

52:27D-152 to 161

LEGISLATIVE HISTORY CHECKLIST

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Laws of 1975 Chapter 249

Bill No. A3395

Sponsor(s) Woodson & others

Date Introduced May 1, 1975

Committee: Assembly Municipal Government

Senate -

Amended during passage Yes ~~No~~ Amendments during passage denoted by asterisks.

Date of passage: Assembly August 1, 1975

Senate September 4, 1975

Date of approval October 30, 1975

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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ASSEMBLY, No. 3395

STATE OF NEW JERSEY

INTRODUCED MAY 1, 1975

By Assemblymen WOODSON, McMANIMON, HAMILTON
and LEFANTE

Referred to Committee on Municipal Government

AN ACT enabling municipalities and the Department of Community Affairs to make housing rehabilitation loans and grants for the purpose of preserving viable neighborhoods.

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

1 1. This act shall be known and may be cited as "The Neighbor-
2 hood Preservation Housing Rehabilitation Loan and Grant Act
3 of 1975."

1 2. The Legislature hereby finds and determines that there exists
2 in many municipalities of this State areas which are in varying
3 stages of decline, but which have not as yet reached the point of
4 irreversible decline; that these areas are a matter of serious con-
5 cern, and represent an expanding problem which threatens the
6 public health, safety, morals and welfare; that the neglect of these
7 areas at the present time will necessitate excessive and dispropor-
8 tionate expenditures of public funds for the reconstruction and
9 revitalization of these areas at a future date; that to permit the
10 continued decline of such areas into a state of decay would ignore
11 the lessons of decades of urban renewal activities, would impair the
12 sound growth of our municipalities, would lay waste to essential
13 housing resources and would result in an economic, environmental,
14 and social liability which the State can no longer tolerate.

15 The Legislature further finds that these problems can best be
16 addressed through the conjunctive and cooperative efforts of pri-
17 vate enterprise, State Government, its political subdivisions, and
18 other public, quasi-public, and nonprofit bodies acting pursuant to
19 neighborhood preservation plans conceived and prepared in accord-
20 ance with the purposes of this act and through its direction.

21 The Legislature further finds that the responsibilities of State
22 and local governments with respect to the preservation of our
23 municipalities and neighborhoods have been altered and magnified

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

24 by actions of the Federal Government, which now permits states
 25 and localities to undertake directly a broader range of housing
 26 rehabilitation activities than previously possible under former
 27 Federal assistance programs; and that in order that the people of
 28 this State shall derive the maximum feasible benefit from this shift
 29 in Federal policy, it is necessary and appropriate to expand the
 30 power of municipal government and the administrative authority
 31 of the Department of Community Affairs.

32 The Legislature hereby declares it to be the policy of the State
 33 to promote the health, safety, and welfare of the citizens thereof
 34 through the preservation of existing neighborhoods and the main-
 35 tenance of neighborhood viability. This policy is best effectuated
 36 by the reconstruction, remodeling, improvement, restoration, or
 37 repair of existing residential housing to sound condition. For this
 38 purpose, powers are hereby granted to municipalities and the
 39 Department of Community Affairs to offer financial assistance
 40 through loans or grants or both to agencies, public, quasi-public, or
 41 private nonprofit, which will finance rehabilitation of housing
 42 through a program of loans and grants in an area determined by
 43 the municipal governing body to be substandard, deteriorating, or
 44 in the process of falling into a cycle of disrepair. It is hereby
 45 declared that the undertaking of such housing rehabilitation is a
 46 public purpose for which monies may be expended, advanced,
 47 loaned or granted and the enactment of the provisions hereinafter
 48 set forth is in the public interest.

1 3. The following terms whenever used or referred to in this act
 2 shall have the following respective meanings for the purposes of
 3 this act, except in those instances where the context clearly indi-
 4 cates otherwise:

5 a. "Act" shall mean this act and any amendments and supple-
 6 ments thereto, and any rules and regulations promulgated
 7 thereunder;

8 b. "Commissioner" shall mean the Commissioner of the Depart-
 9 ment of Community Affairs, or his delegates as the commissioner
 10 shall determine;

11 c. "Department" shall mean the Department of Community
 12 Affairs;

13 d. "Neighborhood preservation area" shall mean any area
 14 within a municipality as determined pursuant to subsection
 15 ***[7]*** *8* a. of this act;

16 e. "Housing rehabilitation" shall mean the reconstruction, re-
 17 modeling, improvement, restoration, or repair of residential hous-
 18 ing to sound condition;

