

55:14J-1 et al

LEGISLATIVE HISTORY CHECKLIST

NJSA: 55:14J-1 et al

(Housing Finance Agency-initiate program to convert vacant non-residential property into multiple housing)

LAWS OF: 1983

CHAPTER: 477

Bill No: A1308

Sponsor(s): Schwartz and others

Date Introduced: May 13, 1982

Committee: Assembly: Housing and Urban Policy

Senate: County and Municipal Government

Amended during passage: Yes Amendments denoted by asterisks according to Governor's recommendations

Date of Passage: Assembly: March 3, 1983 Re-enacted 12-12-83

Senate: July 11, 1983 Re-enacted 1-9-84

Date of Approval: January 12, 1984

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: No

Veto Message: Yes

Message on signing: No

Following were printed:

Reports: No

Hearings: No

974.901 New Jersey. Housing and Mortgage Finance Agency. Annual report. Trenton, 1988 (pp 16+)

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ASSEMBLY, No. 1308

STATE OF NEW JERSEY

INTRODUCED MAY 13, 1982

By Assemblymen SCHWARTZ, WATSON, CHARLES, Assemblywoman BROWN and Assemblyman MEYER

AN ACT to amend the title of P. L. 1967, c. 81 (C. 55:14J-1 et seq.), as said title was amended by P. L. 1978, c. 122, so that the same shall read "An act to facilitate the construction, rehabilitation and conversion 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, rehabilitation and conversion, providing for exemption of certain housing projects from real property taxation, 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 their 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", and to amend and supplement the body of said act.

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

1 1. The title of P. L. 1967, c. 81 (C. 55:14J-1 et seq.), as said title
2 was amended by P. L. 1978, c. 122, is amended to read as follows:

3 An act to facilitate the construction **[and]**, rehabilitation *and*
4 *conversion* of housing projects in certain areas for families of
5 moderate income by providing for mortgage loans to qualified
6 housing sponsors to be used for such construction **[and]**, rehabili-
7 tation *and conversion*, providing for exemption of certain housing

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

Matter printed in italics thus is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

***—Assembly committee amendments adopted January 31, 1983.**

****—Senate committee amendments adopted June 16, 1983.**

*****—Assembly amendments adopted in accordance with Governor's recommendations December 8, 1983.**

8 projects from real property taxation, creating within the Depart-
9 ment of Community Affairs a New Jersey Housing Finance Agency
10 and prescribing the powers and duties thereof, authorizing the
11 New Jersey Housing Finance Agency to issue bonds and other
12 obligations and the means to pay such bonds and other obligations
13 and the interest thereon, prescribing penalties for certain violations
14 and making an appropriation.

1 2. Section 2 of P. L. 1967, c. 81 (C. 55:14J-2) is amended to read
2 as follows:

3 2. It is hereby declared that there exists in this State a need for
4 adequate, safe and sanitary dwelling units for many families of
5 moderate income in this State; that a large and significant propor-
6 tion of the families compelled to relocate by reason of urban re-
7 newal, highway construction and other public work programs will
8 be subject to extreme hardship in finding adequate, safe and sani-
9 tary housing unless new facilities are constructed and existing
10 housing, where appropriate, is rehabilitated, and such new or
11 rehabilitated housing facilities are made available at a rental level
12 within their means; and that, unless the supply of housing for
13 families of moderate income is increased significantly and ex-
14 peditiously, a large number of the residents of this State will be
15 compelled to live under unsanitary, overcrowded and unsafe con-
16 ditions to the detriment of the health, welfare and well-being of
17 these persons and of the whole community of which they are part.
18 It is further declared that the building industry can provide a fully
19 adequate supply of safe and sanitary accommodations at rental or
20 carrying charges which families of moderate income can afford only
21 if a public agency is created to encourage the investment of private
22 capital and stimulate construction and rehabilitation of dwelling
23 units to meet the needs of such families through the use of public
24 financing, public loans and otherwise; that, to accomplish the fore-
25 going, coordination, cooperation and agreement of and among
26 private enterprise, State and local government is essential; that
27 the acquisition of land, the construction, rehabilitation, financing
28 by mortgage or otherwise, management, operation, maintenance
29 and disposition of dwelling units constructed or rehabilitated
30 hereunder, and the real and personal property and other facilities
31 necessary, incidental or appurtenant thereto is a public use for
32 which public moneys may be spent, advanced, loaned or granted;
33 and that the enactment of the provisions hereinafter set forth is
34 in the public interest and is hereby so declared to be such as a
35 matter of legislative determination.

