

2A:42-84.1 to 2A:42-84.6

12/7/87

LEGISLATIVE HISTORY CHECKLIST

NJSA: 2A:42-84.1 to 2A:42-84.6 (Rent control--exempt certain new apartments)

CHAPTER 153

Laws Of: 1987

Bill No: A3238

Sponsor(s): Hendrickson and Albohn

Date Introduced: October 2, 1986

Committee: Assembly: Municipal Government; Housing
Senate: County and Municipal Government

Amended during passage: No

Date of Passage: Assembly: March 12, 1987
Senate: May 11, 1987

Date of Approval: June 25, 1987

Following statements are attached if available:

Sponsor statement: Yes
Committee statement: Assembly Yes 10-20-86 and 12-15-86
Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

ASSEMBLY, No. 3238
STATE OF NEW JERSEY

INTRODUCED OCTOBER 2, 1986

By Assemblymen HENDRICKSON and ALBOHN

AN ACT concerning municipal rent control and rent leveling ordinances and supplementing Title 40 of the Revised Statutes.

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

1 1. As used in this act:

2 a. "Completion of construction" means issuance of a certifi-
3 cate of occupancy pursuant to section 15 of the "State Uniform
4 Construction Code Act," P. L. 1975, c. 217 (C. 52:27D-133);

5 b. "Constructed" means constructed, erected or converted but
6 excludes rehabilitation of premises rented previously for resi-
7 dential purposes without an intervening use for other purposes
8 for a period of at least two years prior to conversion. Mere vacancy
9 shall not be considered an intervening use for the purposes of this
10 subsection;

11 c. "Constructed after the effective date of this act" means con-
12 structed pursuant to a construction permit issued on or after the
13 effective date of this act;

14 d. "Constructed for senior citizens" means constructed under a
15 governmental program restricting occupancy of at least 90% of
16 the dwelling units to senior citizens and any members of their
17 immediate households or their occupant surviving spouses, or con-
18 structed as a retirement subdivision or retirement community as
19 defined in the "Retirement Community Full Disclosure Act,"
20 P. L. 1969, c. 215 (C. 45:22A-1 et seq.);

21 e. "Multiple dwelling" means any building or structure and land
22 appurtenant thereto containing four or more dwelling units, other

23 than dwelling units constructed for occupation by senior citizens,
24 rented or offered for rent to four or more tenants or family units;
25 f. "Period of amortization" means the time during which the
26 principal amount of the mortgage loan and interest thereon would
27 be paid entirely through periodic payments, whether or not the
28 term of the mortgage loan is for a shorter period concluding with
29 a balloon payment; and

30 g. "Senior citizens" means persons 62 years of age or older.

1 2. In any municipality which has enacted or which hereafter
2 enacts a rent control or rent leveling ordinance, other than under
3 the authority of P. L. 1966, c. 163 (C. 2A:42-74 et seq.), those pro-
4 visions of the ordinance which limit the periodic or regular increases
5 in base rentals of dwelling units shall not apply to multiple dwell-
6 ings constructed after the effective date of this act, for a period of
7 time not to exceed the period of amortization of any initial mortgage
8 loan obtained for the multiple dwelling, or for 30 years following
9 completion of construction, whichever is less.

1 3. The owner of any multiple dwelling exempted from a rent
2 control or rent leveling ordinance pursuant to this act, shall, prior
3 to entering into any lease with a person for tenancy of any premises
4 located in the multiple dwelling, furnish the prospective tenant with
5 a written statement that the multiple dwelling in which the prem-
6 ises is located is exempt from rent control or rent leveling for such
7 time as may remain in the exemption period. Each lease offered
8 to a prospective tenant for any dwelling unit therein during the
9 period the multiple dwelling is so exempted shall contain a provi-
10 sion notifying the tenant of the exemption.

1 4. The owner of any multiple dwelling claiming an exemption
2 from a rent control or rent leveling ordinance pursuant to this act
3 shall file with the municipal construction official, at least 30 days
4 prior to the issuance of a certificate of occupancy for the newly
5 constructed multiple dwelling, a written statement of the owner's
6 claim of exemption from an ordinance under this act, including
7 therein a statement of the date upon which the exemption period
8 so claimed shall commence, such information as may be necessary
9 to effectively locate and identify the multiple dwelling for which
10 the exemption is claimed, and a statement of the number of rental
11 dwelling units in the multiple dwelling for which the exemption is
12 claimed. The owner shall, at least 30 days prior to the date of the
13 termination of the exemption period afforded pursuant to this act,
14 file with the municipal construction official a notice of the date of
15 termination of the exemption period for the affected multiple
16 dwelling.

