

54: 4-3.73 et al

LEGISLATIVE HISTORY CHECKLIST

(Taxation - Property - Municipalities - Abatement or exemption from taxation for improvements or conversions to multiple dwellings)

WISA 54:4-3.121 to 54:4-3.129; 54:4-3.73 et al.

LAWS OF 1979

CHAPTER 233

Bill No. S525

FOR ATTACHMENTS  
SEE 54-3-121  
to 54-3-129

Sponsor(s) Feldman

Date Introduced Pre-filed

Committee: Assembly Taxation

Senate County and Municipal Gov't; Revenue, Finance & Appropriations

Amended during passage Yes

xxx Amendments during passage denoted by asterisks

Date of Passage: Assembly July 19, 1979

Senate May 21, 1979

Date of approval Oct. 30, 1979

Following statements are attached if available:

Sponsor statement Yes xx

Committee Statement: Assembly Yes xx

Senate Yes xx 2-13-79, 5-3-79 & 8-6-79

Fiscal Note Yxxx No

Veto message Yxxx No

Message on signing Yxxx No

Following were printed:

Reports Yxxx No

Hearings Yxxx No

Constitutional amendment cited in sponsor's statement:  
ACR 175, 177, 178 (1975)

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SENATE, No. 525

# STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Senator FELDMAN

AN ACT providing for exemption or abatement from taxation in certain instances, amending P. L. 1975, c. 104 \*and P. L. 1977, c. 284,\* and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. The Legislature finds and declares that:

2 a. Article VIII, Section I, paragraph 6 of the Constitution autho-  
3 rizes the Legislature to enact general laws under which municipali-  
4 ties may adopt ordinances granting exemptions or abatements from  
5 taxation for limited periods of time not in excess of 5 years on  
6 buildings and structures in areas declared in need of rehabilitation  
7 in accordance with statutory criteria, within such municipalities  
8 and to the land comprising the premises upon which such buildings  
9 or structures are erected and which is necessary for the fair  
10 enjoyment thereof.

11 b. The deterioration of once-flourishing residential neighborhoods  
12 is a problem of enormous magnitude for the State of New Jersey,  
13 the solution of which has been, and should continue to be, an  
14 overriding public purpose of Federal, State and local governments.

15 c. The deterioration of such neighborhoods is in large measure  
16 the result of the unwillingness of the owners of, and investors in,  
17 residential properties to properly maintain and improve their  
18 properties arising out of fear of the resulting increase in property  
19 taxes, and from pragmatic and emotional decisions concerning the  
20 future viability of such neighborhoods.

21 d. In many such neighborhoods, particularly in urban centers,  
22 much of the existing housing is in the form of multiple dwelling  
23 structures, the deterioration of which has enormous psychological  
24 and financial impact upon owners of, and investors in, residential

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.

25 properties in the surrounding neighborhood and upon the relative  
26 tax burden borne by residents of the municipality.

27 e. Furthermore, in many urban municipalities a shortage of  
28 housing exists side-by-side with the existence of abandoned and  
29 deteriorating buildings and structures, including hotels and com-  
30 mercial buildings, which if converted into residential multiple  
31 dwellings would again shoulder a share of the municipal tax burden.

32 f. By exempting for a limited period improvements to existing  
33 multiple dwellings and the costs of converting other buildings and  
34 structures to multiple dwellings, and providing for the abatement  
35 of some portion of the assessed value of such buildings before  
36 improvement or conversion, a substantial incentive could be pro-  
37 vided for owners and investors in multiple dwellings to rehabilitate  
38 and improve such properties and, incidentally, their respective  
39 neighborhoods and municipalities.

40 g. The cost of rehabilitating multiple dwellings and of converting  
41 other buildings and structures to use as multiple dwellings is so  
42 extraordinarily high, and yet the impact of the existence of deterio-  
43 rating multiple dwellings on a **\*\*[neighborhood]\*\*** **\*\*neighbor-**  
44 **hood\*\*** is so great, as to necessitate legislation specifically directed  
45 to the provision of tax incentives tailored especially to promoting  
46 the accomplishment of these purposes.

1 2. As used in this act:

1A *\*a. "Abatement" means that portion of the assessed value of*  
1B *a property as it existed prior to an improvement or conversion*  
1C *alteration which is exempted from taxation pursuant to subsection*  
1D *b. of section 4 of this act;\**

2 **\*[a.]\* \*b.\*** "Assessor" means the assessor, board of assessors or  
3 any other official or body of a taxing district charged with the duty  
4 of assessing real property for the purpose of general taxation;

5 **\*[b.]\* \*c.\*** "Completion" with respect to the conversion or im-  
6 provement of any building or structure, means substantially ready  
7 for the use for which it was intended or converted;

8 **\*[c.]\* \*d.\*** "Conversion" or "conversion alteration" means the  
9 alteration or renovation of a nonresidential building or structure,  
10 or hotel, motel, motor hotel or guesthouse, in such manner as to  
11 convert such building or structure from its previous use to use as a  
12 multiple dwelling**\*[**, provided that such conversion shall involve  
13 the provision of a number of bedrooms equal to the number of  
14 dwelling units created thereby**]\***;

15 **\*[d.** "Dwelling unit" means any room or rooms of a multiple  
16 dwelling, or suite or apartment thereof, whether furnished or

17 unfurnished, which is occupied, or intended, arranged or designed  
18 to be occupied, for sleeping or dwelling purposes by one or more  
19 persons, including but not limited to the owner thereof, or any of  
20 his servants, agents or employees, and shall include all privileges,  
21 services, furnishings, furniture, equipment, facilities and improve-  
22 ments connected with the use or occupancy thereof, whether used,  
23 occupied or enjoyed singly by the occupant of a dwelling unit or  
24 in common with occupants of other dwelling units of the same  
25 multiple dwelling;】\*

26 \*e. "Cost," when used with respect to an improvement or con-  
27 version alteration, means only the cost or fair market value of  
28 direct labor and materials used in improving a multiple dwelling,  
29 or in converting another building or structure to a multiple dwell-  
30 ing, including any architectural, engineering, and contractors' fees  
31 associated with the improvement or conversion, as the owner of the  
32 property shall cause to be certified to the governing body by an  
33 independent and qualified architect, following the completion of  
34 the project;

35 f. "Exemption" means any portion of the assessor's full and  
36 true value of any improvements or conversion alterations not re-  
37 garded as increasing the taxable value of a property pursuant to  
38 subsection a. of section 4 of this act;\*

39 \*【e.】\* \*g.\* "Improvement" means a physical change in an exist-  
40 ing multiple dwelling, other than ordinary painting, repairs and re-  
41 placement of maintenance items, \*and other than the repair of fire  
42 or other damage to the property for which payment of a claim was  
43 received by any person from an insurance company at any time  
44 during the 3-year period immediately preceding the filing of an  
45 application pursuant to section 9 of this act,\* which improves the  
46 safety, sanitation, decency or attractiveness of such multiple dwell-  
47 ing as a place for human habitation, which involves a renovation,  
48 restoration or modernization which affects \*common areas or ele-  
49 ments or\* three or more dwelling units within such multiple dwell-  
50 ing, and which does not change the size or permitted use of the  
51 multiple dwelling;

52 \*【f.】\* \*h.\* "Multiple dwelling" means any building or structure  
53 \*【of one or more stories and any land appurtenant thereto, in which  
54 three or more dwelling units are occupied, or are intended to be  
55 occupied by three or more persons who live independently of each  
56 other, provided, however, that this definition shall not be construed  
57 to include any building or structure defined as a hotel pursuant to  
58 the】\* \*meeting the definition of "multiple dwelling" set forth in

59 *the* “Hotel and Multiple Dwelling Law,” P. L. 1967, c. 76  
 60 (C. 55:13A-1 et seq.)*],* or registered as a hotel with the Commis-  
 61 sioner of Community Affairs pursuant to that act, or occupied or  
 62 intended to be occupied exclusively as such. The term “multiple  
 63 dwelling” includes within its meaning any building or structure  
 64 variously known as a garden apartment or project; that is, a group  
 65 of buildings, any of which singly meets the definition of multiple  
 66 dwelling, which are or are represented to be under common or  
 66A substantially common ownership and which stand on a single parcel  
 66B of land or parcels of land which are contiguous and which group of  
 66C buildings is named, designated or advertised as a common entity,  
 67 the contiguity of which parcels shall not be adversely affected by  
 68 public rights-of-way incidental to such buildings]*;*

69 *\*[g.]\* \*i.\** “Horizontal property regime” means any property  
 70 submitted to a horizontal property regime pursuant to the  
 71 “Horizontal Property Act,” P. L. 1963, c. 168 (C. 46:8A-1 et seq.);  
 72 and

73 *\*[h.]\* \*j.\** “Condominium” means any property created or  
 74 recorded as a condominium pursuant to the “Condominium Act,”  
 75 P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

76 *\*\*\*[\*\*k. “Qualified municipality” means any municipality deter-*  
 77 *mined to be eligible to grant exemptions from taxation pursuant*  
 78 *to P. L. 1975, c. 104 (C. 54:4-3.73 et seq.).\*\*\*]*

1 3. The governing body of any *\*\*\*[\*\*qualified\*\*]* municipality  
 2 may determine that *\*[one or more multiple dwellings]\* \*areas\**  
 3 within such municipality are in need of *\*[substantial rehabilita-*  
 4 *tion]\* \*rehabilitation, and that one or more multiple dwellings lo-*  
 5 *cated within such areas are in need of rehabilitation\**, or that one or  
 6 more other buildings and structures *\*located within such areas are\**  
 7 in need of such rehabilitation *\*and\** could advantageously be con-  
 8 verted to multiple dwellings, or both. Any such determination shall  
 9 be made in keeping with *\*[guidelines]\* \*regulations\** which shall  
 10 be promulgated by the Commissioner of the Department of Com-  
 11 munity Affairs *\*\*pursuant to the “Administrative Procedure*  
 12 *Act,” P. L. 1968, c. 410 (C. 52:14B-1 et seq.),\*\** which may take  
 13 into consideration the following: existence of blighted areas in the  
 14 municipality; deterioration of housing stock; age of housing stock;  
 15 supply of and demand for housing in the municipality; and arrear-  
 16 age in real property taxes due on residential properties. *\*\*\*The*  
 17 *governing body may also permit the conversion of industrial prop-*  
 18 *erties to residential use to further the purpose of this act.\*\*\**

1 4. a. Any *\*\*\*[\*\*qualified\*\*]* municipality making a determi-  
 2 nation as set forth in section 3 of this act may enact an ordinance

3 providing for exemptions from taxation of improvements to multi-  
4 ple dwellings or for other buildings or structures converted to  
5 multiple dwelling use, or both. In granting such exemptions, the  
6 municipality may, in determining the value of real property for the  
7 purposes of taxation, regard up to the assessor's full and true value  
8 of such improvements or conversion alterations as not increasing  
9 the value of such property for a period of 5 years, notwithstanding  
10 that the value of the property to which such improvements or con-  
11 version alterations are made is increased thereby; provided, how-  
12 ever, that during said period, the assessment on such property shall  
13 in no case, except that of an abatement as provided in subsection b.  
14 of this section, or damage through action of the elements sufficient  
15 to warrant a reduction, be less than the assessments thereon existing  
16 immediately prior to such improvements or conversion alterations.

17 b. Any such ordinance granting such exemptions may also provide  
18 for the abatement of some portion of the assessed value of property  
19 receiving such an exemption as it existed immediately prior to the  
20 improvement or conversion alteration. Any such abatement for any  
21 single such property may be granted with respect to any such  
22 property for a total of up to 5 years, but the total amount of  
23 abatements granted to any single such property shall not exceed  
24 the total cost of the improvement or conversion alteration. The  
25 amount of abatement to be granted in each year of the abatement  
26 period shall be specified in the adopting ordinance and shall not  
27 exceed the following:

28 (1) For the first year for which an abatement is granted, up to  
29 ~~\*[10%]\*~~ \*30%\* of the cost of the improvement or conversion  
29A alteration;

30 (2) For the second year for which an abatement is granted, up to  
31 ~~\*[15%]\*~~ \*25%\* of the cost of the improvement or conversion  
31A alteration;

32 (3) For the third year for which an abatement is granted, up to  
33 20% of the cost of the improvement or conversion alteration;

34 (4) For the fourth year for which an abatement is granted, up to  
35 ~~\*[25%]\*~~ \*15%\* of the cost of the improvement or conversion  
35A alteration; and,

36 (5) For the fifth year for which an abatement is granted, up to  
37 ~~\*[30%]\*~~ \*10%\* of the cost of the improvement or conversion  
37A alteration.

38 ~~\*[(6)]\*~~ Any exemption or abatement granted pursuant to an  
39 ordinance adopted in conformity with the provisions of this act  
40 shall terminate immediately upon the transfer of title of the prop-  
41 erty with respect to which such exemption or abatement was  
42 provided.

1 5. The assessor of the local taxing district in which an ordinance  
2 adopted pursuant to this act is in force shall determine on October  
3 1 of the year following the date of the completion of the improve-  
4 ment or conversion alteration the true taxable value of the improve-  
5 ment or conversion alteration. The amount of tax to be paid for  
6 the first tax year following the completion of the improvement or  
7 conversion alteration shall be based on the assessed valuation of  
8 the property for the previous tax year, plus any portion of the  
9 assessed valuation of the improvement or conversion alteration not  
10 allowed an exemption pursuant to subsection a. of section 4 of  
11 this act, minus the amount of the abatement, if any, allowed  
12 pursuant to subsection b. of section 4 of this act. Subject to the  
13 restrictions and amounts set forth in section 4 of this act, such  
14 property may continue to be so treated for each of the 5 tax years  
15 subsequent to the original determination by the assessor.

1 6. Any ordinance adopting the provisions of this act may also  
2 provide that an additional improvement, completed on a property  
3 granted a previous exemption or abatement pursuant to this act  
4 during the period in which such previous exemption or abatement  
5 is in effect, shall be qualified for an exemption, or exemption and  
6 abatement, just as if such property had not received a previous  
7 exemption or abatement. In such case, any such additional  
8 improvement shall be considered as a separate improvement for  
9 the purposes of calculating exemptions and abatements pursuant  
10 to this act, except that the assessed value of any previous improve-  
11 ments shall be added to the assessed valuation as it was prior to  
12 such previous improvements or conversion alterations, for the  
13 purpose of determining the assessed valuation of the property  
14 from which any additional abatement is to be subtracted. Unless  
15 provided by ordinance, no such additional improvement exemption  
16 or abatement shall be allowed.

1 7. Horizontal property regimes and condominiums shall be  
2 eligible for exemptions and abatements authorized pursuant to  
3 this act, but only with respect to improvements to "general common  
4 elements" and "common elements" as defined pursuant to the  
5 "Horizontal Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.),  
6 and the "Condominium Act," P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

1 8. No exemption or abatement shall be granted pursuant to this  
2 act with respect to any property for which property taxes are  
3 delinquent or remain unpaid, or for which penalties for nonpayment  
4 of taxes are due.

1 9. No exemption or abatement shall be granted pursuant to this  
2 act except upon written application therefor filed with and ap-  
3 proved by the assessor of the taxing district wherein such improve-  
4 ment or conversion alteration is made. Every such application  
5 shall be on a form prescribed by the Director of the Division of  
6 Taxation in the Department of the Treasury, and provided for the  
7 use of claimants by the governing body of the municipality con-  
8 stituting the taxing district, and shall be filed with the assessor  
9 within 30 days, including Saturdays and Sundays, following the  
10 completion of the improvement or conversion alteration. Every  
11 such application for exemption, or exemption and abatement, within  
12 a municipality adopting the provisions of this act which is filed  
13 within the time specified, shall be approved and allowed by the  
14 assessor to the degree that such application is consistent with the  
15 provisions of such adopting ordinance, provided that the improve-  
16 ment or conversion alteration for which such application is made  
17 qualifies as an improvement or a conversion alteration pursuant  
18 to the provisions of this act. The granting of any such exemption,  
19 or exemption and abatement, shall be recorded and made a  
20 permanent part of the official tax records of the taxing district,  
21 which record shall contain a notice of the termination date of the  
22 exemption and the consequences of transfer of title.

