

55:14J-3 ET AL.

LEGISLATIVE HISTORY CHECKLIST

NJSA 55:14J-3 et al.

Laws of 1976 Chapter 3

Bill No. S1016

Sponsor(s) Merlino & Dugan

Date Introduced January 26, 1976

Committee: Assembly -

Senate Revenue, Finance & Appropriations

Amended during passage Yes No

Date of passage: Assembly February 3, 1976

Senate January 26, 1976

Date of approval February 6, 1976

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

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10/4/76
SEP 1977

CHAPTER 3 LAWS OF N. J. 1976
APPROVED 2-6-76
SENATE, No. 1016

STATE OF NEW JERSEY

INTRODUCED JANUARY 26, 1976

By Senators MERLINO and DUGAN

Referred to Committee on Revenue, Finance and Appropriations

AN ACT to amend and supplement the "New Jersey Housing Finance Agency Law of 1967," approved May 31, 1967 (P. L. 1967, c. 81), and making an appropriation therefor.

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

1 1. 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 purpose of this act; and provided further, that

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

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 or
31 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 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 coownership 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 purposes the construction,
107 rehabilitation or operation of housing projects, (5) any horizontal
108 property regime formed under the "Horizontal Property Act,"

109 P. L. 1963, c. 168 (C. 46:8A-1 et seq.) or any condominium formed
 110 under the "Condominium Act" P. L. 1969, c. 257 (C. 46:8B-1),
 111 which has as one of its purposes the construction, rehabilitation or
 112 operation of housing projects, and (6) any individual or associa-
 113 tion approved by the agency as qualified to own, construct, reha-
 114 bilitate, operate, manage and maintain a housing project.

115 (l) "Required minimum capital reserve" means the reserve
 116 amount required to be maintained in [the Housing Finance Fund]
 117 each housing finance fund under the provisions of section 20 of this
 118 act.

119 (m) "Amortized value" means for securities purchased at a
 120 premium above or a discount below par, the value as of any given
 121 date obtained by dividing the total amount of the premium or the
 122 discount at which such securities were purchased by the number of
 123 days remaining to maturity on such securities at the time of such
 124 purchase and by multiplying the amount so calculated by the
 125 number of days having passed from the date of such purchase; and
 126 (1) in the case of securities purchased at a premium, by deducting
 127 the product thus obtained from the purchase price, and (2) in the
 128 case of securities purchased at a discount, by adding the product
 129 thus obtained to the purchase price.

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

133 (o) "Projects financed on or after January 1, 1973" means all
 134 agency projects other than projects financed prior to January 1,
 135 1973.

1 2. 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.

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

55 **[Any]** *For projects financed prior to January 1, 1973, any*
56 remainder of the surcharge, or the total surcharge if tax exemption
57 has not been granted, shall be paid into the housing finance fund

58 **[**created by section 20 of this act**]** *securing the bonds issued to*
59 *finance the project for the use of the agency; for projects financed*
60 *on or after January 1, 1973, any remainder of the surcharge, or the*
61 *total surcharge if tax exemption has not been granted, shall be paid*
62 *to the agency.*

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

1 3. (New section) (a) The agency may create and establish one
2 or more special funds to be known as housing finance funds and
3 may pay into such housing finance funds (1) any moneys appro-
4 priated and made available by the State for the purposes of such
5 funds, (2) any proceeds of the sale of the bonds, notes or other
6 obligations to the extent provided in the resolution of the agency
7 authorizing the issuance thereof, (3) the moneys directed to be
8 transferred by the agency to such funds, and (4) any other moneys
9 which may be made available to the agency for the purposes of
10 such funds from any other source or sources. The moneys held in
11 or credited to any housing finance fund established under this act,
12 except as hereinafter provided, shall be used solely for the payment
13 of the principal of and interest on bonds or other obligations of the
14 agency secured by such housing finance fund, as the same mature,
15 required payments to any sinking fund established for the
16 amortization of such bonds or other obligations (hereinafter
17 referred to as "sinking fund payments"), the purchase or redemp-
18 tion of such bonds or other obligations of the agency or the pay-
19 ment of any redemption premium to be paid when such bonds or
20 other obligations are redeemed prior to maturity provided, how-
21 ever, that moneys in any such fund shall not be withdrawn there-
22 from at any time in such amount as would reduce the amount of
23 such fund to less than the amount of principal (including sinking
24 fund payments) and interest maturing and becoming due in the
25 succeeding calendar year on the bonds or other obligations of the
26 agency then outstanding and secured by such housing finance fund
27 (such amount being hereafter referred to as the "required
28 minimum capital reserve"), except for the purpose of paying
29 principal and interest on the bonds or other obligations of the
30 agency secured by such housing finance fund maturing and becom-

