ASSEMBLY, No. 5570

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED SEPTEMBER 24, 2026

Sponsored by:
Assemblywoman VERLINA REYNOLDS-JACKSON
District 15 (Hunterdon and Mercer)
Assemblyman KENYATTA STEWART
District 35 (Bergen and Passaic)
Assemblyman ALEXANDER "AVI" SCHNALL
District 30 (Monmouth and Ocean)

Co-Sponsored by:
Assemblywoman Haider

SYNOPSIS

"Yes In God's Backyard Act"; Enhances ability of religious and nonprofit organizations to convert certain property to inclusionary developments with affordable housing; authorizes bonds for $250 million; appropriates $50 million.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 10/29/2026)

AN ACT enhancing the ability of religious and nonprofit organizations to convert certain property to inclusionary developments with affordable housing, supplementing P.L.1975, c.291 (C.40:55D-1 et seq.), authorizing issuance of revenue bonds of up to $250 million, and appropriating $50 million.

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

1. This act shall be known and may be cited as the "Yes In God's Backyard Act."

2. As used in P.L. , c. (C.) (pending before the Legislature as this bill):

"Adjoining property" means property that shares a boundary with an eligible property, including but not limited to, a property that is, at least in part, situated directly across a road from an eligible property.

"Agency" means the New Jersey Housing and Mortgage Finance Agency.

"Applicant" means an eligible organization, or a partner organization operating on behalf of an eligible organization, which applies to develop an eligible property pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill).

"Category one buffer" means a 300-foot, category one, or C1 buffer, as determined by the Department of Environmental Protection pursuant to P.L.1962, c.19 (C.58:16A-50 et seq.).

"Community-serving use" means the provision of services including child care, food assistance, food pantry or soup kitchen services, transitional housing, social services, or comparable community-serving use, as determined appropriate by the rules and regulations adopted by the agency pursuant to section 12 of P.L. , c. (pending before the Legislature as this bill).

"Department" means the Department of Community Affairs.

"Eligible organization" means a tax-exempt nonprofit religious organization or other tax-exempt nonprofit organization.

"Eligible property" means property, including non-residential buildings, that is: (1) owned by an eligible organization; (2) connected to or within the service area of a public water and a public sewer system; (3) not an environmentally protected area; and (4) either already developed, previously disturbed, or located in a smart growth area.

"Environmentally protected area" means an area that is designated as one or more of the following: (1) an area where development is prohibited by any State or federal agency; (2) wetlands or a wetland buffer area; (3) a flood hazard area, as defined pursuant to section 2 of P.L.1962, c.19 (C.58:16A-51); (4) a category one buffer; (5) a Highlands preservation area; (6) a pinelands preservation area; (7) preserved farmland, or farmland for

which an application for preservation has been formally submitted to, and deemed complete by, the State Agriculture Development Committee, a county agriculture development board, or other entity authorized to administer farmland preservation programs pursuant to State law; (8) deed-restricted open space; or (9) an undeveloped contiguous forested area of not less than five acres, as determined by the rules and regulations adopted by the Department of Environmental Protection pursuant to section 12 of P.L. , c. (C.) (pending before the Legislature as this bill).

"Highlands preservation area" means that portion of the Highlands Region, as defined pursuant to section 3 of P.L.2004, c.120 (C.13:20-3), designated for preservation by subsection b. of section 7 of P.L.2004, c.120 (C.13:20-7).

"Inclusionary development" means the same as the term defined pursuant to subsection f. of section 4 of P.L.1985, c.222 (C.52:27D-304).

"Income-restricted unit" means a unit of very low-income housing, low-income housing, or moderate-income housing, as each term is defined pursuant to section 4 of P.L.1985, c.222 (C.52:27D-304).

"Pinelands preservation area" means the area within the boundaries provided by subsection b. of section 10 of P.L.1979, c.111 (C.13:18A-11).

"Preserved farmland" means land on which a development easement was conveyed to, or retained by, the State Agriculture Development Committee, a county agriculture development board, a county, a municipality, or a qualifying tax exempt nonprofit organization pursuant to the provisions of section 24 of P.L.1983, c.32 (C.4:1C-31), section 5 of P.L.1988, c.4 (C.4:1C-31.1), section 1 of P.L.1989, c.28 (C.4:1C-38), section 1 of P.L.1999, c.180 (C.4:1C-43.1), sections 37 through 40 of P.L.1999, c.152 (C.13:8C-37 through 13:8C-40), or any other State law enacted for farmland preservation purposes.

"Program" means the "Faith and Nonprofit Housing Development Assistance Program" administered by the New Jersey Housing and Mortgage Finance Agency pursuant to section 6 of P.L. , c. (C.) (pending before the Legislature as this bill).

"Qualified affordable housing development partner" means an organization, including community development corporations, nonprofit developers, and for-profit developers, determined by the agency to have sufficient demonstrated experience in affordable housing development in New Jersey.

"Smart growth area" means the same as that term is defined in section 1 of P.L.2004, c.89 (C.52:27D-10.2).

"Tier 1" means an inclusionary development with a minimum of 20 percent of residential units reserved as income-restricted units.

"Tier 2" means an inclusionary development with a minimum of 35 percent of residential units reserved as income-restricted units.

"Tier 3" means an inclusionary development with a minimum of 50 percent of residential units reserved as income-restricted units.

"Wetland buffer area" means the area adjoining wetlands, as designated by the rules and regulations adopted by the Department of Environmental Protection pursuant to section 12 of P.L. , c. (pending before the Legislature as this bill).

"Wetlands" means freshwater wetlands as defined pursuant to P.L.1987, c.156 (C.13:9B-1 et al.), or coastal wetlands as defined pursuant to P.L.1970, c.272 (C.13:9A-1 et seq.).

3. a. (1) A municipal planning board enforcing municipal zoning regulations shall permit conversions or partial conversions of eligible properties into inclusionary developments pursuant to the provisions of P.L. , c. (C.) (pending before the Legislature as this bill).

(2) The municipal planning board shall approve an application to repurpose or redevelop an eligible property into an inclusionary development, notwithstanding the eligible property's location in the municipality, if the project complies with applicable zoning requirements, and with the provisions described pursuant to subsection c. of this section.

b. An inclusionary development that is the subject of an application for development to convert an eligible property shall be a permitted use and shall not require a use variance pursuant to subsection d. of section 57 of P.L.1975, c.291 (C.40:55D-70) if the application for development complies with the following requirements:

(1) the inclusionary development, which may include the demolition of existing structures, complies with the zoning requirements applicable to development projects within the applicable municipal zone as provided for in paragraph (2) of subsection a. of this section;

(2) at least 20 percent of the residential units to be constructed shall be reserved as income-restricted units;

(3) of the residential units reserved as income-restricted units, at least 50 percent within each bedroom distribution are low-income units, including that at least 13 percent of the units within each bedroom distribution shall be very low-income units;

(4) the residential units reserved as income-restricted units comply with the Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.);

(5) upon the expiration of the affordability period required by the Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.), the agency shall have a right of first refusal to acquire the property, or to designate a qualified affordable housing entity to acquire the property, on terms not less favorable than those offered by any third party, as a condition for submitting

the application for development for consideration pursuant to P.L. , c. (C.) (pending before the Legislature as this bill), for the purpose of preserving the property as affordable housing. This right of first refusal shall be set forth in the deed restriction recorded pursuant to Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.);

(6) the development complies with all applicable Department of Environmental Protection permit requirements; and

(7) the inclusionary development qualifies as Tier 1, Tier 2, or Tier 3, as defined pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill).

c. Except as provided in subsection g. of this section, a proposed housing development project on an eligible property that qualifies as a permitted use pursuant to subsection b. of this section shall be allowed the following density and height restrictions:

(1) A Tier 1 development project shall be allowed a density of 40 units per acre and a height of one story above the maximum height otherwise applicable to the zoning district in which the eligible property is located.

(2) A Tier 2 development project shall be allowed a density of 60 units per acre and a height of two stories above the maximum height otherwise applicable to the zoning district in which the eligible property is located.

(3) A Tier 3 development project shall be allowed a density of 80 units per acre and a height of three stories above the maximum height otherwise applicable to the zoning district in which the eligible property is located.

(4) If the municipal zoning regulations applicable to the eligible property allow for greater residential density or building heights on the eligible property, or an adjoining property, than permitted in paragraph (1), (2), or (3) of this subsection, as applicable, the greater density or building height shall apply to the eligible property. A development project approved pursuant to this section shall not use an incentive, waiver, or concession to increase the height of the development to greater than the height authorized pursuant to this subsection. For the purposes of a conversion or partial conversion of an eligible property into an inclusionary development, the owner shall be authorized to apply the zoning restrictions of an adjoining property.

(5) Except as provided in paragraph (4) of this subsection, a housing development project approved pursuant to this section shall be eligible for other applicable incentives, waivers, and programs.

d. Notwithstanding any contrary provisions of the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.) or any municipal ordinance, an application for the development of an inclusionary development on an eligible property pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) shall be reviewed for completeness within 45 days and acted upon

within the applicable time requirement pursuant to the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.), except that the municipal agency shall not impose additional requirements, unrelated to the provisions of P.L. , c. (C.) (pending before the Legislature as this bill), on an eligible property being developed pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) that are not required for other development applicants, including, but not limited to:

(1) inflated engineering escrow and review fees; and

(2) requirements for off-tract improvements as a condition of approval, except as expressly authorized by section 30 of P.L.1975, c.291 (C.40:55D-42), and only to the extent that such improvements are roughly proportional to the demonstrated impact of the proposed development.

e. An applicant aggrieved by a final determination pursuant to subsection d. of this section, or by the failure of a municipal agency to comply with the procedural requirements of subsection d. of this section or of the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.), may seek an expedited mediation and review through the Affordable Housing Dispute Resolution Program established pursuant to section 5 of P.L.2024, c.2 (C.52:27D-313.2), in addition to any other remedy available at law. The mediation and review process shall not exceed 90 days before rendering of a settlement or recommended resolution which shall be reviewable by the trial court in accordance with procedures established by the Administrative Director of the Courts.

f. Notwithstanding any contrary provision of municipal zoning regulations, an inclusionary development on an eligible property approved pursuant to this section shall be subject to the following parking requirements:

(1) A municipality shall not require an inclusionary development developed pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) to meet a minimum parking requirement exceeding:

(a) For an eligible property not located within one-half mile of a station served by NJ Transit rail, light rail, or bus rapid transit, or within one-quarter mile of a regularly scheduled bus route with service intervals of 30 minutes or less during peak hours, 0.5 off-street parking spaces per income-restricted unit and 1.0 off-street parking space per market-rate unit.

(b) For an eligible property located within one-half mile of a station served by NJ Transit rail, light rail, or bus rapid transit, or within one-quarter mile of a regularly scheduled bus route with service intervals of 30 minutes or less during peak hours, 0.25 off-street parking spaces per income-restricted unit and 0.5 off-street parking spaces per market-rate unit.

(2) Existing on-site parking serving the religious or nonprofit use of the eligible property may be reduced or eliminated to accommodate an inclusionary development, provided that any

required accessibility parking pursuant to the "Americans with Disabilities Act of 1990" (42 U.S.C. s.12101 et seq.) and applicable State law is preserved.

(3) A municipality shall not require parking for the inclusionary development to be physically separated from parking serving the religious or nonprofit use of the eligible property.

(4) The developer of an eligible property may voluntarily provide parking in excess of the maximum requirements established in this subsection.

g. Where an eligible property contains, at the time of application, existing residential units occupied by households that would qualify for income-restricted units, or contains active community-serving uses, the following requirements shall apply:

(1) The inclusionary development shall include not fewer than the same number of income-restricted units, by income level and by bedroom count, as are present on the eligible property at the time of application. Replacement units required pursuant to this paragraph shall be in addition to, and shall not count toward, the minimum 20 percent reservation required by subsection b. of this section, except where the replacement units exceed the unit count that would otherwise be required pursuant to subsection b of this section.

(2) Each household displaced by the inclusionary development shall have the right of first return to a comparable replacement unit upon completion, at a rent or sale price not greater than the rent or sale price they paid immediately prior to displacement, adjusted for the period of displacement only by the percentage change in the regional Consumer Price Index. The applicant shall provide:

(a) written notice to each affected household not less than 180 days prior to displacement, including a description of relocation assistance and right of first return;

(b) reasonable relocation assistance, in an amount not less than the assistance required pursuant to section 5 of P.L.1971, c.362 (C.20:4-5); and

(c) housing search assistance during the period of displacement.

(3) Where an eligible property contains, at the time of application, an active community-serving use, the application for development shall:

(a) retain the community-serving use on the eligible property following completion of the inclusionary development; or

(b) relocate the community-serving use to comparable facilities on the eligible property or within one mile of the eligible property, with no interruption in services exceeding 90 days.

