52:27D-132.1; 52:27D-124; 52:27D-132; 40A:11-4.1 LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2022 **CHAPTER:** 139

NJSA: 52:27D-132.1; 52:27D-124; 52:27D-132; 40A:11-4.1

(Provides for expedited construction inspections.)

BILL NO: A573 (Substituted for S3014 (SCS))

SPONSOR(S) Robert J. Karabinchak and others

DATE INTRODUCED: 1/11/2022

COMMITTEE: ASSEMBLY: Commerce and Economic Development

Community Development and Affairs

SENATE: ---

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: ASSEMBLY: 12/15/2022

SENATE: 12/19/2022

DATE OF APPROVAL: 1/5/2023

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First Reprint enacted)
Yes

A573

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes Commerce & Economic Devel.

Community Devel. & Affairs

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

S3014 (SCS)

INTRODUCED BILL: (Includes sponsor(s) statement) Yes

COMMITTEE STATEMENT: ASSEMBLY: No.

SENATE: Yes Community & Urban Aff.

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE:	No
GOVERNOR'S PRESS RELEASE ON SIGNING:	Yes
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HEARINGS:	No
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end

P.L. 2022, CHAPTER 139, *approved January 5, 2023*Assembly Committee Substitute (*First Reprint*) for Assembly, No. 573

AN ACT concerning inspections under the construction code and amending P.L.1975, c.217 and P.L.1999, c.440.

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

- 1. Section 6 of P.L.1975, c.217 (C.52:27D-124) is amended to read as follows:
- 6. The commissioner shall have all the powers necessary or convenient to effectuate the purposes of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), including, but not limited to, the following powers in addition to all others granted by [this act] P.L.1975, c.217 (C.52:27D-119 et seq.):
- a. To adopt, amend and repeal, after consultation with the code advisory board, rules: (1) relating to the administration and enforcement of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.) and (2) the qualifications or licensing, or both, of all persons employed by enforcing agencies of the State to enforce [this act] P.L.1975, c.217 (C.52:27D-119 et seq.) or the code, except that, plumbing inspectors shall be subject to the rules adopted by the commissioner only insofar as such rules are compatible with such rules and regulations, regarding health and plumbing for public and private buildings, as may be promulgated by the Public Health Council in accordance with Title 26 of the Revised Statutes.
- b. To enter into agreements with federal and State of New Jersey agencies, after consultation with the code advisory board, to provide insofar as practicable (1) single-agency review of construction plans and inspection of construction and (2) intergovernmental acceptance of such review and inspection to avoid unnecessary duplication of effort and fees. The commissioner shall have the power to enter into such agreements although the federal standards are not identical with State standards; provided that the same basic objectives are met. The commissioner shall have the power through such agreements to bind the State of New Jersey and all governmental entities deriving authority therefrom.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

c. To take testimony and hold hearings relating to any aspect of or matter relating to the administration or enforcement of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), including but not limited to prospective interpretation of the code so as to resolve inconsistent or conflicting code interpretations, and, in connection therewith, issue [subpena] subpoenas to compel the attendance of witnesses and the production of evidence. The commissioner may designate one or more hearing examiners to hold public hearings and report on such hearings to the commissioner.

- d. To encourage, support or conduct, after consultation with the code advisory board, educational and training programs for employees, agents and inspectors of enforcing agencies, either through the Department of Community Affairs or in cooperation with other departments of State government, enforcing agencies, educational institutions, or associations of code officials.
- e. To study the effect of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.) and the code to ascertain their effect upon the cost of building construction and maintenance, and the effectiveness of their provisions for insuring the health, safety, and welfare of the people of the State of New Jersey.
- f. To make, establish and amend, after consultation with the code advisory board, such rules as may be necessary, desirable or proper to carry out his powers and duties under [this act] P.L.1975, c.217 (C.52:27D-119 et seq.).
- g. To adopt, amend, and repeal rules and regulations providing for the charging of and setting the amount of fees for the following code enforcement services, licenses or approvals performed or issued by the department, pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.):
- (1) Plan review, construction permits, certificates of occupancy, demolition permits, moving of building permits, elevator permits and sign permits; and
- (2) Review of applications for and the issuance of licenses certifying an individual's qualifications to act as a construction code official, subcode official or assistant under [this act] P.L.1975, c.217 (C.52:27D-119 et seq.).
 - (3) (Deleted by amendment, P.L.1983, c.338) ¹[.]¹
- h. To adopt, amend and repeal rules and regulations providing for the charging of and setting the amount of construction permit surcharge fees to be collected by the enforcing agency and remitted to the department to support those activities which may be undertaken with moneys credited to the Uniform Construction Code Revolving Fund.
- i. To adopt, amend and repeal rules and regulations providing for:
- 46 (1) Setting the amount of and the charging of fees to be paid to 47 the department by a private agency for the review of applications

- 1 for and the issuance of approvals authorizing a private agency to act
- as an on-site inspection and plan review agency, a private on-site
- 3 <u>inspection agency</u>, including a supplemental private on-site
- 4 <u>inspection agency</u>, or an in-plant inspection agency;
 - (2) (Deleted by amendment, P.L.2005, c.212)¹[.]¹
- 6 (3) (Deleted by amendment, P.L.2005, c.212)¹[.]¹
- j. To enforce and administer the provisions of the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.) and the code promulgated thereunder, and to prosecute or cause to be prosecuted violators of the provisions of that act or the code promulgated thereunder in administrative hearings and in civil proceedings in State and local courts.
 - k. To monitor the compliance of local enforcing agencies with the provisions of the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.), to order corrective action, or issue penalties, as may be necessary where a local enforcing agency is found to be failing to carry out its responsibilities under that act, to supplant or replace the local enforcing agency for a specific project, and to order it dissolved and replaced by the department where the local enforcing agency repeatedly or habitually fails to enforce the provisions of the "State Uniform Construction Code Act." This shall include the power to compel an enforcing agency to 1, within 15 business days, 1 notify the department of any instance where the enforcing agency is unable to meet a deadline or other obligation imposed by law or regulation, and the power to order corrective action or issue penalties as may be necessary where an enforcing agency is unable to meet its obligations under P.L.1975, c.217 (C.52:27D-119 et seq.).
 - 1. To adopt, amend, and repeal rules and regulations implementing the provisions of P.L.1999, c.15, P.L.2003, c.44, and section 1 of P.L.2015, c.146 (C.52:27D-123f) concerning the installation and maintenance of carbon monoxide sensors.
- 33 (cf: P.L.2015, c.146, s.2)

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- 35 2. Section 14 of P.L.1975, c.217 (C.52:27D-132) is amended to read as follows:
 - 14. a. The enforcing agency shall periodically inspect all construction undertaken pursuant to a construction permit issued by it to **[**insure**]** ensure that the construction or alteration is performed in accordance with the conditions of the construction permit and consistent with the requirements of the code and any ordinance implementing said code.
 - b. The owner of any premises upon which a building or structure is being constructed shall be deemed to have consented to the inspection by the enforcing agency and the department, of the entire premises and of any and all construction being performed on it until a certificate of occupancy has been issued. An inspector, or team of inspectors, on presentation of proper credentials, shall have the

right to enter and inspect such premises, and any and all 1 2 construction thereon, for purposes of ensuring compliance with the 3 provisions of the applicable construction permit, the code, and other 4 applicable laws and regulations. All inspection pursuant to [this 5 act P.L.1975, c.217 (C.52:27D-119 et seq.) shall be between the hours of 9 a.m. and 5 p.m. on business days or at another time that 6 7 has been agreed upon by the owner and the relevant inspecting 8 entity, whether the enforcing agency, department, or private on-site 9 inspection agency, or when construction is actually being 10 undertaken, provided, however, that inspections may be conducted 11 at other times if the enforcing agency has reasonable cause to 12 believe that an immediate danger to life, limb or property exists, or 13 if permission is given by an owner, or [his] the owner's agent, 14 architect, engineer or builder. No person shall accompany an 15 inspector or team of inspectors on any inspection pursuant to [this 16 act P.L.1975, c.217 (C.52:27D-119 et seq.), unless [his] the person's presence is necessary for the enforcement of [this 17 18 act P.L.1975, c.217 (C.52:27D-119 et seq.), or the code, or unless 19 consent is given by an owner or [his] the owner's agent, architect, 20 engineer or builder.

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- If the construction of a structure or building is being undertaken contrary to the provisions of a construction permit, Ithis act P.L.1975, c.217 (C.52:27D-119 et seq.), the code, or other applicable laws or ordinances, the enforcing agency may issue a stop construction order in writing which shall state the conditions upon which construction may be resumed and which shall be given to the owner or the holder of the construction permit or to the person performing the construction. If the person doing the construction is not known, or cannot be located with reasonable effort, the notice may be delivered to the person in charge of, or apparently in charge of, the construction. No person shall continue, or cause or allow to be continued, the construction of a building or structure in violation of a stop construction order, except with the permission of the enforcing agency to abate a dangerous condition or remove a violation, or except by court order. If an order to stop construction is not obeyed, the enforcing agency may apply to the appropriate court as otherwise established by law for an order enjoining the violation of the stop construction order. The remedy for violation of such an order provided in this subsection shall be in addition to, and not in limitation of, any other remedies provided by law or ordinance.
- d. When an inspector or team of inspectors finds a violation of the provisions of a construction permit, the code, or other applicable laws and regulations at an owner-occupied single-family residence, and issues a notice of violation and an order to terminate the violation, the enforcing agency shall require the same inspector or team of inspectors who found the violation to undertake any

subsequent reinspection thereof at the premises. When the same inspector or team of inspectors cannot be assigned to undertake the reinspection, the enforcing agency may assign an available inspector provided the scope of the reinspection shall be limited to the violation for which the reinspection is required. requirements of this subsection shall not apply to violations of the plumbing or electrical subcodes, or to fire safety code violations, or to any violation of any other subcode that the Department of Community Affairs determines to be a health or safety violation. Nothing in this subsection shall be construed to infringe upon the right of a property owner to request a different inspector, team of inspectors, or supervisor, to perform any required reinspection.

e. The owner, agent, or other responsible person in charge of work shall notify the enforcing agency when the work is ready for any required inspection under the code. This notice shall be given in writing at least 24 hours prior to the date and time requested for the inspection. The enforcing agency shall perform an inspection within three business days of the date for which the inspection is requested. The owner, agent, or other responsible person in charge of work may provide oral notice for inspections of minor work projects, as defined by the code.