36 *The Legislature further finds, determines and declares that (1)*
 37 *there exist in many parts of this State structures, originally de-*
 38 *signed and constructed for industrial, commercial or other non-*
 39 *residential purposes and no longer used, or likely to be used, for*
 40 *such purposes; (2) that many such structures, conveniently located*
 41 *and basically sound in construction, are adaptable to conversion to*
 42 *multiple-dwelling residential use; (3) that such adaptation*
 43 **[would]* *may* permit dwelling units to be provided at much*
 44 *lower per-unit rentals than any new construction; and, therefore,*
 45 *(4) that it is in the public interest that the State, through its es-*
 46 *tablished agencies, should encourage such adaptations and con-*
 47 *versions.*

1 3. Section 3 of P. L. 1967, c. 81 (C. 55:14J-3) is amended to read
 2 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 indebted-
 16 ness issued by the agency.

17 (d) "Family" means two or more persons related by blood,
 18 marriage 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 purposes 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 **[compute]* *compete** successfully in the
 31 normal rental or mutual housing market, and (2) whose gross

32 aggregate family income does not exceed the limits established
33 under section 10 of this act.

34 (f) "Gross aggregate family income" means the total annual in-
35 come 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
41 or 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 sani-
47 tary 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
53 such as administrative, community, health, recreational, educational
54 and welfare facilities as the agency determines to be necessary,
55 convenient 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
59 be operated upon completion of construction or rehabilitation ex-
60 clusively 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 ownership of premises in a
63 horizontal property regime pursuant to P. L. 1963, c. 168, provided,
64 however, the agency may adopt rules and regulations permitting
65 a reasonable percentage of space in such project to be rented for
66 residential or for commercial use.

67 (j) "Project cost" means the sum total of all costs incurred in
68 the development of a housing project, which are approved by the
69 agency as reasonable for necessary, which costs shall include, but
70 are not necessarily limited to, (1) cost of land acquisition and any
71 buildings thereon, (2) cost of site preparation, demolition and
72 development, (3) architect, engineer, legal, agency and other fees
73 paid or payable in connection with the planning, execution and
74 financing of the project, (4) cost of necessary studies, surveys,

75 plans and permits, (5) insurance, interest, financing, tax and assess-
 76 ment costs and other operating and carrying costs during construc-
 77 tion, (6) cost of construction, reconstruction, fixtures, and equip-
 78 ment related to the real property, (7) cost of land improvements,
 79 (8) necessary expenses in connection with initial occupancy of the
 80 project, (9) a reasonable profit or fee to the builder and developer,
 81 (10) an allowance established by the agency for working capital and
 82 contingency reserves, and reserves for any anticipated operating
 83 deficits during the first 2 years of occupancy, (11) the cost of such
 84 other items, including tenant relocation, as the agency shall deter-
 85 mine to be reasonable and necessary for the development of the
 86 project, less any and all net rents and other net revenues received
 87 from the operation of the real and personal property on the project
 88 site during 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
 91 the types and categories of cost which shall be allowable if actually
 92 incurred in the construction or reconstruction of a housing project.

93 (k) "Qualified housing sponsor" means (1) any housing corpo-
 94 ration qualified under the provisions of the "Limited-Dividend
 95 Nonprofit Housing Corporations or Associations Law," P. L. 1949,
 96 c. 184 (C. 55:16-1 et seq.), (2) any urban renewal corporation
 97 or association qualified under the provisions of the "Urban Renewal
 98 Corporation and Association Law of 1961," P. L. 1961, c. 40
 99 (C. 40:55C-40 et seq.) which has as one of its purposes the con-
 100 struction, rehabilitation or operation of housing projects, (3) any
 101 general corporation formed under the provisions of Title 14 or
 102 Title 14A of the Revised Statutes which has as one of its purposes
 103 the construction, rehabilitation or operation of housing projects,
 104 (4) any corporation or association organized not for profit under
 105 the provisions of Title 15 of the Revised Statutes or any other law
 106 of this State which has as one of its puposes the construction,
 107 rehabilitation or operation of housing projects, *including any such*
 108 *corporation or association which has entered into a lease with a*
 109 *municipality under the terms of *["An act authorizing municipali-*
 110 *ties to lease certain municipally owned structures to nonprofit hous-*
 111 *ing corporations for the purpose of converting those structures to*
 112 *housing for persons of low and moderate income, and to authorize*
 113 *eventual sale of the converted structures to such leasees under*
 114 *certain circumstances, or for other disposition thereof; supplement-*
 115 *ing Title 55 of the Revised Statutes," approved]* * P. L. , *
 116 c. (C. *55:]*); currently pending in the Legislature as
 117 Assembly Bill No. 1312 of 1982, (5) any horizontal property regime

