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STATE OF NEW JERSEY
221st LEGISLATURE

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Sponsored by:

Assemblywoman YVONNE LOPEZ

District 19 (Middlesex)

Assemblyman REGINALD W. ATKINS

District 20 (Union)

Co-Sponsored by:

Assemblyman Moen

SYNOPSIS

Promotes housing availability and prevents speculation by imposing fee for institutional ownership of certain unproductive residential property.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on May 15, 2025, with amendments.



(Sponsorship Updated As Of: 3/24/2025)

1 AN ACT concerning institutional investor ownership related to
2 residential property and supplementing chapter 3 of Title 46 of
3 the Revised Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. The Legislature finds and declares that:

9 a. The demand for housing in New Jersey has steadily increased,
10 with New Jersey experiencing the 10th fastest growth rate of all
11 states and the fastest population growth of those states in the
12 Northeast Region;

13 b. Conversely, the inventory of single-family homes continues
14 to decline, with nearly 10 percent fewer homes available in January
15 2025 compared to January 2024, leading to an increase in median
16 home prices of nearly 12 percent;

17 c. Complicating concerns related to supply and demand,
18 institutional investors wield a tremendous amount of market power
19 at significantly lower market shares;

20 d. The unique structure of the housing market enables
21 institutional investors, through their purchasing behavior, to
22 manipulate supply and demand in the markets for single-family
23 home sales and single-family home rentals;

24 e. The reduced availability of real property and single-family
25 homes is well-documented in an October 2022 study entitled
26 "Buying New Jersey: The Rise of Institutional Ownership of
27 Residential Properties," produced by the Office of Policy and
28 External Affairs in the Department of Community Affairs, which
29 examines recent trends in institutional ownership and the impact of
30 the rise of institutional ownership on changes in residential sale
31 prices and sales volume in this State;

32 f. While the study observes that approximately six percent, or
33 one in seventeen residential properties, were institutionally owned
34 as of 2020, over 71 percent of these properties are owned by
35 corporate or business entities, and 22 percent were owned by trusts,
36 such as real estate investment trusts;

37 g. As a result, State and local governments have attempted to
38 address the reduced availability of real property and single-family
39 homes, caused by institutional ownership and speculation by
40 institutional investors, through various means;

41 h. While some methods appear to be effective where
42 implemented, it is critical to allocate revenues generated in a
43 manner most responsive to the needs of the State and the housing
44 region; and

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted May 15, 2025.

1 i. Therefore, it is necessary and proper for the Legislature to
2 promote housing availability and prevent land speculation by
3 imposing a fee for institutional ownership of unproductive real
4 property zoned for residential use to incentivize the productive use
5 of real property, reduce land speculation, increase the availability of
6 land and single-family homes, address the State's housing shortage
7 at a time when New Jersey's population continues to grow, and to
8 use the revenues generated to best respond to the needs of the State,
9 the State's housing regions, New Jersey's municipalities, individual
10 home purchasers, and renters.

11

12 2. As used in P.L. , c. (C.) (pending before the Legislature
13 as this bill):

14 "Abandoned" or "vacant" means, with respect to real property:

15 (1) that at least two of the following conditions exist with respect
16 to the property:

17 (a) overgrown or neglected vegetation;

18 (b) the accumulation of newspapers, circulars, flyers, or mail on
19 the property;

20 (c) disconnected gas, electric, or water utility services to the
21 property;

22 (d) the accumulation of hazardous, noxious, or unhealthy
23 substances or materials on the property;

24 (e) the accumulation of junk, litter, trash, or debris on the property;

25 (f) the absence of window treatments such as blinds, curtains, or
26 shutters;

27 (g) the absence of furnishings and personal items;

28 (h) statements of neighbors, delivery persons, representatives of an
29 association of a planned real estate development, or government
30 employees indicating that the residence is abandoned or vacant;

31 (i) windows or entrances to the property that are boarded up or
32 closed off or multiple window panes that are damaged, broken, and
33 unrepaired;