- (1) The owner, agent, or other responsible person in charge of work shall be present and prepared at the time of any inspection that has been scheduled upon the owner, agent, or other responsible person's request. A failure by the owner, agent, or other responsible person in charge of work to be present and prepared for [such] inspection shall be considered a failed inspection.
- (2) If the enforcing agency is unable to perform a requested inspection within three business days of the date for which the inspection is requested, the enforcing agency shall inform the owner, agent, or other responsible person in charge of work in writing within 24 hours of receiving the request, at which time the enforcing agency and the owner, agent, or other responsible person in charge of work may agree to a different date and time for inspection. The enforcing agency shall commit the agreed upon inspection date to writing and provide a copy to the owner, agent, or other responsible person in charge of work.
- (3) If the enforcing agency is unable to perform the requested inspection within three business days of the date for which the inspection is requested and the enforcing agency and the owner, agent, or responsible person in charge of work are unable to come to an agreement pursuant to paragraph (2) of this subsection, the owner, agent, or other responsible person in charge of work may choose to contract with a private on-site inspection agency authorized by the department to conduct on-site inspections pursuant to paragraph i. of section 6 of P.L.1975, c.217 (C.52:27D-

1 <u>124</u>) to perform the ¹[required] requested inspection or 2 inspections.

- (a) The owner, agent, or other responsible person in charge of work shall notify the enforcing agency in writing of any choice to utilize an authorized private on-site inspection agency to conduct the ¹[required] requested inspection or inspections.
- (b) The owner, agent, or other responsible person in charge of work may elect to utilize the private on-site inspection agency to conduct all '[required] subsequent associated inspections '[on associated blocks and lots]'. In the event of a project with multiple units in one building, this '[authorization] provision' shall apply to '[all units encompassed in the project] the specific unit or units affected by the inspection delay'.
 - (c) The use of a private on-site inspection agency by an owner, agent, or other responsible person for on-site inspections shall be subject to the conflict-of-interest provisions in the code. In addition to those requirements, no private on-site inspection agency shall perform an inspection for any owner, agent, or other responsible person in charge of work, if an owner, agent, or other responsible person is currently employed by or affiliated with any individual affiliated with the private on-site inspection agency or has employed or was associated with an individual affiliated with the private on-site inspection agency within a timeframe established by the commissioner by regulation.
 - (d) The enforcing agency shall, if warranted, provide a fee reconciliation to the owner for an inspection completed by a private on-site inspection agency as a result of a missed inspection. The enforcing agency shall perform the reconciliation at the conclusion of the project. This reconciliation shall be based on the fees already paid less administrative costs for the enforcing agency and shall not exceed the amount already paid for the project, nor shall it exceed the amount that the enforcing agency is authorized to impose for inspections, and shall take into account the administrative costs of the enforcing agency.
 - ¹(4) If the owner, agent, or other responsible person in charge of work believes an enforcing agency has demonstrated a repeated inability to conduct inspections for a construction project within the timelines required by this section, as established by the commissioner by regulation, the owner, agent, or other responsible person in charge of work may notify the department in writing to request authorization to utilize an authorized private on-site inspection agency. Within 15 business days of receiving a notification under this paragraph, the department shall determine whether the enforcing agency has demonstrated repeated inability, and, if the department determines, shall authorize the owner, agent, or other responsible person in charge of work to utilize an

- authorized private on-site inspection agency for all or a portion of
 the necessary inspections for the remainder of the project.
- f. Each enforcing agency shall establish a process for ensuring inspections are performed within three business days of a requested inspection date, as required by subsection e. of this section.

 Authorized processes include, but are not limited to, the use of supplemental shared services agreements with other municipalities or enforcing agencies or the use of contracted private on-site inspection agencies, including supplemental private on-site

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inspection agencies [,]1.

- ¹[In accordance with the "Administrative Procedure Act," 11 P.L.1968, c.410 (C.52:14B-1 et seq.), the commissioner shall adopt 12 rules and regulations to effectuate the provisions of P.L. , 13 14) (pending before the Legislature as this bill), including c. (C. 15 rules which provide for: the use of supplemental shared services 16 agreements, the authorization of private on-site inspection agencies 17 by the department to conduct on-site inspections, and the use of 18 private on-site inspection agencies by municipalities and enforcing 19 agencies. In addition to the activity described in subparagraph (b) 20 of paragraph (3) of subsection e. of this section, the rules and 21 regulations shall allow an enforcing agency to:
 - (1) enter into supplemental shared service agreements or contracts with a supplemental private on-site inspection agency to conduct on-site inspections for the purpose of meeting all required inspection timeframes;
 - (2) enter into agreements with private on-site inspection agencies to conduct on-site inspections on a project-specific basis; and
- 29 (3) authorize the owner, agent, or other authorized person in 30 charge of work to directly contract with an authorized private on-31 site inspection agency to perform all inspections on a project-32 specific basis.
- h.]¹ (1) At timeframes established by the commissioner by 33 34 regulation, adopted in accordance with the "Administrative 35 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the 36 municipal construction official shall submit an annual report 37 detailing compliance with the code. The report shall include, at a 38 minimum information related to the staffing, staff titles, and 39 expenses of the enforcing agency, in addition to any other 40 information required by the commissioner. The annual report shall 41 take into account projected work and agency resource needs for the 42 next budget year.
- 43 (2) A municipality that enters into a contract for supplemental
 44 services ¹[utilized]¹ pursuant to subsection f. of this section shall
 45 provide a copy of the contract to the department upon entering into
 46 the contract.

- 1 (3) The information required by paragraphs (1) and (2) of this subsection, in addition to the inspection log, the municipal monthly activity reports, and the fee schedule shall be maintained by the municipal construction official or enforcing agency, and the municipal construction official or enforcing agency shall make the information and documents described in this paragraph available to the department upon request.
 - (4) The department may utilize the information provided pursuant to this subsection to determine appropriate staffing levels for the enforcing agency. If the department determines that an enforcing agency has not maintained appropriate staffing levels, the department may require the municipality to take corrective actions to ensure that the enforcing agency's staffing needs are met.
 - (5) The department may take corrective action, including the issuance of penalties, pursuant to subsection k. of section 6 of P.L.1975, c.217 (C.52:27D-124), if ¹[a] an ¹ enforcing agency fails to maintain or provide the information required by this subsection or maintain appropriate staffing levels, as determined by the department pursuant to paragraph (4) of this subsection.
 - ¹[i.] h.¹ If an enforcing agency is unable to meet its obligations under P.L.1975, c.217 (C.52:27D-119 et seq.), the enforcing agency shall promptly notify the department ¹within 15 business days¹. The department may take corrective action, including the issuance of penalties, pursuant to subsection k. of section 6 of P.L.1975, c.217 (C.52:27D-124) if an enforcing agency fails to meet its obligations under P.L.1975, c.217 (C.52:27D-119 et seq.).

(cf: P.L.2007, c.149, s.1)

- 3. Section 1 of P.L.1999, c.440 (C.40A:11-4.1) is amended to read as follows:
- 1. Notwithstanding the provisions of any law, rule, or regulation to the contrary, competitive contracting may be used by local contracting units in lieu of public bidding for procurement of specialized goods and services the price of which exceeds the bid threshold, for the following purposes:
- a. The purchase or licensing of proprietary computer software designed for contracting unit purposes, which may include hardware intended for use with the proprietary software. This subsection shall not be utilized for the purpose of acquiring general purpose computer hardware or software;
- b. The hiring of a for-profit entity or a not-for-profit entity incorporated under Title 15A of the New Jersey Statutes for the purpose of:
- (1) the operation and management of a wastewater treatment system, a stormwater management system, or a water supply or distribution facility of the type described in subsection (37) of section 15 of P.L.1971, c.198 (C.40A:11-15), provided that competitive contracting shall not be used as a means of awarding

- 1 contracts pursuant to P.L.1985, c.37 (C.58:26-1 et al.) and 2 P.L.1985, c.72 (C.58:27-1 et al.);
- (2) the operation, management or administration of recreation or social service facilities or programs, which shall not include the administration of benefits under the Work First New Jersey program established pursuant to P.L.1997, c.38 (C.44:10-55 et seq.), or under General Assistance;
- 8 (3) the operation, management or administration of data 9 processing services; or
- 10 (4) the operation and management of a county hospital pursuant 11 to the "Local Hospital Authority Law," P.L.2006, c.46 (C.30:9-12 23.15 et al.);
- c. (Deleted by amendment, P.L.2009, c.4)¹[.]¹
- d. Homemaker--home health services;
- e. Laboratory testing services;
- 16 f. Emergency medical services;
- g. Contracted food services;
- h. Performance of patient care services by contracted medical staff at county hospitals, correctional facilities and long-term care facilities;
- i. At the option of the governing body of the contracting unit, any good or service that is exempt from bidding pursuant to section 5 of P.L.1971, c.198 (C.40A:11-5);
- i. Concessions;
- 25 k. The operation, management or administration of other 26 services, with the approval of the Director of the Division of Local
- 27 Government Services;
- 28 l. Maintenance, custodial, and groundskeeping services;
- 29 m. Consulting services;
- n. Emergency medical billing services;
- o. Property appraisal services;
- p. Reassessment or revaluation services;
- q. Grant writing services;
- r. Animal control services ;
- s. Private on-site inspection agency services, as may be
 authorized by rules and regulations adopted by the Department of
- 37 <u>Community Affairs</u>.
- Any purpose included herein shall not be considered by a contracting unit as an extraordinary unspecifiable service pursuant to subparagraph (ii) of paragraph (a) of subsection (1) of section 5 of P.L.1971, c.198 (C.40A:11-5).
- As used in this section, "stormwater management system" means the same as that term is defined in section 3 of P.L.2019, c.42 (C.40A:26B-3).
- 45 (cf: P.L.2019, c.42, s.21)

47 14. (New section) In accordance with the "Administrative 48 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), the

[1R] ACS for **A573**

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1	commissioner shall propose within six months and adopt within
2	nine months rules and regulations to effectuate the provisions of
3	P.L., c. (C.) (pending before the Legislature as this bill),
4	including rules that provide for: the use of supplemental shared
5	services agreements; the authorization of private on-site inspection
6	agencies by the department to conduct on-site inspections; and the
7	use of private on-site inspection agencies by municipalities and
8	enforcing agencies. In addition to the activity described in
9	subparagraph (b) of paragraph (3) of subsection e. of section 14 of
10	P.L.1975, c.217 (C.52:27D-132), the rules and regulations shall
11	allow an enforcing agency to:
12	a. enter into a supplemental shared service agreement or
13	contract with a supplemental private on-site inspection agency to
14	conduct an on-site inspection for the purpose of meeting all
15	required inspection timeframes;
16	b. enter into an agreement with a private on-site inspection
17	agencies to conduct an on-site inspection on a project-specific
18	basis; and
19	c. authorize the owner, agent, or other authorized person in
20	charge of work to directly contract with an authorized private on-
21	site inspection agency to perform all inspections on a project-
22	specific basis. ¹
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24	¹ [4] <u>5.</u> ¹ [This] <u>Sections 1 through 3 of this</u> act shall take
25	effect ¹ [on the first day of the fourth month next following the date
26	of enactment, however, the commissioner shall immediately
27	commence the process of promulgating rules and regulations to
28	effectuate the provisions of this act] immediately upon the adoption
29	of the rules and regulations by the Department of Community
30	Affairs to effectuate the provisions of this act, provided, however,
31	that the Department of Community Affairs shall take anticipatory
32	action as necessary to prepare for the implementation of the
33	provisions of this act. Section 4 of this act shall take effect
34	immediately ¹ .
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39	Provides for expedited construction inspections.

Provides for expedited construction inspections.

ASSEMBLY, No. 573

STATE OF NEW JERSEY

220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK
District 18 (Middlesex)
Assemblyman ROY FREIMAN
District 16 (Hunterdon, Mercer, Middlesex and Somerset)
Assemblyman CLINTON CALABRESE
District 36 (Bergen and Passaic)
Assemblyman LOUIS D. GREENWALD
District 6 (Burlington and Camden)

Co-Sponsored by:

Assemblymen DiMaio, McClellan, Simonsen, Wirths, Space, Assemblywoman Timberlake and Assemblyman Benson

SYNOPSIS

Establishes expedited construction inspection program.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 10/11/2022)

AN ACT concerning inspections under the construction code, and supplementing and amending P.L.1975, c.217.

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

- 1. (New section) a. (1) The commissioner, in consultation with the code advisory board, shall promulgate rules and regulations, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), establishing standards, procedures, and other requirements for an optional program providing expedited inspections of construction undertaken pursuant to a construction permit.
 - (2) The expedited inspection program shall provide that:
- (a) a municipal governing body may participate in the program by requiring its enforcing agency to conduct expedited inspections within two calendar days of an owner's request for an inspection;
- (b) an owner of a project located in a municipality that is not requiring its enforcing agency to conduct expedited inspections may select a private inspection agency to conduct expedited inspections;
- (c) a business entity shall not conduct expedited inspections unless licensed and authorized to do so by the department;
- (d) an owner may opt to participate in the expedited inspection program at the time of submission of an application for a construction permit pursuant to section 12 of P.L.1975, c.217 (C.52:27D-130);
- (e) an owner participating in the expedited inspection program shall pay a premium in addition to all otherwise applicable fees;
- (f) each expedited inspection shall be completed within two calendar days of an owner's request for an inspection;
- (g) if a local enforcing agency or a private inspection agency fails to complete an expedited inspection within two calendar days of an owner's request for an inspection, the agency shall complete the inspection within the following 24 hours and shall refund the premium for that expedited inspection to the owner. If a local enforcing agency or a private inspection agency fails to complete an expedited inspection within the following 24 hours, the owner may elect to retain a different private inspection agency, in a manner consistent with subsection b. of section 19 of P.L.1975, c.217 (C.52:27D-137), to perform the remainder of inspections required for the project.
- b. (1) A municipal governing body, in consultation with the construction official of its enforcing agency, shall determine whether the enforcing agency shall conduct expedited inspections or whether an owner may retain a private inspection agency to conduct

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

expedited inspections. Regardless of whether expedited inspections are conducted by an enforcing agency or a private inspection agency, the enforcing agency shall retain the power and responsibility over issuance of the certificate of occupancy under section 15 of P.L.1975, c.217 (C.52:27D-133).

- (a) An enforcing agency that conducts expedited inspections may conduct those inspections outside of the hours specified in section 14 of P.L.1975, c.217 (C.52:27D-132).
- (b) The enforcing agency shall observe the progress of a construction project receiving expedited inspections by a private inspection agency and shall retain jurisdiction over the project in order to be responsive to inquiries from the general public and from special interests, to the needs of the owner and the private inspection agency, and to the obligations and requirements imposed by the code.
- (2) An owner applying to participate in the expedited inspection program shall submit payment of all applicable fees, together with an expedited inspection premium fee of \$100 per inspection, to the enforcing agency together with the application for a construction permit, unless the municipality establishes an alternative premium fee price, or variety of alternative prices depending on the size and complexity of the application. If the enforcing agency does not conduct expedited inspections, at the time of submission of an application for a construction permit, the owner shall identify the private inspection agency the owner has selected to conduct expedited inspections. The enforcing agency shall deliver payment of the expedited inspection premium fee to the private inspection agency selected to conduct expedited inspections.
- c. (1) The department shall establish a program for the licensure and authorization of business entities as private inspection agencies for the purpose of contracting with owners to conduct expedited inspections pursuant to this section or to perform inspections pursuant to section 19 of P.L.1975, c.217 (C.52:27D-137). No business entity shall conduct inspections under a construction permit or enter into any contract to do so without first receiving the licensure and authorization of the department. The department may impose and collect fees from applicants for licensure and authorization under this section.
- (2) Licensure and authorization of a business entity as a private inspection agency shall include, but not be limited to, consideration of the qualifications of the management and technical personnel of the business entity, the fiscal integrity of the business entity, and the ability of the business entity to perform expedited inspections within the requisite time frames in a manner sufficient to ensure that the construction is performed in accordance with the conditions of the construction permit and the requirements of the code.

(3) A private inspection agency shall not employ a person as an officer or inspector unless the person is certified by the department in the appropriate subcode.

- (4) A private inspection agency shall be subject to the orders and directives of the municipal construction official and the department in matters relating to the enforcement of the code.
- (5) A private inspection agency shall maintain records of all inspections and any other information that may be required by the municipal construction official or the department. These records shall be open to department audit and shall not be destroyed or removed from the offices of the private inspection agency without the permission of the department.
- (6) A private inspection agency shall not directly collect fees from the owner, or any agent or employee of the owner. The enforcing agency shall be the sole agent for the collection and delivery of an expedited inspection premium fee to a private inspection agency.
- d. (1) Except as otherwise provided in this section, a private inspection agency that has contracted to perform expedited inspections for a project shall carry out its obligations under the contract and applicable provisions of law until full completion of the project, as evidenced by the enforcing agency's issuance of a certificate of occupancy.
- (2) A private inspection agency conducting expedited inspections shall have all of the powers, and shall be subject to all of the requirements, applicable to an enforcing agency with regard to conducting inspections under P.L.1975, c.217 (C.52:27D-119 et seq.), however, the private inspection agency shall be obligated to conduct inspections in an expedited timeframe.
- 30 (3) A private inspection agency conducting expedited 31 inspections shall:
 - (a) maintain all inspection records applicable to each construction permit;
 - (b) maintain an adequate number of certified staff to conduct expedited inspections for all classes of structure consistent with the private inspection agency's licensure and certification;
 - (c) provide adequate supervision of employees and ensure that an employee is properly licensed and certified before conducting an inspection;
 - (d) carry insurance as may be required by the department; and
 - (e) prepare and submit all required reports to the department and the enforcing agency.
- e. An owner and a private inspection agency may agree to the performance of expedited inspections outside of the hours specified in section 14 of P.L.1975, c.217 (C.52:27D-132).

- 1 2. Section 6 of P.L.1975, c.217 (C.52:27D-124) is amended to 2 read as follows:
- 6. The commissioner shall have all the powers necessary or convenient to effectuate the purposes of **[**this act**]** P.L.1975, c.217 (C.52:27D-119 et seq.), including, but not limited to, the following powers in addition to all others granted by **[**this act**]** P.L.1975, c.217 (C.52:27D-119 et seq.):

- a. To adopt, amend and repeal, after consultation with the code advisory board, rules: (1) relating to the administration and enforcement of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.) and (2) the qualifications or licensing, or both, of all persons employed by enforcing agencies of the State to enforce [this act] P.L.1975, c.217 (C.52:27D-119 et seq.) or the code, except that, plumbing inspectors shall be subject to the rules adopted by the commissioner only insofar as such rules are compatible with such rules and regulations, regarding health and plumbing for public and private buildings, as may be promulgated by the Public Health Council in accordance with Title 26 of the Revised Statutes.
 - b. To enter into agreements with federal and State of New Jersey agencies, after consultation with the code advisory board, to provide insofar as practicable (1) single-agency review of construction plans and inspection of construction and (2) intergovernmental acceptance of such review and inspection to avoid unnecessary duplication of effort and fees. The commissioner shall have the power to enter into such agreements although the federal standards are not identical with State standards; provided that the same basic objectives are met. The commissioner shall have the power through such agreements to bind the State of New Jersey and all governmental entities deriving authority therefrom.
 - c. To take testimony and hold hearings relating to any aspect of or matter relating to the administration or enforcement of **[**this act**]** P.L.1975, c.217 (C.52:27D-119 et seq.), including but not limited to prospective interpretation of the code so as to resolve inconsistent or conflicting code interpretations, and, in connection therewith, issue subpena to compel the attendance of witnesses and the production of evidence. The commissioner may designate one or more hearing examiners to hold public hearings and report on such hearings to the commissioner.
- d. To encourage, support or conduct, after consultation with the code advisory board, educational and training programs for employees, agents and inspectors of enforcing agencies, either through the Department of Community Affairs or in cooperation with other departments of State government, enforcing agencies, educational institutions, or associations of code officials.
- e. To study the effect of [this act] P.L.1975, c.217 (C.52:27D-46 119 et seq.) and the code to ascertain their effect upon the cost of 47 building construction and maintenance, and the effectiveness of

their provisions for insuring the health, safety, and welfare of the people of the State of New Jersey.

- f. To make, establish and amend, after consultation with the code advisory board, such rules as may be necessary, desirable or proper to carry out his powers and duties under [this act] P.L.1975, c.217 (C.52:27D-119 et seq.).
- g. To adopt, amend, and repeal rules and regulations providing for the charging of and setting the amount of fees for the following code enforcement services, licenses or approvals performed or issued by the department, pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.):
- (1) Plan review, construction permits, certificates of occupancy, demolition permits, moving of building permits, elevator permits and sign permits; and
- (2) Review of applications for and the issuance of licenses certifying an individual's qualifications to act as a construction code official, subcode official or assistant under [this act] P.L.1975, c.217 (C.52:27D-119 et seq.).
 - (3) (Deleted by amendment, P.L.1983, c.338).
- h. To adopt, amend and repeal rules and regulations providing for the charging of and setting the amount of construction permit surcharge fees to be collected by the enforcing agency and remitted to the department to support those activities which may be undertaken with moneys credited to the Uniform Construction Code Revolving Fund.
- i. To adopt, amend and repeal rules and regulations providing for:
 - (1) Setting the amount of and the charging of fees to be paid to the department by a [private agency] <u>business entity</u> for the review of applications for and the issuance of approvals authorizing a [private agency] <u>business entity</u> to act as a <u>private inspection agency</u>, an on-site inspection and plan review agency, or an in-plant inspection agency;
 - (2) (Deleted by amendment, P.L.2005, c.212).
- (3) (Deleted by amendment, P.L.2005, c.212).
- j. To enforce and administer the provisions of the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.) and the code promulgated thereunder, and to prosecute or cause to be prosecuted violators of the provisions of that act or the code promulgated thereunder in administrative hearings and in civil proceedings in State and local courts.
- k. To monitor the compliance of local enforcing agencies with the provisions of the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.), to order corrective action as may be necessary where a local enforcing agency is found to be failing to carry out its responsibilities under that act, to supplant or replace the local enforcing agency for a specific project, and to order it dissolved and replaced by the department where the local

enforcing agency repeatedly or habitually fails to enforce the provisions of the "State Uniform Construction Code Act."

