses in connection with
34 any action or proceedings by or in behalf of such holders, are fully
35 met and discharged or provided for. The agency may include this
36 pledge and agreement of the State in any agreement with the
37 holders of bonds, bond anticipation notes and other obligations is-
38 sued by the agency.

39 24. Notwithstanding any restriction contained in any other law,
40 this State and all public officers, municipalities, counties, political
41 subdivisions and public bodies, and agencies thereof, all banks, trust
42 companies, savings banks and institutions, building and loan asso-
43 ciations, savings and loan associations, investment companies, and

1 other persons carrying on a banking or investment business, all
2 insurance companies, insurance associations and other persons
3 carrying on an insurance business, and all executors, administra-
4 tors, guardians, trustees and other fiduciaries, may legally invest
5 any sinking funds, moneys or other funds belonging to them or
6 within their control in any bonds, bond anticipation notes or other
7 obligations issued pursuant to this act, and such bonds, bond
8 anticipation notes and other obligations shall be authorized security
9 for any and all public deposits.

10 25. All property of the agency is hereby declared to be public
11 property devoted to an essential public and governmental function
12 and purpose and shall be exempt from all taxes and special assess-
13 ments of the State or any subdivision thereof. All bonds, bond
14 anticipation notes or other obligations issued pursuant to this act
15 are hereby declared to be issued by a body corporate and public
16 of this State and for an essential public and governmental purpose
17 and such bonds, bond anticipation notes and other obligations, and
18 the interest thereon and the income therefrom, and all fees,
19 charges, funds, revenues, income and other moneys pledged or
20 available to pay or secure the payment of such bonds, bond antici-
21 pation notes or other obligations, or interest thereon, shall at all
22 times be exempt from taxation except for transfer, inheritance
23 and estate taxes.

24 26. All property of the agency, except as otherwise provided
25 herein, shall be exempt from levy and sale by virtue of an execution
26 and no execution or other judicial process shall issue against the
27 same nor shall any judgment against the agency be a charge or
28 lien upon its property; provided, that nothing herein contained
29 shall apply to or limit the rights of the holder of any bonds,
30 bond anticipation notes or other obligations to pursue any remedy
31 for the enforcement of any pledge or lien given by the agency on
32 its revenues or other moneys.

33 27. The agency is authorized and empowered to obtain, or aid
34 in obtaining, from ***the Federal Government**.* *any department*
35 *or agency of the United States** any insurance or guarantee as to,
36 or of or for the payment or repayment of interest or principal,
37 or both, or any part thereof, on any loan or any instrument evi-
38 dencing or securing the same, made or entered into pursuant to the
39 provisions of this act; and notwithstanding any other provisions
40 of this act to enter into any agreement, contract or any other
41 instrument whatsoever with respect to any such insurance or
42 guarantee, and accept payment in such manner and form as pro-
43 vided therein in the event of default by the borrower.

1 28. The agency is authorized and empowered to obtain from any
2 department or agency of the United States any insurance or guar-
3 antee as to, or of or for the payment or repayment of, interest or
4 principal, or both, or any part thereof, on any bonds, bond antici-
5 pation notes or other obligations issued by the agency pursuant to
6 the provisions of this act; and notwithstanding any other provi-
7 sions of this act to enter into any agreement, contract or any other
8 instrument whatsoever with respect to any such insurance or guar-
9 antee except to the extent that such action would in any way impair
10 or interfere with the agency's ability to perform and fulfill the
11 terms of any agreement made with the holders of the bonds, bond
12 anticipation notes or other obligations of the agency.

13 29. The State Treasurer is hereby authorized to receive from
14 any department or agency of the United States for the purposes of
15 this act amounts of money, if any, as and when appropriated, allo-
16 cated, granted, turned over or in anywise provided by it. Said
17 amounts of money shall be credited to the Housing Finance Fund
18 and made available to the agency.

19 30. (a) It is the intent of the Legislature that in the event of
20 any conflict or inconsistency in the provisions of this act and any
21 other acts concerning qualified housing sponsors or any rules and
22 regulations adopted thereunder, to the extent of such conflict or
23 inconsistency, the provisions of this act shall be enforced and the
24 provisions of such other acts and rules and regulations adopted
25 thereunder shall be of no force and effect.

26 *[(b) Where by reason of any other law a qualified housing spon-
27 sor has entered or intends to enter into any agreement with a
28 municipality for the payment of money in lieu of taxes or to obtain
29 special real property tax treatment, any such agreement shall be
30 submitted to the agency for review to avoid duplicating, overlap-
31 ping or inconsistent regulations or provisions. A municipality and
32 a qualified housing sponsor with the approval of the agency may
33 enter into such agreements not inconsistent with this act and other-
34 wise authorized by law, to encourage the construction, rehabilita-
35 tion and operation of a housing project.]*

36 (b) *For the purposes of this act, where by reason of any other*
37 *law any qualified housing sponsor has entered or intends to enter*
38 *into any agreement with any municipality for the payment of money*
39 *in lieu of taxes or to obtain special tax treatment of any real*
40 *property of said qualified housing sponsor, any such agreement*
41 *may require such qualified housing sponsor to pay to such municipi-*
42 *ality an amount equal to 20% of the annual gross revenue from*
43 *each housing project situated on such real property for each year*

1 of operation thereof following the substantial completion thereof,
2 any provisions of such other law to the contrary notwithstanding.
3 The purpose of this section, "annual gross revenue" means the
4 total annual gross rental or carrying charge and other income of
5 a qualified housing sponsor from a housing project. Any agree-
6 ment between any qualified housing sponsor and a municipality
7 pursuant to this subsection shall be submitted to the agency for
8 review in order to avoid duplicating, overlapping or inconsistent
9 regulations or provisions, and any municipality and any qualified
10 housing sponsor with the approval of the agency may enter into
11 such agreements not inconsistent with this act and otherwise au-
12 thorized by law.

13 31. Any person who attempts to or obtains financial aid for a
14 project hereunder or occupancy or continued occupancy of a dwell-
15 ing unit therein by false or misleading information or who shall
16 violate this act or who shall by fraud attempt to obtain moneys
17 from the agency or its approval for the payment of moneys or shall
18 fraudulently attempt to or does prevent the collection of any moneys
19 due to the agency shall, for each offense, be guilty of a misdemeanor.

20 32. (a) No member, officer, employee or agent of the agency for
21 purposes of personal gain, shall have or attempt to have, directly
22 or indirectly, any interest:

- 23 (1) In any contract or agreement of the agency;
24 (2) In the sale or purchase of any property by the agency;
25 (3) In any mortgage loan or application therefor; or
26 (4) In any housing project constructed, rehabilitated or op-
27 erated, or to be constructed, rehabilitated or operated under the
28 provisions of the act.

29 (b) Any member, officer, employee or agent of the agency who
30 shall be found guilty of violating the provisions of this section shall
31 be a disorderly person and subject to a fine ~~*[or]*~~ *of* not less
32 than \$100.00 or more than \$2,500.00. Any such person shall be
33 barred from public employment in this State in any capacity what-
34 soever for a period of 5 years from the date he was adjudged a
35 disorderly person.

36 33. On or before the last day of February in each year the agency
37 shall make an annual report of its activities for the preceding calen-
38 dar year to the Governor and to the Legislature. Each such report
39 shall set forth a complete operating and financial statement cover-
40 ing its operations during the year. The agency shall cause an audit
41 of its books and accounts to be made at least once in each year by
42 certified public accountants and the cost thereof shall be considered
43 an expense of the agency and a copy thereof shall be filed with the
44 State Treasurer.

1 34. In order to carry out the purposes and provisions of this act,
2 the agency, in addition to any powers granted to it elsewhere in
3 this act, shall have the following powers:

4 (a) To adopt by-laws for the regulation of its affairs and the
5 conduct of its business; to adopt an official seal and alter the same
6 at pleasure; to maintain an office at such place or places within this
7 State as it may designate; to sue and be sued in its own name;

8 (b) To conduct examinations and hearings and to hear testimony
9 and take proof, under oath or affirmation, at public or private hear-
10 ings, on any matter material for its information and necessary to
11 carry out the provisions of this act;

12 (c) To issue subpoenas requiring the attendance of witnesses and
13 the production of books and papers pertinent to any hearing before
14 such agency, or before one or more of the members of the agency
15 appointed by it to conduct such hearing;

16 (d) To apply to any court, having territorial jurisdiction of the
17 offense, to have punished for contempt any witness who refuses to
18 obey a subpoena, or who refuses to be sworn or affirmed to testify,
19 or who is guilty of any contempt after summons to appear;

20 (e) To acquire by purchase, gift*, *foreclosure** or condemnation
21 any **real or personal** property, **[real or personal,]** **or any*
22 *interest therein,** to enter into any lease of property and to hold,
23 sell, assign, lease, encumber, mortgage or otherwise dispose of any
24 real or personal property **or any interest therein,** or mortgage
25 lien interest owned by it or under its control, custody or in its
26 possession and release or relinquish any right, title, claim, lien,
27 interest, easement or demand however acquired, including any
28 equity or right of redemption, in property foreclosed by it and to
29 do any of the foregoing by public or private sale, with or without
30 public bidding, notwithstanding **the provisions of** any other law;

31 (f) To adopt such rules and regulations as shall be expressly
32 authorized by this act and such additional rules and regulations as
33 shall be necessary or desirable to carry out the purposes of this
34 act; it shall publish the same and file them with the Secretary of
35 State***[.]*** *;*

36 (g) To borrow money or secure credit on a temporary, short-term,
37 interim or on a long-term basis, and to issue negotiable bonds, bond
38 anticipation notes or other obligations and to provide for the rights
39 of the holders thereof;

40 (h) To make and enter into all contracts and agreements neces-
41 sary or incidental to the performance of its duties and the execution
42 of its powers under this act, including contracts or agreements with
43 qualified financial institutions for the servicing and processing of
44 mortgage loans pursuant to this act;

1 (i) To appoint an executive director and such additional officers,
2 who need not be members of the agency as the agency deems ad-
3 visable, and to employ consulting architects, engineers, attorneys,
4 accountants, construction and financial experts and such other em-
5 ployees and agents as may be necessary in its judgment; to fix their
6 compensation; and to promote and discharge such officers, employ-
7 ees and agents, all without regard to the provisions of Title 11 of
8 the Revised Statutes***[.]*** *, *Civil Service*;

9 (j) To receive and accept aid or contributions from any source,
10 of money, property, labor or other things of value, to be held, used
11 and applied to carry out the purposes of this act subject to such
12 conditions upon which such grants and contributions may be made,
13 including, but not limited to, gifts or grants from any department
14 or agency of the United States or this State for payment of rent
15 supplements to eligible families or for the payment in whole or in
16 part of the interest expense for a housing project or for any other
17 purpose consistent with this act.

