

ASSEMBLY HOUSING COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 4487**

**STATE OF NEW JERSEY**

DATED: MAY 18, 2023

The Assembly Housing Committee reports favorably Assembly Bill No. 4487.

This bill establishes the “Guaranteed Rental Payment Pilot Program” (“pilot program”) within the Department of Community Affairs (“DCA”) to study ways of maximizing housing opportunities for households who lack adequate credit histories and to better understand the relation between credit rating and the tenant’s performance under the lease, including making required rental payments. Specifically, this pilot program would collect data from low- or moderate-income program participants who receive rental assistance under the State Rental Assistance Program (“SRAP”). The pilot program would also keep track of default rates for lease payments by tenants with less favorable credit ratings as compared to similar tenants who maintain a credit rating of “fair” or higher.

The pilot program would select at random 1,000 low- or moderate-income households who are qualified and approved to participate in and receive benefits under SRAP or, at the discretion of DCA, the Section 8 Housing Choice Voucher Program and who have completed a housing and credit counseling program through a DCA-approved agency.

Under this pilot program, a landlord whose tenant fails to make a rental payment required by a lease agreement would be made whole and be reimbursed for this failure to pay through funding made available by the pilot program for this purpose. The bill creates the “Guaranteed Rental Payment Fund” (“fund”) as an account within the General Fund, to be administered by DCA. The fund would provide reimbursements to landlords in the case of a default or other lease violation by a pilot program participant tenant that causes a loss to the landlord. Participation in this pilot program would not impact a landlord’s right to statutorily evict a tenant.

Within 30 days following payment from the program to a landlord, DCA would be required to provide the tenant with written notice of the amount paid from the fund and provide the tenant with notice of the tenant’s obligation to repay it. On the 90th day following a payment to the landlord from the pilot program, an amount equal to the amount paid to the landlord would be due and owing to the pilot program from the tenant, to be reinvested in the fund.

During the course of the payment period, if a participant household experiences conditions that violate the implied warranty of habitability, the bill authorizes the tenant to certify those conditions to DCA. Based on the tenant's written certification, DCA would be required to order an inspection be conducted on the dwelling. Upon confirmation that the violation of the implied warranty of habitability exists, DCA would notify the landlord and provide an opportunity to cure. DCA would then consider whether and in what amount to withhold rent based on the conditions.

The bill provides DCA with authority to create rules and regulations for the pilot program established by the bill.

Finally, this bill appropriates \$10 million from the General Fund into the fund.