19 f. "Housing rehabilitation loan" shall mean an interest or non-
20-21 interest bearing loan to finance housing rehabilitation;

22 g. "Rehabilitation lender" shall mean any bank or trust com-
23 pany, savings bank, mortgage company, mortgage banker, credit
24 union, national banking association, savings and loan association,
25 building and loan association, life insurance company, and any
26 other financial institution authorized to transact business in the
27 State; provided that to qualify as a rehabilitation lender within
28 the meaning of this act a rehabilitation lender must be on a list
29 of approved rehabilitation lenders to be prepared and maintained
30 by the department;

31 h. "Neighborhood preservation agency" or "agency" shall
32 mean the entity or organization designated by the municipality in
33 accordance with the provisions of this act. Such agency may include
34 the municipality, counties, any public, quasi-public or private non-
35 profit agency or organization and any housing authority or rede-
36 velopment agency existing or formed under the laws of this State;

37 i. "Neighborhood preservation project" shall mean an under-
38 taking or activity of a neighborhood preservation agency in a
39 neighborhood preservation area, involving housing rehabilitation,
40 and shall be in accordance with the plan therefor, as shall be
41 required by the commissioner pursuant to section ***[7]*** *8* of this
41A act;

42 j. "Sound condition" shall mean a condition which meets sub-
43 stantially the requirements of local housing codes, or in the event
44 there is no local housing code, the alternate standards established
45 by the department;

46 k. "State fund" shall mean the Department of Community
47 Affairs' Neighborhood Preservation Loan and Grant Fund as set
48 forth in section 4 of this act;

49 l. "Local fund" shall mean the Neighborhood Preservation Loan
50 and Grant Fund as may be established by a municipality pursuant
51 to section ***[6]*** *7* of this act.

1 4. a. There is hereby created a special fund in the Department of
2 Community Affairs which shall be entitled the Department of
3 Community Affairs' Neighborhood Preservation Loan and Grant
4 Fund and shall be administered by the department as a revolving
5 loan and grant fund for carrying out the purposes of this act. The
6 department may designate separate accounts within the fund to
7 be applicable for regional, municipal and intermunicipal needs as
8 the department may deem necessary. The exercise by the depart-
9 ment of all powers and duties conferred by this act shall constitute
10 and be deemed and held to be an essential public and official govern-

11 mental function of the State, acting by and through the department,
12 in promoting the general health, safety, welfare and prosperity of
13 the State, its municipalities, its neighborhoods and its citizens.

14 b. The State fund shall consist of:

15 1. All moneys appropriated and made available by the Legislature
16 for inclusion therein;

17 2. Any other moneys made available to the Department from
18 any source or sources, which the commissioner shall determine to
19 use for the purposes authorized by this act, including community
20 development funds from the United States Department of Housing
21 and Urban Development;

22 3. Notwithstanding the provisions of any other act or part thereof,
23 any moneys which the department shall receive in repayment of
24 loans or advances from the State fund; and

25 4. All moneys earned through investment pursuant to subsection
26 c. of this section.

27 c. Any moneys held in such fund not required or permitted to be
28 disbursed immediately by this act may be invested and reinvested.
29 All functions, powers and duties relating to the investment or
30 reinvestment of funds within the jurisdiction of the agency, in-
31 cluding the purchase, sale or exchange of any investments, or
32 securities may, at the request of the agency, be exercised and
33 performed by the Director of the Division of Investments, in ac-
34 cordance with the written directions of the commissioner.

35 d. Funds expended from the State fund pursuant to this act
36 shall be used only for the purpose of making housing rehabilitation
37 loans or grants for the costs incurred in the administration thereof.

1 *5. *The commissioner shall submit with the department's annual
2 budget request a plan for expenditures from the Neighborhood
3 Preservation Loan and Grant Fund for the upcoming fiscal year.
4 This plan shall include, but not be limited to: performance evalua-
5 tion of the expenditures made from the State fund to date; a
6 description of the various loan and grant programs to be funded
7 during the upcoming fiscal year; a copy of the regulations in force
8 governing the operation of the various loan and grant programs
9 that are to be financed, in part or in whole by the State funds; a
10 complete financial statement on the status of the State fund to date;
11 and an estimate of expenditures from the State fund for the up-
12 coming fiscal year. This information shall be used to assist the
13 Legislature in determining the amount to appropriate to the State
14 fund.**

1 ***[5.]*** *6.* The department is hereby granted, has, and may
2 exercise all powers necessary and appropriate to effectuate the
3 purposes of this act, including but not limited to the following:

4 a. To sue and be sued;

5 b. To maintain an office at such place or places within the State
6 as it may determine;

7 c. To acquire, hold, use and dispose of its income, revenues,
8 funds and moneys;

9 d. To apply for and accept gifts, grants, or loans from the United
10 States of America or any of its agencies or instrumentalities, or
11 from any other source, public or private, and to comply, subject
12 to the provisions of this act, with the terms and conditions of such
13 gifts, grants, or loans;

14 e. To request the assistance and avail itself of the services of
15 employees of any department or agency of the State who may be
16 helpful and available;

17 f. To provide, upon request, advisory, consultive, training, and
18 educational services and technical assistance to any neighborhood
19 preservation agency; and to assist any agency in applying for the
20 qualifying for grants and loans pursuant to this act;

21 g. To make and enter into all contracts, agreements, and other
22 arrangements with, or to hire as employees such agents, pro-
23 fessional advisors, and counselors, including without limitation,
24 financial consultants, accountants, attorneys, architects, engineers,
25 real estate consultants, appraisers, housing construction and
26 financing experts, as are deemed necessary or advisable, in per-
27 forming its duties and exercising its powers under this act, which
28 expense may be considered as a cost of administration;

29 h. To conduct examinations and hearings and to hear testimony
30 and take proof, under oath of affirmation, or any matter material
31 for the department's information and necessary to carry out the
32 provisions of this act;

33 i. To issue subpoenas requiring the attendance of witnesses and
34 the production of books and papers pertinent to any hearing;

35 j. To apply to any court, having territorial jurisdiction of the
36 offense, to have punished for contempt any witness who refuses to
37 obey a subpoena, or who refuses to be sworn or affirmed to testify,
38 or who is guilty of any contempt after summons to appear;

39 k. To adopt, modify, repeal, and enforce such rules and regula-
40 tions as may be necessary to carry out the purposes of this act,
41 including regulations relating to: the administration of the State
42 fund, the local fund, interest rates, income limitations, and not-

43 withstanding any statute, rule or regulation to the contrary, the
 44 length of any loan term under either the State or local fund;

45 l. To enter into and enforce any contract or agreement with the
 46 Federal Government, any neighborhood preservation agency, re-
 47 habilitation lender or other entity performing duties and exercis-
 48 ing power under this act;

49 m. To make direct loans and grants from the State fund to any
 50 neighborhood preservation agency, subject to affirmance by the
 51 commissioner of the findings pursuant to subsection 7 a. of this act
 52 and to such other conditions as the commissioner may deem
 53 appropriate;

54 n. To enter into, and enforce any contract or agreement with the
 55 Federal government, any neighborhood preservation agency, re-
 56 habilitation lender or other entity to act for, in behalf of, and in
 57 cooperation with the department, with respect to undertaking,
 58 originating, servicing or processing the housing rehabilitation loans
 59 and grants of the State fund, under such terms and conditions as
 60 are agreed upon between the parties;

61 o. To fix and revise from time to time and charge and collect fees
 62 and charges in connection with loans or grants made or other
 63 services provided by the department pursuant to this act;

64 p. To use the State fund to invest in, purchase, or make commit-
 65 ments to purchase, and take assignments from neighborhoods pres-
 66 ervation agencies, of notes and mortgages evidencing housing
 67 rehabilitation loans in this State, upon such terms and conditions
 68 as the commissioner may determine; and

69 q. To sell, at public or private sale, with or without public
 70 bidding, any note, mortgage or other obligation held by the
 71 department.

1 ***[6.]** *7.* a. Municipalities shall have and exercise all powers
 2 necessary and appropriate to carry out the purposes of this act,
 3 in order that the objective of neighborhood preservation through
 4 housing rehabilitation may be most effectively achieved, and shall
 5 include without limitation, the power:

6 (1) To designate and establish neighborhood preservation
 7 agencies;

8 (2) To establish, maintain, and operate the local fund, to dele-
 9 gate such authority to any neighborhood preservation agency or
 10 to make direct loans and grants to any neighborhood preservation
 11 agency, subject to such conditions as it may deem appropriate and
 12 in accordance with regulations as may be prescribed by the
 13 commissioner;

14 (3) To enter into and enforce all contracts, agreements and
 15 other arrangements with the Federal Government, the State, any
 16 neighborhood preservation agency, other municipalities or re-
 17 habilitation lenders, to act for, in behalf of, and in cooperation with
 18 the municipality, with respect to undertaking, originating, servicing
 19 or processing housing rehabilitation loans and grants, under such
 20 terms and conditions as are agreed upon between the parties;

