

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 3955

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: JUNE 30, 2021

SUMMARY

- Synopsis:** Establishes "Rental Assistance Navigation Program" in DCA; makes appropriation.
- Type of Impact:** Potential indeterminate increase in State expenditures and potential indeterminate impact on local finances.
- Agencies Affected:** Department of Community Affairs, Judiciary, and local housing authorities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Unpaid Rent from March 1, 2020 to December 31, 2021</u>
Potential State Cost Increase	Indeterminate
Potential Local Finances Impact	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill may potentially (1) increase State expenditures attributable to increased administrative costs for the Department of Community Affairs (DCA) and the Judiciary; and (2) result in an indeterminate impact on local finances attributed to requirements imposed on landlords, and thereby certain local housing authorities.
- The bill requires the DCA to bear several administrative requirements, including authorizing the DCA to contract the responsibilities of the "Rental Assistance Navigation Program" to one or more private entities that would facilitate the prevention of residential evictions through fulfilling certain program responsibilities; reviewing rental assistance applications submitted through the program; facilitate a conference among the landlord, tenant, and a mediator to pursue a resolution; and, in consultation with the Administrative Director of the Courts, submitting a report to the Governor and the Legislature to detail the outcomes of the program.
- The bill would also appropriate from the Coronavirus Aid, Relief, and Economic Security (CARES) Act – or other available federal funding – to DCA, the funding necessary to

administer the program and assist in the training of mediators. This provision is intended to address the administrative costs borne by the State.

- Additionally, according to information on the federal Department of Housing and Urban Development website, approximately 82 municipalities in the State serve as the local housing authority. Under the bill, local housing authorities serving as landlords could be subject to the bill's provisions of being required to notify the court that any pending case should be dismissed and if a money judgment was issued, it should be satisfied, and to certify upon the filing of an eviction action whether the landlord or tenant has applied for rental assistance. However, the OLS cannot estimate that this definitively increases local costs.

BILL DESCRIPTION

This bill would establish the "Rental Assistance Navigation Program" in the DCA as a program to facilitate the prevention of residential evictions due to nonpayment and habitual late payment of rent during the COVID period, a timeframe from March 1, 2020, through December 31, 2021. The types of nonpayment evictions actions prohibited would also include those for any refusal to pay or agree to a rental increase during the COVID period.

The bill would authorize the DCA to contract the responsibilities of the program to one or more DCA navigators, private entities that would facilitate the prevention of residential evictions through fulfilling certain program responsibilities. If a residential tenant has missed one or more rent payments during the COVID period, the bill would allow the tenant, or their landlord, to apply for rental assistance through the program.

Under the bill, the DCA would review rental assistance applications submitted through the program. In association with each application, DCA would: (1) conduct outreach to ensure the identity of the landlord and tenant and the accuracy of the information submitted; (2) determine eligibility for different potential forms of rental assistance; (3) assist with applications for rental assistance through sources other than the department; and (4) maintain the confidentiality of information associated with each rental assistance application. Despite this confidentiality requirement, the department would provide monthly reporting in the aggregate to the Legislature by municipality of the number of households assisted, race, ethnicity, and whether the households are very-low-income, low-income, or moderate-income households, the amounts of assistance provided, and the results of mediation through the program.

After a rental assistance application has been submitted and either granted or denied, if assistance sufficient to compensate for the rent unpaid by the tenant has been received by the landlord, then the landlord would be required to agree to refrain from initiating or continuing any nonpayment eviction action, or money judgment action, against the tenant for unpaid rent due during the COVID period. If rental assistance sufficient to compensate for the rent unpaid by the tenant has not been received by the landlord, then DCA would facilitate a conference among the landlord, tenant, and a mediator to pursue a resolution.

If the landlord agrees through mediation to refrain from pursuing or continuing any landlord-tenant or money judgment action, then the bill would require the landlord to notify the court that any pending case should be dismissed and if a money judgment was issued, it should be satisfied. If the tenant agrees through mediation to voluntarily vacate the property, then the tenant would be permitted no less than 30 days to vacate, and would be referred to a housing counselor certified by the federal Department of Housing and Urban Development. The bill requires the department to effectuate the completion of the review and mediation processes within 45 days of the submission of a program application.

The bill would prohibit a landlord from filing an eviction action for nonpayment or habitual late payment of rent, or a money judgment action for unpaid rent, against a residential tenant while a rental assistance application submitted through the program is pending. Effective immediately, and in any action for unpaid rent during the COVID period, a landlord would be required to certify upon the filing of the eviction action whether the landlord or tenant has applied for rental assistance.

A court record associated with the nonpayment or habitually late payment of rent during the COVID period would be confidential and unavailable to the public.

On or before August 31, 2022, DCA, in consultation with the Administrative Director of the Courts, would be required to submit a report to the Governor and the Legislature to detail the outcomes of the program, providing information including the number of landlords and tenants who have used the program, and the number of program participants who were and were not able to reach an agreement that allowed the tenant to remain in the home.

The bill would appropriate from the CARES Act, to DCA, the funding necessary to administer the program and assist in the training of mediators. If sufficient funding for this purpose is not available through the CARES Act, then the remainder of this amount would be appropriated from other federal funding authorized for coronavirus relief as it is, or becomes, available.

The bill would take effect on August 31, 2021.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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Section: Local Government

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).