

# ASSEMBLY, No. 1873

## STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblywoman HOLLY T. SCHEPISI**

**District 39 (Bergen and Passaic)**

**Co-Sponsored by:**

**Assemblywoman N.Munoz, Assemblymen Clifton, Rooney,  
Assemblywoman B.DeCroce, Assemblymen Space, Bramnick, Wirths and  
DePhillips**

**SYNOPSIS**

Prohibits affordable housing obligation exemptions for urban aid municipalities.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



A1873 SCHEPISI

2

1 AN ACT prohibiting affordable housing obligation exemptions for  
2 urban aid municipalities and amending P.L.1985, c.222.

3

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

6

7 1. Section 2 of P.L.1985, c.222 (C.52:27D-302) is amended to  
8 read as follows:

9 2. The Legislature finds that:

10 a. The New Jersey Supreme Court, through its rulings in South  
11 Burlington County NAACP v. Mount Laurel, 67 N.J. 151 (1975)  
12 and South Burlington County NAACP v. Mount Laurel, 92 N.J. 158  
13 (1983), has determined that every municipality in a growth area has  
14 a constitutional obligation to provide through its land use  
15 regulations a realistic opportunity for a fair share of its region's  
16 present and prospective needs for housing for low and moderate  
17 income families.

18 b. In the second Mount Laurel ruling, the Supreme Court stated  
19 that the determination of the methods for satisfying this  
20 constitutional obligation "is better left to the Legislature," that the  
21 court has "always preferred legislative to judicial action in their  
22 field," and that the judicial role in upholding the Mount Laurel  
23 doctrine "could decrease as a result of legislative and executive  
24 action."

25 c. The interest of all citizens, including low and moderate  
26 income families in need of affordable housing, and the needs of the  
27 workforce, would be best served by a comprehensive planning and  
28 implementation response to this constitutional obligation.

29 d. There are a number of essential ingredients to a  
30 comprehensive planning and implementation response, including  
31 the establishment of reasonable fair share housing guidelines and  
32 standards, the initial determination of fair share by officials at the  
33 municipal level and the preparation of a municipal housing element,  
34 State review of the local fair share study and housing element, and  
35 continuous State funding for low and moderate income housing to  
36 replace the federal housing subsidy programs which have been  
37 almost completely eliminated.

38 e. The State can maximize the number of low and moderate  
39 income units provided in New Jersey by allowing its municipalities  
40 to adopt appropriate phasing schedules for meeting their fair share,  
41 so long as the municipalities permit a timely achievement of an  
42 appropriate fair share of the regional need for low and moderate  
43 income housing as required by the Mt. Laurel I and II opinions and  
44 other relevant court decisions.

**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.**

1 f. The State can also maximize the number of low and  
2 moderate income units by creating new affordable housing and by  
3 rehabilitating existing, but substandard, housing in the State.  
4 Because the Legislature has determined, pursuant to P.L.2008, c.46  
5 (C.52:27D-329.1 et al.), that it is no longer appropriate or in  
6 harmony with the Mount Laurel doctrine to permit the transfer of  
7 the fair share obligations among municipalities within a housing  
8 region, it is necessary and appropriate to create a new program to  
9 create new affordable housing and to foster the rehabilitation of  
10 existing, but substandard, housing.

11 g. Since the urban areas are vitally important to the State, the  
12 construction, conversion, and rehabilitation of housing in our urban  
13 centers [should be encouraged] shall be an essential part of  
14 achieving the fair share of the regional need for low and moderate  
15 income housing. However, the provision of housing in urban areas  
16 must be balanced with the need to provide housing throughout the  
17 State for the free mobility of citizens.

18 h. The Supreme Court of New Jersey in its Mount Laurel  
19 decisions demands that municipal land use regulations affirmatively  
20 afford a reasonable opportunity for a variety and choice of housing  
21 including low and moderate cost housing, to meet the needs of  
22 people desiring to live there. While provision for the actual  
23 construction of that housing by municipalities is not required, they  
24 are encouraged but not mandated to expend their own resources to  
25 help provide low and moderate income housing.

26 i. Certain amendments to the enabling act of the Council on  
27 Affordable Housing are necessary to provide guidance to the  
28 council to ensure consistency with the legislative intent, while at the  
29 same time clarifying the limitations of the council in its rulemaking.  
30 Although the court has remarked in several decisions that the  
31 Legislature has granted the council considerable deference in its  
32 rulemaking, the Legislature retains its power and obligation to  
33 clarify and amend the enabling act from which the council derives  
34 its rulemaking power, from time to time, in order to better guide the  
35 council.

