

**MINUTES OF THE CALDWELL RENT REVIEW BOARD
REORGANIZATIONAL MEETING
January 17, 2024**

A meeting of the Borough of Caldwell Rent Review Board was held electronically via ZOOM Meetings at 7:02PM on Wednesday, January 17, 2024.

OATH OF OFFICE:

The Oath of Office was administered by John Chiaia, the Board Attorney, to Councilman Jurgensen and John Irwin.

PRESENT: Councilman Jurgensen, Ms. Evans, Mr. Kostecka, Mr. Irwin and Mr. Galante. Mr. Chiaia was also present.

ABSENT: Mr. Valente

STATEMENT OF COMPLIANCE

PLEDGE OF ALLEGIANCE

ELECTION OF OFFICERS:

Mr. Kostecka made a motion to nominate Mr. Galante as the Chairperson of the Board. The motion was seconded by Ms. Evans. Upon roll call vote, all attending members voted in the affirmative. Mr. Galante was approved as Chairperson of the Caldwell Rent Board for the 2024 Calendar Year.

Mr. Kostecka made a motion to nominate Ms. Evans as the Vice Chairperson of the Board. The motion was seconded by Mr. Galante. Upon roll call vote, all attending members voted in the affirmative. Ms. Evans was approved as the Vice Chairperson of the Caldwell Rent Board for the 2024 Calendar Year.

Ms. Evans made a motion to appoint Brittany Heun and Kim Conlon as the Secretaries of the Board. The motion was seconded by Mr. Galante. Upon roll call vote, all attending members voted in the affirmative. Brittany Heun and Kim Conlon were appointed as Secretaries to the Rent Review Board for the 2024 Calendar Year.

APPOINTMENT OF PROFESSIONALS:

Mr. Galante made a motion to appoint John Chiaia, Esq. as the Rent Review Board Attorney. The motion was seconded by Mr. Kostecka. Upon roll call vote, all attending members voted in the affirmative. Mr. Chiaia was appointed as the Rent Review Board Attorney for the 2024 Calendar Year.

MINUTES:

The meeting minutes from November 15, 2023 were accepted and approved by the Board.

SCHEDULE OF MEETING DATES FOR THE 2024 CALENDAR YEAR:

The following meeting dates for the 2024 Calendar Year were approved by the Board:

Wednesday, January 17, 2024 (Reorganization Meeting)

Wednesday, February 21, 2024

Wednesday, March 20, 2024

Wednesday, April 17, 2024

Wednesday, May 15, 2024

Wednesday, June 26, 2024

Wednesday, July 17, 2024

Wednesday, August 21, 2024

Wednesday, September 18, 2024

Wednesday, October 16, 2024

Wednesday, November 20, 2024

Wednesday, December 18, 2024

NEW BUSINESS:

Kostecka Tenant Complaint, 507 Bloomfield Avenue

Adjourned from the November 15, 2023 Meeting

Mr. Kostecka was asked to step down as a panelist and Board Member for this portion of the meeting. He rejoined the meeting as an attendee. He was notified by Mr. Chiaia and Mr. Galante that he would not be able to vote as a Board Member on any decisions made by the Board with regard to his complaint.

Mr. Nickolas Gasparro introduced himself as Legal Counsel for Caldwell Terrace, LLC, the property owners of 507 Bloomfield Avenue.

Mr. Kostecka introduced himself as the tenant of 507 Bloomfield Avenue, Apartment 7-D.

Mr. Kostecka provided a brief summation of his complaint:

