



FREQUENTLY ASKED QUESTIONS

A-3835 (Ryan/Jasey/Cryan) & S-2795 (Van Drew/Oroho):

Clarifies enforcement responsibility of State Housing Code concerning multiple dwellings from municipalities to the State under the "Hotel and Multiple Dwelling Law."

Q: What does the bill do?

A: The bill aligns various statutes to create an orderly and comprehensive system for regulating and inspecting residential apartments. It continues the current state policy making the State primarily responsible for establishing and enforcing statewide registration, maintenance, use and inspection standards for rental properties of 3 or more units by preventing municipalities from imposing additional registration and inspection schemes on properties already registered and inspected by the State. It reinforces and strengthens the existing regulation/registration/inspection system that has, for nearly 45 years, protected renters and served the public interest well. Municipalities retain authority to inspect apartments and enforce the State standards for maintenance and use and to create and enforce municipal ordinances to protect health and safety. The bill improves efficiency and streamlines government by ending a system of duplicative, redundant inspection programs that increase rents, inconvenience renters who must take time away from work to be present, and are an unnecessary invasion of privacy for the 3 million New Jerseyans who call an apartment "home."

Q: What does this bill not do?

A: While there are a number of inspections of rental apartments in New Jersey, this bill only addresses one: periodic, routine property inspections. It does not eliminate registration or inspection of apartments, but rather makes clear the State's responsibility to create a single, detailed central registry of apartments and owners that the state, municipalities, and the public can use. It does not prevent municipalities from enacting ordinances that deal with health, safety or fire code standards or from conducting, to prevent a nuisance or threat to public health, respond to a complaint, enforce the fire code or to enforce use and maintenance standards at a change of occupancy (Certificate of Occupancy inspections)

Q: Does this bill have any impact on a municipality's ability to respond to complaints or make Fire Code inspections?

A: No. Municipalities are expressly authorized to conduct Fire Code inspections under the Uniform Fire Safety Act (N.J.S.A. C.52:27D-192 et seq.) and this bill makes absolutely no changes to that statute. The Uniform Fire Safety Act allows municipalities to adopt ordinances establishing an enhanced local Fire Code and to require the periodic inspections of non-life hazard use buildings for compliance with the Fire Code. **This legislation explicitly protects the rights of municipalities to enforce the Fire Code and conduct Fire Code inspections.**

Q: How are the safety and quality of rental apartment properties currently protected?

A: The New Jersey Hotel and Multiple Dwelling Law, enacted in 1967, establishes, for rental properties of 3 or more units, the most comprehensive and stringent state-imposed standards in the nation. The law establishes clear use, maintenance and use standards. It requires those rental properties to register with the state and subjects them every five years to a mandatory 74 point all-encompassing inspection conducted by



Bureau of Housing Inspection in the NJ Department of Community Affairs. Municipalities that require Certificates of Occupancy for rental units may conduct inspections at a change of occupancy to ensure that the property is compliant with the standards. On average, a rental unit in New Jersey experiences a change of occupancy every 3 years. In addition, rental housing properties may also be subject to several other inspections throughout the year including State Uniform Fire Code, Uniform Construction Code, Federal Housing Quality Standards, Federal Real Estate Assessment Center, Property & Casualty Insurance Inspections, and mortgage lender inspections. As a result, the 3 million New Jersey residents who call an apartment home enjoy a level of quality, safety, and security that is second to none.

Q: What happens if there is a problem between the five year DCA inspections or if a renter has a concern that is going unaddressed by the property owner?

A: The DCA standards, which are enacted through the regulatory process, are in force at all times, not just at the time of an inspection. Beyond the State inspection, myriad other inspections can occur throughout the year including a Certificate of Occupancy inspection whenever a change of occupancy occurs or a local fire, safety or health code inspection. Renters and neighbors always have the ability to contact local or State housing officials anytime they suspect a code violation exists. Local inspectors retain authority to make unannounced inspections in response to any complaints made and municipalities retain the authority to enact ordinances to prevent conditions harmful to the public health and safety of renters. Good business requires property owners and managers to maintain their properties in order to stay competitive and provide service and value to their customers, the renters. Owning and managing a rental community is a substantial investment and if the property is not kept in good repair, renters will choose to live elsewhere. Professional owners and managers have a vested interest in protecting the substantial investment they've made in their rental properties and maintaining their properties to remain in compliance with State standards is the norm.

