

SENATE, No. 515

STATE OF NEW JERSEY 220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

Senator NILSA I. 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

Introduced Pending Technical Review by Legislative Counsel.



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

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36 2. There is appropriated \$255,000 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).

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41 3. This act shall take effect immediately.

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STATEMENT

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

1 The bill directs the Commissioner of Community Affairs to
2 operate the pilot program for a minimum of three years. By the first
3 day of the sixth month next following enactment, the commissioner
4 would commence the operation of the pilot program by beginning to
5 accept applications. The commissioner would notify an applicant of
6 the approval or denial of their application within two weeks
7 following the commissioner's receipt of the application. Under the
8 bill, the commissioner would issue a letter of security deposit
9 commitment to an approved household, allowing the household to
10 enter into a lease under the parameters of the pilot program at any
11 time within six months of the household's receipt of the letter.
12 Upon entrance into a lease, the tenant would offer the letter of
13 security deposit commitment to the landlord in lieu of a full security
14 deposit payment. Any landlord who refuses to lease to a household
15 because of their participation in the pilot program will be in
16 violation of section 11 of the "Law Against Discrimination,"
17 P.L.1945, c.169 (C.10:5-12).

18 Under the bill, the pilot program would only be open to a
19 household with an income level low enough to qualify for "very
20 low income housing," as defined under subsection m. of section 4
21 of the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-304).
22 Security deposit assistance may only be applied to a lease in which
23 the monthly rent does not exceed 40 percent of the maximum
24 eligible monthly income necessary for a very low income household
25 of the same size within the housing region. A household approved
26 for the pilot program would be responsible for the payment of one-
27 twelfth of its security deposit as an added payment due each month,
28 for the initial 12 months of the lease.

29 If the tenant violates the lease any time prior to the landlord's
30 receipt of the full security deposit payment from the tenant, then the
31 commissioner would reimburse the landlord for the amount owed
32 from the tenant for the particular violation, but only up to the
33 amount of the security deposit not yet paid by the tenant.
34 Following a payment to the landlord from the fund, an amount
35 equal to the amount paid from the fund would subsequently be
36 owed by the tenant to the commissioner. The commissioner may
37 prohibit a tenant who has violated a lease while under the pilot
38 program from entering into another lease under the parameters of
39 the pilot program for the following three years.

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

S515 CRUZ-PEREZ, POU

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1 Finally, this bill appropriates \$255,000 from the General Fund
2 into the “security deposit assistance fund.”