34 (j) doors to the property that are smashed through, broken off,
35 unhinged, or continuously unlocked;

36 (k) a risk to the health, safety, or welfare of the public, or any
37 adjoining or adjacent property owners, exists due to acts of vandalism,
38 loitering, criminal conduct, or the physical destruction or deterioration
39 of the property;

40 (l) an uncorrected violation of a municipal building, housing, or
41 similar code during the preceding year, or an order by municipal
42 authorities declaring the property to be unfit for occupancy and to
43 remain vacant and unoccupied;

44 (m) a written statement issued by the most recent owner expressing
45 a clear intent to abandon the property; or

46 (n) any other reasonable indicia of abandonment.

47 (2) Real property shall not be considered "abandoned" or "vacant,"
48 if at least one of the following conditions exists on the property:

1 (a) a building is unoccupied, which is undergoing construction,
2 renovation, or rehabilitation that is proceeding diligently to
3 completion, and the building is in compliance with all applicable
4 ordinances, codes, regulations, and statutes;

5 (b) a building is occupied on a seasonal basis, but otherwise
6 secure; or

7 (c) a building is secure, but is the subject of a probate action,
8 action to quiet title, or other ownership dispute.

9 "Affordable housing" means an inclusionary development, as the
10 term is defined pursuant to subsection f. of section 4 of P.L.1985,
11 c.222 (C.52:27D-304).

12 "Beneficial owner" means, with respect to an entity, an individual
13 who, directly or indirectly, through any contract, arrangement,
14 understanding, relationship, or otherwise, exercises substantial control
15 over the entity, or owns or controls not less than 10 percent of the
16 ownership interests of the entity. "Beneficial owner" shall not include:

17 (1) a person under the age of 18 years;

18 (2) an individual acting as a nominee, intermediary, custodian, or
19 agent on behalf of another individual;

20 (3) an individual acting solely as an employee of a corporation,
21 limited liability company, or other similar entity and whose control
22 over or economic benefits from such entity is derived solely from the
23 employment status of the person;

24 (4) an individual whose only interest in a corporation, limited
25 liability company, or other similar entity is through a right of
26 inheritance; or

27 (5) a creditor of a corporation, limited liability company, or other
28 similar entity.

29 "Commissioner" means the Commissioner of Community Affairs.

30 "Family limited liability company" means a limited liability
31 company:

32 (1) that has no more than five members;

33 (2) whose membership satisfies the following criteria:

34 (a) each member is an individual or a family trust; and

35 (b) each member who is an individual is related to each of the
36 other members who are individuals, within and including the third
37 degree of consanguinity or affinity; and

38 (3) whose revenue is paid directly from one member to another.

39 "Family trust" means:

40 (1) a trust in which a majority of the beneficiaries are individuals
41 who are related to each other within and including the third degree of
42 consanguinity or affinity; and where each beneficiary is an individual
43 or an organization described pursuant to section 170(c)(2) of the
44 Internal Revenue Code (26 U.S.C. s.170(c)(2));

45 (2) a charitable remainder annuity trust or a charitable remainder
46 unitrust, as those terms are defined pursuant to section 664 of the
47 Internal Revenue Code (26 U.S.C. s.664); or

48 (3) a charitable lead trust.

1 "Institutional investor":

2 (1) means:

3 (a) a partnership, corporation, limited liability company, or trust;

4 (b) an affiliate, subsidiary, or holding company of a partnership,
5 corporation, limited liability company, or trust;

6 (c) a beneficial owner of a partnership, corporation, limited
7 liability company, or trust; or

8 (d) a beneficial owner of an affiliate, subsidiary, or holding
9 company of a partnership, corporation, limited liability company, or
10 trust; and

11 (2) shall not mean:

12 (a) a nonprofit corporation organized for the exclusive purpose of
13 acquiring real property, that is, or is to be, used for the development
14 and provision of affordable housing;

15 (b) a family trust; or

16 (c) a family limited liability company.

