

January 18, 1965

LEGISLATIVE HISTORY OF R.S. 55:16-1 et seq  
(Limited dividend housing corporations)

COPY NO. 1

The following publications contains excerpts from Governor Driscoll's Special Message on Low Rent Housing and Slum Clearance, March 28, 1949:\*

*See copy 2*

974.90 N.J. Legislature. Senate. Judiciary Committee.  
H842 Legislative bulletin on the law rent  
1949 housing and slum clearance program ... 1949.  
(~~copy enclosed~~)

\* NOT IN GOVERNOR'S MESSAGES,  
1947-50. NOT IN 1949 SENATE  
JOURNAL OR ASSEMBLY MINUTES.

✓ L. 1949, Chapter 184 - A46  
Introduced March 28 by Mr. Miller.  
March 28 - Amended in Assembly.

Amend page 10, sect. 17, line 44, delete  
"collection" substitute "foreclosure" and  
delete "indebtedness".  
Assembly Minutes, 1949, p. 661.

Also: 974.90 H842, 1949b  
Record of public hearing on  
Assembly bill 45 (proposed  
state housing law of 1949)  
and Assembly bill 48  
(proposed authorization  
for one hundred  
million dollar  
housing bond issue,  
subject to referendum): before  
the judiciary committees  
of the Senate and  
General Assembly.

Statement on the bill:

The purpose of this bill is to provide for  
the establishment of private limited-dividend  
housing corporations to enable private enterprise  
to alleviate the housing shortage and assist in  
the clearance, planning, development and redevelop-  
ment of blighted areas. This bill will enable  
private enterprise to provide low cost housing.

In November, 1949 the following report was issued:

974.90 N.J. Governor's Temporary Committee on Housing.  
H842 Report. 1949. (~~copy enclosed~~)  
1949c

L. 1949, Chapter 305 - SSA 3  
Introduced May 31 by Mr. Miller.  
June 6 - Amended in Assembly ~~\_\_\_\_\_~~  
No statement.

L. 1950, Chapter 69 - A4  
Introduced March 6 by Mr. Haines.  
Not amended during passage.  
Bill had statement. (photostat enclosed)

L. 1950, Chapter 112 - S185  
Introduced March 6 by Senator Clapp.  
March 23 - Amended in Senate.  
Bill had statement. (photostat of original bill with statement enclosed)

L. 1951, Chapter 234 - A539  
Introduced March 5 by Tompkins.  
Not amended during passage.  
Bill had statement:

The purpose of this bill is to give limited-dividend housing corporations the right to purchase veterans' housing projects constructed under an act entitled "An act providing for veterans of World War II and other people of the State and declaring an emergency in respect thereto", (P.L. 1946, c. 323), and also to give the Public Housing and Development Authority the right to consider applications of such corporations in connection with any such purchase.

In 1956, a legislative commission on middle-income housing held hearings and made a report:

974.90 N.J. Middle-Income Housing Study Commission.  
H842 Hearings ... 1956. ~~(copy enclosed)~~  
1956

974.90 N.J. Middle-Income Housing Study Commission.  
H842 Findings and recommendations. 1956.  
1956c ~~(copy enclosed)~~

L. 1957, Chapter 87 - A118  
Introduced March 18 by Mintz & Mosch.  
May 6 - Amended in Assembly:

Amend page 1, sect. 1, line 17, omit  
"6%", insert "8%".

No statement.

✓ L. 1960, Chapter 33 - A505  
Introduced March 14 by Wilson (and 5 others).  
Not amended during passage.  
No statement.

Changes percentage of dividends from 6% to 8% and tax payment from 10% to 15%; adds definition (11) "gross shelter rent".

RS/PC

November 29, 1974

Laws of 1967, Chapter 112 - S364

Permits private developers to undertake limited dividend housing projects in unincorporated form as well as a corporation; permits non-profit groups to partake in housing projects.

March 6 - Introduced by Golman, Giblin, Fernicola.

March 6 - State, Co. & Mun. Govt. Committee.

April 24 - Reported, 2nd reading.

May 1 - Passed in Senate.

May 8 - Passed Assembly.

June 19 - Approved, chapter 112

Statement on bill (copy enclosed).

No hearings or reports located.

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MS/PC

ASSEMBLY, No. 46

STATE OF NEW JERSEY

INTRODUCED MARCH 28, 1949

By Mr. MILLER

(Without Reference)

AN ACT to provide for the incorporation and regulation of limited-dividend housing corporations.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. This act may be cited and referred to as the "Limited-Dividend Hous-  
2 ing Corporations Law."

1 2. It is hereby declared that there is a severe housing shortage in the  
2 State; that there are places in many municipalities of the State where  
3 dwellings lack proper sanitary facilities and are in need of major repairs or  
4 unfit for residential use; that these conditions are detrimental to the health,  
5 safety, morals, welfare and reasonable comfort of the people of the State;  
6 that these conditions reduce economic values and impair private investments  
7 and public revenues; that the improvement of these conditions requires the  
8 production of new dwellings at rents which the families who need housing  
9 can afford; that the creation of the agencies and corporations hereinafter  
10 described, is necessary and desirable for this purpose; that the provision of  
11 housing to make possible and to assist the clearance, planning, development  
12 or redevelopment of blighted areas, as proposed in this act, is a public pur-  
13 pose and a public use for which public money may be spent and private  
14 property acquired; and that the necessity in the public interest for the pro-  
15 visions hereinafter enacted is hereby declared as a matter of legislative  
16 determination.

1       3. The following terms wherever used or referred to in this act shall  
2 have the following respective meanings, unless a different meaning clearly  
3 appears from the context:

4       (1) The term "Authority" means the public housing and development  
5 authority in the Department of Conservation and Economic Development.

6       (2) The term "Administrator" means the Commissioner of the Depart-  
7 ment of Conservation and Economic Development, who is and shall be the  
8 Administrator of the public housing and development authority.

9       (3) The term "Council" means the Planning and Development Council  
10 in the Department of Conservation and Economic Development.

11       (4) The term "municipality" shall mean any city of any class, any  
12 town, township, village, borough, or any municipal subdivision of the State.

13       (5) The term "governing body" shall mean, in the case of a munici-  
14 pality, the common council, or the board of commissioners, or the body  
15 managing its affairs, except that, in the case of cities of the second class, hav-  
16 ing a population of not less than one hundred thirty-three thousand nor  
17 more than two hundred thousand inhabitants, the board of finance of such a  
18 city shall be the "governing body" for the purpose of this act.

19       (6) The term "housing project" or "project" shall mean any work or  
20 undertaking to provide decent, safe, and sanitary dwellings for families in  
21 need of housing; such undertaking may include any buildings, land (including  
22 demolition, clearance or removal of buildings from land), equipment, facili-  
23 ties, or other real or personal properties or interests therein which are  
24 necessary, convenient, or desirable appurtenances of said undertaking, such  
25 as, but not limited to, streets, sewers, water, utilities, parks; site prepara-  
26 tions; landscaping, and administrative, community, health, recreational,  
27 educational, welfare, commercial, or other facilities, or to provide any part  
28 or combination of the foregoing.

29       (7) The term "housing corporation" means any private, limited-  
30 dividend housing corporation organized in accordance with the provisions of  
31 this act.

32 (8) The term "bonds" shall mean any bonds, notes, interim certificates,  
33 debentures, or obligations issued pursuant to the provisions of this act.

1 4. Housing corporations may be organized in the manner provided by  
2 this act to acquire, construct, alter, maintain, and operate housing projects  
3 for the purpose of providing accommodations for families in need of housing  
4 and of developing or redeveloping blighted areas, when authorized by the  
5 Authority.

1 5. Every stockholder of a housing corporation shall be deemed, by the  
2 subscription to or the receipt of stock therein, to have agreed that he shall  
3 at no time receive from the corporation in repayment of his investment any  
4 sums in excess of the face value of the investment plus cumulative dividends  
5 at a rate not to exceed six per centum (6%) per annum. Upon the dissolu-  
6 tion of such corporation any surplus in excess of such amounts shall be paid  
7 to the State of New Jersey; *provided, however*, that the Authority may enter  
8 into agreements with any municipality where tax exemption is provided pur-  
9 suant to section eighteen of this act with respect to any project or projects of  
10 such housing corporation for the distribution to and apportionment of said  
11 surplus between the State and the municipality.

1 6. Any three or more citizens of the State may form a housing corpora-  
2 tion for the aforesaid purposes by making, signing, acknowledging and filing  
3 a certificate as required for other corporations formed under Title 14, Cor-  
4 porations, General, of the Revised Statutes, which certificate shall also con-  
5 tain the following matters:

6 (1) The name of the proposed housing corporation.

7 (2) The purposes for which it is formed, which shall be to acquire, con-  
8 struct, maintain and operate housing projects as authorized under this act.

9 (3) Its duration, which shall not be more than fifty years.

10 (4) The amount, value, and number of shares, all having a par value,  
11 of its capital stock with limitations thereon including the limitation that divi-  
12 dends on the stock shall not exceed six per centum (6%) per annum except  
13 to the extent that such dividends shall not have been paid in a previous

14 year, or years, of operation, in which case, stockholders may be paid said  
15 deficiency without interest out of any surplus earned in any succeeding  
16 years.

17 (5) The names and addresses of subscribers to stock in the corporation  
18 and the number of shares to be issued to each.

19 (6) A provision that no real property of the corporation shall be sold,  
20 transferred, encumbered or assigned except under and pursuant to the pro-  
21 visions of this act and the regulations of the Authority issued hereunder.

22 (7) Any other provisions, not inconsistent with this act or other law for  
23 the regulation of the business and the conduct of the affairs of the housing  
24 corporation.

