

November 8, 2021

SENATE BILL NO. 3955
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Senate Bill No. 3955 (First Reprint) with my recommendations for reconsideration.

Senate Bill No. 3955 (First Reprint) requires the Department of Community Affairs ("DCA" or "department") to establish and administer a Rental Assistance Navigation Program ("program") "to facilitate the prevention of residential evictions" as a result of a tenant's difficulty or inability to pay rent during the period beginning March 1, 2020 and ending December 31, 2021. Any tenant or landlord of a tenant who has missed one or more rent payments during this period would be eligible to apply for rental assistance through the program. DCA would be required to review applications and work to identify available assistance, whether distributed by DCA or another entity. Within 45 days of receiving an application, DCA would be required to make a determination on the application and, when there is insufficient assistance available to cover the entirety of a tenant's arrears, facilitate a mediation between the landlord and tenant. The bill would prohibit eviction cases against the tenant from proceeding while an application with the program is pending. The bill also would impose confidentiality, recordkeeping, and reporting requirements on DCA and the Administrative Office of the Courts ("AOC"). Finally, the bill would appropriate to DCA from federal Coronavirus disease 2019 ("COVID-19") relief funds the funding necessary to administer the program.

I applaud the bill's sponsors, particularly Senator Ruiz and Assemblywoman Timberlake, for their dedication to supporting renters who have struggled to pay rent during the COVID-19 pandemic. As I explained in my statement upon signing Senate Bill

No. 3691 (First Reprint), P.L.2021, c.188, the sponsors of Senate Bill No. 3955 (First Reprint) cogently recognized that a \$750 million housing program required a substantial support network for families at risk. I continue to recognize the need for dedicated resources to assist tenants and landlords in applying for assistance and to facilitate productive negotiations to keep New Jersey families in their homes.

Nevertheless, I remain concerned about the substantial costs associated with the bill that I described in my statement upon signing Senate Bill No. 3691 (First Reprint), P.L.2021, c.188. Because the bill contains no income limitations on program participation, DCA would be required to personally manage all applications it receives, including by conducting outreach to each individual applicant and, in some cases, arranging for landlord-tenant mediation, regardless of whether an applicant's income level renders them ineligible for assistance. Such a program would both be cost-prohibitive and divert critical staff time and resources away from the families most in need and most at risk of eviction.

Implementing this program would also require DCA to substantially restructure how it administers rental assistance. In order for DCA to make a final decision on all rental assistance applications and facilitate mediations within 45 days of receipt, the department would have to issue denials to those tenants whose applications were not selected in rental assistance lotteries in the required timeframe. Under DCA's current process, applicants who are not selected in a lottery remain eligible for assistance until all funds have been disbursed. This ensures maximum fairness by leaving sufficient time for tenants across the State to learn about and apply for rental assistance programs without punishing

those tenants who are able to apply earlier in the process. DCA's data reveals that the lottery system promotes equity by increasing the likelihood that minority families will receive assistance. Importantly, DCA's lottery system has not slowed disbursement: DCA runs multiple lotteries a day and has distributed over \$391.4 million, assisting over 43,700 households, since March of this year, earning the department recognition by the U.S. Department of the Treasury as a top-performing rental assistance program.

While some aspects of Senate Bill No. 3955 (First Reprint) have given me pause, I am proud that all three branches of State government have collaborated in recent months to achieve many of the bill's goals. DCA has engaged in a comprehensive public outreach campaign, in multiple languages, to inform New Jerseyans of how to apply for assistance through DCA's COVID-19 Emergency Rental Assistance Program ("CVERAP") and Eviction Prevention Program ("EPP") and how to take advantage of the protections against eviction secured by P.L.2021, c.188. The department, in cooperation with my Office of Innovation and the AOC, has worked to facilitate submission of the self-certification that tenants must file with the court to secure protections from eviction. DCA also works closely with community partners to conduct vital in-person outreach to those in underserved communities and has contracted for a fully staffed 12-hour hotline to help applicants apply for relief. There are hotline operators who are fluent in Spanish and operators have access to translation and interpretation services for those who speak other languages. My legislative colleagues have also been instrumental in spreading awareness and reaching their constituents. The results speak for themselves: Nearly 173,000 households have applied for CVERAP and EPP since March of this year.

