



MEMORANDUM

To: Assembly Housing and Community Development Committee

From: Gary La Spisa, Assistant Vice President of Government Affairs

Date: June 4, 2019

Re: NJAA Support for S-538 / A-2536 (Oroho/Wirths)

On behalf of the New Jersey Apartment Association (NJAA), and our members who provide both market rate and affordable housing to over one million New Jersey residents, we appreciate the opportunity to express our support for S-538/A-2536, and we would ask you to vote “YES” when it comes before the Assembly Housing and Community Development Committee on June 6, 2019. As passed by the Senate, this permissive legislation would provide local officials and property owners with the tools necessary for the preservation of our state’s existing affordable housing.

Currently, affordable housing properties have deed restrictions coupled with tax abatements that generally last thirty years. The restricted use and stabilization of taxes are necessary to keep rents affordable for low- and moderate-income families. Under current law, municipalities do not have the authority to negotiate an extension of these tools unless a property owner takes on new debt financed by the New Jersey Housing and Mortgage Financing Agency (NJHMFA). Since most property owners do not want to unnecessarily take on new debt from the NJHMFA, there is a high probability that those affordable units will be converted to market rate units. In such situations, the municipality loses affordable housing that is currently counted towards their fair share, the existing tenants would be displaced from their affordable homes, and the state falls further behind on meeting the need for affordable housing.

Under this bill, as an affordable property approaches the end of its deed restriction and property tax abatement, the local officials are statutorily authorized to negotiate with property owners to arrange an extension that is agreed upon by both parties. While this is permissive, by doing so, this arrangement becomes a win-win-win for low- and moderate-income families, property owners and municipalities. Specifically, this will allow the property to remain affordable for the low- and moderate-income families that currently live there; the property owner will maintain the tools necessary to keep the property financially viable; and the municipality will ensure that they do not lose existing affordable units.

With a need to construct more than 150,000 new units of affordable housing over the next ten years just to meet demand, this legislation is a crucial step to ensure that we don’t lose the affordable units we already have. Once again, the NJAA supports S-538/A-2536 and we ask that you vote “YES” when the legislation comes before you on Thursday, June 6, 2019.

If you have any questions or if you would like to discuss further, please do not hesitate to contact me at 732-992-0600 or gary@njaa.com.

The New Jersey Apartment Association represents over 200,000 multi-family apartment units throughout the State of New Jersey. We are a statewide organization dedicated to maintaining, improving, and building both market-rate and affordable rental housing that serves over one million New Jersey residents.