

ASSEMBLY COMMUNITY DEVELOPMENT AND AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1646

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 14, 2020

The Assembly Community Development and Affairs Committee reports favorably and with committee amendments Assembly Bill No. 1646.

As amended, this bill establishes the Security Deposit Assistance Pilot Program (“pilot program”) to assist certain low-income households in the payment of rental security deposits. The bill also appropriates monies from the General Fund to support the pilot program.

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

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

Under the bill, the commissioner would provide each approved household with a letter of security deposit commitment, which may be used by the household, within six months of receipt, to enter into a lease agreement in lieu of a full security deposit payment. However, security deposit assistance would only be provided when the monthly rent does not exceed 40 percent of the household’s monthly income.

Any landlord who refuses rent to a household because of the household's participation in the pilot program would be deemed to violate the "Law Against Discrimination," P.L.1945, c.169 (C.10:5-12).

The bill also establishes the "security deposit assistance fund" as a separate, non-lapsing, dedicated account in the General Fund. Under the bill, the security deposit reimbursements provided by the commissioner to landlords would be payable from the "security deposit assistance fund." The bill appropriates \$400,000 from the General Fund to the "security deposit assistance fund" to implement the pilot program.

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

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amendments add Atlantic, Camden, and Mercer counties to the pilot program, and increase the bill appropriation from \$210,000 to \$400,000.