1 5. It is the intent of this act, that the exemption from rent control
 2 or rent leveling ordinances afforded under this act shall apply to
 3 any form of rent control, rent leveling or rent stabilization, whether
 4 adopted now or in the future, and by whatever name or title adopted,
 5 which would limit in any manner the periodic or regular increases
 6 in base rentals of dwelling units of multiple dwellings constructed
 7 after the effective date of this act. No municipality, county or
 8 other political subdivision of the State, or agency or instru-
 9 mentality thereof, shall adopt any ordinance, resolution, or rule
 10 or regulation, or take any other action, to limit, diminish, alter or
 11 impair any exemption afforded pursuant to this act.

1 6. It is the intent of this act to establish an experimental pro-
 2 gram whereby the construction of multiple dwellings in this State
 3 shall be encouraged, and the marketability of those multiple dwell-
 4 ings shall be maintained, to the greatest extent economically
 5 possible, through the exemption by law of newly constructed mul-
 6 tiple dwellings from rent control, rent leveling and rent stabiliza-
 7 tion ordinances. The Legislature, therefore, declares it to be public
 8 policy of this State that, within the limitations imposed by this act,
 9 the exemptions granted under this act shall not be limited, dimin-
 10 ished, altered, or impaired during the period of exemption
 11 afforded, in order to maintain in this respect a predictable
 12 environment within which the financing, construction and market-
 13 ing of new multiple dwellings can occur, and to permit the Legis-
 14 lature to evaluate the results of the experimental program after a
 16 specified period of time during which the program shall have been
 16 given a fair opportunity for success, and during which the coher-
 17 ence of the statutory scheme establishing the program has been
 18 preserved.

1 7. This act shall take effect immediately, and shall expire five
 2 years following enactment, but the expiration of this act shall not
 3 affect any multiple dwelling for which an exemption from a rent
 4 control or rent leveling ordinance was afforded prior to the
 5 expiration date, but the period of exemption so afforded shall
 6 continue for the full period afforded under this act.

STATEMENT

This bill provides that local rent control shall not apply to multiple dwellings constructed "after the effective date of this act" (which is to take effect immediately upon enactment) for a period of 30 years from the completion of construction or the period of amortization of the initial mortgage loan, whichever is less. (Section 2)

Terms used in the above formulation are defined as follows:

“Multiple dwelling”: a building containing four or more dwelling units—but excluding one constructed for occupancy by senior citizens (62 years or older).

“Constructed”: includes new construction or conversion, but excludes rehabilitation of residential premises “without an intervening use (which may not include mere vacancy) for other purposes for at least two years.”

“Constructed after the effective date of this act”: constructed pursuant to a construction permit issued on or after that date.

“Constructed for senior citizens”: constructed (1) under a governmental program restricting occupancy of at least 90% of units to senior citizens or their immediate families or surviving spouses, or (2) as a retirement community under the “Retirement Community Full Disclosure Act,” P. L. 1969, c. 215 (C. 45:22A-1 et seq.).

“Period of amortization”: time that it would take to pay off principal and interest through periodic payments, whether or not the loan is actually for a shorter period with a balloon payment. (Section 1)

A multiple-dwelling owner claiming the exemption is required to file with the municipality, at least 30 days before issuance of a certificate of occupancy, a written statement of his claim, together with the information necessary to identify the building and establish the date upon which the exemption begins. He is also required to give similar notice 30 days in advance of the expiration of the exemption period. (Section 4)

The owner is required to give notice to each tenant and prospective tenant of the existence of the exemption and of the portion of the exemption period yet to run, prior to signing or renewing a lease. (Section 3)

The bill declares the intention that the exemption apply to “any form of rent control . . . whether adopted now or in the future, and by whatever name or title adopted, which would limit in any manner the periodic or regular increases in base rentals . . .” and forbids the adoption of “any ordinance, resolution, or rule or regulation” that would “limit, diminish, alter or impair any exemption afforded pursuant to this act.” (Section 5)

The bill further declares that the exemption program is intended to be “experimental” and that it is “public policy” that the exemptions not be “limited, diminished, altered or impaired during the period of exemption afforded, in order to maintain in this respect a predictable environment . . . and to permit the Legislature to evaluate the results . . .” (Section 6)

The act is to expire five years following enactment; but exemptions granted during that time will continue to run for the entire period for which they were granted. (Section 7)

LANDLORD—TENANT AND CONDOMINIUMS

Exempts certain newly constructed apartments from local rent controls.

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE
STATEMENT TO
ASSEMBLY, No. 3238

STATE OF NEW JERSEY

DATED: OCTOBER 20, 1986

The Assembly Municipal Government Committee reports favorably Assembly Bill No. 3238.

This bill provides an exemption from municipal rent control ordinances for multiple dwellings constructed after the effective date of the bill, for a period of time not to exceed the period of amortization of any initial mortgage loan obtained for the multiple dwelling, or for 30 years following completion of construction, or whichever is less.

