

[First Reprint]

ASSEMBLY, No. 4913

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED OCTOBER 17, 2024

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblywoman SHANIQUE SPEIGHT

District 29 (Essex and Hudson)

Assemblywoman VERLINA REYNOLDS-JACKSON

District 15 (Hunterdon and Mercer)

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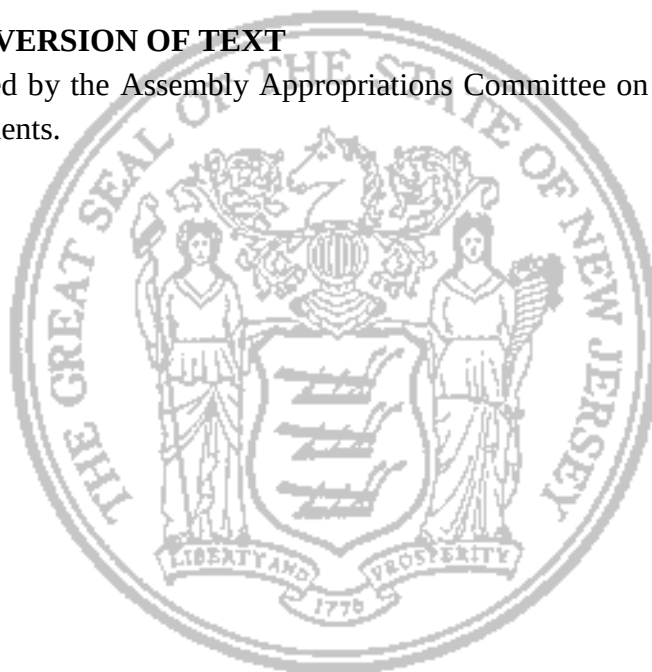
Assemblymen Karabinchak, Stanley and Assemblywoman Hall

SYNOPSIS

Establishes certain State funding preferences for municipalities that enhance opportunities to develop housing.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on May 15, 2025, with amendments.



(Sponsorship Updated As Of: 5/22/2025)

1 AN ACT establishing certain State funding preferences for
2 municipalities that adopt certain strategies to encourage denser
3 residential development, supplementing Titles 40, 52, and 27 of
4 the Revised Statutes and amending P.L.2000, c.72.

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

8
9 1. (New section) a. The governing body of a municipality may
10 direct the planning board to undertake and provide for a special
11 reexamination of the municipality's master plan and development
12 regulations for the purpose of enabling the municipality to qualify for
13 preferential status in the distribution of ¹~~["State aid"]~~ financial
14 assistance competitively awarded by the State¹ in accordance with the
15 provisions of P.L. , c. (C.) (pending before the Legislature as
16 this bill).

17 b. (1) A planning board directed to undertake and provide for a
18 special reexamination of the municipality's master plan and
19 development regulations pursuant to subsection a. of this section shall,
20 at a minimum, review the provisions of the municipality's existing
21 master plan and development regulations that address areas of the
22 municipality within which residential development is permitted, and
23 ¹~~["shall"]~~ may¹ consider recommending specific changes to the master
24 plan and development regulations for the purpose of enhancing the
25 potential development of the municipality for residential purposes.

26 (2) A planning board directed to undertake and provide a special
27 reexamination of the municipality's master plan and development
28 regulations pursuant to subsection a. of this section, prior to reporting
29 recommendations for changes thereto pursuant to subsection c. of this
30 section, ¹~~["shall"]~~ may¹ consider whether to include in the master plan
31 and development regulations one or more housing strategies that may
32 enhance the development potential of property for residential purposes
33 at greater densities, ¹~~["which shall include"]~~ including¹ but not limited
34 to the following housing strategies:

35 (a) permit development of an accessory dwelling unit in addition
36 to a single-unit dwelling on developable lots in areas restricted to the
37 development of single-unit dwellings;

38 (b) permit development of a two-unit dwelling on lots in areas
39 restricted to the development of single-unit dwellings;

40 (c) permit development of a three-unit dwelling on lots in areas
41 restricted to the development of single-unit dwellings;

42 (d) eliminate or reduce off-street parking requirements;

43 (e) eliminate or reduce minimum lot size requirements;

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:

¹Assembly AAP committee amendments adopted May 15, 2025.

