

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 1147

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget and Appropriations Committee reports favorably a committee substitute for Senate Bill No. 1147 (1R).

This Senate committee substitute would require lead-based paint inspections to be conducted on certain residential rental properties at tenant turnover and certain other times. The bill would also appropriate \$3.9 million from the general fund to the Department of Community Affairs (“DCA”) for the purposes of the bill.

In addition to the cost of an inspection, the bill requires municipalities to impose an additional fee of \$20 per unit inspected by a certified lead evaluation contractor or permanent local agency for deposit into the “Lead Hazard Control Assistance Fund,” unless the dwelling has already been charged a \$20 fee for deposit into the “Lead Hazard Control Assistance Fund” by DCA for lead hazard inspections conducted by the DCA.

Following the effective date of the bill, a municipality that maintains a permanent local agency for the purpose of conducting inspections and enforcing laws, ordinances, and regulations concerning buildings and structures within the municipality, would be required, through the agency, to inspect single-family, two-family, and multiple rental dwellings for lead-based paint hazards either within two years, or upon tenant turnover, whichever is earlier. Thereafter, all such units would be inspected, with certain exceptions, by the earlier of every three years or upon tenant turnover. Municipalities that do not maintain a permanent local agency, for the purposes described, would be required to hire a lead evaluation contractor, certified to provide lead paint inspection services by the DCA, to inspect the same types of rental dwellings, under the same time requirements. The municipality would charge the dwelling owner a fee sufficient to cover the cost of the inspection, including the cost of hiring the contractor. The bill would also require municipalities to allow an owner to directly hire a lead evaluation contractor as long as the lead evaluation contractor is certified by DCA to provide lead paint inspection services.

Inspectors may consult local health boards, the Department of Health, or the DCA concerning the criteria for the inspection and identification of areas and conditions involving a high risk of lead

poisoning in dwellings, methods of detection of lead in dwellings, and standards for the repair of dwellings containing lead paint.

In municipalities that have a high concentration of children with elevated blood lead levels, the bill requires a lead evaluation contractor or permanent local agency to inspect for lead-based paint hazards through dust wipe sampling. In municipalities with a low concentration of children with elevated blood lead levels, the bill allows a lead evaluation contractor or permanent local agency to inspect for lead-based paint hazards through visual assessment. A lead-safe designation for a dwelling unit that passes the lead inspection would be valid for two years.

Properties that have been certified to be free of lead-based paint or have received a lead-safe certification and properties that were constructed during or after 1978 would be exempt from the inspection and registration requirements. Multiple dwelling units registered with DCA for at least 10 years with no outstanding lead violations from the most recent cyclical inspection would also be exempt. Finally, single- and two-family seasonal rental dwellings rented for less than six months' durations by tenants without consecutive lease renewals would also be exempt.

If, upon conducting an inspection, a lead-based paint hazard exists in a dwelling unit, the owner would be required to remediate through methods compliant with the "Lead Hazard Control Assistance Act."

Upon the filing of a complaint with DCA, or on the commissioner's own accord, the DCA would be authorized to conduct investigations and issue penalties against a municipality for a failure to comply with its inspection and remediation responsibilities as established by the bill. Additionally, a municipality or its permanent local agency would be authorized to conduct investigations and issue penalties to enforce a property owner's failure to comply with paragraph its inspection and remediation responsibilities as established by the bill. If the municipality or permanent local agency determines that a property owner has failed to comply with a provision of the bill, the property owner would first be given 30 days to cure any violation by conducting the required inspection or initiate any required remediation efforts. If the property owner has not cured the violation after 30 days, the property owner would be subject to a penalty not to exceed \$1,000 per week until the required inspection has been conducted or remediation efforts have been initiated.

The bill also requires DCA, in consultation with the Department of Health, to establish a Statewide, multifaceted, ongoing educational program designed to meet the needs of tenants, property owners, realtors and real estate agents, insurers and insurance agents, and local building officials about the nature of lead hazards, the importance of lead hazard control and mitigation, and the responsibilities set forth in this bill. The bill requires the DCA to establish guidelines and a trainer's manual for a lead hazard seminar for rental property owners.

The lead hazard seminar established under this bill is not to exceed three hours in length and be offered for a maximum fee of \$50 per participant.

The bill additionally prohibits DCA from requesting or requiring a property owner to disclose the social security number of any person renting the property or otherwise associated with the inspected property, other than the actual owner, in association with an application for lead remediation funding provided pursuant to the "Lead Hazard Control Assistance Fund" or any other program administered by DCA for lead remediation.

The bill directs DCA to adopt regulations and regulatory guidance documents as determined necessary for the administration of the bill. The bill also directs DCA to ensure that municipal officials are informed of their responsibilities under the bill.

The bill would take effect one year following enactment.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill would result in increases in municipal expenditures and revenues due to the inspection of residential rental properties, including seasonal rental units in some circumstances, for lead-based paint hazards and the collection of inspection and violation fees. Municipalities would be able to collect up to \$1,000 per week in penalties from non-compliant property owners.

The bill is expected to increase the expenditures and revenues of the Department of Community Affairs (DCA) associated with the establishment of an educational program and training seminar, in consultation with the Department of Health, concerning lead-based paint hazards and administrative requirements and the collection of seminar fees. The bill permits the DCA to charge a maximum fee of \$50 per seminar participant.

The bill is also expected to increase State revenues associated with the deposit of fee receipts into the Lead Hazard Control Assistance Fund. Under the bill, each municipality is required to assess an additional fee of \$20 per unit inspected for deposit into this State fund unless the dwelling has already been charged a comparable fee by the DCA.

The OLS also expects the bill to increase in State expenditures and revenues associated with the provision of relocation assistance to certain tenants after the discovery of lead hazards in residential rental properties. As set forth in current law, the OLS assumes that affected property owners would be required to reimburse the State for these costs.

The bill also appropriates \$3.9 million from the General Fund to the DCA for the purposes of the bill.