118 formed under the "Horizontal Property Act," P. L. 1963, c. 168
 119 (C. 46:8A-1 et seq.) or any condominium formed under the "Con-
 120 dominium Act," P. L. 1969, c. 257 (C. 46:8B-1), which has as one
 121 of its purposes the construction, rehabilitation or operation of
 122 housing projects, and (6) any individual or association approved
 123 by the agency as qualified to own, construct, *convert*, rehabilitate,
 124 operate, manage and maintain a housing project.

125 (l) "Required minimum capital reserve" means the reserve
 126 amount required to be maintained in each housing finance fund
 127 under the provisions of section 20 of this act.

128 (m) "Amortized value" means for securities purchased at a
 129 premium above or a discount below par, the value as of any given
 130 date obtained by dividing the total amount of the premium or the
 131 discount at which such securities were purchased by the number of
 132 days remaining to maturity on such securities at the time of such
 133 purchase and by multiplying the amount so calculated by the
 134 number of days having passed from the date of such purchase; and
 135 (1) in the case of securities purchased at a premium, by deducting
 136 the product thus obtained from the purchase price, and (2) in the
 137 case of securities purchased at a discount, by adding the product
 138 thus obtained to the purchase price.

139 (n) "Projects financed prior to January 1, 1973" means projects
 140 on which the agency has made a mortgage loan and financed such
 141 loan with the proceeds of bonds issued prior to January 1, 1973.

142 (o) "Projects financed on or after January 1, 1973" means all
 143 agency projects other than projects financed prior to January 1,
 144 1973.

145 (p) "*Conversion*" means any work or undertaking whereby a
 146 structure or structures not originally designed and constructed for
 147 housing purposes shall be converted into a "housing project"
 148 within the meaning of this act.

1 4. Section 5 of P. L. 1967, c. 81 (C. 55:14J-5) is amended to read
 2 as follows:

3 5. (a) The agency in order to encourage the construction, rehabi-
 4 litation *and conversion* of safe and adequate housing for families
 5 of moderate income of this State, is hereby authorized and em-
 6 powered to finance, by mortgage loans or otherwise, the construction
 7 or rehabilitation of housing projects in this State, to make tem-
 8 porary loans or advances in anticipation of permanent loans and
 9 to issue bonds, bond anticipation notes and other obligations of the
 10 agency payable solely from the revenues or other funds of the
 11 agency and to otherwise assist with housing projects as provided
 12 in this act.

13 (b) Bonds, bond anticipation notes and other obligations issued
 14 under the provisions of this act shall not be deemed to constitute
 15 a debt or liability of this State or of any political subdivision
 16 thereof other than the agency created hereunder or to be a pledge
 17 of the faith and credit of this State or any such political subdivi-
 18 sion but such bonds, unless refunded by bonds and other obligations
 19 of the agency, shall be payable solely from funds pledged or avail-
 20 able for their payment as authorized herein. All bonds shall con-
 21 tain on the face thereof a statement to the effect that the agency
 22 is obligated to pay the same or the interest thereon only from the
 23 revenues or other funds of the agency and that neither this State
 24 nor any political subdivision thereof is obligated to pay the same
 25 or the interest thereon and that neither the faith and credit nor
 26 the taxing power of this State or any political subdivision thereof
 27 is pledged to the payment of the principal of or the interest on
 28 such bonds.

29 All expenses incurred in carrying out the provisions of this act
 30 shall be payable solely from funds provided under the provisions
 31 of this act and nothing in this act shall be construed to authorize
 32 the agency to incur indebtedness or liability on behalf of or pay-
 33 able by this State or any political subdivision thereof.