- 1 (f) permit the siting of manufactured housing or a mobile home on
2 lots in areas restricted to the development of single-unit dwellings;
- 3 (g) permit development of a multi-unit dwelling or a mixed-use
4 development on lots zoned exclusively for office, retail, or commercial
5 uses;
- 6 (h) permit development of a multi-unit dwelling on at least 10
7 percent of the developable land within the municipality;
- 8 (i) permit higher density housing near transit stops; and
- 9 (j) eliminate or reduce minimum size requirements for dwelling
10 units.
- 11 c. (1) A planning board directed to undertake and provide for a
12 special reexamination of the municipality's master plan and
13 development regulations pursuant to subsection a. of this section shall
14 prepare and adopt by resolution a report on the findings of the special
15 reexamination, a copy of which report and resolution shall be sent to
16 the 'Division of Local Planning Services in the Department of
17 Community Affairs, the' Office of Planning Advocacy ',' and the
18 county planning board. A notice that the report and resolution have
19 been prepared shall be sent to any military facility commander who
20 has registered with the municipality pursuant to section 1 of P.L.2005,
21 c.41 (C.40:55D-12.4) and to the municipal clerk of each adjoining
22 municipality, who may request a copy of the report and resolution on
23 behalf of the military facility or municipality.
- 24 (2) If a special reexamination report recommends changes to a
25 municipality's existing master plan, the planning board shall 'forward
26 its recommendations to the governing body. The governing body
27 shall, by resolution, accept, reject, or modify the recommendations
28 of the planning board and direct the planning board to' commence
29 the process of amending the master plan 'accordingly, and' in
30 accordance with the requirements for amendment of a master plan
31 under P.L.1975, c.291 (C.40:55D-1 et seq.), which include holding a
32 hearing upon public notice.
- 33 (3) If a planning board amends a master plan pursuant to this
34 subsection, the governing body of the municipality '[shall] may'
35 commence the process of '[considering amendment of] amending'
36 the municipality's zoning ordinance under P.L.1975, c.291 (C.40:55D-
37 1 et seq.) for the purpose of making it substantially consistent with the
38 land use plan element and the housing plan element of the
39 municipality's master plan.
- 40 '(4) Within 45 business days following the date of adoption of
41 any revisions to the municipality's zoning or other land
42 development ordinances pursuant to paragraph (3) of this
43 subsection, the clerk of the municipality shall transmit copies of the
44 ordinances to the Division of Local Planning Services in the
45 Department of Community Affairs.
- 46 d. If a municipality has already adopted ordinances
47 substantially similar to the provisions of this section, the

municipality shall transmit copies of the ordinances to the Division of Local Planning Services in the Department of Community Affairs for evaluation in preferential status determinations to be made in accordance with the provisions of P.L. , c. (C.) (pending before the Legislatures as this bill).¹

2. (New section) a. As used in this section:

"Department" means the Department of Community Affairs ¹[";] ¹.

"Grant or other type of competitively-awarded financial assistance" means all types of competitively-awarded financial assistance that the department or another State agency may distribute to one or more municipalities pursuant to a program administered by the department or other State agency ¹that is solely funded by State funds¹, other than a program ¹["; including"] :

(1)¹ that awards funds to help a municipality fulfill its fair share housing obligation pursuant to P.L.1985, c.222 (C.52:27D-301 et al.)¹;

(2) administered by the department and that awards funds to municipalities in support of shared services and consolidation;

(3) where multiple municipalities may join a single application for competitively-awarded financial assistance; or

(4) where other entities in addition to municipalities may apply for competitively-awarded financial assistance.

"Grant or other type of competitively-awarded financial assistance" shall include,¹ but ¹shall¹ not ¹be¹ limited to ¹["; the Main Street New Jersey Program established pursuant to P.L.2001, c.238 (C.52:27D-452 et seq.), and"] ¹,¹ the Neighborhood Preservation Program established pursuant to P.L.1975, c.248 (C.52:27D-142 et seq.) ¹["; and"] ¹.