17 "Single-family home" means a residential property and any
18 ownership interest of a residential property, consisting of one to four
19 dwelling units. A "single-family home" shall include a townhome or
20 townhouse.

21 "Small institutional investor" means an institutional investor that,
22 in the aggregate through any combination of the institutional investor's
23 partnerships, corporations, limited liability companies, beneficial
24 owners, or trusts; or affiliates, subsidiaries, or holding companies of a
25 partnership, corporation, limited liability company, beneficial owner,
26 or trust, owns 20 or fewer parcels of ¹~~real property~~ subject property¹
27 or single-family homes.

28 "Subject property" means real property, any part of which is zoned
29 for residential use, which is unproductive real property that is
30 purchased, owned, or acquired by an institutional investor, which has
31 not maintained a continuous or seasonal occupancy for:

32 (1) a period of 12 months or more subsequent to the effective date
33 of P.L. , c. (C.) (pending before the Legislature as this bill);

34 (2) a period of 12 months or more subsequent to the real
35 property's acquisition or purchase; or

36 (3) any other period of time prescribed by the commissioner
37 pursuant to section 4 of P.L. , c. (C.) (pending before the
38 Legislature as this bill).

39 "Unproductive real property" means real property, including raw
40 land and structures thereon, which qualifies as abandoned or vacant.

41 "Unproductive real property" shall not include real property
42 predominantly dedicated to an agricultural use, or development or
43 construction activities that have not yet begun, but will begin, in the
44 subsequent 18 months to the 12-month period specified herein,
45 demonstrated by:

46 (1) executed contracts between developers and contractors or other
47 parties who will develop, engage in construction, or engage in other
48 similar activities on the real property;

1 (2) a completed application for development, as the term is defined
2 pursuant to section 3 of P.L.1975, c.291 (C.40:55D-3); or

3 (3) other evidence required by the commissioner pursuant to
4 section 4 of P.L. , c. (C.) (pending before the Legislature as
5 this bill).

6 "Townhome" or "townhouse" means a single-family dwelling unit,
7 constructed in a group of three or more attached units in which each
8 unit extends from foundation to the roof and with a yard or public way
9 on not less than two sides.

10
11 3. a. Except as provided by subsection c. of this section, on and
12 after the effective date of P.L. , c. (C.) (pending before the
13 Legislature as this bill), there shall be imposed a fee on an
14 institutional investor that holds, acquires, or purchases any ownership
15 interest, whether directly or indirectly, or through any combination of
16 an institutional investor's constituent persons or entities, in a subject
17 property, in an amount equal to the product of:

18 (1) \$30,000, and

19 (2) the number of subject properties owned by the institutional
20 investor as of the last day of the calendar year.

21 b. The fee owed pursuant to this section shall be paid to the
22 commissioner in a manner prescribed pursuant to section 4 of
23 P.L. , c. (C.) (pending before the Legislature as this bill).

24 c. Except as provided in subsection d. of this section, the
25 provisions of P.L. , c. (C.) (pending before the Legislature as
26 this bill) shall not apply to:

27 (1) a tax exempt nonprofit organization that is described in section
28 501(c) of the Internal Revenue Code (26 U.S.C. s.501(c)) and exempt
29 from federal taxation pursuant to section 501(a) of the Internal
30 Revenue Code (26 U.S.C. s.501(a)), which purchased real property for
31 the exclusive purpose of providing, and which serves to provide,
32 affordable housing in this State;

33 (2) a small institutional investor;

34 (3) a financial institution, including a credit union, or an
35 institutional investor, which has acquired or purchased real property as
36 a direct result of any foreclosure, or a secured transaction pursuant to
37 the "Uniform Commercial Code - Secured Transactions," N.J.S.12A:9-
38 101 et seq.;

39 (4) an institutional investor, which, as a condemnor, as the term is
40 defined pursuant to subsection (b) of section 2 of P.L.1971, c.361
41 (C.20:3-2), has acquired or purchased real property pursuant to the
42 "Eminent Domain Act of 1971," P.L.1971, c.361 (C.20:3-1 et seq.);

43 (5) a governmental authority; or

44 (6) such other institutional investors in possession of any
45 ownership interest in real property that the commissioner, in
46 consultation with the Director of the Division of Consumer Affairs in
47 the Department of Law and Public Safety, determines to be: necessary
48 to effectuate the provisions of P.L. , c. (C.) (pending before

1 the Legislature as this bill), in the public interest, and necessary to
2 preserve the quantity and availability of real property in this State. An
3 institutional investor, subject to an exemption pursuant to this
4 paragraph, shall provide additional information that the commissioner
5 determines to be necessary for the institutional investor to qualify for
6 an exemption pursuant to this paragraph and that effectuates the
7 purposes of P.L. , c. (C.) (pending before the Legislature as
8 this bill).

9 d. Notwithstanding the provisions of subsection c. of this section
10 to the contrary, an institutional investor shall submit to the
11 commissioner, on a form established by the Department of Community
12 Affairs, in consultation with the Division of Consumer Affairs in the
13 Department of Law and Public Safety and published by the
14 Department of Community Affairs on the department's Internet
15 website, a report containing the information required by this
16 subsection, and such other information as required by the rules and
17 regulations promulgated by the commissioner pursuant to section 4 of
18 P.L. , c. (C.) (pending before the Legislature as this bill). The
19 information submitted by the institutional investor shall include but
20 not be limited to, the number of subject properties, properties at risk of
21 becoming subject properties within six months, and single-family
22 homes that, in the aggregate or through any combination of the
23 institutional investor's constituent persons or entities, were purchased
24 or acquired within the previous 12 months, or are currently owned by
25 the institutional investor. An institutional investor shall submit the
26 information required pursuant to this subsection to the Department of
27 Community Affairs for every taxable year by April 15 annually, and
28 within 60 days of the effective date of P.L. , c. (C.) (pending
29 before the Legislature as this bill) if April 15 is not less than 90 days
30 subsequent to the effective date of P.L. , c. (C.) (pending
31 before the Legislature as this bill).

32 e. An institutional investor that fails to provide the information
33 required by subsection d. of this section shall, in addition to the fee
34 established pursuant to subsection a. of this section, be liable to a civil
35 penalty of \$500 for a first offense, and \$1,000 for a second and any
36 subsequent offense. Each day that the commissioner is not in receipt
37 of the report required by subsection d. of this section shall constitute a
38 separate and distinct offense. A penalty pursuant to this subsection
39 shall be collected in a civil action by a summary proceeding pursuant
40 to the "Penalty Enforcement Law of 1999," P.L.1999, c.274 (C.2A:58-
41 10 et seq.). The Superior Court of New Jersey, Law Division in the
42 county or vicinage in which the majority of the real property owned or
43 acquired by the institutional investor is located shall have jurisdiction
44 over the proceedings. Process shall be in the nature of a summons or a
45 warrant, and shall issue upon the complaint of the Attorney General.

46
47 4. The Commissioner of Community Affairs shall, in consultation
48 with the Director of the Division of Consumer Affairs in the

1 Department of Law and Public Safety, and in accordance with the
2 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.),
3 adopt rules and regulations to implement the provisions of this act.

4
5 5. This act shall take effect on the first day of the sixth month
6 next following the date of enactment, and shall apply to an
7 institutional investor that holds, acquires, or purchases any ownership
8 interest in a subject property on or after the effective date of P.L. , c.
9 (C.) (pending before the Legislature as this bill), except that the
10 Commissioner of Community Affairs and the Director the Division of
11 Consumer Affairs in the Department of Law and Public Safety shall
12 take anticipatory action necessary to effectuate the provisions of
13 P.L. , c. (C.) (pending before the Legislature as this bill).