(4) An inclusionary development that retains or expands community-serving uses pursuant to paragraph (3) of this subsection shall be eligible for an additional density bonus of 10 units per acre above the density otherwise authorized by subsection c. of this section.

h. An eligible property shall qualify for the by-right pathway established by this section only if all of the following conditions are satisfied:

(1) The eligible organization shall have been the owner of record of the eligible property for not less than 36 months prior to the date of the application for development, except that the agency may waive this requirement upon a showing that:

(a) the property was acquired by the eligible organization through donation, bequest, or merger of organizations; or

(b) the eligible organization is the successor in interest to an eligible organization that owned the property for the requisite period.

(2) The applicant shall file with the municipal agency, and with the New Jersey Housing and Mortgage Finance Agency, 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. The disclosure shall be updated upon any change of ownership during the affordability period.

(3) Notwithstanding any provision of federal or State law that may otherwise permit a religious organization to limit occupancy by religion:

(a) income-restricted units produced pursuant to an application approved pursuant to subsection a. this section shall be subject to the tenant selection and occupancy standards established under the Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.), and shall be affirmatively marketed in accordance with all applicable laws governing marketing of affordable housing in the State;

(b) no person or household shall be denied tenancy or ownership of an income-restricted unit, or be subjected to differential treatment in tenancy or ownership of an income-restricted unit, on the basis of any characteristic protected under the "Law Against Discrimination," P.L.1945, c.169 (C.10:5-1 et seq.), or the federal Fair Housing Act, 42 U.S.C. s.3601 et seq.; and

(c) any tenancy or ownership preference for members or congregants of a religious eligible organization or affiliates of a tax-exempt nonprofit eligible organization is prohibited with respect to income-restricted units produced pursuant to P.L. , c. (C.) (pending before the Legislature as this bill).

i. Nothing in P.L. , c. (C.) (pending before the Legislature as this bill) shall be construed to preempt or invalidate municipal environmental ordinances adopted pursuant to the "Highlands Water Protection and Planning Act," P.L.2004, c.120 (C.13:20-1 et al.), within a municipality that has adopted a land development ordinance implementing the municipality's plan conformance petition which has been certified by the Highlands Water Protection and Planning Council as consistent with the "Highlands Water Protection and Planning Act," P.L.2004, c.120

(C.13:20-1 et al.), the Highlands regional master plan, and the municipality's plan conformance approval. The term "land development ordinance" shall be inclusive of any amendment to the municipality's land development ordinances that is adopted to further the municipality's petition of plan.

4. a. A municipality shall receive credits and bonus credits towards its affordable housing obligation, pursuant to subsection k. of section 11 of P.L.1985, c.222 (C.52:27D-311), for income-restricted units constructed pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill) that are fully compliant with the Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.). A municipality shall receive credits and bonus credits pursuant to this section for the round next following completion of construction and recording of the affordability covenant.

b. A municipality may include eligible properties as components of its housing element and fair share plan, as those terms are defined in section 4 of P.L.1985, c.222 (C.52:27D-304).

5. a. There is established in the agency a special non-lapsing fund to be known as the "Faith and Nonprofit Housing Development Assistance Program Fund." The fund shall be credited with:

(1) monies appropriated by the Legislature;

(2) monies made available from the Affordable Housing Trust Fund, established pursuant to section 20 of P.L.1985, c.222 (C.52:27D-320), to the extent that projects would otherwise qualify for the criteria for the Affordable Housing Trust Fund established by the department, provided that nothing in this section shall prohibit the department from directly awarding funds from the Affordable Housing Trust Fund to qualifying projects;

(3) proceeds of bonds issued by the agency for the purposes of the fund pursuant to section 10 of P.L. , c. (C.) (pending before the Legislature as this bill);

(4) repayments of loans made from the fund, together with interest and fees;

(5) federal grants;

(6) private contributions, gifts, and grants; and

(7) earnings from the investment of monies in the fund.

b. The funds within the "Faith and Nonprofit Housing Development Assistance Program Fund" shall be used to:

(1) provide construction loans with interest rates not greater than the agency's cost of funds plus 100 basis points;

(2) provide permanent mortgage loans, with terms of up to 40 years;

(3) provide subordinate gap financing, structured as cash-flow loans repayable from available surplus cash;

(4) provide loan guarantees and credit enhancement to facilitate participation by private lenders;

(5) provide bridge financing in anticipation of low-income tax credit equity, federal grants, or other identified takeout sources; and

(6) administer, solely using funds not derived through bonds issued by the agency pursuant to section 10 of P.L. , c. (C.) (pending before the Legislature as this bill), the "Faith and Nonprofit Housing Development Assistance Program" established pursuant to section 6 of P.L. , c. (C.) (pending before the Legislature as this bill).

c. Inclusionary developments approved pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill) shall be eligible for financing through the "Faith and Nonprofit Housing Development Assistance Program Fund" established pursuant to this section, in accordance with the following priority structure:

(1) Tier 1 projects shall be eligible for permanent mortgage financing, construction financing, and bridge financing pursuant to subsection b. of this section, on terms generally comparable to those offered by the agency for inclusionary projects under existing programs.

