

55:14A-19

LEGISLATIVE HISTORY CHECKLIST
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NJSA: 55:14A-19

(Public Housing
Projects--tax
exemption)

LAWS OF: 1991

CHAPTER: 225

Bill No: S3281

Sponsor(s): Girgenti

Date Introduced: February 4, 1991

Committee: Assembly: Housing

Senate: County & Municipal Government

Amended during passage: Yes Amendments during passage
denoted by asterisks.

Date of Passage: Assembly: June 10, 1991

Senate: March 14, 1991

Date of Approval: July 26, 1991

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: Yes

Senate: Yes

Fiscal Note: No

Veto Message: No

Message on signing: No

Following were printed:

Reports: No

Hearings: No

KBG/SLJ

[FIRST REPRINT]

SENATE, No. 3281

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 4, 1991

By Senator GIRGENTI

1 AN ACT concerning tax exemption of public housing project
2 property and amending chapter 14A of Title 55 of the Revised
3 Statutes.

4

5 BE IT ENACTED *by the Senate and General Assembly of the*
6 *State of New Jersey:*

7 1. R.S.55:14A-19 is amended to read as follows:

8 55:14A-19. Powers of authority pertaining to Federal
9 Government. In addition to the powers conferred upon any
10 authority by other provisions of this chapter, an authority is
11 empowered to borrow money or accept contributions[,], grants or
12 other financial assistance from the Federal Government for or in
13 aid of any housing project within its area of operation, to take
14 over or lease or manage any housing project or undertaking
15 constructed or owned by the Federal Government, and to enter
16 into agreements ¹containing resale restrictions¹ with a resident
17 management corporation ¹, a cooperative corporation or a
18 condominium association formed by public housing tenants¹ for
19 the transfer of title to any housing project within its area of
20 operation pursuant to section 123 of P.L.100-242 (42 U.S.C.
21 §1437s) or any other program administered by the federal
22 government for extending home ownership opportunities to
23 residents of public housing; and to these ends, to comply with
24 such conditions and enter into such mortgages, trust indentures,
25 leases or agreements as may be necessary, convenient or
26 desirable. It is the purpose and intent of this chapter to
27 authorize every authority to do any and all things necessary or
28 desirable to secure the financial aid or co-operation of the
29 Federal Government in the undertaking, construction,
30 maintenance or operation of any housing project by such
31 authority.

32 (cf: R.S.55:14A-19)

33 2. R.S.55:14A-20 is amended to read as follows:

34 55:14A-20. Property exempt from taxes. All housing projects
35 of housing authority, including all property of the public body or
36 bodies or housing authority or authorities comprising such housing
37 projects, are hereby declared to be public property devoted to an
38 essential public and governmental purpose. All such public
39 property devoted to such a public purpose shall be exempt from

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SCM committee amendments adopted February 25, 1991.

1 all taxes and special assessments of the State or any political
2 subdivision thereof as long as such public property remains under
3 exclusive control and jurisdiction of a housing authority or public
4 body which owns or holds such property, and for a period not
5 exceeding 15 years after the transfer of title thereto pursuant to
6 a program of home ownership opportunities, as authorized under
7 R.S.55:14A-19, if (1) such continued exemption is determined by
8 the ¹[appropriate federal authority] local housing authority¹ to be
9 necessary to the financial feasibility of transition from public to
10 private ownership, (2) the ¹[project] resident owners of the
11 resident management association, condominium association or
12 cooperative corporation¹ shall continue to receive financial
13 assistance from the federal government during such continued
14 exemption period, and (3) the governing body of the municipality
15 in which the property is located approves the terms of such
16 continued exemption, including any agreement for payments in
17 lieu of taxes as authorized in this section; provided, however,
18 that in lieu of such taxes, the public body or resident
19 management corporation¹, condominium association or
20 cooperative corporation¹ which owns or holds such property may
21 agree to make payments to a political subdivision for the
22 services, improvements or facilities furnished by it for the
23 benefit of a housing project, but in no event shall such payments
24 ¹: either (1)¹ exceed the amount ¹[(1)]¹ last levied as the annual
25 tax of such political subdivision upon the property included in said
26 project prior to the time of its acquisition by the aforesaid public
27 body or (2) ¹be less than the amount¹ last paid in lieu of taxes to
28 the political subdivision¹, attributed to, or prorated for, the
29 public housing project for which title is being transferred to the
30 residents thereof or to a resident management association or
31 cooperative corporation,¹ by the public body by which title was
32 transferred to private ownership pursuant to a program of home
33 ownership opportunities as authorized in R.S.55:14A-19.

34 (cf: R.S.55:14A-20)

35 3. This act shall take effect immediately.

36 37 38 HOUSING AND CONSTRUCTION

39
40 Permits tax exemption for public housing projects during
41 transition to private ownership under certain federal programs.

