

40:55C-41 ET SEQ.

July 7, 1969

LEGISLATIVE NOTES ON R.S. 40:55c-41 et seq.

Revision and clarification of the Urban Renewal Corporation and Association Law of 1961 suggested in:

974.905 New Jersey Municipalities.
M96 June 1968.
p. 24 & 25 (copy encbsed)

L. 1968, Chapter 310 - A286
Introduced February 5 by Kean [and others].
Bill had statement (copy enclosed).
Sept. 10 - Gov. Conditional Veto (copy enclosed).
Sept. 10 - Re-enacted as recommended by Governor.
Sept. 26 - Approved.

No hearings or reports on the 1967 or 1968 act were located.

RSL/PC

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ASSEMBLY, No. 286

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1968

By Assemblymen KEAN, KALTENBACHER, WILSON,
CAPUTO, DENNIS and FIORE

Referred to Committee on County and Municipal Government

AN Act concerning redevelopment and regional development agencies, and amending the "Urban Renewal Corporation and Association Law of 1961," approved June 2, 1961 (P. L. 1961, c. 40) as said Title was amended by chapter 114 of the laws of 1967 (C. 40:55C-40 et seq.) and the "Urban Renewal Nonprofit Corporation Law of 1965," approved June 14, 1965 (P. L. 1965, c. 95) (C. 40:55C-77 et seq.)

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

1 1. Section 5 of chapter 40 of the laws of 1961 is amended to read
2 as follows:

3 5. "Urban renewal corporation" means a corporation qualified
4 under this act to acquire *by purchase** **[, exchange]*** *or lease** of
5 *not less than 15 years**, construct, operate and maintain a project
6 hereunder, or to acquire *by purchase** **[, exchange]*** *or lease** of
6A *not less than 15 years**, operate and maintain a project con-
7 structed by a corporation so qualified under this act, and the term
8 "corporation" when used within *this* act shall be understood to
9 be a contraction of the term "urban renewal corporation" except
10 when the context indicates otherwise.

1 2. Section 7 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 7. "Project" means the undertaking and execution of the re-
4 development of a blighted area, in whole or in part, in accordance
5 with an agreement **[for the sale of the land concerned to the**
6 **corporation or association by]** *with respect to the land concerned*
7 *between the corporation or association and a municipality, or*
8 *agency, or authority, *and in connection with a redevelopment plan*

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

9 adopted pursuant to the procedures specified in section 17 (b) of
 10 chapter 306 of the laws of 1949,* including the work to be done in
 11 reference thereto, the designation of the particular proposed
 12 buildings to be constructed and their uses and purposes, the land-
 13 scaping of the premises, the streets and access roads, recreational
 14 facilities, if any, the furnishing of the public utilities, the financial
 15 arrangements and the terms and conditions of the proposed mu-
 16 nicipal co-operation and approval.

1 3. Section 8 of chapter 40 of the laws of 1961 is amended to
 2 read as follows:

3 8. "Total project unit cost" or "total project cost" means the
 4 aggregate of the following items as related to any unit of a project
 5 if the project is to be undertaken in units or to the total project if
 6 the project is not to be undertaken in units: (a) cost of the land to
 7 the urban renewal corporation or association *whether acquired from*
 8 *a private or a public owner, such cost in the case of leasehold inter-*
 9 *ests to be computed by capitalizing the aggregate rental at a rate*
 10 *provided in the financial agreement*; (b) architects', engineers' and
 11 attorneys' fees paid or payable by the corporation or association in
 12 connection with the planning, construction and financing of the
 13 project; (c) surveying and testing charges in connection there-
 14 with; (d) actual construction cost as certified by the architect, in-
 15 cluding the cost of any preparation of the site undertaken at the
 16 corporation's or association's expense; (e) insurance, interest and
 17 finance costs during construction; (f) cost of obtaining initial per-
 18 manent financing; (g) commissions and other expenses paid or
 19 payable in connection with initial leasing; (h) real estate taxes and
 20 assessments during the construction period, and (i) a developer's
 21 overhead based on a percentage of (d) above, to be computed in
 22 accordance with the following schedule:

23	\$500,000 or less	—10%
24	\$500,001 through \$1,000,000	—\$50,000 plus 8% on excess
25		above \$500,000
26	\$1,000,001 through \$2,000,000	—\$90,000 plus 7% on excess
27		above \$1,000,000
28	\$2,000,001 through \$3,500,000	—\$160,000 plus 5.6667% on excess
29		above \$2,000,000
30	\$3,500,001 through \$5,500,000	—\$245,000 plus 4.25% on excess
31		above \$3,500,000
32	\$5,500,001 through \$10,000,000	—\$330,000 plus 3.7778% on excess
33		above \$5,500,000
34	Over \$10 million	—5%

1 4. Section 13 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 13. Any urban renewal corporation or association qualifying
4 under this act or any supplement thereto may undertake a project,
5 and when so authorized by a financial agreement with a munici-
6 pality pursuant to this act, may acquire *by purchase** **[, exchange]**
7 *or lease* of not less than 15 years* from a public or private owner,*
8 plan, develop, construct, alter, maintain or operate housing, busi-
9 ness, industrial, commercial, cultural or recreational projects or
10 any combination of 2 or more such types of improvement in a single
11 project. The conditions of use, ownership, management and con-
12 trol of the improvements in any such project shall be regulated as
13 herein provided.

1 5. Section 14 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 14. When any municipality or agency or authority thereof has
4 acquired land constituting or being a part of a blighted area, pur-
5 suant to chapter 187 of the laws of 1949, chapter 300 of the laws of
6 1949 or chapter 306 of the laws of 1949, the governing body of the
7 municipality, or the agency or authority, by resolution, may make
8 such land available for use for a project by an urban renewal cor-
9 poration or association, qualified under this act or any supplement
10 thereto, by private sale* **[, exchange]**
11 *or lease* of not less than 15*
12 *years**, upon such terms and conditions as shall be agreed upon by
13 the said governing body or said agency or authority and said cor-
14 poration or association. Any such resolution shall include a
15 determination of the use value of the said land and the price to
16 be paid therefor by the said corporation or association shall not
be less than the amount so determined.

1 6. Section 15 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 15. Any corporation formed, or which shall be formed, under
4 Title 14, "Corporations, General" of the Revised Statutes may
5 qualify to operate under the provisions of this act, if its certificate
6 of incorporation, originally or by amendment thereof, shall contain
7 the following provisions:

8 (a) The name of the corporation shall include the words "urban
9 renewal."

10 (b) The object for which it is formed shall be to operate under
11 this act and to initiate and conduct projects for the clearance
12 replanning, development and redevelopment of blighted areas in
13 municipalities and, when so authorized by financial agreement with
14 a municipality pursuant to this act, to acquire *by purchase** **[, ex-**

15 *change* or lease *of not less than 15 years* from a public or
 16 private owner, plan, develop, construct, alter, maintain or operate
 17 housing, business, industrial, commercial, cultural or recreational
 18 projects or any combination of any 2 or more such types of im-
 19 provement in a single project, under such conditions as to use,
 20 ownership, management and control as shall be regulated pursuant
 20A to this act.

21 (c) A provision that so long as the corporation is obligated under
 22 a financial agreement with a municipality made pursuant to this
 23 act, it shall engage in no business other than the ownership, opera-
 24 tion and management of a single project.

25 (d) A declaration that the corporation has been organized to
 26 serve a public purpose, that its operations shall be directed toward
 27 providing for and making possible the clearance, replanning, de-
 28 velopment or redevelopment of blighted areas or the acquisition,
 29 management and operation of a project hereunder; and that it
 30 shall, as provided herein, be subject to regulation by the munici-
 31 pality in which its project is situated, and to a limitation on profits
 32 and dividends for so long as it remains the owner of a project sub-
 33 ject to the provisions of this act.

34 (e) A provision that the corporation shall not voluntarily trans-
 35 fer the project undertaken by it under the terms of this act, until
 36 it has first removed both itself and the project from all restrictions
 37 hereunder in the manner hereinafter set forth; but with a proviso
 38 that the foregoing restriction shall not be applied to prevent the
 39 transfer of a project to another urban renewal corporation which,
 40 with the consent of the municipality in which the project is located,
 41 shall assume all the contractual obligations of the transferor cor-
 42 poration under its financial agreement with the said municipality.

1 7. Section 26 of chapter 40 of the laws of 1961 is amended to
 2 read as follows:

3 26. The improvements made in the development or redevelop-
 4 ment of a blighted area, pursuant to this act, shall be exempt from
 5 taxation for a period of not more than 20 years from the date of
 6 the execution of a financial agreement for the development or re-
 7 development of the property upon which the improvements are to
 8 be made pursuant to a financial agreement entered into with the
 9 municipality in which said area is situate. Any such exemption
 10 shall be claimed and allowed in the same or a similar manner as
 11 in the case of other real property exemptions and no such claim
 12 shall be allowed unless the municipality wherein said property is
 13 situated shall certify that a financial agreement with an urban re-
 14 newal corporation or association for the development or the re-

15 development of the property has been entered into and is in effect
16 as required by the provisions of this act. In event that an exemp-
17 tion status changes during a tax year, the procedure for the ap-
18 portionment of the taxes for said year shall be the same as in the
19 case of other changes in tax exemption status during the tax year.