1 10. Section 2 of P. L. 1975, c. 104 (C. 54:4-3.73) is amended to  
2 read as follows:

3 2. As used in this act:

4 a. "Assessor" means the assessor, board of assessors or any  
5 other official or body of a taxing district charged with the duty of  
6 assessing real property for the purpose of general taxation.

7 b. "Completion" means substantially ready for the use for  
8 which it was intended.

9 c. "Dwelling" means any building or part of a building used,  
10 to be used or held for use as a home or residence, including acces-  
11 sory buildings located on the same premises, together with the land  
12 upon which such building or buildings are erected and which may  
13 be necessary for the fair enjoyment thereof, *but shall not mean any*  
14 *building or part of a building, defined as a "multiple dwelling"*  
15 *\*[or "project"]\* pursuant to the "Hotel and Multiple Dwelling*  
16 *Law," P. L. 1967, c. 76 (C. 55:13A-1 et seq.). A dwelling shall in-*  
17 *clude individual residences within a horizontal property regime or*  
18 *a condominium, but shall not include "general common elements"*  
19 *or "common elements" of such horizontal property regime or con-*  
20 *dominium as defined pursuant to the "Horizontal Property Act,"*  
21 *P. L. 1963, c. 168 (C. 46:8A-1 et seq.), or the "Condominium Act,"*  
22 *P. L. 1969, c. 257 (C. 46:8B-1 et seq.).*



23 d. "Home Improvement" means the improvement of a dwelling  
 24 which does not change its permitted use, and shall include the  
 25 modernization, rehabilitation, renovation, alteration or repair of  
 26 a dwelling.

27 e. "Qualified municipality" means any municipality in which  
 28 residential neighborhoods have been declared **\*[by the county plan-**  
 29 **ning board or the Commissioner of the Department of Community**  
 30 **Affairs]\*** *\*\*by the county planning board or the Commissioner of*  
 31 *the Department of Community Affairs\*\** to be in need of rehabili-  
 32 tation, pursuant to section 3 of this act.

1 **\*\*[11. Section 3 of P. L. 1975, c. 104 (C. 54:4-3.74) is amended**  
 2 to read as follows:

3 3. The **[county planning board]** *governing body of any munici-*  
 4 *pality* may determine that **[a municipality's residential neighbor-**  
 5 **hoods]** *areas within such municipality* are in need of rehabilitation.  
 6 **[It may make such a determination on its own initiative or in**  
 7 **response to a petition by the governing body of the municipality.**  
 8 In the event of the failure of the county planning board to respond  
 9 favorably to such a petition within 30 days of its receipt, the  
 10 petitioning municipal governing body may request the Commis-  
 11 sioner of the Department of Community Affairs to make such  
 12 determination instead.]

13 **[In determining that a municipality's residential neighborhoods**  
 14 **are in need of rehabilitation, the following may be considered.]**  
 15 *The Department of Community Affairs shall promulgate regula-*  
 16 *tions pursuant to which such determinations shall be made, which*  
 17 *may take into consideration the following: existence of areas within*  
 18 *the municipality that have previously been declared blighted;*  
 19 *deterioration in housing maintenance; age of housing stock; and*  
 20 *arrearage in real property taxes due on residential properties.\*]\*\**

1 **\*[11.]\*** **\*\*[12.]\*** **\*\*11.\*\*** Section 4 of P. L. 1975, c. 104  
 2 (C. 54:4-3.75) is amended to read as follows:

3 4. In determining the value of real property for the purposes of  
 4 taxation, qualified municipalities, after passage by the municipal  
 5 governing body of a general ordinance providing for such **\*[abate-**  
 6 **ments]\*** *\*exemptions\** either throughout the municipality or in  
 7 designated residential neighborhoods to be specified in such ordi-  
 8 nance, may regard the first \$4,000.00 or \$10,000.00, as may be  
 9 specified by general ordinance, in assessor's full and true value of  
 10 home improvements for each dwelling unit primarily and directly  
 11 affected by a home improvement in any **[single or multiple-]**  
 12 **dwelling [property]** more than 20 years old, as not increasing the  
 13 value of such property for a period of 5 years, notwithstanding

14 that the value of the dwelling to which such improvements are made  
15 is increased thereby, provided, however, that during said period,  
16 the assessment on such dwelling shall in no case, except that of  
17 damage through action of the elements sufficient to warrant a reduc-  
18 tion, be less than the assessment thereon existing immediately prior  
19 to such home improvements.

1     \*\*~~[13.]~~\*\* \*\*12.\*\* Section 7 of P. L. 1977, c. 284 (C. 54:4-3.79a)  
2 is amended to read as follows:

3     7. The Department of Community Affairs shall prepare, in  
4 sufficient quantity for distribution to residential property owners  
5 in municipalities electing to offer ~~[abatements]~~ *exemptions* pur-  
6 suant to this act, a notice for taxpayers describing the ~~[abatement]~~  
7 *exemption* program and the application procedure therefore. Any  
8 qualified municipality which has adopted a general ordinance pro-  
9 viding for ~~[abatements]~~ *exemptions* pursuant to this act shall in-  
10 clude said notice in the mailing of annual property tax bills to each  
11 owner of residential property, including multi-family housing, in  
12 the municipality during the first year following adoption of said  
13 ordinance or, for municipalities which adopted such an ordinance  
14 prior to the effective date of this amendatory and supplementary  
15 act, during the first year following the effective date of said act.

1     \*\*~~[14.]~~\*\* \*\*13.\*\* Section 8 of P. L. 1977, c. 284 (C. 54:4-3.79b)  
2 is amended to read as follows:

3     8. Any municipality which has adopted an ordinance pursuant  
4 to this act declaring neighborhoods "endangered by blight" may  
5 proceed, on the initiative of the governing body, to amend such  
6 ordinance declaring neighborhoods to be "in need of rehabilita-  
7 tion", provided, however, that any ~~[abatement]~~ *exemption* granted  
8 and in force shall not be discontinued by virtue of such amended  
9 ordinance.\*

1     \*~~[12.]~~\*   \*\*~~[15.]~~\*\*   \*\*14.\*\* This act shall take effect  
2 immediately.

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SENATE, No. 525

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Senator FELDMAN

AN ACT providing for exemption or abatement from taxation in certain instances, amending P. L. 1975, c. 104 and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. The Legislature finds and declares that:

2 a. Article VIII, Section I, paragraph 6 of the Constitution autho-  
3 rizes the Legislature to enact general laws under which municipali-  
4 ties may adopt ordinances granting exemptions or abatements from  
5 taxation for limited periods of time not in excess of 5 years on  
6 buildings and structures in areas declared in need of rehabilitation  
7 in accordance with statutory criteria, within such municipalities  
8 and to the land comprising the premises upon which such buildings  
9 or structures are erected and which is necessary for the fair  
10 enjoyment thereof.

11 b. The deterioration of once-flourishing residential neighborhoods  
12 is a problem of enormous magnitude for the State of New Jersey,  
13 the solution of which has been, and should continue to be, an  
14 overriding public purpose of Federal, State and local governments.

15 c. The deterioration of such neighborhoods is in large measure  
16 the result of the unwillingness of the owners of, and investors in,  
17 residential properties to properly maintain and improve their  
18 properties arising out of fear of the resulting increase in property  
19 taxes, and from pragmatic and emotional decisions concerning the  
20 future viability of such neighborhoods.

21 d. In many such neighborhoods, particularly in urban centers,  
22 much of the existing housing is in the form of multiple dwelling  
23 structures, the deterioration of which has enormous psychological  
24 and financial impact upon owners of, and investors in, residential

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25 properties in the surrounding neighborhood and upon the relative  
26 tax burden borne by residents of the municipality.

27 e. Furthermore, in many urban municipalities a shortage of  
28 housing exists side-by-side with the existence of abandoned and  
29 deteriorating buildings and structures, including hotels and com-  
30 mercial buildings, which if converted into residential multiple  
31 dwellings would again shoulder a share of the municipal tax burden.

32 f. By exempting for a limited period improvements to existing  
33 multiple dwellings and the costs of converting other buildings and  
34 structures to multiple dwellings, and providing for the abatement  
35 of some portion of the assessed value of such buildings before  
36 improvement or conversion, a substantial incentive could be pro-  
37 vided for owners and investors in multiple dwellings to rehabilitate  
38 and improve such properties and, incidentally, their respective  
39 neighborhoods and municipalities.

40 g. The cost of rehabilitating multiple dwellings and of converting  
41 other buildings and structures to use as multiple dwellings is so  
42 extraordinarily high, and yet the impact of the existence of deteri-  
43 orating multiple dwellings on a neighborhood is so great, as to  
44 necessitate legislation specifically directed to the provision of tax  
45 incentives tailored especially to promoting the accomplishment of  
46 these purposes.

1 2. As used in this act:

2 a. "Assessor" means the assessor, board of assessors or any  
3 other official or body of a taxing district charged with the duty of  
4 assessing real property for the purpose of general taxation;

5 b. "Completion" with respect to the conversion or improvement  
6 of any building or structure, means substantially ready for the use  
7 for which it was intended or converted;

8 c. "Conversion" or "conversion alteration" means the alteration  
9 or renovation of a nonresidential building or structure, or hotel,  
10 motel, motor hotel or guesthouse, in such manner as to convert  
11 such building or structure from its previous use to use as a multiple  
12 dwelling, provided that such conversion shall involve the provision  
13 of a number of bedrooms equal to the number of dwelling units  
14 created thereby;

15 d. "Dwelling unit" means any room or rooms of a multiple  
16 dwelling, or suite or apartment thereof, whether furnished or  
17 unfurnished, which is occupied, or intended, arranged or designed  
18 to be occupied, for sleeping or dwelling purposes by one or more  
19 persons, including but not limited to the owner thereof, or any of  
20 his servants, agents or employees, and shall include all privileges,

21 services, furnishings, furniture, equipment, facilities and improve-  
22 ments connected with the use or occupancy thereof, whether used,  
23 occupied or enjoyed singly by the occupant of a dwelling unit or  
24 in common with occupants of other dwelling units of the same  
25 multiple dwelling;

26 e. "Improvement" means a physical change in an existing mul-  
27 tiple dwelling, other than ordinary painting, repairs and replace-  
28 ment of maintenance items, which improves the safety, sanitation,  
29 decency or attractiveness of such multiple dwelling as a place for  
30 human habitation, which involves a renovation, restoration or  
31 modernization which affects three or more dwelling units within  
32 such multiple dwelling, and which does not change the size or per-  
33 mitted use of the multiple dwelling;

34 f. "Multiple dwelling" means any building or structure of one  
35 or more stories and any land appurtenant thereto, in which three  
36 or more dwelling units are occupied, or are intended to be occupied  
37 by three or more persons who live independently of each other,  
38 provided, however, that this definition shall not be construed to  
39 include any building or structure defined as a hotel pursuant to the  
40 "Hotel and Multiple Dwelling Law," P. L. 1967, c. 76 (C. 55:13A-1  
41 et seq.), or registered as a hotel with the Commissioner of Com-  
42 munity Affairs pursuant to that act, or occupied or intended to be  
43 occupied exclusively as such. The term "multiple dwelling"  
44 includes within its meaning any building or structure variously  
45 known as a garden apartment or project; that is, a group of build-  
46 ings, any of which singly meets the definition of multiple dwelling,  
47 which are or are represented to be under common or substantially  
48 common ownership and which stand on a single parcel of land or  
49 parcels of land which are contiguous and which group of buildings  
50 is named, designated or advertised as a common entity, the  
51 contiguity of which parcels shall not be adversely affected by public  
52 rights-of-way incidental to such buildings;

53 g. "Horizontal property regime" means any property submitted  
54 to a horizontal property regime pursuant to the "Horizontal  
55 Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.); and

56 h. "Condominium" means any property created or recorded  
57 as a condominium pursuant to the "Condominium Act," P. L. 1969,  
58 c. 257 (C. 46:8B-1 et seq.).

1 3. The governing body of any municipality may determine that  
2 one or more multiple dwellings within such municipality are in  
3 need of substantial rehabilitation, or that one or more other build-  
4 ings and structures in need of such rehabilitation could advan-

5 taneously be converted to multiple dwellings, or both. Any such  
6 determination shall be made in keeping with guidelines which shall  
7 be promulgated by the Commissioner of the Department of Com-  
8 munity Affairs which may take into consideration the following:  
9 existence of blighted areas in the municipality; deterioration of  
10 housing stock; age of housing stock; supply of and demand for  
11 housing in the municipality; and arrearage in real property taxes  
12 due on residential properties.

1 4. a. Any municipality making a determination as set forth in  
2 section 3 of this act may enact an ordinance providing for exemp-  
3 tions from taxation of improvements to multiple dwellings or for  
4 other buildings or structures converted to multiple dwelling use,  
5 or both. In granting such exemptions, the municipality may, in  
6 determining the value of real property for the purposes of taxation,  
7 regard up to the assessor's full and true value of such improve-  
8 ments or conversion alterations as not increasing the value of such  
9 property for a period of 5 years, notwithstanding that the value  
10 of the property to which such improvements or conversion altera-  
11 tions are made is increased thereby; provided, however, that during  
12 said period, the assessment on such property shall in no case,  
13 except that of an abatement as provided in subsection b. of this  
14 section, or damage through action of the elements sufficient to  
15 warrant a reduction, be less than the assessment thereon existing  
16 immediately prior to such improvements or conversion alterations.

17 b. Any such ordinance granting such exemptions may also provide  
18 for the abatement of some portion of the assessed value of property  
19 receiving such an exemption as it existed immediately prior to the  
20 improvement or conversion alteration. Any such abatement for any  
21 single such property may be granted with respect to any such  
22 property for a total of up to 5 years, but the total amount of  
23 abatements granted to any single such property shall not exceed  
24 the total cost of the improvement or conversion alteration. The  
25 amount of abatement to be granted in each year of the abatement  
26 period shall be specified in the adopting ordinance and shall not  
27 exceed the following:

28 (1) For the first year for which an abatement is granted, up to  
29 10% of the cost of the improvement or conversion alteration;

30 (2) For the second year for which an abatement is granted, up to  
31 15% of the cost of the improvement or conversion alteration;

32 (3) For the third year for which an abatement is granted, up to  
33 20% of the cost of the improvement or conversion alteration;

34 (4) For the fourth year for which an abatement is granted, up to  
35 25% of the cost of the improvement or conversion alteration; and,

36 (5) For the fifth year for which an abatement is granted, up to  
37 30% of the cost of the improvement or conversion alteration.

38 (6) Any exemption or abatement granted pursuant to an ordi-  
39 nance adopted in conformity with the provisions of this act shall  
40 terminate immediately upon the transfer of title of the property  
41 with respect to which such exemption or abatement was provided.

1 5. The assessor of the local taxing district in which an ordinance  
2 adopted pursuant to this act is in force shall determine on October  
3 1 of the year following the date of the completion of the improve-  
4 ment or conversion alteration the true taxable value of the improve-  
5 ment or conversion alteration. The amount of tax to be paid for  
6 the first tax year following the completion of the improvement or  
7 conversion alteration shall be based on the assessed valuation of  
8 the property for the previous tax year, plus any portion of the  
9 assessed valuation of the improvement or conversion alteration not  
10 allowed an exemption pursuant to subsection a. of section 4 of  
11 this act, minus the amount of the abatement, if any, allowed  
12 pursuant to subsection b. of section 4 of this act. Subject to the  
13 restrictions and amounts set forth in section 4 of this act, such  
14 property may continue to be so treated for each of the 5 tax years  
15 subsequent to the original determination by the assessor.

