

55:14J-10

LEGISLATIVE HISTORY CHECKLIST

(State Housing Finance Agency--
formulate income limits on
certain projects)

HJSA 55:14J-10

LAWS OF 1979

CHAPTER 74

Bill No. A1802

Sponsor(s) Berman and Croce

Date Introduced Nov. 13, 1978

Committee: Assembly Banking and Insurance

Senate -----

Amended during passage xxx No

Date of Passage: Assembly Feb. 22, 1979

Senate Feb. 26, 1979

Date of approval April 10, 1979

Following statements are attached if available:

Sponsor statement Yes xx

Committee Statement: Assembly Yes xx

Senate Yesx No

Fiscal Note Yesx No

Veto message Yesx No

Message on signing Yesx No

Following were printed:

Reports Yesx No

Hearings Yesx No

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ASSEMBLY, No. 1802

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 13, 1978

By Assemblywomen BERMAN and CROCE

Referred to Committee on Banking and Insurance

AN ACT to amend the "New Jersey Housing Finance Agency Law of 1967," 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 10 of P. L. 1967, c. 81 (C. 55:14J-10) is amended to
2 read as follows:

3 10. (a) Admission to housing projects constructed or rehabili-
4 tated under this act shall be limited to families of moderate income
5 whose gross aggregate family income at the time of admission does
6 not exceed six times the annual rental or carrying charges, includ-
7 ing the value or cost to them of heat, light, water, sewerage, park-
8 ing facilities and cooking fuel, of the dwellings that may be
9 furnished to such families, or seven times said charges if there are
10 three or more dependents. There may be included in the carrying
11 charges to any family for residence in any mutual housing project
12 constructed or rehabilitated with a loan from the agency an amount
13 equal to 6% of the original cash investment of the family in said
14 mutual housing project and, to the extent authorized by the agency
15 where not included in said carrying charges, the value or cost of
16 repainting the apartment and replacing any fixtures or appliances.
17 Notwithstanding the provisions of this section, no family or indi-
18 vidual shall be eligible for admission to any housing project con-
19 structed or rehabilitated with a loan from the agency whose gross
20 aggregate family income exceeds \$15,000.00, as said sum may be
21 adjusted from time to time by the agency, by rules or regulations
22 promulgated hereunder, so as to reflect changes in any wage or
23 salary indices for this State as determined and prepared by any
24 department, division, office or agency of this State; *provided, how-*
25 *ever, that with respect to any project financed by an agency*
26 *mortgage insured or guaranteed by the United States of America*
27 *or any agency or instrumentality thereof, the agency may adopt the*

28 *admission standards for such projects then currently utilized or re-*
29 *quired by the guarantor or insurer.*

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

60 For projects financed prior to January 1, 1973, any remainder
61 of the surcharge, or the total surcharge if tax exemption has not
62 been granted, shall be paid into the housing finance fund securing
63 the bonds issued to finance the project for the use of the agency;
64 for projects financed on or after January 1, 1973, any remainder
65 of the surcharge, or the total surcharge if tax exemption has not
66 been granted, shall be paid to the agency.

67 (c) Any family residing in a mutual housing project required to
68 remove from the project because of excessive income as herein pro-
69 vided shall be discharged from liability on any note, bond or other

70 evidence of indebtedness relating thereto and shall be reimbursed,
71 in accordance with the rules of the agency, for all sums paid by such
72 family to the qualified housing sponsor on account of the purchase
73 of stock or debentures as a condition of occupancy or on account of
74 the acquisition of title for such purpose.

1 2. This act shall take effect immediately.

STATEMENT

This bill would permit the State Housing Finance Agency (HFA) to take advantage of Federal insurance on certain projects by permitting the HFA to formulate income limits for such projects in accordance with Federal Department of Housing and Urban Development (HUD) requirements for such non-subsidized HFA insured developments.

Under current law the HFA must utilize the HUD income limits on HUD subsidized projects. There are currently 104 HUD subsidized projects. The HFA intends to finance HUD insured projects (as opposed to HUD subsidized projects) which are targeted for middle income occupancy. With regard to HUD insured projects the Federal Government requires that the State place no income limits on tenants. Under present State law the HFA would have to enforce their HFA income limits which would severely limit the market for the projects, and in the opinion of the HFA would make such projects unworkable. This bill would enable the HFA to finance HUD insured housing projects.

A1802 (1979)

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1802

STATE OF NEW JERSEY

DATED: JANUARY 25, 1979

This bill amends section 10 of P. L. 1967, c. 81, which establishes income standards for occupancy in buildings financed by the New Jersey Housing Finance Agency. It would provide that the statutory standards now established not apply to any project finances by an agency mortgage which is insured or guaranteed by the Federal government; in such cases, the admissions standards for such projects would be those utilized or required by the guarantor or insurer.

At present, the function of the HFA is to provide mortgage money for subsidized housing for low and moderate income tenants. Admission to the projects financed by the act is limited to those whose gross aggregate family income at the time does not exceed six times the annual rental or carrying charges (seven times the charges if there are three or more dependents) or \$32,100.00, a figure established by regulation by the agency.

This subsidy can take the form of a reduction of the mortgage rate to 1%, which has the effect of reducing rent, or a direct rent subsidy for any rent which exceeds 25% of a family's income. Of the agency's projects, nearly all are subsidized with Federal subsidies.

There is a market, however, for agency financing of slightly higher moderate-income families (income up to \$40,000.00). Some proposals placed before the agency do not ask for subsidization because of the area which they are in. The agency believes that there is a need for this kind of housing, partly because the housing stock is short for this income group, and there is a low vacancy rate. At present, the income requirements established by section 10 of the act would preclude agency participation in these projects.

This legislation would permit agency financing of this kind of housing under a Federal Housing and Urban Development Department--insured program. These loans for higher-moderate-income housing would be insured by HUD, and HUD income-eligibility restrictions would apply. Thus, in the event of a default on a project, the HFA would recoup its investment through the insurance provided under the program.

The Housing Finance Agency intends to concentrate its activities primarily on the market which it has always served, i.e., low-to-moderate income housing; it is estimated that no more than 10% of its projects would involve the HUD-insured program. The Banking and Insurance Committee feels, however, that it is worthwhile to give the agency more flexibility in terms of its financing activities.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE
APRIL 10, 1979

FOR FURTHER INFORMATION
PAT SWEENEY

Governor Brendan Byrne today signed the following bills into law in a public ceremony in his outer office:

A-574, sponsored by Assemblyman Thomas J. Deverin (D-Middlesex), which amends the law permitting emergency warning lights for motor vehicles operated by members of volunteer fire companies and first aid or rescue squads. The bill permits the volunteer member to display such lights on a vehicle registered to any member of his household.

A-1802, sponsored by Assemblyman Barbara P. Berman (D-Camden), permits the State Housing Finance Agency to formulate income limits on certain projects.

Under the former statute the Housing Finance Agency was required to utilize the federal Department of Housing and Urban Development income limits on HUD subsidized projects. The HFA wants to finance HUD insured projects, which are targeted for middle income occupancy.

The bill permits the HFA to take advantage of federal insurance on certain projects by permitting the HFA to formulate income limits for such projects in accordance with federal HUD procedures for such non-subsidized HFA insured developments.

A-1905, sponsored by Assemblyman James W. Bornheimer (D-Middlesex), which amends the law governing the terms of insurance agents' contracts. The bill requires an insurer to pay an agent whose contract has been terminated the full commission on the renewal of certain automobile insurance policies for a period of three years provided the former agent has been designated as the broker of record by the insured.

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