

**CITY OF SALEM
ORDINANCE 24-03**

**ORDINANCE AMENDING CHAPTER 215 OF THE CODE OF THE CITY OF
SALEM, NEW JERSEY ENTITLED “URBAN HOMESTEAD PROGRAM”
AS ADOPTED BY THE CITY COUNCIL OF THE CITY OF SALEM BY WAY OF
ORD. NO. 16-15 ON JULY 17, 2017**

WHEREAS, the New Jersey state legislature, pursuant to N.J.S.A. 40A:12-31, et seq., has recognized that it is a valid public purpose to allow municipalities to dispose of properties for limited consideration for reuse as residential properties; and

WHEREAS, the City of Salem (“City”) implemented a Neighborhood Transformation Initiative that enables and encourages the revitalization of neighborhoods through programs aimed at encouraging and facilitating home ownership, prevention of blight, investments in updated and safe housing and quality of life improvement.

WHEREAS, notwithstanding any City law to the contrary and pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented, and N.J.S.A. 40A:12A-8(g), the minimum purchase price of property under this Ordinance shall be at such prices and upon such terms as the City deems reasonable; and

WHEREAS, the City wishes to amend Chapter 215 of the code of the City of Salem entitled Urban Homestead Program as adopted by Ord. No. 16-15 on July 17, 2017 to further the revitalization efforts of neighborhoods throughout the City and to help provide appropriate housing and the proper quality homebuyer and redevelopment counseling in order to succeed with the redevelopment and homeownership process.

NOW, THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF SALEM:

Section 1. The above-mentioned recitals are incorporated herein as though fully set forth at length.

Section 2. Chapter 215 of the Code of the City of Salem is hereby amended as follows:

a. Added to §215-3 Definitions:

Applicant – a Person who has submitted an application under the Urban Homesteading Program.

Program Administrator - an administrative agent that may be contracted by the City to administer the Homesteading Program along with the City.

Redevelopment Agreement – an agreement with the City Council of the City of Salem for the redevelopment or rehabilitation of an area in need of redevelopment, or an area in need or rehabilitation, or any part thereof, or other work forming a part of a redevelopment or rehabilitation project.

b. The definition of Urban Homesteader set for within §215-3 shall be replaced with the following:

Urban Homesteader- a person who has been granted title to an in-rem property who will occupy the property for a minimum period of seven (7) years under conditions set forth in this Act.

- c. The definition of Dwelling set forth within §215-3 shall be replaced with the following:

Dwelling- A building or part of a building, to be used, or held for use as a 1-4 unit residential structure, including accessory buildings located on the same premises together with the land upon which such buildings are erected and which may be necessary for the fair enjoyment of the property, but it shall not mean any building or part of a building defined as a multiple dwelling pursuant to the Hotel and Multiple Dwelling Law, N.J.S.A. 55:13A-1 et seq.

- d. Header for § 215-6- Standard of Homesteading Program shall be deleted and replaced with **§215-6- Standards of the Homesteading Program and Application Process.**

- e. §215-6(A) shall be deleted and replaced with the following:

A. The City will identify vacant residential properties that are owned by the City to be redeveloped, rehabilitated, substantially improved, and/or demolished (collective “rehabilitated”). Within 30 days of the enactment of this Ordinance, the tax collector or another designated City employee as appropriate, shall provide the homesteading agency with a certified list of all in rem properties within the City. At least quarterly, the tax collector shall update the certified list and report any changes to the homesteading agency. The City will prioritize those properties for the program that are most feasible for rehabilitation.

- f. §215-6(B) shall be deleted and replaced with the following:

B. The Homesteading Agency will publish a notice in the newspaper having general circulation in the county in which the property suitable for rehabilitation is available. The notice will contain: (1) that certain property is available for acquisition; (2) that in order to be considered eligible to acquire the property, applicants must fulfill criteria set forth in the notice as established by the Homesteading Agency; (3) the procedures for applying for an urban homestead and the deadline for submitting an application. The Homesteading Agency reserves the right to establish a lottery system upon a determination that the number of qualified applicants exceeds the number of properties at a date established by the Homesteading Agency. Every development proposal is subject to City Council approval pursuant to the process set forth herein.

- g. §215-6(C) shall be deleted and replaced with the following:

(1) In order for an applicant to be considered eligible to purchase an in-rem property pursuant to this act, an applicant shall demonstrate, to the satisfaction of the homesteading agency, that the applicant has the financial means to acquire the property.

(2) The Homesteading Agency will establish objective criteria for the selection of applicants and the number of applicants per property. The Applicant who proposes to purchase the property shall provide three independent appraisals of the proposed work to be completed in order to bring the property within compliance of applicable state and local codes, proof of acquisition financing, cost estimates for the redevelopment of the property, and the applicant shall demonstrate the financial means to redevelop the property. Proof of financial capability shall include, but not be limited to, a prequalification letter from a lender or a commitment from a lender to finance construction sufficient to bring the property up to City code standards, state, federal or other financial sources that cover the cost for the rehabilitation and the applicant's own personal finances. The appraisals shall detail the work to be performed and hours needed to complete the work. The Homesteading Agency may also appoint a Program Administrator to administer the application and selection process. The Applicant will also be subject to requirements of the Program Administrator to the extent a Program Administrator provides financing.

