

17:1B-5.1

LEGISLATIVE HISTORY CHECKLIST

(Loans through NJ Mortgage Finance Agency -
to replace area - formaldehyde insulation)

NJSA 17:1B-5.1

LAWS 1982

CHAPTER 206

Bill No. S1301

Sponsor(s) Orechio and Bassano

Date Introduced May 6, 1982

Committee: Assembly Housing and Urban Policy

Senate County and Municipal Government

Amended during passage Yes No Amendments during passage denoted by asterisks

Date of Passage: Assembly Sept. 30, 1982

Senate June 14, 1982

Date of approval Dec. 20, 1982

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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attached since substantially same as Senate Committee statement

[OFFICIAL COPY REPRINT]
SENATE, No. 1301

STATE OF NEW JERSEY

INTRODUCED MAY 6, 1982

By Senators ORECHIO and BASSANO

Referred to Committee on County and Municipal Government

AN ACT to increase the supply of loans for the replacement of urea-formaldehyde foam insulation and amending P. L. 1975, c. 160.

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

1 1. Section 1 of P. L. 1975, c. 160 (C. 17:1B-5.1) is amended to
2 read as follows:

3 1. The Legislature hereby finds that national economic condi-
4 tions have caused the persistence of a critical shortage of adequate
5 housing in this State and a drastic decline in new housing starts;
6 that as a result an increasingly large number of New Jersey resi-
7 dents will be subjected to hardship in finding adequate, safe,
8 sanitary and energy efficient housing unless new housing is con-
9 structed and existing housing, where appropriate, rehabilitated or
10 improved; that unless the supply of housing and the availability to
11 residents of this State of residential mortgage, rehabilitation, and
12 improvement financing is increased over present levels, a large
13 number of residents of this State will continue to be compelled to
14 live in unsanitary, **[overcrowded]** *overcrowded*, unsafe energy
15 inefficient conditions to the detriment of the health, welfare and
16 well-being of these residents and of the whole community of which
17 they are a part; and that an increase in the housing supply of this
18 State will assist in the clearance, replanning, development and
19 redevelopment of blighted areas*,* will ameliorate the critical
20 shortage of adequate housing, and will increase the available
21 supply of energy for housing in the State.

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:

***—Senate committee amendments adopted June 3, 1982.**

22 It is hereby found that existing programs of the New Jersey
23 Mortgage Finance Agency will not be sufficient in the future to
24 meet the demands for available funds to assist in the financing of
25 ~~the new residential mortgage loans and, where appropriate, the~~
26 ~~rehabilitation or improvement of existing housing which is needed~~
27 to remedy the continuing housing crisis.

28 The Legislature hereby determines that in order to more effec-
29 tively promote the expansion of the supply of funds available for
30 residential mortgage, rehabilitation and improvement loans and
31 thus help alleviate the shortage of adequate housing in this State,
32 the New Jersey Mortgage Finance Agency shall be granted power
33 to raise funds from private investors and make those funds avail-
34 able through mortgage lending institutions and firms in this State
35 for new residential loans through the purchase by the agency of
36 existing residential mortgage loans and residential rehabilitation
37 and improvement loans from mortgage lending institutions and
38 firms within the State during periods when there is an inadequate
39 supply of credit otherwise available in the State, any particular
40 area or areas of the State or available to persons or families of the
41 State of low or moderate income for residential loans and that this
42 program will be accomplished by the agency on terms designed to
43 assure the expansion of available funds in the State or any such
44 area or areas or for any such persons or families while protecting
45 against the realization by mortgage lending institutions and firms
46 of any excessive financial return or benefit.

47 The Legislature further finds and determines that a secondary
48 mortgage market which will be provided by the residential
49 ~~*[loans]*~~ **loan** purchase program of the agency will be an appro-
50 priate and effective means of encouraging investment in New
51 Jersey residential loans, of reducing the volatility of mortgage
52 flows over the business cycle, and of providing greater stability
53 for the economy of the State of New Jersey.

54 The Legislature further finds and determines that the shortage
55 of adequate housing in the State will be reduced if the present
56 authority of the New Jersey Mortgage Finance Agency to raise
57 funds from private investors and ~~*[loans]*~~ **loan** such funds to
58 mortgage lending institutions to make residential mortgage loans
59 is extended to permit the agency to loan such funds to mortgage
60 lending institutions to make residential rehabilitation and improve-
60A ment loans.