36 j. The Legislature finds that the use of regional contribution  
37 agreements, which permits municipalities to transfer a certain  
38 portion of their fair share housing obligation outside of the  
39 municipal borders, should no longer be utilized as a mechanism for  
40 the creation of affordable housing by the council.

41 k. To minimize undue burdens on individual municipalities,  
42 reduce urban sprawl, and direct development to areas that already  
43 have extensive infrastructure in place and can more cost-effectively  
44 accommodate new development, each urban municipality shall be  
45 allocated a minimum fair share obligation representing an  
46 appropriate portion of the of the regional need for low and moderate  
47 income housing.

48 (cf: P.L.2008, c.46, s.4)

A1873 SCHEPISI

- 1       2    Section 4 of P.L.1985, c.222 (C.52:27D-304) is amended to  
2 read as follows:
- 3       4.  As used in **【this act】** P.L.1985, c.222 (C.52:27D-301 et al.):
- 4       a.  "Council" means the Council on Affordable Housing  
5 established in **【this act】** P.L.1985, c.222 (C.52:27D-301 et al.),  
6 which shall have primary jurisdiction for the administration of  
7 housing obligations in accordance with sound regional planning  
8 considerations in this State, and any successor body, temporary or  
9 otherwise, that obtains such primary jurisdiction.
- 10      b.  "Housing region" means a geographic area of not less than  
11 two nor more than four contiguous, whole counties which exhibit  
12 significant social, economic and income similarities, and which  
13 constitute to the greatest extent practicable the primary metropolitan  
14 statistical areas as last defined by the United States Census Bureau  
15 prior to the effective date of P.L.1985, c.222 (C.52:27D-301 et al.).
- 16      c.  "Low income housing" means housing affordable according  
17 to federal Department of Housing and Urban Development or other  
18 recognized standards for home ownership and rental costs and  
19 occupied or reserved for occupancy by households with a gross  
20 household income equal to 50% or less of the median gross  
21 household income for households of the same size within the  
22 housing region in which the housing is located.
- 23      d.  "Moderate income housing" means housing affordable  
24 according to federal Department of Housing and Urban  
25 Development or other recognized standards for home ownership  
26 and rental costs and occupied or reserved for occupancy by  
27 households with a gross household income equal to more than 50%  
28 but less than 80% of the median gross household income for  
29 households of the same size within the housing region in which the  
30 housing is located.
- 31      e.  "Resolution of participation" means a resolution adopted by  
32 a municipality in which the municipality chooses to prepare a fair  
33 share plan and housing element in accordance with **【this act】**  
34 P.L.1985, c.222 (C.52:27D-301 et al.).
- 35      f.  "Inclusionary development" means a residential housing  
36 development in which a substantial percentage of the housing units  
37 are provided for a reasonable income range of low and moderate  
38 income households.
- 39      g.  "Conversion" means the conversion of existing commercial,  
40 industrial, or residential structures for low and moderate income  
41 housing purposes where a substantial percentage of the housing  
42 units are provided for a reasonable income range of low and  
43 moderate income households.
- 44      h.  "Development" means any development for which  
45 permission may be required pursuant to the "Municipal Land Use  
46 Law," P.L.1975, c.291 (C.40:55D-1 et seq.).

A1873 SCHEPISI

- 1 i. "Agency" means the New Jersey Housing and Mortgage  
2 Finance Agency established by P.L.1983, c.530 (C.55:14K-1 et  
3 seq.).
- 4 j. "Prospective need" means a projection of housing needs  
5 based on development and growth which is reasonably likely to  
6 occur in a region or a municipality, as the case may be, as a result  
7 of actual determination of public and private entities. In  
8 determining prospective need, consideration shall be given to  
9 approvals of development applications, real property transfers and  
10 economic projections prepared by the State Planning Commission  
11 established by sections 1 through 12 of P.L.1985, c.398 (C.52:18A-  
12 196 et seq.).
- 13 k. "Disabled person" means a person with a physical disability,  
14 infirmity, malformation or disfigurement which is caused by bodily  
15 injury, birth defect, aging or illness including epilepsy and other  
16 seizure disorders, and which shall include, but not be limited to, any  
17 degree of paralysis, amputation, lack of physical coordination,  
18 blindness or visual impediment, deafness or hearing impediment,  
19 muteness or speech impediment or physical reliance on a service or  
20 guide dog, wheelchair, or other remedial appliance or device.
- 21 l. "Adaptable" means constructed in compliance with the  
22 technical design standards of the barrier free subcode adopted by  
23 the Commissioner of Community Affairs pursuant to the "State  
24 Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119  
25 et seq.) and in accordance with the provisions of section 5 of  
26 P.L.2005, c.350 (C.52:27D-123.15).
- 27 m. "Very low income housing" means housing affordable  
28 according to federal Department of Housing and Urban  
29 Development or other recognized standards for home ownership  
30 and rental costs and occupied or reserved for occupancy by  
31 households with a gross household income equal to 30% or less of  
32 the median gross household income for households of the same size  
33 within the housing region in which the housing is located.
- 34 n. "Urban municipality" means a municipality that qualifies for  
35 State aid pursuant to P.L.1978, c.14 (C.52:27D-178 et seq.).  
36 (cf: P.L.2008, c.46, s.5)
- 37
- 38 3. Section 7 of P.L.1985, c.222 (C.52:27D-307) is amended to  
39 read as follows:
- 40 7. It shall be the duty of the council, seven months after the  
41 confirmation of the last member initially appointed to the council,  
42 or January 1, 1986, whichever is earlier, and from time to time  
43 thereafter, to:
- 44 a. Determine housing regions of the State;
- 45 b. Estimate the present and prospective need for low and  
46 moderate income housing at the State and regional levels;
- 47 c. Adopt criteria and guidelines for:

A1873 SCHEPISI

1 (1) Municipal determination of its present and prospective fair  
2 share of the housing need in a given region which shall be  
3 computed for a 10-year period.

4 Municipal fair share shall be determined after crediting on a one-  
5 to-one basis each current unit of low and moderate income housing  
6 of adequate standard, including any such housing constructed or  
7 acquired as part of a housing program specifically intended to  
8 provide housing for low and moderate income households;  
9 provided, however, that the council shall not exempt an urban  
10 municipality from any fair share obligation based exclusively on  
11 current units of low and moderate income housing.  
12 Notwithstanding any other law to the contrary, a municipality shall  
13 be entitled to a credit for a unit if it demonstrates that (a) the  
14 municipality issued a certificate of occupancy for the unit, which  
15 was either newly constructed or rehabilitated between April 1, 1980  
16 and December 15, 1986; (b) a construction code official certifies,  
17 based upon a visual exterior survey, that the unit is in compliance  
18 with pertinent construction code standards with respect to structural  
19 elements, roofing, siding, doors and windows; (c) the household  
20 occupying the unit certifies in writing, under penalty of perjury, that  
21 it receives no greater income than that established pursuant to  
22 section 4 of P.L.1985, c.222 (C.52:27D-304) to qualify for  
23 moderate income housing; and (d) the unit for which credit is  
24 sought is affordable to low and moderate income households under  
25 the standards established by the council at the time of filing of the  
26 petition for substantive certification. It shall be sufficient if the  
27 certification required in subparagraph (c) is signed by one member  
28 of the household. A certification submitted pursuant to this  
29 paragraph shall be reviewable only by the council or its staff and  
30 shall not be a public record;

31 Nothing in P.L.1995, c.81 shall affect the validity of substantive  
32 certification granted by the council prior to November 21, 1994, or  
33 of a judgment of compliance entered by any court of competent  
34 jurisdiction prior to that date. Additionally, any municipality that  
35 received substantive certification or a judgment of compliance prior  
36 to November 21, 1994 and filed a motion prior to November 21,  
37 1994 to amend substantive certification or a judgment of  
38 compliance for the purpose of obtaining credits, shall be entitled to  
39 a determination of its right to credits pursuant to the standards  
40 established by the Legislature prior to P.L.1995, c.81. Any  
41 municipality that filed a motion prior to November 21, 1994 for the  
42 purpose of obtaining credits, which motion was supported by the  
43 results of a completed survey performed pursuant to council rules,  
44 shall be entitled to a determination of its right to credits pursuant to  
45 the standards established by the Legislature prior to P.L.1995, c.81;

46 (2) Municipal adjustment of the present and prospective fair  
47 share based upon available vacant and developable land,

