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Advance Housing, Inc. v. Township of Teaneck

Supreme Court of New Jersey - September 25, 2013 - A.3d - 2013 WL 5338036

Non-profit corporation and its subsidiary filed tax appeals from municipalities' refusals to exempt property owned by corporation under statute exempting properties actually and exclusively used in furtherance of a taxpayer's charitable purpose.

The Tax Court denied non-profit's appeal, finding an insufficient nexus between the housing provided and the services offered by non-profit to justify a charitable property tax exemption.

The Appellate Division reversed and remanded for a judgment granting non-profit the charitable property tax exemption. It determined that non-profit had fully integrated its housing and support services and satisfied the test set forth in *Presbyterian Homes of the Synod of N.J. v. Division of Tax Appeals*. More specifically, the Appellate Division held that non-profit used the property for the charitable purpose of deinstitutionalizing the mentally disabled, thus relieving the government of having to provide for their housing and care.

The Supreme Court of New Jersey held that, as a matter of first impression, corporation and its subsidiary qualified for tax-exempt status.

Non-profit corporation and its subsidiary, which provided supportive housing and services for mentally disabled individuals, actually used their residences for the charitable purpose of promoting and providing permanent, normalized community living arrangements for psychiatrically disabled individuals, and, thus, they qualified for tax-exempt status. Their charitable work spared the government an expense that it ultimately would have bore, the property was used in a manner to further the charitable purpose, they received substantial sums of money from federal and state agencies to purchase housing and deliver supportive services to the psychiatrically disabled, and they were addressing an important and legitimate governmental concern, namely the provision of both housing and substantial supportive services that fostered the prospect of independent and productive living in the community for the mentally disabled, and homeless, and they were not engaged in a seemingly commercial enterprise.