



STATE OF NEW JERSEY
PUBLIC HOUSING AND DEVELOPMENT AUTHORITY
DEPARTMENT OF CONSERVATION AND ECONOMIC DEVELOPMENT
520 East State Street, Trenton 25, N.J.

RULES AND REGULATIONS
OF THE
PUBLIC HOUSING AND DEVELOPMENT AUTHORITY OF NEW JERSEY
FOR
LIMITED-DIVIDEND HOUSING CORPORATIONS,
AS AMENDED

NEW JERSEY PUBLIC HOUSING AND DEVELOPMENT AUTHORITY

ADMINISTRATOR

H. Mat Adams, Commissioner
Department of Conservation and
Economic Development
Trenton 25, New Jersey

DEPUTY ADMINISTRATOR

Julius J. Seaman
520 East State Street
Trenton 25, New Jersey

STATE HOUSING COUNCIL

Charles Mesenazos, Chairman

Richard P. Donovan, Secretary

John I. Meyers

Roy W. Tierney

Emanuel A. Smith

INTRODUCTION

These rules and regulations for the formation of limited-dividend housing corporations and for the development and operation of limited-dividend housing projects have been approved by the State Housing Council in accordance with the provisions of the Limited-Dividend Housing Corporations Law (L. 1949, c. 184 as amended). They became effective on August 10, 1950 when they were filed in the office of the Secretary of State.

Copies of the regulations, of applicable forms and of the Limited-Dividend Housing Corporations Law as Amended are available for interested persons on request to the New Jersey Public Housing and Development Authority, c/o Bureau of Housing, 520 East State Street, Trenton 25, New Jersey.

H. Mat Adams
Administrator

AMENDMENT

The section entitled "TENANT SELECTION" was amended effective April 27, 1951.

LIMITED-DIVIDEND HOUSING CORPORATIONS

APPLICATION FOR APPROVAL OF CERTIFICATE OF INCORPORATION.

An application for approval of the certificate of incorporation by the incorporators shall be essentially the same as the form (copy attached) prescribed by the Authority, which contains the provisions required by Chapter 184, P. L. 1949. If the application for approval of the certificate of incorporation is not accompanied by an application for approval of a limited-dividend housing project, it must be accompanied by preliminary information, on the form prescribed by the Authority, about the housing to be constructed by the corporation.

No subsequent amendments shall be made to the certificate of incorporation without the approval of the Authority.

BYLAWS OF CORPORATION.

Each housing corporation shall file with the Authority a copy of its proposed bylaws and of all proposed amendments to the bylaws. The bylaws of a housing corporation and amendments to them shall not be effective until approved by the Authority.

MEETINGS OF STOCKHOLDERS AND DIRECTORS.

Each housing corporation shall hold a directors' meeting at least once a year and at such other times as any director may request. The actual presence of a quorum at such a meeting is required.

Five days' written notice of a meeting of directors or of stockholders and one day's written notice of any postponement of a meeting shall be sent to the Authority unless such notice is waived in writing by the Administrator.

A copy of the minutes of each meeting of directors or stockholders shall be filed with the Authority within ten days after the meeting is held.

ADVERTISEMENTS.

No housing corporation shall issue any prospectus or publish any advertisements without the approval of the Authority.

DISPOSITION OF PROPERTY.

No building or other part of a limited-dividend housing project shall be disposed of, altered or demolished without the written consent of the Authority.

FUNDS OF HOUSING CORPORATIONS.

The housing corporation shall not make any agreement modifying the terms of any mortgage without the approval of the Authority.

The Administrator shall be notified whenever a payment of interest or principal on a mortgage is made, or is in default.

Arrangements for, and transfers to, a sinking fund for the retirement of securities, must have the approval of the Authority.

Surplus shall be disposed of only in accordance with the provisions of the Limited-Dividend Housing Corporations Law.

Funds of a housing corporation shall not be used for any purpose other than the development and operation of a housing project, without the prior approval of the Authority.

Housing corporations shall not pay any interest on income debentures or dividends on stock without the prior approval of the Authority.

