

SENATE, No. 202

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senators SINGER and LYNCH

1 AN ACT authorizing the creation of a debt of the State of New Jersey  
2 by the issuance of bonds of the State in an aggregate principal  
3 amount of \$290,000,000 for the purpose of providing grants, loans  
4 and other forms of subsidy to foster the development of small  
5 businesses in urban and low income areas; for the construction and  
6 rehabilitation of safe and decent housing for low and moderate  
7 income households; to foster home ownership among that  
8 population; providing the ways and means to pay and discharge the  
9 principal and interest on the bonds; providing for the submission of  
10 this act to the people at a general election; and making an  
11 appropriation therefor.

12  
13 **BE IT ENACTED** by the Senate and General Assembly of the State  
14 of New Jersey:

15  
16 1. This act shall be known and may be cited as the "Jobs from  
17 Housing and Economic Development Bond Act."

18  
19 2. The Legislature hereby finds that:

20 a. New Jersey suffers from a high rate of unemployment, which  
21 causes great hardship to working families, the demoralization of young  
22 persons who are attempting to enter the workforce, and places a  
23 severe burden on the resources of government and private charities.

24 b. Small businesses and the construction industry are an important  
25 source of primary and secondary employment in the State, especially  
26 in New Jersey's cities and low income communities. The stagnation of  
27 the small business sector of the economy and the construction industry  
28 in New Jersey's cities and low income areas has had a detrimental  
29 impact on those cities and communities and on the economy of the  
30 entire State.

31 c. Small businesses and the construction industry in particular,  
32 especially in New Jersey's cities and low income areas, have  
33 experienced great difficulty securing private financing because they  
34 often do not satisfy conventional underwriting criteria and suffer  
35 disproportionately from the general pattern of disinvestment in the

1 cities and low income areas.

2 d. The lack of capital for housing production, planning and  
3 development, construction financing, long-term financing, and  
4 project-based assistance has served as a major impediment to the  
5 production of affordable housing in this State, whether that housing is  
6 newly constructed or rehabilitated. As a result, the entire State  
7 continues to suffer from a shortage of safe, decent rental and sales  
8 housing affordable to low and moderate income households, including  
9 housing for the elderly and for disabled persons. Currently, more than  
10 800,000 low and moderate income households lack safe, decent  
11 housing that they can afford without giving up other necessities of life.

12 e. The ability of low and moderate income households, including  
13 households with elderly and disabled persons, to purchase housing is  
14 limited, in part, by their inability to make downpayments and pay  
15 closing costs.

16 f. The lack of safe, decent, affordable housing discourages  
17 job-creating businesses from moving to, and remaining in this State.  
18 Because access to safe, decent, affordable housing and opportunities  
19 for remunerative employment are intimately connected, it is sound  
20 policy to seek to address these problems in a manner which is mutually  
21 reinforcing.

22 g. Experience has shown that non-profit entities can be efficient  
23 and effective producers and managers of low and moderate income  
24 housing. Experience also has shown that non-profit entities can be  
25 efficient and effective catalysts for the promotion of private  
26 entrepreneurship and small businesses in cities and low income areas.

27 h. Accordingly, it is the purpose of this act to promote job creation  
28 by providing funding to foster the development of small businesses in  
29 New Jersey's cities and low income areas, provide funds for the  
30 construction and rehabilitation of very low, low, and moderate income  
31 housing throughout the State, including housing for households with  
32 elderly and disabled persons, and assure the long-term economic  
33 viability of such housing, to fund loans and grants to low, moderate,  
34 and middle income households for downpayment and closing costs,  
35 and provide funds to build the capacity of non-profit entities to  
36 construct and rehabilitate low and moderate income housing and foster  
37 economic development.

38

39 3. As used in this act:

40 "Affordable" means, (1) in the case of sales housing, housing whose  
41 sales price is such that households throughout the relevant income  
42 range need pay no more than 25 percent of gross household income  
43 for principal, interest, insurance, taxes, homeowners association fees  
44 and assessments, and fees for sewerage, water and solid waste  
45 disposal. Payments required for principal and interest shall be  
46 determined on the basis of 95 percent mortgages at rates generally

1 available within the housing market in the relevant housing region; (2)  
2 in the case of rental housing, housing whose rents and fees are such  
3 that households throughout the relevant income range need pay no  
4 more than 30 percent of gross household income for rents and fees,  
5 including heat, hot water, gas, electricity, water, sewerage, and solid  
6 waste disposal.