"State agency" means any department, division, office, board, commission, council, or bureau in the Executive branch of State government.

b. (1) Notwithstanding any provision of law, rule, or regulation to the contrary, when determining the eligibility of a municipality to receive a grant or other type of competitively-awarded financial assistance, the department shall establish a preference for those municipalities that have amended their development regulations pursuant to section 1 of P.L. , c. (C.) (pending before the Legislature as this bill) to allow for the use of additional housing strategies and have thereby increased the number of housing units permitted for development within the municipality. ¹Funds awarded under the Transitional Aid to Localities program or any successor discretionary aid program pursuant to P.L.2011, c.144 (C.52:27D-118.42a), as Consolidated Municipal Property Tax Relief Aid, or as Energy Tax Receipts Property Tax Relief Aid shall not be considered a type of competitively-awarded financial assistance under the

1 provisions of P.L. , c. (C.) (pending before the Legislature as
2 this bill).¹

3 (2) ¹【The department shall research and analyze each grant or
4 other type of competitively-awarded financial assistance awarded to
5 municipalities by State agencies. Notwithstanding any provision of
6 law, rule, or regulation to the contrary, the department shall enter into
7 a memorandum of understanding with each State agency that awards a
8 grant or other type of competitively-awarded financial assistance to
9 municipalities. A memorandum of understanding entered into
10 pursuant to this paragraph shall establish a preference in the award of a
11 grant or other type of competitively-awarded financial assistance for
12 those municipalities that have amended their development regulations
13 pursuant to section 1 of P.L. , c. (C.) (pending before the
14 Legislature as this bill) to allow for the use of additional housing
15 strategies and have thereby increased the number of housing units
16 permitted for development in the municipality. A memorandum of
17 understanding with the Department of Transportation shall reflect the
18 requirements of section 3 of P.L. , c. (C.) (pending before the
19 Legislature as this bill), and the memorandum of understanding with
20 the Department of Education shall reflect the requirements of section 9
21 of P.L.2000, c.72 (C.18A:7G-9) and section 15 of P.L.2000, c.72
22 (C.18A:7G-15)】 Notwithstanding any provision of law, rule, or
23 regulation to the contrary, the department shall publish on the
24 department's Internet website a list of municipalities that have
25 amended their development regulations pursuant to section 1 of P.L.
26 , c. (C.) (pending before the Legislature as this bill) to allow for
27 the use of additional housing strategies and that have increased the
28 number of housing units permitted for development in the
29 municipality. The department shall, in a manner determined by the
30 department, order the municipalities within three tier categories based
31 on the impact of, and the amount of changes made, relative to the
32 municipalities' planning areas. The department shall update this list
33 on a quarterly basis. Each State agency that awards a grant or other
34 type of competitively-awarded financial assistance to a municipality
35 shall utilize this list to establish an award preference for those
36 municipalities that have amended their development regulations
37 pursuant to section 1 of P.L. , c. (C.) (pending before the
38 Legislature as this bill) to allow for the use of additional housing
39 strategies and have increased the number of housing units permitted
40 for development within the municipality¹.

41 c. The Department of Community Affairs, pursuant to the
42 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.),
43 shall adopt rules and regulations it deems necessary or desirable to
44 effectuate sections 1 and 2 of P.L. , c. (C. and C.)
45 (pending before the Legislature as this bill), which rules and
46 regulations shall:

1 (1) specify the ¹~~['numbers of additional housing units and the']~~¹
 2 types ¹~~and number~~¹ of housing strategies appropriate for use by a
 3 municipality based upon the municipality's planning region, as
 4 identified within the most recently adopted State Development and
 5 Redevelopment Plan;

6 (2) specify a range of values to be accorded to municipalities
 7 determined to be eligible for a preference in ¹~~['State aid']~~ financial
 8 assistance competitively awarded by the State¹ pursuant to P.L. , c.
 9 (C.) (pending before the Legislature as this bill), based upon the
 10 number of additional housing units permitted for development and the
 11 types of housing strategies adopted pursuant to P.L. , c. (C.)
 12 (pending before the Legislature as this bill); and

13 (3) provide ¹~~['model ordinance provisions, in the form of~~
 14 ~~templates,']~~ a housing siting and best practices guide¹ for the purpose
 15 of assisting municipalities opting to incorporate one or more of the
 16 housing strategies identified in P.L. , c. (C.) (pending before
 17 the Legislature as this bill) into their ordinances.

