[First Reprint]

ASSEMBLY, No. 1646

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

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SYNOPSIS

Establishes "Security Deposit Assistance Pilot Program" in Passaic, Union, Essex, Hudson, Gloucester, Atlantic, Camden, and Mercer counties; appropriates $400,000.

CURRENT VERSION OF TEXT

As reported by the Assembly Community Development and Affairs Committee on December 14, 2020, with amendments.

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

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

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

1. a. As used in this section:

"Commissioner" means the Commissioner of Community Affairs.

"Fund" means the "security deposit assistance fund," established pursuant to subsection e. of this section.

"Pilot program" means the "Security Deposit Assistance Pilot Program," established under subsection b. of this section.

b. The "Security Deposit Assistance Pilot Program" is established in Passaic, Union, Essex, Hudson, [1]**[**and**]**[1] Gloucester [1], Atlantic, Camden, and Mercer[1] counties in order to assist low-income households in addressing the need to pay a security deposit prior to entering into a residential lease. The commissioner shall operate the pilot program in Passaic, Union, Essex, Hudson, [1]**[**and**]**[1] Gloucester [1], Atlantic, Camden, and Mercer[1] counties for a minimum of three years. The commissioner shall commence operation of the pilot program by beginning to accept applications on the first day of the sixth month next following enactment of P.L. , c. (C.) (pending before the Legislature as this bill). The commissioner shall notify an applicant of the approval or denial of their application within two weeks after the commissioner receives the application. Upon approval of an application, the commissioner shall issue a letter of security deposit commitment to the approved household, allowing the household to enter into a lease under the parameters of the pilot program at any time within six months of the household's receipt of the letter. Upon entrance into a lease, the tenant shall immediately notify the commissioner that a lease agreement has been executed, and the tenant shall offer the letter of security deposit commitment to the landlord in lieu of a full security deposit payment. Any refusal by a landlord to lease a residence to a household because of the household's participation in the pilot program shall constitute a violation of section 11 of the "Law Against Discrimination," P.L.1945, c.169 (C.10:5-12).

c. In addition to any other reasonable restrictions on eligibility adopted by the commissioner, the pilot program shall only be open to a household with an income level low enough to qualify for "very low income housing," as defined under subsection m. of section 4 of the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-304)

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Assembly ACD committee amendments adopted December 14, 2020.

Security deposit assistance may only be applied to a lease in which the monthly rent does not exceed 40 percent of the maximum eligible monthly income necessary for a household of the same size within the same housing region to qualify for very low income housing. A household approved for the pilot program shall be responsible for the payment of one-twelfth of its security deposit as an added payment due each month, for the initial 12 months of the lease.

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

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

f. Pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), the commissioner shall submit a report evaluating the effectiveness of the pilot program to the Governor and the Legislature on or before the first day of the thirty-sixth month next following the beginning of the pilot program's operation. The report shall recommend whether the pilot program should be continued in Passaic, Union, Essex, Hudson, [1]**[**and**]**[1] Gloucester [1], Atlantic, Camden, and Mercer[1] counties, and if so, whether it should also be expanded to other counties in this State.

2. There is appropriated [1]**[**$210,000**]** $400,000[1] from the General Fund into the "security deposit assistance fund" to implement the provisions of P.L. , c. (C.) (pending before the Legislature as this bill).

3. This act shall take effect immediately.