



Testimony in Support of A4873 – Unconscionable Rents

Assembly Housing Committee, October 24, 2024

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.

The Network and its statewide coalition of housers, are strongly encouraged by A4873, which would provide important actions a tenant could take when facing unreasonable rent increases.

When we rely on the courts to determine the law, it indicates that there’s an absence of law. Codification of this process is essential in ways that we feel will place less of a burden on the courts, and potentially de-emphasize the landlord taking matters to court. Of course, one of the few things that is cheap in NJ is filing evictions.

A few comments as we begin this discussion:

- Define unconscionable as any rent increase more than the increase in the consumer price index
- Have landlords prove in court if they have spent extraordinary amounts of money repairing their building.
- In Oregon: The maximum annual rent increase is 7% plus the Consumer Price Index or 10%, whichever is lower. Rent can only be raised once a year and 90-days-notice is required when a landlord is seeking an increase.
- Consider a carve out for public/HUD housing where landlords have to be in compliance with applicable rules and are subject to third party review. Currently, the only carve out is rent increases that are subject to and compliant with a local rent control ordinance.

Additional measures should be taken ensure that construction and rehabilitation resources remain available to fill the need for more affordable homes to be built, we need to:

Expand the realty transfer fee: Expand the fee, the primary funding source for the Affordable Housing Trust Fund, so that it is progressive and collects more revenue from the sale of very expensive homes. This revenue could be used to support first-time/first-generation homeownership opportunities, like the programs at the Housing and Mortgage Finance Agency, and others to help address our worst in the nation racial wealth gap.

Lower the rent: Consider 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.

Make evictors pay: We could also propose increasing the eviction filing fee, currently about \$50, as a disincentive/revenue raiser for eviction prevention funding.

As we head into the fiscal 2025 budget cycle, the fundamentals that must be addressed are:

- [A quarter-million affordable home deficit statewide;](#)
- Unchecked rising rents that are pricing people out of neighborhoods;
- Arbitrary, racially influenced barriers standing in the way of renting a home;
- Home appraisal bias that curbs the ability of Black and brown families from generating wealth through homeownership.

While we set goals that level the playing field for access to a home, to fair lending, to fair credit, and to abolishing long-accepted, racially based barriers to renting or owning an affordable home continue, day-to-day barriers continue to vex prospective rents and driving up rents. This includes the [enormous impact of algorithmic pricing software](#) enables landlords to effectively collude and set rents at above market rates and ensuring that the state's housing investments [effectively and efficiently reach our state's CDC community](#).

Last month, we testified before the Assembly Housing Committee on policy and budget goals, as well as the impact of automated processes that restrict access to a reasonably-priced market-rate home. It's important to note that U.S. Attorney General Merrick Garland says "enables landlords to share confidential, competitively sensitive information and align their rents."

The attorneys general of eight states — North Carolina, California, Colorado, Connecticut, Minnesota, Oregon, Tennessee, and Washington — have joined the Justice Department's antitrust suit filed in federal court in North Carolina.

The Justice Department alleges that RealPage's algorithmic pricing lets landlords of multifamily dwellings effectively collude and set rents above market rate, which "deprives renters of the benefits of competition on apartment leasing terms and harms millions of Americans."

Thank you, Chairwoman Lopez, for working on removing those barriers this fall. We just came from the governor's housing conference last week and our builder members talk consistently about some of the roadblocks they hit at the agency level and I know you're aware of them.

You also can't underestimate the impact of making tenancy for state- and federal voucher holders easier and far less restrictive by removing credit score barriers that only provide a snapshot into one's financial standing and does not speak to one's ability to pay.

Our housing market continues its trend of unattainable rents and home prices; the cost of building a home in New Jersey continues to be the highest in the country, and our social safety nets continue to be strained to support the state's growing homeless population. It is imperative that we help keep families in their homes by investing in eviction and homeless prevention services utilizing housing first, rapid housing and support for small, mom and pop landlords.

New Jersey's leaders need to think of homeownership and rental homes from the ground up, because the only way we are going to stabilize the housing market is to first make sure that everyone has a right to a home.

Respectfully submitted,

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