



Testimony on Housing Unaffordability and Rising Rents

Assembly Housing Committee, September 23, 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.

As debate over the state's budget for fiscal year 2025 wages in Trenton, the Housing and Community Development Network of New Jersey (aka the "Network") urges legislators to take a principled stance when it comes to housing. Our leaders must understand first and foremost that housing is a human right.

The Network and its statewide coalition of housers, shelter providers and practitioners have identified potential revenue sources for housing security and stability programs. New Jersey's Affordable Housing Trust Fund is the major, dedicated source of funding for affordable home creation in New Jersey. Increasingly, it is being utilized to fund housing security, stability and affordability programs as well. To preserve the intended use of the Trust Fund and 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.

Fees on Super Luxury Homes: New research from the Center for Budget and Policy Priorities and the Institute on Taxation and Economic Policy [suggests that adding a 4 percent tax on the sale of homes above \\$1 million](#) could raise substantial revenue for the state. This new revenue source could fund vital programs that make living and raising a family in the state more affordable and the impact of this fee would be limited to a small fraction of the housing market.

Statewide, less than 10 percent of home sales exceed \$1 million. Levying a 4 percent tax on home sales over \$2 million would affect only the top 2 percent of sales, while raising over \$200 million in annual revenue for the state. Extending this same tax to homes sold over \$1 million could generate hundreds of millions of dollars more for the state.

Also, **New Jersey's Neighborhood Revitalization Tax Credit**, 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. The program is currently oversubscribed, according to the state Department of Community Affairs, and the current \$15 million program cap restricts its potential. It should be tripled just to match the applicant pool of pre-qualified applicants.

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](#). 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.

ADU development and encouraging duplexes and triplexes in traditionally single-family residential areas will be profoundly impactful from an inclusionary standpoint. What a better way to weave cultural and economic diversity in our neighborhoods than creating more diversity of housing.

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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