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

10 "Bonds" means bonds authorized to be issued, or issued, under this  
11 act.

12 "Commissioner" means the Commissioner of Community Affairs.

13 "Corporation" means the Urban Development Corporation created  
14 pursuant to P.L.1985, c.227 (C.55:19-1 et seq.).

15 "Costs" means the expenses incurred in connection with: the  
16 acquisition by purchase, lease, or otherwise, of land or buildings and  
17 the development of any real or personal property for use in connection  
18 with a project authorized by this act, including any rights or interests  
19 therein, the execution of any agreements and franchises deemed to be  
20 necessary or useful and convenient in connection with any project  
21 authorized by this act; the preparation of land for development,  
22 including the demolition of existing structures; the construction,  
23 reconstruction, conversion or rehabilitation of existing structures; the  
24 acquisition by purchase, lease or otherwise, of fixtures, machinery,  
25 equipment, and other personal property for the operation of small  
26 businesses; the acquisition by purchase, lease, license or otherwise, of  
27 patents, copyrights, trademarks, service marks, franchises, and other  
28 intangible property for the operation of eligible small businesses;  
29 acquisition by purchase, lease, or otherwise of raw materials and  
30 inventory; loans or other assistance for working capital by an eligible  
31 small business; training of current and potential owners of eligible  
32 small businesses; development of business and marketing plans in  
33 connection with eligible small businesses; project-based rental  
34 assistance to very low income tenants occupying housing constructed  
35 or rehabilitated with grants or loans provided under this act, the  
36 administrative, organizational, operating or other expenses incident to  
37 the financing, completing, and marketing, counseling prospective  
38 purchasers or tenants, selecting purchasers or tenants for, and placing  
39 into service of, any housing development constructed or rehabilitated  
40 under this act; the procurement of engineering, inspection, planning,  
41 legal, accounting, financial, or other professional services, including  
42 the services of a bond register or an authenticating agent; the  
43 administrative expenses of underwriting, administering, servicing and  
44 collecting loans; the administrative expenses of awarding and  
45 administering grants; the issuance of bonds, or any interest or discount  
46 thereon; the payment of the salaries and benefits of employees or the

1 fees of independent contractors to perform any of the foregoing  
2 functions; the establishment of a reserve fund or funds for working  
3 capital, operating, maintenance, or replacement expenses and for the  
4 payment or security of principal or interest on bonds, as the Director  
5 of the Division of Budget and Accounting in the Department of the  
6 Treasury may determine; and reimbursement to any fund of the State  
7 of moneys which may have been transferred or advanced therefrom to  
8 any fund created by this act, or of any moneys which may have been  
9 expended therefrom for, or in connection with, this act or any project  
10 authorized by this act.

11 "Eligible small business" means an entity that:

12 a. sells goods or services;

13 b. is independently owned and operated;

14 c. has no more than 25 employees, provided that the corporation  
15 may by regulation establish an alternative standard for retail grocery  
16 stores;

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

19 e. either (1) 51 percent or more of the equity in the business is held  
20 by persons residing in the municipality which is the primary place of  
21 business or (2) 51 percent or more of the current employees reside in  
22 the municipality which is the primary place of business and the  
23 applicant provides suitable assurances that 51 percent or more of any  
24 additional employees hired with the assistance of loans, loan  
25 guarantees, equity investments, grants or other forms of assistance  
26 provided under this act will either be residents of the municipality  
27 which is the primary place of business or be members of low income  
28 households.

29 "Government securities" means any bonds or other obligations  
30 which as to principal and interest constitute direct obligations of, or  
31 are unconditionally guaranteed by, the United States of America,  
32 including obligations of any federal agency, to the extent those  
33 obligations are unconditionally guaranteed by the United States of  
34 America, and any certificates or any other evidences of an ownership  
35 interest in those obligations of, or unconditionally guaranteed by, the  
36 United States of America or in specified portions which may consist  
37 of the principal of, or the interest on, those obligations;

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

41 "Low income areas" means municipalities in which the median gross  
42 annual household income, as reported in the most recent federal  
43 decennial census, is less than or equal to 40 percent of the median  
44 gross annual household income for all households in the State.

45 "Low income household" means a household with a gross  
46 household income less than or equal to 50 percent of the median gross

1 household income for households of similar size within the housing  
2 region in which the housing is located. "Low income household"  
3 includes "very low income household."

4 "Low income housing" means housing affordable to a low income  
5 household.

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

10 "Middle income housing" means housing affordable to a middle  
11 income household.

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

16 "Moderate income housing" means housing affordable to a  
17 moderate income household.

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

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

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

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

31

32 4. Bonds of the State of New Jersey are authorized to be issued in  
33 the aggregate principal amount of \$290,000,000 for the following  
34 purposes:

35 a. \$210,000,000 to establish an "Affordable Housing Development  
36 Fund," which shall be a non-lapsing revolving fund administered by the  
37 Department of Community Affairs for providing loans, loan  
38 guarantees, equity investments, grants or other forms of assistance for  
39 the costs of construction and rehabilitation of safe, decent rental and  
40 sales housing affordable to low and moderate income households,  
41 including housing for households with elderly or disabled persons. Of  
42 this amount, \$50,000,000 shall be devoted to project-based assistance  
43 to assure that, to the maximum extent feasible, rental housing  
44 constructed or rehabilitated with assistance from the Affordable  
45 Housing Development Fund is affordable to very low income  
46 households.

1       b. \$30,000,000 to establish a "Homeownership Fund," which shall  
2 be a non-lapsing revolving fund administered by the New Jersey  
3 Housing and Mortgage Finance Agency, for the purpose of providing  
4 loans, loan guarantees, grants, and other forms of assistance to enable  
5 low, moderate, and middle income households to make  
6 downpayments, pay closing costs, and pay other one-time expenses  
7 associated with the purchase of housing, including condominium and  
8 cooperative housing.

9       c. \$41,000,000 to establish an "Economic Development Fund,"  
10 which shall be a non-lapsing revolving fund administered by the Urban  
11 Development Corporation, for the purpose of providing loans, loan  
12 guarantees, equity investments, grants and other forms of assistance  
13 to pay the costs of fostering the development and growth of eligible  
14 small businesses in urban areas and low income areas.

15       d. \$9,000,000 to establish a "Non-Profit Financial Assistance  
16 Fund," which shall be a non-lapsing revolving fund to be administered  
17 by the Department of Community Affairs for the purpose of providing  
18 loans, grants and other forms of assistance to non-profit entities to 1)  
19 plan and develop safe, decent housing affordable to low and moderate  
20 income households and 2) foster the creation of small businesses and  
21 employment in urban areas and low income areas. Of this sum,  
22 one-third shall be for the purpose of providing loans, grants and other  
23 forms of assistance to non-profit entities to foster the creation of small  
24 businesses and employment in urban areas and low income areas.

25  
26       5. The bonds authorized under this act shall be serial bonds, term  
27 bonds, or a combination thereof, and shall be known as "Jobs from  
28 Housing and Economic Development Bonds." They shall be issued  
29 from time to time as the issuing officials herein named shall determine  
30 and may be issued in coupon form, fully-registered form or book-entry  
31 form. The bonds may be subject to redemption prior to maturity and  
32 shall mature and be paid not later than 35 years from the respective  
33 dates of their issuance.

34  
35       6. The Governor, the State Treasurer and the Director of the  
36 Division of Budget and Accounting in the Department of the  
37 Treasury, or any two of these officials, herein referred to as "the  
38 issuing officials," are authorized to carry out the provisions of this act  
39 relating to the issuance of bonds, and shall determine all matters in  
40 connection therewith, subject to the provisions of this act. If an  
41 issuing official is absent from the State or incapable of acting for any  
42 reason, the powers and duties of that issuing official shall be exercised  
43 and performed by the person authorized by law to act in an official  
44 capacity in the place of that issuing official.

1       7. Bonds issued in accordance with the provisions of this act shall  
2 be direct obligations of the State of New Jersey, and the faith and  
3 credit of the State are pledged for the payment of the interest and  
4 redemption premium thereon, if any, when due, and for the payment  
5 of the principal thereof at maturity or earlier redemption date. The  
6 principal of and interest on the bonds shall be exempt from taxation by  
7 the State or by any county, municipality or other taxing district of the  
8 State.

9  
10       8. The bonds shall be signed in the name of the State by means of  
11 the manual or facsimile signature of the Governor under the Great Seal  
12 of the State, which seal may be by facsimile or by way of any other  
13 form of reproduction on the bonds, and attested by the manual or  
14 facsimile signature of the Secretary of State, or an Assistant Secretary  
15 of State, and shall be countersigned by the facsimile signature of the  
16 Director of the Division of Budget and Accounting in the Department  
17 of the Treasury and may be manually authenticated by an  
18 authenticating agent or bond registrar, as the issuing officials shall  
19 determine. Interest coupons, if any, attached to the bonds shall be  
20 signed by the facsimile signature of the Director of the Division of  
21 Budget and Accounting in the Department of the Treasury. The bonds  
22 may be issued notwithstanding that an official signing them or whose  
23 manual or facsimile signature appears on the bonds or coupons has  
24 ceased to hold office at the time of issuance, or at the time of the  
25 delivery of the bonds to the purchaser thereof.

26  
27       9. a. The bonds shall recite that they are issued for the purposes  
28 set forth in section 4 of this act, that they are issued pursuant to this  
29 act, that this act was submitted to the people of the State at the  
30 general election held in the month of November, 1996, and that this  
31 act was approved by a majority of the legally qualified voters of the  
32 State voting thereon at the election. This recital shall be conclusive  
33 evidence of the authority of the State to issue the bonds and their  
34 validity. Any bonds containing this recital shall, in any suit, action or  
35 proceeding involving their validity, be conclusively deemed to be fully  
36 authorized by this act and to have been issued, sold, executed and  
37 delivered in conformity herewith and with all other provisions of law  
38 applicable hereto, and shall be incontestable for any cause.

39       b. The bonds shall be issued in the denominations and in the form  
40 or forms, whether coupon, fully-registered or book-entry, and with or  
41 without provisions for the interchangeability thereof, as may be  
42 determined by the issuing officials.

43  
44       10. When the bonds are issued from time to time, the bonds of  
45 each issue shall constitute a separate series to be designated by the  
46 issuing officials. Each series of bonds shall bear such rate or rates of

1 interest as may be determined by the issuing officials, which interest  
2 shall be payable semiannually; except that the first and last interest  
3 periods may be longer or shorter, in order that the intervening  
4 semiannual payments may be at convenient dates.

5  
6 11. The bonds shall be issued and sold at the price or prices and  
7 under the terms, conditions and regulations as the issuing officials may  
8 prescribe, after notice of the sale, published at least once in at least  
9 three newspapers published in this State, and at least once in a  
10 publication carrying municipal bond notices and devoted primarily to  
11 financial news, published in this State or in the City of New York, the  
12 first notice to appear at least five days prior to the day of bidding. The  
13 notice of sale may contain a provision to the effect that any bid in  
14 pursuance thereof may be rejected. In the event of rejection or failure  
15 to receive any acceptable bid, the issuing officials, at any time within  
16 60 days from the date of the advertised sale, may sell the bonds at a  
17 private sale at such price or prices and under the terms and conditions  
18 as the issuing officials may prescribe. The issuing officials may sell all  
19 or part of the bonds of any series as issued to any State fund or to the  
20 federal government or any agency thereof, at a private sale, without  
21 advertisement.

22  
23 12. Until permanent bonds are prepared, the issuing officials may  
24 issue temporary bonds in a form and with those privileges as to their  
25 registration and exchange for permanent bonds as may be determined  
26 by the issuing officials.

27  
28 13. The proceeds derived from the sale of bonds shall be paid to  
29 the State Treasurer to be held by the State Treasurer in a separate  
30 fund, which shall be known as the "Jobs from Housing and Economic  
31 Development Fund." The proceeds of this fund shall be deposited in  
32 those depositories as may be selected by the State Treasurer to the  
33 credit of the fund.

34  
35 14. a. The moneys in the "Jobs from Housing and Economic  
36 Development Fund" are specifically dedicated and shall be applied to  
37 the cost of the purposes set forth in section 4 of this act. However, no  
38 moneys in the fund shall be expended for those purposes, except as  
39 otherwise authorized by this act, without the specific appropriations  
40 thereof by the Legislature, but bonds may be issued as herein provided,  
41 notwithstanding that the Legislature shall not have then adopted an act  
42 making a specific appropriation of any of the moneys. Any act  
43 appropriating moneys from the "Jobs from Housing and Economic  
44 Development Fund" shall identify the project to be funded by the  
45 moneys.

46 b. At any time prior to the issuance and sale of bonds under this

1 act, the State Treasurer is authorized to transfer from any available  
2 moneys in any fund of the treasury of the State to the credit of the  
3 "Jobs from Housing and Economic Development Fund" those sums as  
4 the State Treasurer may deem necessary. The sums so transferred  
5 shall be returned to the same fund of the treasury of the State by the  
6 State Treasurer from the proceeds of the sale of the first issue of  
7 bonds.

8 c. Pending their application to the purposes provided in this act,  
9 the moneys in the "Jobs from Housing and Economic Development  
10 Fund" may be invested and reinvested as are other trust funds in the  
11 custody of the State Treasurer, in the manner provided by law. Net  
12 earnings received from the investment or deposit of moneys in the  
13 "Jobs from Housing and Economic Development Fund" shall be paid  
14 into the General Fund.

15

16 15. If any coupon bond, coupon or registered bond is lost,  
17 mutilated or destroyed, a new bond or coupon shall be executed and  
18 delivered of like tenor, in substitution for the lost, mutilated or  
19 destroyed bond or coupon, upon the owner furnishing to the issuing  
20 officials evidence satisfactory to them of the loss, mutilation or  
21 destruction of the bond or coupon, the ownership thereof, and  
22 security, indemnity and reimbursement for expenses connected  
23 therewith, as the issuing officials may require.

24

25 16. The accrued interest, if any, received upon the sale of the  
26 bonds shall be applied to the discharge of a like amount of interest  
27 upon the bonds when due. Any expense incurred by the issuing  
28 officials for advertising, engraving, printing, clerical, authenticating,  
29 registering, legal or other services necessary to carry out the duties  
30 imposed upon them by the provisions of this act shall be paid from the  
31 proceeds of the sale of the bonds by the State Treasurer, upon the  
32 warrant of the Director of the Division of Budget and Accounting in  
33 the Department of the Treasury, in the same manner as other  
34 obligations of the State are paid.

35

36 17. Bonds of each series issued hereunder shall mature, including  
37 any sinking fund redemptions, not later than the 35th year from the  
38 date of issue of that series, and in amounts as shall be determined by  
39 the issuing officials. The issuing officials may reserve to the State by  
40 appropriate provision in the bonds of any series the power to redeem  
41 any of the bonds prior to maturity at such price or prices and upon  
42 such terms and conditions as may be provided in the bonds.

43

44 18. Any bond or bonds issued hereunder, which are subject to the  
45 "Refunding Bond Act of 1985," P.L.1985, c.74 as amended by  
46 P.L.1992, c.182 (C.49:2B-1 et seq.), shall no longer be deemed to be

1 outstanding, shall no longer constitute a direct obligation of the State  
2 of New Jersey, and the faith and credit of the State shall no longer be  
3 pledged to the payment of the principal of, redemption premium, if  
4 any, and interest on the bonds, and the bonds shall be secured solely  
5 by and payable solely from moneys and government securities  
6 deposited in trust with one or more trustees or escrow agents, which  
7 trustees and escrow agents shall be trust companies or national or state  
8 banks having powers of a trust company, located either within or  
9 without the State, as provided herein, whenever there shall be  
10 deposited in trust with the trustees or escrow agents, as provided  
11 herein, either moneys or government securities, including government  
12 securities issued or held in book-entry form on the books of the  
13 Department of Treasury of the United States, the principal of and  
14 interest on which when due will provide money which, together with  
15 the moneys, if any, deposited with the trustees or escrow agents at the  
16 same time, shall be sufficient to pay when due the principal of,  
17 redemption premium, if any, and interest due and to become due on  
18 the bonds on or prior to the redemption date or maturity date thereof,  
19 as the case may be; provided the government securities shall not be  
20 subject to redemption prior to their maturity other than at the option  
21 of the holder thereof. The State of New Jersey hereby covenants with  
22 the holders of any bonds for which government securities or moneys  
23 shall have been deposited in trust with the trustees or escrow agents  
24 as provided in this section that, except as otherwise provided in this  
25 section, neither the government securities nor moneys so deposited  
26 with the trustees or escrow agents shall be withdrawn or used by the  
27 State for any purpose other than, and shall be held in trust for, the  
28 payment of the principal of, redemption premium, if any, and interest  
29 to become due on the bonds; provided that any cash received from the  
30 principal or interest payments on the government securities deposited  
31 with the trustees or escrow agents, to the extent the cash will not be  
32 required at any time for that purpose, shall be paid over to the State,  
33 as received by the trustees or escrow agents, free and clear of any  
34 trust, lien, pledge or assignment securing the bonds; and to the extent  
35 the cash will be required for that purpose at a later date, shall, to the  
36 extent practicable and legally permissible, be reinvested in government  
37 securities maturing at times and in amounts sufficient to pay when due  
38 the principal of, redemption premium, if any, and interest to become  
39 due on the bonds on and prior to the redemption date or maturity date  
40 thereof, as the case may be, and interest earned from the reinvestment  
41 shall be paid over to the State, as received by the trustees or escrow  
42 agents, free and clear of any trust, lien or pledge securing the bonds.

43 Notwithstanding anything to the contrary contained herein:

44 a. the trustees or escrow agents shall, if so directed by the issuing  
45 officials, apply moneys on deposit with the trustees or escrow agents  
46 pursuant to the provisions of this section, and redeem or sell

1 government securities so deposited with the trustees or escrow agents,  
2 and apply the proceeds thereof to (1) the purchase of the bonds which  
3 were refinanced by the deposit with the trustees or escrow agents of  
4 the moneys and government securities and immediately thereafter  
5 cancel all bonds so purchased, or (2) the purchase of different  
6 government securities; provided however, that the moneys and  
7 government securities on deposit with the trustees or escrow agents  
8 after the purchase and cancellation of the bonds or the purchase of  
9 different government securities shall be sufficient to pay when due the  
10 principal of, redemption premium, if any, and interest on all other  
11 bonds in respect of which the moneys and government securities were  
12 deposited with the trustees or escrow agents on or prior to the  
13 redemption date or maturity date thereof, as the case may be; and

14 b. in the event that on any date, as a result of any purchases and  
15 cancellations of bonds or any purchases of different government  
16 securities, as provided in this sentence, the total amount of moneys  
17 and government securities remaining on deposit with the trustees or  
18 escrow agents is in excess of the total amount which would have been  
19 required to be deposited with the trustees or escrow agents on that  
20 date in respect of the remaining bonds for which the deposit was made  
21 in order to pay when due the principal of, redemption premium, if any,  
22 and interest on the remaining bonds, the trustees or escrow agents  
23 shall, if so directed by the issuing officials, pay the amount of the  
24 excess to the State, free and clear of any trust, lien, pledge or  
25 assignment securing the refunding bonds.

26  
27 19. Refunding bonds issued pursuant to P.L.1985, c.74 as  
28 amended by P.L.1992, c.182 (C.49:2B-1 et seq.), may be consolidated  
29 with bonds issued pursuant to section 5 of this act or with bonds  
30 issued pursuant to any other act for purposes of sale.

31  
32 20. To provide funds to meet the interest and principal payment  
33 requirements for the bonds issued under this act and outstanding, there  
34 is appropriated in the order following:

35 a. Revenue derived from the collection of taxes under the "Sales  
36 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), or so much  
37 thereof as may be required; and

38 b. If, at any time, funds necessary to meet the interest, redemption  
39 premium, if any, and principal payments on outstanding bonds issued  
40 under this act are insufficient or not available, there shall be assessed,  
41 levied and collected annually in each of the municipalities of the  
42 counties of this State, a tax on the real and personal property upon  
43 which municipal taxes are or shall be assessed, levied and collected,  
44 sufficient to meet the interest on all outstanding bonds issued  
45 hereunder and on the bonds proposed to be issued under this act in the  
46 calendar year in which the tax is to be raised and for the payment of

1 bonds falling due in the year following the year for which the tax is  
2 levied. The tax shall be assessed, levied and collected in the same  
3 manner and at the same time as other taxes upon real and personal  
4 property. The governing body of each municipality shall pay to the  
5 county treasurer of the county in which the municipality is located, on  
6 or before December 15 in each year, the amount of tax herein directed  
7 to be assessed and levied, and the county treasurer shall pay the  
8 amount of the tax to the State Treasurer on or before December 20 in  
9 each year.

10 If on or before December 31 in any year, the issuing officials, by  
11 resolution, determine that there are moneys in the General Fund  
12 beyond the needs of the State, sufficient to pay the principal of bonds  
13 falling due and all interest and redemption premium, if any, payable in  
14 the ensuing calendar year, the issuing officials shall file the resolution  
15 in the office of the State Treasurer, whereupon the State Treasurer  
16 shall transfer the moneys to a separate fund to be designated by the  
17 State Treasurer, and shall pay the principal, redemption premium, if  
18 any, and interest out of that fund as the same shall become due and  
19 payable, and the other sources of payment of the principal, redemption  
20 premium, if any, and interest provided for in this section shall not then  
21 be available, and the receipts for the year from the tax specified in  
22 subsection a. of this section shall be considered and treated as part of  
23 the General Fund, available for general purposes.

24

25 21. Should the State Treasurer, by December 31 of any year, deem  
26 it necessary, because of the insufficiency of funds collected from the  
27 sources of revenues as provided in this act, to meet the interest and  
28 principal payments for the year after the ensuing year, then the State  
29 Treasurer shall certify to the Director of the Division of Budget and  
30 Accounting in the Department of the Treasury the amount necessary  
31 to be raised by taxation for those purposes, the same to be assessed,  
32 levied and collected for and in the ensuing calendar year. The director  
33 shall, on or before March 1 following, calculate the amount in dollars  
34 to be assessed, levied and collected in each county as herein set forth.  
35 This calculation shall be based upon the corrected assessed valuation  
36 of each county for the year preceding the year in which the tax is to be  
37 assessed, but the tax shall be assessed, levied and collected upon the  
38 assessed valuation of the year in which the tax is assessed and levied.  
39 The director shall certify the amount to the county board of taxation  
40 and the treasurer of each county. The county board of taxation shall  
41 include the proper amount in the current tax levy of the several taxing  
42 districts of the county in proportion to the ratables as ascertained for  
43 the current year.

44

45 22. For the purpose of complying with the provisions of the State  
46 Constitution, this act shall be submitted to the people at the general

1 election to be held in the month of November, 1996. To inform the  
2 people of the contents of this act, it shall be the duty of the Secretary  
3 of State, after this section takes effect and at least 60 days prior to the  
4 election, to cause this act to be published at least once in one or more  
5 newspapers of each county, if any newspapers be published therein and  
6 to notify the clerk of each county of this State of the passage of this  
7 act; and the clerks respectively, in accordance with the instructions of  
8 the Secretary of State, shall have printed on each of the ballots the  
9 following:

10 If you approve of the act entitled below make a cross (X), plus (+)  
11 or check (O) in the square opposite the word "Yes."

12 If you disapprove of the act entitled below, make a cross (X), plus  
13 (+) or check (O) in the square opposite the word "No."

14 If voting machines are used, a vote of "Yes" or "No" shall be  
15 equivalent to these markings respectively.

<p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17</p>	<p>YES</p>	<p style="text-align: center;"><b>JOBS FROM HOUSING AND ECONOMIC DEVELOPMENT FUND BOND ISSUE</b></p> <p>Shall the "Jobs from Housing and Economic Development Bond Act," which authorizes the State of New Jersey to issue general obligation bonds in the amount of \$290,000,000 for the purposes of funding grants, loans, and other forms of assistance to foster the development and growth of small businesses in urban and low income areas, to facilitate the construction and rehabilitation of safe, decent rental and sales housing for low and moderate income households, to facilitate the purchase of safe, decent housing by low, moderate, and middle income households, and to assist non-profit entities to construct or rehabilitate safe, decent housing affordable to low and moderate income households and to foster the creation of small businesses and employment in urban and low income areas, be approved?</p>
<p>18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35</p>	<p>NO</p>	<p style="text-align: center;"><b>INTERPRETIVE</b></p> <p>If this act is approved, the State would sell \$290 million of general obligation bonds. The moneys from the bonds would be placed in a "Jobs from Housing and Economic Development Fund." From that fund, the moneys would be appropriated by the Legislature to four permanent revolving funds from which loans, loan guarantees, equity investments, grants and other assistance would be provided. One revolving fund would be used to help the development and growth of small businesses in urban and low income areas. The second would aid the construction and rehabilitation of safe, decent housing for low and moderate income households. The third would help low, moderate and middle income households purchase safe, decent housing. The fourth would help non-profit entities to construct or rehabilitate safe, decent housing for low and moderate income households, and to create small businesses and jobs in urban and low income areas.</p>

36  
37 The fact and date of the approval or passage of this act, as the case  
38 may be, may be inserted in the appropriate place after the title in the  
39 ballot. No other requirements of law of any kind or character as to  
40 notice or procedure, except as herein provided, need be adhered to.

41 The votes cast for and against the approval of this act, by ballot or  
42 voting machine, shall be counted and the result thereof returned by the  
43 election officer, and a canvass of the election had in the same manner  
44 as is provided for by law in the case of the election of a Governor, and  
45 the approval or disapproval of this act so determined shall be declared

1 in the same manner as the result of an election for a Governor, and if  
2 there is a majority of all votes cast for and against it at the election in  
3 favor of the approval of this act, then all the provisions of this act not  
4 made effective theretofore shall take effect forthwith.

5  
6 23. There is appropriated the sum of \$5,000 to the Department of  
7 State for expenses in connection with the publication of notice  
8 pursuant to section 22 of this act.

9  
10 24. a. The Commissioner of Community Affairs shall submit to the  
11 State Treasurer with the department's annual budget request a plan for  
12 the upcoming fiscal year for the expenditure of funds from (1) the  
13 "Affordable Housing Development Fund;" (2) the "Homeownership  
14 Fund" by the New Jersey Housing and Mortgage Finance Agency; and  
15 (3) the "Non-Profit Capacity Building Fund" established pursuant to  
16 section 4 of P.L. , c. (pending before the Legislature as this bill).

17 b. The Commissioner of Commerce and Economic Development  
18 shall submit to the State Treasurer with the department's annual  
19 budget request a plan for the expenditure of funds from the "Economic  
20 Development Fund" for the upcoming fiscal year.

21 c. The plans required pursuant to subsections a. and b. of this  
22 section shall include the following information: a performance  
23 evaluation of the expenditures made from the fund to date; a  
24 description of programs planned during the upcoming fiscal year; a  
25 copy of the regulations in force governing the operation of programs  
26 that are financed, in part or in whole, by those funds; and an estimate  
27 of expenditures for the upcoming fiscal year.

28  
29 25. Immediately following the submission to the Legislature of the  
30 Governor's annual budget message, the commissioner shall submit to  
31 the relevant standing committees of the Legislature, as designated by  
32 the President of the Senate and the Speaker of the General Assembly,  
33 and to the Joint Budget Oversight Committee, or its successor, a copy  
34 of the plan called for under section 24 of this act, together with such  
35 changes therein as may have been required by the Governor's budget  
36 message.

37 26. This section and sections 22 and 23 of this act shall take effect  
38 immediately and the remainder of this act shall take effect as and when  
39 provided in section 22.

40  
41  
42 STATEMENT

43  
44 This bill would authorize the issuance of \$290 million in general  
45 obligation bonds of the State to create a "Jobs from Housing and  
46 Economic Development Fund" to foster the development of affordable

1 housing and the growth of small business in the State.

2 Specifically, the bill would distribute the proceeds of the bond sale  
3 among four non-lapsing revolving funds as follows:

4 (1) an "Affordable Housing Development Fund," administered by  
5 the Department of Community Affairs, to be capitalized by  
6 \$210,000,000 out of which would be provided loans, loan guarantees,  
7 equity investments, grants or other forms of assistance for the costs of  
8 construction and rehabilitation of safe, decent rental and sales housing  
9 affordable to low and moderate income households, including housing  
10 for households with elderly or disabled persons. Of this amount,  
11 \$50,000,000 shall be devoted to project-based assistance to assure  
12 that, to the maximum extent feasible, rental housing constructed or  
13 rehabilitated with assistance from the Affordable Housing  
14 Development Fund is affordable to very low income households.

15 (2) a "Homeownership Fund," administered by the New Jersey  
16 Housing Mortgage and Finance Agency, to be capitalized by  
17 \$30,000,000 out of which would be provided loans, loan guarantees,  
18 grants, and other forms of assistance to enable low, moderate, and  
19 middle income households to make downpayments, pay closing costs,  
20 and pay other one-time expenses associated with the purchase of  
21 housing, including condominium and cooperative housing.

22 c. to establish an "Economic Development Fund," administered by  
23 the Urban Development Corporation, to be capitalized by \$41,000,000  
24 out of which would be provided loans, loan guarantees, equity  
25 investments, grants and other forms of assistance to pay the costs of  
26 fostering the development and growth of eligible small businesses in  
27 urban areas and low income areas.

28 d. a "Non-Profit Financial Assistance Fund," to be administered by  
29 the Department of Community Affairs to be capitalized by \$9,000,000  
30 out of which would be provided loans, grants and other forms of  
31 assistance to non-profit entities for the purposes of increasing their  
32 capability to 1) plan and develop safe, decent housing affordable to  
33 low and moderate income households and 2) foster the creation of  
34 small businesses and employment in urban areas and low income areas.  
35 Of this sum, one-third shall be for the purpose of providing loans,  
36 grants and other forms of assistance to non-profit entities for the  
37 purposes of increasing their capability to foster the creation of small  
38 businesses and employment in urban areas and low income areas.

39

40

41

42

43 Authorizes creation of \$290 million in debt to foster development of  
44 affordable housing and growth of small businesses.