

55:142-2
RS 55-142-2

November 6, 1969

LEGISLATIVE HISTORY OF R.S. 55:142-2
(Housing - tax exemptions)

COPY NO. 3

L. 1949, Chapter 185 - A47
March 28 - Introduced
April 4 - Passed in Assembly.
April 8 - Passed in Senate.
May 21 - Approved, Chapter 185
Not amended during passage.
Statement copy attached

See also:

974.90 N.J. Legislature. Jt. Jud. Com.
H842 Record of public hearing on A45 (proposed
1949b state housing law of 1949) and A48 (proposed
authorization) ... May 5, 1949.

N.J. Municipalities article by Charles R. Erdman, Jr., enclosed;
source - vol. 26, p. 15-17, June 1949.

We do not have any newspaper clippings dating to the enactment
of this law.

JH/PC

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STATEMENT

The object of this bill is to revise Chapter 52, Laws of 1946, in light of constitutional amendment, which now permits tax exemption in the rehabilitation of blighted areas.

974.905
M96

June 1949 N.J. Municipalities

New Jersey's New Housing Program

By CHARLES R. ERDMAN, Jr.

Commissioner, N. J. State Department of Conservation and Economic Development

Mr. Erdman

ON March 28th, Governor Driscoll proposed to a Joint Session of the Legislature the adoption of a low-cost housing and slum clearance program as outlined in his Annual Message to the Legislature on January 11th. At the same time, Assembly Bills Nos. 45 to 49, inclusive, implementing the Governor's program, were introduced by Assemblyman Miller.

The Housing Need

Basically, the program is designed to alleviate the continuing housing shortage by providing for low-cost rental units within the means of families in the lower and medium income brackets in need of housing, and for slum clearance and redevelopment of blighted areas. As pointed out by the Governor, "Despite the prodigious accomplishments of our builders, workmen, realtors and investment institutions in the years since the cessation of hostilities, there is a continuing need for low-cost housing within the reach of families of limited incomes. . . . Likewise, despite the fact that New Jersey is one of the leading states in the country in the production of rental housing units, there has been no concerted attack upon our slum areas."

The current housing shortage is found in municipalities containing three-fourths of the population of the State according to replies made by the Mayors of those municipalities to a questionnaire sent to them by the Department of Economic Development last year. Need for 70,000 dwellings was indicated by estimates in those replies. It was also estimated that approximately one-fourth of the need would be met by builders within two years and that some 50,000 dwelling units, within the reach of medium and low income families, would continue to be required at the end of that period, with little or no prospect for relief of the situation within the immediate future.

As might be expected, the greatest housing need was reported in the largest cities. The housing need reported by the Mayors was made up of 55 per cent by the families of veterans and 45 per cent by the families of non-veterans.

low incomes. For example, in seven large cities, those who applied for housing under the State emergency program but who could not be accommodated, had an average income of \$46 per week. Specifically, out of 15,000 veterans, one-third had incomes below \$42 per week, one third had incomes between \$42 and \$52, and almost one-third had incomes between \$52 and \$80 per week.

These figures clearly outline the extent and character of the housing need in the State. Obviously, there is great need for housing located in large cities, and many smaller ones, to take care of both veteran and non-veteran families. Dwellings at low and moderate rents are just not available. There is a concentrated need for units renting in the neighborhood of \$40 and \$50 per month.

The Housing Problem

To provide such housing is part of the problem which has been given intensive and widespread study during recent years. No cheap and easy solution to it is now likely to be found. Progress toward a solution will require the active cooperation of private builders and quasi public housing corporations and the coordinated efforts of government.

The program which the Governor has proposed takes account of these requirements. It takes account of existing housing needs and proposes to meet them in the places where they are found. It also takes account of the Constitutional requirements within which the program must operate.

The initial phase of the program may be financed through bonds to be issued by the State Housing Authority. These bonds are made legal for investment purposes by public agencies and financial institutions. Federal Housing Administration insurance or other insurance securing the principal in such cases would be provided. The program also calls for a referendum on authorization for a one hundred million dollar bond issue which could be amortized without new taxes by using revenue from the existing emergency housing program and from the new housing program.

The funds of the State Housing Authority are to be loaned on the same terms as are paid by the State in borrowing the money which will mean about 2 per cent interest with long-term amortization. These favorable terms should effect a reduction in rent of \$12 to \$15 per dwelling per month from current commercial practice, other things being equal.

The program is designed to afford private enterprise every possible opportunity to supply the needed housing before resorting to public agencies. The building interests with the knowhow will be given the first opportunity to house New Jersey's low and medium income families. Applications for State aid for housing construction must be considered from resident builders, cooperatives, limited-dividend corporations, redevelopment corporations, municipalities and local housing authorities in the order named.

Municipal Cooperation

The program leans heavily on the municipalities for cooperation and support. Projects will have to be approved by the governing bodies of the municipalities in which they are located. The municipality may grant tax abatement to limited-dividend and redevelopment corporations for projects constructed in accordance with a plan for the redevelopment of blighted areas. Such tax abatement, of course, will effect a further rent reduction that will vary in amount from place to place.

