

SENATE, No. 4553

STATE OF NEW JERSEY
222nd LEGISLATURE

INTRODUCED SEPTEMBER 28, 2026

Sponsored by:
Senator NILSA I. CRUZ-PEREZ
District 5 (Camden and Gloucester)

SYNOPSIS

Establishes the "New Jersey Residential Foreclosure Transformation Act."

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the transfer and dedication of foreclosed
2 residential properties for affordable housing, supplementing Title
3 55 of the Revised Statutes, and amending Title 2A of the New
4 Jersey Statutes.

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

8
9 1. (New section) P.L. , c. (C.) (pending before the
10 Legislature as this bill) shall be known and may be cited as the
11 "New Jersey Residential Foreclosure Transformation Act."

12
13 2. (New section) The Legislature finds and declares that:

14 a. Over the past decade there was an enormous expansion in the
15 number of mortgage foreclosure filings in New Jersey and across
16 the nation. The number of mortgage foreclosure actions filed in the
17 New Jersey Courts grew from just over 20,000 in 2005 to more than
18 66,000 in 2009. Filings remained elevated for nearly a decade until
19 recently returning to normal levels.

20 b. Many of these foreclosed residential properties remain vacant,
21 undermining the health, safety, and economic vitality of
22 neighborhoods, depressing their property values, and reducing
23 revenues to municipalities.

24 c. It is the public policy of this State to encourage the
25 production of low-income and moderate-income housing to serve
26 the general welfare of all the State's residents.

27 d. The availability of tens of thousands of foreclosed residential
28 properties presents a unique opportunity for the State to facilitate
29 the purchase and dedication, or the rental, of housing units for low-
30 income and moderate-income residents.

31 e. Establishment of a State program dedicated to the purpose of
32 identifying foreclosed residential properties and facilitating their
33 purchase and dedication for occupancy or their rental, including but
34 not limited to low-income and moderate-income families, is in the
35 public interest of the State.

36
37 3. (New section) As used in this P.L. , c. (C.)
38 (pending before the Legislature as this bill):

39 "Affordable" means a sales price or rent within the means of a
40 low- or moderate-income household.

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

44 "Community development corporation" means a nonprofit
45 community development corporation established pursuant to Title

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 15 of the Revised Statutes, Title 15A of the New Jersey Statutes, or
2 other law of this State, with a focus on producing and operating
3 affordable housing or housing with on-site social services for
4 individuals with special needs.

5 "Community development financial institution" means an entity
6 designated and certified by the United States Department of the
7 Treasury as a Community Development Financial Institution
8 pursuant to 12 CFR Part 1805.

9 "Contractor" means a qualified community development
10 financial institution that enters into a contract or loan with the
11 agency pursuant to section 5 of P.L.1983, c.530 (C.55:14K-5).

12 "Eligible property" means any residential property that is owned
13 by an institutional lender as the result of a mortgage foreclosure
14 judgment, or deed in lieu of foreclosure, owned by a municipality as
15 the result of a tax foreclosure judgment or is subject to a
16 nonperforming loan from an institutional lender.

17 "Individuals with special needs" means individuals with mental
18 illness, physical or developmental disabilities, victims of domestic
19 violence, ex-offenders, youth aging out of foster care, disabled and
20 homeless veterans, individuals and households who are homeless,
21 individuals with AIDS/HIV, and individuals in other emerging
22 special needs groups identified by State agencies. Individuals shall
23 be at least 18 years of age if not part of a household.

24 "Institutional lender" or "lender" means any lawfully constituted
25 mortgage lender, mortgage investor, or mortgage loan servicer that
26 owns an eligible property including, but not limited to any agency
27 or instrumentality of the United States or the State, including, but
28 not limited to, the Government National Mortgage Association, the
29 Federal Home Loan Mortgage Corporation, the Federal National
30 Mortgage Association, the Federal Housing Administration, the
31 Small Business Administration, the Resolution Funding
32 Corporation, and the Federal Deposit Insurance Corporation.

33 "Intercreditor agreement" means an agreement among creditors
34 that sets forth the various lien positions and the rights and liabilities
35 of each creditor and its impacts on the other creditors.