18 (k) To enter into agreements to pay annual sums in lieu of taxes
19 to any political subdivision of the State with respect to any real
20 property owned or operated directly by the agency;

21 (l) To procure insurance against any loss in connection with its
22 property and other assets (including mortgages and mortgage
23 loans) in such amounts and from such insurers as it deems de-
24 sirable;

25 (m) To the extent permitted under its contract with ***[bond-**
26 **holders]*** **the holders of bonds, bond anticipation notes** and
27 other ***[obligation holders]*** **obligations of the agency,** to consent
28 to any modification with respect to rate of interest, time and pay-
29 ment of any installment of principal or interest, security or any
30 other term of any mortgage, mortgage loan, mortgage loan com-
31 mitment, contract or agreement of any kind to which the agency
32 is a party;

33 (n) To the extent permitted under its contract with ***[bond-**
34 **holders]*** **the holders of bonds, bond anticipation notes** and
35 other ***[obligation holders]*** **obligations,** to enter into contracts
36 with any qualified housing sponsor containing provisions enabling
37 the said **qualified housing** sponsor to reduce the rental or carry-
38 ing charges to persons unable to pay the regular schedule of
39 charges where by reason of other income or payment from the
40 agency, any department or agency of the United States or this
41 State, such reductions can be made without jeopardizing the
42 economic stability of the housing project;

1 (o) To make and collect such fees and charges, including but not
2 limited to payment for all costs of financing by the agency, service
3 charges, mortgage insurance premiums, reserves against losses and
4 reimbursement for advances made to the agency, as it shall deter-
5 mine is reasonable to enable the agency, to the extent feasible, to
6 be self-sustaining;

7 (p) To invest *and reinvest* any funds held in reserve or sinking
8 funds, or any moneys not required for immediate use or disburse-
9 ment, at the discretion of the agency, in obligations of ***[the]***
10 **this** State or the United States ***[Government]*** or obligations
11 the principal and interest of which are guaranteed by ***[the]***
12 **this** State or the United States ***[Government]***;

13 (q) To provide, contract or arrange for, where by reason of the
14 financing arrangement review of the application and proposed con-
15 struction of a project is required by or in behalf of any department
16 or agency of the United States, consolidated processing of any such
17 application or supervision to avoid duplication thereof by either
18 undertaking the processing in whole or in part for any such depart-
19 ment or agency or, in the alternative, delegating the processing in
20 whole or in part to any such department or agency;

21 (r) To make mortgage loans and to participate with any depart-
22 ment or agency of the United States, this State, a municipality, or
23 any banking institution, foundation, labor union, insurance com-
24 pany, trustee or fiduciary in a loan to a qualified housing sponsor
25 secured by a single participating mortgage or by separate mort-
26 gages, the interest of each having equal priority as to lien in pro-
27 portion to the amount of the loan so secured, but need not be equal
28 as to interest rate, time or rate of amortization or otherwise and
29 to undertake commitments to make such loans;

30 (s) To sell, at public or private sale, with or without bidding,
31 any mortgage or other obligation securing a mortgage loan made
32 by the agency;

33 (t) To make commitments to purchase, and to purchase, service
34 and sell, mortgages insured by any department or agency of the
35 United States, and to make loans directly upon the ***[securities]***
36 **security** of any such mortgage;

37 (u) To provide qualified housing sponsors with such advisory
38 consultation, training and educational services as will assist them
39 to plan, construct, *rehabilitate* and operate housing projects for
40 moderate income families, including but not limited to assistance
41 in community development and organization, home management
42 and advisory services for the residents of the housing projects,
43 and to encourage community organizations to assist in developing
44 such projects;

1 (v) To encourage research in, and demonstration projects to
2 develop new and better techniques and methods for increasing the
3 supply of housing for moderate income families and to engage in
4 such research and demonstration projects and to receive and
5 accept contributions, grants or aid, from any source, public or
6 private, including but not limited to the United States and this
7 State*,* for carrying out this purpose; and

8 (w) To do all acts and things necessary or convenient to carry
9 out the powers expressly granted in this act.

10 35. Any State officers, departments, boards, divisions and com-
11 missions***[.]*** may render such auditing, legal or other services
12 to the agency within their respective functions, as may be requested
13 by the agency.

14 36. (a) The agency shall establish and maintain a Housing
15 Development Fund which shall consist of (1) all moneys appro-
16 priated by the State for inclusion therein, (2) notwithstanding any
17 inconsistent provisions of this or of any other law, any moneys
18 which the agency shall receive in repayment of advances from the
19 fund, and (3) any other moneys available to the agency which it
20 determines to utilize for this purpose.

21 (b) The agency is hereby authorized to use the money held in
22 the Housing Development Fund to make noninterest bearing ad-
23 vances to qualified housing sponsors who are corporations or asso-
24 ciations organized not for profit or for mutual housing to defray
25 development costs for housing projects to be developed with eligible
26 mortgages for families of moderate income. No such advance shall
27 be made unless it is reasonably anticipated by the agency that an
28 eligible mortgage will be obtained for the housing project and the
29 not for profit or mutual housing sponsor enters into an agreement
30 with the agency to be regulated with respect to those matters
31 provided in ***[section]*** *sections* 9 (a) (5) *and 9 (a) (6)* of
32 this act.

33 (c) Each advance shall be repaid in full concurrent with the
34 receipt by the not for profit or mutual housing sponsor of the pro-
35 ceeds of the eligible loan or of the construction loan, unless the
36 agency shall extend the period for the repayment of such advance,
37 provided that no such extension shall be granted beyond the date
38 of final payment under the eligible mortgage loan.

39 (d) If the agency shall determine at any time that an eligible
40 mortgage loan may not be obtained, the advance shall become im-
41 mediately due and payable and shall be paid from any assets of
42 the housing project. To the extent that repayment cannot be made
43 from the assets of the housing project the advance shall be treated
44 as a grant.

1 (e) The term "development cost" as used in this section, means
2 the ***[cost]*** *amount* approved by the agency as an appropriate
3 expenditure which may be incurred prior to the first mortgage
4 advance of an eligible mortgage loan, including but not limited to
5 (1) payments for options, deposits or contracts to purchase prop-
6 erties on the proposed housing project site or, with the prior
7 approval of the agency, payments for the purchase of such proper-
8 ties, (2) legal and organizational expenses, including attorney's
9 fees and salaries, office rent and other incidental expenses for a
10 project manager and clerical staff, (3) fees for preliminary feasi-
11 bility studies, planning advances, borings, surveys, engineering and
12 architectural work, (4) expenses for tenant surveys and market
13 analyses, and (5) such other expenses as the agency may deem
14 appropriate to effectuate the purpose of this section.

15 (f) The term "eligible mortgage loan" as used in this section,
16 means a below-market interest rate mortgage insured by the Secre-
17 tary of the Department of Housing and Urban Development, or a
18 mortgage insured by the Secretary of the Department of Housing
19 and Urban Development and augmented by a program of rent
20 supplements, or a mortgage loan made by the agency.

21 37. No person shall be discriminated against, because of race,
22 religious principles, color, national origin or ancestry, by the agency
23 or any qualified housing sponsor or any agent or employee thereof
24 in connection with any housing project or mortgage loan. Any
25 person who shall be found guilty of violating the provisions of this
26 section shall be a disorderly person and subject to a fine of not
27 less than \$500.00 or more than \$2,500.00.

28 38. The powers enumerated in this act shall be interpreted
29 broadly to effectuate the purposes thereof and shall not be con-
30 strued as a limitation of powers.

31 39. If any clause, sentence, subdivision, paragraph, section or
32 part of this act be adjudged to be unconstitutional or invalid, such
33 judgment shall not affect, impair or invalidate the remainder
34 thereof, but shall be confined in its operation to the clause, sentence,
35 subdivision, paragraph, section or part thereof directly involved in
36 the controversy in which said judgment shall have been rendered.

37 40. There is hereby appropriated the sum of \$50,000.00 to carry
38 out the purposes of this act.

39 41. This act shall take effect immediately.

