

ASSEMBLY, No. 5673

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED OCTOBER 19, 2026

Sponsored by:
Assemblyman KENYATTA STEWART
District 35 (Bergen and Passaic)

SYNOPSIS

Establishes "Direct Development Authority" in DCA to develop mixed-income housing through tax credit allocation.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning mixed-income housing development,
2 supplementing P.L.1992, c.79 (C.40A:12A-1 et seq.), and
3 amending P.L.2025, c.111.

4

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

7

8 1. (New section) The Legislature finds and declares that:

9 a. A nationwide crisis of housing affordability has grown for
10 many years, and has created serious challenges for many middle-
11 income households, in addition to households of low- and
12 moderate-income;

13 b. Despite investment by all levels of government over many
14 years in various programs to finance and otherwise incentivize the
15 construction of affordable housing by private developers, New
16 Jersey has been unable to evade this housing affordability crisis;

17 c. The direct development of affordable housing by government
18 entities had been, for a time, a significant source of the nation's
19 affordable housing supply, and can serve as an important
20 component of the State's housing supply; and

21 d. The establishment of an authority dedicated specifically to
22 directly creating mixed-income housing will enhance the State's
23 efforts to alleviate the affordability crisis.

24

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

26 "Low- and moderate-income housing" means housing affordable
27 in accordance with the Uniform Housing Affordability Controls,
28 promulgated pursuant to subsection b. of section 36 of P.L.2024, c.2
29 (C.52:27D-313.3), and occupied or reserved for occupancy by
30 households with a gross household income equal to less than 80
31 percent of the median gross household income for households of the
32 same size within the housing region in which the housing is located.

33 "Middle-income housing" means housing affordable according to
34 federal Department of Housing and Urban Development or other
35 recognized standards for home ownership and rental costs and
36 occupied or reserved for occupancy by households with a gross
37 household income of 80 percent or more, but not exceeding 120
38 percent, of the median gross household income for households of
39 the same size within the housing region in which the housing is
40 located.

41 "Mixed-income housing" means a housing development in which
42 no less than 40 percent, and no more than 60 percent, of the
43 dwelling units are restricted for use as low- or moderate-income
44 housing, and the remaining dwelling units are restricted for use as
45 middle-income housing.

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 b. There is established in, but not of, the Department of
2 Community Affairs the Direct Development Authority for the
3 purpose of developing mixed-income housing, applying the powers
4 of a housing authority pursuant to section 16 of P.L.1992, c.79
5 (C.40A:12A-16). The powers of the Direct Development Authority
6 shall include, but not be limited to, the power to plan, construct,
7 own, operate, maintain, reconstruct, improve, alter, and repair any
8 mixed-income housing project; to accept from the State or federal
9 government, or any other lawful source, funds or other financial
10 assistance for the development of mixed-income housing; and to
11 lease or sell dwelling units in a mixed-income housing project to
12 qualifying tenants or buyers.

13 c. An Authority Chief shall be appointed by the Governor, with
14 the advice and consent of the Senate, to lead the Direct
15 Development Authority and shall serve at the pleasure of the
16 Governor. The Direct Development Authority shall be staffed, at
17 the direction of the Governor, by employees of the Department of
18 Community Affairs, the New Jersey Housing and Mortgage Finance
19 Agency, and the Economic Development Authority.

20 d. The development funding needs of the authority shall be
21 provided in part through tax credit auction proceeds made available
22 pursuant to subparagraphs (a) and (f) of paragraph (1) of subsection
23 b. of section 4 of P.L.2025, c.111 (C.55:14K-107).

24 e. (1) Prior to developing a housing project, the Direct
25 Development Authority shall consider each condition established in
26 this paragraph as a separate factor in favor of initiating the project.
27 The authority shall consider the development of a project as more
28 favorable if the proposed project is located in close, convenient
29 proximity to:

- 30 (a) public transportation;
- 31 (b) one or more public primary or secondary schools;
- 32 (c) grocery stores; and
- 33 (d) healthcare providers.

34 (2) In addition to the factors considered pursuant to paragraph
35 (1) of this subsection, the authority shall consider the initiation of a
36 prospective development more favorably if (a) the local
37 infrastructure is sufficient to support the project without extensive
38 additional investment; and (b) the county in which the prospective
39 project is located faces a pronounced shortage of low- and
40 moderate-income housing and middle-income housing.

41 f. On an annual basis, the Direct Development Authority shall
42 prepare and submit a report to the Governor, and, pursuant to
43 section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The
44 report shall also be made available to the public on the Internet
45 website of the authority. The report shall include, but shall not be
46 limited to:

- 47 (1) a summary of each project developed, and each project
48 maintained, by the authority;

1 (2) a summary of the use of each funding source for the
2 authority, including any tax credit auction proceeds made available
3 pursuant to subparagraphs (a) and (f) of paragraph (1) of subsection
4 b. of section 4 of P.L.2025, c.111 (C.55:14K-107);

5 (3) the geographic distribution of the projects;

6 (4) the number of housing units created by projects of the
7 authority, including the number of low- and moderate-income
8 housing units, and the number of middle-income housing units; and

9 (5) the average development cost per housing unit developed.

10 g. The Commissioner of Community Affairs, on an annual basis,
11 shall commission an independent audit of the activities of the Direct
12 Development Commission. The results of the independent audit
13 shall be open to public inspection and shall be provided to the
14 Governor, the State Comptroller, the State Treasurer, and, pursuant
15 to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature.

16
17 3. Section 4 of P.L.2025, c.111 (C.55:14K-107) is amended to
18 read as follows:

19 4. a. (1) Beginning on the effective date of P.L.2025, c.111
20 (C.55:14K-106 et al.), the agency shall sell up to \$500,000,000 in
21 tax credits over the course of no more than six years.

22 (2) The competitive auctions shall be conducted in a manner
23 consistent with the processes set forth in section 24 of P.L.2020,
24 c.156 (C.34:1B-292), as determined by the agency. The agency
25 shall be permitted to join or be added to any contracts that the New
26 Jersey Economic Development Authority has utilized for its
27 auctions, although auctions held for the purposes of administering
28 P.L.2025, c.111 (C.55:14K-106 et al.) shall not be counted towards
29 the limitation imposed pursuant to subsection d. of section 24 of
30 P.L.2020, c.156 (C.34:1B-292) and the requirement on purchasers
31 under paragraph (3) of subsection b. of section 24 of P.L.2020,
32 c.156 (C.34:1B-292) shall not apply. The agency shall deposit
33 funds received at an auction pursuant to this subsection minus those
34 reserved for administrative or operational costs into a nonlapsing
35 account established and maintained by the agency for the purposes
36 of administering P.L.2025, c.111 (C.55:14K-106 et al.).

37 (3) The agency shall be limited to selling \$100,000,000 in tax
38 credits annually and shall not sell tax credits for less than 80
39 percent of the tax credit amount.

40 b. (1) (a) Fifty percent of the proceeds deposited into the
41 nonlapsing account created pursuant to paragraph (2) of subsection
42 a. of this section shall be reserved for use by the agency for the
43 purposes of providing financial assistance to create middle-income
44 workforce housing. Fifty percent of the proceeds deposited into the
45 nonlapsing account created pursuant to paragraph (2) of subsection
46 a. of this section shall be reserved for use by the agency for the
47 purposes of providing financial assistance to create low- and
48 moderate-income housing toward the fulfillment of a municipality's

1 current or prior round fair share affordable housing obligation
2 pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301
3 et al.).

4 (b) The 50 percent set asides established by subparagraph (a) of
5 this paragraph for monies deposited into the nonlapsing account in
6 each program funding year, pursuant to paragraph (2) of subsection
7 a. of this section, shall remain in effect until December 31 of that
8 year. If any funds deposited into the nonlapsing account during that
9 program funding year remain unreserved for qualified projects
10 subject to the set asides after December 31 of the program funding
11 year when the monies are deposited, the set aside shall no longer
12 apply to those funds, which may then be used for any qualified
13 project under sections 4 through 7 of P.L.2025, c.111 (C.55:14K-
14 107 through 55:14K-110). The initial program funding year shall
15 begin on July 1, 2025, and shall conclude on December 31, 2025.
16 Each subsequent program funding year shall conform to the
17 calendar year.