1 6. Any ordinance adopting the provisions of this act may also  
2 provide that an additional improvement, completed on a property  
3 granted a previous exemption or abatement pursuant to this act  
4 during the period in which such previous exemption or abatement  
5 is in effect, shall be qualified for an exemption, or exemption and  
6 abatement, just as if such property had not received a previous  
7 exemption or abatement. In such case, any such additional  
8 improvement shall be considered as a separate improvement for  
9 the purposes of calculating exemptions and abatements pursuant  
10 to this act, except that the assessed value of any previous improve-  
11 ments shall be added to the assessed valuation as it was prior to  
12 such previous improvements or conversion alterations, for the  
13 purpose of determining the assessed valuation of the property  
14 from which any additional abatement is to be subtracted. Unless  
15 provided by ordinance, no such additional improvement exemption  
16 or abatement shall be allowed.

1 7. Horizontal property regimes and condominiums shall be  
2 eligible for exemptions and abatements authorized pursuant to  
3 this act, but only with respect to improvements to "general common

4 elements" and "common elements" as defined pursuant to the  
5 "Horizontal Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.),  
6 and the "Condominium Act," P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

1 8. No exemption or abatement shall be granted pursuant to this  
2 act with respect to any property for which property taxes are  
3 delinquent or remain unpaid, or for which penalties for nonpayment  
4 of taxes are due.

1 9. No exemption or abatement shall be granted pursuant to this  
2 act except upon written application therefor filed with and ap-  
3 proved by the assessor of the taxing district wherein such improve-  
4 ment or conversion alteration is made. Every such application  
5 shall be on a form prescribed by the Director of the Division of  
6 Taxation in the Department of the Treasury, and provided for the  
7 use of claimants by the governing body of the municipality con-  
8 stituting the taxing district, and shall be filed with the assessor  
9 within 30 days, including Saturdays and Sundays, following the  
10 completion of the improvement or conversion alteration. Every  
11 such application for exemption, or exemption and abatement, within  
12 a municipality adopting the provisions of this act which is filed  
13 within the time specified, shall be approved and allowed by the  
14 assessor to the degree that such application is consistent with the  
15 provisions of such adopting ordinance, provided that the improve-  
16 ment or conversion alteration for which such application is made  
17 qualifies as an improvement or a conversion alteration pursuant  
18 to the provisions of this act. The granting of any such exemption,  
19 or exemption and abatement, shall be recorded and made a  
20 permanent part of the official tax records of the taxing district,  
21 which record shall contain a notice of the termination date of the  
22 exemption and the consequences of transfer of title.

1 10. Section 2 of P. L. 1975, c. 104 (C. 54:4-3.73) is amended to  
2 read as follows:

3 2. As used in this act:

4 a. "Assessor" means the assessor, board of assessors or any  
5 other official or body of a taxing district charged with the duty of  
6 assessing real property for the purpose of general taxation.

7 b. "Completion" means substantially ready for the use for  
8 which it was intended.

9 c. "Dwelling" means any building or part of a building used,  
10 to be used or held for use as a home or residence, including acces-  
11 sory buildings located on the same premises, together with the land  
12 upon which such building or buildings are erected and which may  
13 be necessary for the fair enjoyment thereof, *but shall not mean any*



14 *building or part of a building, defined as a "multiple dwelling"*  
 15 *or "project" pursuant to the "Hotel and Multiple Dwelling Law,"*  
 16 *P. L. 1967, c. 76 (C. 55:13A-1 et seq.). A dwelling shall include*  
 17 *individual residences within a horizontal property regime or a*  
 18 *condominium, but shall not include "general common elements"*  
 19 *or "common elements" of such horizontal property regime or con-*  
 20 *dominium as defined pursuant to the "Horizontal Property Act,"*  
 21 *P. L. 1963, c. 168 (C. 46:8A-1 et seq.), or the "Condominium Act,"*  
 22 *P. L. 1969, c. 257 (C. 46:8B-1 et seq.).*

23 d. "Home Improvement" means the improvement of a dwelling  
 24 which does not change its permitted use, and shall include the  
 25 modernization, rehabilitation, renovation, alteration or repair of  
 26 a dwelling.

27 e. "Qualified municipality" means any municipality in which  
 28 residential neighborhoods have been declared by the county plan-  
 29 ning board or the Commissioner of the Department of Community  
 30 Affairs to be in need of rehabilitation, pursuant to section 3 of  
 31 this act.

1 11. Section 4 of P. L. 1975, c. 104 (C. 54:4-3.75) is amended to  
 2 read as follows:

3 4. In determining the value of real property for the purposes of  
 4 taxation, qualified municipalities, after passage by the municipal  
 5 governing body of a general ordinance providing for such abate-  
 6 ments either throughout the municipality or in designated resi-  
 7 dential neighborhoods to be specified in such ordinance, may regard  
 8 the first \$4,000.00 or \$10,000.00, as may be specified by general  
 9 ordinance, in assessor's full and true value of home improvements  
 10 for each dwelling unit primarily and directly affected by a home  
 11 improvement in any [single or multiple-]dwelling [property]  
 12 more than 20 years old, as not increasing the value of such prop-  
 13 erty for a period of 5 years, notwithstanding that the value of the  
 14 dwelling to which such improvements are made is increased thereby,  
 15 provided, however, that during said period, the assessment on such  
 16 dwelling shall in no case, except that of damage through action of  
 17 the elements sufficient to warrant a reduction, be less than the  
 18 assessment thereon existing immediately prior to such home  
 19 improvements.

1 12. This act shall take effect immediately.

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#### STATEMENT

In 1975, the citizens of New Jersey adopted a constitutional amendment which authorized the Legislature to enact general laws under which municipalities may adopt ordinances granting exemp-

tions or abatements from taxation for limited periods of time not in excess of 5 years on buildings and structures in areas in need of rehabilitation. Also in 1975, the Legislature adopted P. L. 1975, c. 104 which permitted municipalities to provide a deferred assessment of 5 years on home improvements valued at \$4,000.00 or less and conducted on dwellings 20 years old or older. While P. L. 1975, c. 104 applied to dwelling units in multiple dwellings, the limitations placed upon the amount and receipt of the permitted exemption made that act an unrealistic vehicle for offering any practical incentive for owners of multiple dwellings to rehabilitate and modernize such buildings in order to increase the attractiveness of such buildings for habitation.

This bill is designed to provide such incentives. It separates multiple dwellings out of the provisions of P. L. 1975, c. 104, and provides rehabilitation incentives specifically tailored to multiple dwellings. The provisions of the bill are based upon New York City's 30-year old *J-51 Tax Abatement and Exemption Program for Stimulating Housing Rehabilitation*, but are scaled down in order to conform with the restrictions of Article VIII, Section I, paragraph 6 of the State Constitution.

The bill is permissive. It allows a municipality to determine whether there exist within the municipality multiple dwellings in need of substantial rehabilitation, or other buildings and structures in need of such rehabilitation which might advantageously be converted to use as multiple dwellings. Such determination would be required to be made in conformance with guidelines promulgated by the Department of Community Affairs, criteria for which are suggested in the bill.

The municipality could then adopt an ordinance providing for the exemption of up to the full value of improvements to multiple dwellings, and the costs of converting other buildings and structures to multiple dwellings, from taxation for up to 5 years. Such ordinance may also provide for the abatement of some portion of the cost of such improvements and of such conversion for up to 5 years. The abatement would be subtracted from the assessed valuation of the property as it existed prior to the improvement or conversion, and could be up to 10% of the cost of the improvement or conversion in the first year of abatement, 15% in the second year of abatement, 20% in the third year of the abatement, 25% in the fourth year of the abatement and 30% in the fifth year of the abatement, as the municipality may provide by ordinance. The total amount of abatements granted over the 5-year period may

not exceed the total cost of the improvement or abatement. The intention of the bill is that a municipality may by ordinance provide for exemptions alone, or for exemptions and abatements, but not for abatements alone.

The bill provides that no exemption or abatement shall be granted with regard to a property on which property taxes are delinquent or unpaid.

This bill would provide more realistic incentives for owners of, and investors in, multiple dwellings to install and modernize central systems in existing apartment houses, to eliminate unsanitary and dangerous dwelling conditions and to convert other unprofitable buildings and structures to multiple dwellings. The future effect of such incentives should be to increase the supply of modern and attractive housing in the State, and to help stabilize the deteriorating tax base of many of our urban communities.

# STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Senator FELDMAN

AN ACT providing for exemption or abatement from taxation in certain instances, amending P. L. 1975, c. 104 \*and P. L. 1977, c. 284,\* and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. The Legislature finds and declares that:

2 a. Article VIII, Section I, paragraph 6 of the Constitution autho-  
3 rizes the Legislature to enact general laws under which municipali-  
4 ties may adopt ordinances granting exemptions or abatements from  
5 taxation for limited periods of time not in excess of 5 years on  
6 buildings and structures in areas declared in need of rehabilitation  
7 in accordance with statutory criteria, within such municipalities  
8 and to the land comprising the premises upon which such buildings  
9 or structures are erected and which is necessary for the fair  
10 enjoyment thereof.

11 b. The deterioration of once-flourishing residential neighborhoods  
12 is a problem of enormous magnitude for the State of New Jersey,  
13 the solution of which has been, and should continue to be, an  
14 overriding public purpose of Federal, State and local governments.

15 c. The deterioration of such neighborhoods is in large measure  
16 the result of the unwillingness of the owners of, and investors in,  
17 residential properties to properly maintain and improve their  
18 properties arising out of fear of the resulting increase in property  
19 taxes, and from pragmatic and emotional decisions concerning the  
20 future viability of such neighborhoods.

21 d. In many such neighborhoods, particularly in urban centers,  
22 much of the existing housing is in the form of multiple dwelling  
23 structures, the deterioration of which has enormous psychological  
24 and financial impact upon owners of, and investors in, residential

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

25 properties in the surrounding neighborhood and upon the relative  
26 tax burden borne by residents of the municipality.

27 e. Furthermore, in many urban municipalities a shortage of  
28 housing exists side-by-side with the existence of abandoned and  
29 deteriorating buildings and structures, including hotels and com-  
30 mercial buildings, which if converted into residential multiple  
31 dwellings would again shoulder a share of the municipal tax burden.

32 f. By exempting for a limited period improvements to existing  
33 multiple dwellings and the costs of converting other buildings and  
34 structures to multiple dwellings, and providing for the abatement  
35 of some portion of the assessed value of such buildings before  
36 improvement or conversion, a substantial incentive could be pro-  
37 vided for owners and investors in multiple dwellings to rehabilitate  
38 and improve such properties and, incidentally, their respective  
39 neighborhoods and municipalities.

40 g. The cost of rehabilitating multiple dwellings and of converting  
41 other buildings and structures to use as multiple dwellings is so  
42 extraordinarily high, and yet the impact of the existence of deteri-  
43 orating multiple dwellings on a neighborhood is so great, as to  
44 necessitate legislation specifically directed to the provision of tax  
45 incentives tailored especially to promoting the accomplishment of  
46 these purposes.

1 2. As used in this act:

1A \*a. "*Abatement*" means that portion of the assessed value of  
1B a property as it existed prior to an improvement or conversion  
1C alteration which is exempted from taxation pursuant to subsection  
1D b. of section 4 of this act;\*

2 \***[a.]**\* \*b.\* "*Assessor*" means the assessor, board of assessors or  
3 any other official or body of a taxing district charged with the duty  
4 of assessing real property for the purpose of general taxation;

5 \***[b.]**\* \*c.\* "*Completion*" with respect to the conversion or im-  
6 provement of any building or structure, means substantially ready  
7 for the use for which it was intended or converted;

8 \***[c.]**\* \*d.\* "*Conversion*" or "*conversion alteration*" means the  
9 alteration or renovation of a nonresidential building or structure,  
10 or hotel, motel, motor hotel or guesthouse, in such manner as to  
11 convert such building or structure from its previous use to use as a  
12 multiple dwelling\***[**, provided that such conversion shall involve  
13 the provision of a number of bedrooms equal to the number of  
14 dwelling units created thereby\***]**;

15 \***[d.]**\* "*Dwelling unit*" means any room or rooms of a multiple  
16 dwelling, or suite or apartment thereof, whether furnished or

17 unfurnished, which is occupied, or intended, arranged or designed  
18 to be occupied, for sleeping or dwelling purposes by one or more  
19 persons, including but not limited to the owner thereof, or any of  
20 his servants, agents or employees, and shall include all privileges,  
21 services, furnishings, furniture, equipment, facilities and improve-  
22 ments connected with the use or occupancy thereof, whether used,  
23 occupied or enjoyed singly by the occupant of a dwelling unit or  
24 in common with occupants of other dwelling units of the same  
25 multiple dwelling;】\*

26 \*e. "Cost," when used with respect to an improvement or con-  
27 version alteration, means only the cost or fair market value of  
28 direct labor and materials used in improving a multiple dwelling,  
29 or in converting another building or structure to a multiple dwell-  
30 ing, including any architectural, engineering, and contractors' fees  
31 associated with the improvement or conversion, as the owner of the  
32 property shall cause to be certified to the governing body by an  
33 independent and qualified architect, following the completion of  
34 the project;

35 f. "Exemption" means any portion of the assessor's full and  
36 true value of any improvements or conversion alterations not re-  
37 garded as increasing the taxable value of a property pursuant to  
38 subsection a. of section 4 of this act;\*

39 \*【e.】\* \*g.\* "Improvement" means a physical change in an exist-  
40 ing multiple dwelling, other than ordinary painting, repairs and re-  
41 placement of maintenance items, \*and other than the repair of fire  
42 or other damage to the property for which payment of a claim was  
43 received by any person from an insurance company at any time  
44 during the 3-year period immediately preceding the filing of an  
45 application pursuant to section 9 of this act,\* which improves the  
46 safety, sanitation, decency or attractiveness of such multiple dwell-  
47 ing as a place for human habitation, which involves a renovation,  
48 restoration or modernization which affects \*common areas or ele-  
49 ments or\* three or more dwelling units within such multiple dwell-  
50 ing, and which does not change the size or permitted use of the  
51 multiple dwelling;

52 \*【f.】\* \*h.\* "Multiple dwelling" means any building or structure  
53 \*【of one or more stories and any land appurtenant thereto, in which  
54 three or more dwelling units are occupied, or are intended to be  
55 occupied by three or more persons who live independently of each  
56 other, provided, however, that this definition shall not be construed  
57 to include any building or structure defined as a hotel pursuant to  
58 the】\* meeting the definition of "multiple dwelling" set forth in

59 *the* "Hotel and Multiple Dwelling Law," P. L. 1967, c. 76  
 60 (C. 55:13A-1 et seq.)**[**, or registered as a hotel with the Commis-  
 61 sioner of Community Affairs pursuant to that act, or occupied or  
 62 intended to be occupied exclusively as such. The term "multiple  
 63 dwelling" includes within its meaning any building or structure  
 64 variously known as a garden apartment or project; that is, a group  
 65 of buildings, any of which singly meets the definition of multiple  
 66 dwelling, which are or are represented to be under common or  
 66A substantially common ownership and which stand on a single parcel  
 66B of land or parcels of land which are contiguous and which group of  
 66C buildings is named, designated or advertised as a common entity,  
 67 the contiguity of which parcels shall not be adversely affected by  
 68 public rights-of-way incidental to such buildings]**\***;

69 **[g.]** *i.* "Horizontal property regime" means any property  
 70 submitted to a horizontal property regime pursuant to the  
 71 "Horizontal Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.);  
 72 and

73 **[h.]** *j.* "Condominium" means any property created or  
 74 recorded as a condominium pursuant to the "Condominium Act,"  
 75 P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

1 3. The governing body of any municipality may determine that  
 2 **[one or more multiple dwellings]** *areas* within such munici-  
 3 pality are in need of **[substantial rehabilitation]** *rehabilitation*,  
 4 *and that one or more multiple dwellings located within such areas*  
 5 *are in need of rehabilitation*, or that one or more other buildings  
 6 and structures *located within such areas are* in need of such  
 7 rehabilitation *and* could advantageously be converted to multiple  
 8 dwellings, or both. Any such determination shall be made in keep-  
 9 ing with **[guidelines]** *regulations* which shall be promulgated  
 10 by the Commissioner of the Department of Community Affairs  
 11 which may take into consideration the following: existence of  
 12 blighted areas in the municipality; deterioration of housing stock;  
 13 age of housing stock; supply of and demand for housing in the  
 14 municipality; and arrearage in real property taxes due on resi-  
 15 dential properties.