(2) Tier 2 projects shall be eligible, in addition to the financing identified in paragraph (1) of this subsection, for subordinate gap financing under paragraph (3) of subsection b. of this section in an amount not to exceed $100,000 per income-restricted unit, structured as a cash-flow loan repayable from available surplus cash.

(3) Tier 3 projects shall be eligible, in addition to the financing identified in paragraphs (1) and (2) of this subsection, for:

(a) subordinate gap financing under paragraph (3) of subsection b. of this section in an amount not to exceed $200,000 per income-restricted unit;

(b) priority access to 4-percent Low-Income Housing Tax Credit allocations and tax-exempt bond volume cap, as administered by the agency, subject to compliance with section 42 of the Internal Revenue Code (26 U.S.C. s.42) and the Qualified Allocation Plan adopted by the agency; and

(c) scoring preferences in the Qualified Allocation Plan for the 9-percent Low-Income Housing Tax Credit equivalent to those afforded projects in court approved affordable housing settlement agreements.

(4) Notwithstanding any provision of this subsection, financing pursuant to this section shall be provided only where the applicant demonstrates, through a third-party feasibility analysis acceptable to the agency, that the financing requested is necessary to enable the affordable units to be constructed and operated in compliance with the Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.).

d. Loans, grants, and other financing made available pursuant to this section shall be available only for inclusionary developments that:

(1) are approved pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill); and

(2) satisfy all applicable requirements of the Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.).

e. The agency shall report to the Governor and to the Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), an annual report on the activities of the fund, including but not limited to:

(1) the number, location, and characteristics of projects financed;

(2) the number of income-restricted and market rate units produced;

(3) the leverage ratio of fund dollars to total project costs;

(4) the geographic distribution of projects across the State; and

(5) any recommendations for legislative action.

6. a. There is established in the New Jersey Housing and Mortgage Finance Agency the "Faith and Nonprofit Housing Development Assistance Program." Through the program, the agency shall, in coordination with the department:

(1) provide technical assistance to religious organizations and tax-exempt nonprofit organizations to convert eligible property into inclusionary developments pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill), including but not limited to: assistance with feasibility analysis, site assessment, financing structuring, partner selection, and compliance with the Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.);

(2) maintain a registry, which shall be published on the agency's Internet website, of qualified affordable housing development partners; and

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

b. The program shall award pre-development grants and recoverable pre-development loans to eligible organizations, or to development partners acting on behalf of an eligible organization, for costs incurred in advancing a development project undertaken pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill), including but not limited to:

(1) Phase I and, where required, Phase II environmental site assessments;

(2) geotechnical and infrastructure assessments;

(3) architectural and engineering pre-design work;

(4) legal and consulting fees associated with site control, joint venture formation, and financing application; and

(5) application fees and escrow deposits required by a municipality.

c. Pre-development grants awarded pursuant to subsection b. of this section shall not exceed $250,000 per project. Pre-development loans awarded pursuant to subsection b. of this section shall not exceed $750,000 per project, shall be forgivable upon completion of construction and recording of the affordability covenant. A pre-development loan awarded to a project pursuant to subsection b. of this section that is not completed shall be repayable upon project closing or sale of underlying property.

d. In awarding assistance pursuant to the program, the agency shall give priority to projects that:

(1) serve very-low income households at a rate greater than the minimum required by the Uniform Housing Affordability Controls promulgated by the agency, required pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.);

(2) are located in municipalities with a present and prospective fair share obligation, as adopted by the municipality by resolution pursuant to P.L.2024, c.2 (C.52:27D-304.1 et al.), that has not been satisfied;

(3) are located in a census tract designated as a high opportunity area in accordance with the regulations of the Federal Housing Finance Agency; or

(4) retain or expand on-site community-serving uses.

e. The agency shall, in coordination with the department:

(1) pursue all available federal funding for which inclusionary developments undertaken pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) may qualify, including, but not limited to: the HOME Investment Partnerships Program; the Community Development Block Grant program; and the Low-Income Housing Tax Credit;

(2) coordinate the Qualified Allocation Plan for the Low-Income Housing Tax Credit to award scoring preferences for projects produced pursuant to section 3 of P.L. , c. (C.) (pending before the Legislature as this bill) beginning with the next update to the Qualified Allocation Plan adopted by the agency; and

(3) publish, not later than one year after the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), a coordinated funding guide for use by eligible organizations and their development partners.

f. Nothing in subsection e. of this section shall be construed to limit the agency’s discretion in making allocation decisions under the Qualified Allocation Plan or any other agency program, except that the agency shall affirmatively consider the extent to which a project advances the purposes of P.L. , c. (C.) (pending before the Legislature as this bill).

