

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 3561

# STATE OF NEW JERSEY

DATED: NOVEMBER 27, 2023

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3561.

This bill establishes the “Guaranteed Rental Payment Pilot Program” (pilot program) within the Department of Community Affairs (DCA) to study ways of maximizing housing opportunities for households who lack adequate credit histories and to better understand the relation between credit rating and the tenant’s performance under the lease, including making required rental payments. Specifically, this pilot program will collect data from low- or moderate-income program participants who receive rental assistance under the State Rental Assistance Program (SRAP). The pilot program will also keep track of default rates for lease payments by tenants with less favorable credit ratings as compared to similar tenants who maintain a credit rating of “fair” or higher.

The pilot program is to select at random 1,000 low- or moderate-income households who are qualified and approved to participate in and receive benefits under SRAP or, at the discretion of DCA, the Section 8 Housing Choice Voucher Program and who have completed a housing and credit counseling program through a DCA-approved agency.

A landlord whose program tenant fails to make a rental payment required by the lease agreement is to be made whole and be reimbursed for this failure to pay through funding made available by the pilot program for this purpose. The bill creates the “Guaranteed Rental Payment Fund” (fund) as an account within the General Fund, to be administered by DCA, to provide reimbursements to landlords in the case of a default or other lease violation by a pilot program participant tenant that causes a loss to the landlord. Participation in this pilot program will not impact a landlord’s right to statutorily evict a tenant.

If payment is made by the pilot program to a landlord, the pilot program is to be paid by the tenant the amount due and owing, as provided in the bill. The bill also provides a tenant participating in the program the opportunity to withhold rent for conditions that violate the implied warranty of habitability. Finally, this bill appropriates \$10,000,000 from the General Fund into the fund.