20 The urban renewal corporation or association shall make pay-
21 ment to the municipality of an annual service charge for municipal
22 services supplied to said project, in an annual amount equal to 15%
23 of the annual gross revenues from each unit of the project, if the
24 project is undertaken in units, or from the total project if the proj-
25 ect is not to be undertaken in units, for each of the years of opera-
26 tion commencing with the date of the completion of such unit or of
27 the project, as the case may be. Where because of the nature of
28 the development, ownership, use or occupancy of the project or any
29 unit thereof if the project is to be undertaken in units, the total
30 annual gross rental cannot be reasonably ascertained under the
31 provisions of section 12 of this act, the governing body shall pro-
32 vide in the financial agreement that the annual service charge shall
33 be a sum equal to 2% of the total project cost or total project unit
34 cost determined pursuant to section 8 of this act, calculated from
35 first day of the month following the substantial completion of the
36 project or any unit thereof if the project is undertaken in units;
37 provided, however, that in no event shall such payment together
38 with the taxes on the land, in any year after first occupancy of the
39 project be less than the total taxes assessed on all real property
40 in the area covered by the project in the calendar year immediately
41 preceding the acquisition of the said area by the municipality or
42 its agency, *or by the private or public owner from whom the urban*
43 *renewal corporation acquired the land.*

44 The aforesaid payment shall be made annually within 30 days
45 after the close of each such calendar year.

46 Against such annual charge the corporation or association shall
47 be entitled to credit for the amount, without interest, of the real
48 estate taxes on land paid by it in the last 4 preceding quarterly
49 installments. On or before January 15 in each year each taxing
50 district shall report to the county board of taxation, in such form
51 as shall be approved by the Director of the Division of Taxation,
52 the amount of the service charge in excess of the taxes on the land
53 chargeable for the preceding calendar year for each project or
54 unit thereof subject to the provisions of this act. The county tax
55 board shall capitalize the amount so reported by each taxing dis-
56 trict by dividing the same by the tax rate per \$100.00 of valuation
57 for the taxing district for the preceding year and multiplying the

58 resultant quotient by 100. The result of such capitalization shall
 59 be included in the ensuing table of aggregates in a separate column
 60 as locally assessed real estate and shall be equalized in the same
 61 manner as other real estate for the purposes of apportionment of
 62 county taxes.

63 At the end of 20 years from the date of the execution of said
 64 financial agreement or earlier at the end of 15 years of operation
 65 of any unit, if the project is undertaken in units, or of the entire
 66 project, if it is not undertaken in units, whichever occurs first, the
 67 tax exemption upon said unit, if the project is undertaken in units,
 68 or upon the entire project, if the project is not undertaken in units,
 69 shall cease and the improvements and any other property of the
 70 corporation or association as well as the land shall be assessed and
 71 taxed, according to general law, like other property in the mu-
 72 nicipality.

73 At the same date all restrictions and limitations upon the cor-
 74 poration or association shall terminate and be at an end upon the
 75 corporation's or association's rendering its final account with the
 76 municipality.

1 8. Section 5 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 5. "Urban renewal nonprofit corporation" means, a corporation
 4 qualified under this act to acquire *by purchase** [, *exchange*]* or
 5 *lease** of not less than 15 years*, construct, operate and maintain
 6 a project hereunder, or to acquire *by purchase** [, *exchange*]* or
 6A *lease** not less than 15 years*, operate and maintain a project
 7 constructed by a corporation qualified under this act or under the
 8 provisions of chapter 40 of the laws of 1961 as amended and supple-
 9 mented, and the term "corporation" when used within this act
 10 shall be understood to be a contraction of the term "urban renewal
 11 nonprofit corporation" except when the context indicates other-
 12 wise.

1 9. Section 7 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 7. "Project means, the undertaking and execution of the re-
 4 development of a blighted area, in whole or in part, in accordance
 5 with an agreement [for the sale of the land concerned to the corpo-
 6 ration by] *with respect to the land concerned between the cor-*
 7 *poration and a municipality, or agency, or authority, *and in con-*
 8 *nection with a redevelopment plan adopted pursuant to the pro-*
 9 *cedures specified in section 17 (b) of chapter 306 of the laws of*
 10 *1949,* including the work to be done in reference thereto, the*
 11 *designation of the particular proposed buildings to be constructed*

12 and their uses and purposes, the landscaping of the premises, the
 13 streets and access roads, recreational facilities, if any, the furnish-
 14 ing of public utilities, the financial arrangements and the terms and
 15 conditions of the proposed municipal co-operation and approval.

1 10. Section 8 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 8. "Total project unit costs," or "total project cost" means,
 4 the aggregate of the following items as related to any unit of a
 5 project if the project is to be undertaken in units, or to the total
 6 project if the project is not to be undertaken in units: (a) cost of
 7 the land to the corporation *whether acquired from a private or a*
 8 *public owner, such cost in the case of leasehold interests to be com-*
 9 *puted by capitalizing the aggregate rental at a rate provided in*
 10 *the financial agreement*; (b) architects, engineers and attorneys
 11 fees, paid or payable by the corporation in connection with the
 12 planning, construction and financing of the project; (c) surveying
 13 and testing charges in connection therewith; (d) actual construc-
 14 tion costs as certified by the architect, including the cost of any
 15 preparation of the site undertaken at the corporation's expense;
 16 (e) insurance, interest and finance costs during construction; (f)
 17 costs of obtaining initial permanent financing; (g) commissions
 18 and other expenses paid or payable in connection with initial
 19 leasing; (h) real estate taxes and assessments during the construc-
 20 tion period; (i) a developer's overhead based on a percentage of
 21 (d) above, to be computed in accordance with the following
 22 schedule:

23 \$500,000 or less	—10%
24 \$500,000 through \$1,000,000	—\$50,000 plus 8% on excess
25	above \$500,000
26 \$1,000,001 through \$2,000,000	—\$90,000 plus 7% on excess
27	above \$1,000,000
28 \$2,000,001 through \$3,500,000	—\$160,000 plus 5.6667% on excess
29	above \$2,000,000
30 \$3,500,001 through \$5,500,000	—\$245,000 plus 4.25% on excess
31	above \$3,500,000
32 \$5,500,001 through \$10,000,000	—\$330,000 plus 3.7778% on excess
33	above \$5,500,000
34 over \$10,000,000	—5%

1 11. Section 10 of chapter 95 of the laws of 1965 is amended to
 2 read as follows:

3 10. Any urban renewal nonprofit corporation qualifying under
 4 this act may undertake one or more projects, and when so author-
 5 ized by a financial agreement with the municipality pursuant to

6 this act, may acquire *by purchase****[, exchange]*** *or lease* *of not
 7 *less than 15 years** *from a public or private owner*, plan or develop,
 8 construct, alter, maintain or operate housing, business, industrial,
 9 commercial, cultural or recreational projects or any combination
 10 of 2 or more such types of improvement in a single project. The
 11 conditions of use, ownership, management and control of the im-
 12 provements in any project shall be regulated as herein provided.

1 12. Section 11 of chapter 95 of the laws of 1965 is amended to
 2 read as follows:

3 11. When any municipality or agency or authority thereof has
 4 acquired land constituting or being a part of a blighted area,
 5 pursuant to chapter 187 of the laws of 1949; chapter 300 of the
 6 laws of 1949; or chapter 306 of the laws of 1949; the governing
 7 body of the municipality, or the agency or authority, by resolution,
 8 may make such land available for use for a project by an urban
 9 renewal nonprofit corporation, qualified under this act, by private
 10 sale***[, exchange]*** *or lease** *of not less than 15 years**, upon such
 11 terms and conditions as shall be agreed upon by the said governing
 12 body or said agency or authority and the said corporation. Any
 13 such resolution shall include a determination of the use value of
 14 the said land, and the price to be paid therefor by the corporation
 15 shall not be less than the amount so determined.

1 13. Section 12 of chapter 95 of the laws of 1965 is amended to
 2 read as follows:

3 12. Any corporation formed, or which shall be formed, under
 4 Title 15 "corporations not for pecuniary profit" of the Revised
 5 Statutes may qualify to operate under the provisions of this act,
 6 if its certificate of incorporation, originally or by amendment
 7 thereof, shall contain the following provisions: (a) one of the
 8 objects for which it is formed shall be to promote the development
 9 and redevelopment of blighted areas in municipalities and to
 10 acquire *by purchase****[, exchange]*** *or lease* *of not less than 15
 11 *years** *from a public or private owner*, plan, develop, construct,
 12 alter, maintain or operate housing, business, industrial, com-
 13 mercial, cultural or recreational projects under such conditions as
 14 to use, ownership, management and control as shall be regulated
 15 pursuant to this act; (b) a declaration that the corporation has
 16 been organized to serve a public purpose, that its operations shall
 17 be directed toward providing for and making possible the clear-
 18 ance, replanning, development and redevelopment of blighted
 19 areas or the acquisition, management and operation of a project
 20 hereunder; and that it shall, as provided herein, be subject to
 21 regulation by the municipality in which its project or projects is

22 situated; (c) a provision that the corporation shall not voluntarily
23 transfer any project undertaken by it under the terms of this act,
24 until it has first removed the project from all restrictions here-
25 under in the manner hereinafter set forth; but with a proviso that
26 the foregoing restriction shall not be applied to prevent the trans-
27 fer of a project to another urban renewal nonprofit corporation
28 which, with the consent of the municipality in which the project is
29 located shall assume all the contractual obligations of transferor
30 corporation under its financial agreement with the municipality;
31 (d) that upon dissolution by the corporation all projects shall be
32 conveyed to the municipality.

1 14. Section 21 of chapter 95 of the laws of 1965 is amended to
2 read as follows:

3 21. The improvements made in the development or redevelop-
4 ment of a blighted area, pursuant to this act, shall be exempt from
5 taxation for a period of not more than 25 years from the date of
6 the execution of a financial agreement for the development or re-
7 development of the property upon which the improvements are to
8 be made pursuant to a financial agreement entered into with the
9 municipality in which said area is situate. Any such exemption
10 shall be claimed and allowed in the same or a similar manner as
11 in the case of other real property exemptions and no such claim
12 shall be allowed unless the municipality wherein said property is
13 situated shall certify that a financial agreement with an urban
14 renewal nonprofit corporation for the development or the re-
15 development of the property has been entered into and is in effect
16 as required by the provisions of this act. In event that an exemp-
17 tion status changes during a tax year, the procedure for the appor-
18 tionment of the taxes for said year shall be the same as in the case
19 of other changes in tax exemption status during the tax year.

