SENATE, No. 1836

STATE OF NEW JERSEY

DATED: JUNE 1, 2026

The Senate Community and Urban Affairs Committee reports favorably a Senate Committee Substitute for Senate Bill No. 1836.

As reported, this substitute, titled the "Yes in God's Backyard Act," enhances the ability of religious and nonprofit organizations to convert certain property to inclusionary developments with affordable housing and establishes a Faith and Nonprofit Housing Development Assistance program and fund.

The bill requires a municipality to permit the conversion of certain eligible property, as defined in the bill and subject to certain infrastructure requirements and environmental exceptions, into inclusionary developments by certain eligible nonprofit and religious organizations, subject to certain zoning, height, and density requirements. A development project approved pursuant to the bill is to be a permitted use and is not to require a use variance. The bill requires a municipal agency to review an application for the development of an inclusionary development on an eligible property for completeness within 45 days and act upon the application within the applicable time requirement pursuant to the "Municipal Land Use Law" (MLUL), except that the bill prohibits a municipal agency from imposing additional requirements, unrelated to the provisions of the bill, that are not required for other development applicants. The bill authorizes an applicant aggrieved by a final determination pursuant to the application process established by the bill, or the failure of a municipal agency to comply with the bill or with the Municipal Land Use Law, to seek an expedited mediation and review through the Affordable Housing Dispute Resolution Program.

An eligible property only qualifies for the process established by the bill if:

(1) the eligible organization, as defined in the bill, has been the owner of record of the eligible property for not less than 36 months, unless a circumstance for exception exists;

(2) the applicant files with the municipal agency and the HMFA a sworn statement disclosing all beneficial owners of, and all parties holding any equity interest of 10 percent or more in, the proposed development entity; and

(3) all income-restricted units in the inclusionary development are marketed, leased, and sold, as applicable, in accordance with applicable selection laws and laws against discrimination, including the Uniform Housing Affordability Controls (UHAC), the Law Against Discrimination, and the bill.

The bill prohibits any tenancy or ownership preference for members or congregants of a religious eligible organization or affiliates of a nonprofit eligible organization.

A development project undertaken pursuant to the bill is required to fulfill a minimum percent of income-restricted units corresponding with the three tiers established by the bill. The bill requires at least 50 percent of the income-restricted units to be low-income units and at least 13 percent of the income-restricted units to be very low-income units. The bill provides height and density allowances for a development project undertaken pursuant to the bill based on the project's affordability tier, with an additional density bonus for an inclusionary development that retains or expands community-serving uses, as defined by the bill. The bill also provides minimum parking requirements based on the proximity of the property to certain public transit. The bill establishes that the New Jersey Housing and Mortgage Finance Agency (HMFA), upon the expiration of the affordability period, has the right of first refusal to acquire a property converted into an inclusionary development pursuant to the bill. The bill requires a development project undertaken pursuant to the bill to comply with UHAC, the MLUL, and all applicable Department of Environmental Protection (DEP) permit requirements. The bill imposes additional requirements for the continued provision of existing affordable housing and community-serving uses, as defined in the bill.

The bill provides that a municipality is to receive credits and bonus credits, as applicable, for income-restricted units constructed pursuant to the bill that are fully compliant with UHAC. A municipality is to receive credits and bonus credits for the round next following completion of construction and recording of the affordability covenant. The bill permits a municipality to include eligible properties as components of its housing element and fair share plan.

The bill establishes the Faith and Nonprofit Housing Development Assistance Fund (the fund) to provide certain loans, financing, and other assistance, as specified in the bill. The fund is also, through funds not derived from bonds, to be used to administer the Faith and Nonprofit Housing Development Assistance Program (the program). A development project undertaken pursuant to the bill is to be eligible for financing through the fund based on its affordability tier. The bill also provides that a Tier 3 project is to be eligible for priority access to 4-percent Low-Income Housing Tax Credit allocations and tax-exempt bond volume cap and scoring preferences in the Qualified Allocation Plan for the 9-percent Low-Income Housing Tax Credit. The bill requires the HMFA to report an annual report on certain activities of the fund.

The bill establishes the fund in the HMFA to provide technical and financial assistance to eligible organizations and their development partners. As part of the program, the HMFA is to:

(1) provide technical assistance to eligible organizations for development projects to be undertaken pursuant to the bill;

(2) maintain a registry of qualified affordable housing development partners;

(3) publish a model joint venture agreement, model ground lease, and model long-term affordability covenant for use by program participants; and

(4) award pre-development grants and recoverable pre-development loans for costs incurred in advancing a development project undertaken pursuant to the bill, subject to certain maximums and priorities.

The bill appropriates $50 million from the General Fund to the fund in the HMFA to be used over the course of the five years next following the enactment of the bill to administer the program. The bill additionally authorizes the HMFA to issue bonds in an amount not exceeding $250 million for the purposes of the fund, excluding the program. The bill directs the HMFA, in consultation with the Department of Community Affairs (DCA), to adopt specified rules and regulations to effectuate the provisions of the bill. The bill additionally directs the DEP, in consultation with the HMFA and the DCA, to adopt rules and regulations to designate undeveloped contiguous forested areas not less than five acres for the purposes of defining "environmentally protected area," and "wetland buffer areas," with certain area maximums, which designations exclude a property from being an eligible property for development pursuant to the bill. The bill is to take effect immediately.

Executive Branch | Judicial Branch | Other Gov't Sites