31 ing due and sinking fund payments for the payment of which other
 32 moneys of the agency are not available. Any income or interest
 33 earned by or increment to, any such housing finance fund due to the
 34 investment thereof may be transferred to any other fund or
 35 account of the agency to the extent it does not reduce the amount of
 36 such housing finance fund below the required minimum capital
 37 reserve. In computing the amount of any housing finance fund for
 38 the purposes of this section, securities in which all or a portion of
 39 such housing finance fund are invested shall be valued at par if
 40 purchased at par or, if purchased at other than par, at amortized
 41 value.

42 (b) The agency shall not issue bonds or other obligations at
 43 any time if the maximum amount of principal (including sinking
 44 fund payments) and interest maturing and becoming due in the
 45 succeeding calendar year on the bonds or other obligations out-
 46 standing and then to be issued and secured by a housing finance
 47 fund will exceed the amount of such housing finance fund at the
 48 time of issuance, unless the agency, at the time of issuance of such
 49 bonds or other obligations, shall deposit in such housing finance
 50 fund from the proceeds of the bonds or other obligations so to be
 51 issued, or otherwise, an amount which together with the amount
 52 then in such housing finance fund, will be not less than the required
 53 minimum capital reserve.

1 4. Section 21 of P. L. 1967, c. 81 (C. 55:14J-21) is amended to
 2 read as follows:

3 21. In order to assure the maintenance of the required minimum
 4 capital reserve in the **【Housing Finance Fund】** *housing finance*
 5 *funds*, there shall be annually appropriated and paid to the agency
 6 for deposit in **【said fund】** *each of such funds*, such sum, if any, as
 7 shall be certified by the chairman of the agency to the Governor as
 8 necessary to restore **【said fund】** *each of such funds* to an amount
 9 equal to the required minimum capital reserve. The chairman
 10 shall annually, on or before December 1, make and deliver to the
 11 Governor his certificate stating the sum, if any, required to restore
 12 **【said fund】** *each of such funds* to the amount aforesaid, and the
 13 sum or sums so certified shall be appropriated and paid to the
 14 agency during the then current State fiscal year.

15 **【For purposes of valuation of said fund, securities acquired as**
 16 **an investment for said fund shall be valued at par, actual cost to**
 17 **the agency or market value, whichever value is less.】**

1 5. Section 22 of P. L. 1967, c. 81 (C. 55:14J-22) is amended to
 2 read as follows:

3 22. (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 of
 6 this act, **or otherwise** (2) any moneys which the agency **shall**
 7 *may* transfer from **the Housing Finance Fund** *any housing*
 8 *finance fund* pursuant to **subsection (b) of section 20 of** this act,
 9 and (3) any other moneys of the agency not required to be
 10 deposited in any other fund of that agency, *which the agency may*
 11 *deposit therein*. To the extent available, after paying all the
 12 operating costs of the agency, the moneys remaining in the
 13 general fund may be used for the payment of the principal of and
 14 interest on the bonds issued by the agency or for such other
 15 corporate purposes of the agency as this act authorizes.