(3) Any transfer of property shall be pursuant to a contract of sale that shall provide that the rehabilitation is intended for residential use and must be brought into and in conformity with all applicable federal, state and local codes in the time frame set forth in Subsection D of this section. The Homesteading Agency will provide assistance to inform applicants about USDA mortgage programs and other services that might be available to low-income end users, along with information for nonprofits and self-help grants.

h. §215-6(D)(1) shall be deleted and replaced with the following:

(1) That the transfer is for a nominal sum, the minimum amount which is one (\$1.00) dollar, as set by the Homesteading Agency pursuant to N.J.S.A. 40A:12A-8(g).

i. §215-6(D)(2) shall be deleted and replaced with the following:

(2) The rehabilitation shall commence within three (3) months of title acquisition and be completed within eighteen (18) months from the rehabilitation start date and one six (6) month extension if agreed upon by the Homesteading Agency, unless otherwise agreed upon within a Redevelopment Agreement. There shall be a penalty of one hundred dollars (\$100.00) for every day that passes without the rehabilitation completed.

j. Add New heading **§215-7 -Requirements for Transfer of Properties**

k. Add with **§215-7 -Requirements for Transfer of Properties-**

A. Transfers of In Rem City-Owned Properties Required by Ordinance.

All conveyances of in rem City-owned properties shall be accomplished through an Ordinance, adopted by the Salem City Council,

authorizing the sale and redevelopment of the property to the new purchaser(s), and further authorizing the Mayor and/or the Director of the Commerce Department to enter into and execute and record with the Salem County Clerk's office the City's form of Quitclaim Deed, which must contain a deed restriction that clearly states that the purchaser or any subsequent purchaser shall take the property subject to all of the terms of the redevelopment agreement and that the property being sold shall be subject to the City's right of reverter for any failure to comply with said terms and conditions of the redevelopment agreement.

The Salem City Council may authorize one Ordinance to transfer multiple properties to multiple new owners. If the City chooses to transfer the properties in this manner, the Ordinance shall authorize the Mayor and/or the Director of the Commerce Department to enter into and execute the City's form of redevelopment agreement, which shall include an exhibit that sets forth the address of the properties, the Blocks and Lots, the names of the developer(s) that are purchasing the properties, and sales price pursuant to N.J.S.A. 40A:12A-8(g) and further authorizes the Mayor and/or Director of the Department of Commerce to enter into and execute the City's form of Quitclaim Deed for each of the properties set forth in the exhibit to the redevelopment agreement.

- B. Redevelopment Agreements. All prospective buyers of in rem City-owned properties under the Homesteading Program must enter into redevelopment agreements with the City to purchase the properties. The redevelopment agreements shall, among other things, include the following:
1. All prospective buyers of in rem City-owned properties under this program must commit to reside in the properties for a minimum of five (5) years.
 2. Notwithstanding any City law to the contrary and pursuant to the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq., as amended and supplemented, and N.J.S.A. 40A:12A-8(g) the minimum purchase price of property under this Ordinance shall be one dollar (\$1.00).
 3. The transfer of in rem City-owned property to prospective purchasers shall be by private sale, through a Quitclaim deed, for the purpose of redevelopment requiring construction of a one (1), two (2) three (3) or four (4) unit owner-occupied residential structure, with or without additional retail use, subject to the applicable Redevelopment Plan, the terms and conditions of the Redevelopment Agreement, and all applicable laws, rules and regulations, including the Salem City Zoning and Land Use Ordinance.
 4. All redevelopment of in rem City-owned properties must commence within three (3) months after acquiring title and all work must be completed within eighteen (18) months thereafter. One six (6) month


extension may be granted at the conclusion of the 18-month period at the discretion of the Mayor/Director of the Commerce Department.

5. The Conveyance of each property to prospective purchasers shall be through a Quitclaim Deed which shall contain: resale and/or use restrictions for a minimum period of five (5) years from the date of issuance of the Certificate of Occupancy, or an determination otherwise that the property is suitable for occupancy, for each respective Project; and a Right of Reverter whereby the City may elect to seek reverter of title to the Lot(s) back to the City in the event that the respective Redevelopers fail to comply with the material terms and conditions of the Redevelopment Agreement, unless the Mayor/Director of the Commerce Department consents otherwise in writing.
6. In the event a Developer's construction of a Project falls short of Developer's completion obligations under the Redevelopment Agreement, the Commerce Department in its sole and absolute discretion, may release all City lot(s) not yet conveyed to the Developer from the Redevelopment Agreement so that such City lots may be made available to the City for alternative redevelopment plans, unless the Mayor/Director of the Commerce Department consents otherwise in writing.
7. Such other provisions that the City deems appropriate.
 1. Renumbering of current §215-7, §215-8, §215-9, and §215-10 as appropriate following new section §215-7.

ATTEST:


 Ben Angeli, RMC

CITY OF SALEM


 Sharen Cline, Council President

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
E. Gage	X		X			
T. Gregory			X			
V. Groce			X			
S. Kellum		X	X			
C. Loatman			X			
J. Long			X			
C. Smith			X			
S. Cline			X			

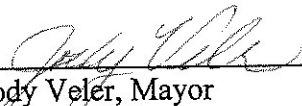
I, Ben Angeli, City Clerk of the City of Salem, in the County of Salem, do hereby certify the foregoing to be a true and correct copy of an Ordinance introduced by the Common Council of the City of Salem on February 20, 2024. Public Hearing shall take place on March 18, 2024.

2.20.24
 Date


 Ben Angeli, RMC

COUNCIL	MOVED	SECONDED	Y	N	ABSTAIN	ABSENT
E. Gage	X		X			
T. Gregory				X		
V. Groce			X			
S. Kellum		X	X			
C. Loatman			X			
J. Long			X			
C. Smith			X			
S. Cline			X			

3-18-24
Date


Dr. Jody Veler, Mayor

I, Ben Angeli, Municipal Clerk of the City of Salem, in the County of Salem, do hereby certify the foregoing to be a true and correct copy of an Ordinance adopted by the Common Council of the City of Salem after a second reading and public hearing on March 18, 2024.

3-18-24
Date


Ben Angeli, RMC