

ASSEMBLY HOUSING COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5870

STATE OF NEW JERSEY

DATED: DECEMBER 11, 2023

The Assembly Housing Committee reports favorably Assembly Bill No. 5870.

This bill would facilitate the construction and rehabilitation of affordable housing that is built in part through sweat equity by the eventual occupant. “Sweat equity” refers to the provision of labor spent in construction or rehabilitation of a low- or moderate-income dwelling unit by one or more members of the low- or moderate-income household intended to occupy the unit.

The bill directs the Commissioner of Community Affairs (commissioner) to establish an application process, and approve appropriate applicants as sweat equity certified nonprofits.

The bill directs the commissioner to approve a certification application if the applicant:

- possesses appropriate experience in facilitating the construction or rehabilitation of dwelling units, in part through sweat equity;
- maintains appropriate controls on the affordability of dwelling units produced, in part through sweat equity, for low- or moderate-income households, to ensure that the units remain affordable for a reasonable period of time;
- maintains a policy of promoting the opportunities that the organization offers in the production of housing through sweat equity to a diverse cross-section of the public; and
- is organized under the “New Jersey Nonprofit Corporation Act,” N.J.S.15A:1-1 et seq., or as a religious organization under Title 16 of the Revised Statutes.

If sweat equity is used in producing an affordable dwelling unit, and the unit’s production is facilitated by a sweat equity certified nonprofit, then the bill directs that the adaptability requirements, which ordinarily apply to affordable housing construction, would not apply. The adaptability requirements concern compliance with the technical design standards of the barrier free subcode of the State Uniform Construction Code. Additionally, for sweat equity produced units facilitated by a sweat equity certified nonprofit, the bill would:

- provide the units with an exemption from the ordinary affirmative marketing requirements of the “Fair Housing Act,” P.L.1985, c.222 (C.52:27D-301 et al.); and
- allow the controls on affordability maintained by the sweat equity certified nonprofit to be substituted for the equivalent requirements of the Uniform Housing Affordability Controls.

The bill requires the commissioner to direct the appropriate offices or divisions of the Department of Community Affairs, to provide expedited assistance to sweat equity certified nonprofits and municipalities in:

- ensuring that units, for which sweat equity is used in construction or rehabilitation, are counted towards the fair share affordable housing obligation of the municipality;
- facilitating the transfer of abandoned property in the municipality, as appropriate for the production of affordable housing, to the sweat equity certified nonprofit through necessary processes, including but not limited to the process for individual abandoned property takings pursuant to section 37 of the “New Jersey Urban Redevelopment Act,” P.L.1996, c.62 (C.55:19-56); and
- facilitating use of the municipal affordable housing trust fund, and the “New Jersey Affordable Housing Trust Fund,” for the production of units for which sweat equity is used in the construction or rehabilitation.

The bill directs the commissioner, by the first day of the fourth month following enactment, to adopt the rules and regulations necessary for the implementation of the bill. The bill would take effect on the first day of the fourth month following enactment.