

SENATE, No. 271

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senator CARDINALE

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

4

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

7

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

16 b. Subsection a. of this act shall not apply to: (1) any condominium
17 or cooperative in which requirements limiting occupancy to unit
18 owners or holders of proprietary leases to units were established at the
19 time that the condominium or cooperative was created, and which
20 requirements were emphasized in the offering document as an absolute
21 condition of ownership, and have been consistently and strictly
22 enforced since that time, or (2) any unit subject to resale controls or
23 repurchase requirements intended to preserve affordability of the unit
24 to persons of low and moderate income, as defined in the "Fair
25 Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.).

26 c. Notwithstanding any provision of law to the contrary, in those
27 condominiums and cooperatives which meet the criteria of either
28 paragraph 1 or 2 of subsection b. and in which more than ten units are
29 under one roof, when a unit is offered for sale at or below a sales price
30 such that a sale will result in a return of any investment only, and the
31 unit nevertheless remains unsold for four or more months, then the
32 owner shall have the right to rent the unit for such a period of time
33 until prevailing market conditions permit a sale which will allow
34 recoupment of the investment in the unit. For the purposes of this
35 subsection, investment shall include the purchase price, costs related

1 to the acquisition of the property, and the costs of any improvements
2 made to the property.

3 Nothing in this subsection shall prohibit an association from
4 requiring a minimum term of leasehold of not less than 180 days, nor
5 shall such associations be prohibited from requiring that all tenants
6 comply with the properly adopted rules of the association which are
7 applicable to other unit owners, including, but not limited to, rules
8 relating to such matters as parking, pets, noise, and the number of
9 permitted occupants per unit.

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

13

14 2. This act shall take effect immediately.

15

16

17

STATEMENT

18

19 This bill prohibits bylaws of either condominium associations or
20 cooperative associations from containing provisions that would
21 unreasonably prohibit the rental of a unit.

22 The bill provides that any condominium or cooperative in which
23 requirements limiting occupancy of units to unit owners or holders of
24 proprietary leases were established at the time that the condominium
25 or cooperative was created and in whose offering documents such
26 requirements were emphasized would be exempt from the provisions
27 of the bill which make such requirements unenforceable. The bill also
28 exempts associations that manage units which are subject to resale
29 controls or repurchase requirements intended to preserve affordability
30 of the unit to persons of low and moderate income, as defined in the
31 "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.) from the
32 provisions of the bill which make restrictions prohibiting the rental of
33 units unenforceable.

34 The bill specifies that units in condominiums and cooperatives
35 managed by associations that are exempted from the provisions of the
36 bill which make restrictions prohibiting the rental of units
37 unenforceable can be rented if: (1) the unit is part of a complex which
38 has more than 10 units under one roof, and (2) the owner has
39 attempted to sell the unit for at least four months, but is unable to
40 obtain an offer which would permit the owner to recoup his or her
41 investment in the property. Investment is defined in the bill to mean
42 the purchase price, costs related to the acquisition of the property, and
43 the costs of any improvements made to the property. In this situation,
44 the owner will be permitted to rent out the unit until prevailing market
45 conditions permit a sale which will allow recoupment of his or her
46 investment.

1 The bill allows associations, under these circumstances, to require
2 a minimum term of leasehold of not less than 180 days, and to require
3 that all tenants comply with the properly adopted rules of the
4 association which are applicable to other unit owners, including, but
5 not limited to, rules relating to such matters as parking, pets, noise,
6 and the number of permitted occupants per unit.

7 A tenant leasing under these circumstances shall not gain any
8 additional rights or protected status under the laws applicable to
9 eviction from rental premises.

10

11

12

13

14 Prohibits bylaws of certain condominium or cooperative associations
15 from containing clauses unreasonably prohibiting rental.