36 "Low-income" means 50 percent or less of the median gross
37 household income for households of the same size within the
38 housing region in which the household is located, based upon the
39 United States Department of Housing and Urban Development's
40 (HUD) Section 8 Income Limits (uncapped) averaged across
41 counties for the housing region.

42 "Low-income housing" means housing affordable according to
43 United States Department of Housing and Urban Development or
44 other recognized standards for home ownership and rental costs,
45 and occupied or reserved for occupancy by households with a gross
46 household income equal to 50 percent or less of the median gross
47 household income for households of the same size within the
48 housing region in which the housing is located.

1 "Market-rate units" means housing not restricted to low- and
2 moderate-income households that may sell or rent at any price.

3 "Moderate-income" means more than 50 percent but less than 80
4 percent of the median gross household income for households of the
5 same size within the housing region in which the household is
6 located, based upon the United States Department of Housing and
7 Urban Development's (HUD's) Section 8 Income Limits (uncapped)
8 averaged across counties for the housing region.

9 "Moderate-income housing" means housing affordable according
10 to United States Department of Housing and Urban Development or
11 other recognized standards for home ownership and rental costs and
12 occupied or reserved for occupancy by households with a gross
13 household income equal to more than 50 percent but less than 80
14 percent of the median gross household income for households of the
15 same size within the housing region in which the housing is located.

16 "Permanent supportive housing" means a permanent lease based
17 housing unit that provides access to supportive services for
18 individuals with special needs and households with individuals with
19 special needs who can benefit from housing with services.

20 "Program" means the "New Jersey Residential Foreclosure
21 Transformation Program" established pursuant to P.L. , c.
22 (C.) (pending before the Legislature as this bill).

23 "Qualified community development financial institution" means
24 a community development financial institution that has a minimum
25 of \$50 million in assets under management and a minimum of 2
26 years' experience in the financing and acquisition of real estate for
27 affordable housing.

28 "Qualifying household" means a very low-, low-, or moderate-
29 income household, the head of which certifies in writing that the
30 household intends to occupy the property as a principal residence
31 for at least 12 months.

32 "Supportive shared living housing" means permanent lease-based
33 supportive housing that provides access to supportive services to
34 individuals with special needs who maintain separate leases for
35 bedrooms and share common living space.

36 "Very low-income" means 30 percent or less of the median gross
37 household income for households of the same size within the
38 housing region in which the household is located, based upon the
39 United States Department of Housing and Urban Development's
40 (HUD) Section 8 Income Limits (uncapped) averaged across
41 counties for the housing region.

42 "Very low-income housing" means housing affordable to,
43 according to United States Department of Housing and Urban
44 Development or other recognized standards for home ownership
45 and rental costs, and occupied by, or reserved for occupancy by,
46 households with a gross household income equal to 30 percent or
47 less of the median gross household income for households of the
48 same size within the housing region in which the housing is located.

1 4. (New section) a. There is established in the New Jersey
2 Housing and Mortgage Finance Agency the "New Jersey
3 Residential Foreclosure Transformation Program," which shall be
4 subject to the powers of the agency, as designated pursuant to
5 section 5 of P.L.1983, c.530 (C.55:14K-5).

6 b. As part of the annual report made by the agency pursuant to
7 section 40 of P.L.1983, c.530 (C.55:14K-40), the agency shall
8 include a section to set forth the current nature and extent of
9 foreclosure activity in New Jersey and shall depict changes in
10 foreclosure activity from the prior calendar year. The report shall
11 set forth a complete operating and financial statement covering the
12 program's operations, transactions and holdings during the
13 preceding year, including but not limited to:

14 (1) the total number of re-capitalized market rate units.

15 (2) the total numbers of very low-income, low-income, and
16 moderate-income units that were produced for sale and for rental in
17 the preceding year pursuant to P.L. , c. (C.) (pending
18 before the Legislature as this bill), their locations by municipality,
19 and the sources of financing used.

20
21 5. (New section) In addition to the powers of the agency
22 described in section 5 of P.L.1983, c.530 (C.55:14K-5), the agency
23 shall have the following powers:

24 a. The agency in furtherance of the program may enter into
25 contracts with any person, corporation, or entity which the agency
26 determines to be necessary or appropriate to carry out its
27 responsibilities under P.L. , c. (C.) (pending before the
28 Legislature as this bill). Such contracts shall be subject to the
29 procedures adopted pursuant to section 6 of P.L. , c. (C.)
30 (pending before the Legislature as this bill).