21 (4) To organize, establish, develop and administer the local
 22 fund in conjunction with and through the State fund;

23 (5) To accept advances, loans, appropriations, gifts, grants, con-
 24 tributions, and any other form of financial assistance from the
 25 Federal Government, the State, or from any other sources, public
 26 or private;

27 (6) To finance the administrative expenses incurred by any
 28 neighborhood preservation agency in administering the State or
 29 local fund or any part thereof;

30 (7) To fix and revise from time to time, and charge and collect
 31 fees and charges in connection with loans or grants made or other
 32 services provided;

33 (8) To provide advisory, consultive, training and educational
 34 services, and technical assistance to any neighborhood preservation
 35 agency; to assist any agency in applying for and qualifying for
 36 grants and loans pursuant to this act; and to conduct research on
 37 the most efficient and economical methods of accomplishing neigh-
 38 borhood preservation.

39 b. Nothing herein is intended nor shall it be construed to limit
 40 or abrogate existing municipal power to carry out and effectuate
 41 programs of rehabilitation pursuant to any other law of this
 42 State, regulation, ordinance or judicial decision. The powers con-
 43 ferred herein are intended as an expansion of municipal power,
 44 shall exist in addition to such powers and shall be liberally
 45 construed.

1 ***[7.]*** *8.* a. No municipality shall designate a neighborhood
 2 preservation agency or undertake a neighborhood preservation
 3 project unless a determination has been made that in the neighbor-
 4 hood preservation area or areas:

5 (1) Deteriorating conditions have substantially reduced the
 6 incentive for private investment and reinvestment;

7 (2) Dilapidation, deterioration and obsolescence will become a
 8 prevalent without governmental aid;

9 (3) Deteriorating conditions can be reversed; and

10 (4) The rehabilitation of housing is necessary in the interest of
 11 the public health, safety and welfare.

12 The determination shall be made by the planning board of the
13 municipality, or, if there be none, by the governing body. Where
14 the determination is made by the planning board, it shall be subject
15 to approval, disapproval or modification by the governing body of
16 the municipality. The determination shall be submitted by the
17 planning board to the governing body of the municipality in the
18 form of a report and final action thereon shall be taken by the said
19 governing body within 30 days after the submission of said report.

20 b. Upon making the findings as described in subsection a. hereof,
21 a municipality shall formulate a neighborhood preservation plan,
22 pursuant to such rules and regulations as the commissioner shall
23 prescribe, which shall include but need not be limited to, the
24 following:

25 (1) A comprehensive strategy for meeting neighborhood preser-
26 vation needs which specifies both short- and long-term neighbor-
27 hood objectives in accordance with areawide development planning;

28 (2) A program which (a) includes activities to be undertaken
29 to meet its neighborhood preservation needs and objectives, together
30 with the estimated costs thereof, (b) indicates resources other than
31 those provided under this act which are expected to be made avail-
32 able toward meeting its identified needs and objectives, and (c)
33 takes into account appropriate environmental factors;

34 (3) A plan which (a) accurately surveys the condition of the
35 residential housing stock in the neighborhood preservation area
36 or areas, (b) specifies realistic annual goals for the number of
37 residential housing units or persons to be assisted, and (c) indicates
38 the general locations of proposed neighborhood preservation areas
39 with the objective of furthering the restoration and rehabilitation
40 of stable neighborhoods to the maximum extent possible, and
41 assuring the availability of public facilities and services adequate
42 to serve the proposed neighborhood preservation area.

43 c. Any municipality which plans to carry out a neighborhood
44 preservation program shall provide to the department satisfactory
45 assurances that, prior to initiation of any such program, the govern-
46 ing body has (a) provided citizens with adequate information con-
47 cerning the amount of funds available for proposed neighborhood
48 preservation and housing activities, as well as the range of activi-
49 ties that may be undertaken and other important program require-
50 ments, (b) held public hearings to obtain the views of citizens on
51 neighborhood preservation and housing needs, and (c) provided
52 citizens an adequate opportunity to participate in the development
53 of the neighborhood preservation plan.

54 d. A neighborhood preservation plan may be modified at any time;
 55 provided, that any proposed modification of the neighborhood
 56 preservation plan is recommended by resolution of the planning
 57 board and approved by resolution of the governing body, and pur-
 58 suant to regulations as may be prescribed by the commissioner.