18
 19 3. (New section) The Commissioner of Transportation, in
 20 determining the allocation of funds for municipal projects from the
 21 "Transportation Trust Fund Account," established by section 20 of
 22 P.L.1984, c.73 (C.27:1B-20), shall establish a criterion to provide,
 23 at the commissioner's discretion, within the schedule of all other
 24 criteria for prioritization, as provided in section 25 of P.L.1984,
 25 c.73 (C.27:1B-25), a preference for those municipalities that have
 26 amended their master plan and development regulations pursuant to
 27 section 1 of P.L. , c. (C.) (pending before the Legislature
 28 as this bill) to allow for the use of additional housing strategies and
 29 have thereby increased the number of housing units permitted for
 30 development within the municipality.

31
 32 4. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to read
 33 as follows:

34 9. a. State debt service aid for capital investment in school
 35 facilities for a district other than an SDA district which elects not to
 36 finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-
 37 15), shall be distributed upon a determination of preliminary
 38 eligible costs by the commissioner, according to the following
 39 formula:

40 Aid is the sum of A for each issuance of school bonds issued for
 41 a school facilities project approved by the commissioner after the
 42 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)

43 where

44 $A = B \times AC/P \times DAP \times M$, with $AC/P = 1$

45 whenever AC/P would otherwise yield a number greater than one,

46 and where:

1 B is the district's debt service for the individual issuance for the
2 fiscal year;

3 AC is the preliminary eligible costs determined pursuant to
4 section 7 of P.L.2000, c.72 (C.18A:7G-7);

5 P is the principal of the individual issuance plus any other
6 funding sources approved for the school facilities project;

7 DAP is the district's district aid percentage as defined pursuant to
8 section 3 of P.L.2000, c.72 (C.18A:7G-3) and where DAP shall not
9 be less than 40 percent. If the project's design incorporates the
10 implementation of energy efficiency improvements or the
11 installation of energy efficient features or equipment, the DAP shall
12 be increased by no more than five percent. In order to qualify for a
13 DAP increase for the implementation of energy efficiency
14 improvements or the installation of energy efficient features or
15 equipment pursuant to this subsection, a district shall submit to the
16 development authority and Department of Education a certification,
17 along with evidential documentation, attesting that the project's
18 design incorporates the implementation of energy efficiency
19 improvements or the installation of energy efficient features or
20 equipment.

21 In addition, DAP for a school facilities project that is approved
22 by the commissioner following the effective date of
23 P.L. , c. (C.) (pending before the Legislature as this bill)
24 may be increased by no more than 10 percent if the school district
25 submitting the school facilities project is located in a municipality
26 which has amended its master plan and development regulations
27 pursuant section 1 of P.L. , c. (C.) (pending before the
28 Legislature as this bill) to allow for the use of additional housing
29 strategies, and has thereby increased the number of housing units
30 permitted for development within the municipality. A regional
31 school district may be eligible for a DAP increase if one or more
32 constituent municipalities of the regional school district have each
33 amended its master plan and development regulations pursuant to
34 section 1 of P.L. , c. (C.) (pending before the Legislature as
35 this bill) to allow for the use of additional housing strategies and
36 have thereby increased the number of housing units permitted for
37 development within the municipality, provided that the DAP
38 increase shall be no more than 10 percent and that the maximum
39 DAP increase due to any one constituent municipality's amendment
40 of its master plan and development regulations pursuant to section 1
41 of P.L. , c. (C.) (pending before the Legislature as this bill)
42 is calculated in proportion to the constituent municipality's share of
43 the overall resident enrollment of the regional school district. The
44 Commissioner of Education and the Commissioner of Community
45 Affairs shall develop a uniform methodology to determine a school
46 district's eligibility for a DAP increase based upon the number of
47 additional housing units permitted for development and the types of
48 housing strategies adopted pursuant to P.L. , c. (C.)