25 (8) A declaration that the housing corporation has been organized to  
26 serve a public purpose and use; that its operations shall be directed to pro-  
27 viding for and making possible the clearance, planning, development or re-  
28 development of blighted areas; and that it will at all times be subject to the  
29 supervision and control of the Authority.

1 7. No such certificate or amendment thereof shall be filed until the  
2 same, with all its conditions, limitations and provisions, shall have been first  
3 approved by the Authority as evidenced by a certificate of the Authority  
4 annexed thereto.

1 8. Every housing corporation organized under this act, subject to the  
2 conditions and restrictions herein, and the regulations of the Authority, shall  
3 have the following rights, powers and privileges:

4 (1) To have succession by its corporate name for the period limited in  
5 its certificate of incorporation or any amendment thereto.

6 (2) To sue and be sued in its corporate name.

7 (3) To have and use a common seal and to alter same at pleasure.

8 (4) To have a capital stock of such an amount and number of shares as  
9 may be provided in the certificate of incorporation or any amendment thereto  
10 and to increase or decrease its capital stock.

11 (5) To acquire, own, use, convey, sell, contract, encumber, lease, and oth-

12 erwise dispose of and deal in real or personal property or any interest  
13 therein.

14 (6) To borrow money at such rate of interest, not to exceed six per  
15 centum (6%) per annum, to mortgage or pledge its property, both real and  
16 personal, and to secure the payment of its obligations.

17 (7) To pay dividends on its capital stock at a rate not to exceed six per  
18 centum (6%) per annum and to pay or to provide for the payment of its  
19 debts and other obligations.

20 (8) To elect officers, appoint agents, engage employees, define their  
21 duties and fix their compensation.

22 (9) To enter into contracts for the construction, reconstruction, mainte-  
23 nance, operation and management of housing projects and for the purchase  
24 of equipment, materials and supplies necessary or incidental to these pur-  
25 poses.

26 (10) To lease, sell or exchange all of its corporate assets with the con-  
27 sent of two-thirds of all the outstanding capital stock of the corporation at  
28 any annual meeting or at any special meeting called for that purpose.

29 (11) To accept loans or grants from the Federal Government, the State  
30 or any municipal subdivision thereof in aid of housing projects owned or to  
31 be acquired or constructed by the corporation.

32 (12) To make by-laws not inconsistent with the laws of the State for the  
33 administration of the business and interests of such corporation and to  
34 amend the same.

35 (13) To cease doing business in this State and to surrender its charter.

36 (14) To have and exercise all the powers necessary and convenient to  
37 carry into effect the purpose for which the corporation is formed.

38 The Authority may make the exercise of any of the rights, powers and  
39 privileges of housing corporations set forth in this section, subject to its  
40 prior approval.

1 9. No housing corporation shall issue stock, bonds or other obligations  
2 except for money or property actually received by it for its use and lawful

3 purposes. No stocks, bonds or other obligations shall be issued for prop-  
4 erty except upon a valuation approved by the Authority.

1 10. No housing corporation shall engage in any activity competitive with  
2 any public utility as defined in section 48:2-13 of the Revised Statutes.

1 11. The Authority shall have the power to make, amend, modify and  
2 repeal rules and regulations to effectuate the purposes of this act and to  
3 supervise the operations of any housing corporations thereunder. The Au-  
4 thority shall also have the power to supervise the planning, development  
5 and management of any housing project undertaken by such corporation  
6 under this act. The powers of the Authority shall be vested in and exer-  
7 cised by the Administrator.

1 12. Every corporation organized under this act, before undertaking any  
2 project herein authorized, shall make written application to the Authority  
3 for approval thereof. Said application may be made at the same time as the  
4 application for the approval of its incorporation and shall be in such form  
5 and certify as to such facts and data as to justify approval; and shall con-  
6 tain such other information as the Authority may require including but not  
7 limited to:

8 (1) A statement by the governing body of the municipality in which the  
9 project be located certifying that the proposed project will meet an exist-  
10 ing housing need, that it conforms to the requirements of all applicable mu-  
11 nicipal ordinances, and that the governing body approves of the develop-  
12 ment of the proposed project.

13 (2) A description of the proposed project including such architectural  
14 and site plans as may be required.

15 (3) A statement of the cost of the proposed project in such detail as  
16 may be required.

17 (4) The source, method and amount of money to be raised through  
18 the investment of private capital setting forth the amount of stock or other  
19 securities to be issued therefor.

20 (5) A fiscal plan for the project giving the schedule of rents, the esti-  
21 mated expenditures for operation and maintenance, payments to the munici-  
22 pality either for taxes or service charge and for interest, amortization and  
23 reserves.

24 (6) A statement showing that adequate light, air and open spaces will  
25 be provided and that the project will conform to reasonable standards of  
26 safety and sanitation.

1 13. The Authority shall have full and complete power to hear and con-  
2 sider or to refuse to consider all applications for incorporation as a hous-  
3 ing corporation under this act and all applications for housing projects to  
4 be undertaken by housing corporations. During or after such hearing, the  
5 Authority shall have power to approve or disapprove any such incorpora-  
6 tion or housing project.

1 14. The Authority shall approve the construction of a housing project  
2 by a housing corporation only under the following conditions:

3 (1) That the project is within an area where, under the conditions ex-  
4 isting at the time, dwellings conforming to reasonable standards of adequacy  
5 and renting at or below the average rent to be charged in the project, are  
6 not being provided in sufficient quantity through the ordinary operation of  
7 private enterprise.

8 (2) That there has been presented to the Authority, in such form and  
9 with such proof as it may require, a financial plan covering the cost of lands  
10 and improvements and the operation of the project, such as shall reasonably  
11 assure the successful completion and operation of the project in accordance  
12 with the purposes of this act.

1 15. The approval of every such application may also be conditional on  
2 the acceptance by the housing corporation of a designee of the Authority as  
3 a member of the board of directors of the corporation. A further condition  
4 may be that the corporation shall agree to the designation of a trustee (which  
5 shall be a banking corporation authorized to perform trust functions) by  
6 the Authority with respect to any housing project approved by it. Such

7 trustee may be authorized to receive moneys of the corporation obtained as  
8 proceeds of its mortgage bonds, notes, stock or other securities, or as rents  
9 or other income of any project, and make payment therefrom for acquisition  
10 of land, construction or improvements, for charges of operation and main-  
11 tenance and for other items related to these costs, upon presentation of  
12 draft, check or order signed by a proper officer of the corporation and  
13 countersigned by the Authority or a person designated by it for said purpose.  
14 Said trustee may be authorized by the Authority to act with reference to the  
15 construction of a project or to the operation of a project or to any combina-  
16 tion or part thereof.

1       16. Notwithstanding the provisions of any other law to the contrary, the  
2 Authority shall have the power to supervise housing corporations and their  
3 real and personal property in the following respects:

4       (1) The Authority may prescribe uniform systems of accounts and  
5 records for housing corporations and may require them to make reports and  
6 give answers to specific questions on such forms and at such times as may  
7 be necessary for the purposes of this act.

8       (2) Through its agents or employees, the Authority may enter upon and  
9 inspect the lands, buildings and equipment of a housing corporation, includ-  
10 ing all parts thereof, and may examine all books and records with reference  
11 to capital structure, income, expenditures and other payments of a housing  
12 corporation.

13       (3) The Authority may supervise the operation and maintenance of any  
14 project of a housing corporation and may order such repairs as may be  
15 necessary to protect the public interest or the health, welfare or safety of  
16 the project occupants.

17       (4) The Authority may fix, and alter from time to time, a schedule of  
18 rents and charges for any project of a housing corporation.

19       (5) The Authority may determine standards for, and may control,  
20 tenant selection by a housing corporation.

21       (6) The Authority may require any housing corporation to pay to the  
22 Authority such fees as it may, subject to any regulations of the council,

23 prescribe in connection with the examination, inspection, supervision, audit-  
24 ing, or other regulations of the housing corporation.

25 (7) The Authority may order any housing corporation to do, or to  
26 refrain from doing, such things as may be necessary to comply with the provi-  
27 sions of law, the rules and regulations of the Authority, and the terms of  
28 any contract or agreement to which the corporation may be a party.

1 17. The Authority may institute any proceeding or action against any  
2 housing corporation in any court of competent jurisdiction in order to en-  
3 force the provisions of this act or the regulations of the Authority there-  
4 under, or to protect the public interest, the tenants, the stockholders of the  
5 housing corporation or its creditors. In connection with any such suit it may  
6 apply for the appointment of a receiver to manage, operate, and take over  
7 the affairs of said housing corporation and it is hereby authorized to accept  
8 appointment as receiver of any such housing corporation when so appointed  
9 by a court of competent jurisdiction.

10 Reorganization of any housing corporation shall be subject to the super-  
11 vision and control of the Authority and no such reorganization shall be had  
12 without the authorization of the Authority. Upon all such reorganizations  
13 the amount of capitalization, including therein all stocks, income debentures  
14 and bonds and other evidence of indebtedness shall be such as is authorized  
15 by the administrator which, in making his determination, shall not exceed the  
16 fair value of the property involved.

