

CHAPTER 490

AN ACT concerning tiny home occupancy on vacant municipal land, supplementing P.L.1975, c.291 (C.40:55D-1 et seq.) and P.L.1975, c.217 (C.52:27D-119 et seq.), and amending P.L.1971, c.199.

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

C.40:55D-66.17 Findings, declarations, definitions, relative to tiny home occupancy on vacant municipal land.

1. a. The Legislature finds and declares that:

(1) An excess of vacant properties present a persistent problem in many New Jersey municipalities;

(2) Vacant properties create opportunities for criminal activity, lower neighborhood property values and local government revenues, and generally impair the public health and welfare;

(3) In recent years, an increasing awareness has developed over the large financial and environmental cost of building and maintaining an average American home;

(4) Many young people, and people of modest means, find themselves unable to afford to purchase these homes, or even rent them, as well as pay the large associated utility bills;

(5) Increasingly, many people view residing in a tiny home as a simple and viable alternative to the traditional house, that provides the resident more affordable housing, and lowers their environmental footprint;

(6) Despite the economic and environmental advantages of tiny home construction and occupancy, many who want to build or occupy tiny homes have expressed frustration with regulatory barriers to making tiny home living a reality; and

(7) It is, therefore, in the best interest of the State and a valid public purpose to permit New Jersey municipalities to lease vacant lots for use by the owners of tiny homes and to direct the Commissioner of Community Affairs to publish enhanced regulatory guidance on the acceptable uses of tiny homes in residential construction.

b. A municipality may adopt a tiny home rental ordinance to permit the use of vacant land owned by the municipality for tiny home rental purposes. A tiny home rental ordinance shall establish:

(1) whether the vacant land may be leased to the owner of a tiny home solely for their own occupancy, or whether the lessee may sublease the vacant land; and

(2) the setback, use group, and other zoning limitations that shall apply to homes built for tiny home rental purposes.

c. As used in P.L.2019, c.490 (C.40:55D-66.17 et al.):

“Tiny home” means a dwelling that is 400 square feet or less in floor area excluding lofts.

“Tiny home rental purposes” means the rental of individual lots, or portions of individual lots, for the placement and occupancy of tiny homes.

C.52:27D-123.17 Rules, regulations.

2. On or before the first day of the seventh month next following the enactment of P.L.2019, c.490 (C.40:55D-66.17 et al.), the Commissioner of Community Affairs shall promulgate rules and regulations, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), or publish a regulatory guidance document, pursuant to section 1 of P.L.2011, c.215 (C.52:14B-3a), or both, in order to provide construction code officials, developers, and prospective owners and occupants with enhanced technical assistance on

acceptable approaches to constructing and siting tiny homes. The rules and regulations or regulatory guidance document shall include, but not be limited to, the following:

- a. the permitted approaches to tiny home construction in on-site construction projects governed under the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.);
- b. the permitted approaches to pre-manufacturing tiny homes, including the construction of industrialized/modular buildings, regulated pursuant to P.L.1991, c.457 (C.32:33-1 et seq.), as tiny homes; and
- c. the dimensional requirements for various types of rooms and residential structures, such as bedrooms and staircases, and an explanation of any residential uses that may be precluded by the dimensional requirements.

3. Section 15 of P.L.1971, c.199 (C.40A:12-15) is amended to read as follows:

C.40A:12-15 Purposes for which leases for a public purpose may be made.

15. Purposes for which leases for a public purpose may be made.

A leasehold for a term not in excess of 50 years may be made pursuant to this act and extended for an additional 25 years by ordinance or resolution thereafter for any county or municipal public purpose, including, but not limited to:

- (a) The provision of fire protection, first aid, rescue and emergency services by an association duly incorporated for such purposes.
- (b) The provision of health care or services by a nonprofit clinic, hospital, residential home, outpatient center or other similar corporation or association.
- (c) The housing, recreation, education or health care of veterans of any war of the United States by any nonprofit corporation or association.
- (d) Mental health or psychiatric services or education for persons with mental illness, persons with a mental deficiency, or persons with intellectual disabilities by any nonprofit corporation or association.
- (e) Any shelter care or services for persons aged 62 or over receiving Social Security payments, pensions, or disability benefits which constitute a substantial portion of the gross income by any nonprofit corporation or association.
- (f) Services or care for the education or treatment of cerebral palsy patients by any nonprofit corporation or association.
- (g) Any civic or historic programs or activities by duly incorporated historical societies.
- (h) Services, education, training, care or treatment of poor or indigent persons or families by any nonprofit corporation or association.
- (i) Any activity for the promotion of the health, safety, morals and general welfare of the community of any nonprofit corporation or association.
- (j) The cultivation or use of vacant lots for gardening or recreational purposes.
- (k) The provision of electrical transmission service across the lines of a public utility for a county or municipality pursuant to R.S.40:62-12 through R.S.40:62-25.
- (l) In any municipality, the lease of a tract of land of less than five acres to a nonprofit corporation or association to cultivate and sell fresh fruits and vegetables.
- (m) The use of vacant land for tiny home rental purposes, in accordance with section 1 of P.L.2019, c.490 (C.40:55D-66.17).

Except as otherwise provided in subsection (k) of this section, in no event shall any lease under this section be entered into for, with, or on behalf of any commercial, business, trade, manufacturing, wholesaling, retailing, or other profit-making enterprise, nor shall any lease

pursuant to this section be entered into with any political, partisan, sectarian, denominational or religious corporation or association, or for any political, partisan, sectarian, denominational or religious purpose, except that a county or municipality may enter into a lease for the use permitted under subsection (j) or (m) with a sectarian, denominational or religious corporation; provided the property is not used for a sectarian, denominational or religious purpose. In the case of a municipality the governing body may designate the municipal manager, business administrator or any other municipal official for the purpose of entering into a lease for the use permitted under subsection (j). Any lease entered into pursuant to subsection (l) with a non-profit corporation or association may permit the non-profit corporation or association to sell fresh fruits and vegetables on the leased land, off the leased land, or both, provided, that the sales are related and incidental to the non-profit purposes of the corporation or association and the net proceeds received by the non-profit corporation or association are used to further the non-profit purposes of the corporation or association. Property leased pursuant to subsection (l) or (m) of this section shall be exempt from property taxation.

4. This act shall take effect immediately.

Approved January 21, 2020.