59 e. Any municipality receiving funds from the United States De-
 60 partment of Housing and Urban Development pursuant to the
 61 Housing and Community Development Act of 1974 may satisfy the
 62 requirements of subsections b., c. and d. of this section by submitting
 63 to the commissioner, copies of their community development plan
 64 and community development program as approved pursuant to the
 65 said act; provided however that whenever the State fund or funds
 66 other than such as may be provided to the municipality pursuant
 67 to the Housing and Community Development Act of 1974, are
 68 utilized to carry out the purposes of this act, the commissioner
 69 shall require compliance with the standards as are established
 70 pursuant to this act.

1 ***[8.]*** *9.* A municipality shall afford to private enterprise the
 2 maximum feasible opportunity to participate in the rehabilitation
 3 of any neighborhood preservation area.

1 ***[9.]*** *10.* This act shall be construed liberally to effectuate
 2 the legislative intent and the purposes of this act, and all powers
 3 herein granted shall be broadly interpreted to effectuate such intent
 4 and purposes and not as a limitation of powers.

1 ***[10.]*** *11.* This act shall take effect immediately.

69 shall require compliance with the standards as are established
70 pursuant to this act.

1 8. A municipality shall afford to private enterprise the maximum
2 feasible opportunity to participate in the rehabilitation of any
3 neighborhood preservation area.

1 9. This act shall be construed liberally to effectuate the legislative
2 intent and the purposes of this act, and all powers herein granted
3 shall be broadly interpreted to effectuate such intent and purposes
4 and not as a limitation of powers.

1 10. This act shall take effect immediately.

STATEMENT

There remains a shortage of safe, sanitary housing in New Jersey notwithstanding State and Federal programs to provide same. One of the ways to prevent a worsening of this shortage and to increase the housing opportunities for New Jersey residents, is to preserve and rehabilitate those neighborhoods in our municipalities which are still viable but are threatened with decline. In other words, it should be our goal to conserve our existing housing stock to provide a decent home. This housing stock can be preserved if the neighborhoods are improved and rehabilitated in areas and responsibilities such as public services, code enforcement, etc.

This bill will establish a Neighborhood Preservation Loan and Grant Fund in DCA for the purpose of making loans and grants to municipalities, counties, and other local agencies to undertake housing rehabilitation in neighborhoods which are threatened but still viable. The municipalities will be authorized to establish their own preservation agencies, provide local funds to support such agencies, and undertake housing rehabilitation projects only upon a funding by the planning board and governing body that governmental assistance is necessary to reverse deteriorating conditions. Moreover, municipalities may not undertake a project unless public input is received and unless a comprehensive strategy for neighborhood preservation is established by the municipalities and approved by the commissioner.

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3395

—◆—
STATE OF NEW JERSEY
—◆—

DATED: JUNE 16, 1975

The statement of the sponsor adequately expresses the purpose and provisions of the bill. The Assembly Committee amendment simply provides for an annual reporting to the Legislature of the progress and plans of the Neighborhood Preservation Loan and Grant Fund.

FROM THE OFFICE OF THE GOVERNOR

OCTOBER 30, 1975

FOR FURTHER INFORMATION

FOR IMMEDIATE RELEASE

DICK CAMPBELL

Governor Brendan Byrne today signed into law two bills designed to help preserve older, urban neighborhoods.

One bill, A-3395, sponsored by Assembly Speaker S. Howard Woodson, D-Mercer, authorizes the establishment in the Department of Community Affairs a Neighborhood Preservation Loan and Grant Fund.

The other measure, A-3394, also sponsored by Assemblyman Woodson, authorizes the department to make grants and loans for housing rehabilitation and other neighborhood preservation activities.

The bills were signed by the Governor at a public ceremony in Plainfield, the city where the first pilot neighborhood preservation project conducted by the department took place.

Byrne said the program will help preserve the stable, urban neighborhoods in the state's older cities.

He pointed out that the pilot neighborhood preservation programs have proven successful.

"The concept behind our demonstration effort and this very important legislation is the pooling of resources - state and local governments, private lending institutions and the individual homeowners," he said. "In this way, limited public money can make a significant impact on the viability of our neighborhoods."

Assemblywoman Betty Wilson, D-Union, who attended the ceremony, said it is essential to preserve the state's urban environments.

"We must give people assistance to help them help themselves," said Mrs. Wilson, who has been a leading advocate of the restoration of older cities.

"The Neighborhood Preservation Act is an example of a way government can do that."

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