

ASSEMBLY, No. 2181

STATE OF NEW JERSEY

INTRODUCED JUNE 20, 1996

By Assemblywoman CRUZ-PEREZ, Assemblymen KELLY,  
Garcia and Caraballo

1 AN ACT concerning affordable housing and amending P.L.1985,  
2 c.222.

3

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

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7 1. Section 20 of P.L.1985, c. 222 (C. 52:27D-320) is amended to  
8 read as follows:

9 20. The Neighborhood Preservation Program within the  
10 Department of Community Affairs' Division of Housing and  
11 Development, established pursuant to the Commissioner of the  
12 Department of Community Affairs' authority under section 8 of  
13 P.L.1975, c.248 (C.52:27D-149), shall establish a separate  
14 Neighborhood Preservation Nonlapsing Revolving Fund for monies  
15 appropriated by section 33 of this act.

16 a. The commissioner shall award grants or loans from this fund for  
17 housing projects and programs in municipalities whose housing  
18 elements have received substantive certification from the council, in  
19 municipalities receiving State aid pursuant to P.L.1978, c.14  
20 (C.52:27D-178 et seq.), in municipalities subject to builder's remedy  
21 as defined in section 28 of P.L.1985, c.222 (C.52:27D-328) or in  
22 receiving municipalities in cases where the council has approved a  
23 regional contribution agreement and a project plan developed by the  
24 receiving municipality. Programs and projects in any municipality shall  
25 be funded only after receipt by the commissioner of a written  
26 statement in support of the program or project from the municipal  
27 governing body. Of the amounts appropriated from the fund, the  
28 commissioner shall allocate not less than 10 percent for the purposes  
29 of rehabilitation of substandard units occupied or to be occupied by  
30 low and moderate income households in municipalities eligible to  
31 receive State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).

32 b. The commissioner shall establish rules and regulations governing  
33 the qualifications of applicants, the application procedures, and the

**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 criteria for awarding grants and loans and the standards for  
2 establishing the amount, terms and conditions of each grant or loan.

3 c. During the first 12 months from the effective date of this act and  
4 for any additional period which the council may approve, the  
5 commissioner may assist affordable housing programs which are not  
6 located in municipalities whose housing elements have been granted  
7 substantive certification or which are not in furtherance of a regional  
8 contribution agreement; provided that the affordable housing program  
9 will meet all or part of a municipal low and moderate income housing  
10 obligation.

11 d. Amounts deposited in the Neighborhood Preservation Fund shall  
12 be targeted to regions based on the region's percentage of the State's  
13 low and moderate income housing need as determined by the council.  
14 Amounts in the fund shall be applied for the following purposes [in  
15 designated neighborhoods]:

16 (1) Rehabilitation of substandard housing units occupied or to be  
17 occupied by low and moderate income households;

18 (2) Creation of accessory apartments to be occupied by low and  
19 moderate income households;

20 (3) Conversion of nonresidential space to residential purposes;  
21 provided a substantial percentage of the resulting housing units are to  
22 be occupied by low and moderate income households;

23 (4) Acquisition of real property, demolition and removal of  
24 buildings, or construction of new housing that will be occupied by low  
25 and moderate income households, or any combination thereof;

26 (5) Grants of assistance to eligible municipalities for costs of  
27 necessary studies, surveys, plans and permits; engineering,  
28 architectural and other technical services; costs of land acquisition and  
29 any buildings thereon; and costs of site preparation, demolition and  
30 infrastructure development for projects undertaken pursuant to an  
31 approved regional contribution agreement;

32 (6) Assistance to a local housing authority, nonprofit or limited  
33 dividend housing corporation or association for rehabilitation or  
34 restoration of housing units which it administers which: (a) are  
35 unusable or in a serious state of disrepair; (b) can be restored in an  
36 economically feasible and sound manner; and (c) can be retained in a  
37 safe, decent and sanitary manner, upon completion of rehabilitation or  
38 restoration; and

39 (7) Other housing programs for low and moderate income housing,  
40 including, without limitation, (a) infrastructure projects directly  
41 facilitating the construction of low and moderate income housing not  
42 to exceed a reasonable percentage of the construction costs of the low  
43 and moderate income housing to be provided and (b) alteration of  
44 dwelling units occupied or to be occupied by households of low or  
45 moderate income and the common areas of the premises in which they  
46 are located in order to make them accessible to handicapped persons.

1 e. Any grant or loan agreement entered into pursuant to this  
2 section shall incorporate contractual guarantees and procedures by  
3 which the division will ensure that any unit of housing provided for  
4 low and moderate income households shall continue to be occupied by  
5 low and moderate income households for at least 20 years following  
6 the award of the loan or grant, except that the division may approve  
7 a guarantee for a period of less than 20 years where necessary to  
8 ensure project feasibility.

9 (cf P.L.1995, c.83, s.3)

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11 2. This act shall take effect immediately.

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14 STATEMENT

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16 This bill would require that a portion of the funds in the  
17 Neighborhood Preservation Nonlapsing Revolving Fund established  
18 under the "Fair Housing Act," P.L.1985, c. 222 (C.52:27D-301 et  
19 al.), be appropriated for rehabilitation projects in municipalities eligible  
20 to receive State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).  
21 The bill would also remove the term "designated neighborhood" from  
22 the act, since that term is not defined in the "Fair Housing Act," but  
23 has been interpreted by the Department of Community Affairs as  
24 requiring that proposed projects be located in a neighborhoods which  
25 are viable pursuant to the "Viable Neighborhoods Act," P.L.1975,  
26 c. 217 (C. 52:27D-142 et seq.).

27 Currently under the "Fair Housing Act," the rehabilitation of  
28 substandard housing in urban areas is not considered a priority. A  
29 major portion of the money in the Neighborhood Preservation  
30 Nonlapsing Revolving Fund, which receives its funding from dedicated  
31 realty transfer fees, is spent on new construction which is generally  
32 located in suburban areas. Under the bill, a minimum amount of 10  
33 percent of the funds appropriated under the "Fair Housing Act" will be  
34 earmarked for rehabilitation projects in certain urban areas receiving  
35 State aid. This will help assure that there is safe, affordable housing  
36 available in urban areas as well as suburban areas.

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41 Requires set-aside of funds appropriated under Fair Housing Act for  
42 rehabilitation of certain housing stock.