16 (b) *All fees and charges collected by the agency pursuant to*
 17 *subsection (x) of section 34 of this act may be applied as provided*
 18 *by resolution of the agency.*

19 **(b)** (c) The agency may establish such additional and further
 20 funds as may be, in its discretion, necessary and desirable to ac-
 21 complish any agency purpose or to comply with the provisions
 22 of any agreement made by the agency or any resolution approved
 23 by the agency. The resolution establishing such a fund shall
 24 specify the source of moneys from which it shall be funded and
 25 the purposes for which moneys held in the fund shall be disbursed.

1 6. Section 34 of P. L. 1967, c. 81 (C. 55:14J-34) is amended to
 2 read as follows:

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

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

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

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

18 (d) To apply to any court, having territorial jurisdiction of the
 19 offense, to have punished for contempt any witness who refuses to

20 obey a subpoena, or who refuses to be sworn or affirmed to testify,
21 or who is guilty of any contempt after summons to appear;

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

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

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

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

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

55 (j) To receive and accept aid or contributions from any source,
56 of money, property, labor or other things of value, to be held, used
57 and applied to carry out the purposes of this act subject to such
58 conditions upon which such grants and contributions may be made,
59 including, but not limited to, gifts or grants from any department
60 or agency of the United States or this State for payment of rent
61 supplements to eligible families or for the payment in whole or in

62 part of the interest expense for a housing project or for any other
63 purpose consistent with this act;

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

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

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

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

87 (o) **[To]** *With respect to projects financed prior to January 1,*
88 *1973, to make and collect such fees and charges, including but not*
89 *limited to payment for all costs of financing by the agency, service*
90 *charges, mortgage insurance premiums, reserves against losses and*
91 *reimbursement for advances made to the agency, as it shall de-*
92 *termine is reasonable to enable the agency, to the extent feasible,*
93 *to be self-sustaining;*

94 (p) To invest and reinvest any moneys of the agency not re-
95 quired for immediate use or disbursement and any moneys held in
96 the Housing Finance Fund, reserve funds or sinking funds, in the
97 same manner as trust funds in the custody of the State Treasurer.

98 All functions, powers and duties relating to the investment or
99 reinvestment of such funds, including the purchase, sale or
100 exchange of any investments or securities may, upon the request of
101 the agency, be exercised and performed by the Director of the
102 Division of Investment, in accordance with written directions of the
103 agency signed by an authorized officer:

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 in
118 proportion to the amount of the loan so secured, but need not be
119 equal as to interest rate, time or rate of amortization or otherwise
120 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
127 any such mortgage;

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

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

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

145 (x) *With respect to projects financed on or after January 1, 1973,*
 146 *to make and collect such fees and charges, including but not limited*
 147 *to payment for all costs of financing by the agency, service charges,*
 148 *mortgage insurance premiums, reserves against losses and reim-*
 149 *bursement for advances made to the agency, as it shall determine is*
 150 *reasonable to enable the agency, to the extent feasible, to be self-*
 151 *sustaining.*

1 7. (New section) There is hereby appropriated to the New
 2 Jersey Housing Finance Agency, for the purpose of payment into
 3 any housing finance fund or funds or into any other reserve fund
 4 or funds created by the New Jersey Housing Finance Agency, the
 5 sum of \$4,558,000.00. Said sum shall be held by the State Treasurer
 6 in a special account to be known as "Special Housing Finance
 7 Agency Account" and shall be disbursed to the Agency from time
 8 to time upon receipt by the State Treasurer of a certificate of the
 9 Chairman of the New Jersey Housing Finance Agency, stating the
 10 amount required and identifying the fund into which such moneys
 11 are to be deposited. Pending the application to the purposes pro-
 12 vided in this act, moneys in the Special Housing Finance Agency
 13 Account may be invested and reinvested as other special funds in
 14 the custody of the State Treasurer in the manner provided by law.
 15 All earnings received from the investment or deposit of such funds
 16 shall be paid into the general treasury and become part of the
 17 General State Fund. Any moneys remaining in the Special Housing
 18 Finance Agency Account on December 31, 1977 shall be trans-
 19 ferred by the State Treasurer to and shall become a part of the
 20 General State Fund. To the extent that moneys appropriated
 21 hereby have been paid into any housing finance fund or funds or
 22 into any other reserve fund or funds created by the New Jersey
 23 Housing Finance Agency, all moneys which are returned to or
 24 received by the agency from the fund into which such moneys are
 25 paid, free of any pledge or lien, upon redemption of the notes,
 26 bonds or other obligations of the agency shall be transferred to and
 27 paid into the general treasury and become part of the General
 28 State Fund upon demand by the State Treasurer.