20 The urban renewal nonprofit corporations shall make payment to
21 the municipality of an annual service charge for municipal services
22 applied to said project, in an annual amount equal to 15% of the
23 annual gross revenues from each unit of the project, if the project
24 is undertaken in units, or from the total project if the project is
25 not to be undertaken in units, for each of the years of operation
26 commencing with the date of the completion of such unit or of the
27 project, as the case may be. Where because of the nature of the
28 development, ownership, use or occupancy of the project or any
29 unit thereof if the project is to be undertaken in units, the total
30 annual gross rental cannot be reasonably ascertained under the
31 provisions of section 9 of this act, the governing body shall provide
32 in the financial agreement that the annual service charge shall be

33 a sum equal to 2% of the total project cost or total project unit
34 cost determined pursuant to section 8 of this act, calculated from
35 first day of the month following the substantial completion of the
36 project or any unit thereof if the project is to be undertaken in
37 units; provided, however, that in no event shall such payment
38 together with the taxes on the land, in any year after first occupancy
39 of the project be less than the total taxes assessed on all real
40 property in the area covered by the project in the calendar year
41 immediately preceding the acquisition of the said area by the mu-
42 nicipality or its agency, *or by the private owner from whom the*
43 *urban renewal corporation acquired the land.*

44 The aforesaid payment shall be made annually within 30 days
45 after the close of each such calendar year.

46 Against such annual charge the corporation shall be entitled to
47 credit for the amount, without interest, of the real estate taxes on
48 land paid by it in the last 4 preceding quarterly installments. On
49 or before January 15 in each year each taxing district shall report
50 to the county board of taxation, in such form as shall be approved
51 by the Director of the Division of Taxation, the amount of the
52 service charge in excess of the taxes on the land chargeable for
53 the preceding calendar year for each project or unit thereof sub-
54 ject to the provisions of this act. The county tax board shall
55 capitalize the amount so reported by each taxing district by dividing
56 the same by the tax rate per hundred dollars of valuation for
57 the taxing district for the preceding year and multiplying the
58 resultant quotient by 100. The result of such capitalization shall
59 be included in the ensuing table of aggregates in a separate column
60 as locally assessed real estate and shall be equalized in the same
61 manner as other real estate for the purposes of apportionment of
62 county taxes and the distribution of State school aid.

63 At the end of 25 years from the date of the execution of said
64 financial agreement or earlier at the end of 20 years of operation
65 of any unit, if the project is undertaken in units, or of the entire
66 project, if it is not undertaken in units, whichever occurs first,
67 the tax exemption upon said unit, if the project is undertaken in
68 units, or upon the entire project, if the project is not undertaken
69 in units, shall cease and the improvements and any other property
70 of the corporation as well as the land shall be assessed and taxed,
71 according to general law, like other property in the municipality.

72 At the same date all restrictions and limitations upon the corpo-
73 ration in regard to the project covered by the agreement shall
74 terminate and be at an end upon the corporation's rendering its
75 final account on that project with the municipality.

1 15. This act shall take effect immediately.

ASSEMBLY, No. 286

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1968

By Assemblymen KEAN, KALTENBACHER, WILSON,
CAPUTO, DENNIS and FIORE

Referred to Committee on County and Municipal Government

AN ACT concerning redevelopment and regional development agencies, and amending the "Urban Renewal Corporation and Association Law of 1961," approved June 2, 1961 (P. L. 1961, c. 40) as said Title was amended by chapter 114 of the laws of 1967 (C. 40:55C-40 et seq.) and the "Urban Renewal Nonprofit Corporation Law of 1965," approved June 14, 1965 (P. L. 1965, c. 95) (C. 40:55C-77 et seq.)

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

1 1. Section 5 of chapter 40 of the laws of 1961 is amended to read
2 as follows:

3 5. "Urban renewal corporation" means a corporation qualified
4 under this act to acquire *by purchase, exchange or lease*, construct,
5 operate and maintain a project hereunder, or to acquire *by pur-*
6 *chase, exchange or lease*, operate and maintain a project con-
7 structed by a corporation so qualified under this act, and the term
8 "corporation" when used within *this* act shall be understood to
9 be a contraction of the term "urban renewal corporation" except
10 when the context indicates otherwise.

1 2. Section 7 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 7. "Project" means the undertaking and execution of the re-
4 development of a blighted area, in whole or in part, in accordance
5 with an agreement [for the sale of the land concerned to the
6 corporation or association by] *with respect to the land concerned*
7 *between the corporation or association and* a municipality, or
8 agency, or authority, including the work to be done in reference
9 thereto, the designation of the particular proposed buildings to

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

10 be constructed and their uses and purposes, the landscaping of the
 11 premises, the streets and access roads, recreational facilities, if
 12 any, the furnishing of the public utilities, the financial arrange-
 13 ments and the terms and conditions of the proposed municipal
 14 co-operation and approval.

1 3. Section 8 of chapter 40 of the laws of 1961 is amended to
 2 read as follows:

3 8. "Total project unit cost" or "total project cost" means the
 4 aggregate of the following items as related to any unit of a project
 5 if the project is to be undertaken in units or to the total project if
 6 the project is not to be undertaken in units: (a) cost of the land to
 7 the urban renewal corporation or association *whether acquired from*
 8 *a private or a public owner, such cost in the case of leasehold inter-*
 9 *ests to be computed by capitalizing the aggregate rental at a rate*
 10 *provided in the financial agreement*; (b) architects', engineers' and
 11 attorneys' fees paid or payable by the corporation or association in
 12 connection with the planning, construction and financing of the
 13 project; (c) surveying and testing charges in connection there-
 14 with; (d) actual construction cost as certified by the architect, in-
 15 cluding the cost of any preparation of the site undertaken at the
 16 corporation's or association's expense; (e) insurance, interest and
 17 finance costs during construction; (f) cost of obtaining initial per-
 18 manent financing; (g) commissions and other expenses paid or
 19 payable in connection with initial leasing; (h) real estate taxes and
 20 assessments during the construction period, and (i) a developer's
 21 overhead based on a percentage of (d) above, to be computed in
 22 accordance with the following schedule:

23 \$500,000 or less	—10%
24 \$500,001 through \$1,000,000	—\$50,000 plus 8% on excess
25	above \$500,000
26 \$1,000,001 through \$2,000,000	—\$90,000 plus 7% on excess
27	above \$1,000,000
28 \$2,000,001 through \$3,500,000	—\$160,000 plus 5.6667% on excess
29	above \$2,000,000
30 \$3,500,001 through \$5,500,000	—\$245,000 plus 4.25% on excess
31	above \$3,500,000
32 \$5,500,001 through \$10,000,000	—\$330,000 plus 3.7778% on excess
33	above \$5,500,000
34 Over \$10 million	—5%

1 4. Section 13 of chapter 40 of the laws of 1961 is amended to
 2 read as follows:

3 13. Any urban renewal corporation or association qualifying
 4 under this act or any supplement thereto may undertake a project,

5 and when so authorized by a financial agreement with a munici-
 6 pality pursuant to this act, may acquire *by purchase, exchange or*
 7 *lease from a public or private owner*, plan, develop, construct, alter,
 8 maintain or operate housing, business, industrial, commercial, cul-
 9 tural or recreational projects or any combination of 2 or more such
 10 types of improvement in a single project. The conditions of use,
 11 ownership, management and control of the improvements in any
 12 such project shall be regulated as herein provided.

1 5. Section 14 of chapter 40 of the laws of 1961 is amended to
 2 read as follows:

3 14. When any municipality or agency or authority thereof has
 4 acquired land constituting or being a part of a blighted area, pur-
 5 suant to chapter 187 of the laws of 1949, chapter 300 of the laws of
 6 1949 or chapter 306 of the laws of 1949, the governing body of the
 7 municipality, or the agency or authority, by resolution, may make
 8 such land available for use for a project by an urban renewal cor-
 9 poration or association, qualified under this act or any supplement
 10 thereto, by private sale, *exchange or lease*, upon such terms and
 11 conditions as shall be agreed upon by the said governing body
 12 or said agency or authority and said corporation or association.
 13 Any such resolution shall include a determination of the use value
 14 of the said land and the price to be paid therefor by the said
 15 corporation or association shall not be less than the amount so
 16 determined.

1 6. Section 15 of chapter 40 of the laws of 1961 is amended to
 2 read as follows:

3 15. Any corporation formed, or which shall be formed, under
 4 Title 14, "Corporations, General" of the Revised Statutes may
 5 qualify to operate under the provisions of this act, if its certificate
 6 of incorporation, originally or by amendment thereof, shall contain
 7 the following provisions:

8 (a) The name of the corporation shall include the words "urban
 9 renewal."

10 (b) The object for which it is formed shall be to operate under
 11 this act and to initiate and conduct projects for the clearance
 12 replanning, development and redevelopment of blighted areas in
 13 municipalities and, when so authorized by financial agreement with
 14 a municipality pursuant to this act, to acquire *by purchase, ex-*
 15 *change or lease from a public or private owner*, plan, develop, con-
 16 struct, alter, maintain or operate housing, business, industrial,
 17 commercial, cultural or recreational projects or any combination
 18 of any 2 or more such types of improvement in a single project,

19 under such conditions as to use, ownership, management and con-
20 trol as shall be regulated pursuant to this act.

21 (c) A provision that so long as the corporation is obligated under
22 a financial agreement with a municipality made pursuant to this
23 act, it shall engage in no business other than the ownership, opera-
24 tion and management of a single project.

25 (d) A declaration that the corporation has been organized to
26 serve a public purpose, that its operations shall be directed toward
27 providing for and making possible the clearance, replanning, de-
28 velopment or redevelopment of blighted areas or the acquisition,
29 management and operation of a project hereunder; and that it
30 shall, as provided herein, be subject to regulation by the munici-
31 pality in which its project is situated, and to a limitation on profits
32 and dividends for so long as it remains the owner of a project sub-
33 ject to the provisions of this act.

34 (e) A provision that the corporation shall not voluntarily trans-
35 fer the project undertaken by it under the terms of this act, until
36 it has first removed both itself and the project from all restrictions
37 hereunder in the manner hereinafter set forth; but with a proviso
38 that the foregoing restriction shall not be applied to prevent the
39 transfer of a project to another urban renewal corporation which,
40 with the consent of the municipality in which the project is located,
41 shall assume all the contractual obligations of the transferor cor-
42 poration under its financial agreement with the said municipality.

1 7. Section 26 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 26. The improvements made in the development or redevelop-
4 ment of a blighted area, pursuant to this act, shall be exempt from
5 taxation for a period of not more than 20 years from the date of
6 the execution of a financial agreement for the development or re-
7 development of the property upon which the improvements are to
8 be made pursuant to a financial agreement entered into with the
9 municipality in which said area is situate. Any such exemption
10 shall be claimed and allowed in the same or a similar manner as
11 in the case of other real property exemptions and no such claim
12 shall be allowed unless the municipality wherein said property is
13 situated shall certify that a financial agreement with an urban re-
14 newal corporation or association for the development or the re-
15 development of the property has been entered into and is in effect
16 as required by the provisions of this act. In event that an exemp-
17 tion status changes during a tax year, the procedure for the ap-
18 portionment of the taxes for said year shall be the same as in the
19 case of other changes in tax exemption status during the tax year.

20 The urban renewal corporation or association shall make pay-
21 ment to the municipality of an annual service charge for municipal
22 services supplied to said project, in an annual amount equal to 15%
23 of the annual gross revenues from each unit of the project, if the
24 project is undertaken in units, or from the total project if the proj-
25 ect is not to be undertaken in units, for each of the years of opera-
26 tion commencing with the date of the completion of such unit or of
27 the project, as the case may be. Where because of the nature of
28 the development, ownership, use or occupancy of the project or any
29 unit thereof if the project is to be undertaken in units, the total
30 annual gross rental cannot be reasonably ascertained under the
31 provisions of section 12 of this act, the governing body shall pro-
32 vide in the financial agreement that the annual service charge shall
33 be a sum equal to 2% of the total project cost or total project unit
34 cost determined pursuant to section 8 of this act, calculated from
35 first day of the month following the substantial completion of the
36 project or any unit thereof if the project is undertaken in units;
37 provided, however, that in no event shall such payment together
38 with the taxes on the land, in any year after first occupancy of the
39 project be less than the total taxes assessed on all real property
40 in the area covered by the project in the calendar year immediately
41 preceding the acquisition of the said area by the municipality or
42 its agency, *or by the private or public owner from whom the urban*
43 *renewal corporation acquired the land.*

44 The aforesaid payment shall be made annually within 30 days
45 after the close of each such calendar year.

46 Against such annual charge the corporation or association shall
47 be entitled to credit for the amount, without interest, of the real
48 estate taxes on land paid by it in the last 4 preceding quarterly
49 installments. On or before January 15 in each year each taxing
50 district shall report to the county board of taxation, in such form
51 as shall be approved by the Director of the Division of Taxation,
52 the amount of the service charge in excess of the taxes on the land
53 chargeable for the preceding calendar year for each project or
54 unit thereof subject to the provisions of this act. The county tax
55 board shall capitalize the amount so reported by each taxing dis-
56 trict by dividing the same by the tax rate per \$100.00 of valuation
57 for the taxing district for the preceding year and multiplying the
58 resultant quotient by 100. The result of such capitalization shall
59 be included in the ensuing table of aggregates in a separate column
60 as locally assessed real estate and shall be equalized in the same
61 manner as other real estate for the purposes of apportionment of
62 county taxes.

63 At the end of 20 years from the date of the execution of said
 64 financial agreement or earlier at the end of 15 years of operation
 65 of any unit, if the project is undertaken in units, or of the entire
 66 project, if it is not undertaken in units, whichever occurs first, the
 67 tax exemption upon said unit, if the project is undertaken in units,
 68 or upon the entire project, if the project is not undertaken in units,
 69 shall cease and the improvements and any other property of the
 70 corporation or association as well as the land shall be assessed and
 71 taxed, according to general law, like other property in the mu-
 72 nicipality.

73 At the same date all restrictions and limitations upon the cor-
 74 poration or association shall terminate and be at an end upon the
 75 corporation's or association's rendering its final account with the
 76 municipality.

1 8. Section 5 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 5. "Urban renewal nonprofit corporation" means, a corporation
 4 qualified under this act to acquire *by purchase, exchange or lease*,
 5 construct, operate and maintain a project hereunder, or to acquire
 6 *by purchase, exchange or lease*, operate and maintain a project
 7 constructed by a corporation qualified under this act or under the
 8 provisions of chapter 40 of the laws of 1961 as amended and supple-
 9 mented, and the term "corporation" when used within this act
 10 shall be understood to be a contraction of the term "urban renewal
 11 nonprofit corporation" except when the context indicates other-
 12 wise.

1 9. Section 7 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 7. "Project means, the undertaking and execution of the re-
 4 development of a blighted area, in whole or in part, in accordance
 5 with an agreement [for the sale of the land concerned to the corpo-
 6 ration by] *with respect to the land concerned between the cor-
 7 poration and a municipality, or agency, or authority, including the
 8 work to be done in reference thereto, the designation of the par-
 9 ticular proposed buildings to be constructed and their uses and
 10 purposes, the landscaping of the premises, the streets and access
 11 roads, recreational facilities, if any, the furnishing of public
 12 utilities, the financial arrangements and the terms and conditions
 13 of the proposed municipal co-operation and approval.*

1 10. Section 8 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 8. "Total project unit costs," or "total project cost" means,
 4 the aggregate of the following items as related to any unit of a

5 project if the project is to be undertaken in units, or to the total
 6 project if the project is not to be undertaken in units: (a) cost of
 7 the land to the corporation *whether acquired from a private or a*
 8 *public owner, such cost in the case of leasehold interests to be com-*
 9 *puted by capitalizing the aggregate rental at a rate provided in*
 10 *the financial agreement*; (b) architects, engineers and attorneys
 11 fees, paid or payable by the corporation in connection with the
 12 planning, construction and financing of the project; (c) surveying
 13 and testing charges in connection therewith; (d) actual construc-
 14 tion costs as certified by the architect, including the cost of any
 15 preparation of the site undertaken at the corporation's expense;
 16 (e) insurance, interest and finance costs during construction; (f)
 17 costs of obtaining initial permanent financing; (g) commissions
 18 and other expenses paid or payable in connection with initial
 19 leasing; (h) real estate taxes and assessments during the construc-
 20 tion period; (i) a developer's overhead based on a percentage of
 21 (d) above, to be computed in accordance with the following
 22 schedule:

23 \$500,000 or less	—10%
24 \$500,000 through \$1,000,000	—\$50,000 plus 8% on excess
25	above \$500,000
26 \$1,000,001 through \$2,000,000	—\$90,000 plus 7% on excess
27	above \$1,000,000
28 \$2,000,001 through \$3,500,000	—\$160,000 plus 5.6667% on excess
29	above \$2,000,000
30 \$3,500,001 through \$5,500,000	—\$245,000 plus 4.25% on excess
31	above \$3,500,000
32 \$5,500,001 through \$10,000,000	—\$330,000 plus 3.7778% on excess
33	above \$5,500,000
34 over \$10,000,000	—5%

1 11. Section 10 of chapter 95 of the laws of 1965 is amended to
 2 read as follows:

3 10. Any urban renewal nonprofit corporation qualifying under
 4 this act may undertake one or more projects, and when so author-
 5 ized by a financial agreement with the municipality pursuant to
 6 this act, may acquire *by purchase, exchange or lease from a public*
 7 *or private owner*, plan or develop, construct, alter, maintain or
 8 operate housing, business, industrial, commercial, cultural or rec-
 9 reational projects or any combination of 2 or more such types of
 10 improvement in a single project. The conditions of use, ownership,
 11 management and control of the improvements in any project shall
 12 be regulated as herein provided.

1 12. Section 11 of chapter 95 of the laws of 1965 is amended to
2 read as follows:

3 11. When any municipality or agency or authority thereof has
4 acquired land constituting or being a part of a blighted area,
5 pursuant to chapter 187 of the laws of 1949; chapter 300 of the
6 laws of 1949; or chapter 306 of the laws of 1949; the governing
7 body of the municipality, or the agency or authority, by resolution,
8 may make such land available for use for a project by an urban
9 renewal nonprofit corporation, qualified under this act, by private
10 sale, *exchange or lease*, upon such terms and conditions as shall
11 be agreed upon by the said governing body or said agency or au-
12 thority and the said corporation. Any such resolution shall include
13 a determination of the use value of the said land, and the price
14 to be paid therefor by the corporation shall not be less than the
15 amount so determined.

1 13. Section 12 of chapter 95 of the laws of 1965 is amended to
2 read as follows:

3 12. Any corporation formed, or which shall be formed, under
4 Title 15 "corporations not for pecuniary profit" of the Revised
5 Statutes may qualify to operate under the provisions of this act,
6 if its certificate of incorporation, originally or by amendment
7 thereof, shall contain the following provisions: (a) one of the
8 objects for which it is formed shall be to promote the development
9 and redevelopment of blighted areas in municipalities and to
10 acquire *by purchase, exchange or lease from a public or private*
11 *owner*, plan, develop, construct, alter, maintain or operate housing,
12 business, industrial, commercial, cultural or recreational projects
13 under such conditions as to use, ownership, management and con-
14 trol as shall be regulated pursuant to this act; (b) a declaration
15 that the corporation has been organized to serve a public purpose,
16 that its operations shall be directed toward providing for and
17 making possible the clearance, replanning, development and re-
18 development of blighted areas or the acquisition, management and
19 operation of a project hereunder; and that it shall, as provided
20 herein, be subject to regulation by the municipality in which its
21 project or projects is situated; (c) a provision that the corporation
22 shall not voluntarily transfer any project undertaken by it under
23 the terms of this act, until it has first removed the project from all
24 restrictions hereunder in the manner hereinafter set forth; but
25 with a proviso that the foregoing restriction shall not be applied
26 to prevent the transfer of a project to another urban renewal non-
27 profit corporation which, with the consent of the municipality in
28 which the project is located shall assume all the contractual obliga-

29 tions of transferor corporation under its financial agreement with
30 the municipality; (d) that upon dissolution by the corporation all
31 projects shall be conveyed to the municipality.

1 14. Section 21 of chapter 95 of the laws of 1965 is amended to
2 read as follows:

3 21. The improvements made in the development or redevelop-
4 ment of a blighted area, pursuant to this act, shall be exempt from
5 taxation for a period of not more than 25 years from the date of
6 the execution of a financial agreement for the development or re-
7 development of the property upon which the improvements are to
8 be made pursuant to a financial agreement entered into with the
9 municipality in which said area is situate. Any such exemption
10 shall be claimed and allowed in the same or a similar manner as
11 in the case of other real property exemptions and no such claim
12 shall be allowed unless the municipality wherein said property is
13 situated shall certify that a financial agreement with an urban
14 renewal nonprofit corporation for the development or the re-
15 development of the property has been entered into and is in effect
16 as required by the provisions of this act. In event that an exemp-
17 tion status changes during a tax year, the procedure for the appor-
18 tionment of the taxes for said year shall be the same as in the case
19 of other changes in tax exemption status during the tax year.

20 The urban renewal nonprofit corporations shall make payment to
21 the municipality of an annual service charge for municipal services
22 applied to said project, in an annual amount equal to 15% of the
23 annual gross revenues from each unit of the project, if the project
24 is undertaken in units, or from the total project if the project is
25 not to be undertaken in units, for each of the years of operation
26 commencing with the date of the completion of such unit or of the
27 project, as the case may be. Where because of the nature of the
28 development, ownership, use or occupancy of the project or any
29 unit thereof if the project is to be undertaken in units, the total
30 annual gross rental cannot be reasonably ascertained under the
31 provisions of section 9 of this act, the governing body shall provide
32 in the financial agreement that the annual service charge shall be
33 a sum equal to 2% of the total project cost or total project unit
34 cost determined pursuant to section 8 of this act, calculated from
35 first day of the month following the substantial completion of the
36 project or any unit thereof if the project is to be undertaken in
37 units; provided, however, that in no event shall such payment
38 together with the taxes on the land, in any year after first occupancy
39 of the project be less than the total taxes assessed on all real
40 property in the area covered by the project in the calendar year

41 immediately preceding the acquisition of the said area by the mu-
 42 nicipality or its agency, *or by the private owner from whom the*
 43 *urban renewal corporation acquired the land.*

44 The aforesaid payment shall be made annually within 30 days
 45 after the close of each such calendar year.

46 Against such annual charge the corporation shall be entitled to
 47 credit for the amount, without interest, of the real estate taxes on
 48 land paid by it in the last 4 preceding quarterly installments. On
 49 or before January 15 in each year each taxing district shall report
 50 to the county board of taxation, in such form as shall be approved
 51 by the Director of the Division of Taxation, the amount of the
 52 service charge in excess of the taxes on the land chargeable for
 53 the preceding calendar year for each project or unit thereof sub-
 54 ject to the provisions of this act. The county tax board shall
 55 capitalize the amount so reported by each taxing district by dividing
 56 the same by the tax rate per hundred dollars of valuation for
 57 the taxing district for the preceding year and multiplying the
 58 resultant quotient by 100. The result of such capitalization shall
 59 be included in the ensuing table of aggregates in a separate column
 60 as locally assessed real estate and shall be equalized in the same
 61 manner as other real estate for the purposes of apportionment of
 62 county taxes and the distribution of State school aid.

63 At the end of 25 years from the date of the execution of said
 64 financial agreement or earlier at the end of 20 years of operation
 65 of any unit, if the project is undertaken in units, or of the entire
 66 project, if it is not undertaken in units, whichever occurs first,
 67 the tax exemption upon said unit, if the project is undertaken in
 68 units, or upon the entire project, if the project is not undertaken
 69 in units, shall cease and the improvements and any other property
 70 of the corporation as well as the land shall be assessed and taxed,
 71 according to general law, like other property in the municipality.

72 At the same date all restrictions and limitations upon the corpo-
 73 ration in regard to the project covered by the agreement shall
 74 terminate and be at an end upon the corporation's rendering its
 75 final account on that project with the municipality.

1 15. This act shall take effect immediately.

STATEMENT

This bill will cure 2 deficiencies in the urban renewal corporation laws and will thereby encourage the redevelopment of blighted areas through the medium of such corporations.

First, it will permit an urban renewal corporation to acquire property directly from a private or public owner, thereby saving

the municipality the expense of writing down its cost of acquisition to the amount paid by the urban renewal corporation.

Second, the present statute leaves some doubt as to whether acquisition of the real estate by the urban renewal corporation is limited solely to purchase and whether the interest acquired is limited to a fee interest. This bill will clarify the statute by providing explicitly that the urban renewal corporation may acquire the real estate either by purchase or exchange and that leasehold interests as well as fee interests may be acquired.

[OFFICIAL COPY REPRINT]
ASSEMBLY, No. 286

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1968

By Assemblymen KEAN, KALTENBACHER, WILSON,
CAPUTO, DENNIS and FIORE

Referred to Committee on County and Municipal Government

AN ACT concerning redevelopment and regional development agencies, and amending the "Urban Renewal Corporation and Association Law of 1961," approved June 2, 1961 (P. L. 1961, c. 40) as said Title was amended by chapter 114 of the laws of 1967 (C. 40:55C-40 et seq.) and the "Urban Renewal Nonprofit Corporation Law of 1965," approved June 14, 1965 (P. L. 1965, c. 95) (C. 40:55C-77 et seq.)

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

1 1. Section 5 of chapter 40 of the laws of 1961 is amended to read
2 as follows:

3 5. "Urban renewal corporation" means a corporation qualified
4 under this act to acquire *by purchase****[, exchange]*** *or lease** of
5 *not less than 15 years**, construct, operate and maintain a project
6 hereunder, or to acquire *by purchase****[, exchange]*** *or lease** of
6A *not less than 15 years**, operate and maintain a project con-
7 structed by a corporation so qualified under this act, and the term
8 "corporation" when used within *this* act shall be understood to
9 be a contraction of the term "urban renewal corporation" except
10 when the context indicates otherwise.

1 2. Section 7 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 7. "Project" means the undertaking and execution of the re-
4 development of a blighted area, in whole or in part, in accordance
5 with an agreement **[for the sale of the land concerned to the**
6 **corporation or association by]** *with respect to the land concerned*
7 *between the corporation or association and a municipality, or*
8 *agency, or authority, *and in connection with a redevelopment plan*

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

9 adopted pursuant to the procedures specified in section 17 (b) of
 10 chapter 306 of the laws of 1949,* including the work to be done in
 11 reference thereto, the designation of the particular proposed
 12 buildings to be constructed and their uses and purposes, the land-
 13 scaping of the premises, the streets and access roads, recreational
 14 facilities, if any, the furnishing of the public utilities, the financial
 15 arrangements and the terms and conditions of the proposed mu-
 16 nicipal co-operation and approval.

1 3. Section 8 of chapter 40 of the laws of 1961 is amended to
 2 read as follows:

3 8. "Total project unit cost" or "total project cost" means the
 4 aggregate of the following items as related to any unit of a project
 5 if the project is to be undertaken in units or to the total project if
 6 the project is not to be undertaken in units: (a) cost of the land to
 7 the urban renewal corporation or association *whether acquired from*
 8 *a private or a public owner, such cost in the case of leasehold inter-*
 9 *ests to be computed by capitalizing the aggregate rental at a rate*
 10 *provided in the financial agreement;* (b) architects', engineers' and
 11 attorneys' fees paid or payable by the corporation or association in
 12 connection with the planning, construction and financing of the
 13 project; (c) surveying and testing charges in connection there-
 14 with; (d) actual construction cost as certified by the architect, in-
 15 cluding the cost of any preparation of the site undertaken at the
 16 corporation's or association's expense; (e) insurance, interest and
 17 finance costs during construction; (f) cost of obtaining initial per-
 18 manent financing; (g) commissions and other expenses paid or
 19 payable in connection with initial leasing; (h) real estate taxes and
 20 assessments during the construction period, and (i) a developer's
 21 overhead based on a percentage of (d) above, to be computed in
 22 accordance with the following schedule:

23	\$500,000 or less	—10%
24	\$500,001 through \$1,000,000	—\$50,000 plus 8% on excess
25		above \$500,000
26	\$1,000,001 through \$2,000,000	—\$90,000 plus 7% on excess
27		above \$1,000,000
28	\$2,000,001 through \$3,500,000	—\$160,000 plus 5.6667% on excess
29		above \$2,000,000
30	\$3,500,001 through \$5,500,000	—\$245,000 plus 4.25% on excess
31		above \$3,500,000
32	\$5,500,001 through \$10,000,000	—\$330,000 plus 3.7778% on excess
33		above \$5,500,000
34	Over \$10 million	—5%

1 4. Section 13 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 13. Any urban renewal corporation or association qualifying
4 under this act or any supplement thereto may undertake a project,
5 and when so authorized by a financial agreement with a munici-
6 pality pursuant to this act, may acquire *by purchase****【, exchange】***
7 *or lease *of not less than 15 years* from a public or private owner,*
8 plan, develop, construct, alter, maintain or operate housing, busi-
9 ness, industrial, commercial, cultural or recreational projects or
10 any combination of 2 or more such types of improvement in a single
11 project. The conditions of use, ownership, management and con-
12 trol of the improvements in any such project shall be regulated as
13 herein provided.

1 5. Section 14 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 14. When any municipality or agency or authority thereof has
4 acquired land constituting or being a part of a blighted area, pur-
5 suant to chapter 187 of the laws of 1949, chapter 300 of the laws of
6 1949 or chapter 306 of the laws of 1949, the governing body of the
7 municipality, or the agency or authority, by resolution, may make
8 such land available for use for a project by an urban renewal cor-
9 poration or association, qualified under this act or any supplement
10 thereto, by private sale***【, exchange】*** *or lease* of not less than 15*
11 *years**, upon such terms and conditions as shall be agreed upon by
12 the said governing body or said agency or authority and said cor-
13 poration or association. Any such resolution shall include a
14 determination of the use value of the said land and the price to
15 be paid therefor by the said corporation or association shall not
16 be less than the amount so determined.

1 6. Section 15 of chapter 40 of the laws of 1961 is amended to
2 read as follows:

3 15. Any corporation formed, or which shall be formed, under
4 Title 14, "Corporations, General" of the Revised Statutes may
5 qualify to operate under the provisions of this act, if its certificate
6 of incorporation, originally or by amendment thereof, shall contain
7 the following provisions:

8 (a) The name of the corporation shall include the words "urban
9 renewal."

10 (b) The object for which it is formed shall be to operate under
11 this act and to initiate and conduct projects for the clearance
12 replanning, development and redevelopment of blighted areas in
13 municipalities and, when so authorized by financial agreement with
14 a municipality pursuant to this act, to acquire *by purchase****【, ex-**

15 *change]** or lease *of not less than 15 years* from a public or
 16 private owner, plan, develop, construct, alter, maintain or operate
 17 housing, business, industrial, commercial, cultural or recreational
 18 projects or any combination of any 2 or more such types of im-
 19 provement in a single project, under such conditions as to use,
 20 ownership, management and control as shall be regulated pursuant
 20A to this act.

21 (c) A provision that so long as the corporation is obligated under
 22 a financial agreement with a municipality made pursuant to this
 23 act, it shall engage in no business other than the ownership, opera-
 24 tion and management of a single project.

25 (d) A declaration that the corporation has been organized to
 26 serve a public purpose, that its operations shall be directed toward
 27 providing for and making possible the clearance, replanning, de-
 28 velopment or redevelopment of blighted areas or the acquisition,
 29 management and operation of a project hereunder; and that it
 30 shall, as provided herein, be subject to regulation by the munici-
 31 pality in which its project is situated, and to a limitation on profits
 32 and dividends for so long as it remains the owner of a project sub-
 33 ject to the provisions of this act.

34 (e) A provision that the corporation shall not voluntarily trans-
 35 fer the project undertaken by it under the terms of this act, until
 36 it has first removed both itself and the project from all restrictions
 37 hereunder in the manner hereinafter set forth; but with a proviso
 38 that the foregoing restriction shall not be applied to prevent the
 39 transfer of a project to another urban renewal corporation which,
 40 with the consent of the municipality in which the project is located,
 41 shall assume all the contractual obligations of the transferor cor-
 42 poration under its financial agreement with the said municipality.

1 7. Section 26 of chapter 40 of the laws of 1961 is amended to
 2 read as follows:

3 26. The improvements made in the development or redevelop-
 4 ment of a blighted area, pursuant to this act, shall be exempt from
 5 taxation for a period of not more than 20 years from the date of
 6 the execution of a financial agreement for the development or re-
 7 development of the property upon which the improvements are to
 8 be made pursuant to a financial agreement entered into with the
 9 municipality in which said area is situate. Any such exemption
 10 shall be claimed and allowed in the same or a similar manner as
 11 in the case of other real property exemptions and no such claim
 12 shall be allowed unless the municipality wherein said property is
 13 situated shall certify that a financial agreement with an urban re-
 14 newal corporation or association for the development or the re-

15 development of the property has been entered into and is in effect
16 as required by the provisions of this act. In event that an exemp-
17 tion status changes during a tax year, the procedure for the ap-
18 portionment of the taxes for said year shall be the same as in the
19 case of other changes in tax exemption status during the tax year.

20 The urban renewal corporation or association shall make pay-
21 ment to the municipality of an annual service charge for municipal
22 services supplied to said project, in an annual amount equal to 15%
23 of the annual gross revenues from each unit of the project, if the
24 project is undertaken in units, or from the total project if the proj-
25 ect is not to be undertaken in units, for each of the years of opera-
26 tion commencing with the date of the completion of such unit or of
27 the project, as the case may be. Where because of the nature of
28 the development, ownership, use or occupancy of the project or any
29 unit thereof if the project is to be undertaken in units, the total
30 annual gross rental cannot be reasonably ascertained under the
31 provisions of section 12 of this act, the governing body shall pro-
32 vide in the financial agreement that the annual service charge shall
33 be a sum equal to 2% of the total project cost or total project unit
34 cost determined pursuant to section 8 of this act, calculated from
35 first day of the month following the substantial completion of the
36 project or any unit thereof if the project is undertaken in units;
37 provided, however, that in no event shall such payment together
38 with the taxes on the land, in any year after first occupancy of the
39 project be less than the total taxes assessed on all real property
40 in the area covered by the project in the calendar year immediately
41 preceding the acquisition of the said area by the municipality or
42 its agency, *or by the private or public owner from whom the urban*
43 *renewal corporation acquired the land.*

44 The aforesaid payment shall be made annually within 30 days
45 after the close of each such calendar year.

46 Against such annual charge the corporation or association shall
47 be entitled to credit for the amount, without interest, of the real
48 estate taxes on land paid by it in the last 4 preceding quarterly
49 installments. On or before January 15 in each year each taxing
50 district shall report to the county board of taxation, in such form
51 as shall be approved by the Director of the Division of Taxation,
52 the amount of the service charge in excess of the taxes on the land
53 chargeable for the preceding calendar year for each project or
54 unit thereof subject to the provisions of this act. The county tax
55 board shall capitalize the amount so reported by each taxing dis-
56 trict by dividing the same by the tax rate per \$100.00 of valuation
57 for the taxing district for the preceding year and multiplying the

58 resultant quotient by 100. The result of such capitalization shall
 59 be included in the ensuing table of aggregates in a separate column
 60 as locally assessed real estate and shall be equalized in the same
 61 manner as other real estate for the purposes of apportionment of
 62 county taxes.

63 At the end of 20 years from the date of the execution of said
 64 financial agreement or earlier at the end of 15 years of operation
 65 of any unit, if the project is undertaken in units, or of the entire
 66 project, if it is not undertaken in units, whichever occurs first, the
 67 tax exemption upon said unit, if the project is undertaken in units,
 68 or upon the entire project, if the project is not undertaken in units,
 69 shall cease and the improvements and any other property of the
 70 corporation or association as well as the land shall be assessed and
 71 taxed, according to general law, like other property in the mu-
 72 nicipality.

73 At the same date all restrictions and limitations upon the cor-
 74 poration or association shall terminate and be at an end upon the
 75 corporation's or association's rendering its final account with the
 76 municipality.

1 8. Section 5 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 5. "Urban renewal nonprofit corporation" means, a corporation
 4 qualified under this act to acquire *by purchase** [, *exchange*]* or
 5 *lease* of not less than 15 years**, construct, operate and maintain
 6 a project hereunder, or to acquire *by purchase** [, *exchange*]* or
 6A *lease* not less than 15 years**, operate and maintain a project
 7 constructed by a corporation qualified under this act or under the
 8 provisions of chapter 40 of the laws of 1961 as amended and supple-
 9 mented, and the term "corporation" when used within this act
 10 shall be understood to be a contraction of the term "urban renewal
 11 nonprofit corporation" except when the context indicates other-
 12 wise.

1 9. Section 7 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 7. "Project means, the undertaking and execution of the re-
 4 development of a blighted area, in whole or in part, in accordance
 5 with an agreement [for the sale of the land concerned to the corpo-
 6 ration by] *with respect to the land concerned between the cor-
 7 poration and a municipality, or agency, or authority, *and in con-
 8 nection with a redevelopment plan adopted pursuant to the pro-
 9 cedures specified in section 17 (b) of chapter 306 of the laws of
 10 1949,** including the work to be done in reference thereto, the
 11 designation of the particular proposed buildings to be constructed

12 and their uses and purposes, the landscaping of the premises, the
 13 streets and access roads, recreational facilities, if any, the furnish-
 14 ing of public utilities, the financial arrangements and the terms and
 15 conditions of the proposed municipal co-operation and approval.

1 10. Section 8 of chapter 95 of the laws of 1965 is amended to read
 2 as follows:

3 8. "Total project unit costs," or "total project cost" means,
 4 the aggregate of the following items as related to any unit of a
 5 project if the project is to be undertaken in units, or to the total
 6 project if the project is not to be undertaken in units: (a) cost of
 7 the land to the corporation *whether acquired from a private or a*
 8 *public owner, such cost in the case of leasehold interests to be com-*
 9 *puted by capitalizing the aggregate rental at a rate provided in*
 10 *the financial agreement*; (b) architects, engineers and attorneys
 11 fees, paid or payable by the corporation in connection with the
 12 planning, construction and financing of the project; (c) surveying
 13 and testing charges in connection therewith; (d) actual construc-
 14 tion costs as certified by the architect, including the cost of any
 15 preparation of the site undertaken at the corporation's expense;
 16 (e) insurance, interest and finance costs during construction; (f)
 17 costs of obtaining initial permanent financing; (g) commissions
 18 and other expenses paid or payable in connection with initial
 19 leasing; (h) real estate taxes and assessments during the construc-
 20 tion period; (i) a developer's overhead based on a percentage of
 21 (d) above, to be computed in accordance with the following
 22 schedule:

23 \$500,000 or less	—10%
24 \$500,000 through \$1,000,000	—\$50,000 plus 8% on excess
25	above \$500,000
26 \$1,000,001 through \$2,000,000	—\$90,000 plus 7% on excess
27	above \$1,000,000
28 \$2,000,001 through \$3,500,000	—\$160,000 plus 5.6667% on excess
29	above \$2,000,000
30 \$3,500,001 through \$5,500,000	—\$245,000 plus 4.25% on excess
31	above \$3,500,000
32 \$5,500,001 through \$10,000,000	—\$330,000 plus 3.7778% on excess
33	above \$5,500,000
34 over \$10,000,000	—5%

1 11. Section 10 of chapter 95 of the laws of 1965 is amended to
 2 read as follows:

3 10. Any urban renewal nonprofit corporation qualifying under
 4 this act may undertake one or more projects, and when so author-
 5 ized by a financial agreement with the municipality pursuant to

