



HCDNNJ FY24 Budget Testimony

Assembly Budget Committee, Monday, March 11, 2024

Good morning, Chairwoman Pintor Marin and members of Assembly Budget Committee. My name is Matthew Hersh, director of policy and advocacy at the Housing and Community Development Network of New Jersey. I am proud to represent 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.

New Jersey is among the national leaders in eviction prevention and affordable home production. We have identified racial barriers that prevent prospective Black and brown homeowners to grow wealth through homeownership. We have identified the systemic barriers that have kept people out of a home like one's credit score. We have shown that despite the state's efforts to increase compensation to the state's wage earner, the housing market continues to spiral out of reach for hundreds of thousands of New Jerseyans. We know that people will put off other expenses, such as food and day care, before missing a skyrocketing rent payment.

On behalf of our members, who represent considerable constituencies around the state, we are thrilled that this legislature and administration continue their long-term legislative, budgetary, and philosophical commitment to housing affordability. Despite these significant investments, we continue to tread water and NJ's affordability, housing instability, and homelessness challenges will not disappear without continued and increased intervention.

The Network calls on the Legislature to continue and expand its funding of the Affordable Housing Trust Fund and to ensure has a swift and effective impact in reducing the state's 225,000 affordable home deficit. These funds are collected strictly for homes below 80 percent area median income because that is where the most urgent need is and I think the discussion happening right now downstairs on Senate Bill 50 illustrates that urgent need.

As we move forward, the Network and its members will begin exploring additional ways to fund affordable homes in our communities. If we are going to continue investing in a market approach to housing affordability, then **we need to use this moment to identify more revenue for housing security and stability programs**. The AHTF is the major, dedicated source of funding for affordable home creation in New Jersey. Increasingly, the AHTF is being utilized to fund housing security, stability and affordability programs as well. In order to preserve the intended use of the AHTF and ensure that construction and rehab resources remain available to fill the need for more affordable homes to be built, we are working with our budget and coalition allies to examine new ways to create additional revenue for the other very important programs and services DCA and HMFA are providing. They could include:

P 609.393.3752 145 West Hanover Street Trenton, NJ 08618

Like us: www.facebook.com/hcdnnj www.hcdnnj.org Follow us: @hcdnnj

- Expand the RTF: One idea is to make expand the Realty Transfer Fee, so that is progressive and collects more revenue from the sale of very expensive homes. This revenue could be used to support first time/first gen homeownership opportunities, like the programs at HMFA, and others to help address our worst in the nation racial wealth gap which is a direct result of the racial gaps in homeownership.
- The Rent is Too Damn High: Enact a Luxury Landlord corporate tax because the rent is too damn high! This would be a fee on for-profit, luxury developments, that could be forgiven or refunded if the landlord provides affordable units through inclusionary zoning and/or keeps rent increases at a reasonable rate (3% annually or something).
- Make Evicters Pay: We could also propose increasing the eviction filing fee, as a disincentive/revenue raiser for eviction prevention funding.

Finally, while tax credits are not normally in our advocacy space, the Network calls on the administration and the legislature to raise the cap on the Neighborhood Revitalization Tax Credit to \$30M, from \$15M. The AHTF complements and rewards recipients of the Neighborhood Revitalization Tax Credit. This program, which the Network helped to create in 2002, is among the state's most successful tax credit programs because it intentionally requires an approved neighborhood plan devised with community stakeholders. Current funding restricts its potential and we know increasing its capabilities will allow our communities to produce more affordable homes through neighborhood visioning.

Next week, the Network will join the National Low Income Housing Coalition and other federal partners meet with the NJ Congressional delegation to advocate for increased federal funding for HUD dollars to support eviction prevention and homeownership in the face of continued dysfunction on Capitol Hill.

We have the data to show the percentage of cost-burdened households in your districts. We can show how many affordable homes are needed for your constituents. And most important, there are the stories of your constituents who have faced or experienced homelessness and were forced to advocate for themselves during a time of unimaginable crisis.

We are confident that this legislature understands the fundamental challenges facing our housing market in crisis and we are encouraged by the opportunity to address these many facets of housing instability comprehensively in order to HouseNJ and make sure everyone can live in an affordable home.

Respectfully submitted,

Matthew Hersh
Director of Policy and Advocacy
Housing and Community Development Network of NJ