- One parking spot has always been provided free of charge as part of the rent agreements for apartments in the complex. A second parking spot could be provided for an additional \$35 a month.
- Mr. Kostecka has paid the \$35 fee for the additional parking space since he first starting leasing an apartment in the complex over ten years ago. A Rider was always included with the lease for the second parking spot, however, no additional Rider was included in the lease agreement provided by the new company who took over ownership of the property approximately two years ago. He has continued to pay the additional \$35 for the second parking spot in good faith.
- Mr. Kostecka was notified by the Management Company that in his next Lease Agreement with the Management Company, the charge for his second parking spot would be \$75 per month.
- Mr. Kostecka stated that he believes the increase in the monthly charge for his second parking spot is an attempt by the Management Company to circumvent the Borough's Rent Ordinance. He quoted Chapter 182-11 Subsection E which states "All charges to a tenant for rental of a parking space where not separately stated shall be deemed added to the rent and be considered part of the total rent. There shall be no independent increases in rent on parking spaces." In page 3, Section I "Other" of his lease agreement, it states that "any additional attachments on the lease are considered additional rent and collectible as additional rent, as in parking, pets and garages." Mr. Kostecka stated that the Ordinance clearly dictates that there can be no independent rent increases.

Mr. Gasparro provided a response to Mr. Kostecka's complaint:

- The term "additional rent" referred to by Mr. Kostecka on page 3 of the lease agreement is included to protect landlords from tenants who do not pay their rent for eviction purposes. He explained to the Board that it is a State Law required by the Anti-Eviction Act, in which landlords must include the language "additional rent" for late fees, parking and pet fees. It allows for management companies and landlords to ensure collection of these charges.
- Mr. Gasparro asked the Board Members to consider the language in Chapter 182-11 Subsection E. The phrase "where not separately stated" is confusing. In this particular case, there is a parking addendum for the second parking spot. The first parking spot is included in the lease agreement.
- He asked the Board if it is their assumption that the fee for a second parking spot should stay at \$35 in perpetuity, in spite of inflation?
- Mr. Gasparro asked for confirmation that Mr. Kostecka would not be acting in his role as a Board Member during the testimony of this complaint.

Mr. Chiaia assured Mr. Gasparro that Mr. Kostecka has stepped down as his role as a Board Member and was participating as an attendee for this portion of the meeting and that he would have no vote in the outcome of this decision.

Mr. Galante reported that it has been the Board's interpretation in past experience that "no independent increases in rent" has included parking spaces as part of the rent and if separately stated, the increase would be limited to the prescribed amount of allowable increase of 2 ¾% as outlined by the Borough's Ordinance.

Mr. Chiaia suggested that as a local community and the interest of addressing a neighborly issue, the Board may want to allow the landlord the opportunity to extend an offer to the tenant before the Board makes a ruling regarding the complaint.

Mr. Galante agreed, as well as Mr. Kostecka.

Mr. Gasparro stated that he would be amenable to an agreement between Mr. Kostecka and the property owner, however, he as Legal Counsel, would not have the authority to do so. He asked the Board if he could reach out to Mr. Kostecka independently to reach an agreement.

Mr. Kostecka and Mr. Gasparro exchanged contact information.

Mr. Galante asked if Mr. Kostecka could notify the Board if the matter was settled. If the issue could not be resolved than the Board Members would revisit the complaint at their next Rent Review Board Meeting.

Mr. Gasparro stated that he anticipated that they would be able to resolve the issue within the next few days.

Mr. Galante asked for a motion to table Mr. Kostecka's complaint to allow for an agreement to be made between the tenant and landlord. The motion was seconded by Ms. Evans. Upon roll call vote, all attending Board Members voted in the affirmative. Mr. Kostecka abstained from voting.

Victoratos Tenant Complaint, 501 Bloomfield Avenue

Adjourned from the November 15, 2023 Meeting

(Mr. Kosteckas rejoined the meeting as a Board Member).

Mr. Victor Victoratos, and his wife, Maryann Victoratos, introduced themselves as the tenants of 501 Bloomfield Avenue, Apartment 7D.

Mr. Victoratos stated that his complaints are similar to Mr. Kostecka's complaints.

