

ASSEMBLY, No. 503

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman ROBERTS

1 AN ACT establishing a mortgage assistance program for certain law
2 enforcement officers and amending and supplementing P.L.1983,
3 c.530 (C.55:14K-1 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) This act shall be known and may be cited as the
9 "Secure Neighborhood Mortgage Assistance Program."
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11 2. (New section) The Legislature finds and declares that:

12 a. Some of the neighborhoods in New Jersey's older and financially
13 strained urban municipalities are deteriorating;

14 b. Frightened by rising local crime rates, families and longtime
15 residents of these communities are abandoning them;

16 c. Battered by this cycle of deterioration, crime and suburban
17 flight, these neighborhoods are trapped in a downward spiral toward
18 dilapidation and blight;

19 d. The vitality of our urban municipalities depends upon the
20 stability and viability of their local communities and neighborhoods;

21 e. To reverse this trend and to revive these neighborhoods, the fear
22 of crime and concern about personal physical safety must be
23 eliminated;

24 f. State aid programs which put additional law enforcement officers
25 on duty in those neighborhoods serve to alleviate some of that fear and
26 concern;

27 g. A program designed to encourage law enforcement officers to
28 live in those communities would further reduce those fears and
29 concerns and could significantly contribute to the revival of those
30 neighborhoods; and

31 h. It is, therefore, within the public interest to establish a mortgage
32 program to assist law enforcement officers in purchasing homes

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

Matter underlined thus is new matter.

1 located in designated neighborhoods.

2

3 3. (New section) As used in this act:

4 "Agency" means the New Jersey Housing and Mortgage Finance
5 Agency.

6 "Certified property" means a residential property which is located
7 in a participating neighborhood and that is the primary residence of the
8 qualified applicant.

9 "Eligible municipality" means a municipality which qualifies for
10 State aid under the provisions of P.L.1978, c.14 (C.52:27D-178 et
11 seq.).

12 "Participating neighborhood" means a portion or portions of the
13 eligible municipality, identified by the governing body, wherein the
14 provisions of the program established under this act are applicable.

15 "Program" means the secure neighborhood mortgage assistance
16 program established under this act.

17 "Qualified applicant" means a fulltime law enforcement officer
18 employed by an eligible municipality , and a fulltime paid firefighter.

19

20 4. (New section) There is established a secure neighborhood
21 mortgage assistance program. The purpose of the program is to
22 provide mortgage assistance to law enforcement officers seeking to
23 purchase homes in specially designated neighborhoods of their
24 employing municipality. The assistance afforded under this act may be
25 in the form of low interest mortgages, minimal or no down payment
26 requirements, or both, and such other incentives as the New Jersey
27 Housing and Mortgage Finance Agency may deem appropriate to
28 assist qualified applicants in purchasing homes in participating
29 neighborhoods. To fund this program, the agency shall set aside a
30 reasonable portion of the moneys designated for programs designed to
31 assist first time home buyers and neighborhood preservation.

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33 5. (New section) The governing body of any eligible municipality,
34 by ordinance, may determine to participate in the secure neighborhood
35 mortgage assistance program. In addition to such other information
36 as the agency may require, the ordinance shall set forth the
37 participating neighborhoods, identified by their street boundaries, and
38 identify a municipal official who shall assist each qualified applicant in
39 preparing his application to the agency and be responsible for
40 forwarding that application to the agency. The ordinance may, if the
41 governing body so determines, provide that the program be available
42 only to qualified applicants who have been employed by the eligible
43 municipality for more than a specified number of years.

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45 6. Section 5 of P.L.1983, c.530 (C.55:14K-5) is amended to read
46 as follows:

- 1 5. In order to carry out the purposes and provisions of this act, the
2 agency, in addition to any powers granted to it elsewhere in this act,
3 shall have the following powers:
- 4 a. To adopt bylaws for the regulation of its affairs and the conduct
5 of its business; to adopt an official seal and alter the same at pleasure;
6 to maintain an office at such place or places within the State as it may
7 designate; to sue and be sued in its own name;
- 8 b. To conduct examinations and hearings and to hear testimony and
9 take proof, under oath or affirmation, at public or private hearings, on
10 any matter material for its information and necessary to carry out the
11 provisions of this act;
- 12 c. To issue subpoenas requiring the attendance of witnesses and the
13 production of books and papers pertinent to any hearing before the
14 agency, or before one or more of the members of the agency appointed
15 by it to conduct a hearing;
- 16 d. To apply to any court, having territorial jurisdiction of the
17 offense, to have punished for contempt any witness who refuses to
18 obey a subpoena, or who refuses to be sworn or affirmed to testify, or
19 who is guilty of any contempt after summons to appear;
- 20 e. To acquire by purchase, gift, foreclosure or condemnation any
21 real or personal property, or any interest therein, to enter into any
22 lease of property and to hold, sell, assign, lease, encumber, mortgage
23 or otherwise dispose of any real or personal property, or any interest
24 therein, or mortgage lien interest owned by it or under its control,
25 custody or in its possession and release or relinquish any right, title,
26 claim, lien, interest, easement or demand however acquired, including
27 any equity or right of redemption, in property foreclosed by it and to
28 do any of the foregoing by public or private sale, with or without
29 public bidding, notwithstanding the provisions of any other law;
- 30 f. To acquire, hold, use and dispose of its income revenues, funds
31 and moneys;
- 32 g. To adopt rules and regulations expressly authorized by this act
33 and such additional rules and regulations as shall be necessary or
34 desirable to carry out the purposes of this act. The agency shall adopt
35 regulations which provide for consultation with housing sponsors
36 regarding the formulation of agency rules and regulations governing
37 the operation of housing projects and which require the agency to
38 consult with the affected housing sponsor prior to taking any and all
39 specific proposed agency actions relating to the sponsor's housing
40 project. The agency shall publish all rules and regulations and file
41 them with the Secretary of State;
- 42 h. To borrow money or secure credit on a temporary, short-term,
43 interim or long-term basis, and to issue negotiable bonds and to secure
44 the payment thereof and to provide for the rights of the holders
45 thereof;
- 46 i. To make and enter into and enforce all contracts and agreements

1 necessary, convenient or desirable to the performance of its duties and
2 the execution of its powers under this act, including contracts or
3 agreements with qualified financial institutions for the servicing and
4 processing of eligible loans owned by the agency;

5 j. To appoint and employ an executive director, who shall be the
6 chief executive officer of the agency, and additional officers, who need
7 not be members of the agency as the agency deems advisable, and to
8 employ architects, engineers, attorneys, accountants, construction and
9 financial experts and other employees and agents as may be necessary
10 in its judgment and to determine their qualifications, terms of office,
11 duties and compensation; and to promote and discharge such officers,
12 employees and agents, all without regard to the provisions of Title 11
13 of the Revised Statutes, Civil Service;

14 k. To contract for and to receive and accept any gifts, grants, loans
15 or contributions from any source, of money, property, labor or other
16 things of value, to be held, used and applied to carry out the purposes
17 of this act subject to the conditions upon which the grants and
18 contributions may be made, including, but not limited to, gifts or
19 grants from any department or agency of the United States or the State
20 for payment of rent supplements to eligible families or for the payment
21 in whole or in part of the interest expense for a housing project or for
22 any other purpose consistent with this act;

23 l. To enter into agreements to pay annual sums in lieu of taxes to
24 any political subdivision of the State with respect to any real property
25 owned or operated directly by the agency;

26 m. To procure insurance against any loss in connection with its
27 operations, property and other assets (including eligible loans) in the
28 amounts and from the insurers it deems desirable;

29 n. To the extent permitted under its contract with the holders of
30 bonds of the agency, to consent to any modification with respect to
31 rate of interest, time and payment of any installment of principal or
32 interest, security or any other terms of any loan to an institutional
33 lender, eligible loan, loan commitment, contract or agreement of any
34 kind to which the agency is a party;

35 o. To the extent permitted under its contract with the holders of
36 bonds of the agency, to enter into contracts with any housing sponsor
37 containing provisions enabling the housing sponsor to reduce the
38 rental or carrying charges to persons unable to pay the regular
39 schedule of charges where, by reason of other income or payment from
40 the agency, any department or agency of the United States or the
41 State, these reductions can be made without jeopardizing the economic
42 stability of the housing project;

43 p. To make and collect the fees and charges it determines are
44 reasonable;

45 q. To the extent permitted under its contract with the holders of
46 bonds of the agency, to invest and reinvest any moneys of the agency

1 not required for immediate use, including proceeds from the sale of
2 any obligations of the agency, in obligations, securities or other
3 investments as the agency deems prudent. All functions, powers and
4 duties relating to the investment or reinvestment of these funds,
5 including the purchase, sale or exchange of any investments or
6 securities may, upon the request of the agency, be exercised and
7 performed by the Director of the Division of Investment in the
8 Department of the Treasury, in accordance with written directions of
9 the agency signed by an authorized officer, without regard to any other
10 law relating to investments by the Director of the Division of
11 Investment;

12 r. To provide, contract or arrange for, where, by reason of the
13 financing arrangement, review of the application and proposed
14 construction of a project is required by or in behalf of any department
15 or agency of the United States, consolidated processing of the
16 application or supervision or, in the alternative, to delegate the
17 processing in whole or in part to any such department or agency;

18 s. To make eligible loans, and to participate with any department,
19 agency or authority of the United States or of any state thereof, this
20 State, a municipality, or any banking institution, foundation, labor
21 union, insurance company, trustee or fiduciary in an eligible loan,
22 secured by a single participating mortgage, by separate mortgages or
23 by other security agreements, the interest of each having equal priority
24 as to lien in proportion to the amount of the loan so secured, but
25 which need not be equal as to interest rate, time or rate of
26 amortization or otherwise, and to undertake commitments to make
27 such loans;