Housing corporations shall not pay any salary or fee to any officer or director without the approval of the Authority.

PHYSICAL STANDARDS.

Physical and design standards to be followed in the construction of limited-dividend housing projects shall be as specified by the Authority, and shall conform to the applicable minimum requirements of the Federal Housing Administration and shall comply with applicable municipal ordinances and regulations.

APPLICATIONS FOR DWELLING LEASES.

Housing corporations shall maintain an adequate supply of applications for dwelling leases in a form approved by the Authority. Any person shall be permitted to file an application. All applications shall be filed in duplicate. No conditions shall be imposed on any applicant in connection with the filing or execution of application forms. A copy of this section of these Rules and Regulations shall be available for the information of applicants.

Each application shall be dated and numbered serially as received. The housing corporation shall investigate the statements in the application regarding employment and income of all members of the tenant family by directing a written inquiry to their employers. For self-employed applicants, the housing corporation shall obtain from the applicant a sworn statement of his last federal income tax return. In the case of any other applicant, the housing corporation shall obtain a sworn statement of the federal income tax return when requested by the Authority to do so.

All applications are to be made available to the Authority by the housing corporation which will indicate those it proposes to accept. The Authority will review each application and will approve or disapprove the recommendation of the housing corporation. No lease shall be executed until the application of the prospective tenant has been approved by the Authority.

Each lease shall contain a clause making the application a part thereof and providing that the housing corporation may terminate the lease upon thirty (30) days' written notice, if the application is found to contain a material misrepresentation.

LEASES.

Every lease made by a housing corporation shall be on a form approved by the Authority. No lease shall provide for a term exceeding 12 months. No housing corporation shall grant a lease or renewal of a lease until the

Authority has approved it. Every lease shall contain a clause prohibiting the subletting of the dwelling or the renting of any part of it. A lease may require a security deposit in an amount approved by the Authority of not less than one month's rent, and said funds shall be held in a trust fund against which only delinquencies can be charged. The lease shall include any charges to be made for utilities, special services, or other facilities to be furnished to the tenant by the housing corporation.

No one connected with the housing corporation shall request or receive directly or indirectly any payment whatsoever in connection with the obtaining of a lease. Violation of this regulation by any employee or other agent of the housing corporation shall be cause for discharge.

When applying for renewal of lease, each tenant shall be required to furnish the same information and be subject to the same investigation as for an initial lease. The renewal application also must be approved by the Authority.

The lease shall contain a provision providing for the eviction of any tenant based on a change in their income which disqualifies a tenant from continued occupancy under regulations to be adopted.

TENANT SELECTION.

It shall be the purpose of the Authority to require the housing corporation to select as tenants the applicants whose housing need is greatest and whose income is lowest provided, however, that the tenant's family size must be suitable to the apartment occupied and the tenant's income must be sufficient to be able to afford the rent charged. The "tenant's income" shall be taken as meaning the income of all adult members of the family, not including the income of employed minors.

The phrase "applicants whose housing need is greatest" for the purpose of these regulations with respect to any project authorized and constructed hereunder as to which the governing body of any municipality in which such project is or will be located has by resolution found that the project is or will be an improvement made for the purposes and uses of the clearance, replanning, development or redevelopment of any blighted

area within any such municipality, or for any of such purposes or uses, shall be taken as meaning:

(a) Families which are or are about to be displaced from such blighted area or areas by reason of such clearance, replanning, development or redevelopment or any of same, or by reason of the proposed clearance, replanning, development or redevelopment of such blighted areas or any of same; and (b) Families not living on the site of the project or proposed project and living in a blighted area or areas as to which the governing body of any municipality has by resolution found that the project or proposed project is or will be an improvement made for the purposes of the clearance, replanning, development or redevelopment of such blighted area or areas or for any of such purposes. Preference in the occupancy of dwelling units shall be given in the above order.

RENTS AND CHARGES.

No housing corporation shall rent any dwelling accommodations until a schedule of rents and charges has been approved by the Authority. No change in rental shall be effective unless approved by the Authority. All rent control regulations in effect in the area where the project is located shall be applicable to the rents in the project. Where stores or other non-residential facilities are included in a housing project, they shall be leased only under terms and conditions approved by the Authority.