Aid in reducing the costs of slum clearance and of site acquisition will depend on the initiative of the municipality. In general, municipalities are enabled to control the character of projects and the rents to be charged by the extent of tax abatement granted and by the amount of aid given to reduce slum clearance and site costs. For the purpose of aiding the planning, development or redevelopment of blighted or slum areas, subsidies by the State of up to one per cent of development cost per year may also be granted to municipalities and local housing authorities under certain circumstances. It should be noted that the Federal General Housing Act of 1949 (S.1070) which was passed by the U. S. Senate on April 22, contains provisions for appropriations for loans and capital grants to aid municipalities with slum clearance and the redevelopment of blighted areas.

The State Program

The State program is intended to produce additional housing and to avoid substituting for normal private construction. To accomplish this, the program will be confined with few exceptions (notably cooperatives) to rental housing. By this means, competition with private builders and with home-financing institutions may be largely minimized. Furthermore, in the construction of rental housing the benefits of the program, extending over long periods, are not immediately and finally distributed as they would have to be if housing

To cover the requisite range of rent and income levels, the State program is intended to be flexible enough to operate in several ways, with varying amounts of governmental aid and with corresponding reductions in the rent to be charged as follows:

- (1) State loans to private developers at the interest and amortization rates paid by the State.
- (2) State loans to private limited-dividend housing corporations at the interest and amortization rates paid by the State plus tax abatement.
- (3) State loans to urban redevelopment corporations or local housing authorities at the interest and amortization rates paid by the State, plus tax abatement, plus governmental aid for part of the slum clearance and site costs.
- (4) State loans to municipalities or local housing authorities at the rates paid by the State, plus tax abatement, plus governmental aid for part of the slum clearance and site costs.

The method to be used in a particular case will be determined by a combination of several factors, such as: fair allocation of funds to meet existing rental housing needs in the several municipalities of the State; the rental levels at which housing is needed in the municipality; and ability and willingness of the municipality to contribute to the aid of the project.

The task of meeting the housing needs would be undertaken by private developers wherever a need can be met at rent levels resulting only from the low interest rate on State loans; by private limited-dividend housing corporations where the need must be met at a rent level which also requires tax abatement; and by urban redevelopment corporations where slum clearance and redevelopment are required in addition to State loans and tax abatement. In municipalities where private organizations are not induced to operate, a positive procedure is provided through the local housing authorities or the municipality itself.

The responsibility for administering the State program is placed upon the State Housing Authority in the Department of Conservation and Economic Development. The Authority would be empowered to grant loans and other State Aid and would have supervision over rentals and selection of tenants. As to one-half of the dwelling units created under the program, preference would be given to veterans with children. The remaining fifty per cent of the dwelling units would be allocated on the basis of greatest need. This ratio will apply in each municipality.

The bills implementing the Governor's program are:

Assembly, No. 45: "*The State Housing Law of 1949*". This bill provides for the program to be carried out by the State Housing Authority in conjunction with resident builders, cooperatives, limited-dividend corporations, urban redevelopment companies, municipalities and local housing authorities, in the order

State aid for the construction of housing. It defines the powers of the Authority in the administration of the program.

Assembly, No. 46, "An act to provide for the incorporation and regulation of limited-dividend housing corporations" is necessary under the State Constitution in order to permit the granting of tax abatement to the projects of such corporations, whose dividends are limited to 6 per cent, and thereby to enable private enterprise to participate to a greater extent in the clearance and redevelopment of blighted areas and slums.

Assembly, No. 47, is an act to amend the Urban Redevelopment Law (P.L. 1946, c. 52) also known as the Preiser Act. The amendments are intended to bring the Law into conformity with certain provisions of the new State Constitution. Other provisions would enable the establishment of lower rentals while at the same time providing additional inducements for investment companies to enter low-rental housing construction.

Assembly, No. 48, "An act authorizing the creation of a debt of the State of New Jersey by the issuance of bonds of the State in the sum of one hundred million dollars (\$100,000,000.00) to provide housing for the people of the State; providing the ways and means to pay the interest of said debt, and also to pay and discharge the principal thereof, and providing for the submission of this act to the people at a general election," is explained by its title. It provides for a referendum at the November election on a State bond issue to obtain funds to implement the housing program. The bonds would be amortized without new taxes by using revenues from the existing emergency housing program and from the new housing program.

Assembly, No. 49 amends the law (P.L. 1946, c. 323) which established the State Emergency Housing Program by repealing obsolete provisions, extending powers that are still needed and integrating the Emergency Program with the proposed new housing program.

A-46, A-47 and A-49 passed both houses of the Legislature at the last session and probably will have been approved by the Governor when this article is published.

A-45 and A-48 are to be considered by the Legislature at a Special Session to be called by the Governor in the near future, following a public hearing on these bills.

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William M. Beard
Counsellor at Law
Westfield, N. J.

CITIES ARE WHAT MEN MAKE THEM

*Cities are what men make them,
Wherever those cities may be,
Whether out on the desolate desert,
Or set by the surging sea,
Though they cleave to the breasts of mountains,
Or nestle by rivers broad,
Cities are what men make them,
On the land that is given of God*

*Cities are what men make them,
What men demand they shall be,
Slothful, shrewd, slopy,
Progressive, beautiful, free.
If the hearts of the builders are noble,
In one with the day and the need,
They build unto grandeur and greatness,
For thus it was ever decreed.*

*So take up your work as you find it,
Nor grumble at what you have not,
Be one of the men to make greater,
The place where you have cast your lot.
If the ocean shall threaten to overwhelm you,
Build a dyke that will laugh at its might,
Cities are what men make them,
Who are willing to labor and fight."*

(Author Unknown)

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