

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1442

STATE OF NEW JERSEY

ADOPTED MAY 2, 1996

Sponsored by Assemblymen KELLY and DORIA

1 AN ACT concerning housing and economic development and
2 supplementing Titles 52 and 55 of the Revised Statutes.

3

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

6

7 1. This act shall be known and may be cited as the "Jobs from
8 Housing and Economic Development Act of 1996."

9

10 2. The Legislature hereby finds that:

11 a. Economic conditions in New Jersey, along with those in other
12 northeastern states, have been slow to recover from the downturn of
13 the last few years. This sluggish recovery has taken its toll on working
14 families, the unemployed, and the underemployed.

15 b. Small businesses and the construction industry are an important
16 source of primary and secondary employment in the State, especially
17 in New Jersey's cities and low income communities.

18 c. Small businesses and the construction industry in particular,
19 especially in New Jersey's cities and low income areas, have
20 experienced great difficulty securing private financing because they
21 often do not satisfy conventional underwriting criteria and suffer
22 disproportionately from the general pattern of disinvestment in the
23 cities and low income areas. More needs to be done, therefore, to
24 bolster small business development and expansion within New Jersey's
25 cities.

26 d. The lack of capital for housing production, planning and
27 development, construction financing, long-term financing, and
28 project-based rental assistance has served as a major impediment to
29 the production of affordable housing in this State, whether that
30 housing is newly constructed or rehabilitated. As a result, the entire
31 State continues to suffer from a shortage of safe, decent rental and
32 sales housing affordable to low and moderate income households,
33 including housing for the elderly and for disabled persons.

34 e. The ability of low and moderate income households, including
35 households with elderly and disabled persons, to purchase housing is

1 limited, in part, by their inability to make down payments and pay
2 closing costs.

3 f. The lack of safe, decent, affordable housing discourages
4 job-creating businesses from moving to, and remaining in this State.
5 Because access to safe, decent affordable housing and opportunities
6 for remunerative employment are intimately connected, it is sound
7 policy to seek to address these problems in a manner which is mutually
8 reinforcing.

9 g. Experience has shown that nonprofit entities can be efficient
10 and effective producers and managers of low and moderate income
11 housing. Experience also has shown that nonprofit entities can be
12 efficient and effective catalysts for the promotion of private
13 entrepreneurship and small businesses in cities and low income areas.

14 h. Accordingly, it is the purpose of this act to promote job
15 creation by providing funding to foster the development of small
16 businesses in New Jersey's cities and low income areas, to provide
17 funds for the construction and rehabilitation of very low, low, and
18 moderate income housing throughout the State, including housing for
19 households with elderly and disabled persons, and to assure the
20 long-term economic viability of such housing, to provide funds for
21 loans, grants and other forms of assistance to low, moderate, and
22 middle income households for down payment and closing costs, and
23 to provide funds to build the capacity of nonprofit entities to construct
24 and rehabilitate low and moderate income housing and foster economic
25 development.

26 i. The "Jobs from Housing and Economic Development Bond
27 Act," P.L. , c. (now pending before the Legislature as Assembly
28 Committee Substitute for Assembly Bill No. 1443 of 1996), would
29 provide the financial resources necessary to stimulate the small
30 business sector throughout the State, particularly in the State's cities
31 and low income areas, and thereby promote significant gains in
32 primary and secondary employment in those areas most in need of
33 economic revitalization.

34 j. Accordingly, it is the purpose of this act to implement the "Jobs
35 from Housing and Economic Development Bond Act," P.L. , c
36 (now pending before the Legislature as Assembly Committee
37 Substitute for Assembly Bill No. 1443 of 1996) and to establish the
38 terms and conditions for expenditure of funds deposited into the "Jobs
39 from Housing and Economic Development Fund."
40

41 3. As used in this act:

42 "Affordable" means, (1) in the case of owner-occupied housing,
43 housing whose sales price is such that households throughout the
44 relevant income range need pay no more than 25 percent of gross
45 household income for principal, interest, insurance, taxes, homeowners

1 association fees and assessments, and fees for sewerage, water and
2 solid waste disposal. Payments required for principal and interest shall
3 be determined on the basis of 95 percent mortgages at rates generally
4 available within the housing market in the relevant housing region; (2)
5 in the case of rental housing, "affordable" means housing whose rents
6 and fees are such that households throughout the relevant income
7 range need pay no more than 30 percent of gross household income
8 for rents and fees, including heat, hot water, gas, electricity, water,
9 sewerage, and solid waste disposal. Affordable housing shall be
10 subject to resale and rental controls to assure that it continues to be
11 reserved for and affordable to very low income households, low
12 income households and moderate income households for at least 30
13 years.

