

SENATE COMMUNITY AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 271

STATE OF NEW JERSEY

DATED: MARCH 7, 1996

The Senate Community Affairs Committee reports without recommendation Senate Bill No. 271.

This bill would prohibit bylaws of either condominium associations or cooperative associations from containing provisions that would unreasonably prohibit the rental of a unit. However, the bill would exempt from its provisions any condominium or cooperative which established requirements limiting occupancy of units to unit owners or holders of proprietary leases at the time that the condominium or cooperative was created and which emphasized such requirements in its offering documents.

The bill also exempts associations that manage units which are subject to resale controls or repurchase requirements intended to preserve affordability of the unit to individuals of low and moderate income, as defined in the State "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.), from the provisions of the bill which make restrictions prohibiting the rental of units unenforceable.

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

The bill would allow associations under these circumstances to require a minimum term of leasehold of at least 180 days, and to require 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.

The bill would provide that a tenant leasing under these circumstances shall not gain any additional rights or protected status

under the laws applicable to eviction from rental premises.

This bill was prefiled for introduction in the 1996 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.