1. To adopt, amend, and repeal rules and regulations implementing the provisions of P.L.1999, c.15, P.L.2003, c.44, and section 1 of P.L.2015, c.146 (C.52:27D-123f) concerning the installation and maintenance of carbon monoxide sensors.

(cf: P.L.2015, c.146, s.2)

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- 3. Section 14 of P.L.1975, c.217 (C.52:27D-132) is amended to read as follows:
- 14. a. The enforcing agency shall periodically inspect all construction undertaken pursuant to a construction permit issued by it to insure that the construction or alteration is performed in accordance with the conditions of the construction permit and consistent with the requirements of the code and any ordinance implementing said code.
- b. The owner of any premises upon which a building or structure is being constructed shall be deemed to have consented to the inspection by the enforcing agency and the department, of the entire premises and of any and all construction being performed on it until a certificate of occupancy has been issued. An inspector, or team of inspectors, on presentation of proper credentials, shall have the right to enter and inspect such premises, and any and all construction thereon, for purposes of ensuring compliance with the provisions of the applicable construction permit, the code, and other applicable laws and regulations. All inspection pursuant to [this act P.L.1975, c.217 (C.52:27D-119 et seq.) shall be between the hours of 9 a.m. and 5 p.m. on business days, or when construction is actually being undertaken, provided, however, that inspections may be conducted at other times if the enforcing agency has reasonable cause to believe that an immediate danger to life, limb or property exists, or if permission is given by an owner, or his agent, architect, engineer or builder. No person shall accompany an inspector or team of inspectors on any inspection pursuant to [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), unless his presence is necessary for the enforcement of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), or the code, or unless consent is given by an owner or his agent, architect, engineer or builder.
- c. If the construction of a structure or building is being undertaken contrary to the provisions of a construction permit, [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), the code, or other applicable laws or ordinances, the enforcing agency may issue a stop construction order in writing which shall state the conditions upon which construction may be resumed and which shall be given to the owner or the holder of the construction permit or to the person performing the construction. If the person doing the construction is not known, or cannot be located with reasonable

effort, the notice may be delivered to the person in charge of, or apparently in charge of, the construction. No person shall continue, or cause or allow to be continued, the construction of a building or structure in violation of a stop construction order, except with the permission of the enforcing agency to abate a dangerous condition or remove a violation, or except by court order. If an order to stop construction is not obeyed, the enforcing agency may apply to the appropriate court as otherwise established by law for an order enjoining the violation of the stop construction order. The remedy for violation of such an order provided in this subsection shall be in addition to, and not in limitation of, any other remedies provided by law or ordinance.

- d. When an inspector or team of inspectors finds a violation of the provisions of a construction permit, the code, or other applicable laws and regulations at an owner-occupied single-family residence, and issues a notice of violation and an order to terminate the violation, the enforcing agency shall require the same inspector or team of inspectors who found the violation to undertake any subsequent reinspection thereof at the premises. When the same inspector or team of inspectors cannot be assigned to undertake the reinspection, the enforcing agency may assign an available inspector provided the scope of the reinspection shall be limited to the violation for which the reinspection is required. requirements of this subsection shall not apply to violations of the plumbing or electrical subcodes, or to fire safety code violations, or to any violation of any other subcode that the Department of Community Affairs determines to be a health or safety violation. Nothing in this subsection shall be construed to infringe upon the right of a property owner to request a different inspector, team of inspectors, or supervisor, to perform any required reinspection.
- e. The owner or other responsible person in charge of work shall notify the enforcing agency when the work is ready for any required inspection under the code. This notice shall be given at least 24 hours prior to the time the inspection is desired. Except for an expedited inspection performed pursuant to section 1 of P.L., c. (C.) (pending before the Legislature as this bill), the enforcing agency shall perform an inspection within three business days of the time for which it was requested.

39 (cf: P.L.2007, c.149, s.1)

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- 4. Section 19 of P.L.1975, c.217 (C.52:27D-137) is amended to read as follows:
- 19. <u>a.</u> At the request of an enforcing agency, the department or an agency approved by the commissioner may assist an enforcing agency in the inspection of any construction of buildings or structures, provided that the enforcing agency has submitted the plans and specifications for such construction to the department or such agency, as the case may be, for review as to compliance with

the code and **[**this act**]** P.L.1975, c.217 (C.52:27D-119 et seq.). In such cases the commissioner shall provide by regulation for fees to the department or an agency to cover the cost of providing such services, to be borne ultimately by applicants for construction permits. The commissioner shall also provide guidance for the readjustment of municipal fees in accordance with the cost of services performed by the department or an agency.

8 b. (1) If a local enforcing agency fails to perform an inspection 9 within three business days of the time for which it was requested, as 10 required by subsection e. of section 14 of P.L.1975, c.217 11 (C.52:27D-132), the owner may elect to retain a private inspection 12 agency, authorized by the department to perform inspection 13 services, to perform the remainder of inspections required for the 14 project. The owner shall notify the local enforcing agency in writing that the owner has retained a private inspection agency to 15 16 perform the remaining inspections, and shall identify the private 17 inspection agency the owner has selected to conduct inspections. 18 The local enforcing agency shall immediately provide the private 19 inspection agency a copy of the plans and specifications for the 20 construction and all other materials relevant to inspection of work 21 on the project to facilitate the transfer of responsibility for 22 inspections to the private agency. The local enforcing agency shall 23 return to the owner a proportional amount of the fees paid by the 24 owner to the local enforcing agency, consistent with the 25 commissioner's guidance for the readjustment of fees, provided 26 pursuant to subsection a. of this section, in order to reflect the 27 transfer of responsibility to perform the remaining inspections from 28 the local enforcing agency to a private inspection agency, however, 29 the local enforcing agency may retain a portion of the fees to cover 30 its costs associated with its continued responsibilities related to the 31 project.

(2) A private inspection agency that is authorized by the department to perform inspection services may contract with an owner to perform the remainder of inspections required for a construction project, if a local enforcing agency has failed to perform an inspection within three business days of the time for which it was requested. A private inspection agency may charge the owner fees to cover the cost of providing inspection services. A private inspection agency shall maintain records of all inspections and any other information that may be required by the department and shall submit a report to the local enforcing agency after each inspection. A private inspection agency shall have all of the powers, and shall be subject to all of the requirements, applicable to a local enforcing agency with regard to conducting inspections under P.L.1975, c.217 (C.52:27D-119 et seq.).

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46 (3) The local enforcing agency shall observe the progress of a
47 construction project receiving inspections by a private agency under
48 this subsection, and shall retain oversight jurisdiction of the project

- in order to be responsive to inquiries from the general public and from special interests, to the needs of the owner and the private agency, and to the obligations and requirements imposed by the code.
- 5 (cf: P.L.1975, c.217, s.19)

5. This act shall take effect on the first day of the fourth month next following the date of enactment, however, the commissioner shall immediately commence the process of promulgating rules and regulations to effectuate the provisions of this act.

STATEMENT

This bill would establish an alternate inspection process, under the State Uniform Construction Code Act, for property owners willing to pay a premium fee to expedite inspections. The bill would also authorize a property owner to retain a private agency to perform construction code inspections if the local code enforcing agency is unable to complete an inspection within three business days of the time the owner requests the inspection to be performed.

Under the bill, an applicant for a construction permit may opt to pay a premium fee to have inspections under the permit performed on an expedited basis, i.e., within two calendar days of the time requested for an inspection. The premium fee would be \$100 per inspection unless the municipality establishes an alternative price, or variety of alternative prices depending on application size and other relevant factors. The bill would allow an applicant to exercise this option at the time of submitting an application for a construction permit.

The expedited inspection program would provide that:

- a municipal governing body may participate in the program by requiring its enforcing agency to conduct expedited inspections or by allowing an applicant to have a private agency perform expedited inspections;
- an owner of a project located in a municipality that is not requiring its enforcing agency to conduct expedited inspections may select a private inspection agency to conduct expedited inspections;
- to conduct expedited inspections under the bill a private inspection agency must be licensed and authorized to perform inspections by the Department of Community Affairs (DCA);
- an owner may opt to participate in the expedited inspection program at the time of submission of an application for a construction permit;
- an owner participating in the expedited inspection program would pay a premium in addition to all otherwise applicable fees;

 each expedited inspection would be completed within two calendar days of an owner's request for an inspection;

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 if a local enforcing agency or a private inspection agency fails to complete an expedited inspection within two calendar days of an owner's request for an inspection, the agency must complete the inspection within the following 24 hours and must refund the premium for that expedited inspection to the owner.

The bill provides that regardless of whether the local enforcing agency or a private inspection agency are conducting expedited inspections, the enforcing agency would retain the power and responsibility over issuance of the certificate of occupancy for the construction project. The enforcing agency would observe the progress of a construction project receiving expedited inspections by a private inspection agency, and would retain jurisdiction over the project in order to be responsive to inquiries from the general public and from special interests, to the needs of the owner and the private inspection agency, and to the obligations and requirements imposed by the construction code.

The bill would require DCA to establish a program to license and authorize business entities as private inspection agencies for the purpose of contracting with owners to conduct expedited inspections or to perform inspections when an enforcing agency is unable to complete inspection within the time required by law. The bill specifies requirements for a business to be licensed and authorized as a private inspection agency.

Additionally, the bill would codify that a local enforcing agency must perform a construction code inspection within three business days of the time the owner requests it to be performed. If a local enforcing agency fails to perform an inspection within that timeframe, the bill would authorize the owner to retain a private inspection agency to perform the remainder of inspections required for the project. Under the bill, the owner would be required to notify the local enforcing agency in writing, that the owner has retained a private inspection agency to perform the remaining inspections. The bill would require the local enforcing agency to provide the private inspection agency a copy of the plans and specifications for the construction and all other materials relevant to inspecting the construction project. Under the bill, the local enforcing agency must return to the owner a proportional amount of the fees paid by the owner to the local enforcing agency, however, the local enforcing agency may retain a portion of the fees to cover its costs associated with its continued responsibilities related to the project. The bill would allow a private inspection agency to charge the owner fees to cover the cost of providing inspection services. Despite the transfer of control over the inspection function to a private agency, the bill would require the local enforcing agency to observe the progress of a construction project, and to retain oversight jurisdiction of the

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- 1 project in order to be responsive to inquiries from the general public
- 2 and from special interests, to the needs of the owner and the private
- 3 agency, and to the obligations and requirements imposed by the
- 4 code.

ASSEMBLY COMMERCE AND ECONOMIC DEVELOPMENT COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 573

STATE OF NEW JERSEY

DATED: OCTOBER 20, 2022

The Assembly Commerce and Economic Development Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 573.

This Assembly Committee Substitute would modify certain standards for inspection processes under the "State Uniform Construction Code Act."

