

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2312

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 11, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2312.

As amended and reported by the committee, this bill allows a municipal governing body to provide that an affordable housing unit, developed or preserved 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 providing for payment in lieu of taxation (PILOT).

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 a PILOT agreement, as specified in the bill.

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 a PILOT agreement, as specified in the bill.

The bill provides that a PILOT 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. As amended and reported by the committee, Senate Bill No. 2312 is identical to Assembly Bill No. 3337 (1R), which was also reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- provide that a municipal governing body is to provide for a tax abatement and a PILOT by adoption of an ordinance, rather than an ordinance or resolution;
- extend the bill's provisions to apply to the preservation of affordable housing as well as the production of affordable housing;
- require a PILOT agreement to require the housing sponsor to pay the municipality an amount not less than the greater of either four percent of the annual gross revenue or the amount of the taxes attributable to the land value component of the project site for the year preceding the recording of the mortgage, if applicable;
- provide that, in the case of a property assessed under the "Farmland Assessment Act of 1964," P.L.1964, c.48 (C.54:4-23.1 et seq.), the minimum amount paid to the municipality would be four percent of the annual gross revenue;
- make changes related to notices provided by the municipality under the bill; and
- make other limited and technical changes.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.