1 4. a. Any municipality making a determination as set forth in  
 2 section 3 of this act may enact an ordinance providing for exemp-  
 3 tions from taxation of improvements to multiple dwellings or for  
 4 other buildings or structures converted to multiple dwelling use,  
 5 or both. In granting such exemptions, the municipality may, in  
 6 determining the value of real property for the purposes of taxation,  
 7 regard up to the assessor's full and true value of such improve-

8 ments or conversion alterations as not increasing the value of such  
9 property for a period of 5 years, notwithstanding that the value  
10 of the property to which such improvements or conversion altera-  
11 tions are made is increased thereby; provided, however, that during  
12 said period, the assessment on such property shall in no case,  
13 except that of an abatement as provided in subsection b. of this  
14 section, or damage through action of the elements sufficient to  
15 warrant a reduction, be less than the assessment thereon existing  
16 immediately prior to such improvements or conversion alterations.

17 b. Any such ordinance granting such exemptions may also provide  
18 for the abatement of some portion of the assessed value of property  
19 receiving such an exemption as it existed immediately prior to the  
20 improvement or conversion alteration. Any such abatement for any  
21 single such property may be granted with respect to any such  
22 property for a total of up to 5 years, but the total amount of  
23 abatements granted to any single such property shall not exceed  
24 the total cost of the improvement or conversion alteration. The  
25 amount of abatement to be granted in each year of the abatement  
26 period shall be specified in the adopting ordinance and shall not  
27 exceed the following:

28 (1) For the first year for which an abatement is granted, up to  
29 \*~~10%~~\* \*30%\* of the cost of the improvement or conversion  
29A alteration;

30 (2) For the second year for which an abatement is granted, up to  
31 \*~~15%~~\* \*25%\* of the cost of the improvement or conversion  
31A alteration;

32 (3) For the third year for which an abatement is granted, up to  
33 20% of the cost of the improvement or conversion alteration;

34 (4) For the fourth year for which an abatement is granted, up to  
35 \*~~25%~~\* \*15%\* of the cost of the improvement or conversion  
35A alteration; and,

36 (5) For the fifth year for which an abatement is granted, up to  
37 \*~~30%~~\* \*10%\* of the cost of the improvement or conversion  
37A alteration.

38 \*~~(6)~~\* Any exemption or abatement granted pursuant to an  
39 ordinance adopted in conformity with the provisions of this act  
40 shall terminate immediately upon the transfer of title of the prop-  
41 erty with respect to which such exemption or abatement was  
42 provided.

1 5. The assessor of the local taxing district in which an ordinance  
2 adopted pursuant to this act is in force shall determine on October  
3 1 of the year following the date of the completion of the improve-  
4 ment or conversion alteration the true taxable value of the improve-



5 ment or conversion alteration. The amount of tax to be paid for  
6 the first tax year following the completion of the improvement or  
7 conversion alteration shall be based on the assessed valuation of  
8 the property for the previous tax year, plus any portion of the  
9 assessed valuation of the improvement or conversion alteration not  
10 allowed an exemption pursuant to subsection a. of section 4 of  
11 this act, minus the amount of the abatement, if any, allowed  
12 pursuant to subsection b. of section 4 of this act. Subject to the  
13 restrictions and amounts set forth in section 4 of this act, such  
14 property may continue to be so treated for each of the 5 tax years  
15 subsequent to the original determination by the assessor.

1 6. Any ordinance adopting the provisions of this act may also  
2 provide that an additional improvement, completed on a property  
3 granted a previous exemption or abatement pursuant to this act  
4 during the period in which such previous exemption or abatement  
5 is in effect, shall be qualified for an exemption, or exemption and  
6 abatement, just as if such property had not received a previous  
7 exemption or abatement. In such case, any such additional  
8 improvement shall be considered as a separate improvement for  
9 the purposes of calculating exemptions and abatements pursuant  
10 to this act, except that the assessed value of any previous improve-  
11 ments shall be added to the assessed valuation as it was prior to  
12 such previous improvements or conversion alterations, for the  
13 purpose of determining the assessed valuation of the property  
14 from which any additional abatement is to be subtracted. Unless  
15 provided by ordinance, no such additional improvement exemption  
16 or abatement shall be allowed.

1 7. Horizontal property regimes and condominiums shall be  
2 eligible for exemptions and abatements authorized pursuant to  
3 this act, but only with respect to improvements to "general common  
4 elements" and "common elements" as defined pursuant to the  
5 "Horizontal Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.),  
6 and the "Condominium Act," P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

1 8. No exemption or abatement shall be granted pursuant to this  
2 act with respect to any property for which property taxes are  
3 delinquent or remain unpaid, or for which penalties for nonpayment  
4 of taxes are due.

1 9. No exemption or abatement shall be granted pursuant to this  
2 act except upon written application therefor filed with and ap-  
3 proved by the assessor of the taxing district wherein such improve-  
4 ment or conversion alteration is made. Every such application  
5 shall be on a form prescribed by the Director of the Division of

6 Taxation in the Department of the Treasury, and provided for the  
 7 use of claimants by the governing body of the municipality con-  
 8 stituting the taxing district, and shall be filed with the assessor  
 9 within 30 days, including Saturdays and Sundays, following the  
 10 completion of the improvement or conversion alteration. Every  
 11 such application for exemption, or exemption and abatement, within  
 12 a municipality adopting the provisions of this act which is filed  
 13 within the time specified, shall be approved and allowed by the  
 14 assessor to the degree that such application is consistent with the  
 15 provisions of such adopting ordinance, provided that the improve-  
 16 ment or conversion alteration for which such application is made  
 17 qualifies as an improvement or a conversion alteration pursuant  
 18 to the provisions of this act. The granting of any such exemption,  
 19 or exemption and abatement, shall be recorded and made a  
 20 permanent part of the official tax records of the taxing district,  
 21 which record shall contain a notice of the termination date of the  
 22 exemption and the consequences of transfer of title.

1 10. Section 2 of P. L. 1975, c. 104 (C. 54:4-3.73) is amended to  
 2 read as follows:

3 2. As used in this act:

4 a. "Assessor" means the assessor, board of assessors or any  
 5 other official or body of a taxing district charged with the duty of  
 6 assessing real property for the purpose of general taxation.

7 b. "Completion" means substantially ready for the use for  
 8 which it was intended.

9 c. "Dwelling" means any building or part of a building used,  
 10 to be used or held for use as a home or residence, including acces-  
 11 sory buildings located on the same premises, together with the land  
 12 upon which such building or buildings are erected and which may  
 13 be necessary for the fair enjoyment thereof, *but shall not mean any*  
 14 *building or part of a building, defined as a "multiple dwelling"*  
 15 *\*[or "project"]\* pursuant to the "Hotel and Multiple Dwelling*  
 16 *Law," P. L. 1967, c. 76 (C. 55:13A-1 et seq.). A dwelling shall in-*  
 17 *clude individual residences within a horizontal property regime or*  
 18 *a condominium, but shall not include "general common elements"*  
 19 *or "common elements" of such horizontal property regime or con-*  
 20 *dominium as defined pursuant to the "Horizontal Property Act,"*  
 21 *P. L. 1963, c. 168 (C. 46:8A-1 et seq.), or the "Condominium Act,"*  
 22 *P. L. 1969, c. 257 (C. 46:8B-1 et seq.).*

23 d. "Home Improvement" means the improvement of a dwelling  
 24 which does not change its permitted use, and shall include the  
 25 modernization, rehabilitation, renovation, alteration or repair of  
 26 a dwelling.

27 e. "Qualified municipality" means any municipality in which  
 28 residential neighborhoods have been declared \*~~by the county plan-~~  
 29 ~~ning board or the Commissioner of the Department of Community~~  
 30 ~~Affairs]~~\* to be in need of rehabilitation, pursuant to section 3 of  
 31 this act.

1 \*11. Section 3 of P. L. 1975, c. 104 (C. 54:4-3.74) is amended to  
 2 read as follows:

3 3. The ~~county planning board]~~ *governing body of any munici-*  
 4 *pality* may determine that ~~a municipality's residential neighbor-~~  
 5 ~~hoods]~~ *areas within such municipality* are in need of rehabilitation.  
 6 ~~It may make such a determination on its own initiative or in~~  
 7 ~~response to a petition by the governing body of the municipality.~~  
 8 ~~In the event of the failure of the county planning board to respond~~  
 9 ~~favorably to such a petition within 30 days of its receipt, the~~  
 10 ~~petitioning municipal governing body may request the Commis-~~  
 11 ~~sioner of the Department of Community Affairs to make such~~  
 12 ~~determination instead.]~~

13 ~~In determining that a municipality's residential neighborhoods~~  
 14 ~~are in need of rehabilitation, the following may be considered.]~~  
 15 *The Department of Community Affairs shall promulgate regula-*  
 16 *tions pursuant to which such determinations shall be made, which*  
 17 *may take into consideration the following:* existence of areas within  
 18 the municipality that have previously been declared blighted;  
 19 deterioration in housing maintenance; age of housing stock; and  
 20 arrearage in real property taxes due on residential properties.\*

1 \*~~11.]~~\* \*12.\* Section 4 of P. L. 1975, c. 104 (C. 54:4-3.75) is  
 2 amended to read as follows:

3 4. In determining the value of real property for the purposes of  
 4 taxation, qualified municipalities, after passage by the municipal  
 5 governing body of a general ordinance providing for such \*~~abate-~~  
 6 ~~ments]~~\* *exemptions*\* either throughout the municipality or in  
 7 designated residential neighborhoods to be specified in such ordi-  
 8 nance, may regard the first \$4,000.00 or \$10,000.00, as may be  
 9 specified by general ordinance, in assessor's full and true value of  
 10 home improvements for each dwelling unit primarily and directly  
 11 affected by a home improvement in any ~~single or multiple-]~~  
 12 ~~dwelling [property]~~ more than 20 years old, as not increasing the  
 13 value of such property for a period of 5 years, notwithstanding  
 14 that the value of the dwelling to which such improvements are made  
 15 is increased thereby, provided, however, that during said period,  
 16 the assessment on such dwelling shall in no case, except that of  
 17 damage through action of the elements sufficient to warrant a reduc-  
 18 tion, be less than the assessment thereon existing immediately prior  
 19 to such home improvements.

1     \*13. Section 7 of P. L. 1977, c. 284 (C. 54:4-3.79a) is amended to  
2 read as follows:

3     7. The Department of Community Affairs shall prepare, in  
4 sufficient quantity for distribution to residential property owners  
5 in municipalities electing to offer [abatements] *exemptions* pur-  
6 suant to this act, a notice for taxpayers describing the [abatement]  
7 *exemption* program and the application procedure therefore. Any  
8 qualified municipality which has adopted a general ordinance pro-  
9 viding for [abatements] *exemptions* pursuant to this act shall in-  
10 clude said notice in the mailing of annual property tax bills to each  
11 owner of residential property, including multi-family housing, in  
12 the municipality during the first year following adoption of said  
13 ordinance or, for municipalities which adopted such an ordinance  
14 prior to the effective date of this amendatory and supplementary  
15 act, during the first year following the effective date of said act.

1     14. Section 8 of P. L. 1977, c. 284 (C. 54:4-3.79b) is amended to  
2 read as follows:

3     8. Any municipality which has adopted an ordinance pursuant  
4 to this act declaring neighborhoods "endangered by blight" may  
5 proceed, on the initiative of the governing body, to amend such  
6 ordinance declaring neighborhoods to be "in need of rehabilita-  
7 tion", provided, however, that any [abatement] *exemption* granted  
8 and in force shall not be discontinued by virtue of such amended  
9 ordinance.\*

1     \***[12.]**\* \*15.\* This act shall take effect immediately.

---

[SECOND OFFICIAL COPY REPRINT]

SENATE, No. 525

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Senator FELDMAN

AN ACT providing for exemption or abatement from taxation in certain instances, amending P. L. 1975, c. 104 \*and P. L. 1977, c. 284,\* and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. The Legislature finds and declares that:

2 a. Article VIII, Section I, paragraph 6 of the Constitution autho-  
3 rizes the Legislature to enact general laws under which municipali-  
4 ties may adopt ordinances granting exemptions or abatements from  
5 taxation for limited periods of time not in excess of 5 years on  
6 buildings and structures in areas declared in need of rehabilitation  
7 in accordance with statutory criteria, within such municipalities  
8 and to the land comprising the premises upon which such buildings  
9 or structures are erected and which is necessary for the fair  
10 enjoyment thereof.

11 b. The deterioration of once-flourishing residential neighborhoods  
12 is a problem of enormous magnitude for the State of New Jersey,  
13 the solution of which has been, and should continue to be, an  
14 overriding public purpose of Federal, State and local governments.

15 c. The deterioration of such neighborhoods is in large measure  
16 the result of the unwillingness of the owners of, and investors in,  
17 residential properties to properly maintain and improve their  
18 properties arising out of fear of the resulting increase in property  
19 taxes, and from pragmatic and emotional decisions concerning the  
20 future viability of such neighborhoods.

21 d. In many such neighborhoods, particularly in urban centers,  
22 much of the existing housing is in the form of multiple dwelling  
23 structures, the deterioration of which has enormous psychological  
24 and financial impact upon owners of, and investors in, residential

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

25 properties in the surrounding neighborhood and upon the relative  
26 tax burden borne by residents of the municipality.

27 e. Furthermore, in many urban municipalities a shortage of  
28 housing exists side-by-side with the existence of abandoned and  
29 deteriorating buildings and structures, including hotels and com-  
30 mercial buildings, which if converted into residential multiple  
31 dwellings would again shoulder a share of the municipal tax burden.

32 f. By exempting for a limited period improvements to existing  
33 multiple dwellings and the costs of converting other buildings and  
34 structures to multiple dwellings, and providing for the abatement  
35 of some portion of the assessed value of such buildings before  
36 improvement or conversion, a substantial incentive could be pro-  
37 vided for owners and investors in multiple dwellings to rehabilitate  
38 and improve such properties and, incidentally, their respective  
39 neighborhoods and municipalities.

40 g. The cost of rehabilitating multiple dwellings and of converting  
41 other buildings and structures to use as multiple dwellings is so  
42 extraordinarily high, and yet the impact of the existence of deteri-  
43 orating multiple dwellings on a **\*\*[neighborhood]\*\*** *\*\*neighbor-*  
44 *hood\*\** is so great, as to necessitate legislation specifically directed  
45 to the provision of tax incentives tailored especially to promoting  
46 the accomplishment of these purposes.

