

ASSEMBLY, No. 1646

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblywoman ANNETTE QUIJANO

District 20 (Union)

Assemblywoman ANNETTE CHAPARRO

District 33 (Hudson)

Assemblyman JAMEL C. HOLLEY

District 20 (Union)

Assemblyman BENJIE E. WIMBERLY

District 35 (Bergen and Passaic)

Assemblyman RAJ MUKHERJI

District 33 (Hudson)

Co-Sponsored by:

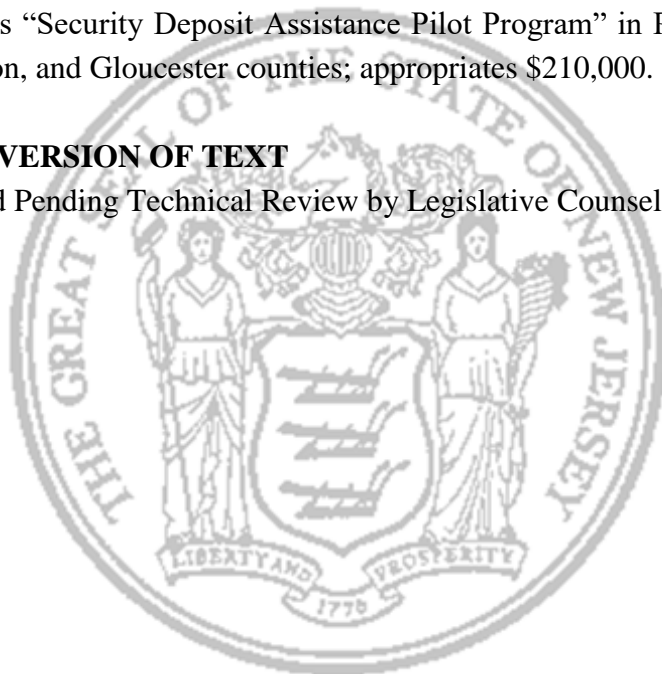
Assemblyman Mejia, Assemblywoman Speight and Assemblyman Moen

SYNOPSIS

Establishes “Security Deposit Assistance Pilot Program” in Passaic, Union, Essex, Hudson, and Gloucester counties; appropriates \$210,000.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 1/27/2020)

1 AN ACT establishing the “Security Deposit Assistance Pilot
2 Program,” supplementing P.L.1967, c.265 (C.46:8-19 et seq.),
3 and making an appropriation.
4

5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*
7

8 1. a. As used in this section:

9 “Commissioner” means the Commissioner of Community
10 Affairs.

11 “Fund” means the “security deposit assistance fund,” established
12 pursuant to subsection e. of this section.

13 “Pilot program” means the “Security Deposit Assistance Pilot
14 Program,” established under subsection b. of this section.

15 b. The “Security Deposit Assistance Pilot Program” is
16 established in Passaic, Union, Essex, Hudson, and Gloucester
17 counties in order to assist low-income households in addressing the
18 need to pay a security deposit prior to entering into a residential
19 lease. The commissioner shall operate the pilot program in Passaic,
20 Union, Essex, Hudson, and Gloucester counties for a minimum of
21 three years. The commissioner shall commence operation of the
22 pilot program by beginning to accept applications on the first day of
23 the sixth month next following enactment of P.L. , c. (C.)
24 (pending before the Legislature as this bill). The commissioner
25 shall notify an applicant of the approval or denial of their
26 application within two weeks after the commissioner receives the
27 application. Upon approval of an application, the commissioner
28 shall issue a letter of security deposit commitment to the approved
29 household, allowing the household to enter into a lease under the
30 parameters of the pilot program at any time within six months of the
31 household’s receipt of the letter. Upon entrance into a lease, the
32 tenant shall immediately notify the commissioner that a lease
33 agreement has been executed, and the tenant shall offer the letter of
34 security deposit commitment to the landlord in lieu of a full security
35 deposit payment. Any refusal by a landlord to lease a residence to a
36 household because of the household’s participation in the pilot
37 program shall constitute a violation of section 11 of the “Law
38 Against Discrimination,” P.L.1945, c.169 (C.10:5-12).

39 c. In addition to any other reasonable restrictions on eligibility
40 adopted by the commissioner, the pilot program shall only be open
41 to a household with an income level low enough to qualify for “very
42 low income housing,” as defined under subsection m. of section 4
43 of the “Fair Housing Act,” P.L.1985, c.222 (C.52:27D-304).
44 Security deposit assistance may only be applied to a lease in which
45 the monthly rent does not exceed 40 percent of the maximum
46 eligible monthly income necessary for a household of the same size
47 within the same housing region to qualify for very low income
48 housing. A household approved for the pilot program shall be

1 responsible for the payment of one-twelfth of its security deposit as
2 an added payment due each month, for the initial 12 months of the
3 lease.