31 b. In carrying out the agency's duties under P.L. , c.
32 (C.) (pending before the Legislature as this bill), the agency
33 may employ the consulting services of real estate and loan portfolio
34 asset management firms, property management firms, auction
35 marketing firms , brokerage services firms, appraisers and such
36 other consultants and employees required in the judgment of the
37 agency, notwithstanding the provisions of Title 11A of the New
38 Jersey Statutes.

39 c. (1) Within 180 days after the adoption of P.L. , c.
40 (C.) (pending before the Legislature as this bill), the agency
41 shall adopt a funding plan for the program utilizing the "Foreclosure
42 to Affordable Housing Transformation Fund" established pursuant
43 to section 9 of P.L. , c. (C.) (pending before the Legislature
44 as this bill). The agency may directly fund the program through
45 revenue generated by the fund. The agency shall have the authority
46 to alter its funding plan as the Executive Director of the agency
47 deems necessary

1 (2) The funding plan as required by paragraph (1) of this
2 subsection shall include but not be limited to identifying
3 underwriting standards and credit standards for the acquisition of
4 foreclosed residential properties or mortgage assets.

5
6 6. (New section) a. (1) The agency may enter into contracts
7 or loans, or both, with no more than two qualified community
8 development financial institutions to negotiate, bid for, and
9 purchase eligible properties and mortgage assets for the purpose of
10 producing affordable housing as part of the program. In selecting
11 contractors from among qualified community development financial
12 institutions, the agency shall accord a strong preference to qualified
13 community development financial institutions that have substantial
14 experience in lending in New Jersey and substantial knowledge of
15 New Jersey real estate markets. The agency may enter into
16 contracts or loans, or both, with a partnership or consortia of
17 organizations, as long as a qualified community development
18 financial institution is the lead entity, or a partnership or consortia
19 of multiple qualified community development financial institutions.

20 (2) Should the agency contract with a community development
21 financial institution for the purposes of P.L. , c. (C.)
22 (pending before the Legislature as this bill), the contracts shall
23 specify the amounts, schedules, and types of funding to be provided
24 by the agency to the qualified community development financial
25 institutions, the repayment schedule for the portion of that funding
26 to be repaid, and targeted goals of affordable housing to be
27 produced. The agency may condition funding and goals upon the
28 availability of funds to the program. The contracts shall specify
29 reasonable administrative costs sufficient to enable the qualified
30 community development financial institutions to exercise their
31 obligations pursuant to P.L. , c. (C.) (pending before the
32 Legislature as this bill). The contracts shall set forth criteria for
33 instances when the purchase, sale, lease, and conveyance of
34 properties as market-rate units furthers the purposes of P.L. , c.
35 (C.) (pending before the Legislature as this bill).

36 b. (1) As soon as possible after entering into a contract to
37 purchase an eligible property or mortgage asset for use as
38 affordable housing by the agency or its contractors, the municipality
39 in which the property is located, unless the eligible property is
40 already owned by the municipality as a result of a tax foreclosure
41 judgment, shall be afforded a 45-day period of time within which
42 the municipal governing body may opt to purchase the property in
43 lieu of the agency in accordance with the provisions set forth in
44 P.L. , c. (C.) (pending before the Legislature as this bill).
45 The municipality may waive this right through written notice to the
46 agency or, if so designated by the agency, its contractors, prior to
47 the expiration of the 45-day period.

1 (2) Those eligible properties purchased by the qualified
2 community development financial institutions or the agency and
3 designated pursuant to P.L. , c. (C.) (pending before the
4 Legislature as this bill) for use as affordable housing shall be
5 restricted for occupancy as affordable housing for a period of up to
6 30 years. The restriction shall be set forth in the deed and recorded
7 in the office of the county recording officer of the county wherein
8 the real estate is situated. Affordability controls shall be imposed
9 upon purchase and maintained upon transfer in accordance with the
10 provisions of the Uniform Housing Affordability Controls
11 promulgated by the agency.