He provided a brief summation of his complaint for the Board:

- Mr. and Mrs. Victoratos signed their original lease agreement with the prior management company/property owner, Panyork Group, on June 4, 2020. At that time, he was issued 3 parking stickers, which he still has in his possession: one for the parking of his vehicle, one for the parking of Mrs. Victoratos' vehicle, and one to be used for visitor parking.
- The two parking spots issued, for his two-bedroom apartment, and the opportunity to use a visitor parking pass, when needed, were part of his original lease agreement. On page 5 of his original lease agreement, it states that *"parking will be provided for any household tenant and guest parking is only permitted by lease agreement...the landlord requires that all vehicles be insured. No visitor parking allowed at any time, unless otherwise posted. Unauthorized vehicles will be removed at the owner's expense."*
- The original lease agreement did not have any additional riders for parking and the Victoratos were issued two parking spaces as part of their lease.
- The Victoratos were sent a notice by the new owners of the property, Caldwell Terrace, LLC informing them of a 2 ¾ % increase in their rent and a notification that they would need to pay an additional \$75 a month for their second parking space.
- Mr. Victoratos sent numerous emails to the Management Company for the property, explaining that they had two parking spots that were always been provided as part of their rent.
- Mrs. Victoratos signed the new lease agreement, but Mr. Victoratos did not.
- Mr. Victoratos has been paying his rent but has not been paying the additional \$75 per month for the second parking spot. The Management Company sent him a letter stating that he owed approximately \$450 in payments (5 months of unpaid payments of \$75 for the second parking spot and late fees that been incurred).

Mr. Gasparro, the Attorney representing the property owners, responded to the Victoratos' Complaint:

- Mr. Gasparro stated that the 2020 lease agreement between the property owners and the Victoratos is irrelevant. The lease contract from July 2023 is the most recent agreement between both parties. The prior owner of the property does not have any jurisdiction to make rules or agreements for the property anymore.
- Costs change over time, and therefore terms change.
- Mr. Gasparro stated that the most recent lease agreement, which remains unsigned by Mr. Victoratos, most likely has an addendum specifically for parking.

Mr. Kosteckas stated that it would be important to view a copy of the new lease agreement since the new terms become effective at the time of annual renewal of the lease, to ensure that terms are not being changed halfway through the duration of an existing lease agreement.

Mr. Chiaia informed the Board that it would be essential for the Board Members to view a copy of the lease agreement in order to investigate the language and format used by the property owner to establish a separate cost for additional parking. Is it part of the actual lease agreement or provided as a rider or addendum to the contract?

Neither Mr. Victoratos or Mr. Gasparro was able to provide a copy of the current lease agreement, however, Mr. Gasparro stated that he could provide the Board Members a copy of the contract. Mr.

Gasparro stated that the Lease Agreement was signed but the parking addendum was not signed by Mr. Victoratos.

Mr. Galante reiterated that the Board needed to see a copy of the lease agreement before making a decision.

Mr. KostECKA made a motion to table Mr. Victoratos' Complaint until a copy of the lease agreement between the Victoratos and Caldwell Terrace LLC was distributed to the Board Members for review by Mr. Gasparro. Mr. Galante seconded the motion. Upon roll call vote, all attending members voted in the affirmative.

Contact information was shared between Mr. Gasparro, Mr. Victoratos, and the Board Secretaries.

Mr. Galante encouraged both Mr. Gasparro and Mr. Victoratos to try and come up with an agreement outside of the judicial body.

Mr. Galante asked the Board Secretaries to require a copy of the lease agreement to be included with the documentation for any future complaints filed for the Rent Review Board.

Ordinance Review Chapter 182: Rent Control Ordinance for the Borough of Caldwell

Mr. Galante reported to the Board that every year, the Rent Review Board does an analysis of the Borough's Rent Control Ordinance to evaluate if any modifications need to be made. The Ordinance, historically, has been cobbled together and tends to be difficult to work with and interpret.

Typically, the Rent Review Board Members suggest changes of the Ordinance to be considered that are then brought to the attention of the Governing Body by the Council Liaison.

Mr. Galante brought referenced Chapter 182-11 entitled "Rent Increases" for discussion, stating that this section of the Ordinance had not been updated since 1989.

Mr. Chiaia had provided the Board Members comparative data of rental increase legislation for Verona and Montclair which had been distributed to all the Board Members. The Borough's neighboring towns had implemented a two-tier system that allowed for an overall cap for rental increases and then a separate rental cap for units occupied by senior citizens.