1 2. As used in this act:

1A *\*a. "Abatement" means that portion of the assessed value of*  
1B *a property as it existed prior to an improvement or conversion*  
1C *alteration which is exempted from taxation pursuant to subsection*  
1D *b. of section 4 of this act;\**

2 **\*[a.]** *\*b.\* "Assessor" means the assessor, board of assessors or*  
3 *any other official or body of a taxing district charged with the duty*  
4 *of assessing real property for the purpose of general taxation;*

5 **\*[b.]** *\*c.\* "Completion" with respect to the conversion or im-*  
6 *provement of any building or structure, means substantially ready*  
7 *for the use for which it was intended or converted;*

8 **\*[c.]** *\*d.\* "Conversion" or "conversion alteration" means the*  
9 *alteration or renovation of a nonresidential building or structure,*  
10 *or hotel, motel, motor hotel or guesthouse, in such manner as to*  
11 *convert such building or structure from its previous use to use as a*  
12 *multiple dwelling\*[, provided that such conversion shall involve*  
13 *the provision of a number of bedrooms equal to the number of*  
14 *dwelling units created thereby]\*;*

15 **\*[d.]** *"Dwelling unit" means any room or rooms of a multiple*  
16 *dwelling, or suite or apartment thereof, whether furnished or*

17 unfurnished, which is occupied, or intended, arranged or designed  
 18 to be occupied, for sleeping or dwelling purposes by one or more  
 19 persons, including but not limited to the owner thereof, or any of  
 20 his servants, agents or employees, and shall include all privileges,  
 21 services, furnishings, furniture, equipment, facilities and improve-  
 22 ments connected with the use or occupancy thereof, whether used,  
 23 occupied or enjoyed singly by the occupant of a dwelling unit or  
 24 in common with occupants of other dwelling units of the same  
 25 multiple dwelling;】\*

26 \*e. "Cost," when used with respect to an improvement or con-  
 27 version alteration, means only the cost or fair market value of  
 28 direct labor and materials used in improving a multiple dwelling,  
 29 or in converting another building or structure to a multiple dwell-  
 30 ing, including any architectural, engineering, and contractors' fees  
 31 associated with the improvement or conversion, as the owner of the  
 32 property shall cause to be certified to the governing body by an  
 33 independent and qualified architect, following the completion of  
 34 the project;

35 f. "Exemption" means any portion of the assessor's full and  
 36 true value of any improvements or conversion alterations not re-  
 37 garded as increasing the taxable value of a property pursuant to  
 38 subsection a. of section 4 of this act;\*

39 \*【e.】\* \*g.\* "Improvement" means a physical change in an exist-  
 40 ing multiple dwelling, other than ordinary painting, repairs and re-  
 41 placement of maintenance items, \*and other than the repair of fire  
 42 or other damage to the property for which payment of a claim was  
 43 received by any person from an insurance company at any time  
 44 during the 3-year period immediately preceding the filing of an  
 45 application pursuant to section 9 of this act,\* which improves the  
 46 safety, sanitation, decency or attractiveness of such multiple dwell-  
 47 ing as a place for human habitation, which involves a renovation,  
 48 restoration or modernization which affects \*common areas or ele-  
 49 ments or\* three or more dwelling units within such multiple dwell-  
 50 ing, and which does not change the size or permitted use of the  
 51 multiple dwelling;

52 \*【f.】\* \*h.\* "Multiple dwelling" means any building or structure  
 53 \*【of one or more stories and any land appurtenant thereto, in which  
 54 three or more dwelling units are occupied, or are intended to be  
 55 occupied by three or more persons who live independently of each  
 56 other, provided, however, that this definition shall not be construed  
 57 to include any building or structure defined as a hotel pursuant to  
 58 the】\* meeting the definition of "multiple dwelling" set forth in

59 *the* "Hotel and Multiple Dwelling Law," P. L. 1967, c. 76  
 60 (C. 55:13A-1 et seq.) **[** or registered as a hotel with the Commis-  
 61 sioner of Community Affairs pursuant to that act, or occupied or  
 62 intended to be occupied exclusively as such. The term "multiple  
 63 dwelling" includes within its meaning any building or structure  
 64 variously known as a garden apartment or project; that is, a group  
 65 of buildings, any of which singly meets the definition of multiple  
 66 dwelling, which are or are represented to be under common or  
 66A substantially common ownership and which stand on a single parcel  
 66B of land or parcels of land which are contiguous and which group of  
 66C buildings is named, designated or advertised as a common entity,  
 67 the contiguity of which parcels shall not be adversely affected by  
 68 public rights-of-way incidental to such buildings **]**;

69 **[g.]** *i.* "Horizontal property regime" means any property  
 70 submitted to a horizontal property regime pursuant to the  
 71 "Horizontal Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.);  
 72 and

73 **[h.]** *j.* "Condominium" means any property created or  
 74 recorded as a condominium pursuant to the "Condominium Act,"  
 75 P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

76 *k.* "Qualified municipality" means any municipality deter-  
 77 mined to be eligible to grant exemptions from taxation pursuant  
 78 to P. L. 1975, c. 104 (C. 54:4-3.73 et seq.).

1 3. The governing body of any *qualified* municipality may  
 2 determine that **[one or more multiple dwellings]** *areas* within  
 3 such municipality are in need of **[substantial rehabilitation]**  
 4 *rehabilitation, and that one or more multiple dwellings located*  
 5 *within such areas are in need of rehabilitation*, or that one or more  
 6 other buildings and structures *located within such areas are* in  
 7 need of such rehabilitation *and* could advantageously be con-  
 8 verted to multiple dwellings, or both. Any such determination shall  
 9 be made in keeping with **[guidelines]** *regulations* which shall  
 10 be promulgated by the Commissioner of the Department of Com-  
 11 munity Affairs *pursuant to the "Administrative Procedure*  
 12 *Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.),* which may take  
 13 into consideration the following: existence of blighted areas in the  
 14 municipality; deterioration of housing stock; age of housing stock;  
 15 supply of and demand for housing in the municipality; and arrear-  
 16 age in real property taxes due on residential properties.

1 4. a. Any *qualified* municipality making a determination as  
 2 set forth in section 3 of this act may enact an ordinance providing  
 3 for exemptions from taxation of improvements to multiple dwell-



4 ings or for other buildings or structures converted to multiple  
5 dwelling use, or both. In granting such exemptions, the municipality  
6 may, in determining the value of real property for the purposes of  
7 taxation, regard up to the assessor's full and true value of such  
8 improvements or conversion alterations as not increasing the value  
9 of such property for a period of 5 years, notwithstanding that the  
10 value of the property to which such improvements or conversion  
11 alterations are made is increased thereby; provided, however, that  
12 during said period, the assessment on such property shall in no case,  
13 except that of an abatement as provided in subsection b. of this  
14 section, or damage through action of the elements sufficient to  
15 warrant a reduction, be less than the assessment thereon existing  
16 immediately prior to such improvements or conversion alterations.

17 b. Any such ordinance granting such exemptions may also provide  
18 for the abatement of some portion of the assessed value of property  
19 receiving such an exemption as it existed immediately prior to the  
20 improvement or conversion alteration. Any such abatement for any  
21 single such property may be granted with respect to any such  
22 property for a total of up to 5 years, but the total amount of  
23 abatements granted to any single such property shall not exceed  
24 the total cost of the improvement or conversion alteration. The  
25 amount of abatement to be granted in each year of the abatement  
26 period shall be specified in the adopting ordinance and shall not  
27 exceed the following:

28 (1) For the first year for which an abatement is granted, up to  
29 \*~~10%~~\* \*30%\* of the cost of the improvement or conversion  
29A alteration;

30 (2) For the second year for which an abatement is granted, up to  
31 \*~~15%~~\* \*25%\* of the cost of the improvement or conversion  
31A alteration;

32 (3) For the third year for which an abatement is granted, up to  
33 20% of the cost of the improvement or conversion alteration;

34 (4) For the fourth year for which an abatement is granted, up to  
35 \*~~25%~~\* \*15%\* of the cost of the improvement or conversion  
35A alteration; and,

36 (5) For the fifth year for which an abatement is granted, up to  
37 \*~~30%~~\* \*10%\* of the cost of the improvement or conversion  
37A alteration.

38 \*~~(6)~~\* Any exemption or abatement granted pursuant to an  
39 ordinance adopted in conformity with the provisions of this act  
40 shall terminate immediately upon the transfer of title of the prop-  
41 erty with respect to which such exemption or abatement was  
42 provided.

1 5. The assessor of the local taxing district in which an ordinance  
2 adopted pursuant to this act is in force shall determine on October  
3 1 of the year following the date of the completion of the improve-  
4 ment or conversion alteration the true taxable value of the improve-  
5 ment or conversion alteration. The amount of tax to be paid for  
6 the first tax year following the completion of the improvement or  
7 conversion alteration shall be based on the assessed valuation of  
8 the property for the previous tax year, plus any portion of the  
9 assessed valuation of the improvement or conversion alteration not  
10 allowed an exemption pursuant to subsection a. of section 4 of  
11 this act, minus the amount of the abatement, if any, allowed  
12 pursuant to subsection b. of section 4 of this act. Subject to the  
13 restrictions and amounts set forth in section 4 of this act, such  
14 property may continue to be so treated for each of the 5 tax years  
15 subsequent to the original determination by the assessor.

1 6. Any ordinance adopting the provisions of this act may also  
2 provide that an additional improvement, completed on a property  
3 granted a previous exemption or abatement pursuant to this act  
4 during the period in which such previous exemption or abatement  
5 is in effect, shall be qualified for an exemption, or exemption and  
6 abatement, just as if such property had not received a previous  
7 exemption or abatement. In such case, any such additional  
8 improvement shall be considered as a separate improvement for  
9 the purposes of calculating exemptions and abatements pursuant  
10 to this act, except that the assessed value of any previous improve-  
11 ments shall be added to the assessed valuation as it was prior to  
12 such previous improvements or conversion alterations, for the  
13 purpose of determining the assessed valuation of the property  
14 from which any additional abatement is to be subtracted. Unless  
15 provided by ordinance, no such additional improvement exemption  
16 or abatement shall be allowed.

1 7. Horizontal property regimes and condominiums shall be  
2 eligible for exemptions and abatements authorized pursuant to  
3 this act, but only with respect to improvements to "general common  
4 elements" and "common elements" as defined pursuant to the  
5 "Horizontal Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.),  
6 and the "Condominium Act," P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

1 8. No exemption or abatement shall be granted pursuant to this  
2 act with respect to any property for which property taxes are  
3 delinquent or remain unpaid, or for which penalties for nonpayment  
4 of taxes are due.

1 9. No exemption or abatement shall be granted pursuant to this  
 2 act except upon written application therefor filed with and ap-  
 3 proved by the assessor of the taxing district wherein such improve-  
 4 ment or conversion alteration is made. Every such application  
 5 shall be on a form prescribed by the Director of the Division of  
 6 Taxation in the Department of the Treasury, and provided for the  
 7 use of claimants by the governing body of the municipality con-  
 8 stituting the taxing district, and shall be filed with the assessor  
 9 within 30 days, including Saturdays and Sundays, following the  
 10 completion of the improvement or conversion alteration. Every  
 11 such application for exemption, or exemption and abatement, within  
 12 a municipality adopting the provisions of this act which is filed  
 13 within the time specified, shall be approved and allowed by the  
 14 assessor to the degree that such application is consistent with the  
 15 provisions of such adopting ordinance, provided that the improve-  
 16 ment or conversion alteration for which such application is made  
 17 qualifies as an improvement or a conversion alteration pursuant  
 18 to the provisions of this act. The granting of any such exemption,  
 19 or exemption and abatement, shall be recorded and made a  
 20 permanent part of the official tax records of the taxing district,  
 21 which record shall contain a notice of the termination date of the  
 22 exemption and the consequences of transfer of title.

1 10. Section 2 of P. L. 1975, c. 104 (C. 54:4-3.73) is amended to  
 2 read as follows:

3 2. As used in this act:

4 a. "Assessor" means the assessor, board of assessors or any  
 5 other official or body of a taxing district charged with the duty of  
 6 assessing real property for the purpose of general taxation.

7 b. "Completion" means substantially ready for the use for  
 8 which it was intended.

9 c. "Dwelling" means any building or part of a building used,  
 10 to be used or held for use as a home or residence, including acces-  
 11 sory buildings located on the same premises, together with the land  
 12 upon which such building or buildings are erected and which may  
 13 be necessary for the fair enjoyment thereof, *but shall not mean any*  
 14 *building or part of a building, defined as a "multiple dwelling"*  
 15 *\*[or "project"]\* pursuant to the "Hotel and Multiple Dwelling*  
 16 *Law," P. L. 1967, c. 76 (C. 55:13A-1 et seq.). A dwelling shall in-*  
 17 *clude individual residences within a horizontal property regime or*  
 18 *a condominium, but shall not include "general common elements"*  
 19 *or "common elements" of such horizontal property regime or con-*  
 20 *dominium as defined pursuant to the "Horizontal Property Act,"*  
 21 *P. L. 1963, c. 168 (C. 46:8A-1 et seq.), or the "Condominium Act,"*  
 22 *P. L. 1969, c. 257 (C. 46:8B-1 et seq.).*

23 d. "Home Improvement" means the improvement of a dwelling  
 24 which does not change its permitted use, and shall include the  
 25 modernization, rehabilitation, renovation, alteration or repair of  
 26 a dwelling.

27 e. "Qualified municipality" means any municipality in which  
 28 residential neighborhoods have been declared \***[by the county plan-**  
 29 **ning board or the Commissioner of the Department of Community**  
 30 **Affairs]**\* *\*\*by the county planning board or the Commissioner of*  
 31 *the Department of Community Affairs\*\** to be in need of rehabili-  
 32 tation, pursuant to section 3 of this act.

1 **\*\*[11. Section 3 of P. L. 1975, c. 104 (C. 54:4-3.74) is amended**  
 2 to read as follows:

3 3. The **[county planning board]** *governing body of any munici-*  
 4 *pality* may determine that **[a municipality's residential neighbor-**  
 5 **hoods]** *areas within such municipality* are in need of rehabilitation.  
 6 **[It may make such a determination on its own initiative or in**  
 7 **response to a petition by the governing body of the municipality.**  
 8 **In the event of the failure of the county planning board to respond**  
 9 **favorably to such a petition within 30 days of its receipt, the**  
 10 **petitioning municipal governing body may request the Commis-**  
 11 **sioner of the Department of Community Affairs to make such**  
 12 **determination instead.]**

13 **[In determining that a municipality's residential neighborhoods**  
 14 **are in need of rehabilitation, the following may be considered.]**  
 15 *The Department of Community Affairs shall promulgate regula-*  
 16 *tions pursuant to which such determinations shall be made, which*  
 17 *may take into consideration the following:* existence of areas within  
 18 the municipality that have previously been declared blighted;  
 19 deterioration in housing maintenance; age of housing stock; and  
 20 arrearage in real property taxes due on residential properties.\*]\*\*

1 **\*[11.]\* \*\*[\*12.]\*\*\* \*\*11.\*\* Section 4 of P. L. 1975, c. 104  
 2 (C. 54:4-3.75) is amended to read as follows:**

3 4. In determining the value of real property for the purposes of  
 4 taxation, qualified municipalities, after passage by the municipal  
 5 governing body of a general ordinance providing for such **\*[abate-**  
 6 **ments]**\* *\*exemptions\** either throughout the municipality or in  
 7 designated residential neighborhoods to be specified in such ordi-  
 8 nance, may regard the first \$4,000.00 or \$10,000.00, as may be  
 9 specified by general ordinance, in assessor's full and true value of  
 10 home improvements for each dwelling unit primarily and directly  
 11 affected by a home improvement in any **[single or multiple-]**  
 12 **dwelling [property]** more than 20 years old, as not increasing the  
 13 value of such property for a period of 5 years, notwithstanding

14 that the value of the dwelling to which such improvements are made  
15 is increased thereby, provided, however, that during said period,  
16 the assessment on such dwelling shall in no case, except that of  
17 damage through action of the elements sufficient to warrant a reduc-  
18 tion, be less than the assessment thereon existing immediately prior  
19 to such home improvements.

1     \*\*[13.]\*\* \*\*12.\*\* Section 7 of P. L. 1977, c. 284 (C. 54:4-3.79a)  
2 is amended to read as follows:

3     7. The Department of Community Affairs shall prepare, in  
4 sufficient quantity for distribution to residential property owners  
5 in municipalities electing to offer [abatements] *exemptions* pur-  
6 suant to this act, a notice for taxpayers describing the [abatement]  
7 *exemption* program and the application procedure therefore. Any  
8 qualified municipality which has adopted a general ordinance pro-  
9 viding for [abatements] *exemptions* pursuant to this act shall in-  
10 clude said notice in the mailing of annual property tax bills to each  
11 owner of residential property, including multi-family housing, in  
12 the municipality during the first year following adoption of said  
13 ordinance or, for municipalities which adopted such an ordinance  
14 prior to the effective date of this amendatory and supplementary  
15 act, during the first year following the effective date of said act.

