ASSEMBLY HOUSING COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4470

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 13, 2024

The Assembly Housing Committee adopts committee amendments to Assembly Bill No. 4470.

As amended, this bill alters rent receivership statute to provide that court shall appoint receiver under certain conditions, and establishes mandatory appointment requirement.

Under current law, a tenant or a housing inspector may file a complaint in court seeking repairs of the property. The statute says that, based on evidence provided by the plaintiff, a building "shall be eligible for" rent receivership upon a court determination that the building is in violation of housing codes so as to endanger health or safety or the building is the site of a clear and convincing pattern of recurrent code violations. However, other statutory language states that the court "shall" order a rent receivership in the same circumstances.

Under a receivership, the tenants deposit their rent monies with a court-appointed administrator. These monies are used to make the repairs under the supervision of the administrator.

This bill would amend current law to provide that the court "shall appoint a receiver" under these conditions, with limited exception. The bill also deletes the language concerning "evidence provided by the plaintiff." The intent of this deletion is to clarify that the court is not restricted to considering only the plaintiff's evidence when determining whether to appoint a receiver.

The bill addresses an ambiguity in existing law, and relates to a recommendation by the New Jersey Law Revision Commission, "Final Report Concerning the Interpretation of N.J.S.2A:42-117 of New Jersey's Receivership Act," issued October 20, 2022.

COMMITTEE AMENDMENTS:

These amendments make the following changes:

- Require court to appoint a receiver upon a determination that a building is in violation of housing codes so as to endanger health or safety or the building is the site of a clear and convincing pattern of recurrent code violations;
- If the court cannot identify a receiver, require the appointment of an alternative qualified party; and

- Clarify exception to receivership requirement in certain circumstances when owner demonstrates that the conditions leading to complaints will be abated.