

ASSEMBLY, No. 1074

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman CORODEMUS

1 AN ACT concerning the sale of real property by the State of New
2 Jersey to nonprofit entities for the construction of low and
3 moderate income housing and supplementing chapter 31 of Title 52
4 of the New Jersey Statutes.

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

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9 1. The Legislature finds and declares that there is an urgent need
10 to provide better housing conditions for the low and moderate income
11 population of the State, and that efforts to meet that need represent a
12 public purpose which can be furthered by making available in a timely
13 fashion and at nominal cost suitable State lands not required by the
14 State of New Jersey for other purposes.

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16 2. For the purposes of this act the following terms shall have the
17 following meaning:

18 "Commissioner" means the Commissioner of Community Affairs.

19 "Construction" includes the rehabilitation, renovation or repair of
20 existing residential property, and the conversion to residential use of
21 structures designed or employed for other purposes, as well as new
22 construction.

23 "Department" means the Department of Community Affairs.

24 "Low and Moderate Income Housing Project" means a housing
25 development in which at least one-third of the dwelling units are set
26 aside for purchase or rental by low and moderate income households
27 for a minimum duration of 30 years.

28 "Qualified nonprofit housing development entity" means any
29 corporation or association of persons organized under Title 15A of the
30 New Jersey Statutes, having for its principal purpose, or as a purpose
31 ancillary to its principal purpose, the improvement of realistic
32 opportunities for low income and moderate income housing, as defined
33 pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301
34 et al.), being within the description of section 501(c)(3) of the United
35 States Internal Revenue Code (26 U.S.C.A. §501(c)(3), having been

1 determined by the agency to be a bona fide organization not under the
2 effective control of any for-profit organization or governmental entity,
3 and appearing capable, by virtue of past activities, qualifications of
4 staff or board, or other features, of furthering the purposes of this act.
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6 3. a. Notwithstanding any law or regulation to the contrary, the
7 State Treasurer shall regularly provide the commissioner with a list of
8 all real property, including both buildings and vacant land, owned by
9 the State, including but not limited to property of that description that
10 has escheated to the State, that has been declared surplus and no
11 longer needed for State use.

12 b. The commissioner shall review the location and characteristics
13 of all such property and determine which are suitable for the
14 construction of low and moderate income housing.

15 c. The commissioner may request that any property that is
16 determined to be suitable for the construction of low and moderate
17 income housing be dedicated for use by the department to be held for
18 sale or lease under the provisions of this act.

19 d. The State Treasurer shall dedicate any such property to the
20 department immediately upon request, except where the State
21 Treasurer determines that the requested property is needed for a
22 competing important public purpose, or in cases where such property
23 was purchased using federal, Transportation Trust Fund or bond
24 funds, in which case the State Treasurer shall notify the commissioner
25 in writing no less than 60 days after receipt of such request.
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27 4. a. The department shall at regular intervals publish and
28 disseminate a list of properties held for sale or lease under the
29 provisions of this act.

30 b. Any qualified nonprofit housing development entity, for itself or
31 on behalf of a joint venture, partnership or other arrangement as
32 described in paragraph 4 of subsection g. of section 4 of this act, may
33 submit a proposal to the department for purchase of any property on
34 the list for the purpose of constructing a low and moderate income
35 housing project, setting forth the nature of the project to be
36 constructed, the housing needs that would thereby be met, its
37 qualifications for undertaking the proposed project, and the terms on
38 which it proposes to purchase or lease the subject property.

39 c. The department may, with the approval of the State Treasurer,
40 arrange for the sale or lease any property held under the provisions of
41 this act directly to a qualified nonprofit housing development entity
42 that has submitted a proposal for purchase of any such property, after:

43 (i) The department makes written findings that (a) the proposed
44 project would significantly improve the housing conditions of low and
45 moderate income households; (b) the entity proposing the project is
46 qualified to undertake the project; (c) the project is financially feasible

1 and realistic; (d) any reduction of the proposed sale price or lease
2 rental below fair market value, as authorized in subsection d. of this
3 section is needed in order to enhance the financial feasibility of the
4 project; and (e) the terms of sale are reasonable and consistent with
5 ensuring the financial feasibility of project.

6 (ii) The department publishes a notice of the proposed sale
7 summarizing the above findings in a daily newspaper of general
8 circulation in the area in which the subject property is located; and

9 (iii) The department holds a public hearing on the proposed sale,
10 which shall be chaired by the commissioner or his designee, the time
11 and place of which shall be advertised at least two weeks prior to the
12 date of the hearing.