1     \*\*[14.]\*\* \*\*13.\*\* Section 8 of P. L. 1977, c. 284 (C. 54:4-3.79b)  
2 is amended to read as follows:

3     8. Any municipality which has adopted an ordinance pursuant  
4 to this act declaring neighborhoods "endangered by blight" may  
5 proceed, on the initiative of the governing body, to amend such  
6 ordinance declaring neighborhoods to be "in need of rehabilita-  
7 tion", provided, however, that any [abatement] *exemption* granted  
8 and in force shall not be discontinued by virtue of such amended  
9 ordinance.\*

1     \*[12.]\* \*\*[\*15.\*]\*\* \*\*14.\*\* This act shall take effect  
2 immediately.

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[ASSEMBLY REPRINT]

# SENATE, No. 525

[SECOND OFFICIAL COPY REPRINT]

with Assembly committee amendments adopted June 28, 1979

## STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1978 SESSION

By Senator FELDMAN

AN ACT providing for exemption or abatement from taxation in certain instances, amending P. L. 1975, c. 104 \*and P. L. 1977, c. 284,\* and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. The Legislature finds and declares that:

2 a. Article VIII, Section I, paragraph 6 of the Constitution autho-  
3 rizes the Legislature to enact general laws under which municipali-  
4 ties may adopt ordinances granting exemptions or abatements from  
5 taxation for limited periods of time not in excess of 5 years on  
6 buildings and structures in areas declared in need of rehabilitation  
7 in accordance with statutory criteria, within such municipalities  
8 and to the land comprising the premises upon which such buildings  
9 or structures are erected and which is necessary for the fair  
10 enjoyment thereof.

11 b. The deterioration of once-flourishing residential neighborhoods  
12 is a problem of enormous magnitude for the State of New Jersey,  
13 the solution of which has been, and should continue to be, an  
14 overriding public purpose of Federal, State and local governments.

15 c. The deterioration of such neighborhoods is in large measure  
16 the result of the unwillingness of the owners of, and investors in,  
17 residential properties to properly maintain and improve their  
18 properties arising out of fear of the resulting increase in property  
19 taxes, and from pragmatic and emotional decisions concerning the  
20 future viability of such neighborhoods.

21 d. In many such neighborhoods, particularly in urban centers,  
22 much of the existing housing is in the form of multiple dwelling  
23 structures, the deterioration of which has enormous psychological  
24 and financial impact upon owners of, and investors in, residential

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill  
is not enacted and is intended to be omitted in the law.

25 properties in the surrounding neighborhood and upon the relative  
26 tax burden borne by residents of the municipality.

27 e. Furthermore, in many urban municipalities a shortage of  
28 housing exists side-by-side with the existence of abandoned and  
29 deteriorating buildings and structures, including hotels and com-  
30 mercial buildings, which if converted into residential multiple  
31 dwellings would again shoulder a share of the municipal tax burden.

32 f. By exempting for a limited period improvements to existing  
33 multiple dwellings and the costs of converting other buildings and  
34 structures to multiple dwellings, and providing for the abatement  
35 of some portion of the assessed value of such buildings before  
36 improvement or conversion, a substantial incentive could be pro-  
37 vided for owners and investors in multiple dwellings to rehabilitate  
38 and improve such properties and, incidentally, their respective  
39 neighborhoods and municipalities.

40 g. The cost of rehabilitating multiple dwellings and of converting  
41 other buildings and structures to use as multiple dwellings is so  
42 extraordinary high, and yet the impact of the existence of deteri-  
43 orating multiple dwellings on a **\*\*[neighborhood]\*\*** *\*\*neighbor-*  
44 *hood\*\** is so great, as to necessitate legislation specifically directed  
45 to the provision of tax incentives tailored especially to promoting  
46 the accomplishment of these purposes.

1 2. As used in this act:

1A *\*a. "Abatement" means that portion of the assessed value of*  
1B *a property as it existed prior to an improvement or conversion*  
1C *alteration which is exempted from taxation pursuant to subsection*  
1D *b. of section 4 of this act;\**

2 **\*[a.]** *\*b.* "Assessor" means the assessor, board of assessors or  
3 any other official or body of a taxing district charged with the duty  
4 of assessing real property for the purpose of general taxation;

5 **\*[b.]** *\*c.* "Completion" with respect to the conversion or im-  
6 provement of any building or structure, means substantially ready  
7 for the use for which it was intended or converted;

8 **\*[c.]** *\*d.* "Conversion" or "conversion alteration" means the  
9 alteration or renovation of a nonresidential building or structure,  
10 or hotel, motel, motor hotel or guesthouse, in such manner as to  
11 convert such building or structure from its previous use to use as a  
12 multiple dwelling**\***, provided that such conversion shall involve  
13 the provision of a number of bedrooms equal to the number of  
14 dwelling units created thereby**\***;

15 **\*[d.** "Dwelling unit" means any room or rooms of a multiple  
16 dwelling, or suite or apartment thereof, whether furnished or

17 unfurnished, which is occupied, or intended, arranged or designed  
18 to be occupied, for sleeping or dwelling purposes by one or more  
19 persons, including but not limited to the owner thereof, or any of  
20 his servants, agents or employees, and shall include all privileges,  
21 services, furnishings, furniture, equipment, facilities and improve-  
22 ments connected with the use or occupancy thereof, whether used,  
23 occupied or enjoyed singly by the occupant of a dwelling unit or  
24 in common with occupants of other dwelling units of the same  
25 multiple dwelling;】\*

26 \*e. "Cost," when used with respect to an improvement or con-  
27 version alteration, means only the cost or fair market value of  
28 direct labor and materials used in improving a multiple dwelling,  
29 or in converting another building or structure to a multiple dwell-  
30 ing, including any architectural, engineering, and contractors' fees  
31 associated with the improvement or conversion, as the owner of the  
32 property shall cause to be certified to the governing body by an  
33 independent and qualified architect, following the completion of  
34 the project;

35 f. "Exemption" means any portion of the assessor's full and  
36 true value of any improvements or conversion alterations not re-  
37 garded as increasing the taxable value of a property pursuant to  
38 subsection a. of section 4 of this act;\*

39 \*【e.】\* \*g.\* "Improvement" means a physical change in an exist-  
40 ing multiple dwelling, other than ordinary painting, repairs and re-  
41 placement of maintenance items, \*and other than the repair of fire  
42 or other damage to the property for which payment of a claim was  
43 received by any person from an insurance company at any time  
44 during the 3-year period immediately preceding the filing of an  
45 application pursuant to section 9 of this act,\* which improves the  
46 safety, sanitation, decency or attractiveness of such multiple dwell-  
47 ing as a place for human habitation, which involves a renovation,  
48 restoration or modernization which affects \*common areas or ele-  
49 ments or\* three or more dwelling units within such multiple dwell-  
50 ing, and which does not change the size or permitted use of the  
51 multiple dwelling;

52 \*【f.】\* \*h.\* "Multiple dwelling" means any building or structure  
53 \*【of one or more stories and any land appurtenant thereto, in which  
54 three or more dwelling units are occupied, or are intended to be  
55 occupied by three or more persons who live independently of each  
56 other, provided, however, that this definition shall not be construed  
57 to include any building or structure defined as a hotel pursuant to  
58 the】\* \*meeting the definition of "multiple dwelling" set forth in



59 *the* "Hotel and Multiple Dwelling Law," P. L. 1967, c. 76  
 60 (C. 55:13A-1 et seq.) \***l**, or registered as a hotel with the Commis-  
 61 sioner of Community Affairs pursuant to that act, or occupied or  
 62 intended to be occupied exclusively as such. The term "multiple  
 63 dwelling" includes within its meaning any building or structure  
 64 variously known as a garden apartment or project; that is, a group  
 65 of buildings, any of which singly meets the definition of multiple  
 66 dwelling, which are or are represented to be under common or  
 66A substantially common ownership and which stand on a single parcel  
 66B of land or parcels of land which are contiguous and which group of  
 66C buildings is named, designated or advertised as a common entity,  
 67 the contiguity of which parcels shall not be adversely affected by  
 68 public rights-of-way incidental to such buildings \***l**;

69 \***g.**\* \*i.\* "Horizontal property regime" means any property  
 70 submitted to a horizontal property regime pursuant to the  
 71 "Horizontal Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.);  
 72 and

73 \***h.**\* \*j.\* "Condominium" means any property created or  
 74 recorded as a condominium pursuant to the "Condominium Act,"  
 75 P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

76 \*\*\***k.** "Qualified municipality" means any municipality deter-  
 77 mined to be eligible to grant exemptions from taxation pursuant  
 78 to P. L. 1975, c. 104 (C. 54:4-3.73 et seq.).\*\*\*

1 3. The governing body of any \*\*\***qualified**\*\*\* municipality  
 2 may determine that \***one or more multiple dwellings**\* \*areas\*  
 3 within such municipality are in need of \***substantial rehabilita-**  
 4 **tion**\* \*rehabilitation, and that one or more multiple dwellings lo-  
 5 **cated within such areas are in need of rehabilitation**\*, or that one or  
 6 more other buildings and structures \*located within such areas are\*  
 7 in need of such rehabilitation \*and\* could advantageously be con-  
 8 verted to multiple dwellings, or both. Any such determination shall  
 9 be made in keeping with \***guidelines**\* \*regulations\* which shall  
 10 be promulgated by the Commissioner of the Department of Com-  
 11 munity Affairs \*pursuant to the "Administrative Procedure  
 12 Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.),\*\* which may take  
 13 into consideration the following: existence of blighted areas in the  
 14 municipality; deterioration of housing stock; age of housing stock;  
 15 supply of and demand for housing in the municipality; and arrear-  
 16 age in real property taxes due on residential properties. \*\*\**The*  
 17 *governing body may also permit the conversion of industrial prop-*  
 18 *erties to residential use to further the purpose of this act.*\*\*\*

1 4. a. Any \*\*\***qualified**\*\*\* municipality making a determi-  
 2 nation as set forth in section 3 of this act may enact an ordinance

3 providing for exemptions from taxation of improvements to multi-  
4 ple dwellings or for other buildings or structures converted to  
5 multiple dwelling use, or both. In granting such exemptions, the  
6 municipality may, in determining the value of real property for the  
7 purposes of taxation, regard up to the assessor's full and true value  
8 of such improvements or conversion alterations as not increasing  
9 the value of such property for a period of 5 years, notwithstanding  
10 that the value of the property to which such improvements or con-  
11 version alterations are made is increased thereby; provided, how-  
12 ever, that during said period, the assessment on such property shall  
13 in no case, except that of an abatement as provided in subsection b.  
14 of this section, or damage through action of the elements sufficient  
15 to warrant a reduction, be less than the assessments thereon existing  
16 immediately prior to such improvements or conversion alterations.

17 b. Any such ordinance granting such exemptions may also provide  
18 for the abatement of some portion of the assessed value of property  
19 receiving such an exemption as it existed immediately prior to the  
20 improvement or conversion alteration. Any such abatement for any  
21 single such property may be granted with respect to any such  
22 property for a total of up to 5 years, but the total amount of  
23 abatements granted to any single such property shall not exceed  
24 the total cost of the improvement or conversion alteration. The  
25 amount of abatement to be granted in each year of the abatement  
26 period shall be specified in the adopting ordinance and shall not  
27 exceed the following:

28 (1) For the first year for which an abatement is granted, up to  
29 \***[10%]**\* \*30%\* of the cost of the improvement or conversion  
29A alteration;

30 (2) For the second year for which an abatement is granted, up to  
31 \***[15%]**\* \*25%\* of the cost of the improvement or conversion  
31A alteration;

32 (3) For the third year for which an abatement is granted, up to  
33 20% of the cost of the improvement or conversion alteration;

34 (4) For the fourth year for which an abatement is granted, up to  
35 \***[25%]**\* \*15%\* of the cost of the improvement or conversion  
35A alteration; and,

36 (5) For the fifth year for which an abatement is granted, up to  
37 \***[30%]**\* \*10%\* of the cost of the improvement or conversion  
37A alteration.

38 \***[(6)]**\* Any exemption or abatement granted pursuant to an  
39 ordinance adopted in conformity with the provisions of this act  
40 shall terminate immediately upon the transfer of title of the prop-  
41 erty with respect to which such exemption or abatement was  
42 provided.

1 5. The assessor of the local taxing district in which an ordinance  
2 adopted pursuant to this act is in force shall determine on October  
3 1 of the year following the date of the completion of the improve-  
4 ment or conversion alteration the true taxable value of the improve-  
5 ment or conversion alteration. The amount of tax to be paid for  
6 the first tax year following the completion of the improvement or  
7 conversion alteration shall be based on the assessed valuation of  
8 the property for the previous tax year, plus any portion of the  
9 assessed valuation of the improvement or conversion alteration not  
10 allowed an exemption pursuant to subsection a. of section 4 of  
11 this act, minus the amount of the abatement, if any, allowed  
12 pursuant to subsection b. of section 4 of this act. Subject to the  
13 restrictions and amounts set forth in section 4 of this act, such  
14 property may continue to be so treated for each of the 5 tax years  
15 subsequent to the original determination by the assessor.

1 6. Any ordinance adopting the provisions of this act may also  
2 provide that an additional improvement, completed on a property  
3 granted a previous exemption or abatement pursuant to this act  
4 during the period in which such previous exemption or abatement  
5 is in effect, shall be qualified for an exemption, or exemption and  
6 abatement, just as if such property had not received a previous  
7 exemption or abatement. In such case, any such additional  
8 improvement shall be considered as a separate improvement for  
9 the purposes of calculating exemptions and abatements pursuant  
10 to this act, except that the assessed value of any previous improve-  
11 ments shall be added to the assessed valuation as it was prior to  
12 such previous improvements or conversion alterations, for the  
13 purpose of determining the assessed valuation of the property  
14 from which any additional abatement is to be subtracted. Unless  
15 provided by ordinance, no such additional improvement exemption  
16 or abatement shall be allowed.

1 7. Horizontal property regimes and condominiums shall be  
2 eligible for exemptions and abatements authorized pursuant to  
3 this act, but only with respect to improvements to "general common  
4 elements" and "common elements" as defined pursuant to the  
5 "Horizontal Property Act," P. L. 1963, c. 168 (C. 46:8A-1 et seq.),  
6 and the "Condominium Act," P. L. 1969, c. 257 (C. 46:8B-1 et seq.).

1 8. No exemption or abatement shall be granted pursuant to this  
2 act with respect to any property for which property taxes are  
3 delinquent or remain unpaid, or for which penalties for nonpayment  
4 of taxes are due.

1 9. No exemption or abatement shall be granted pursuant to this  
 2 act except upon written application therefor filed with and ap-  
 3 proved by the assessor of the taxing district wherein such improve-  
 4 ment or conversion alteration is made. Every such application  
 5 shall be on a form prescribed by the Director of the Division of  
 6 Taxation in the Department of the Treasury, and provided for the  
 7 use of claimants by the governing body of the municipality con-  
 8 stituting the taxing district, and shall be filed with the assessor  
 9 within 30 days, including Saturdays and Sundays, following the  
 10 completion of the improvement or conversion alteration. Every  
 11 such application for exemption, or exemption and abatement, within  
 12 a municipality adopting the provisions of this act which is filed  
 13 within the time specified, shall be approved and allowed by the  
 14 assessor to the degree that such application is consistent with the  
 15 provisions of such adopting ordinance, provided that the improve-  
 16 ment or conversion alteration for which such application is made  
 17 qualifies as an improvement or a conversion alteration pursuant  
 18 to the provisions of this act. The granting of any such exemption,  
 19 or exemption and abatement, shall be recorded and made a  
 20 permanent part of the official tax records of the taxing district,  
 21 which record shall contain a notice of the termination date of the  
 22 exemption and the consequences of transfer of title.