6 this act, may acquire *by purchase** *exchange* ** or lease *of not*
 7 *less than 15 years* from a public or private owner, plan or develop,*
 8 *construct, alter, maintain or operate housing, business, industrial,*
 9 *commercial, cultural or recreational projects or any combination*
 10 *of 2 or more such types of improvement in a single project. The*
 11 *conditions of use, ownership, management and control of the im-*
 12 *provements in any project shall be regulated as herein provided.*

1 12. Section 11 of chapter 95 of the laws of 1965 is amended to
 2 read as follows:

3 11. When any municipality or agency or authority thereof has
 4 acquired land constituting or being a part of a blighted area,
 5 pursuant to chapter 187 of the laws of 1949; chapter 300 of the
 6 laws of 1949; or chapter 306 of the laws of 1949; the governing
 7 body of the municipality, or the agency or authority, by resolution,
 8 may make such land available for use for a project by an urban
 9 renewal nonprofit corporation, qualified under this act, by private
 10 sale* *exchange* ** or lease* of not less than 15 years*, upon such*
 11 *terms and conditions as shall be agreed upon by the said governing*
 12 *body or said agency or authority and the said corporation. Any*
 13 *such resolution shall include a determination of the use value of*
 14 *the said land, and the price to be paid therefor by the corporation*
 15 *shall not be less than the amount so determined.*

1 13. Section 12 of chapter 95 of the laws of 1965 is amended to
 2 read as follows:

3 12. Any corporation formed, or which shall be formed, under
 4 Title 15 "corporations not for pecuniary profit" of the Revised
 5 Statutes may qualify to operate under the provisions of this act,
 6 if its certificate of incorporation, originally or by amendment
 7 thereof, shall contain the following provisions: (a) one of the
 8 objects for which it is formed shall be to promote the development
 9 and redevelopment of blighted areas in municipalities and to
 10 acquire *by purchase** *exchange* ** or lease *of not less than 15*
 11 *years* from a public or private owner, plan, develop, construct,*
 12 *alter, maintain or operate housing, business, industrial, com-*
 13 *mmercial, cultural or recreational projects under such conditions as*
 14 *to use, ownership, management and control as shall be regulated*
 15 *pursuant to this act; (b) a declaration that the corporation has*
 16 *been organized to serve a public purpose, that its operations shall*
 17 *be directed toward providing for and making possible the clear-*
 18 *ance, replanning, development and redevelopment of blighted*
 19 *areas or the acquisition, management and operation of a project*
 20 *hereunder; and that it shall, as provided herein, be subject to*
 21 *regulation by the municipality in which its project or projects is*

22 situated; (c) a provision that the corporation shall not voluntarily
23 transfer any project undertaken by it under the terms of this act,
24 until it has first removed the project from all restrictions here-
25 under in the manner hereinafter set forth; but with a proviso that
26 the foregoing restriction shall not be applied to prevent the trans-
27 fer of a project to another urban renewal nonprofit corporation
28 which, with the consent of the municipality in which the project is
29 located shall assume all the contractual obligations of transferor
30 corporation under its financial agreement with the municipality;
31 (d) that upon dissolution by the corporation all projects shall be
32 conveyed to the municipality.

1 14. Section 21 of chapter 95 of the laws of 1965 is amended to
2 read as follows:

3 21. The improvements made in the development or redevelop-
4 ment of a blighted area, pursuant to this act, shall be exempt from
5 taxation for a period of not more than 25 years from the date of
6 the execution of a financial agreement for the development or re-
7 development of the property upon which the improvements are to
8 be made pursuant to a financial agreement entered into with the
9 municipality in which said area is situate. Any such exemption
10 shall be claimed and allowed in the same or a similar manner as
11 in the case of other real property exemptions and no such claim
12 shall be allowed unless the municipality wherein said property is
13 situated shall certify that a financial agreement with an urban
14 renewal nonprofit corporation for the development or the re-
15 development of the property has been entered into and is in effect
16 as required by the provisions of this act. In event that an exemp-
17 tion status changes during a tax year, the procedure for the appor-
18 tionment of the taxes for said year shall be the same as in the case
19 of other changes in tax exemption status during the tax year.

20 The urban renewal nonprofit corporations shall make payment to
21 the municipality of an annual service charge for municipal services
22 applied to said project, in an annual amount equal to 15% of the
23 annual gross revenues from each unit of the project, if the project
24 is undertaken in units, or from the total project if the project is
25 not to be undertaken in units, for each of the years of operation
26 commencing with the date of the completion of such unit or of the
27 project, as the case may be. Where because of the nature of the
28 development, ownership, use or occupancy of the project or any
29 unit thereof if the project is to be undertaken in units, the total
30 annual gross rental cannot be reasonably ascertained under the
31 provisions of section 9 of this act, the governing body shall provide
32 in the financial agreement that the annual service charge shall be

33 a sum equal to 2% of the total project cost or total project unit
34 cost determined pursuant to section 8 of this act, calculated from
35 first day of the month following the substantial completion of the
36 project or any unit thereof if the project is to be undertaken in
37 units; provided, however, that in no event shall such payment
38 together with the taxes on the land, in any year after first occupancy
39 of the project be less than the total taxes assessed on all real
40 property in the area covered by the project in the calendar year
41 immediately preceding the acquisition of the said area by the mu-
42 nicipality or its agency, *or by the private owner from whom the*
43 *urban renewal corporation acquired the land.*

44 The aforesaid payment shall be made annually within 30 days
45 after the close of each such calendar year.

46 Against such annual charge the corporation shall be entitled to
47 credit for the amount, without interest, of the real estate taxes on
48 land paid by it in the last 4 preceding quarterly installments. On
49 or before January 15 in each year each taxing district shall report
50 to the county board of taxation, in such form as shall be approved
51 by the Director of the Division of Taxation, the amount of the
52 service charge in excess of the taxes on the land chargeable for
53 the preceding calendar year for each project or unit thereof sub-
54 ject to the provisions of this act. The county tax board shall
55 capitalize the amount so reported by each taxing district by dividing
56 the same by the tax rate per hundred dollars of valuation for
57 the taxing district for the preceding year and multiplying the
58 resultant quotient by 100. The result of such capitalization shall
59 be included in the ensuing table of aggregates in a separate column
60 as locally assessed real estate and shall be equalized in the same
61 manner as other real estate for the purposes of apportionment of
62 county taxes and the distribution of State school aid.

63 At the end of 25 years from the date of the execution of said
64 financial agreement or earlier at the end of 20 years of operation
65 of any unit, if the project is undertaken in units, or of the entire
66 project, if it is not undertaken in units, whichever occurs first,
67 the tax exemption upon said unit, if the project is undertaken in
68 units, or upon the entire project, if the project is not undertaken
69 in units, shall cease and the improvements and any other property
70 of the corporation as well as the land shall be assessed and taxed,
71 according to general law, like other property in the municipality.

72 At the same date all restrictions and limitations upon the corpo-
73 ration in regard to the project covered by the agreement shall
74 terminate and be at an end upon the corporation's rendering its
75 final account on that project with the municipality.

1 15. This act shall take effect immediately.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

September 10, 1968

ASSEMBLY BILL NO. 286

To the General Assembly:

Pursuant to Article V, Section 1, paragraph 14(b) of the Constitution, I herewith return Assembly Bill No. 286, with my objections, for reconsideration.

This bill would amend the Urban Renewal Corporation Law to permit these corporations to acquire or lease property directly from a private or public owner.

The apparent intent of the sponsor of this measure is to give greater flexibility to the procedure for the acquisition of property in urban renewal areas, and thereby, hopefully, to stimulate new investments in these areas. However, in doing this, the drafter failed to provide the usual safeguards applicable to all urban renewal projects.

This bill, by permitting urban renewal corporations to acquire property directly from an owner, will undoubtedly speed up acquisition by not requiring compliance with the usual procedure. However, it would thereby also not subject the use of the property to any controls needed to assure comprehensive development or redevelopment. I would therefore recommend that the bill be amended to require that the property be developed in accordance with the urban renewal plan adopted by the governing body of the municipality.

The bill also permits an urban renewal corporation to lease property for an undefined number of years. Although I do not doubt that a holder of a long-term lease is likely to undertake some sort of rehabilitation or renewal of the property, it is unlikely that a short-term lease would result in any real capital expenditures on the part of the lessee. Since by the provisions of this bill a lessee may qualify for a tax exemption, it should be provided that the lease be of a sufficient duration that there is a likelihood of improvements being placed on the premises. Therefore, I would recommend that the bill be amended to require that any lease agreement undertaken by an urban renewal corporation be for at least 15 years.

Additionally, the bill permits any urban renewal corporation to acquire property by exchange of lands. In an exchange of land situation, it is often

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

Assembly Bill No. 286

- 2 -

difficult to determine the exact value placed on the premises by the parties involved. Since property acquired under the provisions of this bill could therefore be subject to a property tax exemption based on the value of the premises, it is imperative that the consideration paid for the property be clearly established or defineable. I would therefore recommend that an urban renewal corporation not be permitted to exchange property.

I am accordingly returning Assembly Bill No. 286 for reconsideration with the recommendation that it be amended as follows:

On page 1, section 1, line 4, delete ", exchange".

On page 1, section 1, line 4, after the word "lease", insert "of not less than 15 years,".

On page 1, section 1, line 6, delete the word ", exchange".

On page 1, section 1, line 6, after the word "lease", insert "of not less than 15 years".

On page 1, section 2, line 8, after the word "authority,", insert "and in connection with a redevelopment plan adopted pursuant to the procedures specified in Section 17(b) of Chapter 306 of the Laws of 1949,"

On page 3, section 4, line 6, delete ", exchange".

On page 3, section 4, line 7, after the word "lease", insert "of not less than 15 years".

On page 3, section 5, line 10, delete ", exchange".

On page 3, section 5, line 10, after the word "lease", insert "of not less than 15 years".

On page 3, section 6, lines 14 and 15, delete the word ", exchange".

On page 3, section 6, line 15, after the word "lease", insert "of not less than 15 years".

On page 6, section 8, line 4, delete ", exchange".

On page 6, section 8, line 4, after the word "lease", insert "of not less than 15 years".