17 In any foreclosure action, other than a foreclosure action instituted by  
18 the Authority: the Authority and the municipality in which any tax exemp-  
19 tion is provided any housing corporation, in addition to other necessary  
20 parties, shall be made parties defendant; and the Authority and the munici-  
21 pality shall take all steps in such action necessary to protect the interest of  
22 the public therein, and no costs shall be awarded against the Authority or  
23 the municipality. Judgment of foreclosure shall not be entered unless the  
24 court to which application therefor is made shall be satisfied that the in-  
25 terest of the lien-holder or holders can not be adequately secured or safe-

26 guarded except by the sale of the property. In any such proceeding, the  
27 court shall be authorized to make an order increasing the rentals to be  
28 charged for the housing accommodations in the project involved in such fore-  
29 closure, but not exceeding the maximum rentals fixed by regulation of the  
30 Authority, or appoint the administrator or any officer of the municipality in  
31 which any tax exemption with respect to the project is provided, as a re-  
32 ceiver of the property, or grant such other and further relief as may be rea-  
33 sonable and proper. In the event of a foreclosure sale or other judicial sale,  
34 the property shall be sold only to a housing corporation which will maintain,  
35 operate and manage the project subject to the provisions of this act and the  
36 regulations of the Authority issued hereunder, unless the court shall find that  
37 the interest and principal on the obligations secured by the lien the subject  
38 of foreclosure cannot be earned under the limitations imposed by the pro-  
39 visions of this act and that the proceeding was brought in good faith. In  
40 such event the property may be sold free of limitations imposed by this act  
41 or subject to such limitations as the court may deem advisable to protect  
42 the public interest.

43 In the event of a judgment against any housing corporation in any action  
44 not pertaining to the collection of a mortgage indebtedness, there shall be no  
45 sale of any of the real property of such housing corporation except upon  
46 sixty days' written notice to the Authority. Upon receipt of such notice the  
47 administrator shall take such steps as in his judgment may be necessary to  
48 protect the rights of all parties.

1 18. When the governing body of any municipality in which a project of  
2 a housing corporation is or will be located, finds that the project is or will be  
3 an improvement made for the purposes of the clearance, replanning, develop-  
4 ment, or redevelopment of any blighted area within such municipality, or for  
5 any of such purposes, then such project and improvement shall be exempt  
6 from all property taxation. In lieu of taxes the housing corporation owning  
7 said project shall make to the municipality payment of an annual service  
8 charge for municipal services supplied to said project, in such amount, not  
9 exceeding the tax on the property on which the project is located for the year

10 in which the undertaking of said project is commenced, as may be agreed to  
 11 by the municipality and the housing corporation and approved by the Author-  
 12 ity. Any exemption from taxation made pursuant to the provisions of this  
 13 section shall not extend for a period of more than fifty years and shall only  
 14 be effective during the period of usefulness of the project as determined by  
 15 the Authority and shall continue in force only while the project is owned by  
 16 a housing corporation formed under this act and regulated by the Authority  
 17 or owned or operated by the Authority.

1 19. The provisions of law applicable to stock corporations organized  
 2 under the laws of this State shall apply to housing corporations incorporated  
 3 under this act, except where such provisions are in conflict herewith; *pro-*  
 4 *vided, however,* that the Authority may make the exercise of any rights,  
 5 powers and privileges thereunder subject to its prior approval.

6 Housing corporation organized under the provisions of this act shall  
 7 be exempt from payment of any franchise or other State tax.

1 20. If any clause, sentence, subdivision, paragraph, section or part of  
 2 this act be adjudged by any court of competent jurisdiction to be invalid,  
 3 such judgment shall not affect, impair, or invalidate the remainder hereof,  
 4 but shall be confined in its operation to the clause, sentence, subdivision,  
 5 paragraph, section or part hereof directly involved in the controversy in  
 6 which said judgment shall have been rendered.

1 21. The powers enumerated in this act shall be interpreted broadly to  
 2 effectuate the purposes hereof and shall not be construed as a limitation of  
 3 powers.

1 22. This act shall take effect immediately.

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STATEMENT

The purpose of this bill is to provide for the establishment of private lim-  
 ited-dividend housing corporations to enable private enterprise to alleviate the  
 housing shortage and assist in the clearance, planning, development and rede-  
 velopment of blighted areas. This bill will enable private enterprise to provide  
 low cost housing.

Minutes of the House

act concerning edu-  
the Revised Stat-

ion.

act providing for  
on in lands sold for  
ele nine of chapter  
"

al Aid.

olution, which was

ended and Assem-  
15 be advanced to  
rint.

an act concerning  
making appropria-

ider suspension of  
s proposed by Mr.

Bill No. 45:

nit "foreclosure";

er "property" in-

"of" insert "aid-  
"; before "de-

ter "areas" insert

delete "collection",  
debtedness".

Assembly Bill No. 45, entitled "An act concerning hous-  
ing for the people of the State and making appropriations  
therefor,"

As amended,

Was taken up, under suspension of rules, and read a  
second time.

On motion of Mr. Miller

Assembly Bill No. 46, entitled "An act to provide for the  
incorporation and regulation of limited-dividend housing  
corporations,"

Was taken up, read a second time, under suspension of  
the rules, and the following amendment proposed by Mr.  
Miller was read and adopted.

Assembly amendment proposed to Assembly Bill No. 46:

Amend page 10, section 17, line 44, delete "collection"  
substitute "foreclosure" and delete "indebtedness".

Assembly Bill No. 47, entitled "An act to amend the  
title of 'An act concerning housing, establishing a means  
for alleviation of congested, substandard and dangerous  
housing conditions in municipalities of this State; provid-  
ing for the acquisitions by municipalities of land areas  
within which such conditions obtain and for the leasing of  
such lands under agreements for limited return upon pri-  
vate capital invested in projects undertaken for the pur-  
pose of remedying such housing conditions; providing for  
exemption from property taxes of buildings rehabilitated  
or erected on municipal land and for the payment to the  
municipality of a percentage of income; authorizing con-  
demnation, and providing for joinder of action in one con-  
demnation proceeding and for a limited interest on condem-  
nation awards,' approved April fourth, one thousand nine  
hundred and forty-six (P. L. 1946, c. 52), so that the same  
shall read 'An act concerning housing and the clearance,  
replanning, development or redevelopment of blighted  
areas in municipalities of this State; providing for the ac-  
quisition by municipalities of land areas within which con-  
gested, substandard and dangerous housing conditions ob-  
tain and for the leasing of such lands under agreements for  
limited return upon private capital invested in projects

FIRST SPECIAL SESSION  
ASSEMBLY, No. 3

STATE OF NEW JERSEY

INTRODUCED MAY 31, 1949

By Mr. MILLER

(Without Reference)

AN ACT to amend "An act to provide for the incorporation and regulation of limited-dividend housing corporations," approved May twenty-first, one thousand nine hundred and forty-nine (P. L. 1949, c. 184).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. Section three of the act of which this act is amendatory is amended  
2 to read as follows:

3 3. The following terms wherever used or referred to in this act shall  
4 have the following respective meanings, unless a different meaning clearly ap-  
5 pears from the context:

6 (1) The term "Authority" means the public housing and development  
7 authority in the Department of Conservation and Economic Development.

8 (2) The term "Administrator" means the Commissioner of the De-  
9 partment of Conservation and Economic Development, who is and shall be the  
10 administrator of the public housing and development authority.

11 (3) The term "Council" means the [Planning and Development Coun-  
12 cil] State Housing Council in the Department of Conservation and Eco-  
13 nomic Development.

14 (4) The term "municipality" shall mean any city of any class, any  
15 town, township, village, borough or any municipal subdivision of the State.

16 (5) The term "governing body" shall mean, in the case of a munici-

17 pality, the common council, or the board of commissioners, or the body man-  
 18 aging its affairs, except that, in the case of cities of the second class, having  
 19 a population of not less than one hundred thirty-three thousand nor more  
 20 than two hundred thousand inhabitants, the board of finance of such a city  
 21 shall be the "governing body" for the purpose of this act.

22 (6) The term "housing project" or "project" shall mean any work or  
 23 undertaking to provide decent, safe, and sanitary dwellings for families in  
 24 need of housing; such undertaking may include any buildings, land (including  
 25 demolition, clearance or removal of buildings from land), equipment, facil-  
 26 ities, or other real or personal properties or interests therein which are  
 27 necessary, convenient or desirable appurtenances of said undertaking, such  
 28 as, but not limited to, streets, sewers, water, utilities, parks; site prepara-  
 29 tions; landscaping, and administrative, community, health, recreational, edu-  
 30 cational, welfare, commercial, or other facilities, or to provide any part or  
 31 combination of the foregoing.

32 (7) The term "housing corporation" means any private, limited-divi-  
 33 dend housing corporation organized in accordance with the provisions of this  
 34 act.

35 (8) The term "bonds" shall mean any bonds, notes, interim certificates,  
 36 debentures, or obligations issued pursuant to the provisions of this act.

37 (9) The term "Federal Government" means the United States of  
 38 America or any department, administration, authority, instrumentality,  
 39 agency, agent or officer thereof, or any corporation created thereby.

40 (10) The term "State" means the State of New Jersey or any depart-  
 41 ment, authority, agency or officer thereof.

1 2. Section eighteen of the act of which this act is amendatory is  
 2 amended to read as follows:

3 18. When the governing body of any municipality in which a project of  
 4 a housing corporation is or will be located, by resolution finds that the proj-  
 5 ect is or will be an improvement made for the purposes of the clearance,

6 replanning, development, or redevelopment of any blighted area (as defined  
7 in any law of this State) within such municipality, or for any of such pur-  
8 poses, then such project and improvement shall be exempt from all prop-  
9 erty taxation [. In]; *provided*, that in lieu of taxes the housing corporation  
10 owning said project shall make to the municipality payment of an annual  
11 service charge for municipal services supplied to said project, in such  
12 amount, not exceeding the tax on the property on which the project is  
13 located for the year in which the undertaking of said project is commenced  
14 or ten per centum (10%) of the annual gross shelter rents obtained from  
15 the project, whichever is the greater, as may be agreed to by the municipal-  
16 ity and the housing corporation and approved by the Authority. Any ex-  
17 emption from taxation made pursuant to the provisions of this section shall  
18 not extend for a period of more than fifty years and shall only be effective  
19 during the period of usefulness of the project as determined by the Author-  
20 ity and shall continue in force only while the project is owned by a housing  
21 corporation formed under this act and regulated by the Authority or owned  
22 or operated by the Authority.

