New Jersey Association of REALTORS®
Where Knowledge and Success Meet

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REALTOR®

NJAR® LEGISLATIVE ISSUES

As advocates for the real estate industry and private property rights, The New Jersey Association of REALTORS® (NJAR®) closely monitors legislative issues affecting the home buying and selling public of New Jersey, and its members. Following you will find key legislative issues that have an impact on the real estate industry in New Jersey. Please note that as these issues evolve, NJAR®'s position may vary. If you have any questions, and/or would like to discuss any topic in more detail, please contact Jessica Figlar at (732) 494-4730 or jfiglar@njar.com.

Realty Transfer Fee

When introduced in 1968, the realty transfer fee was intended to assist in tracking the transfer of title to real property. In past years, however, the transfer fee has become less a means to cover the cost of recording a deed and more of a revenue generating tax.

Since 2003, the realty transfer fee has been raised several times. The tiered structure was created in 2003 with the addition of the supplemental fee. In 2004, two new increases in the realty transfer fee were instituted. An additional one percent fee (paid by the buyer) was added to the sale of any residential property whose sale price is in excess of $1 million. In 2006, the one percent fee on property sold for more than $1 million was extended to include commercial property. The result is a substantial increase in the tax for both residential and commercial property sellers.

Assembly bill A3190 would allow cities of the first class to impose a local realty transfer fee (RTF). Jersey City and Newark are of the first class since they have a population of more than 150,000 residents.

The average sale price of an existing single family home in New Jersey for 2006 was $380,700. Since 2003, the RTF on that home has increased 81 percent. A3190 would raise the transfer fee of a 2006 average sale priced home in Jersey City by 13 percent, bringing the overall transfer fee increase since 2003 to 103 percent.

Commercial real estate also will be hit especially hard by a local RTF. Both Jersey City and Newark have been experiencing great commercial development. An additional tax in these cities will make it less appealing for businesses to move or establish their business there. These businesses are important to promoting growth in surrounding areas.

Allowing any municipality to establish its own realty transfer fee sets a dangerous precedent. REALTORS® see this legislation as the precursor to more realty transfer taxes across the state. Adding higher transfer fees to a real estate transaction cuts down on the equity sellers will have to put toward another home or other expense.

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Homeowner's Insurance

A recent trend of insurance companies cutting back or discontinuing their homeowner's insurance services to New Jersey residents could have a detrimental impact on the availability and affordability of homeowner's insurance policies, which could negatively affect the housing market.

Homeowner's insurance is a necessary component in securing a mortgage and buying and selling a home. The New Jersey Association of REALTORS® (NJAR®) is concerned that rising insurance costs could derail home purchases, delay transactions and make homeownership increasingly costly, especially for young families and first-time buyers.

NJAR® is calling upon the Legislature to further examine this issue before it becomes a crisis. If insurance companies are not adequately protected, taxpayers could be forced to pay for millions of dollars worth of damages. The Legislature must take action to keep insurance companies in our state, entice new ones to join our market, increase competition and keep costs down for homeowners.

NJAR® supports legislation introduced by Assemblyman Michael Panter (D12) that would create a New Jersey Catastrophe Fund. Such a fund would help pay covered residential property damage insurance claims in the event of a catastrophe that would affect New Jersey homeowners and their property insurers.

Eminent Domain

NJAR®'s position on eminent domain revolves around the protection of New Jersey's private property owners, and emphasizes community education and public input to defend against eminent domain abuse.

NJAR® supports eminent domain legislation that will provide property owners with greater notice of any redevelopment plans that will affect them, more opportunities to participate in the eminent domain process, and greater compensation for their property.

NJAR® advocates for the right of first refusal to give displaced residents the opportunity to purchase or lease property constructed within the redevelopment project. NJAR® also supports comparable, available and affordable housing to meet the relocation needs of residents displaced by redevelopment. NJAR® further supports the requirement that any plan for redevelopment be clearly defined and provide a timeframe for implementation.

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