

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4623

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 26, 2024

The Assembly Budget Committee reports favorably and with committee amendments Assembly Bill No. 4623.

As amended, this bill proposes to amend provisions of P.L.2021, c.182 (C.52:27D-437.16 et al.) to clarify the laws requiring inspections of certain residential rental properties for lead-based paint hazards. Additionally, the bill repeals a section of the "Hotel and Multiple Dwelling Law" (HMDL), P.L.2007, c.251, s.1 (C.55:13A-12.2), which requires the Department of Community Affairs (DCA) to inspect single-family and two-family rental dwellings for lead-based paint hazards.

Under current law, if a municipality maintains a permanent local construction code enforcement agency, the local agency is required to inspect certain residential rental dwellings for lead-based paint hazards and, if a municipality does not maintain a permanent local agency, the municipality is required to hire a lead evaluation contractor to conduct inspections. This bill provides municipalities that maintain a local code enforcement agency the option of either conducting inspections in-house or hiring a certified lead evaluation contractor to perform the inspections. The bill would also allow any municipality to satisfy the lead-based paint inspection requirements through entry into a shared service agreement with another local unit.

Current law exempts units within a multiple dwelling that have been registered with DCA for at least 10 years and which have no outstanding lead violations from the most recent HMDL cyclical inspection. This bill provides an exemption from lead-based paint inspection requirements for dwelling units in multiple-family buildings that have been registered as such with DCA for 10 or more years and have no outstanding lead-based paint violations from the two most recent HMDL cyclical inspections.

Under current law, a "lead-safe certification" provided to a property owner by a lead evaluation contractor or a permanent local construction code enforcement agency is valid for two years. This bill extends the validity of a lead-safe certification to three years so the certification period will run together with lead inspection timeframes.

Under current law, if an inspection identifies a lead-based paint hazard within a dwelling unit, the inspector is required to notify DCA,

and DCA is required to review those findings for the purpose of determining whether the lead-based paint hazard warrants the removal and relocation of residents and provision of assistance. Current law does not specify or establish a funding mechanism for DCA to provide this relocation assistance. Therefore, the bill amends current law to only require a municipality to deliver to DCA a list identifying each dwelling unit inspected, and each dwelling unit determined to contain a lead-based paint hazard. Additionally, the bill requires DCA to submit an annual report to the Legislature indicating the number of inspected dwelling units identified to have lead-based paint hazards within each county.

Current law also specifies child blood-lead levels which trigger certain lead paint inspection modalities. This bill provides the Department of Health with the power to adopt other blood-lead level standards, and empowers DCA to identify other data appropriate for distinguishing whether an inspection must include a dust-wipe sampling or may be accomplished through a visual inspection.

The bill also provides that a dwelling owner or landlord, who directly hires a DCA-certified lead evaluation contractor to provide lead paint inspection services within a municipality in which less than three percent of children tested, six years of age or younger, have a blood lead reference value greater than or equal to five ug/dL, or any other blood lead level adopted by the Department of Health, then the owner or landlord may elect to have the lead evaluation contractor inspect for lead-based paint hazards through dust wipe sampling instead of visual assessment.

Current law requires DCA to establish an educational program on lead-based paint hazard control and mitigation. One component of this program is establishment of a lead-based paint hazard seminar, designed specifically for rental property owners, but available to tenants, property owners, and other interested parties. This bill specifies that DCA is to create an electronic version of the lead-based paint educational program which is not to exceed three hours in length and make the program available on the Internet. Additionally, the bill would require DCA to: adopt rules for the dissemination of information about the bill's requirements to prospective owners of pre-1978 dwellings during the real estate transaction, settlement, or closing; provide updated educational materials regarding changes to the lead-based paint hazard laws or regulations; and solicit requests to enter into funded partnerships to provide information and counseling to tenants and affected parties on their rights and responsibilities regarding lead-based paint hazards and lead poisoning.

Finally, the bill would repeal a provision of current law that provides for lead-based paint inspections by DCA as part of the five-year cyclical inspection process under the HMDL. The bill also removes a related provision that currently requires property owners to

provide evidence of a valid lead-safe certification at the time of the cyclical HMDL inspection.

The bill would take effect immediately upon adoption, however, the bill provisions which authorize a municipal governing body to provide lead-based paint inspection services by contract or shared service agreement would apply retroactively to authorize an agreement entered into on or after July 22, 2022.

COMMITTEE AMENDMENTS:

The committee amendments to this bill propose:

limiting the circumstances under which a lead-based paint hazard inspection will extend to common areas of a building to buildings consisting of two or three dwelling units;

to clarify that there is no lead-based paint hazard inspection required for a dwelling unit located within a multiple-family building, which building has been registered with DCA as a multiple family building for at least 10 years, and has no outstanding lead-based paint violations from the two most recent HMDL cyclical inspections;

that if a dwelling owner or landlord directly hires a DCA-certified lead evaluation contractor to provide lead paint inspection services within a municipality in which less than three percent of children tested, six years of age or younger, have a blood lead reference value greater than or equal to five ug/dL, or any other blood lead level adopted by the Department of Health, then the owner or landlord may elect to have the lead evaluation contractor inspect for lead-based paint hazards through dust wipe sampling instead of visual assessment.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill would result in increased administrative costs to the Department of Community Affairs associated with preparing a report for the Legislature indicating the number of inspected dwelling units identified to have lead-based paint hazards and promulgating certain rules and regulations. Additionally, the department may also experience a reduction in costs to the extent that it currently provides relocation assistance to tenants affected by lead hazards, as the bill removes a requirement for department to review certain findings in accordance with a provision of the Lead Hazard Control Assistance Act.

The bill is also expected to result in a State revenue decrease due to the removal of a provision that allows the department to charge a fee for participation in its educational program concerning lead-based paint hazards.

The bill may also result in cost impacts to municipalities to the extent that municipalities elect to enter into a contract to provide for the inspection of rental units for lead-based paint hazards and due to the requirement that common areas in certain residential rental

buildings are inspected. However, the bill reduces the types of rental dwelling units required to receive a lead-based paint inspection, which may result in a reduction in costs. Additionally, to the extent that owners of dwelling units elect to have lead-based paint inspections performed through dust wipe sampling in lieu of a visual inspection, municipalities could experience cost impacts.

The OLS also notes that the bill extends the deadline for certain rental units to be inspected for lead-based paint hazards from July 2024 to July 2025, which would defer some costs expected to be incurred by municipalities in calendar year 2024 to calendar year 2025.