

CHAPTER 142

AN ACT requiring that municipalities in compliance with affordable housing obligations be provided priority consideration for certain grants and assistance, and supplementing chapter 27D of Title 52 and chapter 1B of Title 34 of the Revised Statutes.

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

C.52:27D-304.4 Priority consideration, municipalities in compliance, fair share housing.

1. a. Notwithstanding any rule, regulation, or law to the contrary, in awarding grants or other financial assistance through the Main Street New Jersey Program pursuant to P.L.2001, c.238 (C.52:27D-452 et seq.), the Neighborhood Preservation Program established pursuant to P.L.1975, c.248 (C.52:27D-142 et seq.), or any other program administered by the Department of Community Affairs through which monies may be provided to a municipality via a competitive process, the Department of Community Affairs shall give priority consideration to municipalities that the department determines to be in compliance with subsection b. of this section. The requirements of this section shall not apply to any grant or financial assistance that is intended to assist a municipality in fulfilling the municipality's fair share housing obligation pursuant to P.L.1985, c.222 (C.52:27D-301 et al.).

b. For the purposes of this section:

(1) During the first five years commencing at the beginning of a new round of affordable housing obligations, the Department of Community Affairs shall provide priority consideration to a municipality if the municipality obtained compliance certification, or its equivalent, for the prior round of affordable housing obligations and the municipality is in compliance with the following:

(a) the municipality was not required to include affordable units that resulted from builder's remedy litigation during the round of affordable housing obligations immediately preceding the current round;

(b) the municipality entered into an affordable housing settlement agreement reached as part of a Declaratory Judgment action and received a Judgment of Compliance during the round of affordable housing obligations immediately preceding the current round;

(c) the municipality has issued certificates of occupancy for new units that were part of the affordable housing obligation round immediately preceding the current round; and

(d) any other factor of the round of affordable housing obligations immediately preceding the current round deemed relevant by the Department of Community Affairs.

(2) Commencing five years after the beginning of a new round of affordable housing obligations, the Department of Community Affairs shall provide priority consideration to a municipality if the municipality has obtained compliance certification for the current round of affordable housing obligations and has made substantial progress on the fulfillment of a municipality's affordable housing obligation for the current round of affordable housing obligations.

(3) The Department of Community Affairs shall deem and determine Qualified Urban Aid municipalities, as that term is defined in the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et al.), that are exempt from prospective need fair share affordable housing obligations to meet the requirements of this section and shall give the municipality priority consideration as otherwise provided for in this section.

C.34:1B-6.1 Priority consideration, municipalities in compliance, New Jersey Economic Development Authority.

2. Notwithstanding any rule, regulation, or law to the contrary, in awarding grants or other financial assistance through any program through which monies may be provided to a municipality

via a competitive process, the New Jersey Economic Development Authority shall give priority consideration to municipalities following the standards set forth in section 1 of P.L.2025, c.142 (C.52:27D-304.4). The requirements of this section shall not apply to any grant or financial assistance that is intended to assist a municipality in fulfilling the municipality's fair share housing obligation pursuant to P.L.1985, c.222 (C.52:27D-301 et al.).

3. This act shall take effect immediately.

Approved September 11, 2025.