7. A development project and any municipal consideration or action undertaken pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) shall be in compliance with the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.) and all other applicable municipal zoning ordinance requirements that do not conflict with the requirements of P.L. , c. (C.) (pending before the Legislature as this bill).

8. Notwithstanding any provision of the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.) to the contrary, a project undertaken pursuant to P.L. , c. (C.) (pending before the Legislature as this bill) shall be eligible for long term tax exemption pursuant to the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.).

9. The provisions of P.L. , c. (C.) (pending before the Legislature as this bill) shall not prohibit or limit an applicant's ability to apply and qualify for tax incentives, financing, or grants in order to supplement investments for projects undertaken pursuant to P.L. , c. (C.) (pending before the Legislature as this bill). Notwithstanding this provision, project eligibility for tax incentives, financing, or grants, or any other award, shall be determined by the respective awarding entity.

10. The agency shall have the power, pursuant to subsection h. of section 5 of P.L.1983, c.530 (C.55:14K-5), to issue bonds and refunding bonds, incur indebtedness and borrow money secured, in whole or in part, by moneys received pursuant to sections 5 and 6 of P.L. , c. (C. and) (pending before the Legislature as this bill) for the purposes of the "Faith and Nonprofit Housing Development Assistance Program Fund," established pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill). The aggregate principal amount of the bonds, notes or other obligations issued by the financing authority as authorized pursuant to this section shall not exceed $250,000,000. This limitation shall not include any bonds, notes or other obligations issued for refunding purposes. Bonds, notes, and other obligations issued pursuant to this section shall be issued in accordance with, and shall be subject to, the "New Jersey Housing and Mortgage Finance Agency Law of 1983," P.L.1983, c.530 (C.55:14K-1 et seq.).

11. There is appropriated from the General Fund $50 million to the "Faith and Nonprofit Housing Development Assistance Program Fund" to be paid to the agency. The agency shall use $10 million to effectuate the provisions of section 5 of P.L. , c. (C.) (pending before the Legislature as this bill) in each of the five years

next following the enactment of P.L. , c. (C.) (pending before the Legislature as this bill).

12. a. The agency shall, in consultation with the department, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules and regulations to effectuate the provisions of P.L. , c. (C.) (pending before the Legislature as this bill), including but not limited to:

(1) establishing underwriting standards for financing through the "Faith and Nonprofit Housing Development Assistance Program Fund" established pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill);

(2) ensuring that financing made available to Tier 2 and Tier 3 projects does not displace financing available to other affordable housing projects supported by the agency, and is calibrated to the actual gap-financing needs of qualifying projects as established by underwriting analysis;

(3) establishing standards and a selection process for qualified affordable housing development partners;

(4) ensuring that the issuance and use of bonds pursuant to section 10 of P.L. , c. (C.) (pending before the Legislature as this bill) are in accordance with all applicable State law, including through maintenance of multiple accounts, if appropriate; and

(5) providing for the use of funds pursuant to section 5 of P.L. , c. (C.) (pending before the Legislature as this bill).

b. (1) The Department of Environmental Protection shall, in consultation with the department and the agency, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules and regulations to designate undeveloped contiguous forested areas not less than five acres, for the purposes of defining environmentally protected area pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill).

(2) The Department of Environmental Protection shall, in consultation with the department and the agency, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt rules and regulations to designate wetland buffer areas for the purposes of section 2 of P.L. , c. (C.) (pending before the Legislature as this bill). An area designated as a wetland buffer area pursuant to this paragraph shall not exceed 150 feet in width from freshwater wetlands as defined pursuant to P.L.1987, c.156 (C.13:9B-1 et al.), or 300 feet in width from coastal wetlands as defined pursuant to P.L.1970, c.272 (C.13:9A-1 et seq.).

13. This act shall take effect immediately.

STATEMENT

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.