1 body which owns or holds such property, and for a period not
2 exceeding 15 years after the transfer of title thereto pursuant to
3 a program of home ownership opportunities, as authorized under
4 R.S.55:14A-19, if (1) such continued exemption is determined by
5 the appropriate federal authority to be necessary to the financial
6 feasibility of transition from public to private ownership, (2) the
7 project shall continue to receive financial assistance from the
8 federal government during such continued exemption period, and
9 (3) the governing body of the municipality in which the property
10 is located approves the terms of such continued exemption,
11 including any agreement for payments in lieu of taxes as
12 authorized in this section; provided, however, that in lieu of such
13 taxes, the public body or resident management corporation which
14 owns or holds such property may agree to make payments to a
15 political subdivision for the services, improvements or facilities
16 furnished by it for the benefit of a housing project, but in no
17 event shall such payments exceed the amount (1) last levied as
18 the annual tax of such political subdivision upon the property
19 included in said project prior to the time of its acquisition by the
20 aforesaid public body or (2) last paid in lieu of taxes to the
21 political subdivision by the public body by which title was
22 transferred to private ownership pursuant to a program of home
23 ownership opportunities as authorized in R.S.55:14A-19.

24 (cf: R.S.55:14A-20)

25 3. This act shall take effect immediately.

26 27 28 STATEMENT

29
30 The United States Department of Housing and Urban
31 Development has recently provided an opportunity for tenants of
32 public housing to become owners of the housing projects in which
33 they reside, through the formation of resident management
34 corporations, established by the tenants, which may qualify to
35 acquire title to the property from the local public housing
36 authority. The federal law provides for continuing assistance to
37 such projects during the transition from public to private
38 ownership, and protects the interests of those tenants unwilling
39 or unable to acquire an ownership interest.

40 Such ownership becomes feasible only if the exemption from
41 local property taxes -- with provision for payment in lieu of
42 taxes by agreement with the local municipal government -- can
43 be extended to the resident management during the transition
44 period. Current State law permits such exemption, with in-lieu
45 payments, while the property is "under exclusive control and
46 jurisdiction of a public body (i.e., the local housing authority).

47 This bill would allow a continuation of tax exemption to the
48 resident management for a period not exceeding 15 years after
49 the transfer of title, so long as (1) the federal authorities
50 determine that such exemption is needed to assure

1 financial feasibility of the transition, (2) federal assistance to
2 the project continues under resident management, and (3) the
3 local municipal government approves of the arrangement and of
4 the provisions for in lieu of tax payments.

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HOUSING AND CONSTRUCTION

8

9 Permits tax exemption for public housing projects during
10 transition to private ownership under certain federal programs.

ASSEMBLY HOUSING COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 3281

STATE OF NEW JERSEY

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DATED: MAY 23, 1991

The Assembly Housing Committee reports Senate Bill No. 3281 (1R) favorably, without amendment.

This bill would amend the "Local Housing Authorities Law," R.S.55:14A-1 et seq., so as to enable public housing tenants in this State to take advantage of the opportunity provided under recently enacted federal law to become owners of the housing projects in which they reside.

Under this program, the tenants may form resident management corporations, condominium associations or cooperatives, which may qualify to acquire title to the property from the local public housing authority, subject to significant resale restrictions on the resident-owner.

The federal law provides for continuing assistance to resident-owners, to the extent necessary, during and following the transition from public to private ownership; and it protects the interests of those tenants unwilling or unable to acquire an ownership interest.

Such ownership becomes feasible only if the exemption from local property taxes granted to the housing authority -- with provision for payment in lieu of taxes by agreement with the local municipal government -- can be extended to the resident management corporation, condominium or cooperative during and following the transition period. But current State law permits such exemption, with in-lieu payments, only while the property is "under exclusive control and jurisdiction" of a public body (*i.e.*, the local housing authority). After the transfer of title, the former housing project would no longer be under the "exclusive control and jurisdiction" of the local housing authority.

This bill would allow a continuation of tax exemption to the resident management for a period not exceeding 15 years after the transfer of title, so long as (1) the local housing authority determines that such exemption is needed to assure financial feasibility of the transition, (2) federal assistance for the resident owners continues to the extent necessary, and (3) the local municipal government approves of the arrangement and of the provisions for in lieu of tax payments.

SENATE COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 3281

with Senate committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 25, 1991

The Senate County and Municipal Government Committee reports favorably Senate Bill No. 3281 with Senate committee amendments.

Senate Bill No. 3281, as amended by the committee, recognizes that the 1990 National Affordable Housing Act provides an opportunity for tenants of public housing to become owners of the housing projects in which they reside, through the formation of resident management corporations, condominium associations or cooperative corporations, established by the tenants, which may qualify to acquire title to the property from the local public housing authority. The act provides significant resale restrictions on the resident-owner. The federal law provides for continuing assistance to resident-owners to the extent necessary during and following the transition from public to private ownership, and protects the interests of those tenants unwilling or unable to acquire an ownership interest.

Such ownership becomes feasible only if the exemption from local property taxes -- with provision for payment in lieu of taxes by agreement with the local municipal government -- can be extended to the resident management, the condominium association or the cooperative corporation during and following the transition period. Current State law permits such exemption, with in-lieu payments, while the property is "under exclusive control and jurisdiction of a public body (i.e., the local housing authority). After the transfer of title, the former housing project would no longer be under the "exclusive control and jurisdiction" of the local Housing Authority.

This bill would allow a continuation of tax exemption to the resident management for a period not exceeding 15 years after the transfer of title, so long as (1) the local housing authority determines that such exemption is needed to assure financial feasibility of the transition, (2) federal assistance for the resident owners continues to the extent necessary, and (3) the local municipal government approves of the arrangement and of the provisions for in lieu of tax payments.

The committee amendments provide technical and clarifying language and bring the bill into conformity with the 1990 National Affordable House Act.