

ASSEMBLY, No. 172

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman HAROLD "HAL" J. WIRTHS

District 24 (Morris, Sussex and Warren)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Co-Sponsored by:

Assemblywoman Chaparro, Assemblyman Peterson, Assemblywoman B.DeCroce, Assemblymen Giblin and Space

SYNOPSIS

Allows long term tax exemption extension for certain low-income housing.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning long term tax exemptions on certain low-income
 2 housing, amending P.L.1983, c.530, and supplementing
 3 P.L.1991, c.431 (C.40A:20-1 et seq.).
 4

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

8 1. (New section) Notwithstanding the provisions of sections 12
 9 and 13 of P.L.1991, c.431 (C.40A:20-12 and C.40A:20-13) to the
 10 contrary, the governing body of a municipality may agree to
 11 continue a tax exemption for a State or federally subsidized housing
 12 project beyond the date on which existing first mortgage financing
 13 is fully paid so long as the project remains subject to affordability
 14 controls pursuant to:

- 15 a. project-based federal rental assistance, authorized pursuant
 16 to section 8 of the United States Housing Act of 1937 (42 U.S.C.
 17 s.1437f), or other federal or State project-based assistance;
- 18 b. the Uniform Housing Affordability Controls promulgated by
 19 the New Jersey Housing and Mortgage Finance Agency; or
- 20 c. the rent and income limits established by the federal Low
 21 Income Housing Tax Credit program pursuant to section 42 of the
 22 Internal Revenue Code (26 U.S.C. s.42).
 23

24 2. Section 37 of P.L.1983, c.530, (C.55:14K-37) is amended to
 25 read as follows:

26 37. a. It is the intent of the Legislature that in the event of any
 27 conflict or inconsistency in the provisions of this act and any other
 28 acts concerning housing sponsors or any rules and regulations
 29 adopted thereunder, to the extent of such conflict or inconsistency,
 30 the provisions of this act shall be enforced and the provisions of
 31 such other acts and rules and regulations adopted thereunder shall
 32 be of no effect.

33 b. The governing body of any municipality in which a housing
 34 project financed or to be financed by the agency is or is to be
 35 located may by ordinance or resolution, as appropriate, provide that
 36 such project shall be exempt from real property taxation, if the
 37 housing sponsor enters into an agreement with the municipality for
 38 payments to the municipality in lieu of taxes for municipal services.
 39 Any such agreement may require the housing sponsor to pay to the
 40 municipality an amount up to **【20%】** 20 percent of the annual gross
 41 revenue from each housing project situated on such real property
 42 for each year of operation thereof following the substantial
 43 completion thereof. For the purpose of this section, "annual gross
 44 revenue" means the total annual gross rental or carrying charge and

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 other income of a housing sponsor from a housing project. If any
2 such agreement is entered into from the date of recording the
3 mortgage on the project to the date of substantial completion of the
4 project, the annual amount payable to the municipality as taxes or
5 as payments in lieu of taxes in respect of the project site shall not be
6 in excess of the amount of taxes on the project site for the year
7 preceding the recording of the mortgage. Any agreement between
8 any housing sponsor and a municipality pursuant to this subsection
9 shall be submitted to the agency for review in order to avoid
10 duplicating, overlapping or inconsistent regulations or provisions.
11 Any exemption from taxation pursuant to the provisions of this
12 section shall not extend beyond the date on which the eligible loan
13 made by the agency on the project is paid in full.

14 c. Notwithstanding the provisions of subsection b. of this
15 section to the contrary, the governing body of a municipality may
16 agree to continue a tax exemption for a State or federally subsidized
17 housing project, beyond the date on which the eligible loan made by
18 the agency on the project is fully paid, so long as the project
19 remains subject to affordability controls pursuant to:

20 (1) project-based federal rental assistance, authorized pursuant
21 to section 8 of the United States Housing Act of 1937
22 (42 U.S.C. s.1437f), or other federal or State project-based
23 assistance;

24 (2) the Uniform Housing Affordability Controls promulgated by
25 the New Jersey Housing and Mortgage Finance Agency; or

26 (3) the rent and income limits established by the federal Low
27 Income Housing Tax Credit program pursuant to section 42 of the
28 Internal Revenue Code (26 U.S.C. s.42).

29 (cf: P.L.1983, c.530, s.37)

30
31 3. This act shall take effect immediately.

32 33 34 STATEMENT

35
36 This bill, permits a municipal governing body to extend long term
37 tax exemptions granted to certain low-income housing projects.
38 Specifically, the bill provides that a project that receives a State or
39 federal rent subsidy at the outset, such as a Low-Income Housing Tax
40 Credit, but remains subject to affordability controls after the original
41 subsidy expires, may retain an existing long term tax exemption if the
42 municipality agrees to the extension. The extended tax exemption
43 time frame is limited to the number of years that the project remains
44 subject to affordability controls pursuant to:

45 1) federal or State project-based assistance, such as Section 8 or
46 State Rental Assistance Program funding;

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- 1 2) compliance with the Uniform Housing Affordability Controls
- 2 promulgated by the New Jersey Housing and Mortgage
- 3 Finance Agency; or
- 4 3) rent and income limits established by the federal Low-Income
- 5 Housing Tax Credit program.

WITHDRAWN