

CHAPTER 366

AN ACT concerning the rental of certain cooperative units and supplementing chapter 8 of Title 46 of the Revised Statutes.

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

C.46:8D-13.1 Findings, declarations relative to rental housing and cooperative; agreements, certain, unenforceable.

1. a. The Legislature finds and declares that it is in the public interest of the citizens of this State that the availability of rental housing be encouraged. Therefore restrictions imposed by certain cooperative agreements which unreasonably inhibit or prevent the holder of a proprietary lease to a cooperative unit from making the unit available for rental shall be contrary to the public policy of the State of New Jersey and shall be unenforceable.

b. Subsection a. of this section shall not apply to: any cooperative in which requirements limiting occupancy to holders of proprietary leases to units were established at the time that the cooperative was created, and which requirements were emphasized in the offering document as an absolute condition of ownership, and have been consistently and strictly enforced since that time, or which requirements were established upon the transfer of control of the association board from the developer to the holders of proprietary leases to units through properly amended bylaws which have been consistently and strictly enforced since the time of amendment .

c. Notwithstanding any provision of law to the contrary, in those cooperatives which meet the criteria of subsection b. and in which more than ten units are under one roof, when a unit is offered for sale at or below a sales price such that a sale will result in a return of any investment only, and the unit nevertheless remains unsold for four or more months, then the owner shall have the right , subject to the conditions in subsection d. of this section, to rent the unit for such a period of time until prevailing market conditions permit a sale which will allow recoupment of the investment in the unit. For the purposes of this subsection, investment shall include the purchase price, costs related to the acquisition of the property, and the costs of any improvements made to the property.

d. Nothing in this act shall prohibit a cooperative association from adopting reasonable rules necessary to protect the health, safety or interest of all of the owners, including rules based on lending policies of financial institutions pertaining to owner-occupancy ratios or from requiring a reasonable minimum term of leasehold, nor shall such associations be prohibited from requiring that all tenants comply with the properly adopted rules of the association which are applicable to other unit owners, including, but not limited to, rules relating to such matters as parking, pets, noise, and the number of permitted occupants per unit. A cooperative association which elects to screen tenants shall interview prospective tenants within seven days of the date of the submission of the tenant's name to the association.

Nothing in this act shall grant a tenant any additional rights or protected status under the laws applicable to eviction from rental premises.

2. This act shall take effect immediately.

Approved January 19, 1998.