

Mr. Watkins: I provided the following review of proposed terms of the rent control ordinance to the Council and the Mayor. I do not have contact information for the new Township Attorney but I am hoping you will pass this along to him. We will not make our positions public until after the first reading as we do not want to stir the pot when we know you guys might be able to address what we see as problems before the Ordinance is released. I feel that we have made a far superior case to the tenants on every level — policy, equity and integrity of our position. Perhaps the cleanest way to characterize our opposition is to say that the involvement of a rent control board in areas where the tenants are already amply served is an unnecessary expense. Inspections in Bloomfield work and result in Certificates of Occupancy. If that is good enough for the new buildings to charge market rents, it is good enough for the old buildings. The market is functioning well in Bloomfield and the Ordinance should build on the stability of the market; not bait landlords and tenants into litigation when there are no current issues that would warrant division and expenses for both sides. You can always revisit the issue of a authorizing additional jurisdiction for the Board in a year or two after you see its functioning. But once you start paying the lawyers to adjudicate matters that are better left to existing structures it never stops. You have not had rent control for new tenants for 20 years and their are scant complaints except from a very small, politically motivated group of activists. If you have to re-adopt rent control – and we still don't think you do — you can do it gradually to assure its practicality. Please call me any time at 201 424 9017.

Ron

**TO THE MAYOR AND COUNCIL:
BLOOMFIELD PROPERTY OWNERS
DENOUNCE PROPOSED RENT CONTROL ORDINANCE**

A recent discussion by the Bloomfield Council Committee on Rent Control about the prospective introduction of a new rent control ordinance reveals that its recommendations represent political pragmatism rather than responsiveness to the Bloomfield economic environment.

Given:

- a) the stable pricing in the rental market**
- b) the ready availability of hundreds of affordable apartments**
- c) the lack of conditions violations as recognized by Bloomfield building inspectors**
- d) that properties under rent control are devalued and result in appealed property taxes, which in turn results in shifting the property tax burden to homeowners, who must make up the shortfall**
- e) the presence of hundreds of newly constructed or about to be constructed luxury, unregulated apartments providing housing product for households with sufficient budgets**

Bloomfield should not be re-adopting rent control, which will threaten conditions in existing apartment complexes and force demanding tenants to choose recently constructed unregulated units at a much greater rent. If it is true that the impetus behind this proposed law is concern of unconscionable rent increases, Bloomfield should convene NOT a new rent control board, but a committee monitoring unconscionable rent increases with the power to reduce any increase above 5%, if it is not warranted or defensible based on market conditions, to 5%. Few existing apartments are increased greater than 5% per year, and in most cases those increases are the result of renovations or other desirable improvements. This board would see few cases and would accomplish its objective without a significant staff or financial burden on the township.

We recognize that political pressures in Bloomfield, rather than legitimate consumer protection concerns, are the operative force behind the proposed Ordinance. In the event that the Council cannot overcome this pressure and abandon its proposed rent control ordinance for the much more applicable solution we have proposed, we have considered the discussed proposed ordinance. In the context of other rent control ordinances in New Jersey, Bloomfield's proposed terms for its new ordinance are not among the most severe (as they are under the ordinance it abolished in 1995), but given the local market, the Ordinance is one of the most misconceived and fail on many levels:

1) Lack of Policy Integrity Through Sustaining Two Rent Control Ordinances: Bloomfield has proposed to exempt residents who remain protected under its 1994 rent control ordinance, which pegs allowable rent increases to the Consumer Price Index, which have been 0% for nearly three years. As a result of ³grandfathering² these 500 or so apartments under the 21-year-old ordinance (with rents averaging less than \$700), Bloomfield will be the only municipality in the state with TWO concurrent rent control ordinances. Since the year 2000, CPI has increased less than 35% but property taxes in Bloomfield are up 85%. How does the Council expect to explain to homeowners that not only are their property taxes subsidizing rental control tenants, but that even new tenants coming into the township will have increases likely to never exceed 3% -- less than the recent average in property tax increases. Property taxes on these very same units run more than \$350 per month, leaving apartment owners less than \$350 in net rent per month out of which they must pay staff, insurance, upkeep, fuel, water, landscaping, snow removal and other expenses. Under these circumstances it is unconscionable to exclude existing rent controlled tenants from the new ordinance, which would result in average increases of less than \$21 per month. ***Bloomfield Property Owners Association recommends that the Township include all tenants as one class in its new ordinance.***

2) Costs of Implementing the Proposed Ordinance Will Add Cost to Bloomfield's Budget and the Cost of Operating Rental Units: The Ordinance revives a rent control board that has been dormant for four years because compliance has been so stable there was no reason to convene it. The proposed ordinance is also said to give tenants a ³place to go,² which will further increase legal expenses, as authority to take any action outside of administering rental increases will need to be reviewed by legal counsel and put the township in the position of being legal counsel to tenants, a completely inappropriate role that will be exacerbated as owners seek to defend their rights. The proposed ordinance also will add staff and legal expenses to Bloomfield when there is no indication that oversight is required. ***Bloomfield Property Owners Association recommends that the township be explicit about what constitutes a complaint in front of the rent control board or its officer, excluding and compliance requirements that already are covered by other local and state law and limiting the activity of the board to verifying allowable rents through the filing of a rent registration statement.***

3) Conditions Compliance Cannot Be the Standard on Which Rent Increases are Granted: Rental

increases under the proposed ordinance are said to be granted based on conditions issues, which opens the door to massive administrative expenses and litigation exposure on all sides. Many state and local laws already adequately govern conditions. Bloomfield inspection staff already has testified that it typically has no open violations from apartment complexes, so this law invites trouble for no reason. ***Bloomfield Property Owners Association recommends that any apartment receiving a Certificate of Occupancy should be deemed in compliance and therefore eligible for vacancy decontrol.***