Under the bill, the owner, agent, or other responsible person in charge of work is required to notify an enforcing agency, in writing, when the work is ready for a required inspection under the Uniform Construction Code ("code"), at least 24 hours prior to the date and time the inspection is requested. The enforcing agency is then required to perform an inspection within three business days of the date for which the inspection is requested. The bill further specifies that the owner, agent, or other responsible person in charge of work may provide oral notice for inspections of minor work projects.

The bill requires the owner, agent, or other responsible person in charge of work to be present and prepared at the time of any scheduled inspection, and specifies that absence at the time of inspection is to be considered a failed inspection. The bill requires an enforcing agency to inform, in writing, the owner, agent, or other responsible person in charge of work if the enforcing agency is unable to meet the required The enforcing agency and the owner, agent, or other responsible person in charge of work may agree to a date and time for a required inspection. The bill requires the enforcing agency to commit the agreed upon inspection date to writing and provide a copy of the written documentation to the owner, agent, or other responsible person in charge of work. The bill specifies that if the enforcing agency is unable to meet the required timeframe and the local enforcing agency and the owner, agent, or other responsible person in charge of work are unable to agree to a different inspection date, the owner, agent, or other responsible person in charge of work may contract with a private on-site inspection agency, authorized by the Department of Community Affairs ("DCA") to conduct on-site inspections, to perform the required inspection or inspections. The bill specifies that this includes a supplemental private on-site inspection agency.

If the owner, agent, or other responsible person elects to utilize an authorized private on-site inspection agency, the bill requires that the owner, agent, or other responsible person notify the enforcing agency in writing of the decision. The bill specifies that the owner, agent, or other responsible person in charge of work may elect to utilize the private on-site inspection agency to conduct all inspections on associated blocks and lots, and all units encompassed in the project. The bill also establishes certain conflict-of-interest requirements. If the enforcing agency is required to provide any fee reconciliation to the owner as a result of an inspection being completed by a private on-site inspection agency, the bill requires that enforcing agency to perform the reconciliation at the conclusion of the project.

The bill requires an enforcing agency to establish a process for ensuring inspections are performed within three business days of a requested inspection date, and specifies authorization of the use of supplemental shared services agreements or the use of contracted private on-site inspection agencies, including supplemental private on-site inspection agencies.

The bill requires the Commissioner of Community Affairs ("commissioner") to adopt rules and regulations to effectuate the provisions of the bill, including rules which provide for: the use of supplemental shared services agreements, the authorization of private on-site inspection agency by the DCA to conduct on-site inspections, and the use of private on-site inspection agencies by municipalities and enforcing agencies. The bill requires that the rules and regulations allow an enforcing agency to:

- (1) enter into supplemental shared service agreements or contracts with a supplemental private on-site inspection agency to conduct on-site inspections for the purpose of meeting all required inspection timeframes.
- (2) enter into agreements with private on-site inspection agencies to conduct on-site inspections on a project-specific basis.
- (3) authorize the owner, agent, or other authorized person in charge of work to directly contract with an authorized private on-site inspection agency to perform all inspections on a project-specific basis.

The bill requires municipal construction officials to submit an annual report detailing compliance with the code. The report is required to include, at a minimum information related to the staffing, staff titles, and expenses of the enforcing agency, in addition to any other information required by the commissioner. The annual report is also required to take into account projected work and agency resource needs for the next budget year. The bill requires a municipality that enters into a contract for supplemental services to provide a copy of the contract to DCA upon entering into the contract. The bill requires that the municipal construction official or enforcing agency maintain the above information, in addition to the inspection log, municipal monthly

activity reports, and the fee schedule and make that information and documents available to DCA upon request.

The bill specifies that DCA may utilize the information to determine appropriate staffing levels for the enforcing agency, and if DCA determines that an enforcing agency has not maintained appropriate staffing levels, DCA may require the municipality to take corrective actions to ensure that the enforcing agency's staffing needs are met. DCA may also take corrective action, including the issuance of penalties, if a local enforcing agency fails to maintain or provide the information or maintain appropriate staffing levels.

The bill specifically allows the commissioner to compel an enforcing agency to notify DCA of any instance where the enforcing agency is unable to meet a deadline or other obligation, and to order corrective action or issue penalties as necessary where an enforcing agency is unable to meet its obligations under the "State Uniform Construction Code Act." The bill also requires an enforcing agency that is unable to meet its obligations under the "State Uniform Construction Code Act," to promptly notify DCA, and allows DCA to take corrective action, including the issuance of penalties, if an enforcing agency fails to meet its obligations.

The bill further permits inspections to be conducted at times other than between the hours of 9 a.m. and 5 p.m. on business days, if agreed upon by the owner and the relevant inspecting entity, whether the enforcing agency, department, or private on-site inspection agency. Additionally, the bill allows local contracting units to utilize competitive contracting for the purpose of private on-site inspection agency services, as may be authorized by rules and regulations adopted by DCA.

ASSEMBLY COMMUNITY DEVELOPMENT AND AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR ASSEMBLY, No. 573

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 5, 2022

The Assembly Community Development and Affairs Committee reports favorably and with committee amendments Assembly Bill No. 573 ACS.

As amended, this Assembly Committee Substitute would modify certain standards for inspection processes under the "State Uniform Construction Code Act."

Under the bill, the owner, agent, or other responsible person in charge of work is required to notify an enforcing agency, in writing, when the work is ready for a required inspection under the Uniform Construction Code (code), at least 24 hours prior to the date and time the inspection is requested. The enforcing agency is then required to perform an inspection within three business days of the date for which the inspection is requested. The bill further specifies that the owner, agent, or other responsible person in charge of work may provide oral notice for inspections of minor work projects.

The bill requires the owner, agent, or other responsible person in charge of work to be present and prepared at the time of any scheduled inspection, and specifies that absence at the time of inspection is to be considered a failed inspection. The bill requires an enforcing agency to inform, in writing, the owner, agent, or other responsible person in charge of work if the enforcing agency is unable to meet the requested inspection date. The enforcing agency and the owner, agent, or other responsible person in charge of work may agree to a date and time for a required inspection. The bill requires the enforcing agency to commit the agreed upon inspection date to writing and provide a copy of the written documentation to the owner, agent, or other responsible person in charge of work. The bill specifies that if the enforcing agency is unable to meet the required timeframe and the local enforcing agency and the owner, agent, or other responsible person in charge of work are unable to agree to a different inspection date, the owner, agent, or other responsible person in charge of work may contract with a private on-site inspection agency, authorized by the Department of Community Affairs (DCA) to conduct on-site inspections, to perform the required inspection or inspections. The bill specifies that this includes a supplemental private on-site inspection agency.

If the owner, agent, or other responsible person elects to utilize an authorized private on-site inspection agency, the bill requires that the owner, agent, or other responsible person notify the enforcing agency in writing of the decision. The bill specifies that the owner, agent, or other responsible person in charge of work may elect to utilize the private on-site inspection agency to conduct all inspections on the specific unit or units affected by the inspection delay. The bill also establishes certain conflict-of-interest requirements. If the enforcing agency is required to provide any fee reconciliation to the owner as a result of an inspection being completed by a private on-site inspection agency, the bill requires that enforcing agency to perform the reconciliation at the conclusion of the project.

The bill provides that if the owner, agent, or other responsible person in charge of work believes an enforcing agency has demonstrated a repeated inability to conduct inspections for a construction project within the timelines required by the bill, the owner, agent, or other responsible person in charge of work may notify the DCA in writing to request authorization to utilize an authorized private on-site inspection agency. Within 15 business days of receiving a notification, the DCA is to determine whether the enforcing agency has demonstrated repeated inability, and, if the DCA determines, is to authorize the owner, agent, or other responsible person in charge of work to utilize an authorized private on-site inspection agency for all or a portion of the necessary inspections for the remainder of the project.

The bill requires an enforcing agency to establish a process for ensuring inspections are performed within three business days of a requested inspection date, and specifies authorization of the use of supplemental shared services agreements or the use of contracted private on-site inspection agencies, including supplemental private onsite inspection agencies.

The bill requires municipal construction officials to submit an annual report detailing compliance with the code. The report is required to include, at a minimum information related to the staffing, staff titles, and expenses of the enforcing agency, in addition to any other information required by the Commissioner of Community Affairs (commissioner). The annual report is also required to take into account projected work and agency resource needs for the next budget year. The bill requires a municipality that enters into a contract for supplemental services to provide a copy of the contract to the DCA upon entering into the contract. The bill requires that the municipal construction official or enforcing agency maintain the above information, in addition to the inspection log, municipal monthly

activity reports, and the fee schedule and make that information and documents available to the DCA upon request.

The bill specifies that the DCA may utilize the information to determine appropriate staffing levels for the enforcing agency, and if the DCA determines that an enforcing agency has not maintained appropriate staffing levels, the DCA may require the municipality to take corrective actions to ensure that the enforcing agency's staffing needs are met. The DCA may also take corrective action, including the issuance of penalties, if a local enforcing agency fails to maintain or provide the information or maintain appropriate staffing levels.

The bill requires an enforcing agency that is unable to meet its obligations under the "State Uniform Construction Code Act," to promptly notify the DCA within 15 business days, and allows the DCA to take corrective action, including the issuance of penalties, if an enforcing agency fails to meet its obligations.

The bill further permits inspections to be conducted at times other than between the hours of 9 a.m. and 5 p.m. on business days, or at another time that has been agreed upon by the owner and the relevant inspecting entity, whether the enforcing agency, department, or private on-site inspection agency. Additionally, the bill allows local contracting units to utilize competitive contracting for the purpose of private on-site inspection agency services, as may be authorized by rules and regulations adopted by DCA.

The bill requires the commissioner to propose within six months and adopt within nine months rules and regulations to effectuate the provisions of the bill, including rules that provide for: the use of supplemental shared services agreements; the authorization of private on-site inspection agencies by the department to conduct on-site inspections; and the use of private on-site inspection agencies by municipalities and enforcing agencies. The rules and regulations are to allow an enforcing agency to perform other tasks as enumerated in the bill.

COMMITTEE AMENDMENTS:

The committee amendments to the bill:

- (1) clarify certain timelines concerning notifications to DCA;
- (2) clarify language concerning requested inspections and fee reconciliation;
- (3) establish a process authorizing utilization of certain private onsite inspection agency if an enforcing agency has demonstrated a repeated inability to conduct inspections within specified timelines;
- (4) require the enforcing agency to notify the department within 15 business days if the enforcing agency is unable to meet its obligations pursuant to law;
- (5) require the commissioner to propose within six months and adopt within nine months rules and regulations to effectuate the provisions of the bill;

- (6) provide that sections 1 through 3 of the bill will take effect upon adoption of the rules and regulations; and
 - (7) make additional technical changes.

