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SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1055

**STATE OF NEW JERSEY**

DATED: MAY 7, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1055.

This bill permits qualified municipalities to prohibit the conversion of affordable rental housing units to certain forms of ownership housing, such as condominiums or cooperatives.

Pursuant to the “Tenant Protection Act of 1992,” P.L.1991, c.509 (C.2A:18-61.40 et al.), the State currently provides certain poor, elderly, and disabled tenants residing in qualified counties with tenancy protection status in the event of a condominium conversion. The provisions of this law were intended to mitigate the deleterious effects of condominium conversions on the supply of affordable housing in certain areas of the State. This bill amends the “Tenant Protection Act of 1992” to also permit qualified municipalities to prohibit certain types of conversions.

Under the bill, the governing body of a qualified municipality may adopt an ordinance to prohibit the conversion of affordable rental housing units. Upon the adoption of the ordinance to prohibit the conversion of affordable rental housing units, the prohibition would remain in effect until the governing body adopts a resolution to suspend the prohibition. Additionally, the governing body would be required to transmit any applicable ordinance or resolution to the Department of Community Affairs (DCA) within five days of adoption. Thereafter, the DCA would be required to deny any application for the conversion of an affordable rental housing unit during such time as the ordinance remains in effect.

Specifically, an ordinance to prohibit the conversion of affordable rental housing units would be required to:

- (1) recognize a shortage of affordable rental housing within the municipality and the public need to prevent the loss of affordable rental housing units through conversions;
- (2) establish criteria to determine the minimum number of affordable rental housing units required in the municipality; and
- (3) provide for the suspension of the prohibition, by resolution of the governing body, upon finding that the criteria concerning the minimum number of affordable rental housing units have been met.

The bill defines a “qualified municipality” as any municipality with a population density in excess of 25,000 per square mile, according to the most recent federal decennial census, and which has adopted a rent control ordinance. Additionally, an “affordable rental housing unit” is defined in the bill as any rental housing unit that is subject to a rent control ordinance.

As used in the bill, conversion is defined as any change to an apartment complex or other residential housing development which would cause the complex or development to constitute a planned real estate development (e.g., condominium or cooperative), as defined by “The Planned Real Estate Development Full Disclosure Act,” P.L.1977, c.419 (C.45:22A-21 et seq.).

**FISCAL IMPACT:**

This bill is not certified as requiring a fiscal note.