ASSEMBLY, No. 586



STATE OF NEW JERSEY

220th LEGISLATURE



PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

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SYNOPSIS

 Establishes standards for expiration of rental housing affordability controls.

CURRENT VERSION OF TEXT

 Introduced Pending Technical Review by Legislative Counsel.



An Act concerning rental housing affordability control periods and supplementing P.L.1985, c.222 (C.52:27D-301 et seq.).

 Be It Enacted by the Senate and General Assembly of the State of New Jersey:

 1. As used in P.L. , c. (C. ) (pending before the Legislature as this bill):

 “Administrative agent” means the entity responsible for administering the affordability controls with respect to specific restricted units.

 “Affordability controls” means the requirements set forth in the Uniform Housing Affordability Controls to ensure that a restricted rental unit remains affordable to a low-income household or moderate-income household, as applicable.

 “Restricted rental unit” means a rental dwelling unit that is subject to affordability controls.

 “Uniform Housing Affordability Controls” means the regulations promulgated by the New Jersey Housing and Mortgage Finance Agency, or any other regulations promulgated to implement the “Fair Housing Act,” P.L.1985, c.222 (C.52:27D-301 et seq.).

 2. a. When the affordability controls of a restricted rental unit expire, and the household occupying the rental unit continues to earn a gross annual income of not more than 80 percent of the regional median income, then the landlord shall not increase rent in a manner that conflicts with the affordability controls until the household elects to vacate the rental unit.

 b. When the affordability controls of a restricted rental unit expire, and the household occupying the rental unit earns a gross annual income in excess of 80 percent of the regional median income, then the landlord may lease the rental unit at fair market rent beginning on the next scheduled lease renewal or after 60 days, whichever occurs later.

 c. No more than 180 days, and no less than 90 days prior to the expiration of the affordability controls of a restricted rental unit, the administrative agent shall conduct an income certification for the household occupying the unit in order to determine the appropriate course of action regarding rent increases on the unit. As long as the household occupying the restricted rental unit continues to reside in the unit, and continues to earn a gross annual income of not more than 80 percent of the regional median income, the administrative agent shall conduct an additional income certification on an annual or biennial basis until the household is found to earn a gross annual income in excess of 80 percent of the regional median income, at which time the rent restriction may be lifted pursuant to subsection b. of this section.

 3. a. When a landlord offers for rent a restricted rental unit, the lease or renewal agreement shall contain a prominently displayed and highlighted provision on the first page of the written document that states the date on which the affordability controls will expire. The provision also shall inform the tenant of the possibility of rent increases in accordance with subsection b. of section 2 of P.L. , c.    (C. ) (pending before the Legislature as this bill), following the expiration of the affordability controls.

 b. If upon the expiration of affordability controls, the lease or renewal agreement of the household occupying the rental unit fails to comply with subsection a. of this section, then the landlord shall not increase rent in a manner that conflicts with the affordability controls until the next scheduled lease renewal, except as otherwise provided in subsection a. of section 2 of P.L. , c. (C. ) (pending before the Legislature as this bill).

 4. a. The landlord of a restricted rental unit shall provide written notice to the tenant not less than 120 days before the scheduled expiration of the affordability controls. The written notice shall, at a minimum, include:

 (1) the date on which the affordability controls will expire;

 (2) the amount of any proposed rent increase; and

 (3) an explanation that if the household occupying the rental unit continues to earn a gross annual income of not more than 80 percent of the regional median income, the rent may not be increased in a manner that conflicts with the affordability controls.

 b. Except as otherwise provided in subsection a. of section 2 of P.L. , c. (C. ) (pending before the Legislature as this bill), if the landlord fails to provide written notice in accordance with subsection a. of this section, then following the expiration of the affordability controls, the landlord shall not increase rent in a manner that conflicts with the affordability controls until the next scheduled lease renewal, or after 120 days following notification of the expiration of the affordability controls, whichever occurs later.

 5. This act shall take effect immediately.

STATEMENT

 This bill establishes standards for the expiration of rental housing affordability controls, such as extending the rental protections provided for certain lower-income households and requiring written notice before the controls may expire.

 Specifically, the bill provides that if upon the expiration of the affordability controls, the household occupying the restricted rental unit continues to earn a gross annual income of not more than 80 percent of the regional median income, then the landlord may not increase rent in a manner that conflicts with the affordability controls until the household vacates the rental unit. Alternatively, if at such time the household earns an income in excess of 80 percent of the regional median income, then the landlord may lease the rental unit to any tenant at fair market rent beginning on the next scheduled lease renewal or after 60 days, whichever occurs later.

 The bill provides that, no more than 180 days, and no less than 90 days prior to the expiration of the affordability controls of a restricted rental unit, the administrative agent would be required to conduct an income certification for the household occupying the unit in order to determine the appropriate course of action regarding rent increases on the unit. The bill defines an “administrative agent” as the entity responsible for administering the affordability controls with respect to specific restricted units. Further, the bill provides that as long as the household occupying a restricted rental unit continues to reside in the unit following affordability control expiration, and continues to earn a gross annual income of not more than 80 percent of the regional median income, the administrative agent would be required to conduct an additional income certification on an annual or biennial basis until the household is found to earn a gross annual income in excess of 80 percent of the regional median income, at which time the rent restriction could be lifted.

 The bill also requires the lease or renewal agreement of a restricted rental unit to contain a prominently displayed and highlighted provision that states the date on which the affordability controls will expire. If the lease or renewal agreement does not contain this provision, then the landlord may not increase rent in a manner that conflicts with the affordability controls until the next scheduled lease renewal.

 In addition, the bill requires the landlord of a restricted rental unit to provide the tenant with written notice not less than 120 days before the scheduled expiration of the affordability controls. The written notice is required, at a minimum, to include: (1) the date on which the affordability controls will expire; (2) the amount of any proposed rent increase; and (3) an explanation that if the household occupying the rental unit continues to earn a gross annual income of not more than 80 percent of the regional median income, the rent may not be increased in a manner that conflicts with the affordability controls. If the landlord fails to provide this notice, then following the expiration of the affordability controls, the landlord may not increase rent in a manner that conflicts with the affordability controls until the next scheduled lease renewal, or after 120 days following the provision of the written notice, whichever occurs later.