12 c. (1) As soon as possible after entering into a contract to
13 purchase an eligible property, but not less than ten business days
14 after the date the agency or its contractors enters into the contract,
15 the agency or its contractors shall provide written notice by
16 personal service or certified mail to the governing body of the
17 municipality within which the eligible property is located. The
18 notice shall inform the governing body of the municipality's
19 opportunity to purchase the eligible property, the municipality's
20 right of first refusal to purchase the property, and the municipality's
21 right to use monies deposited in its affordable housing trust fund,
22 except that the written notice shall not be required if the eligible
23 property is already owned by the municipality as a result of a tax
24 foreclosure judgment.

25 (2) As soon as possible after entering into a contract to purchase
26 an eligible property, but not less than ten business days after the
27 date the agency or its contractors enters into the contract, the
28 agency or its contractors shall list the property on agency's website.
29 The listing shall contain basic information about the property,
30 including but not limited to location, condition, and information
31 relating to the estimated fair market value of the property.

32 (3) The agency or its contractors, after entering into a contract
33 to purchase an eligible property, shall allow public agencies,
34 community development corporations, developers, and qualifying
35 households reasonable access to the eligible property for purposes
36 of inspection.

37 d. (1) In order to exercise its right to purchase an eligible
38 property, the governing body of the municipality shall provide
39 written notice to the agency or, if so designated by the agency, its
40 contractors, within 45 days of the municipality's receipt of the
41 notice required pursuant to subsection c. of this section.

42 (2) The governing body of a municipality may adopt a
43 resolution authorizing the mayor or other designated municipal
44 official to respond to notices received pursuant to subsection c. of
45 this section. The resolution may establish parameters for that
46 exercise of authority, including but not limited to the total amount
47 of funds that may be expended and the amount that may be
48 expended for each unit of housing.

1 (3) A municipality may use any available funding sources to
2 purchase eligible properties or mortgage assets through the agency
3 pursuant to P.L. , c. (C.) (pending before the Legislature as
4 this bill), except for funds that are dedicated to another purpose by
5 law, covenant, or other obligation.

6 (4) Whenever a municipality does not exercise an option to
7 purchase an eligible property under this section, the agency or its
8 contractors may convey the property for occupancy as affordable
9 housing subject to a 30-year maximum deed restriction to another
10 public agency, a community development corporation, a developer,
11 or a qualifying household or the contractors may lease the property
12 for occupancy as affordable housing subject to a 30-year maximum
13 deed restriction. A municipality that does not exercise an option to
14 purchase an eligible property under this section may adopt a
15 resolution authorizing the agency or its contractors to use monies
16 deposited in that municipality's affordable housing trust fund, up to
17 and including the negotiated purchase price of the eligible property,
18 and apply those funds to the purchase of the eligible property.

19 e. Notwithstanding any other provision of this section to the
20 contrary, the agency and, if authorized by contract, its contractors,
21 may purchase, sell, lease, and convey market rate-units without
22 offering those units to the municipality and without imposing
23 affordability controls upon the property if the purchase, sale, lease,
24 and conveyance of those properties as market-rate units satisfy
25 criteria established pursuant to contract in accordance with
26 subsection a. of this section and does not violate the terms of any
27 other provision of law or requirement, including those governing
28 the use of funds used to make the purchase.

29 f. All purchases, sales, leases, and conveyances of property by
30 qualified community development financial institutions exercised
31 pursuant to this section shall be deemed to lessen the burdens of
32 government in furthering the purposes of P.L. , c. (C.)
33 (pending before the Legislature as this bill).

34

35 7. (New section) a. A municipality that purchases an eligible
36 property pursuant to P.L. , c. (C.) (pending before the
37 Legislature as this bill) shall sell and convey, or lease, the housing
38 unit or units acquired within 60 days of the date of purchase, unless
39 it is not possible to do so due to practical or market conditions. In
40 the event that an eligible property is not conveyed or leased within
41 180 days of the date of purchase, or remains vacant for a 180-day
42 period during the pendency of affordability controls, the agency
43 may commence proceedings to take control of the property and to
44 sell and convey or lease the property in furtherance of the purposes
45 of P.L. , c. (C.) (pending before the Legislature as this bill)
46 and deed restrictions of record.