28 t. To assess from time to time the housing needs of any
29 municipality which is experiencing housing shortages as a result of the
30 authorization of casino gaming and to address those needs when
31 planning its programs;

32 u. To sell any eligible loan made by the agency or any loan to an
33 institutional lender owned by the agency, at public or private sale, with
34 or without bidding, either singly or in groups, or in shares of loans or
35 shares of groups of loans, issue securities, certificates or other
36 evidence of ownership secured by such loans or groups of loans, sell
37 the same to investors, arrange for the marketing of the same; and to
38 deposit and invest the funds derived from such sales in any manner
39 authorized by this act;

40 v. To make commitments to purchase, and to purchase, service and
41 sell, eligible loans, pools of loans or securities based on loans, insured
42 or issued by any department or agency of the United States, and to
43 make loans directly upon the security of any such loan, pools of loans
44 or securities;

45 w. To provide such advisory consultation, training and educational
46 services as will assist in the planning, construction, rehabilitation and

1 operation of housing including but not limited to assistance in
2 community development and organization, home management and
3 advisory services for residents and to encourage community
4 organizations and local governments to assist in developing housing;

5 x. To encourage research in and demonstration projects to develop
6 new and better techniques and methods for increasing the supply,
7 types and financing of housing and housing projects in the State and
8 to engage in these research and demonstration projects and to receive
9 and accept contributions, grants or aid, from any source, public or
10 private, including but not limited to the United States and the State,
11 for carrying out this purpose;

12 y. To provide to housing sponsors, through eligible loans or
13 otherwise, financing, refinancing or financial assistance for fully
14 completed, as well as partially completed, projects which may or may
15 not be occupied, if the projects meet all the requirements of this act,
16 except that, prior to the making of the mortgage loans by the agency,
17 said projects need not have complied with sections 7a.(9) and 42 of
18 this act;

19 z. To encourage and stimulate cooperatives and other forms of
20 housing with tenant participation;

21 aa. To promote innovative programs for home ownership,
22 including but not limited to lease-purchase programs,
23 employer-sponsored housing programs, such as the mortgage
24 assistance program for law enforcement officers established pursuant
25 to P.L. , c. (C.)(now before the Legislature as this bill), and
26 tenant cooperatives;

27 bb. To set aside and designate, out of the funds that are or may
28 become available to it for the purpose of financing housing in this
29 State pursuant to the terms of this act, certain sums or proportions
30 thereof to be used for the financing of housing and home-ownership
31 opportunities, including specifically lease-purchase arrangements,
32 provided by employers to their employees through nonprofit or
33 limited-dividend corporations or associations created by employers for
34 that purpose; and to establish priority in funding, offer bonus fund
35 allocations, and institute other incentives to encourage such
36 employer-sponsored housing and home-ownership opportunities;

37 cc. Subject to any agreement with bondholders, to collect, enforce
38 the collection of, and foreclose on any property or collateral securing
39 its eligible loan or loans to institutional lenders and acquire or take
40 possession of such property or collateral and sell the same at public or
41 private sale, with or without bidding, and otherwise deal with such
42 collateral as may be necessary to protect the interests of the agency
43 therein;

44 dd. To administer and to enter into agreements to administer
45 programs of the federal government or any other entity which are in
46 furtherance of the purposes of this act;

1 ee. To do and perform any acts and things authorized by this act
2 under, through, or by means of its officers, agents or employees or by
3 contract with any person, firm or corporation; and

4 ff. To do any acts and things necessary or convenient to carry out
5 the powers expressly granted in this act.

6 (cf: P.L.1983, c.530, s.5)

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8 7. This act shall take effect on the first day of the third month
9 following enactment.

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12 STATEMENT

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14 This bill establishes the Secure Neighborhood Mortgage Assistance
15 Program, a special mortgage assistance program to encourage local
16 law enforcement officers to purchase homes in specially designated
17 neighborhoods of their employer municipality.

18 The bill addresses concerns about crime and personal safety by
19 establishing a program that encourages and assists municipal law
20 enforcement officers to purchase homes in local neighborhoods.

21 Under the bill, low interest mortgages, low or no down payment
22 offerings, and other incentives would be available to law enforcement
23 officers who wish to purchase a home in a specially designated
24 neighborhood. The program would be administered by the New Jersey
25 Housing and Mortgage Finance Agency. To participate in the
26 program, the governing body of the municipality must adopt an
27 ordinance, designate the neighborhoods where the purchases must be
28 made, and identify a local official to assist interested law enforcement
29 officers in applying for the assistance.

30 The program would only be available to law enforcement officers
31 employed by municipalities which qualify for the State's "urban aid"
32 program.

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37 Establishes "Secure Neighborhood Mortgage Assistance Program."