SENATE, No. 3014

STATE OF NEW JERSEY

220th LEGISLATURE

INTRODUCED SEPTEMBER 22, 2022

Sponsored by:

Senator NICHOLAS P. SCUTARI

District 22 (Middlesex, Somerset and Union)

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

Co-Sponsored by:

Senator Gopal

SYNOPSIS

Establishes expedited construction inspection program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/6/2022)

AN ACT concerning inspections under the construction code, and supplementing and amending P.L.1975, c.217.

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

- 1. (New section) a. (1) The commissioner, in consultation with the code advisory board, shall promulgate rules and regulations, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), establishing standards, procedures, and other requirements for an optional program providing expedited inspections of construction undertaken pursuant to a construction permit.
 - (2) The expedited inspection program shall provide that:
- (a) a municipal governing body may participate in the program by requiring its enforcing agency to conduct expedited inspections within two calendar days of an owner's request for an inspection;
- (b) an owner of a project located in a municipality that is not requiring its enforcing agency to conduct expedited inspections may select a private inspection agency to conduct expedited inspections;
- (c) a business entity shall not conduct expedited inspections unless licensed and authorized to do so by the department;
- (d) an owner may opt to participate in the expedited inspection program at the time of submission of an application for a construction permit pursuant to section 12 of P.L.1975, c.217 (C.52:27D-130);
- (e) an owner participating in the expedited inspection program shall pay a premium in addition to all otherwise applicable fees;
- (f) each expedited inspection shall be completed within two calendar days of an owner's request for an inspection;
- (g) if a local enforcing agency or a private inspection agency fails to complete an expedited inspection within two calendar days of an owner's request for an inspection, the agency shall complete the inspection within the following 24 hours and shall refund the premium for that expedited inspection to the owner. If a local enforcing agency or a private inspection agency fails to complete an expedited inspection within the following 24 hours, the owner may elect to retain a different private inspection agency, in a manner consistent with subsection b. of section 19 of P.L.1975, c.217 (C.52:27D-137), to perform the remainder of inspections required for the project.
- b. (1) A municipal governing body, in consultation with the construction official of its enforcing agency, shall determine whether the enforcing agency shall conduct expedited inspections or whether an owner may retain a private inspection agency to conduct expedited inspections. Regardless of whether expedited inspections

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

are conducted by an enforcing agency or a private inspection agency, the enforcing agency shall retain the power and responsibility over issuance of the certificate of occupancy under section 15 of P.L.1975, c.217 (C.52:27D-133).

- (a) An enforcing agency that conducts expedited inspections may conduct those inspections outside of the hours specified in section 14 of P.L.1975, c.217 (C.52:27D-132).
- (b) The enforcing agency shall observe the progress of a construction project receiving expedited inspections by a private inspection agency and shall retain jurisdiction over the project in order to be responsive to inquiries from the general public and from special interests, to the needs of the owner and the private inspection agency, and to the obligations and requirements imposed by the code.
- (2) An owner applying to participate in the expedited inspection program shall submit payment of all applicable fees, together with an expedited inspection premium fee of \$100 per inspection, to the enforcing agency together with the application for a construction permit, unless the municipality establishes an alternative premium fee price, or variety of alternative prices depending on the size and complexity of the application. If the enforcing agency does not conduct expedited inspections, at the time of submission of an application for a construction permit, the owner shall identify the private inspection agency the owner has selected to conduct expedited inspections. The enforcing agency shall deliver payment of the expedited inspection premium fee to the private inspection agency selected to conduct expedited inspections.
- c. (1) The department shall establish a program for the licensure and authorization of business entities as private inspection agencies for the purpose of contracting with owners to conduct expedited inspections pursuant to this section or to perform inspections pursuant to section 19 of P.L.1975, c.217 (C.52:27D-137). No business entity shall conduct inspections under a construction permit or enter into any contract to do so without first receiving the licensure and authorization of the department. The department may impose and collect fees from applicants for licensure and authorization under this section.
- (2) Licensure and authorization of a business entity as a private inspection agency shall include, but not be limited to, consideration of the qualifications of the management and technical personnel of the business entity, the fiscal integrity of the business entity, and the ability of the business entity to perform expedited inspections within the requisite time frames in a manner sufficient to ensure that the construction is performed in accordance with the conditions of the construction permit and the requirements of the code.
- (3) A private inspection agency shall not employ a person as an officer or inspector unless the person is certified by the department in the appropriate subcode.

(4) A private inspection agency shall be subject to the orders and directives of the municipal construction official and the department in matters relating to the enforcement of the code.

- (5) A private inspection agency shall maintain records of all inspections and any other information that may be required by the municipal construction official or the department. These records shall be open to department audit and shall not be destroyed or removed from the offices of the private inspection agency without the permission of the department.
- (6) A private inspection agency shall not directly collect fees from the owner, or any agent or employee of the owner. The enforcing agency shall be the sole agent for the collection and delivery of an expedited inspection premium fee to a private inspection agency.
- d. (1) Except as otherwise provided in this section, a private inspection agency that has contracted to perform expedited inspections for a project shall carry out its obligations under the contract and applicable provisions of law until full completion of the project, as evidenced by the enforcing agency's issuance of a certificate of occupancy.
- (2) A private inspection agency conducting expedited inspections shall have all of the powers, and shall be subject to all of the requirements, applicable to an enforcing agency with regard to conducting inspections under P.L.1975, c.217 (C.52:27D-119 et seq.), however, the private inspection agency shall be obligated to conduct inspections in an expedited timeframe.
- (3) A private inspection agency conducting expedited inspections shall:
- (a) maintain all inspection records applicable to each construction permit;
- (b) maintain an adequate number of certified staff to conduct expedited inspections for all classes of structure consistent with the private inspection agency's licensure and certification;
- (c) provide adequate supervision of employees and ensure that an employee is properly licensed and certified before conducting an inspection;
 - (d) carry insurance as may be required by the department; and
- (e) prepare and submit all required reports to the department and the enforcing agency.
- e. An owner and a private inspection agency may agree to the performance of expedited inspections outside of the hours specified in section 14 of P.L.1975, c.217 (C.52:27D-132).
- 2. Section 6 of P.L.1975, c.217 (C.52:27D-124) is amended to read as follows:
- 6. The commissioner shall have all the powers necessary or convenient to effectuate the purposes of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), including, but not limited to, the following

powers in addition to all others granted by [this act] P.L.1975, c.217 (C.52:27D-119 et seq.):

- a. To adopt, amend and repeal, after consultation with the code advisory board, rules: (1) relating to the administration and enforcement of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.) and (2) the qualifications or licensing, or both, of all persons employed by enforcing agencies of the State to enforce [this act] P.L.1975, c.217 (C.52:27D-119 et seq.) or the code, except that, plumbing inspectors shall be subject to the rules adopted by the commissioner only insofar as such rules are compatible with such rules and regulations, regarding health and plumbing for public and private buildings, as may be promulgated by the Public Health Council in accordance with Title 26 of the Revised Statutes.
- b. To enter into agreements with federal and State of New Jersey agencies, after consultation with the code advisory board, to provide insofar as practicable (1) single-agency review of construction plans and inspection of construction and (2) intergovernmental acceptance of such review and inspection to avoid unnecessary duplication of effort and fees. The commissioner shall have the power to enter into such agreements although the federal standards are not identical with State standards; provided that the same basic objectives are met. The commissioner shall have the power through such agreements to bind the State of New Jersey and all governmental entities deriving authority therefrom.
- c. To take testimony and hold hearings relating to any aspect of or matter relating to the administration or enforcement of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), including but not limited to prospective interpretation of the code so as to resolve inconsistent or conflicting code interpretations, and, in connection therewith, issue subpens to compel the attendance of witnesses and the production of evidence. The commissioner may designate one or more hearing examiners to hold public hearings and report on such hearings to the commissioner.
- d. To encourage, support or conduct, after consultation with the code advisory board, educational and training programs for employees, agents and inspectors of enforcing agencies, either through the Department of Community Affairs or in cooperation with other departments of State government, enforcing agencies, educational institutions, or associations of code officials.
- e. To study the effect of **[**this act**]** <u>P.L.1975</u>, c.217 (C.52:27D-119 et seq.) and the code to ascertain their effect upon the cost of building construction and maintenance, and the effectiveness of their provisions for insuring the health, safety, and welfare of the people of the State of New Jersey.
- f. To make, establish and amend, after consultation with the code advisory board, such rules as may be necessary, desirable or

- proper to carry out his powers and duties under [this act] P.L.1975, c.217 (C.52:27D-119 et seq.).
 - g. To adopt, amend, and repeal rules and regulations providing for the charging of and setting the amount of fees for the following code enforcement services, licenses or approvals performed or issued by the department, pursuant to the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.):
 - (1) Plan review, construction permits, certificates of occupancy, demolition permits, moving of building permits, elevator permits and sign permits; and
 - (2) Review of applications for and the issuance of licenses certifying an individual's qualifications to act as a construction code official, subcode official or assistant under [this act] P.L.1975, c.217 (C.52:27D-119 et seq.).
 - (3) (Deleted by amendment, P.L.1983, c.338).

- h. To adopt, amend and repeal rules and regulations providing for the charging of and setting the amount of construction permit surcharge fees to be collected by the enforcing agency and remitted to the department to support those activities which may be undertaken with moneys credited to the Uniform Construction Code Revolving Fund.
- i. To adopt, amend and repeal rules and regulations providing for:
 - (1) Setting the amount of and the charging of fees to be paid to the department by a [private agency] <u>business entity</u> for the review of applications for and the issuance of approvals authorizing a [private agency] <u>business entity</u> to act as a <u>private inspection agency</u>, an on-site inspection and plan review agency, or an in-plant inspection agency;
 - (2) (Deleted by amendment, P.L.2005, c.212).
 - (3) (Deleted by amendment, P.L.2005, c.212).
 - j. To enforce and administer the provisions of the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.) and the code promulgated thereunder, and to prosecute or cause to be prosecuted violators of the provisions of that act or the code promulgated thereunder in administrative hearings and in civil proceedings in State and local courts.
 - k. To monitor the compliance of local enforcing agencies with the provisions of the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.), to order corrective action as may be necessary where a local enforcing agency is found to be failing to carry out its responsibilities under that act, to supplant or replace the local enforcing agency for a specific project, and to order it dissolved and replaced by the department where the local enforcing agency repeatedly or habitually fails to enforce the provisions of the "State Uniform Construction Code Act."
- 1. To adopt, amend, and repeal rules and regulations implementing the provisions of P.L.1999, c.15, P.L.2003, c.44, and

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section 1 of P.L.2015, c.146 (C.52:27D-123f) concerning the installation and maintenance of carbon monoxide sensors.

