

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

COPY NO. 3

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

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

*NOT IN GOVERNOR'S MESSAGES
1947-50. NOT IN 1949 SEN.

JOURNAL OR
ASSEMBLY
MINUTES.

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L. 1949, Chapter 184 - A46

Introduced March 28 by Mr. Miller.

Also: 974.90 H842, 1949, March 28 - Amended in Assembly.

Record of public hearing
on Assembly bill 45
(proposed state
housing law of 1949)

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

and Assembly
bill 48 (proposed
authorization for
one hundred million
dollar housing bond
issue, subject
to referendum)
before the judiciary
committees

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 (photostat of original enclosed)
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.
1956 ~~(copy enclosed)~~

L. 1957, Chapter 87 - A418
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

00:16-1 217.
November 29, 1974

- 3 -

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.

MS/PC

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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.

STATEMENT

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 redevelopment of blighted areas. This bill will enable private enterprise to provide low cost housing.

Minutes of the House

USE

MONDAY, MARCH 28, 1949

661

act concerning edu-
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an act concerning
making appropria-

ider suspension of
s proposed by Mr.

ill 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

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 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 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 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.

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.

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.

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.

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.

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

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.