



MEMORANDUM

To: Assembly Housing and Community Development Committee
From: Nicholas Kikis, Vice President of Legislative & Regulatory Affairs
Date: February 5, 2019
Re: A-1746 – Establishes Security Deposit Assistance Program

A-1746 would create a pilot program in Essex, Gloucester, Hudson and Union counties to assist renters struggling to come up with the funds necessary for a security deposit for a residential apartment. We applaud the sponsors' effort to make rental housing more available by assisting prospective renters with security deposits. Nevertheless, we are concerned that the program created by the bill would not provide the owner the same level of protection as a security deposit. We look forward to discussing our concerns with the sponsors.

The pilot program would create a Security Deposit Assistance Fund and appropriate \$210,000 to the fund, which would be available to households making 30% or less of the Area Median Income. Instead of providing direct security deposit assistance, the fund would issue a "letter of security deposit commitment" that a program participant could use in lieu of a security deposit if an apartment meets certain affordability criteria. The tenant would then be required to pay the landlord a security deposit in twelve equal installments after which time the security deposit would be satisfied and the fund would have no more obligation.

We are concerned that the program created by the bill would not provide the owner the same level of protection as a security deposit. Specifically, we are concerned that:

1. There could be delays in receiving payment from the Security Deposit Assistance Fund or the fund might not make the requested payment, instead becoming an arbiter over what amount is fair and appropriate.
2. There are a number of notices required under the NJ Security Deposit Act, which would impose a burden on an apartment owner each time a payment is made by the tenant. These notices should be waived until a tenant has fully satisfied its security deposit obligation.
3. Finally, we would ask for a process to ensure that the fund does not get overextended and has the resources to meet its promises to apartment owners.

We appreciate the sponsors' efforts to expand access to apartment housing for low-income households who need additional support to afford an apartment. We look forward to working with the sponsors to ensure a workable program for all involved.

If you have any questions or would like to discuss further, please do not hesitate to contact me at 732-992-0605 or via email at nicholas@njaa.com.

The New Jersey Apartment Association represents over 200,000 multi-family apartment units throughout the State of New Jersey. We are a statewide organization dedicated to maintaining, improving, and building both market-rate and affordable rental housing that serves over one million New Jersey residents.