

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 422

STATE OF NEW JERSEY

DATED: NOVEMBER 9, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 422.

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 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.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.