1 (pending before the Legislature as this bill). In order to qualify for
2 a DAP increase under this paragraph, a school district shall submit
3 documentation verifying that the appropriate municipalities have
4 adopted the requisite changes to their master plans and development
5 regulations; and

6 M is a factor representing the degree to which a district has
7 fulfilled maintenance requirements for a school facilities project
8 determined pursuant to subsection b. of this section.

9 For county special services school districts, DAP shall be that of
10 the county vocational school district in the same county.

11 Notwithstanding the provisions of this subsection to the contrary,
12 DAP for a county vocational school district school facilities project
13 that is approved by the commissioner following the effective date of
14 P.L.2009, c.185 shall equal the greater of the district's district aid
15 percentage as defined pursuant to section 3 of P.L.2000, c.72
16 (C.18A:7G-3) or the percentage of the students in the county
17 vocational school district's resident enrollment who reside in SDA
18 districts; except that DAP shall not be less than 40 percent or
19 greater than 90 percent.

20 b. The maintenance factor (M) shall be 1.0 except when one of
21 the following conditions applies, in which case the maintenance
22 factor shall be as specified:

23 (1) Effective ten years from the date of the enactment of
24 P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid
25 for reconstruction, remodeling, alteration, modernization,
26 renovation or repair, or for an addition to a school facility, shall be
27 zero for all school facilities projects for which the district fails to
28 demonstrate over the ten years preceding issuance a net investment
29 in maintenance of the related school facility of at least two percent
30 of the replacement cost of the school facility, determined pursuant
31 to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using
32 the area cost allowance of the year ten years preceding the year in
33 which the school bonds are issued.

34 (2) For new construction, additions, and school facilities aided
35 under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7)
36 supported by financing issued for projects approved by the
37 commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-
38 1 et al.), beginning in the fourth year after occupancy of the school
39 facility, the maintenance factor shall be reduced according to the
40 following schedule for all school facilities projects for which the
41 district fails to demonstrate in the prior fiscal year an investment in
42 maintenance of the related school facility of at least two-tenths of
43 one percent of the replacement cost of the school facility,
44 determined pursuant to subsection b. of section 7 of P.L.2000, c.72
45 (C.18A:7G-7).

1	Maintenance Percentage	Maintenance Factor (M)
2	.199% - .151%	75%
3	.150% - .100%	50%
4	Less than .100%	Zero

5 (3) Within one year of the enactment of P.L.2000, c.72
6 (C.18A:7G-1 et al.), the commissioner shall promulgate rules
7 requiring districts to develop a long-range maintenance plan and
8 specifying the expenditures that qualify as an appropriate
9 investment in maintenance for the purposes of this subsection.

10 c. Any district which obtained approval from the commissioner
11 since September 1, 1998 and prior to the effective date of P.L.2000,
12 c.72 (C.18A:7G-1 et al.) of the educational specifications for a
13 school facilities project or obtained approval from the Department
14 of Community Affairs or the appropriately licensed municipal code
15 official since September 1, 1998 of the final construction plans and
16 specifications, and the district has issued debt, may elect to have the
17 final eligible costs of the project determined pursuant to section 5 of
18 P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under
19 this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

20 Any district which received approval from the commissioner for
21 a school facilities project at any time prior to the effective date of
22 P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other
23 than short term notes, may submit an application pursuant to section
24 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of
25 the project determined pursuant to that section and to have the New
26 Jersey Economic Development Authority construct the project; or,
27 at its discretion, the district may choose to receive debt service aid
28 under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-
29 10) or to receive a grant under section 15 of P.L.2000, c.72
30 (C.18A:7G-15).

31 For the purposes of this subsection, the "issuance of debt" shall
32 include lease purchase agreements in excess of five years.

