

[First Reprint]  
ASSEMBLY, No. 1074

STATE OF NEW JERSEY

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:

8

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

**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.**

**Matter enclosed in superscript numerals has been adopted as follows:**

**<sup>1</sup> Assembly AHO committee amendments adopted February 5, 1996.**

1 opportunities for low income and moderate income housing, as defined  
2 pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301  
3 et al.), being within the description of section 501(c)(3) of the United  
4 States Internal Revenue Code (26 U.S.C.A. §501(c)(3), having been  
5 determined by the agency to be a bona fide organization not under the  
6 effective control of any for-profit organization or governmental entity,  
7 and appearing capable, by virtue of past activities, qualifications of  
8 staff or board, or other features, of furthering the purposes of this act.

9  
10 3. a. Notwithstanding any law or regulation to the contrary, the  
11 State Treasurer shall regularly provide the commissioner with a list of  
12 all real property, including both buildings and vacant land, owned by  
13 the State, including but not limited to property of that description that  
14 has escheated to the State, that has been declared surplus and no  
15 longer needed for State use.

16 b. The commissioner shall review the location and characteristics  
17 of all such property and <sup>1</sup>after consultation with any State agency  
18 with regulatory jurisdiction over the property, including, but not  
19 limited to, the Department of Environmental Protection and Energy,  
20 the Pinelands Commission and the Hackensack Meadowlands  
21 Development Commission.<sup>1</sup> determine which are suitable for the  
22 construction of low and moderate income housing.

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

27 d. The State Treasurer shall dedicate any such property to the  
28 department immediately upon request, except where the State  
29 Treasurer determines that the requested property is needed for a  
30 competing important public purpose, or in cases where such property  
31 was purchased using federal, Transportation Trust Fund or bond  
32 funds, in which case the State Treasurer shall notify the commissioner  
33 in writing no less than 60 days after receipt of such request.

34  
35 4. a. The department shall at regular intervals publish and  
36 disseminate a list of properties held for sale or lease under the  
37 provisions of this act.

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

1 c. The department may, with the approval of the State Treasurer,  
2 arrange for the sale or lease any property held under the provisions of  
3 this act directly to a qualified nonprofit housing development entity  
4 that has submitted a proposal for purchase of any such property, after:  
5 (i) The department makes written findings that (a) the proposed  
6 project would significantly improve the housing conditions of low and  
7 moderate income households; (b) the entity proposing the project is  
8 qualified to undertake the project; (c) the project is financially feasible  
9 and realistic; (d) any reduction of the proposed sale price or lease  
10 rental below fair market value, as authorized in subsection d. of this  
11 section is needed in order to enhance the financial feasibility of the  
12 project; and (e) the terms of sale are reasonable and consistent with  
13 ensuring the financial feasibility of project.  
14 (ii) The department publishes a notice of the proposed sale  
15 summarizing the above findings in a daily newspaper of general  
16 circulation in the area in which the subject property is located; and  
17 (iii) The department holds a public hearing on the proposed sale,  
18 which shall be chaired by the commissioner or his designee, the time  
19 and place of which shall be advertised at least two weeks prior to the  
20 date of the hearing.  
21 d. Notwithstanding the provisions of any other law, the department  
22 may establish the selling price or lease amount at the lowest level,  
23 including sales for a nominal consideration, consistent with the  
24 financial feasibility of the project ,except that the selling price shall  
25 include repayment of Transportation Trust Funds, federal funds or  
26 other bonds used for the purchasing of the land together with any  
27 interest, required of the State to be reimbursed .  
28 e. The department may accept such terms of sale or lease as are  
29 reasonable and necessary to ensure the financial feasibility of the  
30 project, including provisions for deferred payment and subordinated  
31 debt, and may accept such mortgages and notes from purchasers as it  
32 deems appropriate to protect the State's interest in the property,  
33 however, the amount and the terms of the consideration agreed upon  
34 for the sale of the property must be sufficient to make immediate  
35 reimbursement to the federal government, the Transportation Trust  
36 Fund or any other trust or bond fund in an amount not less than the  
37 sum originally expended from that respective source of funding for the  
38 purchase of the property by the State, unless that source of funding  
39 waives any right to reimbursement. Similarly, the terms of any lease  
40 of a property must be sufficient to satisfy any obligation of  
41 reimbursement owed to the original source of funding by the State. It  
42 shall be the obligation of the department to ascertain what amount is  
43 required to be repaid to the original source of funding and transfer that  
44 amount to the Treasurer immediately upon receipt from the buyer.  
45 The Treasurer shall ensure that the original source of funding is  
46 properly and immediately reimbursed unless that source of funding

1 waives any right to reimbursement .

2 f. In any sale of property under this section, the department shall  
3 incorporate provisions to ensure that, in the event that the purchaser  
4 is unable successfully to initiate construction of the project within a  
5 reasonable period, as determined by the department, ownership of the  
6 property will return to the State.

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

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

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32 6. This act shall take effect immediately.

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