Q: Didn't the State Department of Community Affairs just lay-off a significant number of inspectors from the Division of Codes and Standards making it more difficult for New Jersey to inspect rental housing properties?

A: According the Department, the layoffs that occurred in March were made within a different section of the Division and did not affect the Bureau of Housing Inspection (BHI), the entity which conducts the inspections and enforces the Hotel & Multiple Dwelling Act. BHI remains at previous staffing levels and the State continues to have the resources to meet their charge. The Department reports having inspected 130,500 apartments in FY 2010. The State also pays local inspectors to conduct the 5-year inspection through the State Local Cooperative Housing Inspection Program. Last year, that program inspected 70,000 additional apartment units. Finally, the State maintains an open contract with a private inspection service that is available on an "as needed" basis should additional inspectors be needed to address a short-term need.

Q: Does this bill have any impact on the State Budget?

A: No. The State inspection is not new and the bill makes no changes to the current state inspection regimen already in effect. This inspection has no impact on general revenues. The State charges rental property owners covered by the NJ Hotel and Multiple Dwelling Law a one-time registration fee of \$10 per building. The State also covers the cost of the inspection program through fees assessed on a sliding scale that begin at \$52 for the first unit inspected and end at \$19/unit for units 48 and above.



Q: Will eliminating the municipal option to conduct routine inspections adversely impact public safety or limit the ability of a municipality to protect the safety and security of residents and the quality of rental housing stock in their community?

A: No. A second inspection, conducted by local officials, that does nothing more than repeat what the State already does nothing to help renters and it is an example of inefficient and duplicative government. Just as the State establishes and enforces uniform construction standards, statewide standards for the safe maintenance and operation of an automobile and a global set of rules that ensure all hospitals follow the same rules and procedures to protect patient safety, so too do they regulate apartments. The State standards are comprehensive and strict. Imagine the chaos that would ensue if municipalities were permitted to impose additional conditions on cars, require vehicles to be registered locally and submit to an additional local inspection. New Jersey does not allow that to occur because a statewide standard that is thorough is more efficient and practical. When comprehensive and uniform standards make sense, as they do in the regulation of apartment dwellings, it is more efficient, effective and fair to have the State create and enforce those standards.

Q: Don't renters benefit from having properties that are subject to more frequent inspections that ensure that quality and safety are being maintained?

A: No. A recent report by the National Low Income Housing Coalition found New Jersey to be the fourth most expensive state for renters. A local official inspecting a property using the same standards that were already used by a State inspector is not only an example of redundant, inefficient, and wasteful government, it's an unnecessary additional expense, invasion of privacy and inconvenience to a renter who has to take time away from work or other commitments to be present. Property owners bear additional costs as staff resources must be dedicated to accompanying the inspectors. The costs of redundant registration and inspection schemes are ultimately reflected in higher than necessary rental rates.

Q: If this bill becomes law, will municipalities lose a significant revenue source?

A: The fees charged by local government are supposed to be consistent with the costs associated with performing the service (i.e. more or less budget neutral). The registration fees assessed by local governments range from \$150-\$500 per building and an additional \$35-\$100 per apartment. These registration fees are assessed on an annual basis. Typical local inspection fees range from \$50-100 per unit each year.

In comparison, the state registration fee is a one-time charge of \$10 per building. If a building changes ownership, the new owner must re-register the building and pay the fee. State inspection fees are charged on a sliding scale that begins at \$52 for the first unit inspected and ends at \$19/unit for units 48 and above.

The difference between the state fee and the locals suggests that municipalities are charging more than is needed to conduct this essentially ministerial function. By eliminating duplication between municipal and state apartment registration and inspection, this bill encourages municipalities to streamline and reduce their operations and provides a tool to lower municipal costs.

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