

[Passed Both Houses]

[Third Reprint]

SENATE, No. 271

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senator CARDINALE

1 AN ACT concerning the rental of certain ²[condominium] cooperative²
2 ¹[and cooperative]¹ units and supplementing chapter 8 of Title 46
3 of the Revised Statutes.

4

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

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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 ²[condominium association bylaws] cooperative agreements² ¹[or
12 cooperative agreements]¹ which unreasonably inhibit or prevent ²[the
13 owner of a condominium unit] the holder of a proprietary lease to a
14 cooperative unit² ¹[or the holder of a proprietary lease to a
15 cooperative unit]¹ from making the unit available for rental shall be
16 contrary to the public policy of the State of New Jersey and shall be
17 unenforceable.

18 b. Subsection a. of this ³[act] section³ shall not apply to: ³[(1)]³
19 any ²[condominium] cooperative² ¹[or cooperative]¹ in which
20 requirements limiting occupancy to ²[unit owners] holders of
21 proprietary leases to units² ¹[or holders of proprietary leases to units]¹
22 were established at the time that the ²[condominium] cooperative² ¹[or
23 cooperative]¹ was created, and which requirements were emphasized
24 in the offering document as an absolute condition of ownership, and
25 have been consistently and strictly enforced since that time ³[, or (2)
26 any unit subject to resale controls or repurchase requirements intended
27 to preserve affordability of the unit to persons of low and moderate

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted March 18, 1996.

² Senate floor amendments adopted May 16, 1996.

³ Assembly AHO committee amendments adopted May 1, 1997.

1 income, as defined in the "Fair Housing Act," P.L.1985, c.222
2 (C.52:27D-301 et seq.)] or which requirements were established
3 upon the transfer of control of the association board from the
4 developer to the holders of proprietary leases to units through
5 properly amended bylaws which have been consistently and strictly
6 enforced since the time of amendment³ .

7 c. Notwithstanding any provision of law to the contrary, in those
8 ²[condominiums] cooperatives² ¹[and cooperatives]¹ which meet the
9 criteria of ³[either paragraph 1 or 2 of]³ subsection b. and in which
10 more than ten units are under one roof, when a unit is offered for sale
11 at or below a sales price such that a sale will result in a return of any
12 investment only, and the unit nevertheless remains unsold for four or
13 more months, then the owner shall have the right ³, subject to the
14 conditions in subsection d. of this section,³ to rent the unit for such
15 a period of time until prevailing market conditions permit a sale which
16 will allow recoupment of the investment in the unit. For the purposes
17 of this subsection, investment shall include the purchase price, costs
18 related to the acquisition of the property, and the costs of any
19 improvements made to the property.

20 d. Nothing in this ³[subsection] act³ shall prohibit ³[an] a
21 cooperative³ association from ³adopting reasonable rules necessary to
22 protect the health, safety or interest of all of the owners, or from³
23 requiring a ³reasonable³ minimum term of leasehold ³[of not less than
24 180 days]³, nor shall such associations be prohibited from requiring
25 that all tenants comply with the properly adopted rules of the
26 association which are applicable to other unit owners, including, but
27 not limited to, rules relating to such matters as parking, pets, noise,
28 and the number of permitted occupants per unit. ³A cooperative
29 association which elects to screen tenants shall interview prospective
30 tenants within seven days of the date of the submission of the tenant's
31 name to the association.³

32 Nothing in this ³[subsection] act³ shall grant a tenant any additional
33 rights or protected status under the laws applicable to eviction from
34 rental premises.

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36 2. This act shall take effect immediately.
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41 _____
42 Prohibits bylaws of certain cooperative associations from containing
clauses unreasonably prohibiting rental.