1       3. This act shall take effect immediately.

[OFFICIAL COPY REPRINT]  
FIRST SPECIAL SESSION  
ASSEMBLY, No. 3

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STATE OF NEW JERSEY

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INTRODUCED MAY 31, 1949

By Mr. MILLER

(Without Reference)

AN ACT to amend "An act to provide for the incorporation and regulation of limited-dividend housing corporations," approved May twenty-first, one thousand nine hundred and forty-nine (P. L. 1949, c. 184).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. Section three of the act of which this act is amendatory is amended  
2 to read as follows:

3 3. The following terms wherever used or referred to in this act shall  
4 have the following respective meanings, unless a different meaning clearly ap-  
5 pears from the context:

6 (1) The term "Authority" means the public housing and development  
7 authority in the Department of Conservation and Economic Development.

8 (2) The term "Administrator" means the Commissioner of the De-  
9 partment of Conservation and Economic Development, who is and shall be the  
10 administrator of the public housing and development authority.

11 (3) The term "Council" means the State Housing Council in the  
12-13 Department of Conservation and Economic Development.

14 (4) The term "municipality" shall mean any city of any class, any  
15 town, township, village, borough or any municipal subdivision of the State.

16 (5) The term "governing body" shall mean, in the case of a munici-

17 pality, the common council, or the board of commissioners, or the body man-  
18 aging its affairs, except that, in the case of cities of the second class, having  
19 a population of not less than one hundred thirty-three thousand nor more  
20 than two hundred thousand inhabitants, the board of finance of such a city  
21 shall be the "governing body" for the purpose of this act.

22 (6) The term "housing project" or "project" shall mean any work or  
23 undertaking to provide decent, safe, and sanitary dwellings for families in  
24 need of housing; such undertaking may include any buildings, land (including  
25 demolition, clearance or removal of buildings from land), equipment, facil-  
26 ities, or other real or personal properties or interests therein which are  
27 necessary, convenient or desirable appurtenances of said undertaking, such  
28 as, but not limited to, streets, sewers, water, utilities, parks; site prepara-  
29 tions; landscaping, and administrative, community, health, recreational, edu-  
30 cational, welfare, commercial, or other facilities, or to provide any part or  
31 combination of the foregoing.

32 (7) The term "housing corporation" means any private, limited-divi-  
33 dend housing corporation organized in accordance with the provisions of this  
34 act.

35 (8) The term "bonds" shall mean any bonds, notes, interim certificates,  
36 debentures, or obligations issued pursuant to the provisions of this act.

37 (9) The term "Federal Government" means the United States of  
38 America or any department, administration, authority, instrumentality,  
39 agency, agent or officer thereof, or any corporation created thereby.

40 (10) The term "State" means the State of New Jersey or any depart-  
41 ment, authority, agency or officer thereof.

1 2. Section eighteen of the act of which this act is amendatory is  
2 amended to read as follows:

3 18. When the governing body of any municipality in which a project of  
4 a housing corporation is or will be located, by resolution finds that the proj-  
5 ect is or will be an improvement made for the purposes of the clearance,

6 replanning, development, or redevelopment of any blighted area (as defined  
7 in any law of this State) within such municipality, or for any of such pur-  
8 poses, then such project and improvement shall be exempt from all prop-  
9 erty taxation; *provided*, that in lieu of taxes the housing corporation  
10 owning said project shall make to the municipality payment of an annual  
11 service charge for municipal services supplied to said project, in such  
12 amount, not exceeding the tax on the property on which the project is  
13 located for the year in which the undertaking of said project is commenced  
14 or ten per centum (10%) of the annual gross shelter rents obtained from  
15 the project, whichever is the greater, as may be agreed to by the municipal-  
16 ity and the housing corporation and approved by the Authority. Any ex-  
17 emption from taxation made pursuant to the provisions of this section shall  
18 not extend for a period of more than fifty years and shall only be effective  
19 during the period of usefulness of the project as determined by the Author-  
20 ity and shall continue in force only while the project is owned by a housing  
21 corporation formed under this act and regulated by the Authority or owned  
22 or operated by the Authority.

1     3. This act shall take effect immediately.

[SECOND OFFICIAL COPY REPRINT]

FIRST SPECIAL SESSION  
ASSEMBLY, No. 3

STATE OF NEW JERSEY

INTRODUCED MAY 31, 1949

By Mr. MILLER

(Without Reference)

AN ACT to amend "An act to provide for the incorporation and regulation of limited-dividend housing corporations," approved May twenty-first, one thousand nine hundred and forty-nine (P. L. 1949, c. 184).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. Section three of the act of which this act is amendatory is amended  
2 to read as follows:

3 3. The following terms wherever used or referred to in this act shall  
4 have the following respective meanings, unless a different meaning clearly ap-  
5 pears from the context:

6 (1) The term "Authority" means the public housing and development  
7 authority in the Department of Conservation and Economic Development.

8 (2) The term "Administrator" means the Commissioner of Conserva-  
9 tion and Economic Development, who is and shall be the administrator of  
10 the public housing and developing authority.

11 (3) The term "Council" means the State Housing Council in the  
12-13 Department of Conservation and Economic Development.

14 (4) The term "municipality" shall mean any city of any class, any  
15 town, township, village, borough or any municipal subdivision of the State.

16 (5) The term "governing body" shall mean, in the case of a municipi-

17 pality, the common council, or the board of commissioners, or the body man-  
 18 aging its affairs, except that, in the case of cities of the second class, having  
 19 a population of not less than one hundred thirty-three thousand nor more  
 20 than two hundred thousand inhabitants, the board of finance of such a city  
 21 shall be the "governing body" for the purpose of this act.

22 (6) The term "housing project" or "project" shall mean any work or  
 23 undertaking to provide decent, safe, and sanitary dwellings for families in  
 24 need of housing; such undertaking may include any buildings, land (including  
 25 demolition, clearance or removal of buildings from land), equipment, facil-  
 26 ities, or other real or personal properties or interests therein which are  
 27 necessary, convenient or desirable appurtenances of said undertaking, such  
 28 as, but not limited to, streets, sewers, water, utilities, parks; site prepara-  
 29 tions; landscaping, and administrative, community, health, recreational, edu-  
 30 cational, welfare, commercial, or other facilities, or to provide any part or  
 31 combination of the foregoing.

32 (7) The term "housing corporation" means any private, limited-divi-  
 33 dend housing corporation organized in accordance with the provisions of this  
 34 act.

35 (8) The term "bonds" shall mean any bonds, notes, interim certificates,  
 36 debentures, or obligations issued pursuant to the provisions of this act.

37 (9) The term "Federal Government" means the United States of  
 38 America or any department, administration, authority, instrumentality,  
 39 agency, agent or officer thereof, or any corporation created thereby.

40 (10) The term "State" means the State of New Jersey or any depart-  
 41 ment, authority, agency or officer thereof.

1 2. Section eight of the act of which this act is amendatory is amended  
 2 to read as follows:

3 8. Every housing corporation organized under this act, subject to the  
 4 conditions and restrictions herein, and the regulations of the Authority ap-  
 5 proved by the Council, shall have the following rights, powers and privi-  
 6 leges:

- 7 (1) To have succession by its corporate name for the period limited in  
8 its certificate of incorporation or any amendment thereto.
- 9 (2) To sue and be sued in its corporate name.
- 10 (3) To have and use a common seal and to alter same at pleasure.
- 11 (4) To have a capital stock of such an amount and number of shares as  
12 may be provided in the certificate of incorporation or any amendment  
13 thereto and to increase or decrease its capital stock.
- 14 (5) To acquire, own, use, convey, sell, contract, encumber, lease, and  
15 otherwise dispose of and deal in real or personal property or any interest  
16 therein.
- 17 (6) To borrow money at such rate of interest, not to exceed six per  
18 centum (6%) per annum, to mortgage or pledge its property, both real and  
19 personal, and to secure the payment of its obligations.
- 20 (7) To pay dividends on its capital stock at a rate not to exceed six per  
21 centum (6%) per annum and to pay or to provide for the payment of its  
22 debts and other obligations.
- 23 (8) To elect officers, appoint agents, engage employees, define their  
24 duties and fix their compensation.
- 25 (9) To enter into contracts for the construction, reconstruction, main-  
26 tenance, operation and management of housing projects and for the purchase  
27 of equipment, materials and supplies necessary or incidental to these pur-  
28 poses.
- 29 (10) To lease, sell or exchange all of its corporate assets with the consent  
30 of two-thirds of all the outstanding capital stock of the corporation at any  
31 annual meeting or at any special meeting called for that purpose.
- 32 (11) To accept loans or grants from the Federal Government, the State  
33 or any municipal subdivision thereof in aid of housing projects owned or to  
34 be acquired or constructed by the corporation.
- 35 (12) To make by-laws not inconsistent with the laws of the State for  
36 the administration of the business and interests of such corporation and to  
37 amend the same.