1 10. Section 2 of P. L. 1975, c. 104 (C. 54:4-3.73) is amended to  
 2 read as follows:

3 2. As used in this act:

4 a. "Assessor" means the assessor, board of assessors or any  
 5 other official or body of a taxing district charged with the duty of  
 6 assessing real property for the purpose of general taxation.

7 b. "Completion" means substantially ready for the use for  
 8 which it was intended.

9 c. "Dwelling" means any building or part of a building used,  
 10 to be used or held for use as a home or residence, including acces-  
 11 sory buildings located on the same premises, together with the land  
 12 upon which such building or buildings are erected and which may  
 13 be necessary for the fair enjoyment thereof, *but shall not mean any*  
 14 *building or part of a building, defined as a "multiple dwelling"*  
 15 *\*[or "project"]\* pursuant to the "Hotel and Multiple Dwelling*  
 16 *Law," P. L. 1967, c. 76 (C. 55:13A-1 et seq.). A dwelling shall in-*  
 17 *clude individual residences within a horizontal property regime or*  
 18 *a condominium, but shall not include "general common elements"*  
 19 *or "common elements" of such horizontal property regime or con-*  
 20 *dominium as defined pursuant to the "Horizontal Property Act,"*  
 21 *P. L. 1963, c. 168 (C. 46:8A-1 et seq.), or the "Condominium Act,"*  
 22 *P. L. 1969, c. 257 (C. 46:8B-1 et seq.).*

23 d. "Home Improvement" means the improvement of a dwelling  
 24 which does not change its permitted use, and shall include the  
 25 modernization, rehabilitation, renovation, alteration or repair of  
 26 a dwelling.

27 e. "Qualified municipality" means any municipality in which  
 28 residential neighborhoods have been declared \***[**by the county plan-  
 29 ning board or the Commissioner of the Department of Community  
 30 Affairs]**\*** *\*\*\*by the county planning board or the Commissioner of*  
 31 *the Department of Community Affairs\*\** to be in need of rehabili-  
 32 tation, pursuant to section 3 of this act.

1 **\*\*****[**\*11. Section 3 of P. L. 1975, c. 104 (C. 54:4-3.74) is amended  
 2 to read as follows:

3 3. The **[**county planning board**]** *governing body of any munici-*  
 4 *pality* may determine that **[**a municipality's residential neighbor-  
 5 hoods**]** *areas within such municipality* are in need of rehabilitation.  
 6 **[**It may make such a determination on its own initiative or in  
 7 response to a petition by the governing body of the municipality.  
 8 In the event of the failure of the county planning board to respond  
 9 favorably to such a petition within 30 days of its receipt, the  
 10 petitioning municipal governing body may request the Commis-  
 11 sioner of the Department of Community Affairs to make such  
 12 determination instead.**]**

13 **[**In determining that a municipality's residential neighborhoods  
 14 are in need of rehabilitation, the following may be considered.**]**  
 15 *The Department of Community Affairs shall promulgate regula-*  
 16 *tions pursuant to which such determinations shall be made, which*  
 17 *may take into consideration the following:* existence of areas within  
 18 the municipality that have previously been declared blighted;  
 19 deterioration in housing maintenance; age of housing stock; and  
 20 arrearage in real property taxes due on residential properties.**]****\*\***

1 **\*****[**11.**]****\*** **\*\*****[**\*12.**]****\*\*** **\*\*11.\*\*** Section 4 of P. L. 1975, c. 104  
 2 (C. 54:4-3.75) is amended to read as follows:

3 4. In determining the value of real property for the purposes of  
 4 taxation, qualified municipalities, after passage by the municipal  
 5 governing body of a general ordinance providing for such **\*****[**abate-  
 6 ments**]****\*** *exemptions* either throughout the municipality or in  
 7 designated residential neighborhoods to be specified in such ordi-  
 8 nance, may regard the first \$4,000.00 or \$10,000.00, as may be  
 9 specified by general ordinance, in assessor's full and true value of  
 10 home improvements for each dwelling unit primarily and directly  
 11 affected by a home improvement in any **[**single or multiple-**]**  
 12 dwelling **[**property**]** more than 20 years old, as not increasing the  
 13 value of such property for a period of 5 years, notwithstanding

14 that the value of the dwelling to which such improvements are made  
 15 is increased thereby, provided, however, that during said period,  
 16 the assessment on such dwelling shall in no case, except that of  
 17 damage through action of the elements sufficient to warrant a reduc-  
 18 tion, be less than the assessment thereon existing immediately prior  
 19 to such home improvements.

1   \*\*[13.]\*\* \*\*12.\*\* Section 7 of P. L. 1977, c. 284 (C. 54:4-3.79a)  
 2 is amended to read as follows:

3   7. The Department of Community Affairs shall prepare, in  
 4 sufficient quantity for distribution to residential property owners  
 5 in municipalities electing to offer [abatements] *exemptions* pur-  
 6 suant to this act, a notice for taxpayers describing the [abatement]  
 7 *exemption* program and the application procedure therefore. Any  
 8 qualified municipality which has adopted a general ordinance pro-  
 9 viding for [abatements] *exemptions* pursuant to this act shall in-  
 10 clude said notice in the mailing of annual property tax bills to each  
 11 owner of residential property, including multi-family housing, in  
 12 the municipality during the first year following adoption of said  
 13 ordinance or, for municipalities which adopted such an ordinance  
 14 prior to the effective date of this amendatory and supplementary  
 15 act, during the first year following the effective date of said act.

1   \*\*[14.]\*\* \*\*13.\*\* Section 8 of P. L. 1977, c. 284 (C. 54:4-3.79b)  
 2 is amended to read as follows:

3   8. Any municipality which has adopted an ordinance pursuant  
 4 to this act declaring neighborhoods "endangered by blight" may  
 5 proceed, on the initiative of the governing body, to amend such  
 6 ordinance declaring neighborhoods to be "in need of rehabilita-  
 7 tion", provided, however, that any [abatement] *exemption* granted  
 8 and in force shall not be discontinued by virtue of such amended  
 9 ordinance.\*

1   \*[12.]\* \*\*[\*15.\*]\*\* \*\*14.\*\* This act shall take effect  
 2 immediately.

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ASSEMBLY TAXATION COMMITTEE

STATEMENT TO

**SENATE, No. 525**

with Senate committee amendments

with committee amendments

**STATE OF NEW JERSEY**

DATED: JUNE 28, 1979

Senate Bill No. 525 extends the constitutional provisions for exempting and abating property taxes for limited time periods in areas declared in need of rehabilitation.

A key provision of this bill will encourage the rehabilitation of multiple dwellings by allowing the expense of improving "common areas" to be exempted or abated.

COMMITTEE AMENDMENTS

The Assembly Committee on Taxation amendments would remove the section of this bill that limits its applicability to "qualified municipality" thus allowing all municipalities of the State which have areas in need of rehabilitation to take advantage of its provisions.

ASSEMBLY COMMITTEE AMENDMENTS TO  
**SENATE, No. 525**  
[SECOND OFFICIAL COPY REPRINT]

**STATE OF NEW JERSEY**

ADOPTED JUNE 28, 1979

Amend page 4, section 2, lines 76-78, omit in entirety.

Amend page 4, section 3, line 1, after "any", omit "qualified".

Amend page 4, section 3, line 16, after "properties.", insert "The governing body may also permit the conversion of industrial properties to residential use to further the purpose of this act."

Amend page 4, section 4(a), line 1, after "any", omit "qualified".



SENATE COUNTY AND MUNICIPAL  
GOVERNMENT COMMITTEE

STATEMENT TO

**SENATE, No. 525**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: FEBRUARY 13, 1979

PURPOSES:

According to the sponsor, the purpose of Senate Bill No. 525 is to "provide more realistic incentives for owners of, and investors in, multiple dwellings to install and modernize central systems in existing apartment houses, to eliminate unsanitary and dangerous dwelling conditions and to convert other unprofitable buildings and structures to multiple dwellings. The future effect of such incentives should be to increase the supply of modern and attractive housing in the State, and to help stabilize the deteriorating tax base of many of our urban communities."

The bill would implement Article VIII, Section I, paragraph 6 of the Constitution which authorizes the Legislature to enact general laws under which municipalities may adopt ordinances granting exemptions or abatements from taxation for limited periods of time not in excess of 5 years on buildings and structures in areas declared in need of rehabilitation in accordance with statutory criteria. The only legislation enacted implementing this constitutional provision with respect to residential property is P. L. 1975, c. 104 (C. 54:4-3.72 et seq.), which, as amended by P. L. 1977, c. 284, permits municipalities to exempt for 5 years up to \$10,000.00 in assessor's full and true value of home improvements for each dwelling unit primarily and directly affected by a home improvement in any single or multiple dwelling. Under the legislation an owner of a multiple dwelling could receive an exemption of either \$4,000.00 or \$10,000.00, as provided by ordinance, of assessed value for each dwelling unit therein primarily and directly affected by a home improvement.

The sponsor states that P. L. 1975, c. 104 is an unrealistic vehicle for providing any practical incentive for owners of multiple dwellings to rehabilitate and modernize such buildings. Senate Bill No. 525 would

separate multiple dwellings from the provisions of P. L. 1975, c. 104, and would provide tax abatements and exemptions specifically directed toward the rehabilitation of multiple dwellings.

The sponsor indicates that the provisions of the bill are based upon New York City's 30-year old *J-51 Tax Abatement and Exemption Program for Stimulating Housing Rehabilitation*, as scaled down to conform to the provisions of Article VIII, Section I, paragraph 6 of the Constitution.

PROVISIONS:

In order to be eligible for the tax incentives provided in the bill, a multiple dwelling, or a building or structure to be converted to a multiple dwelling, must be located in an area determined to be in need of rehabilitation by the governing body of the municipality in accordance with regulations of the Department of Community Affairs.

The bill would permit municipalities to adopt ordinances providing for the exemption of up to the full value of improvements to multiple dwellings, and of conversions of other buildings and structures to multiple dwellings, from taxation for up to 5 years. A municipality may additionally provide for the abatement of some portion of the cost of such improvements or such conversion for up to 5 years. The abatement would be subtracted from the assessed valuation of the property as it existed prior to the improvement or conversion, and could be up to 30% of the cost of the improvement or conversion in the first year of abatement, 25% in the second year of abatement, 20% in the third year of abatement, 15% in the fourth year of abatement, and 10% in the fifth year of abatement, as the municipality may provide by ordinance. The total amount of abatements granted over the 5-year period may not exceed the total cost of the improvement or conversion. The intent of the bill is that a municipality may provide for exemptions alone, or for exemptions and abatements, but not for abatements alone.

The bill provides that no exemption or abatement shall be granted with respect to any property on which taxes are delinquent or unpaid. As is also provided in P. L. 1975, c. 104 (C. 54:4-3.72 et seq.) and in P. L. 1977, c. 12 (C. 54:4-3.95 et seq.), any exemptions or abatements granted pursuant to this legislation terminate upon transfer of title.

The bill would permit exemptions and abatements to be granted to horizontal property regimes and condominiums, but only with respect to common elements, since individual dwelling units in such regimes and condominiums would remain under the provisions of P. L. 1975, c. 104.

*Committee amendments:* The committee amended the bill to do the following:

1. Provide definitions of "exemption" and "abatement" consistent with the usage of these terms in P. L. 1977, c. 12 (C. 54:4-3.95 et seq.), and amend pertinent provisions of P. L. 1975, c. 104 (C. 54:4-3.72 et seq.) to make the usage of the terms in that act consistent with these definitions. Currently, in P. L. 1975, c. 104 the two terms are mingled and used interchangeably to refer to the same "home improvement deduction," but under the usage established here, such "home improvement deduction" is an exemption, not an abatement;

2. Delete the requirement that a conversion of a nonresidential building or structure, to a multiple dwelling shall involve the provision of a number of bedrooms equal to the number of dwelling units created;

3. Delete the definition of "dwelling unit" set forth in subsection d. of section 2 of the bill as introduced, since this term is adequately defined in the "Hotel and Multiple Dwelling Law" (P. L. 1967, c. 76; C. 55:13A-1 et seq.), to which this act refers;

4. Exclude from the definition of an "improvement" eligible for tax exemptions, or exemptions and abatements, under the legislation, any repair of fire or other damages for which an insurance payment was received during the immediately preceding period;

5. Provide a definition of "cost" to be used in subsection b. of section 4 of the bill for the purpose of calculating that portion of the assessed valuation of the property as it existed prior to the improvement or conversion alteration which may be abated from taxation pursuant to ordinance. While the exemptions for improvements granted under section 4a. are based upon the assessed valuation of the improvement, the abatements granted under section 4b. are based upon the "cost" of the improvement. The definition provided here is based upon that contained in P. L. 1977, c. 12 (C. 54:4-3.95 et seq.), but excludes land acquisition and preparation, provision of access roads, utilities, drainage facilities, etc., therefrom, since these elements are associated mostly with new construction, which is not within the scope of this legislation;

6. Reverse the progression schedule for tax abatements set forth in subsection b. of section 4, in order to provide for the most substantial abatement in the first year after the improvement (30% of cost) with the percentage of abatement decreasing over the 5 year period;

7. Insert a new section 11 amending section 3 of P. L. 1975, c. 104 (C. 54:4-3.74) to delete the provision of that section that the county planning board determine residential neighborhoods of a municipality to be in need of rehabilitation, and to substitute a provision that the municipal governing body determine areas within the municipality to be in need of rehabilitation.

*Committee determinations:* The committee seriously considered the sponsor's statement that existing law in this area fails to provide for tax incentives adequate to encourage the improvement and rehabilitation of multiple dwellings. The committee was particularly concerned in this regard, since the League of Municipalities opposed the bill in committee on the basis that "P. L. 1977, c. 12 satisfactorily addresses the problem."

The committee reviewed the various statutory enactments permitting tax exemptions or abatements, or both, for redevelopment or improvement purposes to see whether or not multiple dwellings are eligible under each, and to evaluate the adequacy of the tax incentives currently provided multiple dwellings. The attached chart compares the major provisions of these enactments with the provisions of Senate Bill No. 525.

With respect to P. L. 1975, c. 104, the committee finds that, while multiple dwellings are currently included within its scope, the thrust of that legislation is to encourage improvement of single residences and duplex apartments. Under P. L. 1975, c. 104 only improvements which "primarily and directly" affect dwelling units are eligible for tax exemption. Senate Bill No. 525 would extend eligibility to improvements to common areas and elements of multiple dwellings, such as elevators, stairways, grounds, fire detection and security systems, not covered under P. L. 1975, c. 104. Senate bill would also provide exemptions and abatements for the conversion of other existing buildings into multiple dwellings, a type of rehabilitation of buildings and structures not covered under P. L. 1975, c. 104. In addition, the bill would not limit the amount of the assessed valuation of improvements which could be exempted at \$4,000.00 or \$10,000.00, per dwelling unit, or any other specific amount, and would permit municipalities to abate some portion of the assessed valuation of the property as it existed prior to the improvement. The committee finds that these provisions justify the sponsor's contention that the bill would provide more realistic incentives for the rehabilitation of multiple dwellings and that multiple dwellings should be separated from the provisions of P. L. 1975, c. 104.

With respect to P. L. 1977, c. 12, the committee finds that multiple dwellings, or any other types of residential properties, are not included within the scope of that act. The statute specifically includes commercial or industrial structures only. The committee also finds that, while the provisions of Senate Bill 525 do superficially resemble those of P. L. 1977, c. 12, with respect to permitting both 5 year exemptions for improvements and 5 year abatements for a declining percentage of tax burden, it would be inappropriate to include multiple dwellings

within the provisions of that act, since that act also permits abatements for the construction of new facilities, and Senate Bill No. 525 is specifically designed to promote rehabilitation efforts.