47 b. The governing body of a municipality that purchases an
48 eligible property pursuant to P.L. , c. (C.) (pending before

1 the Legislature as this bill) may, by resolution, authorize the private
2 sale and conveyance, or the lease, of a housing unit or units
3 acquired pursuant to P.L. , c. (C.) (pending before the
4 Legislature as this bill). Every deed and rental agreement shall
5 contain a provision specifying the requirement that the housing unit
6 or units shall remain available to low- and moderate-income
7 households for a period of at least 30 years.

8 c. Except as provided in subsection d. of this section, whenever
9 the agency, its contractors, or a municipality purchases an eligible
10 property pursuant to P.L. , c. (C.) (pending before the
11 Legislature as this bill) from monies deposited in the municipality's
12 affordable housing trust fund and dedicates the property for
13 affordable housing, as required by P.L. , c. (C.) (pending
14 before the Legislature as this bill), that municipality shall receive
15 two units of credit towards its affordable housing obligation for:

16 (1) each eligible property sold or conveyed as a for-sale unit or
17 leased as rental housing;

18 (2) each unit of affordable housing dedicated for permanent
19 supportive housing other than supportive shared living housing; and

20 (3) each new bedroom dedicated in supportive shared living
21 housing.

22 d. The total number of additional units of credit beyond the
23 actual units of housing provided pursuant to P.L. , c. (C.)
24 (pending before the Legislature as this bill), when combined with
25 any additional credits that may apply towards a municipality's
26 affordable housing obligation, shall not exceed 25 percent of
27 whatever the municipality's total cumulative new construction
28 affordable housing obligation may be. No unit or bedroom shall
29 receive the additional units of credit described in P.L. , c.
30 (C.) (pending before the Legislature as this bill) in addition to
31 any other type of additional units of credit that may be available
32 towards a municipality's affordable housing obligation.

33
34 8. (New section) a. For the purposes of this section:

35 "Foreclosure-impacted municipality" means a municipality that
36 documents a minimum of 10 units of housing that have been
37 foreclosed upon and have remained unsold on a Multiple Listing
38 Service for at least 60 days; and

39 "Units of housing" means units of housing that are not age-
40 restricted and are habitable year-round, including but not limited to,
41 single family homes, condominium units, cooperative units, and
42 mobile homes with at least two bedrooms.

43 b. (1) Prior to the date that a foreclosure-impacted
44 municipality's development fees are scheduled to transfer to the
45 "New Jersey Affordable Housing Trust Fund" pursuant to section 8
46 of P.L.2008, c.46 (C.52:27D-329.2), the municipality may adopt a
47 resolution committing the expenditure of municipal affordable
48 housing trust fund monies. These funds shall be used to produce

1 very low-income, low-income, and moderate-income housing. The
2 resolution shall authorize the transfer of a minimum of \$150,000
3 from the municipality's municipal affordable housing trust fund to
4 the "Foreclosure to Affordable Housing Transformation Fund" for
5 use by the agency or its contractors for the provision of affordable
6 housing pursuant to this section and the procedures specified in
7 section 6 of P.L. , c. (C.) (pending before the Legislature
8 as this bill).

9 (2) The resolution may authorize the mayor or other designated
10 municipal official to exercise the municipal powers set forth in
11 section 7 of P.L. , c. (C.) (pending before the Legislature
12 as this bill). The resolution may establish parameters for that
13 exercise of authority, including but not limited to purchase price
14 levels for the exercise of that power.

15 c. (1) The agency or its contractors shall use funds transferred
16 pursuant to subsection b. of this section to produce very low-, low-,
17 and moderate-income housing within the municipality transferring
18 funds pursuant to this section, with a deed restriction specifying that
19 the housing unit or units shall remain available to low- and
20 moderate-income households for a period up to 30 years.

21 (2) If the agency or its contractors are unable to utilize some or
22 all of the funds provided to produce affordable housing within the
23 municipality within two years of the transfer of such funds to the
24 "Foreclosure to Affordable Housing Transformation Fund," the
25 funds shall be returned to the municipality as soon as practicable
26 after the two-year anniversary of such transfer. From the date any
27 such funds are returned to the municipality, the municipality shall
28 be required to commit the funds in accordance with section 8 of
29 P.L.2008, c.46 (C.52:27D-329.2), as applicable, within the time
30 constraints set forth in those sections or within six months after the
31 date of transfer of funds back to the municipality, whichever is
32 later.