CHAPTER 247 LAWS OF N. J. 1967
APPROVED Dec 12 1967

ASSEMBLY, No. 954

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 20, 1967

By Assemblyman ADDONIZIO

(Without Reference)

AN ACT to amend "An act to facilitate the construction and rehabilitation of housing projects in certain areas for families of moderate income by providing for mortgage loans to qualified housing sponsors to be used for such construction and rehabilitation, creating within the Department of Community Affairs a New Jersey Housing Finance Agency and prescribing the powers and duties thereof, authorizing the New Jersey Housing Finance Agency to issue bonds and other obligations and providing for the terms and security thereof and the means to pay such bonds and other obligations and the interest thereon, prescribing penalties for certain violations and making an appropriation," approved May 31, 1967 (P. L. 1967, c. 81).

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 3 of the act of which this act is amendatory is amended
2 to read as follows:

3 3. The following terms wherever used or referred to in this act
4 shall have the following meanings, unless a different meaning
5 clearly appears from the context:

6 (a) "Act" means this act and the rules and regulations adopted
7 by the agency hereunder.

8 (b) "Agency" means the New Jersey Housing Finance Agency
9 created by section 4 of this act, or, if said agency shall be abolished
10 by law, the person, board, body or commission succeeding to the
11 powers and duties thereof or to whom such powers and duties shall
12 be given by law.

13 (c) "Bonds, bond anticipation notes and other obligations," or
14 "bonds, bond anticipation notes or other obligations" means any
15 bonds, notes, debentures or other evidences of financial indebtedness
16 issued by the agency.

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

17 (d) "Family" means 2 or more persons related by blood, mar-
18 riage or adoption who live or expect to live together as a single
19 household in the same dwelling unit; provided, however, that any
20 individual who (1) has attained retirement age as defined in section
21 216a of the Federal Social Security Act, or (2) is under a disability
22 as defined in section 223 of that act, or (3) such other individuals
23 as the agency by rule or regulation shall include, shall be considered
24 as a family for the purpose of this act; and provided further, that
25 the surviving member of a family whose other members died during
26 occupancy of a housing project shall be considered as a family for
27 purposes of permitting continued occupancy of the dwelling unit
28 occupied by such family.

29 (e) "Family of moderate income" means a family (1) whose
30 income is too low to compete successfully in the normal rental
31 or mutual housing market, and (2) whose gross aggregate family
32 income does not exceed the limits established under section 10 of
33 this act.

34 (f) "Gross aggregate family income" means the total annual
35 income of all members of a family, from whatever source derived,
36 including but not limited to, pension, annuity, retirement and social
37 security benefits, provided, however, that there may be excluded
38 from income (1) such reasonable allowances for dependents, (2)
39 such reasonable allowances for medical expenses, (3) all or any
40 proportionate part of the earnings of gainfully employed minors or
41 family members other than the chief wage earner, or (4) such
42 income as is not received regularly, as the agency by rule or regula-
43 tion may determine.

44 (g) "Housing project" or "project" means any work or under-
45 taking, whether new construction or rehabilitation, which is de-
46 signed for the primary purpose of providing decent, safe and
47 sanitary dwelling units for families of moderate income in need of
48 housing; such undertaking may include any buildings, land, equip-
49 ment, facilities, or other real or personal properties which are
50 necessary, convenient, or desirable appurtenances, such as, but not
51 limited to streets, sewers, utilities, parks, site preparation, land-
52 scaping, and such stores, offices, and other nonhousing facilities such
53 as administrative, community, health, recreational, educational and
54 welfare facilities as the agency determines to be necessary, con-
55 venient or desirable appurtenances.

56 (h) "Municipality" means any political subdivision of the State
57 other than a county or a school district.

58 (i) "Mutual housing" means a housing project operated or to be
 59 operated upon completion of construction or rehabilitation exclu-
 60 sively for the benefit of the families of moderate income who are
 61 entitled to occupancy by reason of ownership of stock in the quali-
 62 fied housing sponsor, or by reason of co-ownership of premises in a
 63 horizontal property regime pursuant to chapter 168 of the laws of
 64 1963, provided, however, the agency may adopt rules and regula-
 65 tions permitting a reasonable percentage of space in such project
 66 to be rented for residential or for commercial use.

67 (j) "Project cost" means the sum total of all costs incurred in the
 68 development of a housing project, which are approved by the agency
 69 as reasonable and necessary, which costs shall include, but are not
 70 necessarily limited to, (1) cost of land acquisition and any buildings
 71 thereon, (2) cost of site preparation, demolition and development,
 72 (3) architect, engineer, legal, agency and other fees paid or payable
 73 in connection with the planning, execution and financing of the
 74 project, (4) cost of necessary studies, surveys, plans and permits,
 75 (5) insurance, interest, financing, tax and assessment costs and
 76 other operating and carrying costs during construction, (6) cost of
 77 construction, reconstruction, fixtures, and equipment related to the
 78 real property, (7) cost of land improvements, (8) necessary
 79 expenses in connection with initial occupancy of the project, (9) a
 80 reasonable profit or fee to the builder and developer, (10) an allow-
 81 ance established by the agency for working capital and contingency
 82 reserves, and reserves for any anticipated operating deficits during
 83 the first 2 years of occupancy, (11) the cost of such other items,
 84 including tenant relocation, as the agency shall determine to be
 85 reasonable and necessary for the development of the project, less
 86 any and all net rents and other net revenues received from the
 87 operation of the real and personal property on the project site dur-
 88 ing construction.

89 All costs shall be subject to approval and audit by the agency.
 90 The agency may adopt rules and regulations specifying in detail the
 91 types and categories of cost which shall be allowable if actually in-
 92 curred in the construction or reconstruction of a housing project.

93 (k) "Qualified housing sponsor" means (1) any housing corpora-
 94 tion qualified under the provisions of the "Limited-Dividend Hous-
 95 ing Corporations Law," P. L. 1949, chapter 184 (C. 55:16-1 et seq.),
 96 (2) any urban renewal corporation *or association* qualified under
 97 the provisions of the "Urban Renewal Corporation *and Association*
 98 Law of 1961," P. L. 1961, chapter 40 (C. 40:55C-40 et seq.) which
 99 has as one of its purposes the construction, rehabilitation or opera-

100 tion of housing projects, (4) any corporation or association organ-
 101 ized not for profit under the provisions of Title 15 of the Revised
 102 Statutes or any other law of this State which has as one of its
 103 purposes the construction, rehabilitation or operation of housing
 104 projects, (5) any horizontal property regime formed under the
 105 "Horizontal Property Act," P. L. 1963, chapter 168 (C. 46:8A-1
 106 et seq.) which has as one of its purposes the construction, rehabili-
 107 tation or operation of housing projects, and (6) any individual or
 108 association approved by the agency as qualified to own, construct,
 109 rehabilitate, operate, manage and maintain a housing project.

110 (1) "Required minimum capital reserve" means the reserve
 111 amount required to be maintained in the Housing Finance Fund
 112 under the provisions of section 20 of this act.

1 2. Section 6 of the act of which this act is amendatory is amended
 2 to read as follows:

3 6. (a) The agency, for the purpose of carrying out the purposes
 4 of this act, may (1) accept from qualified housing sponsors applica-
 5 tions for loans; **■**from the Housing Finance Fund created by section
 6 20 of this act;**■**

7 (2) enter into agreements with qualified housing sponsors for
 8 permanent loans and temporary loans or advances in anticipation
 9 of such permanent loans for the construction or rehabilitation of
 10 housing projects; and

11 (3) make permanent loans and temporary loans or advances in
 12 anticipation of such permanent loans to qualified housing sponsors
 13 under the provisions of this act.

14 (b) No application for a loan for the construction or rehabilita-
 15 tion of a housing project to be located in any municipality shall be
 16 processed unless there is already filed with the secretary of the
 17 agency a certified copy of a resolution adopted by said municipality
 18 reciting that there is a need for moderate income housing projects
 19 in said municipality.

1 3. Section 9 of the act of which this act is amendatory is amended
 2 to read as follows:

3 9. (a) Loans made by the agency shall be subject to the following
 4 terms and conditions:

5 (1) The loan shall be for a period of time not in excess of 50 years
 6 as determined by the agency;

7 (2) The amount of the loan shall not exceed 90% of the total
 8 project cost as determined by the agency, except that as to projects
 9 to be owned, constructed, rehabilitated, operated, managed and
 10 maintained as mutual housing or by any corporation or association

11 organized not for profit which has as one of its purposes the con-
12 struction or rehabilitation of housing projects, the amount of the
13 loan shall not exceed 100% of the total project cost as determined
14 by the agency; provided, however, that any such loan shall be
15 subject to an agreement between the agency and any such corpora-
16 tion or association organized not for profit or for mutual housing
17 which will prohibit the transfer of ownership or management
18 responsibilities by said corporation or association, at any time prior
19 to repayment of at least 10% of the original loan, unless the transfer
20 of ownership or management responsibilities is ordered by a court
21 of competent jurisdiction *to a qualified housing sponsor.*

22 (3) The interest rate on the loan shall be established by the
23 agency at the lowest level consistent with the agency's cost of opera-
24 tion and its responsibilities to the holders of its bonds, bond antici-
25 pation notes and other obligations;

26 (4) The loan shall be evidenced by a mortgage note or bond and
27 by a mortgage which shall be a first lien on the project and which
28 shall contain such terms and provisions and be in a form approved
29 by the agency. The agency shall require the qualified housing
30 sponsor receiving a loan or its contractor to post labor and mate-
31 rials, and construction performance, surety bonds in amounts
32 related to the project cost as established by regulation and to
33 execute such other assurances and guarantees as the agency may
34 deem necessary *and may require its principals or stockholders to*
35 *also execute such other assurances and guarantees as the agency*
36 *may deem necessary;*

37 (5) The loan shall be subject to an agreement between the agency
38 and the qualified housing sponsor which will subject said qualified
39 housing sponsor and its principals or stockholders to limitations
40 established by the agency as to rentals and other charges, builders'
41 and developers' profits and fees, and the disposition of its property
42 and franchises to the extent more restrictive limitations are not
43 provided by the law under which the borrower is incorporated or
44 organized;

45 (6) The loan shall be subject to an agreement between the agency
46 and the qualified housing sponsor limiting said qualified housing
47 sponsor, and its principals or stockholders, to a return of 8% per
48 annum of its investment in any housing project assisted with a loan
49 from the agency. No qualified housing sponsor which is permitted
50 by the provisions of the law under which it is organized or incorpo-
51 rated to earn a return on its investment, nor any of the principals
52 or stockholders of such qualified housing sponsor, shall at any time
53 earn, accept or receive a return greater than 8% per annum of its

54 investment in any housing project assisted with a loan from the
55 agency, whether upon the completion of the construction or rehabil-
56 itation of such project, or upon the operation thereof, or upon the
57 sale, assignment or lease of such project to any other person,
58 association or corporation. Any person, association or corporation
59 who shall be found guilty of violating the provisions of section 9(a)
60 (6) of this act shall be a disorderly person and subject to a fine of
61 not less than \$500.00 or more than \$2,500.00.