The rent schedule approved by the Authority will be adequate to pay all necessary and reasonable expenses including, but not limited to, the cost of operation and maintenance, reserves for replacement, vacancy and other contingencies, payments in lieu of taxes, mortgage interest and amortization, mortgage-insurance premiums and dividends on investment. It is expected, however, that the approved rents will also show a reduction below what is otherwise possible by an amount roughly equivalent to the value of the tax abatement granted to the housing corporation.

SERVICE CHARGE IN LIEU OF TAXES.

As provided in the Limited-Dividend Housing Corporations Law (L. 1949, C. 184), as amended, the housing corporation shall pay an annual service charge for municipal services in an amount not more than the tax on the property on which the project is located for the year in which the undertaking of said project is commenced or fifteen per cent (15%) of the annual gross shelter rents obtained from the project, whichever is the greater. The term "gross shelter rent" shall mean the gross rent or carrying charge less the cost of utilities furnished by the project. These utilities shall include gas, and electricity if supplied by the project; cost of heating fuel; cost of water supplied and sewage charges, if any.

NON-DISCRIMINATION.

In the operation of limited-dividend housing projects, no person shall be subject to any discrimination because of race, religious principles, color, national origin, or ancestry. All facilities of a housing project shall be equally available to all tenants.

PROJECT FACILITIES.

The use of housing project facilities, such as playgrounds, club rooms, auditoriums, and kindergartens, may be made subject to reasonable regulations which must be approved by the Authority.

ACCOUNTS OF HOUSING CORPORATIONS.

The books and records of housing corporations shall be kept in accordance with the uniform system of accounts prescribed by the Authority.

RESERVES.

Each housing corporation shall set aside a reserve for painting and decorating sufficient to renovate all apartments every three years; and shall set aside reserves for repair, maintenance and replacement in amounts to be approved by the Authority. Each housing corporation shall accumulate

a reserve for vacancy, collection losses and contingencies in an amount to be determined by the Authority. Said reserves shall be deposited in a separate account to be approved and designated by the Authority.

CONTRACTS.

All contracts for repairs, replacements, supplies, equipment, painting or decorating involving an expenditure of \$200 or more shall be let on the basis of written competitive bids from three responsible concerns, unless this requirement is specifically waived in writing by the Authority.

A copy of the specifications and instructions for bidding, notification or advertisement to bidders, copies of bids received, the contract award with the basis therefor and the contract entered into, shall all be matters of record in the office of the housing corporation and, together with the material, equipment or workmanship, shall be subject to the inspection and approval of the Authority during the progress of the work or thereafter.

If anyone connected with the housing corporation has any interest, direct or indirect, in any person, firm, or corporation doing business with the housing corporation, such interest shall be disclosed to the Authority in writing before the housing corporation enters into any agreement with said person, firm or corporation.

No officer or employee of the housing corporation or other person shall solicit or obtain, directly or indirectly, any bonus, commission, gratuity, fee or other payment for the award of any contract to be entered into by the housing corporation.

EMPLOYEE'S WAGES AND COMPENSATION.

No housing corporation shall enter into any contract of employment, agree or agreement to pay any compensation for services rendered without the prior approval of the Authority. The rental or use of apartments in a housing project by an employee of the corporation shall be subject to the same rules and regulations as are applicable to other tenants unless the Authority shall waive certain rules or regulations with respect to specific employees under special circumstances.

Compensation of employees of housing corporations shall be at the rate of wages prevailing for similar work in the community where the project is located. No one connected with the housing corporation shall receive any payment or benefit by reason of the employment of any person by the housing corporation.

REPORTS.

The housing corporation shall submit to the Authority the following reports:

- (a) An annual budget of operating income and expense
- (b) A monthly report on occupancy
- (c) A semi-annual financial statement
- (d) An annual financial report by a certified public accountant
- (e) Minutes of the meetings of the Board of Directors and of the Stockholders within 10 days after the meeting
- (f) Such other reports or specific answers to questions as the Authority may require from time to time.