61 The Legislature also finds and determines that a major dis-
62 incentive for the rehabilitation and improvement of older housing
63 and the full use of the existing housing supply in the State is the

64 relative energy inefficiency of older housing and the high cost and
65 limited supplies of energy from nonrenewable sources such as oil
66 and gas, and that one of the purposes of the New Jersey Mortgage
67 Finance Agency shall be to promote the fuller utilization of the
68 existing housing supply of the State and to increase the available
69 supply of energy for heating and cooling housing in the State. To
70 this end, the construction, purchase and installation of energy
71 saving improvements and particularly of solar heating or cooling
72 system improvements shall be an eligible construction, rehabili-
73 tation or improvement to housing for the purpose of any loans
74 permitted under the "New Jersey Mortgage Finance Agency Law,"
75 and loans permitted for such purposes shall not be subject to limita-
76 tion with respect to income, area, or available supply of credit.

77 *The Legislature also finds that certain New Jersey residents in-*
78 *stalled urea-formaldehyde foam insulation in their homes prior to*
79 *the federal ban on the sale of this type of insulation, the use of*
80 *which poses potential health hazards to residents of homes in which*
81 *it has been installed. The Legislature determines that the removal*
82 *of urea-formaldehyde foam insulation and its replacement with*
83 *more suitable insulation should be encouraged, in keeping with the*
84 *purposes of the New Jersey Mortgage Finance Agency. To this*
85 *end, the removal of urea-formaldehyde foam insulation and its re-*
86 *placement with more suitable insulation shall be an eligible con-*
87 *struction, rehabilitation or improvement to housing for the purpose*
88 *of any loans permitted under the "New Jersey Mortgage Finance*
89 *Agency Law," and loans permitted for such purposes shall not be*
90 *subject to limitation with respect to income, area or available*
91 *supply of credit.*

1 2. This act shall take effect immediately.

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STATEMENT

This bill provides that loans issued under the "New Jersey Mortgage Finance Agency Law," P. L. 1970, c. 38 (C. 17:1B-4 et seq.), shall be available to help New Jersey residents replace urea-formaldehyde foam insulation (UFFI) with more suitable insulation.

In February, 1982, the Federal Consumer Product Safety Commission voted to ban the sale of UFFI. This action followed studies by various agencies on the actual and potential health hazards posed by the release of formaldehyde gas into the interiors of buildings after UFFI is installed. Persons exposed to this gas have suffered respiratory distress, skin irritation, nausea, and dizziness, all ranging from short-term discomfort to long-term impairment. Experiments with laboratory animals have revealed

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that exposure to formaldehyde gas may cause cancer. As thoroughly as scientists can determine, there is no brand of UFFI that does not release gas, there is no method of controlling the release of gas once UFFI is installed, and there is no density level below which the gas is harmless.

In addition to the health hazards posed by UFFI, its presence in any home will tend to reduce the monetary value and general desirability of that home. It is entirely appropriate that loans provided under the "New Jersey Mortgage Finance Agency Law" be used to help New Jersey residents remove the threats to their health posed by UFFI and replace that insulation with more suitable insulation.

SENATE COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1301

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 3, 1982

This bill provides that loans issued under the "New Jersey Mortgage Finance Agency Law," P. L. 1970, c. 38 (C. 17:1B-4 et seq.) shall be available to help New Jersey residents replace urea-formaldehyde foam insulation (UFFI) with more suitable insulation.

The sponsors note that in February 1982, the Federal Consumer Product Safety Commission voted to ban the sale of UFFI. This action followed studies by various agencies on the actual and potential health hazards posed by the release of formaldehyde gas into the interiors of buildings after UFFI is installed. Persons exposed to this gas have suffered respiratory distress, skin irritation, nausea and dizziness, all ranging from short-term discomfort to long-term impairment. Experiments with laboratory animals have revealed that exposure to formaldehyde gas may cause cancer. As thoroughly as scientists can determine, there is no brand of UFFI that does not release gas, there is no method of controlling the release of gas once UFFI is installed and there is no density level below which the gas is harmless. In addition to the health hazards posed by UFFI, its presence in any home will tend to reduce the monetary value and general desirability of that home.

There is currently no provision in any law specifically providing for low-cost loans for the removal and replacement of UFFI. Under the present bill, the Mortgage Finance Agency (MFA) would, through various means provide funds to lending institutions, which in turn would issue loans to individual residents for this purpose. The lending institutions would be subject to MFA rules designed to prevent them from realizing an undue return on their loans.

Currently, the "New Jersey Mortgage Finance Agency Law" authorizes loans for the construction of new housing and the rehabilitation or improvement of existing housing. "Rehabilitation or improvement" includes the construction, purchase and installation of energy saving improvements, without respect to income, area or credit supply. This bill extends the loan program, also without limitation as to income, area or credit supply, to the removal and replacement of UFFI.

The MFA acquires the funds which it provides lending institutions through the issuance of bonds, as authorized by the "Mortgage Finance Agency Law." Thus, including loans for the removal and replacement of UFFI in the MFA-sponsored program should not require an appropriation in the State budget.

The Senate committee amendments merely correct printing errors.