62 (7) No loan shall be executed except a loan made to a corporation
63 or association organized not for profit which has as one of its
64 purposes the construction or rehabilitation of housing projects or
65 for mutual housing unless the qualified housing sponsor agrees (1)
66 to certify upon completion of project construction or rehabilitation,
67 subject to audit by the agency, either that the actual project cost as
68 defined herein exceeded the amount of the loan proceeds by 10% or
69 more, or the amount by which the loan proceeds exceed 90% of the
70 total project cost, and (2) to pay forthwith to the agency, for
71 application to reduction of the principal of the loan, the amount, if
72 any, of such excess loan proceeds, subject to audit and determina-
73 tion by the agency. No loan shall be made to a corporation or
74 association organized not for profit or for mutual housing unless the
75 corporation or association organized not for profit or for mutual
76 housing agrees to certify the actual project cost upon completion
77 of the project, subject to audit and determination by the agency, and
78 further agrees to pay forthwith to the agency, for application to
79 reduction of the principal of the loan, the amount, if any, by which
80 the proceeds of the loan exceed the certified project cost subject to
81 audit and determination by the agency. Notwithstanding the pro-
82 visions of this subsection, the agency may accept, in lieu of any
83 certification of project cost as provided herein, such other assur-
84 ances of the said project cost, in any form or manner whatsoever, as
85 will enable the agency to determine with reasonable accuracy the
86 amount of said project cost.

87 (8) No loan shall be made for the construction or rehabilitation
88 of a housing project for which tax exemption is granted by a munici-
89 pality unless such tax exemption remains in effect during the entire
90 term of the loan, unless a lesser period of tax exemption is approved
91 by the agency.

92 (9) The loan shall be subject to an agreement between the agency
93 and the qualified housing sponsor which contains a provision stat-
94 ing the prevailing wage rate (as determined by the Commissioner
95 of Labor and Industry pursuant to section 37 of this act) which can

96 be paid to the workmen employed in the performance of any con-
97 tract for the construction or rehabilitation of any housing project,
98 and which stipulates that the qualified housing sponsor, or any
99 builder, contractor or subcontractor thereof, shall pay to such work-
100 men not less than such prevailing wage rate.

101 (b) As a condition of the loan, the agency shall have the power at
102 all times during the construction and rehabilitation of a housing
103 project and the operation thereof:

104 (1) To enter upon and inspect without prior notice any project,
105 including all parts thereof, for the purpose of investigating the
106 physical and financial condition thereof, and its construction, re-
107 habilitation, operation, management and maintenance, and to
108 examine all books and records with respect to capitalization, income
109 and other matters relating thereto and to make such charges as may
110 be required to cover the cost of such inspections and examinations;

111 (2) To order such alterations, changes or repairs as may be nec-
112 essary to protect the security of its investment in a housing project
113 or the health, safety, and welfare of the occupants thereof;

114 (3) To order any managing agent, project manager or owner of a
115 housing project to do such acts as may be necessary to comply with
116 the provisions of all applicable laws or ordinances or any rule or
117 regulation of the agency or the terms of any agreement concerning
118 the said project or to refrain from doing any acts in violation
119 thereof and in this regard the agency shall be a proper party to file
120 a complaint and to prosecute thereon for any violations of laws
121 or ordinances as set forth herein;

122 (4) To require the adoption and continuous use of uniform
123 systems of accounts and records for a project and to require all
124 owners or managers of same to file annual reports containing such
125 information and verified in such manner as the agency shall require,
126 and to file at such times and on such forms as it may prescribe,
127 reports and answers to specific inquiries required by the agency to
128 determine the extent of compliance with any agreement, the terms
129 of the loan, the provisions of this act and any other applicable law;
130 and

131 (5) To enforce, by court action if necessary, the terms and pro-
132 visions of any agreement between the agency and the qualified
133 housing sponsor and the terms of any agreement between the
134 qualified housing sponsor and any municipality granting tax exemp-
135 tion, as to schedules of rental or carrying charges, income limits as
136 applied to tenants or occupants, or any other limitation imposed
137 upon the qualified housing sponsor as to financial structure, con-
138 struction or operation of the project.

139 (6) In the event of a violation by the qualified housing sponsor of
140 the terms of any agreement between the agency and the qualified
141 housing sponsor, or between the municipality granting tax exemp-
142 tion and the qualified housing sponsor, or in the event of a violation
143 by the qualified housing sponsor of this act or of the terms of the
144 mortgage loan agreement or of any rules and regulations of the
145 agency duly promulgated pursuant to this act, or in the event that
146 the agency shall determine that any loan or advance from the Hous-
147 ing Development Fund pursuant to section 36 of this act is in
148 jeopardy of not being repaid, the agency may remove any or all of
149 the existing officers and directors of such qualified housing sponsor
150 and appoint such person or persons who the agency in its sole
151 discretion deems advisable, including officers or employees of the
152 agency, as new officers or directors to serve in place of those
153 removed. Officers or directors so appointed need not be stockholders
154 or meet other qualifications which may be prescribed by the certifi-
155 cate of incorporation or by laws of such qualified housing sponsor.
156 In the absence of fraud or bad faith, officers or directors so ap-
157 pointed shall not be personally liable for debts, obligations or lia-
158 bilities of such qualified housing sponsor. Officers or directors so
159 appointed shall serve only for a period coexistent with the duration
160 of such violation or until the agency is assured in a manner satis-
161 factory to it that such violation, or violations of a similar nature,
162 have not and will not re-occur. Officers or employees of the agency
163 who are so appointed as officers or directors shall serve in such
164 capacity without compensation, but shall be entitled to be reim-
165 bursed, if and as the certificate of incorporation or by-laws of such
166 qualified housing sponsor may provide, for all necessary expenses
167 incurred in the discharge of their duties as officers or directors so
168 appointed of such qualified housing sponsor *and such other neces-*
169 *sary expenses incurred in the discharge of their duties as officers or*
170 *directors of such qualified housing sponsor as determined by the*
171 *agency.*

1 4. Section 10 of the act of which this act is amendatory is amended
2 to read as follows:

3 10. (a) **【Any qualified housing sponsor is hereby authorized to**
4 **construct or rehabilitate housing projects and to apply for and**
5 **obtain loans hereunder.】** Admission to housing projects con-
6 structed or rehabilitated under this act shall be limited to families
7 of moderate income whose gross aggregate family income at the
8 time of admission does not exceed 6 times the annual rental or carry-
9 ing charges, including the value or cost to them of heat, light, water,

10 sewerage, parking facilities and cooking fuel, of the dwellings that
11 may be furnished to such families, or 7 times said charges if there
12 are 3 or more dependents. There may be included in the carrying
13 charges to any family for residence in any mutual housing project
14 constructed or rehabilitated with a loan from the agency an amount
15 equal to 6% of the original cash investment of the family in said
16 mutual housing project and, to the extent authorized by the agency
17 where not included in said carrying charges, the value or cost of
18 repainting the apartment and replacing any fixtures or appliances.
19 Notwithstanding the provisions of this section, no family or indi-
20 vidual shall be eligible for admission to any housing project con-
21 structed or rehabilitated with a loan from the agency whose gross
22 aggregate family income exceeds \$15,000.00, as said sum may be
23 adjusted from time to time by the agency, by rules or regulations
24 promulgated hereunder, so as to reflect changes in any wage or
25 salary indices for this State as determined and prepared by any
26 department, division, office or agency of this State.