Mr. KostECKA suggested that each of the tiers listed in Chapter 182-11 Subsection B need to be adjusted to reflect more realistic fixed rent numbers. He claimed that all the rents in town are at least over \$750 a month and that is the amount reflected in the top tier of the chart, which renders the other fixed rent numbers irrelevant.

Mr. Galante asked what happens when a long-term tenant in a complex turns 65? Who notifies the landlord?

Mr. Chiaia noted that the neighboring towns that do have different allowable rent increases for seniors have different definable ages; one town designates seniors at age 62 and one town designates seniors at Age 65.

Mr. Chiaia had prepared for the Board Members charts that illustrated modified numbers for the fixed rent tiers in the current Borough Rent Ordinance when you applied the federally approved CPI (or Consumer Price Index) to the original tier numbers established and written in 1989. The changes in each tier are reflected below:

CURRENT CALDWELL MAXIMUM (est 1989)

The rent fixed for such housing space unit is:

Under \$299 per month
\$300 to \$499 inclusive, per month
\$450 to \$749 inclusive, per month
\$750 and over per month

WITH CPI ADJUSTMENT (2022)

The rent fixed for such housing space unit is:

Under \$758 per month
\$799 to \$1264 inclusive, per month
\$1265 to \$1897 inclusive, per month
\$1898 and over per month

The Board Members collectively agreed that the new numbers were more reflective of the market rates for rental units in New Jersey.

(NOTE: Mr. Chiaia clarified that the CPI Index is currently designed for 2022 numbers and will be updated soon to reflect 2024 numbers).

Discussion ensued by Board Members with regard to modifications of the Caldwell Rent Ordinance:

- Average rents in Caldwell Area are between \$2,000 and \$3,050 for one and two bedroom units, although there are a handful of renters who pay less than \$2,000.
- 5% or 6% increases allowable for rents at \$2,000 would result in rent increasing faster than most tenant's pay increases.
- Landlords are able to raise their rents up to 25% when there is a tenant turnover in a unit, which allows opportunities for landlords to make necessary improvements in a unit.
- Hardship requests are allowed to be applied for by landlords, however, the current Ordinance does not allow mortgage payments or interest paid to be included as a necessary cost of the property owner.
- Chapter 182-11 Subsection E needs to have clearer and more specific language with regard to parking costs for a tenant. A possible edit may be to include "all charges shall be included in the total rent".
- The term "when separately stated", which is utilized throughout the Ordinance is too ambiguous and misleading. The phrase could be referring to an item stated elsewhere in a lease agreement, or in the Borough Ordinance, or in the New Jersey State Law.
- Board Members reflected on if any language should be included in the Ordinance with regard to animal or pet fees since most complexes do allow for tenants to have pets in their unit.
- Board Members embarked on a discussion as to whether language needs to be included in the Ordinance for individuals with disabilities or if the Disabled Tenancy Protection Act provides enough protection to tenants with disabilities.
- Questions were asked as to whether Affordable Housing Units are required to abide by the allowable rent increases set forth in the Caldwell Rent Ordinance.

Mr. Galante asked Mr. Chiaia if he could prepare a draft of the amendments discussed for the next Rent Review Board Meeting.

OPEN TO PUBLIC:

1. **Heather Eaton-Dwyer- tenant of 519 Bloomfield Avenue** stated that she has been a long-time resident of Caldwell, renting in the town since 2006. While she understands the need for landlords to upkeep their buildings, tenant salaries on average have not increased. Most renters in Caldwell would not be able to afford more than a 2 ¾% annual increase in rent. Many items purchased in stores have gone up significantly in price. A distinction should be made between property owners of larger rental properties and property owners of smaller rental properties.

She appreciates that the Caldwell Rent Review Board is represented by both landlords and tenants.

- 2. Emily Dillon-tenant of Parkview Commons, 155 Roseland Avenue** reported to the Board that she believes 2 ¼% is a fair increase given that most people's salaries don't increase more than that each year. Many young families move to Caldwell looking to rent initially and then save up to purchase a home.

Mr. Galante made a motion to adjourn the meeting, seconded by Mr. Kostecka.
At 9:14PM the meeting adjourned.