38 (13) To cease doing business in this State and to surrender its charter. 8

39 (14) To obtain, or aid in obtaining, from the Federal Government any 9  
40 insurance or guarantee or commitment therefor, as to, or for the payment 10  
41 or repayment of interest or principal, or both, or any part thereof, of, any 11  
42 loan or other extension of credit, or any instrument evidencing or securing the 12  
43 same, obtained or to be obtained or entered into by it; and to enter into any 13  
44 agreement, contract or any other instrument whatsoever with respect to any 14  
45 such insurance or guarantee. 15

46 (15) To have and exercise all the powers necessary and convenient to 16  
47 carry into effect the purpose for which the corporation is formed. 17

48 The Authority may make the exercise of any of the rights, powers and 18  
49 privileges of housing corporations set forth in this section, subject to its 19  
50 prior approval. 20

1 3. Section eleven of the act of which this act is amendatory is amended 21  
2 to read as follows: 22

3 11. The Authority, subject to the approval of the Council, shall have the 23  
4 power to make, amend, modify and repeal rules and regulations to effectuate 24  
5 the purposes of this act and to supervise the operations of any housing cor- 25  
6 porations thereunder. The Authority shall also have the power to supervise 26  
7 the planning, development and management of any housing project under- 27  
8 taken by such corporation under this act. The functions, powers and duties 28  
9 conferred upon the Authority by this act shall, subject to the rules and 29  
10 regulations referred to herein, be exercised by the Administrator. 30

1 4. Section seventeen of the act of which this act is amendatory is 31  
2 amended to read as follows: 32

3 17. The Authority may institute any proceeding or action against any 33  
4 housing corporation in any court of competent jurisdiction in order to enforce 34  
5 the provisions of this act or the regulations of the Authority thereunder ap- 35  
6 proved by the Council, or to foreclose its mortgage, or to protect the public 36  
7 interest, the tenants, the stockholders of the housing corporation or its credi- 37  
38 38

8 tors. In connection with any such suit it may apply for the appointment of  
9 a receiver to manage, operate, and take over the affairs of said housing cor-  
10 poration and the Administrator is hereby authorized to accept appointment  
11 as receiver of any such housing corporation when so appointed by a court  
12 of competent jurisdiction.

13 Reorganization of any housing corporation shall be subject to the super-  
14 vision and control of the Authority and no such reorganization shall be had  
15 without the consent of the Authority. Upon all such reorganizations the  
16 amount of capitalization, including therein all stocks, income debentures and  
17 bonds and other evidence of indebtedness shall be such as is authorized by  
18 the Administrator which, in making his determination, shall not exceed the  
19 fair value of the property involved.

20 In any foreclosure action, other than a foreclosure action instituted by  
21 the Authority: the Authority and the municipality in which any tax exemp-  
22 tion or abatement is provided any housing corporation, in addition to other  
23 necessary parties, shall be made parties defendant; and the Authority and  
24 the municipality shall take all steps in such action necessary to protect the  
25 interest of the public therein, and no costs shall be awarded against the  
26 Authority or the municipality. Subject to the terms of any applicable con-  
27 tract, agreement, guarantee or insurance entered into or obtained pursuant  
28 to subsection (14) of section eight hereof: judgment of foreclosure shall not  
29 be entered unless the court to which application therefor is made shall be  
30 satisfied that the interest of the lien-holder or holders can not be adequately  
31 secured or safeguarded except by the sale of the property; and in any such  
32 proceeding, the court shall be authorized to make an order increasing the  
33 rentals to be charged for the housing accommodations in the project in-  
34 volved in such foreclosure, or appoint the Administrator or any officer of  
35 the municipality in which any tax exemption or abatement with respect to  
36 the project is provided, as a receiver of the property, or grant such other  
37 and further relief as may be reasonable and proper; and in the event of a  
38 foreclosure sale or other judicial sale, the property shall be sold only to a

39 housing corporation which will maintain, operate and manage the project  
40 subject to the provisions of this act and the regulations of the Authority,  
41 approved by the Council, issued hereunder, unless the court shall find that  
42 the interest and principal on the obligations secured by the lien the subject  
43 of foreclosure cannot be earned under the limitations imposed by the pro-  
44 visions of this act and that the proceeding was brought in good faith, in  
45 which event the property may be sold free of limitations imposed by this  
46 act or subject to such limitations as the court may deem advisable to protect  
47 the public interest.

48 In the event of a judgment against any housing corporation in any ac-  
49 tion not pertaining to the foreclosure of a mortgage, there shall be no sale  
50 of any of the real property of such housing corporation except upon sixty  
51 days' written notice to the Authority. Upon receipt of such notice the Ad-  
52 ministrator shall take such steps as in his judgment may be necessary to pro-  
53 tect the rights of all parties.

1 5. Section eighteen of the act of which this act is amendatory is  
2 amended to read as follows:

3 18. When the governing body of any municipality in which a project of  
4 a housing corporation is or will be located, by resolution finds that the proj-  
5 ect is or will be an improvement made for the purposes of the clearance,  
6 replanning, development, or redevelopment of any blighted area (as defined  
7 in any law of this State) within such municipality, or for any of such pur-  
8 poses, then such project and improvement shall be exempt from all prop-  
9 erty taxation; *provided*, that in lieu of taxes the housing corporation  
10 owning said project shall make to the municipality payment of an annual  
11 service charge for municipal services supplied to said project, in such  
12 amount, not exceeding the tax on the property on which the project is  
13 located for the year in which the undertaking of said project is commenced  
14 or ten per centum (10%) of the annual gross shelter rents obtained from  
15 the project, whichever is the greater, as may be agreed to by the municipal-  
16 ity and the housing corporation and approved by the Authority. Any ex-

17 exemption from taxation made pursuant to the provisions of this section shall  
18 not extend for a period of more than fifty years and shall only be effective  
19 during the period of usefulness of the project as determined by the Author-  
20 ity and shall continue in force only while the project is owned by a housing  
21 corporation formed under this act and regulated by the Authority or owned  
22 or operated by the Authority.

1     6. This act shall take effect immediately.

ASSEMBLY, No. 4

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 13, 1950

By Mr. HAINES

Referred to Committee on Judiciary

AN ACT to supplement "An act to provide for the incorporation and regulation of limited-dividend housing corporations," approved May twenty-first, one thousand nine hundred and forty-nine (P. L. 1949, c. 184).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1, Notwithstanding any provision of the act to which this act is a supple-  
2 ment to the contrary: Any limited-dividend housing corporation organized  
3 in accordance with the provisions of said act may, at any time after the ex-  
4 piration of fifteen years from the date of first tenant occupancy of any duly  
5 approved housing project of such corporation, apply to the Authority for  
6 permission to be released from the restrictions and limitations imposed up-  
7 on it under said act. The Authority may approve the application provided  
8 it is consented to, by resolution, by the governing body of each municipal-  
9 ity in which tax exemption has been granted to any housing project of such  
10 corporation, after a finding, by resolution of such governing body, that there  
11 no longer exists any housing shortage in the municipality by reason of  
12 which the project was originally approved. A duly certified copy of each of  
13 such resolutions shall be submitted to the Authority. Upon the approval of  
14 such application by the Authority any tax exemption granted to such housing  
15 corporation or any project and improvement thereof shall terminate, and  
16 such corporation and the projects thereof shall not thereafter be subject to

17 the restrictions and limitations imposed thereon by the act to which this act  
 18 is a supplement. In such event any surplus of such corporation then  
 19 remaining, in excess of the amount required for the repayment of the face  
 20 amount of investments of stockholders in the capital stock of such corpora-  
 21 tion plus any cumulative dividends at a rate not to exceed six per centum  
 22 (6%) per annum, shall be paid to the State of New Jersey; *provided, how-*  
 23 *ever, that* the Authority may enter into agreements with any municipality  
 24 where tax exemption has been provided pursuant to section eighteen of the  
 25 act to which this act is a supplement with respect to any project or projects  
 26 of such housing corporation for the distribution to and apportionment of  
 27 said surplus between the State and the municipality.

1     2. This act shall take effect immediately.

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#### STATEMENT

The purpose of this bill is to provide additional encouragement to private enterprise to engage in large-scale middle-income housing construction under the terms of the Limited-Dividend Housing Corporations Law enacted during the 1949 session of the Legislature.

The bill would authorize any limited-dividend housing corporation, at any time after fifteen years from the date of first tenant occupancy of any of its approved housing projects to apply to the State Housing Authority for permission to be released from the restrictions and limitations prescribed in the Limited-Dividend Housing Corporations Law. Prerequisites to the approval of any such application by the Authority are the consent of the governing body of each municipality in which tax exemption has been granted to any housing project of the corporation, and the finding by such governing body that there no longer exists any housing shortage in the municipality by reason of which the project was originally approved.

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If the Authority approves the application, any tax exemption granted to the housing corporation or any of its projects would terminate, and the corporation and its projects would not thereafter be subject to the restrictions and limitations of the Limited-Dividend Housing Corporations Law. Also, any surplus of the corporation then remaining, over and above the amount required for repayment of the face amount of investments of stockholders in the capital stock of the corporation plus cumulative dividends at a rate not in excess of six per centum per annum, would be paid to the State. The State Housing Authority would be authorized to enter into agreements with municipalities in which tax exemption was provided with respect to any project of the housing corporation for the distribution to and apportionment of the surplus between the State and the municipality.

[OFFICIAL COPY REPRINT]

ASSEMBLY, No. 4

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 13, 1950

By Mr. HAINES

Referred to Committee on Judiciary

AN ACT to supplement "An act to provide for the incorporation and regulation of limited-dividend housing corporations," approved May twenty-first, one thousand nine hundred and forty-nine (P. L. 1949, c. 184).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. Notwithstanding any provision of the act to which this act is a supple-  
2 ment to the contrary: Any limited-dividend housing corporation organized  
3 in accordance with the provisions of said act may, at any time after the ex-  
4 piration of fifteen years from the date of first tenant occupancy of any duly  
5 approved housing project of such corporation, apply to the Authority for  
6 permission to be released from the restrictions and limitations imposed up-  
7 on it under said act. The Authority may approve the application provided  
8 it is consented to, by resolution, by the governing body of each municipal-  
9 ity in which tax exemption has been granted to any housing project of such  
10 corporation, after a finding, by resolution of such governing body, that there  
11 no longer exists any housing shortage in the municipality by reason of  
12 which the project was originally approved. A duly certified copy of each of  
13 such resolutions shall be submitted to the Authority. Upon the approval of  
14 such application by the Authority any tax exemption granted to such housing  
15 corporation or any project and improvement thereof shall terminate, and  
16 such corporation and the projects thereof shall not thereafter be subject to

17 the restrictions and limitations imposed thereon by the act to which this act  
 18 is a supplement. In such event any surplus of such corporation then  
 19 remaining, in excess of the amount required for the repayment of the face  
 20 amount of investments of stockholders in the capital stock of such corpora-  
 21 tion plus any cumulative dividends at a rate not to exceed six per centum  
 22 (6%) per annum, shall be paid to the State of New Jersey; *provided, how-*  
 23 *ever, that* the Authority may enter into agreements with any municipality  
 24 where tax exemption has been provided pursuant to section eighteen of the  
 25 act to which this act is a supplement with respect to any project or projects  
 26 of such housing corporation for the distribution to and apportionment of  
 27 said surplus between the State and the municipality.