27 (b) The agency shall by rules and regulations provide for the
28 periodic examination of the income of any person or family residing
29 in any housing project constructed or rehabilitated with a loan from
30 the agency. In the event that the gross aggregate family income of
31 a family residing in any such housing project increases and the
32 ratio to the current rental or carrying charges of the dwelling unit
33 becomes greater than the ratio prescribed for admission in subsec-
34 tion (a) of this section but is not more than 25% above the family
35 income so prescribed for admission to the project, the owner or
36 managing agent of such housing project shall permit the family to
37 continue to occupy the unit. The agency or (with the approval of
38 the agency) the qualified housing sponsor of any housing project
39 constructed or rehabilitated with a loan from the agency, may term-
40 inate the tenancy or interest of any family residing in such housing
41 project whose gross aggregate family income exceeds 25% of that
42 prescribed herein and which continues to exceed the same for a
43 period of 6 months or more; provided, that no tenancy or interest of
44 any such family in any such housing project shall be terminated
45 except upon reasonable notice and opportunity to obtain suitable
46 alternate housing, in accordance with rules and regulations of the
47 agency; provided further, that any such family, with the approval
48 of the agency, may be permitted to continue to occupy the unit,
49 subject to payment of a rent or carrying charge surcharge to the
50 qualified housing sponsor in accordance with a schedule of sur-
51 charges fixed by the agency. Said qualified housing sponsor shall
52 pay such surcharge to the municipality granting tax exemption, but

53 only up to an amount that together with payments made to the
54 municipality in lieu of taxes and for any land taxes equals 25% of
55 the total rents or carrying charges of the housing project for the
56 current and any prior years that the project has been in operation.
57 Any remainder of the surcharge, or the total surcharge if tax
58 exemption has not been granted, shall be paid into the housing
59 finance fund created by section 20 of this act for the use of the
60 agency.

61 (c) Any family residing in a mutual housing project required to
62 remove from the project because of excessive income as herein pro-
63 vided shall be discharged from liability on any note, bond or other
64 evidence of indebtedness relating thereto and shall be reimbursed,
65 in accordance with the rules of the agency, for all sums paid by such
66 family to the qualified housing sponsor on account of the purchase
67 of stock or debentures as a condition of occupancy or on account of
68 the acquisition of title for such purpose.

1 5. Section 15 of the act of which this act is amendatory is amended
2 to read as follows:

3 15. (a) The agency shall have the power and is hereby authorized
4 from time to time to issue its bonds, bond anticipation notes and
5 other obligations in such principal amounts as in the opinion of the
6 agency shall be necessary to provide sufficient funds for achieving
7 any of its corporate purposes, including the making of mortgage
8 loans, the payment, funding or refunding of the principal of, or in-
9 terest or redemption premiums on, any bonds, bond anticipation
10 notes and other obligations issued by it whether the bonds, bond
11 anticipation notes or other obligations or interest to be funded or
12 refunded have or have not become due, the establishment of reserves
13 to secure such bonds, bond anticipation notes and other obligations
14 and all other expenditures of the agency incident to and necessary
15 or convenient to carry out its corporate purposes and power.

16 (b) Except as may be otherwise expressly provided herein or by
17 the agency, every issue of bonds, bond anticipation notes or other
18 obligations shall be general obligations payable out of any moneys
19 or revenues of the agency, subject only to any agreements with the
20 holders of particular bonds, bond anticipation notes or other obliga-
21 tions pledging any particular moneys or revenues. The agency may
22 issue such types of bonds, bond anticipation notes or other obliga-
23 tions as it may determine, including, bonds, bond anticipation notes
24 or other obligations on which the principal and interest are payable
25 (1) exclusively from the income and revenues of the project financed
26 with the proceeds of such bonds, bond anticipation notes or other
27 obligations; (2) exclusively from the income and revenues of certain

28 designated projects whether or not they are financed in whole or in
29 part with the proceeds of such bonds, bond anticipation notes or
30 other obligations; or (3) from its revenues generally. Any such
31 bonds, bond anticipation notes or other obligations may be addi-
32 tionally secured by a pledge of any grant or contributions from any
33 department or agency of the United States [or any State] or person
34 or a pledge of any moneys, income or revenues of the agency from
35 any source whatsoever.

36 (c) Any provision of any law to the contrary notwithstanding,
37 any bonds, bond anticipation notes or other obligations issued pur-
38 suant to this act shall be fully negotiable within the meaning and
39 for all purposes of Title 12A of the New Jersey Statutes, and each
40 holder or owner of such a bond, bond anticipation note or other
41 obligation, or of any coupon appurtenant thereto, by accepting such
42 bond, bond anticipation note or other obligation or coupon shall be
43 conclusively deemed to have agreed that such bond, bond anticipa-
44 tion note, other obligation or coupon is and shall be fully negotiable
45 within the meaning and for all purposes of said Title 12A of the
46 New Jersey Statutes.

47 (d) Bonds, bond anticipation notes or other obligations of the
48 agency shall be authorized by resolution of the agency and may
49 be issued in one or more series and shall bear such date or dates,
50 mature at such time or times not exceeding 50 years from the
51 date thereof, bear interest at a rate or rates within such maximum
52 rate (not exceeding 6% per annum), be in such denomination or
53 denominations, be in such form, either coupon or registered, carry
54 such conversion or registration privileges, have such rank or pri-
55 ority, be executed in such manner, be payable from such sources
56 in such medium of payment at such place or places within or without
56A this State, and be subject to such terms of redemption (with or
57 without premium) as such resolution or resolutions may provide.

58 (e) Bonds, bond anticipation notes or other obligations of the
59 agency may be sold at public or private sale at such price or prices
60 as the agency shall determine, provided, however, that the interest
61 cost to their average maturity of the money received for any group
62 of bonds or other obligations sold in a single transaction (computed
63 according to standard tables of bond values) shall not exceed 6%
64 per annum.

1 6. Section 16 of the act of which this act is amendatory is
2 amended to read as follows:

3 16. Any resolution or resolutions authorizing the issuance of
4 bonds, bond anticipation notes or other obligations or any issue

5 thereof may contain provisions, except as expressly limited in this
6 act and except as otherwise limited by subsisting agreements with
7 the holders of bonds, bond anticipation notes or other obligations,
8 which shall be a part of the contract with the holders thereof, as
9 to the following:

10 (a) The pledging of all or any part of the fees and charges
11 made or received by the agency and all or any part of the moneys
12 received in payment of loans and interest thereon, and other moneys
13 received or to be received, to secure the payment of the principal
14 or interest on any bonds, bond anticipation notes or other obliga-
15 tions or of any issue thereof;

16 (b) The pledging of all or any part of the assets of the agency,
17 including but not limited to mortgages and other obligations secur-
18 ing the same, to secure the payment of bonds, bond anticipation
19 notes or other obligations or of any issue of bonds, bond anticipa-
20 tion notes or other obligations;

21 (c) The use and disposition of the gross income from, and the
22 payments of principal received by the agency on, mortgages held
23 by the agency;

24 (d) The establishment of reserves or sinking funds, the making
25 of charges and fees to provide for the same, and the regulation and
26 disposition thereof;

27 (e) Limitations on the purpose to which the proceeds of sale
28 of bonds, bond anticipation notes or other obligations may be
29 applied and pledging such proceeds to secure the payment of the
30 bonds, bond anticipation notes, or other obligations, or of any issue
31 thereof;

32 (f) Limitations on the issuance of additional bonds, bond antici-
32A pation notes or other obligations; the terms upon which additional
33 bonds, bond anticipation notes or other obligations may be issued
34 and secured; the refunding or purchase of outstanding bonds, bond
35 anticipation notes or other obligations of the agency;

36 (g) The procedure, if any, by which the terms of any contract
37 with the holders of any bonds, bond anticipation notes or other
38 obligation of the agency may be amended or abrogated, the amount
39 of bonds, bond anticipation notes or other obligations the holders
40 of which must consent thereto, and the manner in which such con-
41 sent may be given;

42 (h) The vesting in a trustee or trustees of such property, rights,
43 powers and duties in trust as the agency may determine, which
44 may include any or all of the rights, powers and duties of any
45 trustee appointed by the holders of any bonds, bond anticipation
46 notes or other obligations [pursuant to this act] and limiting or

47 abrogating the right of the holders of any bonds, bond anticipa-
 48 tion notes or other obligations of the agency to appoint a trustee
 49 under this act or limiting the rights, powers and duties of such
 50 trustee;

51 (i) Provision for a trust agreement by and between the agency
 52 and a corporate trustee which may be any trust company or bank
 53 having the powers of a trust company within the State, which
 54 agreement may provide for the pledging or assigning of any
 55 assets or income from assets to which or in which the agency has
 56 any rights or interest, and may further provide for such other
 57 rights and remedies exercisable by the trustee as may be proper
 58 for the protection of the holders of any bonds, bond anticipation
 59 notes or other obligations of the agency and not otherwise in
 60 violation of law, and the said agreement may provide for the
 61 restriction of the rights of any individual holder of bonds, bond
 62 anticipation notes or other obligations of the agency. All expenses
 63 incurred in carrying out the provisions of such trust agreement
 64 may be treated as a part of the cost of operation of the agency.
 65 The trust agreement may contain any further provisions which
 66 are reasonable to delineate further the respective rights, duties,
 67 safeguards, responsibilities and liabilities of the [corporation,]
 68 agency, individual and collective holders of bonds, bond antici-
 69 pation notes and other obligations of the agency, and the trustees;

70 (j) Covenants to do or refrain from doing such acts and things
 71 as may be necessary or convenient or desirable in order to better
 72 secure any bonds, bond anticipation notes, or other obligations of
 73 the agency, or which, in the discretion of the agency, will tend to
 74 make any bonds, bond anticipation notes or other obligations to
 75 be issued more marketable notwithstanding that such covenants,
 76 act or things may not be enumerated herein;

77 (k) Any other matters of like or different character, which in
 78 any way affect the security or protection of the bonds, bond antici-
 79 pation notes or other obligations.