Another key component of P.L.2021, c.188 is ensuring that tenants engage in mediation with landlords before evictions proceed. To achieve that goal, the AOC facilitates a settlement conference for every eviction action that is filed. DCA and the AOC also communicate frequently to ensure that tenants facing eviction are encouraged to apply for rental assistance.

Although we collectively have made significant progress in supporting the hardest-hit households across the State, I agree with my partners in the Legislature that we must still do more to support lower-income renters. With our State eviction moratorium set to phase out completely on December 31 of this year, DCA will make another comprehensive push to solicit program applications and then shift its focus to broader eviction prevention efforts. Accordingly, I am recommending that Senate Bill No. 3955 (First Reprint) be amended to require DCA to institute a streamlined Rental Assistance Navigation Program that is consistent with this new mission. Under the new program, DCA would focus its efforts on deploying experienced, non-profit providers and individuals who can provide support to tenants who are facing eviction to the areas of the State where they are needed most. These individuals would be available in-person or virtually at landlord-tenant courts across the State to assist tenants who may be or are at risk of facing eviction with identifying sources of financial support, filling out the self-certification to secure eviction protections, securing legal and counseling services to better position tenants for court-ordered settlement conferences or eviction hearings with landlords, and connecting tenants with federal, State, and county-level resources for finding alternative housing options. My recommendations also direct DCA to continue to work with county and municipality offices to facilitate more efficient disbursement

of rental assistance and targeted support for tenants at risk of eviction.

I am pleased to have developed these recommendations in collaboration with DCA and the bill's sponsors. New Jersey households – tenants and landlords alike – have faced unprecedented hardships over the course of the COVID-19 pandemic, and I am proud of the work that the Executive, Legislative, and Judicial branches have done to help those households receive the relief they need and deserve.

Therefore, I herewith return Senate Bill No. 3955 (First Reprint) and recommend that it be amended as follows:

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| <u>Page 2, Title, Lines 2-3:</u> | Delete "during the COVID period, and making an appropriation" |
| <u>Page 2, Section 1, Lines 10-26:</u> | Delete in their entirety |
| <u>Page 2, Section 1, Line 29:</u> | Delete "regions" and insert "vicinages" |
| <u>Page 2, Section 1, Line 32:</u> | After "Affairs." insert "'Eligible tenant' means a tenant facing or at risk of facing a nonpayment eviction action who has directly or indirectly incurred financial hardship because of the COVID-19 pandemic and whose household income is not more than 120 percent of the area median income for a household of the same size and composition." |
| <u>Page 2, Section 1, Line 35:</u> | Delete "during the COVID period" |
| <u>Page 2, Section 1, Line 40:</u> | After "program." insert "'Resource Navigator' means an employee or contractor of a DCA navigator." |
| <u>Page 2, Section 2, Line 43:</u> | Delete "to" |
| <u>Page 2, Section 2, Line 44:</u> | After "the" insert "diversion from and" |
| <u>Page 3, Section 2, Line 1:</u> | Delete "during the COVID period" |
| <u>Page 3, Section 2, Line 4:</u> | After "commissioner." insert "The purpose of the program is to provide support for tenants facing or at risk of eviction" |

who have suffered financial hardship as a result of the COVID-19 pandemic and provide resources to alleviate the burden placed on landlord-tenant courts that may be facing increased caseloads and additional resource constraints as a result of the COVID-19 pandemic."

Page 3, Section 2, Line 6:

Delete "a campaign" and insert "efforts"

Page 3, Section 2, Line 9:

Delete "If a tenant has missed one or more rent payment, owed during" and insert "As part of the program, Resource Navigators shall be allocated to court vicinages in the State for one year beginning on the effective date of P.L. , c. (C.) (pending before the Legislature as this bill). Resource Navigators may be proportionally allocated to vicinages based on need, as determined by the number of nonpayment eviction filings in the vicinage or according to other criteria established by the department."

