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To: Comments Mailbox
Subject: [External]Report of the Judiciary Special Committee on Landlord Tenant

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To Whom It May Concern:

In March 2021, Chief Justice Stuart Rabner established the Special Committee on Landlord Tenant to reimagine all aspects of the landlord tenant process in New Jersey.

I have worked in the affordable housing industry for 45 years. For 40 years, I was the Executive Director of the Housing Authority of the Borough of Madison. I am now the Chief Financial Officer of HQM Properties, Inc., a nonprofit provider of affordable housing. During my tenure, I witnessed firsthand the difficulties we had evicting tenants for nonpayment of rent. Our primary goal was always to work with the family to work out a solution to their problem and avoid eviction. We would consider such options as short term and long-term repayment agreements, assistance from outside agencies or religious organizations. Unfortunately, this did not always work, and we were sometimes forced to pursue legal action. During this time as Executive Director I do not believe we had to pursue this option more than 10-12 times, but when we did it was our last resort.

Today we are faced with a momentous dilemma of not being able to meet our financial obligations because our income has been significantly reduced. Without the threat of eviction many residents have stopped paying rent because they believe they do not have to pay their rent. While some of our residents have lost their jobs or had their hours significantly reduced, we understand their situation and have tried to work with them so we would not have to pursue these cases. However, there are other families that have not been impacted by the pandemic and still refuse to pay their rent. We feel we should have the ability to pursue legal action immediately to recoup these outstanding and owing rents.

Our inability to evict the tenants that refuse to pay rent has had an impact on other low-income families. We currently have a waiting list that is over 5 years long. It is not fair to those families on our waiting lists since we are unable to offer these families any assistance because the apartments occupied by the tenants who are not paying rent are not available. In addition, it is unfortunate that the single largest owner and manager of housing for low-income families and who can least afford to lose income was left out of the discussion. I believe that we as providers of affordable housing will be disproportionately impacted because many of our clients are lower-level employees who are more likely to be in the service industry and therefore be terminated or have their hours reduced first.

Moreover, while the expenses to operate are the same for a nonprofit provider of affordable housing as they are for a for-profit private sector landlord, the rents charged by the affordable housing nonprofit are a fraction of those rents charged in the private sector because of the State restrictions. For example, a one-bedroom affordable apartment in Madison rents for \$640 a month while a private apartment rents for \$1,600 a month. The lower rents charged on the affordable apartments places a significant burden on the nonprofits who have been saddled with the same restrictions and expenses as the private landlords. We do not pay less for our utilities, waste removal or insurance.

Please understand that it is not our desire to evict anyone, but if we are to continue to provide housing for low-income families at the rents mandated by the State of New Jersey, there must be some special priorities given to our nonpayment of rent cases.

I am available at your earliest convenience to discuss this matter further and would make available members of our State organization, the New Jersey Chapter of the National Association of Housing and Redevelopment Officials (NJNAHRO) as well.

Thank you very much for your time and consideration to this matter.