1 7. Section 20 of the act of which this act is amendatory is
 2 amended to read as follows:

3 20. (a) The agency shall establish and maintain a *special fund*
 4 called the "Housing Finance Fund" which shall consist of (1) all
 5 moneys appropriated by the State for inclusion therein, (2) all
 6 proceeds of the sale of bonds, [bond anticipation notes or other ob-
 6A ligations] required to be deposited therein by the terms of the reso-
 6B lution authorizing the sale of said bonds, [bond anticipation notes
 6C or other obligations,] and (3) any other moneys available to the

60 agency which it determines to utilize for this purpose. All moneys
 7-9 held in the Housing Finance Fund, except as hereinafter provided,
 10 shall be used for the payment of the principal and interest of any
 11 bonds[, bond anticipation notes or other obligations] as such pay-
 12 ment shall become due and for the retirement of bonds[, bond
 13 anticipation notes and other obligations] upon maturity and when
 14 due. In addition, moneys from the fund may be used to retire
 15 bonds[, bond anticipation notes or other obligations] before ma-
 16 turity and to pay any redemption premium required to be paid,
 17 provided, however, that no moneys shall be utilized in any year
 18 to retire bonds[, bond anticipation notes or other obligations] as
 19 provided herein if the consequence thereof is to reduce the fund
 20 below an amount of moneys sufficient to meet the maximum pay-
 21 ments required in the succeeding calendar year for (1) payment
 22 of principal and interest falling due on all other outstanding
 23 bonds[, bond anticipation notes and other obligations] and (2) re-
 24 tiring all other bonds[, bond anticipation notes or other obliga-
 25 tions] required by their terms to be retired, such amount being
 26 hereafter referred to as the "required minimum capital reserve."

27 (b) Income or interest from the investment of moneys held in
 28 the fund shall be retained therein if needed to meet any deficiency
 29 in the required minimum capital reserve but to the extent of any
 30 excess over the aforesaid required minimum capital reserve,
 31 moneys may be transferred by the agency to [the general reserve
 32 account or] any other fund or account of the agency.

33 (c) Notwithstanding any other provision contained in this act,
 34 no bonds[, bond anticipation notes or other obligations] shall be
 35 issued by the agency unless there is in the fund the required mini-
 36 mum capital reserve for all bonds[, bond anticipation notes or
 37 other obligations] issued and to be issued, provided, however, that
 38 nothing shall preclude the agency from satisfying the foregoing
 39 requirement by depositing so much of the proceeds of the bonds[,
 40 bond anticipation notes or other obligations] to be issued, upon
 41 their issuance as is needed for the fund to achieve the required
 42 minimum capital reserve.

1 8. Section 22 of the act of which this act is amendatory is
 2 amended to read as follows:

3 (a) *The agency shall establish and maintain a fund called the*
 4 *"General Fund" which shall consist of (1) all fees and charges*
 5 *collected by the agency pursuant to subsection (o) of section 34*
 6 *of this act, or otherwise (2) any moneys which the agency shall*
 7 *transfer from the Housing Finance Fund pursuant to subsection*

8 (b) of section 20 of this act, and (3) any other moneys of the
 9 agency not required to be deposited in any other fund of that
 10 agency. To the extent available, after paying all the operating
 11 costs of the agency, the moneys remaining in the general fund
 12 may be used for the payment of the principal of and interest on
 13 the bonds issued by the agency or for such other corporate pur-
 14 poses of the agency as this act authorizes.

15 (b) The agency may establish such additional and further
 16 [reserve] funds as may be, in its discretion, necessary and de-
 17 sirable to accomplish any agency purpose or to comply with the
 18 provisions of any agreement made by the agency or any resolution
 19 approved by the agency. The resolution establishing such a
 20 [reserve] fund shall specify the source of moneys from which
 21 [the reserve] it shall be funded and the purposes for which moneys
 22 held in the [reserve] fund shall be disbursed.

1 9. Section 23 of the act of which this act is amendatory is
 2 amended to read as follows:

3 23. The State of New Jersey does hereby pledge to and covenant
 4 and agree with the holders of any bonds, bond anticipation notes
 5 or other obligations issued pursuant to the authority of this act
 6 that the State *will* not limit or alter the rights or powers hereby
 7 vested in the agency to [finance or otherwise assist in the con-
 8 struction, rehabilitation, operation and maintenance of housing
 9 projects or to] perform and fulfill the terms of any agreement
 10 made with the holders of such bonds, bond anticipation notes
 11 or other obligations, or [to fix, establish, charge and collect such
 12 revenues, fees or other charges as may be convenient or necessary
 13 to produce sufficient revenues to meet all expenses of the agency
 14 and fulfill the terms of any agreement made with the holders of
 15 such bonds, bond anticipation notes or other obligations, and that
 16 the State will not] in any way impair the rights or remedies
 17 of such holders [or modify in any way the exemptions from taxa-
 18 tion provided for in this act,] until such bond, bond anticipation
 19 notes and other obligations, together with interest thereon, with
 20 interest on any unpaid installments of interest, and all costs and
 21 expenses in connection with any action or proceedings by or in
 22 behalf of such holders, are fully met and discharged or provided
 23 for. The agency may include this pledge and agreement of the
 24 State in any agreement with the holders of bonds, bond anticipa-
 25 tion notes and other obligations issued by the agency.

1 10. Section 29 of the act of which this act is amendatory is
 2 amended to read as follows:

3 29. The State Treasurer is hereby authorized to receive from
4 any department or agency of the United States for the purposes
5 of this act amounts of money, if any, as and when appropriated,
6 allocated, granted, turned over or in anywise provided by it.
7 Said amounts of moneys shall be credited [to the Housing Fi-
8 nance Fund] and made available to the agency.

1 11. Section 34 of the act of which this act is amendatory is
2 amended to read as follows:

3 34. In order to carry out the purposes and provisions of this
4 act, the agency, in addition to any powers granted to it elsewhere
5 in this act, shall have the following powers:

6 (a) To adopt by-laws for the regulation of its affairs and
7 the conduct of its business; to adopt an official seal and alter
8 the same at pleasure; to maintain an office at such place or places
9 within this State as it may designate; to sue and be sued in its
10 own name;

11 (b) To conduct examinations and hearings and to hear testimony
12 and take proof, under oath or affirmation, at public or private
13 hearings, on any matter material for its information and necessary
14 to carry out the provisions of this act;

15 (c) To issue subpoenas requiring the attendance of witnesses
16 and the production of books and papers pertinent to any hearing
17 before such agency, or before one or more of the members of the
18 agency appointed by it to conduct such hearing;

19 (d) To apply to any court, having territorial jurisdiction of
20 the offense, to have punished for contempt any witness who re-
21 fuses to obey a subpoena, or who refuses to be sworn or affirmed
22 to testify, or who is guilty of any contempt after summons to
23 appear;

24 (e) To acquire by purchase, gift, foreclosure or condemnation
25 any real or personal property, or any interest therein, to enter
26 into any lease of property and to hold, sell, assign, lease, encumber,
27 mortgage or otherwise dispose of any real or personal property,
28 or any interest therein, or mortgage lien interest owned by it
29 or under its control, custody or in its possession and release or
30 relinquish any right, title, claim, lien, interest, easement or demand
31 however acquired, including any equity or right of redemption,
32 in property foreclosed by it and to do any of the foregoing by
33 public or private sale, with or without public bidding, notwith-
34 standing the provisions of any other law;

35 (f) To adopt such rules and regulations as shall be expressly
36 authorized by this act and such additional rules and regulations

37 as shall be necessary or desirable to carry out the purposes of
38 this act; it shall publish the same and file them with the Secretary
39 of State;

40 (g) To borrow money or secure credit on a temporary, short-
41 term, interim or on a long-term basis, and to issue negotiable
42 bonds, bond anticipation notes or other obligations and to provide
43 for the rights of the holders thereof;

44 (h) To make and enter into all contracts and agreements neces-
45 sary or incidental to the performance of its duties and the execution
46 of its powers under this act, including contracts or agreements
47 with qualified financial institutions for the servicing and processing
48 of mortgage loans pursuant to this act;

49 (i) To appoint an executive director and such additional officers,
50 who need not be members of the agency as the agency deems
51 advisable, and to employ consulting architects, engineers, attor-
52 neys, accountants, construction and financial experts and such
53 other employees and agents as may be necessary in its judgment;
54 to fix their compensation; and to promote and discharge such
55 officers, employees and agents, all without regard to the provisions
56 of Title 11 of the Revised Statutes, Civil Service;

57 (j) To receive and accept aid or contributions from any source,
58 of money, property, labor or other things of value, to be held, used
59 and applied to carry out the purposes of this act subject to such
60 conditions upon which such grants and contributions may be made,
61 including, but not limited to, gifts or grants from any department
62 or agency of the United States or this State for payment of rent
63 supplements to eligible families or for the payment in whole or
64 in part of the interest expense for a housing project or for any
65 other purpose consistent with this act.