1 5. Section 6 of P. L. 1967, c. 81 (C. 55:14J-6) is amended to read
 2 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;

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

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

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

1 6. Section 8 of P. L. 1967, c. 81 (C. 55:14J-8) is amended to read
 2 as follows:

3 8. In considering any application for a loan, the agency shall
 4 give first priority to application for loans for the construction **[or]**,

5 rehabilitation *or conversion* of housing projects which will be a
6 part of or constructed in connection with an urban renewal program,
7 and also shall give consideration to:

- 8 (a) The comparative need of the area to be served by the pro-
9 posed project for housing for families of moderate income;
- 10 (b) The ability of the applicant to construct, operate, manage
11 and maintain the proposed housing project;
- 12 (c) The existence of zoning or other regulations to protect
13 adequately the proposed housing project against detrimental fu-
14 ture uses which could cause undue depreciation in the value of
15 the project;
- 16 (d) The availability of adequate parks, recreational areas,
17 utilities, schools, transportation and parking;
- 18 (e) The availability of adequate, accessible places of employ-
19 ment; and
- 20 (f) Where applicable, the eligibility of the applicant to make
21 payments to the municipality in which the housing project is
22 located in lieu of local property taxes.

1 7. a. (New section) The agency shall, within ***[90]*** *180* days
2 from the effective date of this act, take steps to effectuate and
3 assist conversions, within the meaning of the act, by*****[:]*****

4 *****[(1) [Scheduling]]*** *Seeking to schedule* the issuance, over
5 a period of not more than two years, of bonds of not less than
6 \$50,000,000.00 par value, the proceeds of which shall be devoted to
7 the extension of loans to qualified housing sponsors who shall
8 undertake to use such loans for conversions within the meaning
8A of the act; and,]***

9 *****[(2) Initiating]]***** ****initiating**** contact with, and pro-
10 viding advice and relevant services to, potential qualified housing
11 sponsors which are, or may become, developers of conversions
12 within the meaning of the act and, as such, eligible for loans and
13 other assistance under the terms of the act.

14 b. The agency shall within ***[6]*** *24* months of the effective
15 date of this act report to the Legislature upon***[:**

16 (1) Its]* *its* success***[,** or lack thereof, in marketing the bonds
17 directed to be issued pursuant to subsection a. of this section;

18 (2) Its assessment, in the light of practical experience, of the
19 feasibility of marketing such bonds, and of the opportunities for
20 applying their proceeds to the encouragement of conversions under
21 the terms of this act; and,

22 (3) Its]* *in implementing this amendatory and supplementary
23 act and its* recommendations for any changes in the legislative
24 authorization relative to the purposes of this act.

1 **8. (New section) If prior to the enactment of this amendatory
2 and supplementary act the act which it amends and supplements
3 shall have been repealed, or if the agency shall have been abolished
4 or transferred to, merged into, or consolidated with any other
5 agency of State government, the agency or its lawful successor
6 shall carry out the duties and functions imposed by the terms of
7 this amendatory and supplementary act.**

1 **[8.]** **9.** This act shall take effect immediately.

STATEMENT

This bill is designed to initiate a \$50,000,000.00 program for the conversion of disused non-residential structures into multiple-housing accommodations affordable by persons of low and moderate income. The premises of the legislation are succinctly stated in the language of the bill: " . . . that (1) there exist in many parts of this State structures, originally designed and constructed for industrial, commercial or other non-residential purposes; (2) that many such structures, conveniently located and basically sound in construction, are adaptable to conversion to multiple-dwelling residential use; (3) that such adaptation would permit dwelling units to be provided at much lower per-unit rentals than any new construction; and, therefore, (4) that it is in the public interest that the State, through its established agencies, should encourage such adaptations and conversions."

The agency to be utilized for this purpose is the Housing Finance Agency, which by this bill is (1) specifically authorized to include among its loans to "qualified housing sponsors" loans for conversion purposes, and is (2) directed to initiate the program within 90 days of enactment of this bill into law, scheduling issuance of \$50,000,000.00 of its bonds for conversion loans, and by actively promoting conversion projects among potential sponsors of such projects.

The agency is further directed to report, within 6 months, to the Legislature upon its experience in implementing the program, and any recommendations it may have for modifications of the program on the basis of the agency's experience with the initial implementation.