A1873 SCHEPISI

- 1 infrastructure considerations or environmental or historic  
2 preservation factors and adjustments shall be made whenever:
- 3 (a) The preservation of historically or important architecture and  
4 sites and their environs or environmentally sensitive lands may be  
5 jeopardized,
- 6 (b) The established pattern of development in the community  
7 would be drastically altered,
- 8 (c) Adequate land for recreational, conservation or agricultural  
9 and farmland preservation purposes would not be provided,
- 10 (d) Adequate open space would not be provided,
- 11 (e) The pattern of development is contrary to the planning  
12 designations in the State Development and Redevelopment Plan  
13 prepared pursuant to sections 1 through 12 of P.L.1985, c.398  
14 (C.52:18A-196 et seq.),
- 15 (f) Vacant and developable land is not available in the  
16 municipality, and
- 17 (g) Adequate public facilities and infrastructure capacities are  
18 not available, or would result in costs prohibitive to the public if  
19 provided.
- 20 (3) (Deleted by amendment, P.L.1993, c.31).
- 21 d. Provide population and household projections for the State  
22 and housing regions;
- 23 e. In its discretion, place a limit, based on a percentage of  
24 existing housing stock in a municipality and any other criteria  
25 including employment opportunities which the council deems  
26 appropriate, upon the aggregate number of units which may be  
27 allocated to a municipality as its fair share of the region's present  
28 and prospective need for low and moderate income housing. No  
29 municipality shall be required to address a fair share of housing  
30 units affordable to households with a gross household income of  
31 less than 80% of the median gross household income beyond 1,000  
32 units within ten years from the grant of substantive certification,  
33 unless it is demonstrated, following objection by an interested party  
34 and an evidentiary hearing, based upon the facts and circumstances  
35 of the affected municipality that it is likely that the municipality  
36 through its zoning powers could create a realistic opportunity for  
37 more than 1,000 low and moderate income units within that ten-  
38 year period. For the purposes of this section, the facts and  
39 circumstances which shall determine whether a municipality's fair  
40 share shall exceed 1,000 units, as provided above, shall be a finding  
41 that the municipality has issued more than 5,000 certificates of  
42 occupancy for residential units in the ten-year period preceding the  
43 petition for substantive certification in connection with which the  
44 objection was filed.
- 45 For the purpose of crediting low and moderate income housing  
46 units in order to arrive at a determination of present and prospective  
47 fair share, as set forth in paragraph (1) of subsection c. of this  
48 section, housing units comprised in a community residence for the

1 developmentally disabled, as defined in section 2 of P.L.1977,  
2 c.448 (C.30:11B-2), shall be fully credited pursuant to rules  
3 promulgated or to be promulgated by the council, to the extent that  
4 the units are affordable to persons of low and moderate income and  
5 are available to the general public.

6 The council, with respect to any municipality seeking substantive  
7 certification, shall require that a minimum percentage of housing  
8 units in any residential development resulting from a zoning change  
9 made to a previously non-residentially-zoned property, where the  
10 change in zoning precedes or follows the application for residential  
11 development by no more than 24 months, be reserved for occupancy  
12 by low or moderate income households, which percentage shall be  
13 determined by the council based on economic feasibility with  
14 consideration for the proposed density of development.

15 In carrying out the above duties, including, but not limited to,  
16 present and prospective need estimations the council shall give  
17 appropriate weight to pertinent research studies, government  
18 reports, decisions of other branches of government, implementation  
19 of the State Development and Redevelopment Plan prepared  
20 pursuant to sections 1 through 12 of P.L.1985, c.398 (C.52:18A-196  
21 et seq.) and public comment. To assist the council, the State  
22 Planning Commission established under that act shall provide the  
23 council annually with economic growth, development and decline  
24 projections for each housing region for the next ten years. The  
25 council shall develop procedures for periodically adjusting regional  
26 need based upon the low and moderate income housing that is  
27 provided in the region through any federal, State, municipal or  
28 private housing program.

29 No housing unit subject to the provisions of section 5 of  
30 P.L.2005, c.350 (C.52:27D-123.15) and to the provisions of the  
31 barrier free subcode adopted by the Commissioner of Community  
32 Affairs pursuant to the "State Uniform Construction Code Act,"  
33 P.L.1975, c.217 (C.52:27D-119 et seq.) shall be eligible for  
34 inclusion in the municipal fair share plan certified by the council  
35 unless the unit complies with the requirements set forth thereunder.

36 (cf: P.L.2008, c.46, s.6)

37

38 4. This act shall take effect immediately.

39

40

41

#### STATEMENT

42

43 This bill would revise the "Fair Housing Act," P.L.1985, c.222  
44 (C.52:27D-301 et al.), to prohibit any categorical affordable  
45 housing obligation exemption for municipalities that are eligible for  
46 the Municipal (Urban) Aid Program. Prior rules of the Council on  
47 Affordable Housing excluded these municipalities from providing  
48 any contribution toward a region's affordable housing need. Those



**A1873 SCHEPISI**

1 exemptions, however, can lead to undue development burdens on  
2 the other municipalities in the region. Additionally, directing more  
3 affordable housing development to urban municipalities would help  
4 minimize urban sprawl and would direct development to areas that  
5 already have extensive infrastructure in place, allowing for more  
6 cost-effective accommodation of new development.