

CHAPTER 297

AN ACT concerning long term tax exemptions on certain low-income housing, amending P.L.1983, c.530, and supplementing P.L.1991, c.431 (C.40A:20-1 et seq.).

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

C.40A:20-13.2 Certain tax exemptions may be continued.

1. Notwithstanding the provisions of sections 12 and 13 of P.L.1991, c.431 (C.40A:20-12 and C.40A:20-13) to the contrary, the governing body of a municipality may agree to continue a tax exemption for a State or federally subsidized housing project beyond the date on which existing first mortgage financing is fully paid so long as the project remains subject to affordability controls pursuant to:

a. project-based federal rental assistance, authorized pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. s.1437f), or other federal or State project-based assistance;

b. the Uniform Housing Affordability Controls promulgated by the New Jersey Housing and Mortgage Finance Agency; or

c. the rent and income limits established by the federal Low Income Housing Tax Credit program pursuant to section 42 of the Internal Revenue Code (26 U.S.C. s.42).

2. Section 37 of P.L.1983, c.530 (C.55:14K-37) is amended to read as follows:

C.55:14K-37 Intent relative to enforcement.

37. a. It is the intent of the Legislature that in the event of any conflict or inconsistency in the provisions of this act and any other acts concerning housing sponsors or any rules and regulations adopted thereunder, to the extent of such conflict or inconsistency, the provisions of this act shall be enforced and the provisions of such other acts and rules and regulations adopted thereunder shall be of no effect.

b. The governing body of any municipality in which a housing project financed or to be financed by the agency is or is to be located may by ordinance or resolution, as appropriate, provide that such project shall be exempt from real property taxation, if the housing sponsor enters into an agreement with the municipality for payments to the municipality in lieu of taxes for municipal services. Any such agreement may require the housing sponsor to pay to the municipality an amount up to 20 percent of the annual gross revenue from each housing project situated on such real property for each year of operation thereof following the substantial completion thereof. For the purpose of this section, "annual gross revenue" means the total annual gross rental or carrying charge and other income of a housing sponsor from a housing project. If any such agreement is entered into from the date of recording the mortgage on the project to the date of substantial completion of the project, the annual amount payable to the municipality as taxes or as payments in lieu of taxes in respect of the project site shall not be in excess of the amount of taxes on the project site for the year preceding the recording of the mortgage. Any agreement between any housing sponsor and a municipality pursuant to this subsection shall be submitted to the agency for review in order to avoid duplicating, overlapping or inconsistent regulations or provisions. Any exemption from taxation pursuant to the provisions of this section shall not extend beyond the date on which the eligible loan made by the agency on the project is paid in full.

c. Notwithstanding the provisions of subsection b. of this section to the contrary, the governing body of a municipality may agree to continue a tax exemption for a State or federally subsidized housing project, beyond the date on which the eligible loan made by the

agency on the project is fully paid, so long as the project remains subject to affordability controls pursuant to:

(1) project-based federal rental assistance, authorized pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. s.1437f), or other federal or State project-based assistance;

(2) the Uniform Housing Affordability Controls promulgated by the New Jersey Housing and Mortgage Finance Agency; or

(3) the rent and income limits established by the federal Low Income Housing Tax Credit program pursuant to section 42 of the Internal Revenue Code (26 U.S.C. s.42).

3. This act shall take effect immediately.

Approved January 13, 2020.