4 d. If the tenant violates the lease any time prior to the
5 landlord's receipt of the full security deposit payment from the
6 tenant, then, upon application from the landlord, the commissioner
7 shall reimburse the landlord through the fund for the amount owed
8 from the tenant. However, this amount shall not exceed the portion
9 of the security deposit not yet paid by the tenant, and shall not
10 exceed the actual amount of damages the landlord is entitled to
11 collect from the security deposit as a result of the tenant's particular
12 violation. Following a payment to the landlord from the fund, an
13 amount equal to the amount paid from the fund shall subsequently
14 be owed by the tenant to the commissioner, to be reinvested in the
15 fund upon payment. The commissioner may prohibit a tenant who
16 has violated a lease while under the pilot program from entering
17 into another lease under the parameters of the pilot program for the
18 following three years commencing on the date the commissioner
19 receives a reimbursement request from the landlord.

20 e. There is established in the General Fund a separate, non-
21 lapsing, dedicated account to be administered by the commissioner,
22 and to be known as the "security deposit assistance fund," for the
23 purpose of providing reimbursements to landlords for tenant lease
24 violations pursuant to subsection d. of this section. The
25 commissioner may allocate up to \$10,000 annually from the fund to
26 pay for administrative expenses.

27 f. Pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), the
28 commissioner shall submit a report evaluating the effectiveness of
29 the pilot program to the Governor and the Legislature on or before
30 the first day of the thirty-sixth month next following the beginning
31 of the pilot program's operation. The report shall recommend
32 whether the pilot program should be continued in Passaic, Union,
33 Essex, Hudson, and Gloucester counties, and if so, whether it
34 should also be expanded to other counties in this State.

35
36 2. There is appropriated \$210,000 from the General Fund into
37 the "security deposit assistance fund" to implement the provisions
38 of P.L. , c. (C.) (pending before the Legislature as this
39 bill).

40
41 3. This act shall take effect immediately.
42
43

44 STATEMENT 45

46 This bill establishes the Security Deposit Assistance Pilot
47 Program ("pilot program") to assist certain low-income households
48 in the payment of rental security deposits. The bill also

1 appropriates monies from the General Fund to support the pilot
2 program.

3 Under the pilot program, the Commissioner of Community
4 Affairs (“commissioner”) would provide insurance for the security
5 deposits of approved households. After entering into a residential
6 lease agreement, an approved household would be required to pay
7 one-twelfth of the security deposit as an added monthly payment.
8 If, prior to paying the full balance of the security deposit, the
9 household violated the lease agreement, then the commissioner
10 would be required to reimburse the amounts owed to the landlord.
11 The reimbursement may not, however, exceed the portion of the
12 security deposit not yet paid by the tenant, or the actual amount of
13 damages that the landlord may collect from the security deposit.
14 Thereafter, the household would be required to refund the
15 commissioner in the amount of the reimbursement.

16 The pilot program would operate in Passaic, Union, Essex,
17 Hudson, and Gloucester counties for a minimum of three years. In
18 addition to other eligibility requirements established by the
19 commissioner, the bill provides that only households qualifying for
20 “very low income housing,” as defined in the “Fair Housing Act,”
21 P.L.1985, c.222 (C.52:27D-304), would be eligible for the pilot
22 program.

23 Under the bill, the commissioner would provide each approved
24 household with a letter of security deposit commitment, which may
25 be used by the household, within six months of receipt, to enter into
26 a lease agreement in lieu of a full security deposit payment.
27 However, security deposit assistance would only be provided when
28 the monthly rent does not exceed 40 percent of the household’s
29 monthly income. Any landlord who refuses rent to a household
30 because of the household’s participation in the pilot program would
31 be deemed to violate the “Law Against Discrimination,” P.L.1945,
32 c.169 (C.10:5-12).

33 The bill also establishes the “security deposit assistance fund” as
34 a separate, non-lapsing, dedicated account in the General Fund.
35 Under the bill, the security deposit reimbursements provided by the
36 commissioner to landlords would be payable from the “security
37 deposit assistance fund.” The bill appropriates \$210,000 from the
38 General Fund to the “security deposit assistance fund” to implement
39 the pilot program.

40 Under the bill, the commissioner would be required to submit a
41 report to the Governor and the Legislature, on or before the first day
42 of the 36th month following the commencement of the pilot
43 program, to evaluate the effectiveness of the pilot program.