

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2960

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 28, 2026

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2960.

As amended and reported, this bill establishes a program to incentivize municipalities to amend their master plans and development regulations by incorporating certain housing strategies for the purpose of enhancing the development potential of property for residential purposes at greater densities.

Under the bill, the governing body of a municipality that is interested in qualifying for preferential status in the distribution of financial assistance competitively awarded by the State pursuant to the bill may direct the municipal planning board to undertake and provide for a special reexamination of the municipality's master plan and development regulations. A planning board directed to undertake and provide for a special reexamination of the municipality's master plan and development regulations is to, at a minimum, review the provisions of the municipality's existing master plan and development regulations that address areas of the municipality within which residential development is permitted, and is authorized to consider recommending specific changes to the master plan and development regulations for the purpose of enhancing the potential development of the municipality for residential purposes. The bill provides that a planning board undertaking a special reexamination of the municipality's master plan and development regulations is also authorized to consider whether to include in the master plan and development regulations one or more housing strategies that may enhance the development potential of property for residential purposes at greater densities. The bill identifies housing strategies to potentially be considered by a planning board conducting a special reexamination.

A planning board that has undertaken a special reexamination of the municipality's master plan and development regulations is required to prepare and adopt by resolution a report on the findings of the special reexamination, a copy of which is to be sent to the Division of Local Planning Services in the Department of Community Affairs (DCA), the Office of Planning Advocacy, and the county planning board.

If a special reexamination report recommends changes to a municipality's existing master plan, the bill requires the planning board to forward its recommendations to the governing body, which is to, by resolution, accept, reject, or modify the recommendations and direct the planning board to commence the process of amending the master plan. This procedure requires the planning board to hold a hearing on the proposed amendments after providing public notice of the hearing.

If a planning board amends a master plan pursuant to the bill, the governing body of the municipality is authorized to commence the process of amending the municipality's zoning ordinance for the purpose of making the ordinance substantially consistent with the land use plan element and the housing plan element of the municipality's master plan.

The bill provides that, within 45 business days following the date of adoption of any revisions to the municipality's zoning or other land development ordinances, the clerk of the municipality is to transmit copies of the ordinances to the Division of Local Planning Services in the DCA. If a municipality has already adopted ordinances substantially similar to the bill's requirements, the municipality is to transmit copies of the ordinances to the Division of Local Planning Services in the DCA for evaluation in preferential status determinations.

The bill directs the DCA to establish a preference in the award of State financial assistance for those municipalities that have amended their development regulations pursuant to the bill to allow for the use of additional housing strategies and have reasonably increased the rate of housing units permitted for development. The preference is to apply to all types of competitively-awarded financial assistance that the DCA may distribute to one or more municipalities pursuant to a program administered by the DCA, other than a program that awards funds to help a municipality fulfill its fair share housing obligation. The bill specifically identifies the Neighborhood Preservation Program, established pursuant to P.L.1975, c.248 (C.52:27D-142 et seq.) as State financial assistance programs subject to the bill's provisions. Funds awarded under the Transitional Aid to Localities program or any successor discretionary aid program pursuant to P.L.2011, c.144 (C.52:27D-118.42), as Consolidated Municipal Property Tax Relief Aid, or as Energy Tax Receipts Property Tax Relief Aid are not to be considered a type of competitively-awarded financial assistance under the provisions the bill.

Additionally, the bill directs the DCA to publish on the DCA's Internet website a list of municipalities that have amended their development regulations pursuant to the bill to allow for the use of additional housing strategies and have reasonably increased the rate of housing units permitted for development in the municipality. The DCA is to, in a manner determined by the DCA, order the

municipalities within three tier categories based on the impact of, and the amount of changes made, relative to their planning area. The DCA is required to update the list on a quarterly basis. Each State agency that awards a grant or other type of competitively-awarded financial assistance to municipalities is to utilize this list to establish an award preference for those municipalities that have amended their development regulations pursuant to the bill to allow for the use of additional housing strategies and have reasonably increased the rate of housing units permitted for development within the municipality.

The bill directs the DCA to adopt rules and regulations, as specified in the bill, and as the DCA deems necessary or desirable to effectuate these provisions of the bill.

Additionally, the bill provides that the Commissioner of Transportation, in determining the allocation of funds for municipal projects from the "Transportation Trust Fund Account" is to establish a criterion to provide, at the commissioner's discretion, in conformity with criteria established by the DCA, within the schedule of all other criteria for prioritization. Current law provides that that the Commissioner of Transportation may consider several criteria in allocating monies from the Transportation Trust Fund for county and municipal transportation projects.