(cf: P.L.2015, c.146, s.2)

- 3. Section 14 of P.L.1975, c.217 (C.52:27D-132) is amended to read as follows:
- 14. a. The enforcing agency shall periodically inspect all construction undertaken pursuant to a construction permit issued by it to insure that the construction or alteration is performed in accordance with the conditions of the construction permit and consistent with the requirements of the code and any ordinance implementing said code.
- b. The owner of any premises upon which a building or structure is being constructed shall be deemed to have consented to the inspection by the enforcing agency and the department, of the entire premises and of any and all construction being performed on it until a certificate of occupancy has been issued. An inspector, or team of inspectors, on presentation of proper credentials, shall have the right to enter and inspect such premises, and any and all construction thereon, for purposes of ensuring compliance with the provisions of the applicable construction permit, the code, and other applicable laws and regulations. All inspection pursuant to **[**this act P.L.1975, c.217 (C.52:27D-119 et seq.) shall be between the hours of 9 a.m. and 5 p.m. on business days, or when construction is actually being undertaken, provided, however, that inspections may be conducted at other times if the enforcing agency has reasonable cause to believe that an immediate danger to life, limb or property exists, or if permission is given by an owner, or his agent, architect, engineer or builder. No person shall accompany an inspector or team of inspectors on any inspection pursuant to [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), unless his presence is necessary for the enforcement of [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), or the code, or unless consent is given by an owner or his agent, architect, engineer or builder.
- c. If the construction of a structure or building is being undertaken contrary to the provisions of a construction permit, [this act] P.L.1975, c.217 (C.52:27D-119 et seq.), the code, or other applicable laws or ordinances, the enforcing agency may issue a stop construction order in writing which shall state the conditions upon which construction may be resumed and which shall be given to the owner or the holder of the construction permit or to the person performing the construction. If the person doing the construction is not known, or cannot be located with reasonable effort, the notice may be delivered to the person in charge of, or apparently in charge of, the construction. No person shall continue, or cause or allow to be continued, the construction of a building or structure in violation of a stop construction order, except with the

permission of the enforcing agency to abate a dangerous condition or remove a violation, or except by court order. If an order to stop construction is not obeyed, the enforcing agency may apply to the appropriate court as otherwise established by law for an order enjoining the violation of the stop construction order. The remedy for violation of such an order provided in this subsection shall be in addition to, and not in limitation of, any other remedies provided by law or ordinance.

- d. When an inspector or team of inspectors finds a violation of the provisions of a construction permit, the code, or other applicable laws and regulations at an owner-occupied single-family residence, and issues a notice of violation and an order to terminate the violation, the enforcing agency shall require the same inspector or team of inspectors who found the violation to undertake any subsequent reinspection thereof at the premises. When the same inspector or team of inspectors cannot be assigned to undertake the reinspection, the enforcing agency may assign an available inspector provided the scope of the reinspection shall be limited to the violation for which the reinspection is required. requirements of this subsection shall not apply to violations of the plumbing or electrical subcodes, or to fire safety code violations, or to any violation of any other subcode that the Department of Community Affairs determines to be a health or safety violation. Nothing in this subsection shall be construed to infringe upon the right of a property owner to request a different inspector, team of inspectors, or supervisor, to perform any required reinspection.
- e. The owner or other responsible person in charge of work shall notify the enforcing agency when the work is ready for any required inspection under the code. This notice shall be given at least 24 hours prior to the time the inspection is desired. Except for an expedited inspection performed pursuant to section 1 of P.L., c. (C.) (pending before the Legislature as this bill), the enforcing agency shall perform an inspection within three business days of the time for which it was requested.

35 (cf: P.L.2007, c.149, s.1)

- 4. Section 19 of P.L.1975, c.217 (C.) is amended to read as follows:
 - 19. <u>a.</u> At the request of an enforcing agency, the department or an agency approved by the commissioner may assist an enforcing agency in the inspection of any construction of buildings or structures, provided that the enforcing agency has submitted the plans and specifications for such construction to the department or such agency, as the case may be, for review as to compliance with the code and [this act] <u>P.L.1975</u>, c.217 (C.52:27D-119 et seq.). In such cases the commissioner shall provide by regulation for fees to the department <u>or an agency</u> to cover the cost of providing such services, to be borne ultimately by applicants for construction

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permits. The commissioner shall also provide <u>guidance</u> for the readjustment of municipal fees in accordance with the cost of services performed <u>by the department or an agency</u>.

4 b. (1) If a local enforcing agency fails to perform an inspection 5 within three business days of the time for which it was requested, as 6 required by subsection e. of section 14 of P.L.1975, c.217 7 (C.52:27D-132), the owner may elect to retain a private inspection 8 agency, authorized by the department to perform inspection 9 services, to perform the remainder of inspections required for the 10 project. The owner shall notify the local enforcing agency in 11 writing that the owner has retained a private inspection agency to 12 perform the remaining inspections, and shall identify the private 13 inspection agency the owner has selected to conduct inspections. 14 The local enforcing agency shall immediately provide the private 15 inspection agency a copy of the plans and specifications for the 16 construction and all other materials relevant to inspection of work 17 on the project to facilitate the transfer of responsibility for 18 inspections to the private agency. The local enforcing agency shall 19 return to the owner a proportional amount of the fees paid by the 20 owner to the local enforcing agency, consistent with the 21 commissioner's guidance for the readjustment of fees, provided 22 pursuant to subsection a. of this section, in order to reflect the 23 transfer of responsibility to perform the remaining inspections from 24 the local enforcing agency to a private inspection agency, however, 25 the local enforcing agency may retain a portion of the fees to cover 26 its costs associated with its continued responsibilities related to the 27 project.

(2) A private inspection agency that is authorized by the department to perform inspection services may contract with an owner to perform the remainder of inspections required for a construction project, if a local enforcing agency has failed to perform an inspection within three business days of the time for which it was requested. A private inspection agency may charge the owner fees to cover the cost of providing inspection services. A private inspection agency shall maintain records of all inspections and any other information that may be required by the department and shall submit a report to the local enforcing agency after each inspection. A private inspection agency shall have all of the powers, and shall be subject to all of the requirements, applicable to a local enforcing agency with regard to conducting inspections under P.L.1975, c.217 (C.52:27D-119 et seq.).

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(3) The local enforcing agency shall observe the progress of a construction project receiving inspections by a private agency under this subsection, and shall retain oversight jurisdiction of the project in order to be responsive to inquiries from the general public and from special interests, to the needs of the owner and the private agency, and to the obligations and requirements imposed by the

1	<u>code.</u>
2	(cf: P.L.1975, c.217, s.19)

5. This act shall take effect on the first day of the fourth month next following the date of enactment, however, the commissioner shall immediately commence the process of promulgating rules and regulations to effectuate the provisions of this act.

STATEMENT

This bill would establish an alternate inspection process, under the State Uniform Construction Code Act, for property owners willing to pay a premium fee to expedite inspections. The bill would also authorize a property owner to retain a private agency to perform construction code inspections if the local code enforcing agency is unable to complete an inspection within three business days of the time the owner requests the inspection to be performed.

Under the bill, an applicant for a construction permit may opt to pay a premium fee to have inspections under the permit performed on an expedited basis, i.e., within two calendar days of the time requested for an inspection. The premium fee would be \$100 per inspection unless the municipality establishes an alternative price, or variety of alternative prices depending on application size and other relevant factors. The bill would allow an applicant to exercise this option at the time of submitting an application for a construction permit.

The expedited inspection program would provide that:

- a municipal governing body may participate in the program by requiring its enforcing agency to conduct expedited inspections or by allowing an applicant to have a private agency perform expedited inspections;
- an owner of a project located in a municipality that is not requiring its enforcing agency to conduct expedited inspections may select a private inspection agency to conduct expedited inspections;
- to conduct expedited inspections under the bill a private inspection agency must be licensed and authorized to perform inspections by the Department of Community Affairs (DCA);
- an owner may opt to participate in the expedited inspection program at the time of submission of an application for a construction permit;
- an owner participating in the expedited inspection program would pay a premium in addition to all otherwise applicable fees;
- each expedited inspection would be completed within two calendar days of an owner's request for an inspection;
- if a local enforcing agency or a private inspection agency fails to complete an expedited inspection within two calendar days

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of an owner's request for an inspection, the agency must complete the inspection within the following 24 hours and must refund the premium for that expedited inspection to the owner.

The bill provides that regardless of whether the local enforcing agency or a private inspection agency are conducting expedited inspections, the enforcing agency would retain the power and responsibility over issuance of the certificate of occupancy for the construction project. The enforcing agency would observe the progress of a construction project receiving expedited inspections by a private inspection agency, and would retain jurisdiction over the project in order to be responsive to inquiries from the general public and from special interests, to the needs of the owner and the private inspection agency, and to the obligations and requirements imposed by the construction code.

The bill would require DCA to establish a program to license and authorize business entities as private inspection agencies for the purpose of contracting with owners to conduct expedited inspections or to perform inspections when an enforcing agency is unable to complete inspection within the time required by law. The bill specifies requirements for a business to be licensed and authorized as a private inspection agency.

Additionally, the bill would codify that a local enforcing agency must perform a construction code inspection within three business days of the time the owner requests it to be performed. If a local enforcing agency fails to perform an inspection within that timeframe, the bill would authorize the owner to retain a private inspection agency to perform the remainder of inspections required for the project. Under the bill, the owner would be required to notify the local enforcing agency in writing, that the owner has retained a private inspection agency to perform the remaining inspections. would require the local enforcing agency to provide the private inspection agency a copy of the plans and specifications for the construction and all other materials relevant to inspecting the construction project. Under the bill, the local enforcing agency must return to the owner a proportional amount of the fees paid by the owner to the local enforcing agency, however, the local enforcing agency may retain a portion of the fees to cover its costs associated with its continued responsibilities related to the project. The bill would allow a private inspection agency to charge the owner fees to cover the cost of providing inspection services. Despite the transfer of control over the inspection function to a private agency, the bill would require the local enforcing agency to observe the progress of a construction project, and to retain oversight jurisdiction of the project in order to be responsive to inquiries from the general public and from special interests, to the needs of the owner and the private agency, and to the obligations and requirements imposed by the code.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 3014

STATE OF NEW JERSEY

DATED: DECEMBER 1, 2022

The Senate Community and Urban Affairs Committee reports favorably a Senate Committee Substitute for Senate Bill No. 3014.

This committee substitute would modify certain standards for inspection processes under the "State Uniform Construction Code Act."

Under the bill, the owner, agent, or other responsible person in charge of work is required to notify an enforcing agency, in writing, when the work is ready for a required inspection under the Uniform Construction Code (code), at least 24 hours prior to the date and time the inspection is requested. The enforcing agency is then required to perform an inspection within three business days of the date for which the inspection is requested. The bill further specifies that the owner, agent, or other responsible person in charge of work may provide oral notice for inspections of minor work projects.

The bill requires the owner, agent, or other responsible person in charge of work to be present and prepared at the time of any scheduled inspection, and specifies that absence at the time of inspection is to be considered a failed inspection. The bill requires an enforcing agency to inform, in writing, the owner, agent, or other responsible person in charge of work if the enforcing agency is unable to meet the requested inspection date. The enforcing agency and the owner, agent, or other responsible person in charge of work may agree to a date and time for a required inspection. The bill requires the enforcing agency to commit the agreed upon inspection date to writing and provide a copy of the written documentation to the owner, agent, or other responsible person in charge of work. The bill specifies that if the enforcing agency is unable to meet the required timeframe and the local enforcing agency and the owner, agent, or other responsible person in charge of work are unable to agree to a different inspection date, the owner, agent, or other responsible person in charge of work may contract with a private on-site inspection agency, authorized by the Department of Community Affairs (DCA) to conduct on-site inspections, to perform the required inspection or inspections. The bill specifies that this includes a supplemental private on-site inspection agency.