The bill defines "multiple dwelling" as "any building or structure and land appurtenant thereto containing four or more dwelling units, other than dwelling units constructed for occupation by senior citizens, rented or offered for rent to four or more tenants or family units." "Senior citizens" is defined as persons 62 years of age or older.

Ordinances enacted pursuant to P. L. 1968, c. 168 (C. 2A:42-74 et seq.), which imposes rent controls on substandard multiple dwelling units until such dwelling units satisfy minimum standards of safety and sanitation, are exempted from the provisions of the bill.

The bill takes effect immediately upon enactment, but expires five years thereafter. The expiration of the bill shall not affect exemptions granted prior thereto.

ASSEMBLY HOUSING COMMITTEE
STATEMENT TO
ASSEMBLY, No. 3238

STATE OF NEW JERSEY

DATED: DECEMBER 15, 1986

The Assembly Housing Committee reports Assembly Bill No. 3238 favorably, without amendment.

This bill provides that newly constructed multiple dwellings (except those for senior citizens) shall be exempt from local rent control for a period of 30 years from the completion of construction, or for the period required to amortize their initial mortgage loan, whichever is less. The exemption would apply to buildings constructed after the effective date of the bill. (Section 2)

Terms used in the above formulation are defined as follows:

“Multiple dwelling”: a building containing four or more dwelling units—but excluding one constructed for occupancy by senior citizens (62 years or older).

“Constructed”: includes new construction or conversion, but excludes rehabilitation of residential premises “without an intervening use (which may not include mere vacancy) for other purposes for at least two years.”

“Constructed after the effective date of this act”: constructed pursuant to a construction permit issued on or after that date.

“Constructed for senior citizens”: constructed (1) under a governmental program restricting occupancy of at least 90% of units to senior citizens or their immediate families or surviving spouses, or (2) as a retirement community under the “Retirement Community Full Disclosure Act,” P. L. 1969, c. 215 (C. 45:22A-1 et seq.).

“Period of amortization”: time that it would take to pay off principal and interest through periodic payments, whether or not the loan is actually for a shorter period with a balloon payment. (Section 1)

A multiple-dwelling owner claiming the exemption is required to file with the municipality, at least 30 days before issuance of a certificate of occupancy, a written statement of his claim, together with the information necessary to identify the building and establish the date upon which the exemption begins. He is also required to give similar notice 30 days in advance of the expiration of the exemption period. (Section 4)

The owner is required to give notice to each tenant and prospective tenant of the existence of the exemption and of the portion of the exemption period yet to run, prior to signing or renewing a lease. (Section 3)

The bill declares the intention that the exemption apply to "any form of rent control . . . whether adopted now or in the future, and by whatever name or title adopted, which would limit in any manner the periodic or regular increases in base rentals . . ." and forbids the adoption of "any ordinance, resolution, or rule or regulation" that would "limit, diminish, alter or impair any exemption afforded pursuant to this act." (Section 5)

The bill further declares that the exemption program is intended to be "experimental" and that it is "public policy" that the exemptions not be "limited, diminished, altered, or impaired during the period of exemption afforded, in order to maintain in this respect a predictable environment . . . and to permit the Legislature to evaluate the results . . ." (Section 6)

This act is to expire five years following enactment; but exemptions granted during that time will continue to run for the entire period for which they were granted. (Section 7)

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3238

STATE OF NEW JERSEY

DATED: MAY 4, 1987

The Senate County and Municipal Government Committee reports favorably Assembly Bill No. 3238.

Assembly Bill No. 3238 provides that newly constructed multiple dwellings (except those for senior citizens) shall be exempt from local rent control for a period of 30 years from the completion of construction, or for the period required to amortize their initial mortgage loan, whichever is less. The exemption would apply to buildings constructed after the effective date of the bill.

The act is to expire five years following enactment; however, exemptions granted during that time will continue to run for the entire period for which they were granted.

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OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001
Contact: JOHN SAMERJAN
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TRENTON, N.J. 08625
Release: FRI., JUNE 26, 1987

Governor Thomas H. Kean today signed legislation establishing a five-year demonstration program to exempt newly-constructed multi-family dwellings from municipal rent control ordinances.

Retaining rent control for senior citizen housing constructed under the Retirement Community Full Disclosure Act, the demonstration project also continues rent control for senior citizen housing where occupancy is restricted to 90 percent senior citizens or where existing State law authorizes rent control where the health and safety of residents is threatened by the existence of substandard multiple dwellings.

A-3238, was sponsored by Assemblyman Arthur Albohn, R-Morris, Assemblyman Jack Hendrickson, R-Ocean and identical legislation was sponsored in the Senate by Senator Gerald Cardinale, D-Bergen.

The exemption from rent control will last for a period of time not to exceed the period of amortization of any initial mortgage loan obtained for the multiple dwelling, or for 30 years following completion of construction, whichever is less.

The legislation is effective immediately and expires five years after its enactment.

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