The bill permits increases to certain State shares of school facilities projects as specified in the bill, subject to availability, and increases to a school district's district aid percentage of no more than 10 percent if the school district is within a municipality that has implemented the provisions of the bill. Under the bill, a regional school district may be eligible for a district aid percentage increase if one or more constituent municipalities of the district has implemented the provisions of the bill. The increase for a regional district, however, may not exceed 10 percent, and the maximum district aid percentage increase due to any one constituent municipality's implementation of the bill is to be calculated in proportion to the constituent municipality's share of the overall resident enrollment of the regional school district.

The bill directs the Commissioner of Education and the Commissioner of Community Affairs to develop a uniform methodology to determine the district aid percentage increase for school districts if a municipality has implemented the provisions of the bill.

The bill directs the Commissioner of Community Affairs and the Commissioner of Transportation to submit a report to the Legislature, and to the Governor making recommendations concerning whether to continue the existing priorities established by the bill or to propose new priorities. The provisions of the bill are to expire five years from the date of enactment.

As amended and reported by the committee, Senate Bill No. 2960 is identical to Assembly Bill No. 3877, as that bill was also amended and reported by the committee on this date.

This bill was pre-filed for introduction in the 2026-2027 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill for the purpose of:

- specifying that a special reexamination of the municipality's master plan and development regulations may be conducted to qualify for preferential status in the distribution of financial assistance competitively awarded by the State;
- changing "shall" to "may" concerning a planning board's consideration of recommending certain changes to master plan and development regulations;
- changing "shall" to "may" concerning a planning board's consideration of whether to include in the master plan and development regulations one or more housing strategies for certain development potential;
- requiring a planning board to send a copy of the special reexamination to the Division of Local Planning Services in the Department of Community Affairs;
- requiring a planning board to forward its recommendations to the governing body of a municipality if the reexamination report recommends changes to the master plan, in which case the governing body is to accept, reject, or modify the recommendations by resolution;
- changing "shall" to "may" concerning a municipality's initiation of the process of amending the municipality's zoning ordinance;
- requiring the clerk of the municipality to transmit copies of the revised ordinances to the Division of Local Planning Services within 45 business days of the adoption;
- requiring the municipality to transmit copies of the ordinances to the Division of Local Planning Services for evaluation in preferential status determinations pursuant to the bill if the municipality has already adopted ordinances substantially similar to the provisions of the bill;
- adding to the definition of a "grant or other type of competitively-awarded financial assistance" that financial assistance distributed by a State agency is solely funded by State funds, other than a program:
 - administered by the department and that awards funds to municipalities in support of shared services and consolidation;
 - where multiple municipalities may join a single application; or
 - where other entities in addition to municipalities may apply.

- removing reference to the Main Street New Jersey Program in the definition of "grant or other type of competitively-awarded financial assistance;"
- removing the exception for a program that awards funds for fair share housing obligations in the definition of "grant or other type of competitively-awarded financial assistance;"
- specifying that "grant or other type of competitively-awarded financial assistance" is to include, but not be limited to, the Neighborhood Preservation Program;
- adding funds 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, is not to be considered a type of competitively-awarded financial assistance under the bill;
- removing the requirement that the Department of Community Affairs (DCA) is to research and analyze each grant or other type of competitively-awarded financial assistance awarded to municipalities;
- specifying that municipalities have amended their development regulations pursuant to the bill to allow for the use of additional housing strategies and have reasonably increased the rate of housing units permitted for development within the municipality;
- removing the requirement for a memorandum of understanding between the DCA and each State agency that awards a grant or other type of competitively-awarded financial assistance;
- requiring the DCA to publish on its Internet website a list of municipalities, to be updated on a quarterly basis, that have amended their development regulations pursuant to the bill and to order the municipalities into three tiers of categories based on the impact and amount of changes made relative to the municipalities' planning areas;
- requiring State agencies to utilize the list on the DCA's Internet website to establish award preferences for certain municipalities;
- removing from the DCA rules and regulations the requirement for model ordinances;
- requiring DCA rules and regulations concerning the provision of a housing siting and best practices guide;
- removing State debt service aid formula language and allowing increases to certain State shares of school facilities projects as specified in the bill, subject to availability;
- specifying that the district aid percentage is not to be less than 44 percent for school facilities projects of non-SDA districts, subject to the availability of certain funding;

- providing that the Commissioner of Transportation's criterion in determining the allocation of funds is to be in conformity with criteria established by the DCA;
- directing the Commissioner of Community Affairs and the Commissioner of Transportation to submit a report to the Legislature and Governor making recommendations concerning whether to continue the existing priorities established by the bill or to propose new priorities;
- providing that the bill is to expire five years from the date of enactment; and
- making technical changes.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.