14 "Agency" means the New Jersey Housing and Mortgage Finance
15 Agency established pursuant to section 4 of P.L.1983, c.530
16 (C.55:14K-4).

17 "Authority" means the New Jersey Economic Development
18 Authority established pursuant to section 4 of P.L.1974, c.80
19 (C. 34:1B-4).

20 "Commissioner" means the Commissioner of Community Affairs,
21 unless otherwise indicated.

22 "Costs of construction and rehabilitation" means the expenses
23 incurred in connection with: the planning for the development,
24 conversion or rehabilitation of low or moderate income housing; the
25 acquisition by purchase, lease, or otherwise, of land or buildings for
26 the development, conversion or rehabilitation of low or moderate
27 income housing; the preparation of land for development of low or
28 moderate income housing, including the demolition of existing
29 structures on the land; the construction, reconstruction, or
30 rehabilitation of low or moderate income housing; the conversion of
31 buildings for use as low and moderate income housing; the acquisition
32 by purchase, lease, or otherwise, and the development of any real or
33 personal property for use in connection with a project authorized by
34 this act, including any rights or interests therein, the execution of any
35 agreements and franchises deemed by the commissioner to be
36 necessary or useful and convenient in connection with any housing
37 authorized by this act; the procurement of engineering, inspection,
38 planning, legal, accounting, financial, or other professional services,
39 including the services of a bond register or an authenticating agent;
40 the administrative expenses of underwriting, administering, servicing,
41 and collecting loans; the issuance of bonds, or any interest or discount
42 thereon; project-based rental assistance to very low income tenants
43 occupying housing constructed or rehabilitated with loans, grants, or
44 other forms of assistance provided under this act; the administrative,
45 organizational, operating or other expenses incident to the financing,

1 completing, and marketing, counseling prospective purchasers or
2 tenants, selecting purchasers or tenants for, and placing into service of,
3 any housing development constructed or rehabilitated under this act;
4 the issuance of bonds, or any interest or discount thereon; the payment
5 of the fees of independent contractors to perform any of the foregoing
6 functions; the establishment of a reserve fund or funds for working
7 capital, operating, maintenance, or replacement expenses and for the
8 payment or security of principal or interest on bonds, as the Director
9 of the Division of Budget and Accounting in the Department of the
10 Treasury may determine; and reimbursement to any fund of the State
11 of moneys which may have been transferred or advanced therefrom to
12 any fund created by this act, or any moneys which may have been
13 expended therefrom for, or in connection with, this act. No
14 administrative expenses incurred by a department pursuant to this act
15 shall be paid from any fund created pursuant to this act.

16 "Costs of fostering the development and growth of small
17 businesses" means the expenses incurred in connection with: planning
18 for the fostering of development and growth of small businesses; the
19 acquisition by purchase, lease, or otherwise, of land or buildings to
20 house small business; the preparation of land for development of
21 buildings to house small businesses, including the demolition of
22 existing structures on the land; the construction, reconstruction, or
23 rehabilitation of buildings to house small businesses; the conversion
24 of existing buildings to house small businesses; the acquisition by
25 purchase, lease, or otherwise, of fixtures, machinery, equipment, and
26 other personal property for the operation of small businesses; the
27 acquisition by purchase, lease, license or otherwise, of patents,
28 copyrights, trademarks, service marks, franchises, and other intangible
29 property for the operation of small businesses; acquisition by purchase,
30 lease, or otherwise of raw materials and inventory; loans or other
31 assistance for working capital; the procurement of engineering,
32 inspection, planning, legal, accounting, financial, graphic design,
33 advertising or other professional services, including the services of a
34 bond register or an authenticating agent; training of current and
35 potential owners of small businesses; development of business and
36 marketing plans; the administrative expenses of underwriting,
37 administering, servicing, and collecting loans; the issuance of bonds,
38 or any interest or discount thereon; payment of the fees of independent
39 contractors to perform any of the foregoing functions; the
40 establishment of a reserve fund or funds for working capital,
41 operating, maintenance, or replacement expenses and for the payment
42 or security of principal or interest on bonds, as the Director of the
43 Division of Budget and Accounting in the Department of the Treasury
44 may determine; and reimbursement to any fund of the State of moneys
45 which may have been transferred or advanced therefrom to any fund

1 created by this act, or any moneys which may have been expended
2 therefrom for, or in connection with, this act. No administrative
3 expenses incurred by a department pursuant to this act shall be paid
4 from any fund created pursuant to this act.

