

# LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

**SENATE, No. 2795**

## **STATE OF NEW JERSEY 214th LEGISLATURE**

DATED: JULY 13, 2011

### SUMMARY

- Synopsis:** Re-aligns enforcement responsibility of State Housing Code concerning multiple dwellings from municipalities to the State under the “Hotel and Multiple Dwelling Law.”
- Type of Impact:** Decrease in municipal revenues and potential decrease in municipal expenditures.
- Agencies Affected:** Municipalities.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>Municipal Cost</b>	Indeterminate Potential Decrease in Costs – See comments below		
<b>Municipal Revenue</b>	Indeterminate Decrease in Revenues – See comments below		

- The enactment of Senate Bill No. 2795 would result in a decline in municipal revenues and a potential decline in municipal revenues.
- Municipalities would incur a revenue loss because the bill would prohibit them from charging separate fees for the registration of multiple dwellings and from adopting ordinances requiring periodic inspections of multiple dwellings other than those conducted by the State. To the extent that municipalities can reduce certain expenditures related to the performance of these inspections, they will experience a reduction in costs as well.
- This legislation does not prohibit municipalities from abating nuisances, conducting inspections to enforce State fire safety regulations, or adopting ordinances to prevent conditions harmful to the public health and occupants of a hotel or multiple dwelling or that are in accordance with the “Uniform Fire Safety Act”.

## **BILL DESCRIPTION**

Senate Bill No. 2795 (2R) of 2011 seeks to eliminate an overlap of jurisdiction under New Jersey laws concerning the maintenance requirements for and inspections of multiple dwellings. State law provides municipalities with the ability to adopt local ordinances establishing minimum maintenance standards that apply to all types of buildings. The "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.), empowers the State to enforce building maintenance standards in multiple dwellings. There also exist several laws permitting multiple dwelling landlord registration by both municipalities and the State, which creates confusion, and permits additional fees to be charged for overlapping purposes.

This legislation eliminates the duplication of these provisions by limiting the application of the State Housing Code to one- and two- unit residential dwellings, and by proclaiming the regulations adopted pursuant to the "Hotel and Multiple Dwelling Law" to be the exclusive standards and specifications applicable to all multiple dwellings statewide. The bill removes a provision of the "Hotel and Multiple Dwelling Law" that allows municipalities to adopt and enforce ordinances or regulations more restrictive than standards and specifications contained in regulations adopted pursuant to the "Hotel and Multiple Dwelling Law." Municipalities would be preempted by the bill from having or adopting ordinances under which periodic inspections of multiple dwellings would be made, except as authorized under the "Hotel and Multiple Dwelling Law."

The bill allows municipalities to abate nuisances and to adopt ordinances that are not inconsistent with regulations adopted pursuant to the "Hotel and Multiple Dwelling Law" and the State Construction Code. This includes ordinances to prevent conditions harmful to the public health and safety of occupants of a hotel or multiple dwelling and ordinances concerning fire safety that are in accordance with the "Uniform Fire Safety Act." The bill also allows municipalities to conduct inspections to enforce regulations promulgated under the "Uniform Fire Safety Act," and inspections in response to complaints of violations of other authorized municipal ordinances. The bill also clarifies laws concerning landlord registration requirements and eliminates a provision allowing municipalities to charge landlord registration fees other than fees permitted to be charged for the registration of one- and two-unit rental dwellings. Municipalities would continue to be authorized to issue "continuing certificates of occupancy" upon an inspection following termination of occupancy in a rental unit.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The enactment of Senate Bill No. 2795 (2R) would result in a decrease in municipal revenues and potential decreases in municipal expenditures. The Office of Legislative Services cannot provide a specific estimate of the effect of this legislation on municipal finances because information regarding municipal revenues and expenditures associated with the registration and inspections of multiple dwellings is not available. Furthermore, municipal revenues generated by the registration and inspection of multiple dwellings are not reported in a uniform manner in

municipal budgets and financial statements. A municipality that is part of the State and Local Cooperative Housing Inspection Program may record the portion of housing inspection fees that it receives from the State as grant funds while a municipality that conducts its own inspections may record these inspections in the “Other Fees and Fines” revenue line-item of the municipal budget.

Municipalities would incur a revenue loss because the bill would prohibit them from charging separate fees for the registration of multiple dwellings and from adopting ordinances requiring periodic inspections of multiple dwellings outside of the five-year cycle utilized by the Division of Codes and Standards in the Department of Community Affairs. Municipalities may also experience a decrease in code enforcement expenditures because they will no longer be permitted to conduct certain inspections. This legislation would neither prohibit municipalities from generating hotel, motel, and multiple dwelling inspection revenues through participation in the State and Local Cooperative Housing Inspection Program nor prevent them from citing multiple dwelling landlords for violations of municipal ordinances not expressly superseded by the provisions of the bill.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).