



MEMORANDUM

To: Senate Community and Urban Affairs Committee Members
From: Nicholas Kikis, VP of Legislative & Regulatory Affairs
Date: June 15, 2017
Re: NJAA Opposition to S-3270 (Rice/Beck)

On behalf of the New Jersey Apartment Association (NJAA), and our members who own, develop, and manage safe, clean, and affordable rental housing to over a million New Jersey residents, we respectfully oppose S-3270. We share in the goal of ridding our state of substandard housing and look forward to working with state and local officials to address issues with the properties that were the impetus behind this bill. At the same time, we also recognize that most apartment housing, including affordable housing, is professionally managed, well maintained, and provides quality housing for more than a million residents. We fear that the mandates in this bill would drive-up the cost of operating quality affordable housing, and, as such, would have a negative impact on the very community that this bill strives to protect.

S-3270 makes numerous changes to property maintenance inspections, landlord registration requirements, and landlord-tenant laws on habitability for properties that receive federal project-based or tenant-based assistance or parallel funding provided through the State Rental Assistance Program (S-RAP). For these properties, the bill would create new inspection and registration requirements, as well as various other changes to current law.

We understand that the impetus for this legislation was several properties located in Asbury Park and Newark being identified by in a series of articles as having housing quality issues, some of which were two to four family homes. **These housing issues, however, were allowed to manifest not due to lack of inspections, but rather due to deficiencies in the administration of existing inspection programs.** NJAA believes that the sponsors' goal can be accomplished by strictly enforcing existing state and local requirements.

It should be noted that apartment housing in New Jersey is frequently inspected, and affordable housing goes through additional inspections. These inspections include:

- Real Estate Assessment Center (REAC) inspections for project-based Section 8 (every 1-3 years);
- Housing Quality Standards (HQS) inspections for tenant-based Section 8 (annually);
- Housing and Mortgage Financing Agency (HMFA) inspections (annually);
- DCA Bureau of Housing Inspection (BHI) 5-Year Inspection for all 3+ unit dwellings (every 5 years);
- Change of Occupancy inspections in most municipalities, and periodic local inspections in many municipalities (with every new tenant);
- Other state or local inspections including: fire code; elevators; boilers, etc.

Furthermore, we appreciate sponsors' willingness to engage in discussions this bill. Below are several additional concerns that we would ask to be addressed:

- Section 4 would prohibit an owner of affordable housing from evicting any tenant until 90 days after registering it. As such, a developer of a new building, or a person who recently purchases a building, would be barred from landlord-tenant court for the first three months of ownership.



- Section 5 would specifically require the **home address** and **cell phone number** of every agent, manager, director, partner and/or officer. Some people own thousands of units. Supplying their home address to every tenant could put them and their families at risk. Additionally, personal information is typically shielded from public disclosure, for example, unlisted telephone numbers would be redacted from records released under Open Public Records Act.
- Section 13 requires DCA to conduct change of occupancy inspections of affordable housing in municipalities that do not conduct such an inspection. DCA is the largest issuer of section 8 vouchers in New Jersey, and as such, already conducts HQS inspections at change of occupancy. This section would, in many instances, require the same agency to inspect the same unit of housing, twice.
- Section 14 would require DCA to score properties based on criteria such as the number of violations and the number of citations. REAC inspections are based on a 1-100 point score. Any such scoring methodology should be transparent, consistent, and take into consideration the size of the property. (i.e. 3 violations in a 1,000-unit property should be looked at differently than 3 violations in a 5-unit property).
- Also, under Section 14, subsection h., a landlord would be required to attend 10 hours of training if even a minor violation was found during a DCA inspection. Such a requirement should be focused on the worst actors, as opposed to sweeping in everyone.
- Section 16 would require DCA to work with the League of Municipalities to create a process where municipalities would post records of inspections conducted by DCA on the internet. While we have concerns with the indiscriminate dissemination of inspection records, it is unclear why the DCA cannot post this information directly. Additionally, the cost of this program would be paid by fees assessed on landlords, but it is unclear what that fee would be or what would be the mechanism of collecting it.

New Jersey needs to construct at least 100,000 units of affordable housing over the next decade to meet current demand. Meeting this goal will require sustainable housing policies that encourage the development and rehabilitation of affordable housing. It will also require that state and federal agencies work with the private sector, which ultimately builds and maintains our affordable housing. It is important to recognize that when legislation adds mandates and costs on the operation or construction of affordable housing, the cost of housing rises, and in some cases, affordable housing projects will not get built. Accordingly, we ask policymakers to be sensitive to the cost impact of legislation and regulation on the production and availability of affordable housing.

We look to work with the sponsors to reduce the number of substandard properties, while not negatively impacting those who provide quality affordable housing. If you have any questions or would like additional information, please do not hesitate to contact me at 732-992-0600 or nicholas@njaa.com.

The New Jersey Apartment Association represents over 600 multifamily rental housing providers throughout the State of New Jersey. We are a statewide organization dedicated to maintaining, improving, and building market-rate and affordable rental housing, which serves one in three New Jersey residents.