18 (c) In the distribution of proceeds pursuant to this section for the
19 purposes of providing financial assistance to create low- and
20 moderate-income housing toward the fulfillment of a municipality's
21 current or prior round fair share affordable housing obligation
22 pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301
23 et al.), the agency shall prioritize an application for development
24 that is in a distressed older suburban municipality, as defined in
25 section 3 of P.L.2025, c.111 (C.55:14K-106).

26 (d) Housing created pursuant to this section may include, but
27 shall not be limited to, new construction or the rehabilitation or
28 construction of residential units within multiple dwellings.

29 (e) Following the enactment of P.L.2025, c.111 (C.55:14K-106
30 et al.), the agency shall promptly and actively promote the middle-
31 income workforce housing component of the housing program
32 established pursuant to this section to ensure that a substantial range
33 of potential applicants to obtain funding to provide middle-income
34 workforce housing are made aware of the program. The promotion
35 efforts of the agency shall include, but shall not be limited to: the
36 provision of information sessions on the program and application
37 process and the provision of technical assistance to applicants in
38 completing the application process.

39 (f) A portion of the proceeds reserved by the agency, pursuant to
40 subparagraph (a) of this paragraph, to provide financial assistance
41 for the creation of middle-income workforce housing, and low- and
42 moderate-income housing, shall be allocated to the Direct
43 Development Authority, established pursuant to section 2 of
44 P.L. , c. (C.) (pending before the Legislature as this bill),
45 for the purpose of developing mixed-income housing.

46 (2) The agency shall promulgate guidelines for a housing
47 program to fulfill the purposes of this section within 90 days
48 following the effective date of P.L.2025, c.111 (C.55:14K-106 et

1 al.) to govern the application and award processes for qualified
2 projects seeking funds deposited under P.L.2025, c.111 (C.55:14K-
3 106 et al.). In addition to any other eligibility requirements that the
4 agency deems appropriate, the project financing subsidy authorized
5 under this section shall only be made available to projects in receipt
6 of a Four-Percent Low Income Housing Tax Credit administered by
7 the agency.

8 (3) The agency may utilize up to five percent of the proceeds to
9 reimburse for administrative and operational costs, including
10 contracts necessary to hold the auction.

11 (cf: P.L.2025, c.111, s.4)

12
13 4. This act shall take effect immediately.
14
15

16 STATEMENT

17
18 This bill establishes the "Direct Development Authority"
19 (authority) in, but not of, the Department of Community Affairs for
20 the purpose of developing mixed-income housing. The bill defines
21 "mixed-income housing" as a housing development in which no less
22 than 40 percent, and no more than 60 percent, of the dwelling units
23 are restricted for use as low- or moderate-income housing, as
24 defined in the bill, and the remaining dwelling units are restricted
25 for use as middle-income housing, as defined in the bill.

26 The bill provides the authority with powers including the
27 authorization to plan, construct, own, operate, maintain, reconstruct,
28 improve, alter, and repair any mixed-income housing project; to
29 accept from the State or federal government, or any other lawful
30 source, funds or other financial assistance for the development of
31 mixed-income housing; and to lease or sell dwelling units in a
32 mixed-income housing project to qualifying tenants or buyers.

33 The bill directs the authority to evaluate several conditions as
34 factors when considering whether to initiate a housing project,
35 including the prospective project's proximity to public
36 transportation, schools, grocery stores, healthcare providers, the
37 sufficiency of local infrastructure, and the existing availability of
38 low-, moderate-, and middle-income housing within the same
39 county.

40 The bill directs the authority to produce an annual report on
41 various components of its activities, submit the report to the
42 Governor and Legislature, and make the report publicly available.
43 The bill also requires the Commissioner of Community Affairs, on
44 an annual basis, to commission an independent audit of the
45 activities of the Direct Development Commission. The results of
46 the audit are to be open to public inspection and provided to the
47 Governor, the State Comptroller, the State Treasurer, and the
48 Legislature.

A5673 STEWART

7

1 An Authority Chief is to lead the authority and is to be appointed
2 by the Governor with the advice and consent of the Senate, and is to
3 serve at the pleasure of the Governor.

4 The development funding needs of the authority are to be
5 provided in part through tax credit auction proceeds made available
6 through the enactment of P.L.2025, c.111 (C.55:14K-106 et al.).

7 The bill is to take effect immediately.