66 (k) To enter into agreements to pay annual sums in lieu of taxes
67 to any political subdivision of the State with respect to any real
68 property owned or operated directly by the agency;

69 (l) To procure insurance against any loss in connection with
70 its property and other assets (including mortgages and mortgage
71 loans) in such amounts and from such insurers as it deems de-
72 sirable;

73 (m) To the extent permitted under its contract with the holders
74 of bonds, bond anticipation notes and other obligations of the
75 agency, to consent to any modification with respect to rate of inter-
76 est, time and payment of any installment of principal or interest,
77 security or any other term of any mortgage, mortgage loan, mort-
78 gage loan commitment, contract or agreement of any kind to which
79 the agency is a party;

80 (n) To the extent permitted under its contract with the holders
81 of bonds, bond anticipation notes and other obligations, to enter
82 into contracts with any qualified housing sponsor containing provi-
83 sions enabling the said qualified housing sponsor to reduce the
84 rental or carrying charges to persons unable to pay the regular
85 schedule of charges where by reason of other income or payment
86 from the agency, any department or agency of the United States
87 or this State, such reductions can be made without jeopardizing
88 the economic stability of the housing project;

89 (o) To make and collect such fees and charges, including but
90 not limited to payment for all costs of financing by the agency,
91 service charges, mortgage insurance premiums, reserves against
92 losses and reimbursement for advances made to the agency, as it
93 shall determine is reasonable to enable the agency, to the extent
94 feasible, to be self-sustaining;

95 (p) To invest and reinvest any [funds held in reserve or sinking
96 funds, or any] moneys of the agency not required for immediate
97 use or disbursement, at [the] its discretion [of the agency,] in
98 certificates of deposit, secured by obligations of this State or the
99 United States [or] and to invest and reinvest any moneys held
100 in the Housing Finance Fund, reserve funds or sinking funds in
101 obligations of this State or the United States or in obligations
102 the principal of and interest [of] on which are guaranteed by this
103 State or the United States;

104 (q) To provide, contract or arrange for, where by reason of the
105 financing arrangement review of the application and proposed
106 construction of a project is required by or in behalf of any depart-
107 ment or agency of the United States, consolidated processing of
108 any such application or supervision to avoid duplication thereof
109 by either undertaking the processing in whole or in part for any
110 such department or agency or, in the alternative, delegating the
111 processing in whole or in part to any such department or agency;

112 (r) To make mortgage loans and to participate with any depart-
113 ment or agency of the United States, this State, a municipality,
114 or any banking institution, foundation, labor union, insurance
115 company, trustee or fiduciary in a loan to a qualified housing spon-
116 sor secured by a single participating mortgage or by separate
117 mortgages, the interest of each having equal priority as to lien
118 in proportion to the amount of the loan so secured, but need not
119 be equal as to interest rate, time or rate of amortization or other-
120 wise and to undertake commitments to make such loans;

121 (s) To sell, at public or private sale, with or without bidding,

122 any mortgage or other obligation securing a mortgage loan made
123 by the agency;

124 (t) To make commitments to purchase, and to purchase, service
125 and sell, mortgages insured by any department or agency of the
126 United States, and to make loans directly upon the security of
126A any such mortgage;

127 (u) To provide qualified housing sponsors with such advisory
128 consultation, training and educational services as will assist them
129 to plan, construct, rehabilitate and operate housing projects for
130 moderate income families, including but not limited to assistance
131 in community development and organization, home management
132 and advisory services for the residents of the housing projects,
133 and to encourage community organizations to assist in developing
134 such projects;

135 (v) To encourage research in, and demonstration projects to
136 develop new and better techniques and methods for increasing the
137 supply of housing for moderate income families and to engage in
138 such research and demonstration projects and to receive and ac-
139 cept contributions, grants or aid, from any source, public or pri-
140 vate, including but not limited to the United States and this State,
141 for carrying out this purpose; and

142 (w) To do all acts and things necessary or convenient to carry
143 out the powers expressly granted in this act.

1 12. This act shall take effect immediately.

STATEMENT

This bill reflects the suggestions of distinguished bond counsel to the New Jersey Housing Finance Agency for various amendments to the New Jersey Housing Finance Agency Law of 1967 (P. L. 1967, c. 81). These amendments, if enacted in law, would correct various technical errors, restructure and specify the reserve funds to be maintained by the Agency, and clarify the rights of the holders of bonds, bond anticipation notes and other obligations issued by the Agency. It is imperative that these amendments be approved if the New Jersey Housing Finance Agency is to have a good position in the highly competitive and fluctuating bond market.

1 35. No person shall be discriminated against, because of race, religious
2 principles, color, national origin or ancestry, by the authority or any quali-
3 fied housing corporation or any agent or employee in connection with any
4 housing project or mortgage loans. Any person who shall be found guilty
5 of violating the provisions of this section shall be a disorderly person and
6 subject to a fine of not less than \$500.00 or more than \$2,500.00.

1 36. The powers enumerated in this act shall be interpreted broadly to
2 effectuate the purposes thereof and shall not be construed as a limitation
3 of powers.

1 37. If any clause, sentence, subdivision, paragraph, section or part of
2 this act be adjudged by any court of competent jurisdiction to be invalid,
3 such judgment shall not affect, impair or invalidate the remainder thereof,
4 but shall be confined in its operation to the clause, sentence, subdivision,
5 paragraph, section or part thereof directly involved in the controversy in
6 which said judgment shall have been rendered.

1 38. This act shall take effect immediately.

STATEMENT

New Jersey faces a serious shortage of adequate, safe and sanitary hous-
ing for families of moderate income.

Moderate income families cannot afford rents that will encourage the build-
ing industry to build for them. At the same time, financial organizations are
not able to lend money at interest rates which would allow the building indus-
try to construct housing that would rent at levels needed to fill this void.

The bill presented here provides the means by which the building industry
can obtain the financing it requires to meet the needs of moderate income fam-
ilies in the housing market. This bill provides for the establishment of a New
Jersey Housing Finance Authority consisting of 5 members, 2 ex officio as offi-
cers of the State, and 3 appointed by the Governor. The authority would raise
its funds through the issuance of its own bonds up to a limit of \$50 million.

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Such bonds would be backed solely by the authority's revenues and would in no event become a debt of the State or a pledge of the State's credit.

The authority would be empowered to enter into loan agreements with qualified housing corporations for the purpose of financing the erection of housing projects. All such projects would have to be constructed in blighted areas. The interest rate of such loans would be at a level consistent with the tax free status of the authority's bonds. No loan would exceed in time the usefulness of the project to be constructed.

This bill would add the third fundamental support—a favorable interest rate—for the redevelopment of adequate housing in blighted areas in New Jersey. The 2 already available are, first, reasonably priced land provided by the Urban Renewal program, and, second, reasonable taxation offered by the Fox-Lance-Crane Law and the Limited-Dividend Housing Corporation Law.

- 967 A 804

MESSAGE OF GOVERNOR RICHARD J. HUGHES
ACCOMPANYING HIS LEGISLATIVE PROGRAM
FOR THE DEPARTMENT OF COMMUNITY AFFAIRS

Last week, New Jersey's Department of Community Affairs became a reality. Today, I am happy to transmit to the members of the Legislature a legislative program which will give that Department the basic tools in its massive job of assisting the communities in this most urban state of the nation. Let me make no illusions that there are easy and dramatic solutions to the pressing problems of our communities today, but I know that the members of the Legislature agree with me that New Jersey must take a role of leadership among the states in helping to solve community problems.

The partnership between federal, state and local governments which is implied by the phrase "creative federalism" is becoming more a reality every day. In the past years, New Jersey has begun to meet its obligations through increased state aid to municipalities and by acting as a partner with the Federal Government, counties and municipalities. We have served as a model state in the implementation of the Economic Opportunity Act and we are today fulfilling that leadership role with respect to the model cities program. All of us want the new Department to set an example for our sister states of how a willing state government can assist its communities and its citizens to solve their problems.

The six pieces of legislation which I offer you today are the beginning of this creative state response. They will not in and of themselves provide dramatic and quick solutions, but they will indicate that building on the experience of others, New Jersey has turned the corner and has started in the direction of lending an important hand to communities large and small. This legislation will enable the state to play a major role in the encouragement

of private initiative in the restoration of our cities, will help to meet the pressing housing needs of our communities, will support the training of municipal personnel and the ability of local governments to staff and organize themselves to serve the public in a more efficient way, and will modernize the state's archaic Tenement House Law to provide for better standards of health and safety in multi-family dwellings.

I. Middle Income Housing Program.

It is estimated that there is today a shortage of more than 100,000 units of middle-income housing units in New Jersey. The need for a state program to encourage and support the construction and rehabilitation of such housing is apparent. We propose that through the issuance of revenue bonds, the state assist the private market to meet this demand. These bonds will not pledge the credit of the state but would be backed by the value of the property involved. The program would include not only new construction but would be available for what is probably the greatest unmet need: the rehabilitation of existing housing stock. In fact, rehabilitation would be our priority. This legislation has been drawn with the advice and assistance of some of the leading housing experts in our own state and in the nation. It is based on the available experience of other states who have pioneered in this field. This program is designed to encourage the participation and expand the markets of the private sector and at a time when a stimulus to the construction of housing is badly needed.

II. Revolving and Demonstration Grant Fund

I am also transmitting legislation which will permit the Department of Community Affairs to engage in new innovative housing demonstration programs designed to attract private business participation and to assist non-profit associations to organize and finance corporations which seek to build or rehabilitate housing for low and moderate income families.

It is apparent today at all levels of government that there must be a deep involvement of private enterprise in solving our urban problems. This is the message of recent Congressional hearings and is a bi-partisan message. This is the spirit which has prevailed in the few cities in our nation which have sparked dynamic rebirth and it is the kind of approach we must employ in New Jersey. Private enterprise has a major stake in the well-being of our communities.

The legislation permits the Commissioner to make advances from a revolving and demonstration grant fund to assist limited profit, non-profit and mutual housing associations to organize and finance corporations which seek to build or rehabilitate housing for low and moderate income families.

The State will play a role by assisting these associations through loans for property acquisition, legal and organizational expenses, feasibility studies and planning, advances and for tenant surveys and market analyses.

It is my belief, and that of Commissioner Ylvisaker, that such a revolving fund will attract participation by private business, foundations and other sources. This fund of money for repayable interest-free loans will, I believe, stimulate the construction of needed low and moderate income housing facilities.