ASSEMBLY HOUSING AND URBAN POLICY
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1308

with Assembly committee amendment

STATE OF NEW JERSEY

DATED: JANUARY 31, 1983

This bill amends the "New Jersey Housing Financing Agency Law of 1967" so as to initiate a program to convert nonresidential structures into multiple dwellings. Several of these amendments (including the amendment to the title) merely add "conversion" to the purposes the act is meant to serve. The committee recognizes that the existing statutory language is sufficient to authorize such conversions and, in fact, the agency has from time to time involved itself in conversion projects. The intent of this legislation, however, is to emphasize the potential value and importance of conversion projects by establishing them as a separate and distinct category and encouraging specific efforts to develop that category. Other amendatory language includes:

a. In section 2 (C. 55:14J-2) a new paragraph setting forth the rationale of this bill. The paragraph states, in summary, that (1) there are many disused nonresidential structures in the State that could economically be converted to residential use; (2) that such conversions might involve much lower per-unit cost, and hence lower rents, than new construction; and (3) that the State, therefore, should encourage such conversions.

b. In section 3 (C. 55:14J-3) a definition of "conversion" (subsection p.); also, in subsection k, the inclusion among "qualified housing sponsors" of a corporation that has entered into lease-purchase arrangement with a municipality under the terms of the (prospective) act now pending as Assembly No. 1312.

The supplementary section (7) directs the H.F.A. to take steps to implement the provisions of the act, and to report to the Legislature its success in that endeavor and its recommendations for any change in the legislation.

The amendments adopted by the committee (1) allow the agency a longer lead time (180 days instead of 90) between the enactment of the legislation and the initiation of steps to implement it; (2) after language mandating the issuance of any particular amount of bonds for the purpose, so that the Agency is required to "seek" to issue and sell such

bonds; (3) omit certain other detailed directions as to how the agency is to proceed in implementing the legislation; and (4) lengthen the time allowed for the agency to report to the Legislature upon the success of its efforts, from 6 to 24 months, and simplify the reporting requirements.

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SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 1308
with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 1983

This bill amends the "New Jersey Housing Financing Agency Law of 1967" so as to initiate a program to convert nonresidential structures into multiple dwellings. Several of these amendments (including the amendment to the title) merely add "conversion" to the purposes the act is meant to serve. The agency has from time to time in the past involved itself in conversion projects. The intent of this legislation, however, is to emphasize the potential value and importance of conversion projects by establishing them as a separate and distinct category and encouraging specific efforts to develop that category.

The bill directs the Housing Finance Agency to seek to issue a \$50,000,000.00 bond issue for conversion projects, and to report to the Legislature within 24 months concerning its ability to do so.

The Senate committee amendment, requested by the sponsor, inserts a provision in the bill directing that the duties and functions set forth in the bill regarding a conversion program shall carry over to any successor agency of the HFA. The amendment is necessary because of pending legislation to consolidate the New Jersey Mortgage Finance Agency and the New Jersey Housing Finance Agency into a new single agency.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

September 6, 1983

ASSEMBLY BILL NO. 1308 (2nd OCR)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the Constitution, I herewith return Assembly Bill No. 1308 (2nd OCR) with my recommendations for reconsideration.

This bill is intended to encourage the New Jersey Housing Finance Agency (HFA) to convert existing structures not originally designed for housing purposes into multiple dwellings for residential use. The bill amends provisions of the Housing Finance Agency (HFA) statute to authorize HFA to make loans to qualified housing sponsors for the purpose of converting nonresidential structures into multiple housing accommodations. Since the existing statutory law has been construed to empower the Agency to engage in the financing of the conversions, these amendments are not legally necessary. Nevertheless, they are designed to emphasize the State's interest in having the Agency encourage conversions. The bill directs the HFA to seek to schedule the issuance of bonds over a two year period in the amount of \$50 million to be devoted to financing conversions. In addition, the Agency is directed to promote conversions and to provide advice and services to potential qualified housing sponsors who are or may become developers of conversions. The bill also requires HFA to report to the Legislature within 24 months of the act's enactment on its success and the feasibility of marketing the bonds and its recommendations for any changes in the legislation.

I have no objection to encouraging conversion projects since it is in the public interest of this State to do so. However, due to the unpredictable nature of the financial market I feel it is unwise to specify a particular dollar amount regarding the issuance of bonds. I therefore recommend that such specific language be deleted from the bill.

Accordingly, I herewith return Assembly Bill No. 1308 (2nd OCR) and recommend that it be amended as follows:

Page 8, Section 7, line 3: Delete ":"

Page 8, Section 7, lines 4 to 8A: Delete in entirety

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

2

Page 8, Section 7, line 9: Delete "(2) Initiating" and insert
"initiating"

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

(seal)

Attest:

/s/ W. Cary Edwards
Chief Counsel