



## City of New Brunswick

### Rent Control Office

Civic Square - 25 Kirkpatrick Street - PO Box 269 - New Brunswick, NJ 08903

Phone: 732.745.5050

Fax 732.565.7532

# Substantial Rehab Decontrol Application Guide

### Owner Information:

Provide the name of the owner of the property, the owner's mailing address and daytime phone number.

### Vacating Unit Information:

The "vacating unit" is the unit from which a tenant has moved out of and that the owner has rehabilitated.

- Provide the address for this unit.
- Provide the BASE RENT that was paid by the tenant who moved out of the vacating unit.
- Provide amount of hardship and capital improvement surcharges, if there are any.
- Provide the date for start of the lease term for the new tenant who moved into the unit after it was rehabilitated.
  - If the unit is not yet occupied, list the unit as vacant.
  - ***In order to qualify for decontrol of the unit, this application must be filed with the Rent Control Office within 45 days of the start of the lease with the new tenant.***
- Provide the proposed new decontrolled rent for this unit

### Substantial Rehab Decontrol Request:

1. Provide the assessed IMPROVEMENT value for the PROPERTY. The assessed improvement value does not include the value of the land. The improvement value is listed on your property tax bill or property tax bill duplicate. If you do not have a tax bill available for reference, you may call the New Brunswick Tax Assessor's Office at 732.745.5011 to find this information.

(Tax Bill Example: Land Assessment: \$40,000, Improvements, \$100,000, Total Assessment: \$140,000 – The assessed improvement value is \$100,000)

2. Provide the number of units at the property.  
(Example: 2)

3. Provide the total square footage of the building, including common areas.  
(Example: 1,500 sq. feet)

4. Divide the assessed improvement value (from #1 above) by the total square footage of the building (from #3 above)  
(Example:  $\$100,000/1,500 = \$66.67$  per sq. ft.)

5. Provide the total square footage of the unit which was vacated and rehabilitated, i.e., the "vacating unit".  
(Example: 700 sq. ft.)

**6.** Calculate the assessed improvement value of THIS UNIT by MULTIPLYING #4 by #5.  
(Example: #4 Improvement Value Per Square Foot @ 66.67 x #5 Unit Square Footage @ 700 = \$46,667 Unit Improvement Value)

**7.** Document the costs of rehabilitation costs made to THIS UNIT over the past 60 months. This is the cost of rehabilitation to the unit only. This amount does not include costs to common areas or systems. For example, the installations of new appliances or windows are costs related directly to the unit. The installation of a new roof on a building with two or more units is a common system improvement. Common area or system improvements will be credited in #8 below.

Provide dated receipts, contracts, cancelled checks etc. to document these costs. If the owner has performed the rehabilitation labor himself/herself, they may include a labor cost of 150% of the documented cost of materials they have installed.  
(Example: \$7,000)

**8.** Document the costs of rehabilitation costs made to common areas or systems over the past 60 months. For example, if a new roof was installed on a building with two or more units, this is a common system and would be credited here. If a parking lot or interior sidewalks are rehabilitated at a property with two or more units, these are common areas and would be credited here.

Provide dated receipts, contracts, cancelled checks etc. to document these costs. If the owner has performed the rehabilitation labor himself/herself, they may include a labor cost of 150% of the documented cost of materials they have installed.  
(Example: \$6,000)

**9.** Calculate the Common Area Cost Per Square Foot (CAC/SF) by DIVIDING #8 by #3.  
(Example: #8 is \$6,000, #3 is \$1,500.  $\$6,000/\$1,500 = \$4/\text{sq. ft.}$ )

**10.** Calculate the vacating unit's share of the common area costs by MULTIPLYING #9 by #5.  
(Example: #9 = \$4, #5 Unit Square Footage = 700.  $\$4 \times 700 \text{ sq. ft.} = \$2,800$ )

**11.** Calculated the TOTAL REHAB COST by ADDING #7 (Documented Cost of Rehabilitating This Unit) and #10 (Unit's Share of Common Area Costs).  
(Example: #7 = \$7,000, #10 = \$2,800. Total Rehab Cost = \$9,800)

**12.** Calculate Total Rehab Cost to Unit Assessed Improvement Value by DIVIDING #11 by #6.  
(Example: #11 Total Rehab Cost = \$9,800, #6 Unit Assessed Improvement Value = \$46,667.  $\$9,800/\$46,667 = 21\%$ )

If the Total Rehab Cost is 20% or greater than the Unit Assessed Improvement Value, the vacating unit, the Rent Control Office can approve the market decontrol of this unit.

If the Total Rehab Cost is less than 20% of the Unit Assessed Improvement Value, the vacating unit can NOT be decontrolled as a substantially rehabilitated unit. If the unit does not qualify for a substantial rehab decontrol, the unit MAY qualify for a vacancy adjustment or market vacancy decontrol if it meets the requirements for either of these types of rental increases.

**13.** Notarized Statement attached to application for statement of accurate accounting of the qualified costs for a substantial rehabilitation adjustment.