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GENERAL COMMENTS ON SPECIAL COMMITTEE REPORT

1. There should be a distinction between public housing and other affordable housing.
2. Public housing tenants pay an income-based rent. That is if their income decreases so does their rent. There should be no reason for nonpayment of rent.
3. In public housing extra government payments (not unemployment) were not included in income, so it did not affect their rent.
4. Public housing and nonprofit affordable housing providers are working with those families financially affected by the pandemic by losing their job or having their hours reduced. Repayment agreements are being executed for long-term repayments, but they must be ratified by the court and must have a provision that if a payment is missed, we can immediately go for possession and not have to go through the entire process again.
5. Some tenants are just taking advantage and not paying rent even though their finances have not been affected.
6. While expenses have been increasing, our income (rents) is capped by state and federal regulations. In addition, some tenants took the pandemic as a chance to stop paying rent.
7. How do we handle other lease violations such as destruction of property, nonpayment of utilities, etc.?
8. For affordable housing providers that are not public housing, there should be some special priorities given to them for nonpayment of rent cases. Maybe there could be a special court just for affordable housing providers, or an expedited process for these nonprofits housing providers. Maybe categorizing large landlords, governmental landlords, 2-3 family landlords, single property owner landlords.
9. Forcing nonpayment of rent cases into the civil court system is cumbersome and will be more costly to these nonprofit affordable housing providers as the legal fees increase. In addition, this process would take considerably longer to collect the debt and result in tenants moving out without paying what is owed.
10. There must be consequences for nonpayment of rent. If there is no fear of eviction or a bad credit rating, these arrears will never be paid. Legislation being proposed would eliminate these consequences.
11. Not only allowing tenants to miss two pre-trial conferences but postponing a trial if they show up after failing to attend those conferences and forcing yet another one. I am not clear what happens if they yet again miss the now 3rd conference and I am concerned about any time frame, or lack thereof, for scheduling these conferences. With so many cases expected, what are the time frames for these conferences? Will they be consecutively scheduled or "go to the bottom" and start again? Either way it appears lack of cooperation by a tenant, strategic or otherwise, will not only delay specific adjudication, but cause the entire system to drag on and all the problems associated with that.
12. Landlords seem to be the villains here. Where is the "connecting" for the landlord for available relief? I think there is a basic assumption that landlords are all wealthy with unlimited resources, when in fact, many are just mom and pop operations trying to get by.

SPECIFIC COMMENTS ON CHANGES RECOMMENDED TO LANDLORD-TENANT PRACTICE BY THE SUPREME COURT COMMITTEE

1. Each recommended change places unequal burdens and responsibilities on landlord and tenants. For example:
 - a. Landlords will be required to submit a Landlord Case Information Statement with their complaint while Tenants “should” be required to submit a Tenant Case Information Statement. Tenants who fail to do so would still be permitted to do so later in the case, while landlords would not even get to a hearing unless the document had been supplied.
 - b. Landlords must participate in Case Management Conferences, while tenants who fail to appear for up to two conferences could still have a default set aside if they appeared at trial.

2. The proposed changes call for the establishment of a new title: “Landlord Tenant Legal Specialist (LTLS)” and the implementation of a program using these specialists for “reviewing pleadings, conducting conferences, collecting case related information, reviewing post-judgment applications, and otherwise preparing cases for adjudication. LT legal specialists also would assist parties by connecting them with rental assistance and legal resources.” By having the LTLS “connecting” parties to rental assistance and other resources, they are assisting only tenants. Essentially giving advice to tenants on how to resolve the case. This is a conflict with their position as “neutral” court employees. This seems to be recognized later in the report when it calls for the use of “neutrals” without indicating that the LTLS will fit into that category.

3. Recommendation #5 states that LTLS would conduct Case Management Conferences. “At the conference, the LTLS would solicit information about the case, reduce to writing asserted claims and defenses, and refer parties to available rental assistance and legal resources.” This indicates that the Court will be able to review the document produced by the LTLS, but there is no discussion as to any training or certification the LTLS would be required to have.

4. Recommendation #6: The landlord should be required to submit a copy of the lease, the landlord’s registration statement (if applicable), and a certification of the landlord’s lease and registration statement before the case management conference. For landlords who manage many units, such as a housing authority of large-scale Section 8 projects this will be incredibly burdensome. In Public Housing, tenants do not sign a new lease every year. This is true in Project-Based Section 8 buildings as well. This should be modified in those cases. When a landlord uses a standard lease, which has been approved by HUD or NJHMFA, the same lease and the last signed extension should be sufficient.

5. If the tenant fails to appear for two pre-trial conferences but appears for trial, then the parties must again go to a management conference. This will mean for a landlord with a non-responsive tenant that the landlord or attorney will have made 3 or 4 appearances without a resolution. This will be very costly for the landlord.