SENATE, No. 1471

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 13, 2020

Sponsored by:
Senator NILSA CRUZ-PEREZ
District 5 (Camden and Gloucester)
Senator NELLIE POU
District 35 (Bergen and Passaic)

SYNOPSIS

Establishes “Security Deposit Assistance Pilot Program” in Passaic, Union, Essex, Hudson, Camden, and Gloucester counties; appropriates $255,000.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 10/19/2020)

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, Camden, and Gloucester 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, Camden, and Gloucester 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). 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, Camden, and Gloucester counties, and if so, whether it should also be expanded to other counties in this State.

2. There is appropriated $255,000 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.

STATEMENT

This bill establishes the "Security Deposit Assistance Pilot Program" in Passaic, Union, Essex, Hudson, Camden, and Gloucester counties.

The bill directs the Commissioner of Community Affairs to operate the pilot program for a minimum of three years. By the first

day of the sixth month next following enactment, the commissioner would commence the operation of the pilot program by beginning to accept applications. The commissioner would notify an applicant of the approval or denial of their application within two weeks following the commissioner's receipt of the application. Under the bill, the commissioner would issue a letter of security deposit commitment to an 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 would offer the letter of security deposit commitment to the landlord in lieu of a full security deposit payment. Any landlord who refuses to lease to a household because of their participation in the pilot program will be in violation of section 11 of the "Law Against Discrimination," P.L.1945, c.169 (C.10:5-12).

Under the bill, the pilot program would 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). 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 very low income household of the same size within the housing region. A household approved for the pilot program would 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.

If the tenant violates the lease any time prior to the landlord's receipt of the full security deposit payment from the tenant, then the commissioner would reimburse the landlord for the amount owed from the tenant for the particular violation, but only up to the amount of the security deposit not yet paid by the tenant. Following a payment to the landlord from the fund, an amount equal to the amount paid from the fund would subsequently be owed by the tenant to the commissioner. 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.

The commissioner would be required to submit a report to the Governor and the Legislature evaluating the effectiveness of the pilot program by the first day of the thirty-sixth month next following the beginning of the pilot program's operation. The report would recommend whether the pilot program should be continued in Passaic, Union, Essex, Hudson, Camden, and Gloucester counties, and if so, whether it should be expanded to other counties in the State.

Finally, this bill appropriates $255,000 from the General Fund into the "security deposit assistance fund."