If the owner, agent, or other responsible person elects to utilize an authorized private on-site inspection agency, the bill requires that the owner, agent, or other responsible person notify the enforcing agency in writing of the decision. The bill specifies that the owner, agent, or other responsible person in charge of work may elect to utilize the private on-site inspection agency to conduct all inspections on the specific unit or units affected by the inspection delay. The bill also establishes certain conflict-of-interest requirements. If the enforcing agency is required to provide any fee reconciliation to the owner as a result of an inspection being completed by a private on-site inspection agency, the bill requires that enforcing agency to perform the reconciliation at the conclusion of the project.

The bill provides that if the owner, agent, or other responsible person in charge of work believes an enforcing agency has demonstrated a repeated inability to conduct inspections for a construction project within the timelines required by the bill, the owner, agent, or other responsible person in charge of work may notify the DCA in writing to request authorization to utilize an authorized private on-site inspection agency. Within 15 business days of receiving a notification, the DCA is to determine whether the enforcing agency has demonstrated repeated inability, and, if the DCA determines, is to authorize the owner, agent, or other responsible person in charge of work to utilize an authorized private on-site inspection agency for all or a portion of the necessary inspections for the remainder of the project.

The bill requires an enforcing agency to establish a process for ensuring inspections are performed within three business days of a requested inspection date, and specifies authorization of the use of supplemental shared services agreements or the use of contracted private on-site inspection agencies, including supplemental private onsite inspection agencies.

The bill requires municipal construction officials to submit an annual report detailing compliance with the code. The report is required to include, at a minimum information related to the staffing, staff titles, and expenses of the enforcing agency, in addition to any other information required by the Commissioner of Community Affairs (commissioner). The annual report is also required to take into account projected work and agency resource needs for the next budget year. The bill requires a municipality that enters into a contract for supplemental services to provide a copy of the contract to the DCA upon entering into the contract. The bill requires that the municipal construction official or enforcing agency maintain the above information, in addition to the inspection log, municipal monthly activity reports, and the fee schedule and make that information and documents available to the DCA upon request.

The bill specifies that the DCA may utilize the information to determine appropriate staffing levels for the enforcing agency, and if

the DCA determines that an enforcing agency has not maintained appropriate staffing levels, the DCA may require the municipality to take corrective actions to ensure that the enforcing agency's staffing needs are met. The DCA may also take corrective action, including the issuance of penalties, if a local enforcing agency fails to maintain or provide the information or maintain appropriate staffing levels.

The bill requires an enforcing agency that is unable to meet its obligations under the "State Uniform Construction Code Act," to promptly notify the DCA within 15 business days, and allows the DCA to take corrective action, including the issuance of penalties, if an enforcing agency fails to meet its obligations.

The bill further permits inspections to be conducted at times other than between the hours of 9 a.m. and 5 p.m. on business days, or at another time that has been agreed upon by the owner and the relevant inspecting entity, whether the enforcing agency, department, or private on-site inspection agency. Additionally, the bill allows local contracting units to utilize competitive contracting for the purpose of private on-site inspection agency services, as may be authorized by rules and regulations adopted by DCA.

The bill requires the commissioner to propose within six months and adopt within nine months rules and regulations to effectuate the provisions of the bill, including rules that provide for: the use of supplemental shared services agreements; the authorization of private on-site inspection agencies by the department to conduct on-site inspections; and the use of private on-site inspection agencies by municipalities and enforcing agencies. The rules and regulations are to allow an enforcing agency to perform other tasks as enumerated in the bill.

Governor Murphy Signs Bill to Speed Up Construction Permitting Process, Makes Progress on Efforts to Build More Affordable Housing in New Jersey

01/5/2023

Announces More than \$19 Million in Additional Spending for Nearly 80 Affordable Housing Units Across the State

ELIZABETH – Governor Phil Murphy today signed A573, which makes several changes to the Uniform Construction Code (UCC) Act designed to speed up the construction permitting process. The bill codifies a three-day construction inspection turnaround from the date of the requested inspection and allows for developers to contract with private on-site inspection agencies if local construction officials cannot complete the inspection within three days of the requested date. The bill brings New Jersey in line with several other states where private sector inspections supplement government inspections. The ultimate approval and sign-off on a certificate of occupancy will still come from local construction officials.

The bill also provides local governments with several avenues to improve their ability to conduct inspections in a timely manner, including a more streamlined bidding process to contract with private inspection agencies to conduct inspections for them or enter into shared services agreements to consolidate work among multiple municipalities.

In addition to the bill signing, Governor Murphy, along with Lt. Governor Sheila Oliver, announced the award of more than \$19 million to organizations across the state through the Affordable Housing Trust Fund (AHTF), National Housing Trust Fund (NHTF), and the HOME Community Housing Development Organizations (CHDO) Production Program.

"As we enter a new year, this Administration's mission remains the same; we will continue to make New Jersey stronger, fairer, and more affordable for all of our residents," **said Governor Murphy.** "Today's bill signing will speed up the construction permitting process, making sure that developers are able to complete their projects without delay. The over \$19 million investment will aid in the completion of 79 affordable housing units across our state. These steps will bring us closer to providing quality and affordable homes to our residents."

Today's funding is administered by the New Jersey Department of Community Affairs (DCA) and provides financial assistance for the development of different types of affordable housing projects to create housing that New Jersey residents can afford in communities around the state. The federal funding that DCA receives from the National Housing Trust Fund and the HOME CHDO Program comes from the U.S. Department of Housing and Urban Development (HUD).

"Governor Murphy and I are committed to addressing the shortage of affordable housing in New Jersey," **said Lt. Governor Sheila Y. Oliver, who serves as DCA Commissioner.** "We are contributing significant funding for these projects, which will create decent, stable housing throughout the state that is affordable and accessible. Through this investment, we will strengthen neighborhoods, create more diverse communities, and stimulate economic development."

All the awards were given to smaller rental and homeownership housing projects sized at 25 or fewer units, which often have difficulty obtaining financing. These projects will fill the gaps within the existing affordable housing framework, build on current assets and investments, and add value to neighborhoods. The projects are also being developed by community-based organizations that have a strong connection to the housing equity issues in their communities.

A total of 17 developers were awarded these funds totaling a \$19,082,545 investment towards 79 units. The award recipients include:

Affordable Housing Trust Fund Awards

- SJCS Rehab, LLC \$1,552,731 for 10 units in Camden City
- Garden State Episcopal CDC \$1,454,911 for 6 units in East Orange City
- Magill Real Estate Holdings, LLC -\$3,813,526 for 20 units in the City of Elizabeth

HOME Community Housing Development Organizations (CHDO) Program

• Saint Joseph's Carpenter Society - \$270,600 for 1 unit in Woodbury City

National Housing Trust Fund (HTF)

- GFM Properties, Inc \$1,000,000 for 4 units in Midland park Borough
- Nouvelle Housing Solutions, Inc. \$1,000,000 for 4 units in Franklin Lakes Borough
- The Salt & Light Company, Inc. \$651,900 for 4 units in Pemberton Borough
- LUA Homes LLP \$1,000,000 for 2 units in the City of Newark
- BES Homes LLC \$1,000,000 for 2 units in the City of Newark
- Homes By TLC, Inc. \$866,000 for 2 units in Ewing Township
- Reformed Church of Highland Park \$1,000,000 for 4 units in Highland Park
- Perth Ambov YMCA \$1.000.000 for 7 units in Perth Ambov
- Triple C Housing, Inc. \$1,000,000 for 2 units in North Brunswick Township
- Affordable Housing Alliance, Inc. \$1,000,000 for 3 units in Millstone Township
- HABcore, Inc. \$805,120 for 2 units in the City of Asbury Park
- Triple C Housing, Inc. \$667,757 for 2 units in Berkeley Township
- Nouvelle Housing Solutions, Inc. \$1,000,000 for 4 units in Wayne Township

"This common sense legislation will help ordinary citizens cut through bureaucratic red tape and expedite important inspections which will help spur the economy," said Senate President Nick Scutari. "We are also making important investments in affordable housing that will help make homes more affordable for families who face financial obstacles in finding places to live. These efforts will make housing more affordable and improve the quality of life for residents in diverse communities."

"Helping New Jersey's small business community grow and thrive was one of the essential priorities we identified at the outset of this session," said Assembly Speaker Craig J. Coughlin. "Providing a more efficient construction inspection process will enable businesses in New Jersey to open their doors to serve their communities faster, eliminating barriers that lengthen the costly construction process."

"In New Jersey, applying for and receiving a building permit can be a lengthy and costly process. This law will establish a means to simplify and expedite the process to shorten the time it takes to get a new construction permit," **said Senator Patrick J. Diegnan.** "I am grateful to my colleagues, and the Governor for providing residents with an alternative option for contractors, businesses, and homeowners who wish to take a quicker route to getting an inspection done."

"Construction inspections are an important part of the process of building a small business, ensuring both customers and staff are safe. Yet too often the process is cumbersome and lengthy, adding unnecessary costs for small business owners," said Assemblyman Louis D. Greenwald. "This legislation will make the current construction inspection process more efficient and timely for small businesses, allowing them to realize their dreams and get to work."

"By codifying the required three-day inspection turnaround, we ensure things can move along expeditiously," **said Assemblyman Rob Karabinchak**. "Right now three days is the standard but because it's not set in stone it's often ignored and at the expense of a business or contractor experiencing costly delays."

"Affordable housing should be a basic right for everyone and today, Governor Murphy signed a bill to expedite that process," said City of Elizabeth Mayor J. Christian Bollwage. "This initiative is not only a major step forward for our city, but a solution for an ongoing problem."

"The bill signed today will foster a more efficient system of handling building code inspections that will result in a more affordable housing market, revitalized economic strength and additional career and business opportunities in the construction industry," said Jeff Kolakowski, CEO, New Jersey Builders Association. "I applaud Governor Murphy, Lt. Governor Oliver, legislative sponsors and coalition partners for a truly collaborative process that allowed us to find a sensible solution to a problem that has quietly plagued the state's residents and its development and business communities for years. This is prime example of good governance and how the public and private sectors can come together to better meet the needs of our state."

"NJBIA thanks Governor Murphy for signing this bill into the law and the sponsors and Legislature for their full support. We greatly appreciate both working with the business community and construction industry on this legislation," **saidNJBIA President and CEO Michele Siekerka.** "This law provides a more expeditious process for obtaining construction inspections, which is greatly needed to avoid unnecessary delays for certificates of occupancy."