

ASSEMBLY, No. 2318

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 16, 1996

By Assemblywoman GILL

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.).
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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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
33 located in designated neighborhoods.

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

2 "Agency" means the New Jersey Housing and Mortgage Finance
3 Agency.

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

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

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

13 "Program" means the secure neighborhood mortgage assistance
14 program established under this act.

15 "Qualified applicant" means a fulltime law enforcement officer
16 employed by an eligible municipality.

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

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

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

45 5. In order to carry out the purposes and provisions of this act, the
46 agency, in addition to any powers granted to it elsewhere in this act,

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

- 1 agreements with qualified financial institutions for the servicing and
2 processing of eligible loans owned by the agency;
- 3 j. To appoint and employ an executive director, who shall be the
4 chief executive officer of the agency, and additional officers, who need
5 not be members of the agency as the agency deems advisable, and to
6 employ architects, engineers, attorneys, accountants, construction and
7 financial experts and other employees and agents as may be necessary
8 in its judgment and to determine their qualifications, terms of office,
9 duties and compensation; and to promote and discharge such officers,
10 employees and agents, all without regard to the provisions of Title 11
11 of the Revised Statutes, Civil Service;
- 12 k. To contract for and to receive and accept any gifts, grants, loans
13 or contributions from any source, of money, property, labor or other
14 things of value, to be held, used and applied to carry out the purposes
15 of this act subject to the conditions upon which the grants and
16 contributions may be made, including, but not limited to, gifts or
17 grants from any department or agency of the United States or the State
18 for payment of rent supplements to eligible families or for the payment
19 in whole or in part of the interest expense for a housing project or for
20 any other purpose consistent with this act;
- 21 l. To enter into agreements to pay annual sums in lieu of taxes to
22 any political subdivision of the State with respect to any real property
23 owned or operated directly by the agency;
- 24 m. To procure insurance against any loss in connection with its
25 operations, property and other assets (including eligible loans) in the
26 amounts and from the insurers it deems desirable;
- 27 n. To the extent permitted under its contract with the holders of
28 bonds of the agency, to consent to any modification with respect to
29 rate of interest, time and payment of any installment of principal or
30 interest, security or any other terms of any loan to an institutional
31 lender, eligible loan, loan commitment, contract or agreement of any
32 kind to which the agency is a party;
- 33 o. To the extent permitted under its contract with the holders of
34 bonds of the agency, to enter into contracts with any housing sponsor
35 containing provisions enabling the housing sponsor to reduce the
36 rental or carrying charges to persons unable to pay the regular
37 schedule of charges where, by reason of other income or payment from
38 the agency, any department or agency of the United States or the
39 State, these reductions can be made without jeopardizing the economic
40 stability of the housing project;
- 41 p. To make and collect the fees and charges it determines are
42 reasonable;
- 43 q. To the extent permitted under its contract with the holders of
44 bonds of the agency, to invest and reinvest any moneys of the agency
45 not required for immediate use, including proceeds from the sale of
46 any obligations of the agency, in obligations, securities or other

1 investments as the agency deems prudent. All functions, powers and
2 duties relating to the investment or reinvestment of these funds,
3 including the purchase, sale or exchange of any investments or
4 securities may, upon the request of the agency, be exercised and
5 performed by the Director of the Division of Investment in the
6 Department of the Treasury, in accordance with written directions of
7 the agency signed by an authorized officer, without regard to any other
8 law relating to investments by the Director of the Division of
9 Investment;

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

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

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

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

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

43 w. To provide such advisory consultation, training and educational
44 services as will assist in the planning, construction, rehabilitation and
45 operation of housing including but not limited to assistance in
46 community development and organization, home management and

- 1 advisory services for residents and to encourage community
2 organizations and local governments to assist in developing housing;
- 3 x. To encourage research in and demonstration projects to develop
4 new and better techniques and methods for increasing the supply,
5 types and financing of housing and housing projects in the State and
6 to engage in these research and demonstration projects and to receive
7 and accept contributions, grants or aid, from any source, public or
8 private, including but not limited to the United States and the State,
9 for carrying out this purpose;
- 10 y. To provide to housing sponsors, through eligible loans or
11 otherwise, financing, refinancing or financial assistance for fully
12 completed, as well as partially completed, projects which may or may
13 not be occupied, if the projects meet all the requirements of this act,
14 except that, prior to the making of the mortgage loans by the agency,
15 said projects need not have complied with sections 7a.(9) and 42 of
16 this act;
- 17 z. To encourage and stimulate cooperatives and other forms of
18 housing with tenant participation;
- 19 aa. To promote innovative programs for home ownership,
20 including but not limited to lease-purchase programs,
21 employer-sponsored housing programs, such as the mortgage
22 assistance program for law enforcement officers established pursuant
23 to P.L. , c. (C.)(now before the Legislature as this bill), and
24 tenant cooperatives;
- 25 bb. To set aside and designate, out of the funds that are or may
26 become available to it for the purpose of financing housing in this
27 State pursuant to the terms of this act, certain sums or proportions
28 thereof to be used for the financing of housing and home-ownership
29 opportunities, including specifically lease-purchase arrangements,
30 provided by employers to their employees through nonprofit or
31 limited-dividend corporations or associations created by employers for
32 that purpose; and to establish priority in funding, offer bonus fund
33 allocations, and institute other incentives to encourage such
34 employer-sponsored housing and home-ownership opportunities;
- 35 cc. Subject to any agreement with bondholders, to collect, enforce
36 the collection of, and foreclose on any property or collateral securing
37 its eligible loan or loans to institutional lenders and acquire or take
38 possession of such property or collateral and sell the same at public or
39 private sale, with or without bidding, and otherwise deal with such
40 collateral as may be necessary to protect the interests of the agency
41 therein;
- 42 dd. To administer and to enter into agreements to administer
43 programs of the federal government or any other entity which are in
44 furtherance of the purposes of this act;
- 45 ee. To do and perform any acts and things authorized by this act
46 under, through, or by means of its officers, agents or employees or by

1 contract with any person, firm or corporation; and

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

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

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

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STATEMENT

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

16 Concerns about rising crime rates and personal safety are
17 responsible for many families and longtime residents abandoning their
18 neighborhood homes in some of New Jersey's more urban
19 municipalities. Since the vitality of our urban municipalities depends
20 upon the stability and viability of their local communities and
21 neighborhoods, it is essential that these concerns about crime and for
22 personal safety be addressed. One way to accomplish that objective
23 is to establish a program that encourages and assists municipal law
24 enforcement officers to purchase homes in local neighborhoods.

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

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

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42 Establishes "Secure Neighborhood Mortgage Assistance Program."