SENATE, No. 408

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Senator SHIRLEY K. TURNER
District 15 (Hunterdon and Mercer)

SYNOPSIS

Establishes "Police Officer, Firefighter, Public School Teacher, Corrections Officer, and Sanitation Worker Home-buyer Assistance Act"; appropriates $5 million.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT establishing a home down-payment assistance program for certain public school teachers, police officers, firefighters, corrections officers, and sanitation workers, supplementing chapter 14K of Title 55 of the Revised Statutes and making an appropriation.

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

1. This act shall be known and may be cited as the "Police Officer, Firefighter, Public School Teacher Corrections Officer, and Sanitation Worker Home-buyer Assistance Act."

2. As used in this act:

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

"Eligible municipality" means any municipality which, on the effective date of P.L. , c. C.) (pending before the Legislature as this bill), is coextensive with a school district which qualifies as an "SDA district" as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3).

"Participating neighborhood" means a portion or portions of an eligible municipality, identified by a governing body, wherein the provisions of the program established under P.L. , c. (C.) (pending before the Legislature as this bill) are applicable.

"Program" means the police, firefighter, public school teacher, corrections officer, and sanitation worker home-buyer assistance program established under P.L. , c. (C.) (pending before the Legislature as this bill).

"Qualified applicant" means:

a full-time law enforcement officer or a full-time paid firefighter who, at the time of application, has at least one year of creditable service as a member of the Police and Firemen's Retirement System,

a full-time sanitation worker who, at the time of application, has at least one year of creditable service as a member of the Public Employee's Retirement System,

a full-time corrections officer who, at the time of the application, has at least one year of creditable service as a member of the Police and Firemen's Retirement System, or

a full-time public school teacher employed by a school district situate within an eligible municipality, who, at the time of application, has at least one year of creditable service as a member of the Teachers' Pension and Annuity Fund pursuant to the "Teachers' Pension and Annuity Fund Law," N.J.S.18A:66-1 et seq.

3. There is hereby established the police, firefighter, public school teacher, corrections officer, and sanitation worker home-

buyer assistance program. The purpose of the program is to offer down-payment assistance to encourage qualified police officers, firefighters, public school teachers, corrections officers, and sanitation workers to purchase residential property in specially designated neighborhoods of eligible municipalities in which they are employed. The New Jersey Housing and Mortgage Finance Agency shall administer the program. The assistance shall be in the form of zero percent interest rate second mortgage loans of $10,000. Loan proceeds may be used for down payment and closing costs in conjunction with the purchase of a single or two family home or a unit in a condominium. To ensure that a home purchased by a qualified applicant under this program is used by the applicant as his or her primary residence, the agency shall require that a qualified applicant agree to maintain primary residence at that home for at least five years as a condition to the receipt of program assistance. Down-payment loans shall be forgiven at a rate of 20% per year for five years. The unforgiven balance shall become due and payable if an employee sells the property or ceases to occupy it as a primary residence, except that forgiveness shall continue in the event of the death or divorce of the employee if the surviving or divorced spouse continues to reside in the property as the principal residence.

4. The governing body of any eligible municipality, by ordinance, may determine to participate in the police, firefighter, public school teacher, corrections officer, and sanitation worker home-buyer assistance program. In addition to such other information as the agency may require, the ordinance shall set forth the participating neighborhoods, identified by their street boundaries. In support of the loan application, the applicant's employer shall provide a certification, in the form required by the agency, of current employment and one year of creditable service in the pension fund. The ordinance may, if the governing body so determines, provide that the program be available only to qualified applicants who have been employed by the eligible municipality or by a school district in the eligible municipality for more than a specified number of years.

5. The Commissioner of Community Affairs shall, in consultation with the Commissioner of Education and the Executive Director of the New Jersey Housing and Mortgage Finance Agency and in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate any rules and regulations necessary to accomplish the purposes of P.L. , c. (C.) (pending before the Legislature as this bill).

6. There is appropriated from the General Fund to the New

Jersey Housing and Mortgage Finance Agency $5 million to effectuate the purposes of this act.

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

STATEMENT

This bill is entitled the "Police Officer, Firefighter, Public School Teacher, Corrections Officer, and Sanitation Worker Home-buyer Assistance Act." The bill establishes a program to provide down-payment assistance to encourage qualified police officers, firefighters, public school teachers, corrections officers, and sanitation workers to purchase homes in specially designated neighborhoods of the "SDA" school districts in which they are employed. The bill includes a $5 million General Fund appropriation for the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to administer the program.

The bill directs the NJHMFA to administer the down-payment assistance program. Down-payment assistance would be provided in the form of zero percent interest rate second mortgage loans of $10,000 to qualified police officers, firefighters, public school teachers, corrections officers, and sanitation workers. The loans may be used for down payments and closing costs on single or two-family homes. The loans are to be forgiven at a rate of 20% per year for five years. Program assistance is conditioned on maintenance of the home as a primary residence for at least five years. Violation of the primary residence requirement prior to completion of the five year timeframe results in the unforgiven balance becoming due and payable, except in situations of death or divorce.

For a municipality to participate in the program, it must be coextensive with an "SDA" school district and its governing body must adopt an ordinance to participate. Subject to further requirements developed by the NJHMFA, the municipality's ordinance must identify participating neighborhoods by street boundary and may limit participation to qualified applicants with a specified number of years of service. For all participating municipalities, qualified applicants must have at least one year of creditable service as a member of the applicable pension system. Employers are required to certify qualified employment of applicants to the NJHMFA.

The bill includes rulemaking authority for the Commissioner of Community Affairs, in consultation with the Commissioner of Education and the Executive Director of the NJHMFA.

The bill is scheduled to take effect on the first day of the third month following enactment.