With respect to the various statutes commonly grouped as Foxx-Lance (C. 40:55C-1 et seq.), the committee finds that, while the rehabilitation of multiple dwellings is included within the scope of those statutes, certain provisions and procedural requirements of those statutes restrict the availability and practicability of use of the powers set forth therein to certain municipalities. While the changes to the Foxx-Lance statutes proposed in Senate Bill No. 1186, previously released by the committee, any encourage greater use of the tax exemption powers permitted thereunder, a municipality would still have to be willing to form a redevelopment agency or urban renewal corporation and to contemplate tax exemptions extending for periods of up to 20 or 30 years, if it wished to utilize those statutes for rehabilitation of multiple dwellings. Thus, the Foxx-Lance powers remain, even with Senate Bill No. 1186, more appropriate for large-scale redevelopment and reconstruction purposes, than for limited rehabilitation purposes.

The committee, therefore, determined that the provisions of Senate Bill No. 525 would provide municipalities with an available and practicable method of providing tax incentives adequate to encourage the rehabilitation of multiple dwellings, which is not provided under the current statutes.

COMPARISON OF PRESENT AND PENDING LEGISLATION  
PERMITTING TAX INCENTIVES FOR REDEVELOPMENT

Program	Senate Bill No. 525	P. L. 1975, c. 104 (C. 54:4-3.73 et seq.) as amended by P. L. 1977, c. 284	P. L. 1977, c. 12 (C. 54:4-3.95 et seq.)	Foxx-Lance (C. 40:55C-1 et seq.)	Foxx-Lance (as amended by Senate Bill No. 1186)
Eligible Areas	Areas determined "in need of rehabilitation"	Residential neighborhoods determined "in need of rehabilitation"	Areas "endangered by blight and in need of rehabilitation." Also "blighted areas" defined in C. 40:55-21.1.	"blighted areas" defined in 40:55C-3.	"blighted areas" defined in 40:55C-3, as amended by S-1186 to include criteria of declining employment and tax ratables.
Authority Determining Eligible Areas	Governing body of municipality pursuant to DCA regulations	County planning board, or DCA upon request of municipal governing body ( Amendments to S-525 would leave determination to municipal governing body)	DCA upon application of municipal governing body	Municipal governing body, after investigation, notice and hearing Municipality must establish a "redevelopment agency" or an "urban renewal corporation" or an "urban nonprofit renewal corporation"	Same requirements, but no hearing or notice requirements if determination of blight is to be used only for granting tax exemptions
Eligible Properties	Multiple dwellings of 3 or more units; Other buildings and structures converted to multiple dwellings; Common elements of condominiums and horizontal property regimes	Single dwelling property more than 20 years old. Multiple dwelling property more than 20 years old (S-525 would amend to limit to single dwelling properties, duplex apartments and individual residential units of condominiums and horizontal property regimes)	Commercial or industrial structures, used for manufacturing, processing, assembling, research, office industrial, commercial, retail, recreational, hotel or warehousing purposes	Residential, commercial, industrial, public or other structures. Condominiums included under P. L. 1978, c. 93.	Same
Eligible Costs	Any improvements to an existing multiple dwelling affecting common areas or elements, or 3 or more units, other than ordinary painting, repairs and maintenance. Conversion alterations to nonresidential buildings and structures	Improvements to dwelling units primarily and directly affected in single and multiple dwelling property	Improvements which do not increase the volume of structure by more than 30%. Construction of new facilities, including enlargement of volume of structure by more than 30%	Clearance, replanning, development, redevelopment New construction Rehabilitation of any improvements Grant or dedication of spaces for parks, recreation, streets	Same

COMPARISON OF PRESENT AND PENDING LEGISLATION  
PERMITTING TAX INCENTIVES FOR REDEVELOPMENT—(Continued)

Program	Senate Bill No. 525	P. L. 1975, c. 105 (C. 54:4-3.73 et seq.) as amended by P. L. 1977, c. 284	P. L. 1977, c. 12 (C. 54:4-3.95 et seq.)	Foxx-Lance (C. 40:55C-1 et seq.)	Foxx-Lance (as amended by Senate Bill No. 1186)
Type of Tax Incentive	Abatements, or abatements and exemptions	Abatements only	Exemptions for improvements. Abatements for new construction, with in lieu tax payments	All land and improvements acquired or constructed by redevelopment agency or urban renewal corporation are tax exempt, subject to an annual service charge	Same
Limitations on Amount	Abatements — full assessed value of improvements or conversion alterations. Exemptions—portion of the assessed value as it existed prior to the improvement; up to: 1st yr—30% of cost 2nd yr—25% of cost 3rd yr—20% of cost 4th yr—15% of cost 5th yr—10% of cost	First \$4,000 or \$10,000 of assessed valuation of improvements for each dwelling unit primarily and directly affected.	<i>Exemptions for improvements</i> —full assessed value. <i>Abatements for new construction</i> —in lieu of full property taxes make payments according to one of three formulas: 1. 2% annually of project cost; 2. 15% annually of "annual gross revenues" from project; or, 3. Amount equal to: 1st yr—0% of taxes otherwise due; 2nd yr—20% of taxes; 3rd yr—40% of taxes; 4th yr—60% of taxes; 5th yr—80% of taxes	Full tax exemption—annual service charge payments: 1. redevelopment agency—up to amount of taxes otherwise due; 2. urban renewal corporation equal to 15% of annual gross revenues; 3. urban renewal nonprofit corporation—equal to 15% of annual gross revenues.	<i>Changes annual service charge payments</i> as follows: 1. redevelopment agency—no change; 2. urban renewal corporation—not less than 15% of annual gross revenues; 3. urban renewal nonprofit corporation—not less than 15% of annual gross revenues.
			In no event may the tax obligation on the property be less than that of the year prior to the improvement.		

COMPARISON OF PRESENT AND PENDING LEGISLATION  
 PERMITTING TAX INCENTIVES FOR REDEVELOPMENT—(Continued)

Program	Senate Bill No. 525	P. L. 1975, c. 105 (C. 54:4-3.73 et seq.) as amended by P. L. 1977, c. 284	P. L. 1977, c. 12 (C. 54:4-3.95 et seq.)	Foxx-Lance (C. 40:55C-1 et seq.)	Foxx-Lance (as amended by Senate Bill No. 1186)
Duration of Tax Incentives	Abatements—period of 5 years; Exemptions up to 5 years	Period of 5 years	Exemptions for improvements—period of 5 years; Abatements for new construction—a period of not more than 5 years.	Redevelopment agencies until leased, sold or contracted to private persons; Urban renewal corporation—20 years from execution of agreement, or 15 years from operation of any unit whichever occurs first; Urban renewal nonprofit corporation 25 years from execution of agreement, or 20 years from operation of any unit, whichever occurs first.	<i>Time limitations changed</i> Redevelopment agencies — no change; Urban renewal corporation—25 years from execution of agreement, or 20 years from operation of any unit, whichever occurs first; Urban renewal nonprofit corporation—30 years from execution of agreement, or 25 years from operation of any unit, whichever occurs first.



SENATE COMMITTEE AMENDMENTS TO  
SENATE, No. 525

STATE OF NEW JERSEY

ADOPTED FEBRUARY 20, 1979

Amend page 1, title, line 2, after "c. 104", insert "and P. L. 1977, c. 284,".

Amend page 2, section 2, after line 1, insert new subsection as follows:

"a. 'Abatement' means that portion of the assessed value of a property as it existed prior to an improvement or conversion alteration which is exempted from taxation pursuant to subsection b. of section 4 of this act;"

Amend page 2, section 2, line 2, omit "a.", insert "b."

Amend page 2, section 2, line 5, omit "b.", insert "c."

Amend page 2, section 2, line 8, omit "c.", insert "d."

Amend page 2, section 2, lines 12-14, after "dwelling" omit remainder of line 12, all of line 13 and "created thereby" on line 14.

Amend pages 2-3, section 2, lines 15-25, omit.

Amend page 3, section 2, after line 25, insert new subsections as follows:

"e. 'Cost,' when used with respect to an improvement or conversion alteration, means only the cost or fair market value of direct labor and materials used in improving a multiple dwelling, or in converting another building or structure to a multiple dwelling, including any architectural, engineering, and contractors' fees associated with the improvement or conversion, as the owner of the property shall cause to be certified to the governing body by an independent and qualified architect, following the completion of the project;

f. 'Exemption' means any portion of the assessor's full and true value of any improvements or conversion alterations not regarded as increasing the taxable value of a property pursuant to subsection a. of section 4 of this act;"

Amend page 3, section 2, line 26, omit "e.", insert "g."

Amend page 3, section 2, line 28, after "items," insert ", and other than the repair of fire or other damage to the property for which payment of a claim was received by any person from an insurance company at any time during the 3 year period immediately preceding the filing of an application pursuant to section 9 of this act,".

**EXPLANATION**—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Amend page 3, section 2, line 31, after "affects", insert "common areas or elements or".

Amend page 3, section 2, line 34, omit "f.", insert "h."

Amend page 3, section 2, lines 34-39, omit "of one", on line 34 and all of lines 35 to 39, insert "meeting the definition of 'multiple dwelling' set forth in the".

Amend page 3, section 2, lines 41-52, after "et seq.)", omit remainder of line 41, all of lines 42 to 51 and "rights-of-way incidental to such buildings" on line 52.

Amend page 3, section 2, line 53, omit "g.", insert "i."

Amend page 3, section 2, line 56, omit "h.", insert "j."

Amend page 3, section 3, line 2, omit "one or more multiple dwellings", insert "areas".

Amend page 3, section 3, line 3, after "need of", omit "substantial rehabilitation", insert "rehabilitation, and that one or more multiple dwellings located within such areas are in need of rehabilitation".

Amend page 3, section 3, line 4, after "structures", insert "located within such areas are"; after "rehabilitation", insert "and".

Amend page 4, section 3, line 6, omit "guidelines", insert "regulations".

Amend page 4, section 4, line 29, omit "10%", insert "30%".

Amend page 4, section 4, line 31, omit "15%", insert "25%".

Amend page 5, section 4, line 35, omit "25%", insert "15%".

Amend page 5, section 4, line 37, omit "30%", insert "10%".

Amend page 5, section 4, line 38, omit "(6)".

Amend page 7, section 10, line 15, omit "or project".

Amend page 7, section 10, lines 28-30, after "declared", omit remainder of line 28, all of line 29 and "Affairs" on line 30.

Amend page 7, section 10, after line 31, insert new section 11. as follows:

"11. Section 3 of P. L. 1975, c. 104 (C. 54:4-3.74) is amended to read as follows:

3. The [county planning board] *governing body of any municipality* may determine that [a municipality's residential neighborhoods] *areas within such municipality* are in need of rehabilitation. [It may make such a determination on its own initiative or in response to a petition by the governing body of the municipality. In the event of the failure of the county planning board to respond favorably to such a petition within 30 days of its receipt, the petitioning municipal governing body may request the Commissioner of the Department of Community Affairs to make such determination instead.]

[In determining that a municipality's residential neighborhoods are in need of rehabilitation, the following may be considered.] *The Depart-*

*ment of Community Affairs shall promulgate regulations pursuant to which such determinations shall be made, which may take into consideration the following:* existence of areas within the municipality that have previously been declared blighted; deterioration in housing maintenance; age of housing stock; and arrearage in real property taxes due on residential properties.”

Amend page 7, section 11, line 1, omit “11.”, insert “12.”.

Amend page 7, section 11, lines 5-6, omit “abatements”, insert “exemptions”.

Amend page 7, section 11, after line 19, insert new sections as follows:

“13. Section 7 of P. L. 1977, c. 284 (C. 54:4-3.79a) is amended to read as follows:

7. The Department of Community Affairs shall prepare, in sufficient quantity for distribution to residential property owners in municipalities electing to offer **[abatements]** *exemptions* pursuant to this act, a notice for taxpayers describing the **[abatement]** *exemption* program and the application procedure therefore. Any qualified municipality which has adopted a general ordinance providing for **[abatements]** *exemptions* pursuant to this act shall include said notice in the mailing of annual property tax bills to each owner of residential property, including multi-family housing, in the municipality during the first year following adoption of said ordinance or, for municipalities which adopted such an ordinance prior to the effective date of this amendatory and supplementary act, during the first year following the effective date of said act.

14. Section 8 of P. L. 1977, c. 284 (C. 54:4-3.79b) is amended to read as follows:

8. Any municipality which has adopted an ordinance pursuant to this act declaring neighborhoods “endangered by blight” may proceed, on the initiative of the governing body, to amend such ordinance declaring neighborhoods to be “in need of rehabilitation”, provided, however, that any **[abatement]** *exemption* granted and in force shall not be discontinued by virtue of such amended ordinance.”.

Amend page 7, section 12, line 1, omit “12.”, insert “15.”.

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SENATE REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO  
**SENATE, No. 525**  
with committee amendment

**STATE OF NEW JERSEY**

DATED: MAY 3, 1979

The Senate Revenue, Finance and Appropriations Committee finds the Senate County and Municipal Government Committee statement to be an adequate and accurate explanation of the substance and effect of this bill and concurs in that statement. A number of essentially technical amendments were found necessary as explained below.

COMMITTEE AMENDMENTS

Senate committee amendments limit the applicability of this legislation to "Qualified Municipalities."

In addition, the provisions of the bill that would have allowed a municipality to unilaterally declare areas within its borders as "in need of rehabilitation" have been changed. The current provisions of law that require the county planning board to make the declaration of an area's being "in need of rehabilitation," with provision for appeal to the Department of Community Affairs, are retained.

SENATE COMMITTEE AMENDMENTS TO  
**SENATE, No. 525**  
[OFFICIAL COPY REPRINT]

**STATE OF NEW JERSEY**

ADOPTED MAY 3, 1979

Amend page 2, section 1, line 43, omit "neighborohood", insert "neighborhood".

Amend page 4, section 2, after line 75, insert "k. "Qualified municipality" means any municipality determined to be eligible to grant exemptions from taxation pursuant to P. L. 1975, c. 104 (C. 54:4-3.73 et seq.).".

Amend page 4, section 3, line 1, after "any", insert "qualified".

Amend page 4, section 3, line 10, after "Affairs", insert "pursuant to the "Administrative Procedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.),".

Amend page 4, section 4, line 1, after "any", insert "qualified".

Amend page 8, section 10, line 28, after "Affairs]", insert "by the county planning board or the Commissioner of the Department of Community Affairs".

Amend page 8, section 11, lines 1-20, omit in their entirety.

Amend page 8, section 12, line 1, omit "12.", insert "11."

Amend page 9, section 13, line 1, omit "13.", insert "12."

Amend page 9, section 14, line 1, omit "14.", insert "13."

Amend page 9, section 15, line 1, omit "15.", insert "14."

SENATE REVENUE, FINANCE AND  
APPROPRIATIONS COMMITTEE

STATEMENT TO

**SENATE, No. 525**

with Senate committee amendments and  
Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: AUGUST 6, 1979

The Senate Revenue, Finance and Appropriations Committee reports this bill favorably. For a legislative record the Senate County and Municipal Government Committee statement (February 13, 1979), the prior Senate Revenue, Finance and Appropriations Committee statement (May 3, 1979) and the Assembly Committee on Taxation statement (June 28, 1979) should be reviewed.

These statements adequately describe the proposal and explain the effect of amendments as this bill progressed through the Legislature.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

OCTOBER 31, 1979

KATHRYN FORSYTH

Governor Brendan Byrne has signed S-525, sponsored by Senator Matthew Feldman (D-Bergen), which permits municipalities to adopt ordinances providing specifically for tax abatements or exemptions for improvement or rehabilitations of multiple dwellings.

The bill sets down guidelines for the granting of the exemptions and abatements and provides municipalities with a practicable method of providing adequate tax incentives to encourage the rehabilitation of urban residential areas.

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