

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2312

STATE OF NEW JERSEY

DATED: JANUARY 25, 2024

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2312.

The bill allows a municipal governing body to provide that an affordable housing unit, developed pursuant to a housing project or program supported by State or municipal affordable housing trust funds, is exempt from property taxation if the housing sponsor contributes to municipal services by making payments in lieu of taxation.

The bill amends the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et al.), to authorize the governing body of a municipality in which a housing project or program is located, and which is granted or loaned monies from the "New Jersey Affordable Housing Trust Fund," to provide that the project is exempt from real property taxation if the municipality and the housing sponsor negotiate an agreement providing for payments to the municipality in lieu of taxes for municipal services.

The bill also authorizes the governing body of a municipality to provide that a housing project or program which is funded through municipal affordable housing development fees is exempt from real property taxation if the municipality and the housing sponsor negotiate an agreement providing for payments to the municipality in lieu of taxes for municipal.

The bill provides that an agreement may require the housing sponsor to pay to the municipality an amount up to 20 percent of the annual gross revenue from each housing project for each year of operation of the agreement following the substantial completion of the housing project. Agreements negotiated between a housing sponsor and a municipality are to be submitted to the Commissioner of Community Affairs for review. While allowing some exception, the bill provides that a tax exemption granted under the bill could extend no longer than the date on which an eligible loan made for the project is paid in full.