5 "Eligible small business" means an entity that:

6 a. sells goods or services;

7 b. is independently owned and operated;

8 c. has no more than 25 employees, provided that the authority
9 may by regulation establish an alternative standard for retail grocery
10 stores;

11 d. has its principal place of business in an urban area or a low
12 income area; and

13 e. either (1) 51 percent or more of the equity in the business
14 is held by persons residing in the municipality which is the primary
15 place of business or (2) 51 percent or more of the current employees
16 reside in the municipality which is the primary place of business.

17 f. is participating or has enrolled in a bona fide entrepreneurial
18 training program which includes technical assistance to formulate a
19 small business plan.

20 "Housing region" means "housing region" as that term is or may
21 hereafter be defined pursuant to subsection b. of section 4 of
22 P.L.1985, c.222 (C.52:27D-304).

23 "Government securities" means any bonds or other obligations
24 which as to principal and interest constitute direct obligations of, or
25 are unconditionally guaranteed by, the United States of America,
26 including obligations of any federal agency, to the extent those
27 obligations are unconditionally guaranteed by the United States of
28 America, and any certificates or any other evidences of an ownership
29 interest in those obligations of, or unconditionally guaranteed by, the
30 United States of America or in specified portions which may consist
31 of the principal of, or the interest on, those obligations;

32 "Grant" means payment of funds to a recipient under terms that do
33 not require the recipient to repay the funds under any circumstances,
34 provided that the funds are used lawfully and in accordance with those
35 terms.

36 "Loan" means payment of funds to a recipient under terms that
37 require repayment, but which requirement to repay may be delayed or
38 conditional, or may be subordinated to other specified financial
39 obligations. Loans made under this act may be of a nature similar to
40 those made by the Commissioner of Community Affairs under the
41 department's "Balanced Housing Program."

42 "Low income areas" means municipalities in which the median
43 gross annual household income, as reported in the most recent federal
44 decennial census, is less than or equal to 80 percent of the median
45 gross annual household income for all households in the State.

1 "Low income household" means a household with a gross
2 household income less than or equal to 50 percent of the median gross
3 household income for households of similar size within the housing
4 region in which the housing is located. "Low income household"
5 includes "very low income household."

6 "Low income housing" means housing affordable to a low income
7 household.

8 "Middle income household" means a household with a gross
9 household income between 80 and 115 percent of the median gross
10 household income for households of similar size within the housing
11 region in which the housing is located.

12 "Middle income housing" means housing affordable to a middle
13 income household.

14 "Moderate income household" means a household with a gross
15 household income greater than 50 and equal to or less than 80 percent
16 of the median gross household income for households of similar size
17 within the housing region in which the housing is located.

18 "Moderate income housing" means housing affordable to a
19 moderate income household.

20 "Nonprofit entity" means an entity that is exempt from federal
21 taxation on income pursuant to 26 U.S.C. §501(c)(3), or any successor
22 provision of federal law, and is organized for the purpose of providing
23 low and moderate income housing or fostering economic development.

24 "Urban areas" means municipalities eligible to receive aid under
25 P.L.1978, c.14 (C.52:27D-178 et seq.).

26 "Very low income household" means a household with a gross
27 household income below 30 percent of the median gross household
28 income for a household of similar size within the housing region in
29 which the housing is located.

30 "Very low income housing means housing affordable to a very low
31 income household.

32

33 4. a. The commissioner shall establish a separate "Affordable
34 Housing Development Fund," which shall be a non-lapsing, revolving
35 fund. This fund shall be the depository for funds as may be
36 appropriated or received by the commissioner for the purposes of this
37 section.

38 b. At the direction of the issuing officials, as defined in P.L. c. ,
39 (now currently pending before the Legislature as Assembly Committee
40 Substitute for Assembly Bill No. 1443 of 1996), the commissioner
41 shall establish such subfunds of the "Affordable Housing Development
42 Fund" as may be necessary or appropriate to render the interest of
43 bonds exempt from federal taxation.