1 8. (New section) Nothing contained in this act is intended, or
 2 shall be construed, to impair the vested rights of the holders of
 3 outstanding bonds, bond anticipation notes or other obligations of
 4 the agency. The Housing Finance Fund established under the
 5 agency's existing General Housing Bond Resolution shall continue
 6 as a housing finance fund pursuant to the provisions of section 3
 7 of this act.

1 9. Section 20 of P. L. 1967, c. 81 (C. 55:14J-20) is repealed.

1 10. This act shall take effect immediately.

STATEMENT

This bill strengthens the ability of the New Jersey Housing Finance Agency, during this period of serious financial uncertainty in the municipal bond market, to convert a substantial amount of short-term debt coming due in the very near future into long-term debt.

In December, 1975, the New Jersey Housing Finance Agency was able to create a reserve fund as security for bonds and obligations and thereby successfully sell \$62.5 million in Agency bonds. It was clear that this "up front" funding of a reserve fund significantly enhanced the marketability of the agency's obligations.

The New Jersey Housing Finance Agency has bond anticipation notes coming due in March and June, 1976.

The agency plans to use again the same successful financing formula which was successful in December. It will need to set up the necessary reserve funds. There are sufficient funds remaining in the 1968 Housing Bond Issue, the revolving fund at the Department of Community Affairs, and available free reserves of the New Jersey Housing Finance Agency to back the March sale. However, the March sale prospectus must show the availability of resources for the June sale as well to demonstrate the agency's capacity to convert this short-term debt.

In view of the above, \$4.558 million must be appropriated now in order that potential investors can be certain that there will be sufficient security to enable a successful June sale.

With this support, the Housing Finance Agency's March prospectus can show clearly the commitment of the State to stand behind its obligations.

This bill provides for an appropriation to the Housing Finance Agency of \$4.558 million.

In addition, this bill amends sections 3, 10, 20, 21, and 22 of the New Jersey Housing Finance Agency Law to provide for the creation by the agency of one or more housing finance funds to secure the bonds and other obligations issued by the agency. As presently constituted, the New Jersey Housing Finance Agency Law provides for the creation of only one housing finance fund, which is pledged to the holders of the bonds issued pursuant to the Agency's General Housing Bond Resolution. As a consequence, no bonds or other obligations issued by the agency under any other bond resolution may be secured by a housing finance fund. This amendment will correct a situation which adversely affects the marketing of such bonds or other obligations.

The New Jersey Housing Finance Agency Law presently establishes a General Fund to which all fees and charges collected by the agency must be deposited. The General Fund is pledged to the holders of the bonds issued pursuant to the General Housing Bond Resolution. As a consequence, all fees and charges collected by the agency, even from projects financed other than through the issuance of bonds under the General Housing Bond Resolution, must be deposited in the General Fund. This requirement diminishes the security of the holders of bonds issued under other agency bond resolutions. This bill amends section 22 of the act to eliminate the requirement to deposit all fees and charges in the General Fund and provides that all fees and charges collected by the agency with respect to "projects financed after January 1, 1973" may be applied as provided by resolution of the agency.

Finally, this bill inserts a definition of "amortized value." This definition will broaden the range of investments available to the agency by eliminating the present disadvantage in the purchase of investments selling at a premium. It will also eliminate the possibility of a shortage in the Housing Finance Fund by reason of market fluctuation which presently could result in the need for an appropriation to the Housing Finance Fund.

The aforesaid changes should result in the successful marketing of the Housing Finance Agency bonds and obligations and allow New Jersey, unlike other states, to continue to be able to convert its bond anticipation notes into bonds.