

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 3037

STATE OF NEW JERSEY

DATED: DECEMBER 8, 2020

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3037.

This bill would establish the “One- and Two-Unit Landlord Emergency Assistance Program.” The program would be established in the Department of Community Affairs (DCA). Under the program, landlords of one- and two-family residential rental properties could apply for assistance to cover their housing costs during an “assistance period.” The assistance period is defined in the bill as the period beginning April 1, 2020 and ending on the first day of the seventh month following the end of the public health emergency declared in Executive Order No. 103 in response to the COVID-19 pandemic.

The bill authorizes a landlord to apply for assistance payments to compensate for the portions of unpaid rent, due during the assistance period, that any “impacted tenant” has owed, but not paid. The bill defines an “impacted tenant” as a residential tenant who has suffered a substantial reduction of income resulting from COVID-19 or the public health emergency declared pursuant to Executive Order No. 103 of 2020. The program would only provide assistance payments to a landlord to the extent that this compensation is necessary to allow the landlord to cover the housing costs of the landlord’s residential rental units when combined with the rental payments that the landlord has received.

The program would not provide assistance to a landlord for housing costs: (1) that, prior to March 9, 2020, the landlord had anticipated covering through funding sources other than rent payments; or (2) for which the landlord has obtained compensation, or has an outstanding application for compensation, through a different program that, as determined by the commissioner, provides the landlord similar assistance payments.. A landlord would not be eligible for assistance through the program if: (1) the rental property is not registered with the municipality in which it is located in accordance with the requirements of section 2 of P.L.1974, c.50 (C.46:8-28); or (2) the landlord is not current on all State and local tax obligations.

DCA would be required to prepare program application forms, application guidelines, and informational materials necessary for landlords to complete a program application, and to post these materials on its Internet website within 30 days of the bill’s effective

date. DCA would be permitted to prioritize program application approval based on the financial need of the landlord.

The bill requires that an assistance payment, once accepted by a landlord, would be a full settlement of rent due for the landlord's impacted tenants. By accepting an assistance payment, a landlord also would be required to waive any late or other fees charged to the impacted tenant as a result of the nonpayment of rent during the assistance period. A landlord would be prohibited from accepting a delinquent rent payment from an impacted tenant if the rent payment has been covered by an assistance payment. In addition, a landlord receiving assistance or awaiting DCA's response to a program application, would be prohibited from initiating an eviction proceeding, or completing a previously-initiated eviction proceeding, for any unpaid rent balances, or late or other fees, owed by an impacted tenant for rent due during the assistance period. A landlord initiating an eviction action for any unpaid rent balances that were due during the assistance period would have to provide documentation showing that the landlord is not prohibited from initiating the action by any provision of the bill.

Under the bill, if a landlord has submitted a program application, but has not yet obtained an assistance payment, or a denial of assistance, the landlord would be authorized to assert an affirmative defense to a foreclosure action initiated against any residential rental property owned by the landlord. This protection, however, would exclusively apply to a landlord whose principal residence is in the State and who, together with immediate family members, partners, or other related entities, owns no more than 50 rental units in the State.

An intentional misrepresentation by a landlord of any information to obtain an assistance payment, or a delinquent rent payment following receipt of an assistance payment, would constitute a crime of the fourth degree under the bill. A crime of the fourth degree is ordinarily punishable by a term of imprisonment of up to 18 months or a fine of up to \$10,000, or both.

Lastly, the bill appropriates to DCA \$50 million from the General Fund and, to the extent available, funds provided to the State by the federal government under the "Coronavirus Aid, Relief, and Economic Security Act," for the provision of assistance under the program. Up to two percent of that amount may be used by DCA to defray the administrative costs of the program.