33 d. For school bonds issued for a school facilities project after
34 the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and prior to
35 the effective date of P.L.2008, c.39 (C.18A:7G-14.1 et al.), State
36 debt service aid shall be calculated in accordance with the
37 provisions of this section as the same read before the effective date
38 of P.L.2008, c.39 (C.18A:7G-14.1 et al.).
39 (cf: P.L.2023, c.311, s.6)

40

41 5. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to
42 read as follows:

43 15. a. In the case of a district other than an SDA district, for any
44 project approved by the commissioner after the effective date of
45 P.L.2000, c.72 (C.18A:7G-1 et al.), the district may elect to receive
46 a one-time grant for the State share of the project in accordance
47 with the provisions of subsection b. of this section rather than
48 annual debt service aid under section 9 of P.L.2000, c.72

1 (C.18A:7G-9). The State share payable to the district shall equal
2 the product of the project's final eligible costs and the district aid
3 percentage or 40 percent, whichever is greater. If the project's
4 design incorporates the implementation of energy efficiency
5 improvements or the installation of energy efficient features or
6 equipment, the district aid percentage shall be increased by no more
7 than five percent. In order to qualify for a district aid percentage
8 increase for the implementation of energy efficiency improvements
9 or the installation of energy efficient features or equipment pursuant
10 to this subsection, a district shall submit to the development
11 authority and Department of Education a certification, along with
12 evidential documentation, attesting that the project's design
13 incorporates the implementation of energy efficiency improvements
14 or the installation of energy efficient features or equipment. In
15 addition, the district aid percentage for a school facilities project
16 that is approved by the commissioner following the effective date of
17 P.L. , c. (C.) (pending before the Legislature as this bill)
18 may be increased by no more than 10 percent if the school district
19 submitting the school facilities project is located in a municipality
20 which has amended its master plan and development regulations
21 pursuant to section 1 of P.L. , c. (C.) (pending before the
22 Legislature as this bill) to allow for the use of additional housing
23 strategies and have thereby increased the number of housing units
24 permitted for development within the municipality. A regional
25 school district may be eligible for a district aid percentage increase
26 if one or more constituent municipalities of the regional school
27 district has amended its master plan and development regulations
28 pursuant to section 1 of P.L. , c. (C.) (pending before the
29 Legislature as this bill) to allow for the use of additional housing
30 strategies and have thereby increased the number of housing units
31 permitted for development in the municipality, provided that the
32 district aid percentage increase shall be no more than 10 percent and
33 that the maximum district aid percentage increase due to any one
34 constituent municipality's amendment of its master plan and
35 development regulations is calculated in proportion to the
36 constituent municipality's share of the overall resident enrollment
37 of the regional school district. The Commissioner of Education and
38 the Commissioner of Community Affairs shall develop a uniform
39 methodology to determine the district aid percentage increase based
40 upon the number of additional housing units permitted for
41 development and the types of housing strategies adopted pursuant to
42 P.L. , c. (C.) (pending before the Legislature as this bill).
43 In order to qualify for a district aid percentage increase pursuant to
44 this subsection, a school district shall submit documentation
45 verifying that the appropriate municipalities have adopted the
46 requisite changes to their master plans and development regulations.
47 b. The commissioner shall establish a process for the annual
48 allocation of grant funding. Under that process, the commissioner

1 shall annually notify districts of the date on which the
2 commissioner shall begin to receive applications for grant funding.
3 A district shall have 90 days from that date to submit an application
4 to the commissioner. The commissioner shall make a decision on a
5 district's application within 90 days of the submission of all such
6 applications and shall allocate the grant funding in accordance with
7 the priority process established pursuant to paragraph (4) of
8 subsection m. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

9 c. The development authority shall provide grant funding for
10 the State's share of the final eligible costs of a school facilities
11 project pursuant to an agreement between the district and the
12 development authority which shall, in addition to other terms and
13 conditions, set forth the terms of disbursement of the State share.
14 The funding of the State share shall not commence until the district
15 secures financing for the local share.

16 (cf: P.L.2023, c.311, s.10)

17

18 6. This act shall take effect on the first day of the ninth month
19 next following enactment, except that the Commissioner of
20 Community Affairs, and the commissioners of other State
21 departments impacted by this act may take anticipatory
22 administrative action in advance as shall be necessary for the
23 implementation of this act.