Page 3, Section 2, Lines 10-14:

Delete in their entirety

Page 3, Section 2, Line 15:

Delete "The department shall review rental assistance applications" and insert "Each Resource Navigator shall attend eviction proceedings where possible in the Resource Navigator's vicinage or vicinages and shall otherwise conduct outreach and work in conjunction with the department, the Administrative Office of the Courts, and local resource agencies of the county or counties that comprise the Resource Navigator's assigned vicinage or vicinages to identify eligible tenants as defined by section 1 of P.L. , c. (C.) (pending before the Legislature as this bill)."

Page 3, Section 2, Lines 16-31:

Delete in their entirety

Page 3, Section 2, Line 32:

Delete "After a rental assistance application submitted pursuant to" and insert "A Resource Navigator shall provide services to eligible tenants in the Resource Navigator's vicinage or vicinages in the form of information and connections to

resources that may help the eligible tenant avoid eviction, which may include but need not be limited to:"

Page 3, Section 2, Lines 33-34: Delete in their entirety

Page 3, Section 2, Line 35: Delete "if rental assistance sufficient to compensate for the rent" and insert "information about the availability of local, State, or federal rental assistance and other benefits, including benefits intended to provide relief due to hardships incurred because of the COVID-19 pandemic, and about how to apply for such assistance and other benefits;"

Page 3, Section 2, Lines 36-39: Delete in their entirety

Page 3, Section 2, Line 40: Delete "if rental assistance sufficient to compensate for the rent" and insert "information about how to obtain protections against evictions, including those protections established in subsection d. of section 3 of P.L.2021, c.188 (C.52:27D-287.9) for households that were unable to pay rent due to circumstances arising from the COVID-19 pandemic;"

Page 3, Section 2, Lines 41-43: Delete in their entirety

Page 3, Section 2, Lines 44-48: Delete in their entirety and insert "(3) connections to counseling, legal services, and other resources related to helping eligible tenants prevent evictions;"

Page 4, Section 2, Lines 1-4: Delete in their entirety and insert "(4) connections to other intervention supports for households facing financial hardships; and

(5) any other services or supports the department or the DCA navigator deems necessary to assist an eligible tenant in avoiding eviction."

Page 4, Section 2, Line 5: Delete "The department shall complete the processes established" and insert "A DCA navigator and a Resource Navigator shall have experience in fulfilling one or more responsibilities of the program and shall be qualified in accordance with

criteria established by the department."

Page 4, Section 2, Lines 6-7:

Delete in their entirety

Page 4, Section 3, Line 9:

Delete "a. A landlord shall not file a nonpayment eviction action, or" and insert "The department may collaborate with counties and municipalities that received an allocation of federal Emergency Rental Assistance from the United States Department of the Treasury to facilitate the collection of applications for and distribution of such assistance."

Page 4, Section 3, Lines 10-23:

Delete in their entirety

Page 4, Section 4, Line 25:

Delete "August 31, 2022" and insert "June 1, 2023"

Page 4, Section 4, Line 31:

Delete "landlords and" and insert "eligible"

Page 4, Section 4, Line 31:

Delete "used" and insert "been served by"

Page 4, Section 4, Line 33:

Delete "the number of program participants who were and were not" and insert "non-personally identifiable information on the race, ethnicity, gender, primary language spoken, household size, and vicinage of tenants assisted by the program."

Page 4, Section 4, Lines 34-35:

Delete in their entirety

Page 4, Section 5, Line 37:

Delete "a. The Commissioner of Community Affairs, in accordance"

Page 4, Section 5, Lines 38-44:

Delete in their entirety

Page 4, Section 5, Line 45:

Delete "b."

Page 4, Section 5, Line 47:

Delete "shall" and insert "may"

Page 5, Section 6, Line 4:

Delete "There is appropriated from funds provided to the State by the" and insert "The Commissioner of Community Affairs shall consult with the Division of Disaster Recovery and Mitigation to effectuate the purposes of this act, to establish appropriate administrative costs, and to ensure that any expenditure of federal funds in connection to this act are expended in compliance with federal rules"

and guidance, including with respect to the American Rescue Plan Act, Pub.L.117-2."

Page 5, Section 6, Lines 5-12:

Delete in their entirety

Page 5, Section 7, Line 14:

Delete "on" and insert "immediately."

Page 5, Section 7, Line 18:

Delete in its entirety

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor