

ASSEMBLY, No. 5035

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED NOVEMBER 19, 2020

Sponsored by:

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

Assemblyman ANTHONY S. VERRELLI

District 15 (Hunterdon and Mercer)

Assemblywoman SHAVONDA E. SUMTER

District 35 (Bergen and Passaic)

SYNOPSIS

Establishes the “Urban Wealth Fund Pilot Program.”

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/8/2021)

1 AN ACT establishing the “Urban Wealth Fund Pilot Program” and
2 supplementing P.L.1974, c.80 (C.34:1B-1 et seq.).
3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*
6

7 1. a. The New Jersey Economic Development Authority, in
8 consultation with the State Treasurer, the New Jersey
9 Redevelopment Authority, the Division of Local Government
10 Services in the Department of Community Affairs, and the Chief
11 Diversity Officer in the State Department of the Treasury, shall
12 develop the “Urban Wealth Fund Pilot Program” for the purpose of:

13 (1) encouraging State entities and pilot municipalities to identify
14 publicly-owned assets that are capable of generating revenue;

15 (2) selecting publicly-owned assets to be held in the urban
16 wealth fund;

17 (3) contracting with a private asset management firm or firms to
18 manage publicly-owned assets held in the urban wealth fund in a
19 manner designed to enhance the revenue generated from those
20 assets;

21 (4) serving as a holding company for publicly-owned assets held
22 in the urban wealth fund;

23 (5) facilitating the transfer of management of selected publicly-
24 owned assets to the private asset management firm or firms; and

25 (6) enabling participating State entities and pilot municipalities
26 to allocate increased revenue derived from publicly-owned assets
27 held by the urban wealth fund to specific public purposes,
28 including:

29 (a) assistance to minority-owned businesses;

30 (b) improvements to infrastructure;

31 (c) investments in education; and

32 (d) reductions in property taxes.

33 b. The New Jersey Economic Development Authority shall:

34 (1) establish program guidelines and establish criteria to
35 evaluate assets for inclusion in the program;

36 (2) notify State entities and pilot municipalities of the
37 opportunity to participate in the pilot program;

38 (3) devise forms and procedures to enable State entities and
39 pilot municipalities to apply to participate in the program; and

40 (4) provide a portal on its Internet website to enable State
41 entities, pilot municipalities, and private asset management firms to
42 submit to the authority questions about the program and
43 applications to participate in the program.

44 c. A State entity or pilot municipality interested in
45 participating in the program may, in accordance with program
46 guidelines established by the authority:

- 1 (1) undertake an inventory and evaluation of its assets for the
2 purpose of identifying assets that have sound commercial viability.
- 3 (2) conduct a valuation of assets identified as having sound
4 commercial viability for the purpose of determining the current
5 value and the potential value of each publicly-owned commercial
6 asset.
- 7 (3) identify publicly-owned commercial assets that are
8 undervalued and underleveraged.
- 9 (4) undertake a preliminary assessment of the structural issues,
10 financial benefits and risks, and social and policy impacts of
11 participating in the program.
- 12 (5) identify assets to include in an application to participate in
13 the program.
- 14 (6) submit an application to the authority in accordance with the
15 program guidelines established by the authority.
- 16 d. Upon receipt of an application, the authority shall:
 - 17 (1) assess the structural issues, financial benefits and risks, and
18 social and policy impacts of including assets in the urban wealth
19 fund.
 - 20 (2) preliminarily screen and evaluate each asset identified in an
21 application against established program criteria and rank each asset
22 based on the likelihood that inclusion of the asset in the program
23 may result in a significant increase in revenue generated from the
24 asset.
 - 25 (3) determine whether to approve an application, in whole or in
26 part, or with conditions, and determine which assets identified in an
27 application to include in the program. The authority may engage in
28 negotiations with an applicant for the purpose of assisting an
29 applicant in revising an application to satisfy program requirements.
- 30 e. The authority shall establish criteria for the selection of a
31 private asset management firm to manage assets held in the urban
32 wealth fund and shall advertise a request for proposals from
33 potential private asset management firms in an open and public
34 manner. The authority may award a contract to a private firm or
35 firms to manage assets held in the urban wealth fund for a term of
36 no more than five years.
- 37 f. A private asset management firm selected by the authority
38 shall manage assets held in the urban wealth fund in a manner that
39 will ensure compliance with all provisions of law applicable to the
40 asset, and program guidelines established by the authority, however,
41 the focus of the firm's management of the portfolio of assets shall
42 emphasize ways to enhance revenue to be derived from the assets.
- 43 g. The authority shall at least annually engage in an accounting
44 of revenues derived from assets held in the fund and shall distribute
45 to each program participant its share of revenues attributable to the
46 participant's asset or assets held in the fund.

1 h. A participating pilot municipality may appropriate revenues
2 distributed pursuant to subsection g. of this section for public
3 purposes authorized under the program guidelines, which shall
4 include:

- 5 (1) assistance to minority-owned businesses;
- 6 (2) improvements to infrastructure;
- 7 (3) investments in education; and
- 8 (4) reductions in property taxes.

9 i. Prior to the conclusion of the fourth year following the award
10 of a contract pursuant to subsection e. of this section, the authority
11 shall prepare and deliver to the Governor and to the Legislature,
12 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), a report on
13 the pilot program, which shall include recommendations for
14 changes to the program and recommendations as to whether to
15 allow the program to expire, to extend the pilot program, or to make
16 the program permanent.

17 j. Upon conclusion of the fifth year following the award of a
18 contract pursuant to subsection e. of this section, the authority shall
19 return control over the management of an asset included in the fund
20 to the State entity or pilot municipality that owns the asset.

21 k. As used in this section:

22 “Authority” means the New Jersey Economic Development
23 Authority established pursuant to section 4 of P.L.1974, c.80
24 (C.34:1B-4).

25 “Pilot municipality” means a “qualified municipality” as defined
26 in section 3 of the “New Jersey Urban Redevelopment Act,”
27 P.L.1996, c.62 (C.55:19-22).

28 “Pilot program” or “program” means the “Urban Wealth Fund
29 Pilot Program” established pursuant to subsection a. of this section.

30 “Publicly-owned commercial asset” means a government-owned
31 asset that is capable of generating revenue.

32 “Urban wealth fund” or “fund” means an investment fund that is
33 set up to manage publicly-owned assets in order to maximize return
34 on the assets as a means of generating revenue.

35
36 2. This act shall take effect on the first day of the fourth month
37 next following enactment and shall expire upon the return of control
38 over the management of assets held in the fund to the respective
39 State entity or pilot municipality that owns the assets.

40 41 42 STATEMENT

43
44 This bill would establish the “Urban Wealth Fund Pilot Program”
45 for the purpose of determining whether identification of
46 undervalued publicly-owned assets, which are capable of generating
47 revenue, and enhancing the ability of those assets to generate

1 revenue, by depoliticizing and professionalizing management and
2 control over those assets, is viable and should be extended
3 statewide.

4 The New Jersey Economic Development Authority would
5 develop program details, in consultation with the State Treasurer,
6 the New Jersey Redevelopment Authority, the Division of Local
7 Government Services in the Department of Community Affairs, and
8 the Chief Diversity Officer in the State Department of the Treasury.
9 The purpose of the program is to:

- 10 • encourage State entities and pilot municipalities to identify
11 publicly-owned assets that are capable of generating
12 revenue;
- 13 • select publicly-owned assets to be held in the urban wealth
14 fund;
- 15 • contract with a private asset management firm or firms to
16 manage publicly-owned assets held in the urban wealth fund
17 in a manner designed to enhance the revenue generated from
18 those assets;
- 19 • serve as a holding company for publicly-owned assets held
20 in the urban wealth fund;
- 21 • facilitate the transfer of management of selected publicly-
22 owned assets to the private asset management firm or firms;
23 and
- 24 • enable participating State entities and pilot municipalities to
25 allocate increased revenue derived from publicly-owned
26 assets held by the urban wealth fund to specific public
27 purposes, including:
 - 28 ○ assistance to minority-owned businesses;
 - 29 ○ improvements to infrastructure;
 - 30 ○ investments in education; and
 - 31 ○ reductions in property taxes.

32 The bill would require the New Jersey Economic Development
33 Authority (EDA) to establish program guidelines and establish
34 criteria to evaluate assets for inclusion in the program. The bill
35 would direct the EDA to: notify State entities and pilot
36 municipalities of the opportunity to participate in the pilot program;
37 devise forms and procedures to enable State entities and pilot
38 municipalities to apply to participate in the program; and provide a
39 portal on its Internet website to enable State entities, pilot
40 municipalities, and private asset management firms to submit to the
41 authority questions about the program, and to submit applications to
42 participate in the program.

43 A State entity or pilot municipality interested in participating in
44 the program may, in accordance with program guidelines to be
45 established by the EDA:

- 1 • undertake an inventory and evaluation of its assets for the
2 purpose of identifying assets that have sound commercial
3 viability.
- 4 • conduct a valuation of assets identified as having sound
5 commercial viability for the purpose of determining the
6 current value and the potential value of each publicly-owned
7 commercial asset.
- 8 • identify publicly-owned commercial assets that are
9 undervalued and underleveraged.
- 10 • undertake a preliminary assessment of the structural issues,
11 financial benefits and risks, and social and policy impacts of
12 participating in the program.
- 13 • identify assets to include in an application to participate in
14 the program.
- 15 • submit an application to the EDA in accordance with
16 program guidelines established by the EDA.

17 Upon receipt of an application, the EDA would:

- 18 • assess the structural issues, financial benefits and risks, and
19 social and policy impacts of including assets in the urban
20 wealth fund;
- 21 • preliminarily screen and evaluate each asset identified in an
22 application against established program criteria and rank
23 each asset based on the likelihood that inclusion of the asset
24 in the program may result in a significant increase in
25 revenue generated from the asset; and
- 26 • determine whether to approve an application, in whole or in
27 part, or with conditions, and determine which assets
28 identified in an application to include in the program. The
29 bill would authorize the EDA to engage in negotiations with
30 an applicant for the purpose of assisting the applicant in
31 revising an application to satisfy program requirements.

32 The bill would direct the EDA to establish criteria for the
33 selection of a private asset management firm to manage assets held
34 in the urban wealth fund and advertise a request for proposals from
35 potential private asset management firms in an open and public
36 manner. The authority may award a contract to a private firm or
37 firms to manage assets held in the urban wealth fund for a term of
38 no more than five years.

39 The bill provides that a private asset management firm selected
40 by the EDA is do manage assets held in the urban wealth fund in a
41 manner that will ensure compliance with all provisions of law
42 applicable to the asset, and program guidelines established by the
43 EDA, however, the focus of the firm's management of the portfolio
44 of assets shall emphasize ways to enhance revenue to be derived
45 from the assets.

1 The bill would require the EDA to at least annually engage in an
2 accounting of revenues derived from assets held in the fund, and
3 distribute to each program participant its share of revenues
4 attributable to the participant's asset or assets held in the fund. The
5 bill provides that a participating pilot municipality may appropriate
6 these revenues for public purposes authorized under the program
7 guidelines, which would include: assistance to minority-owned
8 businesses; improvements to infrastructure; investments in
9 education; and reductions in property taxes.

10 The bill would require the EDA to prepare and deliver to the
11 Governor and the Legislature a report on the pilot program,
12 including the EDA's recommendations for changes to the program
13 and its recommendations as to whether the Legislature should allow
14 the pilot program to expire, extend the pilot program, or make the
15 program permanent. The bill would direct the EDA to prepare and
16 deliver the report prior to the conclusion of the fourth year
17 following the award of a contract to the private asset management
18 firm. Upon conclusion of the fifth year following the award of that
19 contract, the authority would return control over the management of
20 asset held in the Urban Wealth Fund to the State entity or pilot
21 municipality that owns the asset.