The amendment also permits state support of demonstration programs, conducted by the Department of Community Affairs, designed to try out new ideas and techniques to provide better, faster and more economical methods of constructing low and moderate income housing and to remove blighted slums in our urban and non-farm rural areas.

These demonstrations will provide a wealth of new ideas and approaches which will benefit many New Jersey communities as well as private builders.

New Jersey is presently in the forefront of the States in assisting municipalities to participate in the Federal Model Cities Program. We expect that several New Jersey cities will be designated as Model Cities and thus become eligible for large amounts of Federal money

with which to carry out a locally-designed plan for social and physical renewal and rehabilitation.

Not all the cities which submit applications under this program will be designated as Model Cities. I feel that cities that undertake to analyze themselves and develop programs to solve their problems deserve assistance from the State, even though they are not selected as Model Cities. I feel that the State can assist these cities in improving and expanding their Model Cities programs so that they will be in the running for a possible second round of designations, and more important, so that they will be equipped on a continuing basis to handle the community problems of 20th Century America and the emerging pattern of federal and state financial assistance.

These funds will also permit a second generation of New Jersey communities to undertake model cities planning, even though they presently lack the staff or financial resources to undertake it on their own.

I believe that this kind of approach by the State is essential to true creative Federalism.

The Government Employees Exchange Act

A serious problem facing governments, particularly at the local and state levels, is the lack of sufficient expertise by employees.

The Government Employees Exchange Act which I am proposing is an initial step toward countering this deficiency. The legislation permits the State and its political subdivisions to participate in personnel exchange programs, not only at the local, county and State level but with other states and the Federal government as well.

By permitting personnel to work with various governmental agencies at different levels, they will gain new insights into inter-governmental cooperation and the need for such cooperation in solving problems.

In addition, by spending time at different agencies, these officials will bring back to their own level of government a greater knowledge of the workings and procedures of other Federal, State and local agencies.

The legislation we propose gives the employee free choice whether to participate or not. Those who do may be assigned for periods not exceeding 12 months during any three-year period. During this period, he would be paid his normal salary by the sending agency. He also would be entitled to all other rights and benefits he normally would receive at his permanent agency. During the period of assignment, the sending agency may pay a per diem allowance to the employee on assignment.

In terms of cost, the program would add no significant cost to the participating agencies since a sending agency would also be a receiving agency for personnel who are being paid by other sending agencies.

In short, we believe that the Government Employees Exchange Act is a very inexpensive way of improving the quality of personnel at all levels of government.

URBAN RENEWAL

The Federal urban renewal programs of recent years have begun to change the faces of our cities, large and small, and to abolish urban blight. These programs, however, have often raised many problems for the local communities.

Most urban renewal programs require the local municipality to raise one third of the total cost of the program. It is too often the case that the communities which need these programs the most do not have the financial resources to raise their one-third local share. I believe the State can play an important and useful role by encouraging municipalities to initiate and expand urban renewal programs.

I therefore propose that the Legislature adopt the State Aid for Urban Renewal and Redevelopment Projects Law of 1967, which would provide direct capital grants of up to 50% of the local share of such programs. This local share is either one third or one fourth of the total project cost of an urban renewal project.

Basically, this legislation permits the Commissioner of the Department of Community Affairs to establish an urban renewal assistance fund through which capital grants of up to 50% of the local share can be offered by the State. Such grants would be made to communities with a project already approved by the Federal government. In certain instances, the Commissioner of Community Affairs would be empowered to make grants of up to 100% of the local share for such projects as schools, parks, open space and neighborhood centers. In addition, grants of 50% and loans of 50% could be made for nonprofit moderate income housing.

In making the grants, the Commissioner would take into account the degree of financial need of the municipality, its tax rate and revenue resources, the extent of blight and the community's commitment to curtailing such blight

as well as the degree to which a program will have a beneficial effect on the overall economy and needs of the area.

Two other important features of the legislation empower the Commissioner of Community Affairs to make temporary advances to municipalities to assist them in preparing urban renewal plans and to permit them to acquire land in an urban renewal area in advance of the signing of a capital grant contract with the Federal government.

These are attempts to reduce the number of stumbling blocks in the initiation and execution of successful urban renewal programs. For example, this approach would make possible immediate visible results in an urban renewal area. Land needed for public improvement could be acquired with a minimum of delay. Property owners could be compensated almost immediately and have funds to buy a home elsewhere. The advances would be paid back to the State out of the State's capital grant allocation to the city.

There will be no appropriation requested for the coming year.

RELOCATION

A troubling by-product of most public improvements in an urban area -- chiefly road construction, urban renewal, school or park construction -- is the problem of relocating the residents of the area.

The legislation I am proposing today will supplement present laws governing the displacement and relocation of families and individuals by tightening up existing regulations.

The legislation requires that an alternate standard dwelling unit be available for any person or family to be displaced by government action.

In addition, the legislation empowers the Commissioner of Community Affairs to establish rules and regulations concerning the manner in which the relocation should take place. This will assure equitable and uniform treatment throughout the state to those persons who must be relocated.

Finally, the legislation requires the Commissioner of Community Affairs to approve the workable relocation plan of the governmental agency before that agency can displace any individual or family.

Legislation such as this is desperately needed if we are to avoid the hardships resulting from poorly conceived or inadequate relocation plans.

TENEMENT HOUSE LAW REVISION

Also proposed here today in this legislative package is a Hotel and Multiple Dwelling Health and Safety Act of 1967.

The legislation is aimed at updating and strengthening laws regulating hotels and multiple dwelling units to insure that all meet modern standards of health and safety.

In considering this legislation it was felt that an entirely new approach to the problems of hotel inspection and safety as well as multiple family dwellings was needed, similar to the changes recently proposed in water and air pollution controls.

This legislation combines the Hotel Fire Protection Law with the Tenement House Act, neither of which has been significantly renovated since 1904.

Under these outdated laws any proposed changes had to be accomplished through statutory revision, a long and costly process. Under the new legis-

lation, changes by statute will be eliminated and the Commissioner of the Department of Community Affairs would be vested with broad regulatory powers.

Rulings made pursuant to these powers would, of course, be subject to legal safeguards such as public hearings and judicial review.

The legislation also contemplates an improved enforcement program for hotel and multiple dwelling inspections as well as increases in fines for violators of the act.

In addition to this package of legislative proposals designed to meet some of the problems facing this State, I hope to forward to the Legislature within five or six weeks a package of recommendations for development of the most precious land asset this State holds, the Hackensack Meadowlands.

I believe that these programs, like the Department of Community Affairs itself, provide a good first step toward enlightened State assistance in solving the manifold problems of this most urban State.

Our slums will not be rebuilt overnight. All our people will not have adequate housing in a matter of months. Our communities will not solve the problems of taxation and demands for services in a year. But the creative assistance of the State through the kinds of programs I have outlined to you today will set us on the road toward new solutions and a better life for all the citizens of New Jersey, and will create the mood of a people who are on their way.



From: Governor Richard J. Hughes

To: Members of the Legislature
of the State of New Jersey
(Institution or Department)

Date: March 6, 1967

A.B. 804

Re: Package of proposed Department of Community Affairs Legislation

I am happy to inform you today the attached package of proposed legislation which I hope will be subject to close study during the coming week. Subject to necessary technical changes, and changes that may be necessary as a result of your comments, I propose to have these bills introduced in the Legislature on Monday, March 13, 1967.

The package consists of six major pieces of substantive legislation and two proposed bills which would make necessary technical changes in existing law so that the existing law will be in detail with the six major proposals. These six major proposals are:

- (1) The Government Employee Exchange Act of 1967; C. 17 (A. 765)
- (2) The New Jersey Multiple Dwelling Health and Safety Act of 1967; C. 76 (A. 757)
- (3) The Statewide Election Renewal Reports Law of 1967; C. 80 (A. 768)
- (4) The Public Housing Assistance Law of 1967; C. 83 (A. 769)
- (5) The Department of Community Affairs General Grant Law of 1967; C. 82 (A. 804)
- (6) The New Jersey Housing Finance Agency Act of 1967; C. 81 (A. 770)

These proposals are not, as I am sure you will realize, exhaustive panaceas for the problems of the people of this State or the problems of State and local government. Nevertheless, these proposals, if enacted, will constitute a gigantic step forward towards the solution of those problems. I hope that your inspection of these proposals during the coming week will enable you to completely support the components of this package of proposed legislation.

R.J.H.

March 6, 1967

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ACCOMPANYING HIS LEGISLATIVE PROGRAM
FOR THE DEPARTMENT OF COMMUNITY AFFAIRS

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The partnership between federal, state and local governments which is implied by the phrase "creative federalism" is becoming more a reality every day. In recent years, New Jersey has begun to meet its obligations through increased state aid to municipalities and by acting as a partner with the Federal Government, counties and municipalities. We have served as a model state in the implementation of the Economic Opportunity Act and we are today fulfilling that leadership role with respect to the model cities program. All of us want the new Department to set an example for our sister states of how a willing state government can assist its communities and its citizens to solve their problems.

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of private initiative in the restoration of our cities, will help to meet the pressing housing needs of our communities, will support the training of municipal personnel and the ability of local governments to staff and organize themselves to serve the public in a more efficient way, and will modernize the state's archaic Tenement House Law to provide for better standards of health and safety in multi-family dwellings.

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Dept of Community Affairs Demonstration Grant Law of 1967 C 82 (A 80)

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It is my belief, and that of Commissioner Ylvisaker, that such a revolving fund will attract participation by private business, foundations and other sources. This fund of money for repayable interest-free loans will, I believe, stimulate the construction of needed low and moderate income housing facilities.

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