1        2. This act shall take effect immediately.

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SENATE, No. 185

STATE OF NEW JERSEY

INTRODUCED MARCH 6, 1950

By Mr. CLAPP

Referred to Committee on Revision and Amendment of Laws

A SUPPLEMENT to "An act to provide for the incorporation and regulation of limited-dividend housing corporations," approved May twenty-first, one thousand nine hundred and forty-nine (P. L. 1949, c. 184).

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*  
2 *Jersey:*

1 1. For all of the purposes of the act to which this act is a supplement,  
2 no person shall because of race, creed, color, national origin or ancestry be  
3 subject to any discrimination.

1 2. This act shall take effect immediately.

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STATEMENT

The purpose of this bill is to prohibit discrimination by reason of race, creed, color, national origin or ancestry in housing built with public funds or public assistance. The language of section one is taken from and follows the language of section twenty-one of the veterans' housing act; P. L. 1946, Second Sp. Sess., c. 323, p. 1361, §21.

This bill is sponsored by the Joint Council for Civil Rights and the following:

Americans for Democratic Action, New Jersey Council.

American Jewish Committee, Trenton and Essex County Chapters.

American Jewish Congress, New Jersey State Region.

American Legion, Guyton-Callahan Post, No. 152.  
American Veterans Committee, New Jersey State Council.  
B'nai B'rith Councils of New Jersey.  
Burlington County Council for Civil Rights.  
Camden County Council for Civil Rights.  
Essex County Intergroup Council.  
Essex County Republican Council, Inc.  
Gloucester County Civil Liberties Council.  
Jewish Community Council of Essex County.  
Lambda Kappa Mu, Delta and Epsilon Chapters.  
Morris County Committee for Civil Rights.  
National Conference of Christians and Jews.  
National Council of Jewish Women, New Jersey Conference.  
New Jersey State C. I. O. Council.  
New Jersey State Conference of N. A. A. C. P. Branches.  
New Jersey State Federation of Colored Women's Clubs, Inc.  
New Jersey State Federation of Labor, A. F. L.  
New Jersey State Federation of Teachers.  
Newark Teachers Union.  
North Jersey Civil Liberties League.  
Trenton Council on Human Relations.  
Union County Council for Civil Rights.  
Urban League of Essex County.  
Urban League Guild of New Jersey.

CHAPTER 112 LAWS OF N. J. 1967

APPROVED 6-19-67

SENATE, No. 364

STATE OF NEW JERSEY

INTRODUCED MARCH 6, 1967

By Senators GOLDMAN, GIBLIN and FERNICOLA

Referred to Committee on State, County and Municipal Government

AN ACT to amend the title of "An act to provide for the incorporation and regulation of limited-dividend housing corporations," approved May 21, 1949 (P. L. 1949, c. 184), so that the same shall read "An act to provide for the incorporation and regulation of limited-dividend or nonprofit housing corporations and associations," to amend and supplement the body of said act and amending chapters 21 and 69 of the laws of 1950 and chapter 249 of the laws of 1962, supplemental to said act.

1 BE IT ENACTED by the Senate and General Assembly of the State  
2 of New Jersey:

3 1. The title of chapter 184 of the laws of 1949 is amended to  
4 read as follows: An act to provide for the incorporation and regu-  
5 lation of limited-dividend or nonprofit housing corporations and  
6 associations.

7 2. Section 1 of chapter 184 of the laws of 1949 is amended to  
8 read as follows:

9 1. This act may be cited and referred to as the "Limited-Divi-  
10 dend Nonprofit Housing Corporations or Associations Law."

11 3. Section 2 of chapter 184 of the laws of 1949 is amended to  
12 read as follows:

13 2. It is hereby declared that there is a severe housing shortage  
14 in the State; that there are places in many municipalities of the  
15 State where dwellings lack proper sanitary facilities and are in  
16 need of major repairs or unfit for residential use; that these con-  
17 ditions are detrimental to the health, safety, morals, welfare and  
18 reasonable comfort of the people of the State; that these conditions  
19 reduce economic values and impair private investments and public  
20 revenues; that the improvement of these conditions requires the  
21 production of new dwellings at rents which the families who need  
22 housing can afford; that the creation of the agencies, associations

1 and corporations hereinafter described, is necessary and desirable  
2 for this purpose; that the provision of housing to make possible  
3 and to assist the clearance, planning, development or redevelop-  
4 ment of blighted areas, as proposed in this act, is a public purpose  
5 and a public use for which public money may be spent and private  
6 property acquired; and that the necessity in the public interest for  
7 the provisions hereinafter enacted is hereby declared as a matter  
8 of legislative determination.

9 4. Section 3 of chapter 184 of the laws of 1949 is amended to  
10 read as follows:

11 3. The following terms wherever used or referred to in this act  
12 shall have the following respective meanings, unless a different  
13 meaning clearly appears from the context:

14 (1) The term "authority" means the public housing and de-  
15 velopment authority in the Department of Conservation and Eco-  
16 nomic Development.

17 (2) The term "administrator" means the Commissioner of Con-  
18 servation and Economic Development, who is and shall be the  
19 administrator of the public housing and development authority.

20 (3) The term "council" means the State Housing Council in the  
21 Department of Conservation and Economic Development.

22 (4) The term "municipality" shall mean any city of any class,  
23 any town, township, village, borough, or any municipal subdivision  
24 of the State.

25 (5) The term "governing body" shall mean, in the case of a  
26 municipality, the common council, or the board of commissioners,  
27 or the body managing its affairs, except that, in the case of cities  
28 of the second class, having a population of not less than 133,000  
29 nor more than 200,000 inhabitants, the board of finance of such a  
30 city shall be the "governing body" for the purpose of this act.

31 (6) The term "housing project" or "project" shall mean any  
32 work or undertaking to provide decent, safe, and sanitary dwell-  
33 ings for families in need of housing; such undertaking may include  
34 any buildings, land (including demolition, clearance or removal of  
35 buildings from land), equipment, facilities, or other real or per-  
36 sonal properties or interests therein which are necessary, con-  
37 venient or desirable appurtenances of said undertaking, such as,  
38 but not limited to, streets, sewers, water, utilities, parks; site prep-  
39 arations; landscaping, and administrative, community, health, rec-  
40 reational, educational, welfare, commercial, or other facilities, or  
41 to provide any part or combination of the foregoing. The term  
42 "housing project" or "project" shall be deemed to include vet-  
43 eran housing projects constructed under the authority of an act

1 entitled "An act providing for housing for veterans of World War  
2 II and other people of the State and declaring an emergency in  
3 respect thereto" (P. L. 1946, c. 323).

4 (7) The term "housing corporation" means any private, limited-  
5 dividend *or nonprofit* housing corporation organized in accordance  
6 with the provisions of this act

7 (8) The term "bonds" shall mean any bonds, notes, interim  
8 certificates, debentures, or obligations issued pursuant to the pro-  
9 visions of this act.

10 (9) The term "Federal Government" means the United States  
11 of America or any department, administration, authority, instru-  
12 mentality, agency, agent or officer thereof, or any corporation  
13 created thereby.

14 (10) The term "State" means the State of New Jersey or any  
15 department, authority, agency or officer thereof.

16 (11) The term "gross shelter rent" shall mean the gross rent  
17 or carrying charge less the cost of utilities furnished by the project.  
18 These utilities shall include gas and electricity if supplied by the  
19 project; cost of heating fuel; cost of water supplied and sewage  
20 charges, if any.

21 (12) *The term "housing association" means any limited-distri-*  
22 *bution or nonprofit partnership, limited partnership, limited*  
23 *partnership association, trust, single proprietorship or other unin-*  
24 *corporated association organized in accordance with the provisions*  
25 *of this act or the act to which this is a supplement.*

26 5. Section 4 of chapter 184 of the laws of 1949 is amended to  
27 read as follows:

28 4. Housing corporations *or housing associations* may be organ-  
29 ized in the manner provided by this act to acquire, construct, alter,  
30 maintain, and operate housing projects for the purpose of provid-  
31 ing accommodations for families in need of housing and of devel-  
32 opment or redeveloping blighted areas, when authorized by the  
33 authority.

34 6. Section 5 of chapter 184 of the laws of 1949 is amended to  
35 read as follows:

36 5. Every stockholder of a housing corporation shall be deemed,  
37 by the subscription to or the receipt of stock therein, to have agreed  
38 that he shall at no time receive from the corporation in repayment  
39 of his investment any sums in excess of the face value of the in-  
40 vestment plus cumulative dividends at a rate not to exceed 8%  
41 per annum *and any person having any proprietary interest in any*  
42 *housing association shall by reason of his participation therein be*  
43 *deemed to have agreed that he shall at no time receive as a return*

1 on his investment any sums in excess of the face value of the in-  
2 vestment plus a cumulative return thereon in the aggregate at a  
3 rate not to exceed 8% per annum computed from the initial date  
4 in which moneys were paid over or property delivered in consid-  
5 eration for the proprietary interest of the investor. Upon the dis-  
6 solution of any such housing corporation or housing association  
7 any surplus in excess of such amounts shall be paid to the State  
8 of New Jersey; provided, however, that the authority may enter  
9 into agreements with any municipality where tax exemption is  
10 provided pursuant to section 18 of this act with respect to any  
11 project or projects of such housing corporation or association for  
12 the distribution to and apportionment of said surplus between  
13 the State and the municipality.

