



Legislation Text

File #: 23-0659, Version: 1

AN ORDINANCE AMENDING TITLE II, ADMINISTRATION, CHAPTER 10, DEPARTMENT OF ECONOMIC AND HOUSING DEVELOPMENT, OF THE REVISED GENERAL ORDINANCES OF THE CITY OF NEWARK, NEW JERSEY, 2000, AS AMENDED AND SUPPLEMENTED, BY ADDING SECTION 10, UNCONSCIONABLE RENT INCREASE, TO ADDRESS INCREASES IN RENT THAT ARE CAUSING AN UNDUE BURDEN ON RENTERS.

WHEREAS, a housing study in Newark conducted by CLiME, Rutgers Law School prior to the COVID-19 pandemic found the City of Newark (the “City” and/or “Newark”), rents have increased by 66% in fifteen (15) years; household incomes have only increased by 24% in that time that 45% of residents live in small apartment buildings of two (2) to four (4) units, 78% of Newark residents are renters, an unusually high rate; 60% of renters in Newark are rent-burdened or 41,000 households; and

WHEREAS, the coronavirus pandemic brought unprecedented hardship to renters, the State of New Jersey has encountered unconscionable rent increases, coupled with rising consumer costs, that are harming New Jersey renters; and

WHEREAS, under the Anti-Eviction Act, N.J.S.A. 2A:18-61.1(f), a landlord cannot make you pay an increase in rent that is so large that it is unconscionable; and

WHEREAS, the City is following the national trend with rents rising faster than income growth and in 2022 according to Zillow, New Jersey's rent shot up 11.7% last year, several states saw sharper increases and Newark (Essex County) increase by 11.2% increasing the average rent from \$1,802.50 to \$2,004.78; and

WHEREAS, purchases of residential properties in Newark by corporate entities has caused rents to rise and owner-occupancy to fall, according to a new Rutgers-Newark Study - “Who Owns Newark - Transferring Wealth from Newark Homeowners to Corporate Buyers” (the “Study”); and

WHEREAS, 47% of sales were sold to institutional investor buyers from 2017-2020 according to the Study and the Study recommends that in order for Newark to maintain affordable rents and homeownership, the City should impose equitable constraints on real estate markets to promote the general welfare of households and individuals; and

WHEREAS, this Ordinance seeks to include language defining these equitable constraints, as well as impose fees to landlords in noncompliance; and

WHEREAS, no other portion of this Ordinance is amended, including, but not limited to, violation of this Ordinance punishable for a fine not to exceed \$1,250.00 for each violation.

NOW THEREFORE BE IT ORDAINED BY THE MUNICIPAL COUNCIL OF THE CITY OF NEWARK, NEW JERSEY THAT:

Note: Additions are shown as **underlined and bold**. Deletions are shown as ~~strike throughs~~.

SECTION 1: Title II, Administration, Chapter 10 Department of Economic and Housing, Section 10 to Revised General Ordinances of the City of Newark, New Jersey, 2000, as amended and supplemented, is amended as follows:

§ 2:10-10 UNCONSCIONABLE RENT INCREASE.

§ 2:10-10.1 Definitions.

Unconscionable Rent

Shall mean any residential rental increase occurring outside the boundaries of City rent control measures, whose rental increases are exceedingly harsh or unreasonable that exceeds the landlord expenses; and is not comparable to rents charged at similar properties. Rental increases more than 5% in any one year period that bear considerable financial harm to renters shall be considered excessive and unconscionable.

SECTION 2: The provisions of this Ordinance are severable. To the extent any clause, phrase, sentence, paragraph or provision of this Ordinance shall be declared by a court of competent jurisdiction to be invalid, illegal, or unconstitutional, the remaining provisions shall continue in full force and effect.

SECTION 3: The Ordinance shall take effect upon final passage and publication in accordance with the laws of the State of New Jersey.

STATEMENT

This Ordinance Amends Title II, Administration, Chapter 10, Department of Economic and Housing Development, by adding Section 10 to include Unconscionable Rent Increase.