On page 6, section 8, line 6, delete ", exchange".

On page 6, section 8, line 6, after the word "lease", insert "of not less than 15 years".

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

Assembly Bill No. 286

- 3 -

On page 6, section 9, line 7, after the word "authority," insert "and in connection with a redevelopment plan adopted pursuant to the procedures specified in Section 17(b) of Chapter 306 of the Laws of 1949,"

On page 7, section 11, line 6, delete the word ", exchange".

On page 7, section 11, line 6, after the word "lease", insert "of not less than 15 years".

On page 8, section 12, line 10, delete the word ", exchange".

On page 8, section 12, line 10, after the word "lease", insert "of not less than 15 years".

On page 8, section 13, line 10, delete the word ", exchange".

On page 8, section 13, line 10, after the word "lease", insert "of not less than 15 years".

[seal]

Respectfully,

/S/ RICHARD J. HUGHES

GOVERNOR

Attest:

/S/ ALAN J. KARCHER

Acting Secretary to the Governor

FOX-LANCE---AT WHAT PRICE?

A CRITIQUE, BASED ON A
CITY'S OPERATING EXPERIENCE,
OF THE FOX-LANCE ACT AND THE
LIMITED DIVIDEND CORPORATION ACT.

By CHARLES A. STANZIALE, JR.
Assistant Corporation Counsel, City of Newark

● As long as a city has problems there will be the need for laws to protect it. In our urban areas the problems of redevelopment have reached a peak. Assistance here has been in the form of two statutes—more particularly, the Fox-Lance Act and the Limited Dividend Corporation Act. The Community Affairs Legislation of 1967, and more specifically, the N. J. Housing Finance Agency Law, eliminates some confusion in both statutes. One must bear in mind, however, that the provisions of this Act only become effective when State funds are utilized to finance the project. In spite of this legislation, both statutes remain critically in need of revision and clarification. It is the purpose of this article to expose these statutes for their shortcomings and suggest corrective measures.*

Fox-Lance, or the Urban Renewal Corporation and Association Law of 1961 (N.J.S.A. 40:55c-41, et seq.) has as its purpose the encouragement of private enterprise in cooperation with the municipality in order to develop and rehabilitate blighted areas. In order to generate the interest in private enterprise the statute basically proposes tax relief by way of an annual service charge based upon 15% of the annual gross revenues of the project to be paid in lieu of taxes. Where annual gross revenues cannot be ascertained the statute authorizes payment in lieu of taxes based upon two percent of the total project cost. In no event, however, is payment to the municipality to be less than the tax on

*Editor's Note: Assembly 286 was introduced February 5, 1968 by Assemblymen Kean, Kaltenbacher, Wilson, Caputo, Dennis and Flore. This bill proposes an amendment to the Fox-Lance Act and the Urban Renewal Nonprofit Corporation Law of 1965. This bill would cure 2 deficiencies in the urban renewal corporation laws and will thereby encourage the redevelopment of blighted areas through the medium of such corporations.

First, it would permit an urban renewal corporation to acquire property directly from a private or public owner, thereby saving the municipality the expense of writing down its cost of acquisition to the amount paid by the urban renewal corporation.

Second, the present statute leaves some doubt as to whether acquisition of the real estate by the urban renewal corporation is limited solely to purchase and whether the interest acquired is limited to a free interest. This bill would clarify the statute by providing explicitly that the urban renewal corporation may acquire the real estate either by purchase or exchange and that leasehold interests as well as fee interests may be acquired.

Page 24

the land in the year immediately preceding the acquisition of the project by the municipality or its agency. While the developer enjoys tax concessions he is, however, limited in profits and dividends. Conditions are also placed upon the use, ownership, management, and control of the project.

There is no question that the Fox-Lance Act aids in facilitating the re-growth and re-vitalization of our cities. New housing projects in blighted areas will replace tenements and vacant lots with modern, more healthful dwellings and surroundings. Where the Act is utilized for industrial projects it may be a source of additional jobs and an expanded economy. It is likewise agreed that new and larger ratables encouraged by the Act will eventually reduce the overall tax burden.

Shortcomings

In the midst of all this splendid community concern initiated through private capital, it must be remembered that the municipality pays at least, its fair share. From the municipality's standpoint, however, several disconcerting aspects are apparent. First, under the Act the municipality receives no tax dollars on the improvements from the corporation. It does, however, receive a payment covering service charges provided by the municipality to the project. As previously stated, the service charge is based upon 15% of the annual gross revenues of the project. This 15% payment is grossly inadequate. It does not cover the cost to the municipality for supplying police, fire, emergency, sanitation, education and the many other items covered under municipal services. The ever-increasing costs for manpower and equipment will make future operation under such a formula even more difficult.

In 1960, the Legislature saw fit to amend the Limited Dividend Corporation Act from the original 10% to a 15% formula for in lieu payments to the municipality. In so doing, it obviously recognized the inadequacy of a 10% payment. In adopting the New Jersey Housing Finance Agency Law of 1967, the Legislature again recognized the needs of the municipalities and authorized the municipality to

enter into agreements utilizing a 20% formula.

It is submitted that the legislature re-examine the adequacy of the present 15% formula of both the Fox-Lance Act and the Limited Dividend Corporation Act with a view toward escalating the basis for the service charge payment from 15% to 20%. Such action would bring about more of a balance between the cost to the municipality and the services which it renders. At the same time, the developer continues to enjoy a substantial tax saving.

Moreover, in consideration for his private capital and so that he may carve his "oasis out of a desert", and, at the same time enjoy limited profit, the developer receives from the municipality 15 years of tax abatement on the improvement. Such consideration, combined with the rapidly increasing loss of ratables in urban areas due to migration and publicly sponsored urban renewal, has contributed to the crisis in the municipal budget. Of course, the 15 year provision is a major part of the incentive under the Fox-Lance statute, and understandably the number of years of abatement has a direct relation to financing, thus the number of years need not be altered. However, the municipal taxpayer is unable to support both public and private housing.

A formula must be devised to rehabilitate the taxpayer, as well as the Master Plan of the City. Such a formula would provide in part for a minimum payment to the municipality based upon the assessed valuation of the project in the year preceding acquisition, times the tax rate in the year of commencement of the project. At present the Act would use the assessed valuation in the year preceding acquisition times the tax rate of the same year. The proposed formula should also provide for additional rises in the rate during the 15 year period.

Other Weaknesses

In addition, the Fox-Lance Act (as well as the Limited Dividend Corporation Act), fails to give the municipality the needed leverage to enforce collection. There is no provision for billing as in the normal case of collecting

New Jersey Municipalities, June 1968

taxes. Instead, a self-assessing system is used based on an annual audit submitted to the governing body by the developer. As a practical matter, the municipality should have the authority to proceed as it would under the general taxing act. More particularly, it should be empowered to impose penalties, liens, and/or other charges on the property.

A city in dire need of assistance in the area of urban redevelopment must work within the legislative framework proposed for effectuating the same. Both the Fox-Lance Act and the Limited Dividend Corporation Act are permissive statutes in that the municipality need not submit to their use. As a practical matter, however, our municipalities are in dire need of assistance in redevelopment. Consequently the city must work within the framework provided by law. The fact remains, at what price and at whose greater expense. As the statute is presently written, too many questions remain unanswered and too many interpretations are available. If applications to the municipality for tax redevelopment continues under the existing guidelines, at the present rate, many of our larger cities may find themselves rich in new construction but

financially unable to meet the needs of the community.

The writer is mindful of the Governor's proposal to subsidize the municipality by paying to it directly, the tax dollars lost under the present system. Such a proposal, if passed by the Legislature, would be of incalculable aid to the municipality. Since, however, the proposal is only a proposal and not law, the need to dramatize the present system remains. ●

BLOCK STATISTICS AVAILABLE

Cities under 50,000 population can be covered for block statistics from the 1970 Census of Population and Housing by meeting specified conditions. Block tabulations are useful in planning, housing, urban renewal, and other federally-assisted programs.

The Census Bureau is planning to tabulate and publish block data for all cities over 50,000—population, number of housing units, tenure, value or rent, number of occupied units with Negro heads of household, plumbing and other facilities, number of units with 1.01 or more persons per room, and other population and housing characteristics.

Any city under 50,000 can be included in the block statistics program,

but different requirements have been set for (1) places **inside** the urbanized area portions of Standard Metropolitan Statistical Areas (SMSA's), (2) places **outside** the urbanized area portion of SMSA's, and (3) places **outside** SMSA's. Requirements include furnishing block maps that meet Census specifications, helping prepare the address coding guide, and (for groups (2) and (3) above) paying a fee based on population.

Cities, towns, and other local units that wish to participate should write immediately for further information, including fee schedules and forms requesting contracts. Write to: Arthur F. Young, chief, Housing Division, Bureau of the Census, Washington, D.C. 20233.

—From I.C.M.A. News Letter
April 15, 1968

An ordinance naming a single deputy administrator to the five commissioners in the City of New Brunswick was recently upheld by the Superior Court.

The suit brought about by a taxpayers' group charged that the statute provides for the appointment of a separate deputy to each department rather than the same person to act for each five departments.

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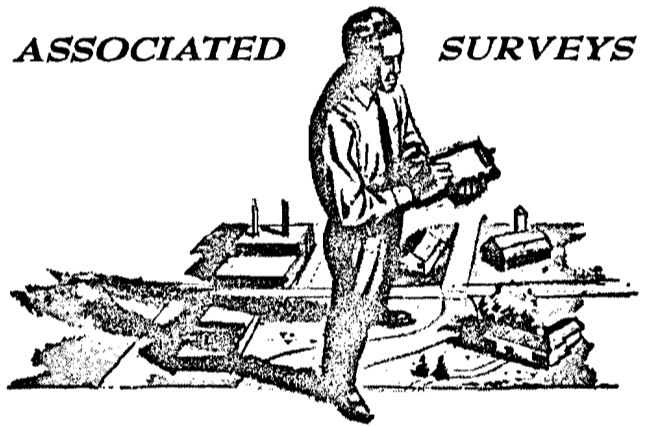
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