14 7. Section 1 of chapter 21 of the laws of 1950 is amended to read  
15 as follows:

16 1. As used in section 5 of the act to which this act is a supple-  
17 ment, and as used in any statute amendatory of or supplementary  
18 to said act, the term "surplus" shall not be deemed to include any  
19 increase in assets of any limited-dividend housing corporation or  
20 housing association organized in accordance with the provisions  
21 of [the] said act [to which this act is a supplement] or any sup-  
22 plement thereto, by reason of reduction of mortgage, by amorti-  
23 zation or similar payments or realized from the sale or disposition  
24 of any assets of a housing corporation or housing association to  
25 the extent such surplus can be attributed to any increase in market  
26 value of any real or tangible personalty accruing during the period  
27 such assets were owned and held by any such housing corporation  
28 or housing association.

29 8. Any one or more persons of the State as individuals may  
30 form a housing association for the aforesaid purposes by making,  
31 signing, acknowledging and filing a certificate of organization which  
32 certificate shall be filed with the office of the clerk of the county  
33 in which the principal place of business of the said housing associa-  
34 tion shall be situated. The said certificate shall in addition to the  
35 requirements of any other law to which it is subject, contain the  
36 following matters:

37 (1) The name of the proposed housing association.

38 (2) The purposes for which it is formed, which shall be to ac-  
39 quire, construct, maintain and operate housing projects as au-  
40 thorized under this act and the act to which this is a supplement.

41 (3) Its duration.

42 (4) The value and nature of each proprietary interest and an  
43 agreement that the owner thereof and his or their heirs, successors

1 or assignees shall be bound to limit any return thereto to an amount  
2 not to exceed 8% per annum of the amount invested therein except  
3 to the extent that such return shall not have been paid in a pre-  
4 vious year, or years, of operation, in which case, the said person,  
5 his heirs, successors or assigns may be paid said deficiency without  
6 interest out of any surplus earned in any succeeding years.

7 (5) The names and addresses of any persons holding any pro-  
8 prietary interest and the value thereof.

9 (6) A provision that no real property of the housing association  
10 shall be sold, transferred, encumbered or assigned except under  
11 and pursuant to the provisions of this act and the act to which  
12 this is a supplement and the regulations of the authority issued  
13 hereunder.

14 (7) Any other provisions, not inconsistent with this act or the  
15 act to which this is a supplement or other law for the regulation  
16 of the business and the conduct of the affairs of the housing as-  
17 sociation.

18 (8) A declaration that the housing association has been organ-  
19 ized to serve a public purpose and use; that its operations shall  
20 be directed to providing for and making possible the clearance,  
21 planning, development or redevelopment of blighted areas; and that  
22 it will at all times be subject to the supervision and control of the  
23 authority until and unless released therefrom in accordance with  
24 the procedures set forth in section 1 of chapter 69 of the laws of  
25 1950 (C. 55:16-22).

26 The said certificate shall be subject to approval by the authority  
27 as provided by section 7 of the act of which this act is amendatory  
28 and supplementary (C. 55:16-7).

29 9. Subject to the requirements, limitations and restrictions set  
30 forth in this act and the act to which this is a supplement, any  
31 housing association may be organized under the provisions gov-  
32 erning partnerships, limited partnerships, or limited partnership  
33 associations, trusts, single proprietorships, or as unincorporated  
34 business associations and except to the extent inconsistent here-  
35 with may exercise any of the powers, and enjoy any of the rights  
36 and privileges provided therefor by statute or law and shall in  
37 addition have the following express powers:

38 (1) To enter into contracts for the purchase, acquisition, con-  
39 struction, reconstruction, maintenance, operation and management  
40 of housing projects and for the purchase of equipment, materials  
41 and supplies necessary or incidental to these purposes.

42 (2) To lease, sell or exchange all of its capital assets with the  
43 consent of at least  $\frac{2}{3}$  in value of the holders of the proprietary

1 interest in the said housing association at any meeting called to  
2 vote thereon.

3 (3) To accept loans or grants from the Federal Government,  
4 the State or any municipal subdivision thereof in aid of housing  
5 projects owned or to be acquired or constructed by the association.

6 (4) To obtain, or aid in obtaining, from the Federal Government  
7 any insurance or guarantee or commitment therefor, as to, or for  
8 the payment or repayment of interest or principal, or both, or any  
9 part thereof, of any loan or other extension of credit, or any in-  
10 strument evidencing or securing the same, obtained or to be ob-  
11 tained or entered into by it; and to enter into any agreement,  
12 contract or any other instrument whatsoever with respect to any  
13 such insurance or guarantee.

14 The authority may make the exercise of any of the rights, powers  
15 and privileges of housing associations set forth in this section or  
16 referred to herein, subject to its prior approval.

17 10. No interest in any housing association or obligation thereof  
18 shall issue or be created except for money or property actually  
19 received by it for its use and lawful purposes. No proprietary  
20 interest therein or obligation shall be issued or created for property  
21 except upon a valuation approved by the authority.

22 11. Section 10 of chapter 184 of the laws of 1949 is amended to  
23 read as follows:

24 10. No housing corporation *or housing association* shall engage  
25 in any activity competitive with any public utility as defined in  
26 section 48:2-13 of the Revised Statutes.

27 12. Section 11 of chapter 184 of the laws of 1949 is amended to  
28 read as follows:

29 11. The authority, subject to the approval of the council, shall  
30 have the power to make, amend, modify and repeal rules and regu-  
31 lations to effectuate the purposes of this act and to supervise the  
32 operations of any housing corporations *or housing associations*  
33 thereunder. The authority shall also have the power to supervise  
34 the planning, development and management of any housing project  
35 undertaken by such corporation *or housing association* under this  
36 act *or any act supplemental thereto*. The functions, powers and  
37 duties conferred upon the authority by this act shall, subject to the  
38 rules and regulations referred to herein, be exercised by the ad-  
39 ministrator.

40 13. Section 12 of chapter 184 of the laws of 1949 is amended to  
41 read as follows:

42 12. Every corporation *or housing association* organized under  
43 this act, before purchasing, acquiring or undertaking any project

1 herein authorized, shall make written application to the authority  
2 for approval thereof. Said application may be made at the same  
3 time as the application for the approval of its *certification of in-*  
4 *corporation or if unincorporated, certificate of organization* and  
5 shall be in such form and certify as to such facts and data as to  
6 justify approval; and shall contain such other information as the  
7 authority may require including but not limited to:

8 (1) A statement by the governing body of the municipality in  
9 which the project be located certifying that the project will meet  
10 or meets an existing housing need, that it conforms to the require-  
11 ments of all applicable municipal ordinances, and that the govern-  
12 ing body approves of the development or acquisition of the project.

13 (2) A description of the project including such architectural and  
14 site plans as may be required.

15 (3) A statement of the cost or purchase price of the project in  
16 such detail as may be required.

17 (4) The source, method and amount of money to be raised  
18 through the investment of private capital setting forth the amount  
19 of stock or other securities to be issued therefor.

20 (5) A fiscal plan for the project giving the schedule of rents,  
21 the estimated expenditures for operation and maintenance, pay-  
22 ments to the municipality either for taxes or service charge and for  
23 interest, amortization and reserves.

24 (6) A statement showing that adequate light, air and open spaces  
25 will be provided and that the project will conform to reasonable  
26 standards of safety and sanitation.

27 14. Section 13 of chapter 184 of the laws of 1949 is amended to  
28 read as follows:

29 13. The authority shall have full and complete power to hear  
30 and consider or to refuse to consider all applications for incor-  
31 poration as a housing corporation *or for approval of a certificate*  
32 *of organization as a housing association* under this act and all ap-  
33 plications for housing projects to be purchased, acquired or under-  
34 taken by housing corporations. During or after such hearing, the  
35 authority shall have power to approve or disapprove any such  
36 incorporation *or certificate of organization* or housing project.

37 15. Section 14 of chapter 184 of the laws of 1949 is amended to  
38 read as follows:

39 14. The tuthority shall approve the purchase, acquisition or  
40 construction of a housing project by a housing corporation *or*  
41 *housing association* only under the following conditions:

42 (1) That the project is within an area where, under the condi-  
43 tions existing at the time, dwellings conforming to reasonable

1 standards of adequacy and renting at or below the average rent  
2 to be charged in the project, are not being provided in sufficient  
3 quantity through the ordinary operation of private enterprise.

4 (2) That there has been presented to the authority, in such form  
5 and with such proof as it may require, a financial plan covering  
6 the cost of lands and improvements and the operation of the proj-  
7 ect, such as shall reasonably assure the successful completion and  
8 operation of the project in accordance with the purposes of this act.

9 16. Section 16 of chapter 184 of the laws of 1949 is amended to  
10 read as follows:

11 16. Notwithstanding the provisions of any other law to the con-  
12 trary, the authority shall have the power to supervise housing  
13 corporations *or housing associations* and their real and personal  
14 property in the following respects:

15 (1) The authority may prescribe uniform systems of accounts  
16 and records for housing corporations *or housing associations* and  
17 may require them to make reports and give answers to specific  
18 questions on such forms and at such times as may be necessary  
19 for the purposes of this act.

20 (2) Through its agents or employees, the authority may enter  
21 upon and inspect the lands, buildings and equipment of a housing  
22 corporation *or housing association*, including all parts thereof, and  
23 may examine all books and records with reference to capital struc-  
24 ture, income, expenditures and other payments of a housing cor-  
25 poration *or housing association*.