13 d. Notwithstanding the provisions of any other law, the department
14 may establish the selling price or lease amount at the lowest level,
15 including sales for a nominal consideration, consistent with the
16 financial feasibility of the project ,except that the selling price shall
17 include repayment of Transportation Trust Funds, federal funds or
18 other bonds used for the purchasing of the land together with any
19 interest, required of the State to be reimbursed .

20 e. The department may accept such terms of sale or lease as are
21 reasonable and necessary to ensure the financial feasibility of the
22 project, including provisions for deferred payment and subordinated
23 debt, and may accept such mortgages and notes from purchasers as it
24 deems appropriate to protect the State's interest in the property,
25 however, the amount and the terms of the consideration agreed upon
26 for the sale of the property must be sufficient to make immediate
27 reimbursement to the federal government, the Transportation Trust
28 Fund or any other trust or bond fund in an amount not less than the
29 sum originally expended from that respective source of funding for the
30 purchase of the property by the State, unless that source of funding
31 waives any right to reimbursement. Similarly, the terms of any lease
32 of a property must be sufficient to satisfy any obligation of
33 reimbursement owed to the original source of funding by the State. It
34 shall be the obligation of the department to ascertain what amount is
35 required to be repaid to the original source of funding and transfer that
36 amount to the Treasurer immediately upon receipt from the buyer.
37 The Treasurer shall ensure that the original source of funding is
38 properly and immediately reimbursed unless that source of funding
39 waives any right to reimbursement .

40 f. In any sale of property under this section, the department shall
41 incorporate provisions to ensure that, in the event that the purchaser
42 is unable successfully to initiate construction of the project within a
43 reasonable period, as determined by the department, ownership of the
44 property will return to the State.

45 g. In the event that the department receives two competing
46 proposals from qualified nonprofit housing development entities for

1 the same parcel, the department shall evaluate the two proposals on
2 the basis of the following criteria: (1) the comparative degrees to
3 which the proposed projects would significantly improve the housing
4 conditions of low and moderate income households; (2) the
5 comparative extent and quality of the resources and capabilities of the
6 proposing entities for designing and implementing their respective
7 proposals; (3) the comparative practicability and financial feasibility
8 of the respective proposals; (4) the comparative extent and soundness
9 of the arrangements, in the form of partnerships, joint ventures or
10 other formal relationships, entered into by the respective proposers for
11 amplifying their resources through the support, cooperation or
12 financial backing of other private organizations, including for-profit
13 developers, and community-based groups. The terms or price offered
14 in the competing proposals shall not be considered a factor in selecting
15 the entity to be offered the property.

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17 5. Within six months of the effective date of this act the department
18 shall promulgate administrative regulations, including regulations for
19 the certification by the commissioner of qualified nonprofit housing
20 development entities, pursuant to the "Administrative Procedure Act,"
21 P.L.1968, c.410 (C.52:14B-1 et seq.) to effectuate the purposes of this
22 act.

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24 6. This act shall take effect immediately.

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STATEMENT

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29 This bill is designed to assist the provision of low and moderate
30 income housing by making unused and unneeded State-owned
31 property available for that purpose on inexpensive terms to nonprofit
32 housing development organizations.

33 The bill requires the State Treasurer to make available to the
34 Commissioner of Community Affairs a list of all real property,
35 including escheated property, that the State owns but does not need
36 for any public purpose. From that list, the commissioner may select
37 any properties that he finds suitable for the construction of low or
38 moderate income housing; and upon the commissioner's request the
39 State Treasurer will dedicate those properties to the Department of
40 Community Affairs (DCA), which may thereafter proceed to arrange
41 for their sale or lease with the Treasurer's approval to qualified
42 nonprofit housing developers.

43 The bill authorizes DCA to arrange for the sale or lease of such
44 properties at prices below market value, if necessary, to ensure the
45 financial feasibility of a low or moderate income housing development
46 proposed by a nonprofit developer. The bill contains criteria for

1 choosing between proposals for such development, should more than
2 one nonprofit developer seek the same property.

3 The bill also encourages nonprofit housing developers who seek
4 such properties to leverage their resources by enlisting the cooperation
5 and financial backing of other private organizations, including
6 for-profit developers. Their ability to do so is made an important
7 evaluatory criterion in judging between competitive applications for
8 the same property.

9 The bill would require that the reimbursement of federal monies or
10 funds owed to the Transportation Trust Fund or other bond funds
11 which the State may be required to reimburse from the sale of the
12 property be taken into account when determining the sales price of
13 that property and that any money owed be reimbursed to that account.

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18 Authorizes sale or lease of unneeded State property to nonprofit
19 developers of low and moderate income housing.