44 c. The commissioner shall expend moneys in the "Affordable
45 Housing Development Fund" to provide loans, loan guarantees, equity

1 investments, grants, or other forms of assistance to eligible applicants,
2 which may be nonprofit entities, developers, limited dividend
3 corporations, housing authorities, redevelopment authorities,
4 municipalities, or counties. Such moneys may be used only to pay the
5 costs of construction and rehabilitation of housing and only in
6 connection with the following types of activities:

7 (1) Construction of new housing that will be occupied by low and
8 moderate income households;

9 (2) Conversion of nonresidential space to housing units to be
10 occupied by low and moderate income households;

11 (3) Substantial rehabilitation of housing that will be occupied by
12 low or moderate income households;

13 (4) Moderate rehabilitation of existing housing units to be
14 occupied by low and moderate income households, provided, however,
15 that moneys, whether provided by loan, loan guarantee, grant, or other
16 form of assistance, shall be provided for moderate rehabilitation only
17 to nonprofit entities, limited dividend corporations, housing
18 authorities, redevelopment authorities, municipalities, or counties.

19 (5) Planning by nonprofit entities for the development of low or
20 moderate income housing, whether or not the acquisition,
21 construction, conversion, or rehabilitation of the housing is funded
22 through this act.

23 d. The commissioner shall expend moneys from the "Affordable
24 Housing Development Fund" in such a manner that:

25 (1) At least 50 percent of the housing assisted each year shall be
26 rental housing.

27 (2) At least 20 percent of the housing assisted each year shall be
28 affordable to, and reserved for, very low income households. Persons
29 who are disabled, over age 62, graduating from a transitional housing
30 program subsidized or supervised by a state agency or by a public or
31 private entity under contract with a state agency, or participating in
32 job training, job experience or job placement programs subsidized or
33 supervised by a state agency or by a public or private entity under
34 contract by a state agency, shall receive preference for occupancy of
35 such housing.

36 (3) At least 50 percent of the housing assisted each year shall be
37 housing affordable to, and reserved for, low income households
38 (including very low income households).

39 (4) Funds are available to pay the costs of construction and
40 rehabilitation of housing in municipalities throughout the state without
41 regard to geographic location, except that, insofar as feasible, the
42 commissioner shall distribute funds to projects in the various housing
43 regions established pursuant to section 7 of P. L. 1985, c. 222
44 (C. 52:27D-307), in proportion to the number of low and moderate
45 income households in need of safe, decent affordable housing in each

1 such region during the current planning cycle as determined by the
2 Council on Affordable Housing.

3 (5) The sum of \$6,000,000 shall be allocated from the fund for
4 the purpose of making grants for planning by nonprofit entities for the
5 development of low and moderate income housing, whether or not the
6 acquisition, construction, conversion, or rehabilitation of the housing
7 is funded through P.L. , c. (C.)(now pending before the
8 Legislature as this bill), including but not limited to, the costs of
9 identifying and evaluating potential sites for development of housing,
10 assessing the financial feasibility of such development, developing
11 plans to secure necessary financing, whether from public or private
12 sources, planning and designing the development or rehabilitation of
13 such sites, assessing the extent to which permits from governmental
14 entities are needed and developing plans to secure those permits,
15 establishing appropriate entities to carry out the development and
16 management of housing, developing plans for the marketing of housing
17 and the selection of tenants or purchasers, developing financial and
18 management systems to assure that development is carried out in an
19 efficient and financially prudent manner, and designing and carrying
20 out programs of public education.

21 e. (1) The commissioner shall, in accordance with rules and
22 regulations promulgated pursuant to subsection g. of this section,
23 provide assistance to assure that to the maximum extent feasible rental
24 housing constructed, converted, or rehabilitated with funds from the
25 "Affordable Housing Development Fund" is affordable to very low
26 income households. Such assistance shall take the form of project-
27 based rental assistance to very low income households which are
28 renting such housing to make up the difference between the rent that
29 would render the unit affordable to a very low income household and
30 the reasonable operating expenses of the housing, including debt
31 service and management fees.

32 (2) The commissioner shall establish rules and regulations
33 governing the administration and disbursement of such project-based
34 rental assistance. The regulations shall, at a minimum, provide for the
35 following:

36 (i) Establishment by the owner of the project of an escrow account
37 with a financial institution approved by the commissioner;

38 (ii) Determination by the commissioner of the amount to be paid
39 from the "Affordable Housing Development Fund" into the escrow
40 account based upon projections of the rents that will be affordable to
41 prospective tenants during the period covered by the project-based
42 rental assistance and the reasonable operating expenses of the housing;

43 (iii) Periodic disbursement of project-based rental assistance from
44 the escrow account based upon certification of actual rents and
45 operating costs;

- 1 (iv) Return to the "Affordable Housing Development Fund" of
2 excess funds remaining in the escrow account at the end of the period
3 of the project-based assistance or, in the discretion of the
4 commissioner, use of those funds to extend the period of the project-
5 based rental assistance;
- 6 (v) Standards and procedures for providing relief when the
7 difference between reasonable operating costs and rents affordable to
8 tenants during the remainder of the period of the project-based
9 assistance will foreseeably exceed the funds in the escrow account;
10 which relief may, in the discretion of the commissioner, include, but is
11 not limited to, providing additional assistance, shortening the period
12 of the project-based assistance, permitting an increase in the rents, or
13 reducing management fees;
- 14 (vi) Standards and procedures for return of funds from the escrow
15 account to the "Affordable Housing Development Fund" when the
16 funds in the escrow account will foreseeably exceed the difference
17 between reasonable operating costs and rents affordable to tenants
18 during the remainder of the period of the project-based assistance;
- 19 (vii) Remedies available to the commissioner when project-based
20 assistance is misused through negligence, mismanagement, waste, or
21 fraud by the owner or manager of the project or the financial
22 institution holding the escrow account.
- 23 (viii) Standards which provide that in order for an applicant to be
24 eligible to occupy a unit, he must be elderly, disabled, employed full-
25 time or part-time, or agree to enroll in a bonafide job training,
26 retraining or other job placement program, such as, but not limited to,
27 the Workforce Development Partnership Program established pursuant
28 to P.L. 1992, c. 43 (C.34:15D-1 et seq.).
- 29 (ix) Coordination whenever possible regarding the placement of
30 applicants in appropriate programs with the Departments of Labor and
31 Human Services, respectively, or any other agency responsible for job
32 training programs.
- 33 f. On or before April 1 of each year, the commissioner shall,
34 following consultation with organizations representing the interests of
35 consumers of low and moderate income housing and providers of low
36 and moderate income housing, publish a draft annual program plan for
37 the "Affordable Housing Development Fund" in the New Jersey
38 Register for public comment and shall distribute copies to interested
39 parties.
- 40 (1) The annual program plan shall specify the amount of money
41 the commissioner intends to spend from the fund, the commissioner's
42 priorities among the various types of housing to be assisted and the
43 various forms the assistance will take, and the means the commissioner
44 will use to implement those priorities, and any changes in the program
45 from the previous year. The annual program plan shall also include a

1 balance sheet on the fund, detailing by project all anticipated revenues
2 and expenditures.

3 (2) On or before June 15 of each year, the commissioner shall
4 submit an annual program plan to the Governor, the Speaker of the
5 Assembly, and the President of the Senate. The program plan shall be
6 published promptly in the New Jersey Register.

7 g. The commissioner shall establish rules and regulations
8 governing the qualifications of applicants, the application procedures,
9 and the criteria for awarding loans, grants and other forms of
10 assistance and the standards for establishing the amount, terms and
11 conditions of each loan, loan guarantee, grant, equity investment, or
12 other form of assistance.

13 h. As a condition upon receipt of any loan, loan guarantee, grant,
14 equity investment, or other form of assistance, the applicant shall enter
15 into an agreement with the commissioner that incorporates contractual
16 guarantees and procedures by which the commissioner will ensure that
17 any unit of housing provided for low and moderate income households
18 shall continue to be affordable to, and reserved for, low and moderate
19 income households for at least 30 years following the award of the
20 loan, grant, or other form of assistance, except that the commissioner
21 may approve a guarantee for a period of less than 30 years where, for
22 exceptional reasons, such a shorter period is necessary to ensure
23 project feasibility.

24 i. The commissioner shall take all steps necessary to assure that all
25 housing assisted under this program is marketed and rented or sold in
26 a manner that complies with state and federal anti-discrimination laws
27 and is equally available to eligible households throughout the housing
28 region as designated by the Council on Affordable Housing.

29
30 5. a. The agency shall establish a separate "Homeownership
31 Fund," which shall be a non-lapsing, revolving fund. This fund shall
32 be the depository for funds as may be appropriated or received by the
33 agency for the purposes of this section.

34 b. At the direction of the issuing officials, as defined in P.L. ,
35 c. , (now pending before the Legislature as Assembly Committee
36 Substitute for Assembly Bill No. 1443 of 1996), the agency shall
37 establish such subfunds of the "Homeownership Fund" as may be
38 necessary or appropriate to render the interest of bonds exempt from
39 federal taxation.

40 c. The agency shall expend moneys in the "Homeownership Fund"
41 to provide loans, and other forms of assistance to enable low,
42 moderate and middle income households to make down payments, pay
43 closing costs, and pay other one-time expenses associated with the
44 purchase of housing, including condominium and cooperative housing,
45 and to provide housing counsel to prospective applicants.

- 1 d. The agency shall expend moneys from the "Homeownership
2 Fund," other than moneys for housing counseling, in such a manner
3 that each year:
- 4 (1) One-third of the households assisted are low income
5 households;
- 6 (2) One-third of the households assisted are moderate income
7 households; and
- 8 (3) One-third of the households assisted are middle income
9 households.
- 10 e. The agency shall establish rules and regulations governing the
11 qualifications of applicants, the application procedures, and the criteria
12 for awarding loans and other forms of assistance and the standards for
13 establishing the amount, terms and conditions of each loan or other
14 form of assistance.
- 15 f. (1) On or before April 1 of each year, the agency shall,
16 following consultation with organizations representing the interests of
17 low and moderate income consumers of housing, financial institutions,
18 developers, and real estate brokers, publish a draft annual program
19 plan for the next fiscal year for the "Homeownership Fund" in the New
20 Jersey Register for public comment and shall distribute copies to
21 interested parties.
- 22 (2) The annual program plan shall specify the amount of money
23 the agency intends to spend from the fund, the agency's priorities
24 among the various types of activities to be assisted and the various
25 forms the assistance will take, and the means the agency will use to
26 implement those priorities, and any changes in the program from the
27 previous year. The annual program plan shall also include a balance
28 sheet on the fund, detailing by project all anticipated revenues and
29 expenditures.
- 30 (3) On or before June 15 of each year, the agency shall submit the
31 annual program plan to the Governor, the Speaker of the Assembly,
32 and the President of the Senate. The program plan shall be published
33 promptly in the New Jersey Register.
- 34 g. The agency shall provide, or contract with other public or
35 private entities, to provide housing counseling to eligible households,
36 especially households in urban areas and low income communities, to
37 enable such households to effectively utilize loans, and other forms of
38 assistance available under this section, to promote responsible
39 homeownership, and to assure that housing assisted through this
40 section is equally available to households throughout the housing
41 region as designated by the Council on Affordable Housing.

1 6. a. The authority shall establish a separate "Economic
2 Development Fund," which shall be a non-lapsing, revolving fund.
3 This fund shall be the depository for funds as may be appropriated or
4 received by the authority for the purposes of this section.

5 b. The authority shall expend moneys in the "Economic
6 Development Fund" for the purpose of providing loans, loan
7 guarantees, equity investments, grants and other forms of assistance
8 to eligible applicants, which may be nonprofit entities, municipalities,
9 or counties, to enable them to plan, develop and implement programs
10 to foster the development and growth of eligible small businesses in
11 urban areas and low income areas.

12 c. The authority shall take all steps necessary to coordinate its
13 activities under this act and the "Micro-Business Development and
14 Assistance Act," P.L. 1995, c. 206 (C.34:1B-70 et seq.). The
15 authority may expend moneys in the "Economic Development Fund"
16 for any purpose authorized by L. 1995, c. 206 for moneys in the
17 Micro-Business Assistance Fund which is not inconsistent with this
18 act.

19 A nonprofit entity receiving funds from the "Economic
20 Development Fund" shall be a micro-business development
21 corporation as defined in section 3 of P.L.1995, c.206 (C.34:1B-72).

22 d. Moneys provided to nonprofit entities, municipalities, or
23 counties by loans, grants or other form of assistance from the
24 "Economic Development Fund" may be used only to pay the costs of
25 fostering the development and growth of small businesses in urban
26 areas and low income areas and only in connection with the following
27 types of activities:

28 (1) Training present and prospective owners, managers, and
29 employees of eligible small businesses.

30 (2) Providing consultation and professional services to individuals
31 and entities to assist them in creating eligible small businesses or
32 enabling existing eligible small businesses to grow.

33 (3) Providing loans, loan guarantees, equity investments, grants
34 and other forms of assistance to individuals or entities for purposes of
35 creating eligible small businesses and enabling existing eligible small
36 businesses to grow.

37 (4) Acquiring, constructing, converting, or rehabilitating buildings
38 to house eligible small businesses in a manner that will reduce costs by
39 creating economies of scale and fostering the sharing of resources and
40 knowledge.

41 (5) Enabling nonprofit entities to establish eligible small businesses
42 which will provide goods or services for which there is a foreseeable
43 demand but no local supplier or which will utilize novel technologies
44 or business methods.

45 (6) Planning by nonprofit entities for the development and

1 implementation of programs to foster the development and growth of
2 eligible small businesses in urban areas and low income areas.

3 e. The authority shall expend moneys from the "Economic
4 Development Fund" in such a manner that:

5 (1) Preference is given to applicants who propose to link assistance
6 under paragraphs (2), (3), (4) or (5) of subsection d. this section with
7 training under paragraph (1) of that subsection.

8 (2) Preference is given to applicants who demonstrate, not only the
9 skill, reliability, and experience to carry out the proposed program, but
10 also a knowledge of and support within the particular community or
11 communities in which they propose to operate.

12 (3) Not more than \$3,000,000 in the aggregate shall be for grants
13 for planning by nonprofit entities for the development and
14 implementation of programs to foster the development and growth of
15 eligible small businesses in urban areas and low income areas.

16 (4) Not more than \$4,000,000 in the aggregate shall be for grants
17 for the purposes of training present and prospective owners, managers,
18 and employees of eligible small businesses.

19 f. The authority shall establish rules and regulations governing the
20 qualifications of applicants, the application procedures, and the criteria
21 for awarding loans, grants and other forms of assistance and the
22 standards for establishing the amount, terms and conditions of each
23 loan, grant or other form of assistance.

24 g. (1) On or before April 1 of each year, the authority shall,
25 following consultation with organizations representing the interests of
26 persons who may be the direct beneficiaries of programs to foster the
27 creation and growth of small businesses of urban and low and
28 moderate income communities, and providers of programs to foster
29 the creation and growth of small businesses, publish a draft annual
30 program plan for the next fiscal year for the "Economic Development
31 Fund" in the New Jersey Register for public comment and shall
32 distribute copies to interested parties.

33 (2) The annual program plan shall specify the amount of money the
34 authority intends to spend from the fund, the authority's priorities
35 among the various types of activities to be assisted, including a listing
36 detailing the number of businesses assisted, the type of businesses
37 assisted, the number of loans and the average loan amount, the various
38 forms the assistance will take, the means the authority will use to
39 implement those priorities, the manner in which expenditure of money
40 from the fund will be coordinated with the authority's activities under
41 P.L.1995, c.206, and any changes in the program from the previous
42 year. The annual program plan shall also include a balance sheet on
43 the fund, detailing by project all anticipated revenues and
44 expenditures.

45 (3) On or before June 15 of each year, the authority shall submit

1 the annual program plan to the Governor, the Speaker of the
2 Assembly, and the President of the Senate. The program plan shall be
3 published promptly in the New Jersey Register.

4 h. The authority shall take all steps necessary to assure that
5 recipients of funds from the "Economic Development Fund" comply
6 with the "Law Against Discrimination," P. L.1945, c.169 (C.10:5-1 et
7 seq.) and do not discriminate on the basis of political creed,
8 membership or non-membership in any political party, or support or
9 non-support for any candidate for elective office.

10

11 7. This act shall take effect upon the approval by the voters of the
12 referendum provided for by the "Jobs from Housing and Economic
13 Development Bond Act," P.L. , c. (now pending before the
14 Legislature as Assembly Committee Substitute for Assembly Bill No.
15 1443 of 1996).

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20 The "Jobs from Housing and Economic Development Act of 1996."