26 (3) The authority may supervise the operation and maintenance  
27 of any project of a housing corporation *or housing association*  
28 and may order such repairs as may be necessary to protect the  
29 public interest or the health, welfare or safety of the project oc-  
30 cupants.

31 (4) The authority may fix, and alter from time to time, a schedule  
32 of rents and charges for any project of a housing corporation *or*  
33 *housing association*.

34 (5) The authority may determine standards for, and may con-  
35 trol, tenant selection by a housing corporation *or housing associa-*  
36 *tion*.

37 (6) The authority may require any housing corporation *or hous-*  
38 *ing association* to pay to the authority such fees as it may, subject  
39 to any regulations of the council, prescribe in connection with the  
40 examination, inspection, supervision, auditing, or other regulations  
41 of the housing corporation *or housing association*.

42 (7) The authority may order any housing corporation *or hous-*  
43 *ing association* to do, or to refrain from doing, such things as may

1 be necessary to comply with the provisions of law, the rules and  
2 regulations of the authority, and the terms of any contract or  
3 agreement to which the corporation *or association* may be a party.

4 (8) *The authority may regulate the retirement of any capital*  
5 *investment on the redemption of stock where any such retirement*  
6 *or redemption when added to any dividend or other distribution*  
7 *shall exceed in any one fiscal year 8% of the original face amount*  
8 *of any investment in any housing corporation or housing associa-*  
9 *tion.*

10 17. Section 17 of chapter 184 of the laws of 1949 is amended to  
11 read as follows:

12 17. The authority may institute any proceeding or action against  
13 any housing corporation *or housing association* in any court of  
14 competent jurisdiction in order to enforce the provisions of this  
15 act or the regulations of the authority thereunder approved by the  
16 council, or to foreclose its mortgage, or to protect the public in-  
17 terest, the tenants, the stockholders of the housing corporation or  
18 its creditors *or persons holding any proprietary interest in any*  
19 *housing association*. In connection with any such suit it may apply  
20 for the appointment of a receiver to manage, operate, and take  
21 over the affairs of said housing corporation *or housing association*  
22 and the administrator is hereby authorized to accept appointment  
23 as receiver of any such housing corporation *or housing association*  
24 when so appointed by a court of competent jurisdiction.

25 Reorganization of any housing corporation *or housing associa-*  
26 *tion* shall be subject to the supervision and control of the authority  
27 and no such reorganization shall be had without the consent of the  
28 authority. Upon all such reorganizations the amount of capitali-  
29 zation, including therein all stocks, income debentures and bonds  
30 *or in the case of a housing association, the proprietary interests*  
31 *therein*, and other evidence of indebtedness shall be such as is  
32 authorized by the administrator which, in making his determina-  
33 tion, shall not exceed the fair value of the property involved.

34 In any foreclosure action, other than a foreclosure action insti-  
35 tuted by the authority: the authority and the municipality in which  
36 any tax exemption or abatement is provided any housing corpo-  
37 ration *or housing association*, in addition to other necessary par-  
38 ties, shall be made parties defendant; and the authority and the  
39 municipality shall take all steps in such action necessary to pro-  
40 tect the interest of the public therein, and no costs shall be awarded  
41 against the authority or the municipality. Subject to the terms of  
42 any applicable contract, agreement, guarantee or insurance entered  
43 into or obtained pursuant to subsection (14) of section 8 hereof:

1 judgment of foreclosure shall not be entered unless the court to  
2 which application therefor is made shall be satisfied that the in-  
3 terest of the lien-holder or holders can not be adequately secured  
4 or safeguarded except by the sale of the property; and in any such  
5 proceeding, the court shall be authorized to make an order increas-  
6 ing the rentals to be charged for the housing accommodations in  
7 the project involved in such foreclosure, or appoint the adminis-  
8 trator or any officer of the municipality in which any tax exemption  
9 or abatement with respect to the project is provided, as a receiver  
10 of the property, or grant such other and further relief as may be  
11 reasonable and proper; and in the event of a foreclosure sale or  
12 other judicial sale, the property shall be sold only to a housing  
13 corporation *or housing association* which will maintain, operate  
14 and manage the project subject to the provisions of this act and  
15 the regulations of the authority, approved by the council, issued  
16 hereunder, unless the court shall find that the interest and princi-  
17 pal on the obligations secured by the lien the subject of foreclosure  
18 cannot be earned under the limitations imposed by the provisions  
19 of this act and that the proceeding was brought in good faith, in  
20 which event the property may be sold free of limitations imposed  
21 by this act or subject to such limitations as the court may deem  
22 advisable to protect the public interest.

23 In the event of a judgment against any housing corporation *or*  
24 *housing association* in any action not pertaining to the foreclosure  
25 of a mortgage, there shall be no sale of any of the real property  
26 of such housing corporation except upon 60 days' written notice  
27 to the authority. Upon receipt of such notice the administrator  
28 shall take such steps as in his judgment may be necessary to pro-  
29 tect the rights of all parties.

30 18. Section 18 of chapter 184 of the laws of 1949 is amended to  
31 read as follows:

32 18. When the governing body of any municipality in which a  
33 project of a housing corporation *or housing association* is or will  
34 be located, by resolution finds that the project is or will be an im-  
35 provement made for the purposes of the clearance, replanning,  
36 development, or redevelopment of any blighted area (as defined  
37 in any law of this State) within such municipality, or for any of  
38 such purposes, then such project and improvement shall be exempt  
39 from all property taxation; provided, that in lieu of taxes the  
40 housing corporation *or housing association* owning said project  
41 shall make to the municipality payment of an annual service charge  
42 for municipal services supplied to said project, in such amount,  
43 not exceeding the tax on the property on which the project is lo-

1 cated for the year in which the undertaking of said project is com-  
2 menced or 15% of the annual gross shelter rents obtained from  
3 the project, whichever is the greater, as may be agreed to by the  
4 municipality and the housing corporation *or housing association*  
5 and approved by the authority. Any exemption from taxation  
6 made pursuant to the provisions of this section shall not extend  
7 for a period of more than 50 years and shall only be effective dur-  
8 ing the period of usefulness of the project as determined by the  
9 authority and shall continue in force only while the project is  
10 owned by a housing corporation *or housing association* formed  
11 under this act and regulated by the authority or owned or operated  
12 by the authority.

13 19. Section 1 of chapter 249 of the laws of 1962 is amended to  
14 read as follows:

15 1. The governing body of any municipality in which a project  
16 of a limited-dividend housing corporation *or housing association*  
17 is located, may, by ordinance, provide for the payment of money  
18 as a subsidy to such limited-dividend housing corporation *or hous-*  
19 *ing association* for the purpose of acquiring land for such project.  
20 Every such ordinance shall specify the amount or amounts of such  
21 payments, the time or times they are payable, and the terms and  
22 conditions of such payments.

23 20. Section 1 of chapter 69 of the laws of 1950 is amended to  
24 read as follows:

25 1. Notwithstanding any provision of the act to which this act  
26 is a supplement to the contrary, any limited-dividend housing cor-  
27 poration *or association* organized in accordance with the provi-  
28 sions of said act may, at any time after the expiration of 15 years  
29 from the date of first tenant occupancy of any duly approved  
30 housing project of such corporation *or association*, apply to the  
31 authority for permission to be released from the restrictions and  
32 limitations imposed upon it under said act. The authority may  
33 approve the application provided it is consented to, by resolution,  
34 by the governing body of each municipality in which tax exemption  
35 has been granted to any housing project of such corporation, after  
36 a finding, by resolution of such governing body, that there no  
37 longer exists any housing shortage in the municipality by reason  
38 of which the project was originally approved. A duly certified  
39 copy of each of such resolutions shall be submitted to the authority.  
40 Upon the approval of such application by the authority any tax  
41 exemption granted to such housing corporation *or association* or  
42 any project and improvement thereof shall terminate, and such  
43 corporation *or association* and the projects thereof shall not there-

1 after be subject to the restrictions and limitations imposed thereon  
2 by the act to which this act is a supplement. In such event any  
3 surplus of such corporation *or association* then remaining, in ex-  
4 cess of the amount required for the repayment of the face amount  
5 of investments of stockholders in the capital stock of such corpo-  
6 ration *or of persons holding any proprietary interest in any hous-*  
7 *ing association* plus any cumulative dividends *or return on invest-*  
8 *ment* at a rate not to exceed 8% per annum, shall be paid to the  
9 State of New Jersey; provided, however, that the authority may  
10 enter into agreements with any municipality where tax exemption  
11 has been provided pursuant to section 18 of the act to which this  
12 act is a supplement with respect to any project or projects of such  
13 housing corporation *or association* for the distribution to and ap-  
14 portionment of said surplus between the State and the municipality.  
15 21. This act shall take effect immediately. 1967

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Sponsor(s) STATEMENT to Senate No. 364

The attached proposal essentially makes it possible for private developers to undertake limited-dividend housing projects in unincorporated form as well as a corporation. The present law limits the developer to sponsorship as a corporation. Under the Internal Revenue Code there are distinct tax advantages for investors under certain circumstances in utilizing unincorporated business entities. By making the law more flexible, it is believed that more private capital will find its way into sponsoring this form of middle income housing and will mean a greater supply of middle income housing, particularly in conjunction with urban renewal. While the New Jersey State Constitution Article VIII, Section III, Par. I is written in terms of "corporations" the recent case of *McClintock vs. Trenton*, 47 N. J. 102 (1966) indicates that use of noncorporate entities in conjunction with slum clearance would be equally valid.

In addition to the purpose cited above, the changes would make investing in this type of housing more attractive by enabling the sponsor to retain any increase in market value due to general changes in the real estate market. Also, the proposed change makes it clear that the act can be used by nonprofit groups as well as by limited-dividend or return sponsors.