



**Senate Community and Urban Affairs Committee Testimony in Support of S1311
Monday, May 6, 2024**

Good morning, Chairman Singleton and members of the committee. Thank you for the opportunity to testify today.

My name is Matthew Hersh, Director of Policy and Advocacy the Housing and Community Development Network of New Jersey. The Network is the statewide association of nearly 300 community development corporations, individuals and other organizations that support the creation of affordable homes, economic opportunities, and strong communities. The Network is also the state's largest, funded HUD-certified housing counseling intermediary serving NJ exclusively.

Homeownership is the single largest mechanism by which families may create and maintain wealth. This bill has been a central point of legislative advocacy for the Network and its members for three years and now, in 2024, we have an unprecedented opportunity to help mitigate and undo systemic and institutional racism, which prevents Black and Brown families from achieving homeownership and safe, affordable rental homes.

One of the Network's primary legislative goals this session is to remove the many barriers to access housing and wealth generation: from credit score standards, to streamlining the affordable housing application process, to accessing properties at sheriff's sale, to ensuring equity in the property assessment process.

A2280 does the latter, and it's a significant barrier that can be removed. This bill, simply put, makes sure that residential properties are assessed without discrimination. That is a reasonable measure.

A few points:

- Black New Jerseyans have a homeownership rate of only 38.4% compared to white New Jerseyans who have a homeownership rate of 75.9%.
- With homeownership being the primary driver of wealth, this kind of discrimination in housing contributes to New Jersey's huge racial wealth gap: a \$300,000 disparity in the median wealth between Black and white households.

And NJ is not unique in considering this. The Biden administration's Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) directs the Federal Housing Administration to provide FHA mortgage holders with uniform steps to follow to object to an appraisal. More

than 83 percent of the 1.3 million F.H.A. mortgages issued in 2020 were to first-time home buyers, and nearly 13 percent of the loans were given to Black homebuyers.

It doesn't stop there: PAVE anticipates curbing algorithmic bias in home valuation, ensuring accuracy in algorithmic and computational models used to assess home value. It also empowers consumers to take action against appraisal bias. When consumers encounter potentially inaccurate or biased appraisals, reconsiderations of value (ROV) provide an opportunity to challenge potentially inaccurate appraisal valuations when obtaining or refinancing a mortgage.

Here at home, Attorney General Matthew Platkin announced the Home Appraisal Discrimination Initiative, developed by the New Jersey Division on Civil Rights (DCR) and the Department of Consumer Affairs (DCA), to combat racial discrimination in home appraisals.

The Home Appraisal Discrimination Initiative provides enforcement guidance on discrimination in home appraisals; creates a State Real Estate Appraisal Board Appraisal Equity Subcommittee to diversify the appraisal industry; creates a DCR Enforcement Task Force focused on enforcing the Law Against Discrimination in appraisals; initiates complaint sharing between DCR and the State Real Estate Appraiser Board; implements anti-bias trainings for Real Estate Appraiser Board members and appraisers in the state; and launches public education and outreach to educate the public about discrimination in appraisals.

These administrative actions are essential in stemming appraisal bias and closing the racial wealth gap in NJ, and we look forward to working with you to legislatively codify many of these actions so they are protected and upheld under future administrations.

Legislation that would set guardrails against bias in property appraisals is simply common sense, and particularly during Black History Month when we educate ourselves on the racially-based systemic inequities that continue to economically segregate communities, this legislation is urgent. We need to pass S1311 because it allows the legislature to identify and respond to appraisal bias and creates pathways moving forward to make sure we can [HouseNJ](#) so everybody can benefit from homeownership.

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