

Assembly Bill NO. 4973
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 4973 (First Reprint) with my recommendations for reconsideration.

Assembly Bill No. 4973 (First Reprint), entitled the "Manufactured Home Park Protection Act" ("MHPPA"), would revise the law governing the sale and transfer of manufactured and mobile home parks by expanding resident homeowners' rights when the land underlying their homes is offered for sale. The bill would require landowners to provide detailed notice of a proposed sale, including its price and terms, to resident homeowners, the Department of Community Affairs ("DCA"), local officials, and, upon request, nonprofit organizations committed to preserving affordable housing. The bill would authorize resident homeowners to organize collectively, with the consent of at least 51 percent of residents, to negotiate for and purchase the community within a 120-day period, subject to reasonable financing contingencies and deposit limits. Landowners would be obligated to negotiate in good faith with qualified resident homeowner groups and comply with updated notice, contract, and deed-recording requirements, and existing exemptions would remain in place if used in good faith. The bill would impose similar requirements when a landowner receives a bona fide third-party offer to consider, except that the landowner could negotiate with other potential purchasers during the defined period.

In addition, the bill would establish explicit confidentiality requirements governing information exchanged during sale negotiations and authorize injunctive relief and attorney fees for confidentiality violations. The bill would

create a private right of action for resident homeowners to seek relief from the Superior Court against any landowner that has not complied with its requirements. Violations would constitute an unlawful practice under the New Jersey Consumer Fraud Act.

I commend the bill's sponsors for their strong commitment to protecting residents of manufactured housing communities and addressing the real risks of displacement that resident homeowners face when the land beneath their homes is offered for sale. The bill reflects a thoughtful effort to strengthen notice requirements, expand resident homeowners' participation in the sale of their communities, and promote long-term housing stability for a particularly vulnerable population.

At the same time, I am concerned that the bill's immediate effective date will impact transactions that are already in negotiation or otherwise substantially underway. Applying the bill's new procedural requirements, timelines, and negotiation obligations to existing contractual relationships or ongoing negotiations may impair already bargained-for rights and settled expectations and would expose contracting parties to significant liabilities and penalties for noncompliance, including remedies available for a Consumer Fraud Act violation, which did not exist when their negotiations began. As a result, the bill may subject the State to avoidable legal challenges that may delay and undermine its important objectives.

Clarifying the bill's application to prospective transactions would help ensure that its resident-protection goals are achieved in a manner that is administratively workable and complies with governing law. For these reasons, I am recommending minor revisions specifying that the bill applies to sales of private residential leasehold communities for which no written agreement,

letter of intent, or other binding contractual commitment exists as of its effective date.

Therefore, I herewith return Assembly Bill No. 4973 (First Reprint) and recommend that it be amended as follows:

Page 15, Section 13, Line 13:

After "immediately" insert "and shall not apply to sales of private residential leasehold communities for which a written agreement, letter of intent, or other contractual commitment exists as of the effective date of this act"

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Chief Counsel to the Governor