

SENATE BILL NO. 2332
(First Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Senate Bill No. 2332 (First Reprint) without my approval.

This bill would establish the "2020 New Jersey Emergency Rental Assistance Program" ("Program") in order to help residential tenants who have been financially impacted by the COVID-19 crisis meet their rental payment obligations. The bill would appropriate \$100 million to provide rental assistance to tenants across the State, directing the Commissioner of the Department of Community Affairs ("DCA") to devise a formula to distribute Program funding based, in part, on the fair market rents in each county, according to the most recent fair market rents published by the U.S. Department of Housing and Urban Development ("HUD").

The Program would provide assistance, to the extent it is available, to tenants who: 1) are at least 30 days past due on a rent payment; 2) are unable to pay rent without assistance; and 3) have suffered a demonstrable loss in income due to the COVID-19 crisis. The bill would specify that the \$100 million credited to the Program will be funded first from assistance provided by the federal government, including the reallocation of uncommitted, unexpended Community Development Block Grant Disaster Recovery Program ("CDBG-DR") funds, to the extent not prohibited by federal law. The bill would require that the remainder would be appropriated from the State's General Fund.

The COVID-19 pandemic has caused very sudden and severe economic hardship for families throughout the country and here in New Jersey. The number of families and individuals struggling to

balance household budgets has increased and the financial strain on those already in crisis has been exacerbated. The State's permanent housing assistance programs were not designed, and are not equipped, to handle the pervasive rental assistance need created by the COVID-19 pandemic. I commend the bill's sponsors for their efforts to identify additional programs and funding sources in order to support renters fighting to stay afloat during this extraordinarily challenging time.

While I share the sponsors' concern for the housing security of our State's tenants, I am concerned that funding for the \$100 million Program will fall largely, if not exclusively, on the State. Although the bill would require the use of federal assistance before making an appropriation from the General Fund, reallocation of the uncommitted, unexpended CDBG-DR federal dollars, the federal funding source identified in the bill, is strictly prohibited by HUD.

Since the passage of this bill, my Administration, in partnership with my colleagues in the Legislature, has established the COVID-19 Emergency Rental Assistance Program ("CVERAP"). Like the Program contemplated in Senate Bill No. 2332, the CVERAP's objective is to help tenants maintain secure housing during the COVID-19 emergency. Importantly, the DCA has committed at least \$100 million to the CVERAP, which amount includes assistance from the federal Coronavirus Relief Fund as well as federal Emergency Solutions Grants. Any additional funds necessary beyond these or other federal sources made available for this purpose would come from the State's Affordable Housing Trust Fund. This funding will assist low- and moderate-income families and individuals who have had a substantial reduction in income or have lost their jobs as a result of the COVID-19 pandemic.

CVERAP will begin accepting applications in July and begin paying rental assistance in September. Qualifying households will be expected to pay thirty percent of their income toward rent, with the program paying the remainder, up to DCA's fair market rent payment standard. At the three-month mark, a recipient household's budget will be reviewed to determine if assistance is still needed. If it is, assistance would be granted for another three months. Assistance that is no longer required will be used to serve additional families. At least twenty percent of CVERAP's funding will serve those who are very low income and homeless or at risk of homelessness. To help families reach self-sufficiency, case management, financial planning, and other assistance will be provided. DCA will administer an online lottery to distribute the remainder of the funding.

While my Administration continues to fight for additional federal assistance to support the needs of New Jersey residents, there are steps that our State must take on its own to secure our budgetary and cash flow position so that we can provide relief to those hardest hit by the COVID-19 crisis. Among the most crucial is swift passage of the New Jersey COVID-19 Emergency Bond Act ("Bond Act"), which will allow New Jersey to access billions of dollars in loans through the federal lending facility and the public and private markets. Passing the Bond Act is essential to ensuring the State can meet its short-term obligations in light of present revenue and liquidity challenges. It also will enable us to fund programs integral to our State's recovery so that critical housing assistance programs such as CVERAP can reach more families in need. I look forward to working closely with my partners in the Legislature in the days ahead to address the unprecedented budget challenges our State faces so we can provide New Jersey's

residents with the support they need during this time of crisis and recovery.

Accordingly, I herewith return Senate Bill No. 2332 (First Reprint) without my approval.

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor