

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2425

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 12, 2019

The Assembly Appropriations Committee reports favorably Senate Bill No. 2425 (1R), with committee amendments.

As amended, this bill would consolidate certain laws applicable to all types of common interest communities, a term defined to encompass planned communities with homeowners associations, condominiums, and cooperatives. The bill is based on the New Jersey Law Revision Commission's Final Report Relating to the Uniform Common Interest Ownership Act, issued in October of 2016. The bill consists of portions of the Uniform Common Interest Ownership Act ("UCIOA"), a publication of the National Conference of Commissioners on Uniform State Laws. The bill would codify certain aspects of UCIOA, such as those relating to community creation, alteration, and termination, the content of governing documents, eminent domain, the effect of local ordinances, and lender rights.

The bill would also address a lack of guidance in existing law concerning the treatment of common property for property tax purposes through the addition of language intended to avoid situations in which a homeowner is made responsible for the value of common elements both through the reflection of the value in the owner's property tax bill, and indirectly through association dues.

Additionally, the bill would require a community's master deed to contain clear and legible plans that offer more detail regarding the boundaries of dwellings and common elements than is required by existing law.

The bill would repeal "The Cooperative Recording Act of New Jersey," P.L.1987, c.381 (C.46:8D-1 et al.), and certain sections of the "Condominium Act," P.L.1969, c.257 (C.46:8B-1 et seq.), which are obviated by the bill.

The bill establishes a new chapter within Title 46 of the Revised Statutes, chapter 8E, and provides for the coordination between this new chapter and other statutes.

As amended, this bill is identical to Assembly Bill No. 3851 (2R).

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- Remove the definition of “affiliate of a declarant”;
- Make technical adjustments to language concerning the taxation of condominiums and planned communities;
- Repeal "The Cooperative Recording Act of New Jersey," P.L.1987, c.381 (C.46:8D-1 et al.), and certain sections of the "Condominium Act," P.L.1969, c.257 (C.46:8B-1 et seq.), which are obviated by this bill;
- Clarify the circumstances in which sections of the "Condominium Act," P.L.1969, c.257 (C.46:8B-1 et seq.) and "The Cooperative Recording Act of New Jersey," P.L.1987, c.381 (C.46:8D-1 et al.), would continue to apply despite their repeal;
- Provide that, unless the reference indicates otherwise, if a statute references to a condominium, cooperative, or other type of common interest community formed under a statute repealed or superseded by this bill, the reference is construed to encompass the equivalent type of common interest community, if formed under this bill.
- Clarify when provisions of a community’s declaration would supersede the bill regarding the boundaries of units;
- Provide that the doors and windows on the exterior of a unit would be within the boundaries of the unit, and would not be limited common elements, unless otherwise expressly provided in the declaration;
- Remove a redundant provision regarding the application of the "Law Against Discrimination," P.L.1945, c.169 (C.10:5-1 et seq.);
- Require certain voting practices to be provided for in the declaration;
- Clarify when a unit owner requires the permission of the association in order to adjust the appearance of common elements or a unit’s exterior;
- Clarify that, subject to the community’s declaration, the votes to amend a community’s declaration may be conducted in person, or by proxy, absentee ballot or electronic ballot;
- Clarify the timeline for when the unit owners take responsibility for the governing documents from the developer;
- Clarify that amending the governing documents can depend on voting interest, instead of the number of votes;
- Provide that a community may increase the number of units, or change the boundaries or allocated interests of a unit by amending the declaration;
- Remove language specifying the length of time for which a vote would be effective, if the vote concerns extending the time

limits within which a declarant may exercise development rights;

- Specify that similar procedures as may be used to terminate a community may also be used to remove a portion of the community;
- Specify the voting interests necessary to merge or consolidate two or more communities; and
- Make technical changes to the bill.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.