33 d. Affordable housing created through the "Foreclosure to
34 Affordable Housing Transformation Fund" pursuant to this section
35 shall receive bonus affordable housing credit as set forth in
36 subsection c. of section 7 of P.L. , c. (C.) (pending before
37 the Legislature as this bill), even if the municipality does not
38 exercise its right to purchase the property.

39 e. No agency of the State of New Jersey shall take any action
40 to transfer funds from a municipal affordable housing trust fund to
41 the "New Jersey Affordable Housing Trust Fund" established
42 pursuant to section 20 of P.L.1985, c.222 (C.52:27D-320) when
43 such funds are designated to effectuate the purposes of P.L. , c.
44 (C.) (pending before the Legislature as this bill) during the
45 timeframes established in this section.

46
47 9. (New section) a. There is established within the agency a
48 "Foreclosure to Affordable Housing Transformation Fund," which

1 shall be a non-lapsing, revolving fund and which shall be the
2 repository for funds appropriated or otherwise made available for
3 the purposes of P.L. , c. (C.) (pending before the
4 Legislature as this bill), and any interest earned thereon. The fund
5 shall be administered by the agency, in accordance with its
6 authority under section 5 of P.L.1983, c.530 (C.55:14K-5) to
7 manage funds for housing programs.

8 b. The agency may transfer into the "Foreclosure to Affordable
9 Housing Transformation Fund" any amounts held or received by the
10 agency that may be used for the production of affordable housing
11 and that is needed by the agency or its contractors for the purchase
12 of eligible property.

13 c. The agency may use annually up to fifteen percent of the
14 monies available in the fund for the payment of any necessary
15 administrative costs related to the administration of this program.

16 d. Revenue generated through the mechanisms established
17 pursuant to section 10 of P.L. , c. (C.) (pending before the
18 Legislature as this bill) exceeding the funding plan developed
19 pursuant to subsection c. of section 5 of P.L. , c. (C.)
20 (pending before the Legislature as this bill) may be appropriated by
21 the agency for additional foreclosure prevention programs.

22
23 10. N.J.S.2A:17-38 is amended to read as follows:

24 2A:17-38. a. When a sheriff or other officer makes a sale by
25 virtue of an execution or executions to the sheriff or officer
26 directed, the sheriff or officer shall, within 30 days thereafter, make
27 and file, with his bill of costs or execution fees, in the office of the
28 clerk of the court out of which the execution or executions issued, a
29 true statement and calculation, in order of time, of the execution or
30 executions by virtue of which the sale was made, the amount or
31 amounts due thereon, respectively, at the time of the sale, the time
32 or times of sale and the amount of the sales.

33 b. (1) When calculating the amount due thereon, as described in
34 subsection a. of this section, the sheriff or officer shall additionally
35 collect \$350 per sale to be utilized by the **[fund]** "Foreclosure to
36 Affordable Housing Transformation Fund" within the New Jersey
37 Housing and Mortgage Finance Agency **[established in section 6 of**
38 **P.L.2021, c.34 (C.55:14K-99)]** as established in section 9 of
39 P.L. , c. (C.) (pending before the Legislature as this bill).

40 (2) The revenues obtained from these increased amounts, after
41 deduction of any actual administrative costs incurred by the sheriff
42 or officer in carrying out the provisions of this subsection, shall be
43 transmitted no later than the first day of each quarter by the sheriff
44 or officer to the **[fund]** "Foreclosure to Affordable Housing
45 Transformation Fund" within the New Jersey Housing and
46 Mortgage Finance Agency as established in section 9 of P.L. ,
47 c. (C.) (pending before the Legislature as this bill) with an

1 accounting of collections and foreclosure actions during the
2 corresponding quarter.

3 (3) The provisions of paragraphs (1) and (2) of this subsection
4 shall not be applied when the purchaser is financing the sale
5 through the use of a first-time homebuyer loan insured by the
6 Federal Housing Administration.

7 c. The statement shall be certified under the hand of the officer
8 making and filing it, and shall be conclusive against the officer
9 only. If there be more sales than one, the statement shall be made
10 and filed within 30 days after the final sale.

11 (cf: P.L.2021, c.34, s.9)

12
13 11. This act shall take effect immediately.

14 15 16 STATEMENT

17
18 This bill, the "New Jersey Residential Foreclosure
19 Transformation Act," establishes the "New Jersey Residential
20 Foreclosure Transformation Program" within the New Jersey
21 Housing and Mortgage Finance Agency (HMFA) for the purpose of
22 purchasing eligible properties, including foreclosed residential
23 properties from institutional lenders, properties owned by
24 municipalities as a result of tax foreclosure, and certain properties
25 subject to a nonperforming loan, and dedicating the properties for
26 occupancy as affordable housing.

27 The bill requires HMFA to include in its existing annual report a
28 section to set forth the current nature and extent of foreclosure
29 activity in the State, and a complete operating and financial
30 statement covering the program's operations, transactions, and
31 holdings during the year.

32 The bill empowers HMFA to purchase eligible properties to
33 produce affordable housing and dedicate it for those purposes for up
34 to 30 years. The bill authorizes HMFA to enter into contracts or
35 loans, or both, with no more than two experienced, financially
36 sophisticated, community development financial institutions to
37 enhance the ability of the corporation to fulfill its purpose of
38 producing affordable housing.

39 If HMFA or its contractors purchase an eligible property from
40 monies deposited in a municipality's affordable housing trust fund,
41 the municipality would receive two units of bonus credit against its
42 fair share affordable housing obligation for each eligible property
43 sold or conveyed as a for-sale unit or leased as rental housing; for
44 each unit of affordable housing dedicated for permanent supportive
45 housing, other than supportive shared living housing; and for each
46 new bedroom dedicated in supportive shared living housing.

47 The bill provides that the number of additional units of credit
48 that a municipality may receive towards its affordable housing

1 obligation for property purchased and dedicated as affordable
2 housing under the bill cannot exceed 25 percent of the
3 municipality's affordable housing obligation. The bill specifies that
4 a municipality cannot receive both additional units of credit for
5 producing a unit of affordable housing under this bill, and
6 additional units of credit for that unit under another provision of
7 law.

8 The bill establishes a mechanism through which a "foreclosure-
9 impacted municipality," one that has 10 or more foreclosed homes
10 listed on a multiple listing service for at least 60 days, can insulate
11 its affordable housing trust funds from the laws that require the
12 transfer of its trust fund monies to the "New Jersey Affordable
13 Housing Trust Fund." A foreclosure-impacted municipality can
14 accomplish this by adopting a resolution committing the
15 expenditure of its municipal affordable housing trust fund monies
16 for the production of affordable housing and authorizing the
17 transfer of at least \$150,000 of its municipal affordable housing
18 trust fund monies to HMFA for the production of affordable
19 housing.

20 The bill requires HMFA to use funds transferred from a
21 foreclosure-impacted municipality to produce affordable housing
22 within that municipality. If the corporation is unable to use all of
23 the transferred funds within two years of the date of transfer,
24 HMFA will return the remaining funds to the municipality and the
25 municipality will have at least six months from the date the funds
26 are returned to commit the funds in accordance with other
27 provisions of law. During this period, all municipal trust fund
28 monies designated for the purchase of foreclosed properties will be
29 protected from transfer to the State. A municipality will receive
30 bonus credits, as otherwise provided by the bill, for affordable
31 housing produced by the corporation or by one of its contractors
32 pursuant to this mechanism.

33 The bill allows HMFA to establish criteria to identify the
34 circumstances when the purchase, sale, lease, or conveyance of
35 market-rate units furthers the purposes of the program. The
36 corporation, or its contractors, will be able to purchase, sell, lease,
37 or convey market-rate units in accordance with those criteria
38 without imposing affordability controls upon the property provided
39 the transaction does not violate any other law or requirement.

40 The bill establishes the "Foreclosure to Affordable Housing
41 Transformation Fund," to be administered by HMFA, and to serve
42 as the repository for funds appropriated or made available for the
43 program. The bill requires the sheriff or officer, when calculating
44 the amount due at the sheriff's sale, to consider an additional \$350
45 per sale for certain sales, to be utilized by the fund, or by other
46 foreclosure prevention programs as determined by HMFA.