



**Assembly Housing Committee Testimony on Housing Instability and Affordability
Thursday, February 3, 2022**

Good afternoon, Chairperson Lopez, Vice-Chairperson Jimenez, and members of the Assembly Housing Committee. Thank you for the opportunity to testify today on the state's housing affordability crisis and housing instability.

My name is Staci Berger, president and CEO of 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.

For more than 30 years, the Network and our members around the Garden State have been working to address housing instability and homelessness in our communities by creating rental and homeownership opportunities. The pandemic made plain what many of us have been saying for years: Housing insecurity is one of the biggest threats to public health and safety at any time, but never more so than during a global health emergency. We owe it to those who have been harmed the most by the pandemic to recover equitably.

We need Congress to include transformational, once-in-a-lifetime housing investments in the Build Back Better reconciliation package now under discussion in Washington. We hope you will join us and urge our federal representatives to make sure these measures that ensure affordability, stability and security are included so that our state and local officials can build on that foundation, and make sure New Jersey is affordable for all, and for generations to come. If we want to solve homelessness and housing instability, we need to make sure everyone has a safe, affordable place to call home.

New Jersey's housing market remains out of balance and affordable, safe homes are out of reach for too many of our residents. Along with our national partner, the National Low Income Housing Coalition, we release the annual Out of Reach report, which documents the housing wage and details what it costs for working people to actually afford an apartment at Fair Market Rent (FMR). New Jersey is consistently in the top five or six places in the country every year. We can and we must do better.

Our 2021 housing wage, or what a household has to earn, is \$31.96/per hour, far more than the state's average hourly wage of \$19.38 and even further above our progressive minimum wage. The FMR for a two-bedroom rental is \$1,662, so a family must earn \$66,468 annually in order to afford rent. A minimum wage worker must work 107 hours per week, year-round to be able to afford this home. These are just impossible numbers in the best of times, but during a pandemic, they are astronomical. It is not surprising that so many of us are concerned about a

pandemic-related tsunami of evictions and foreclosures. Tenants could not make their rent because they were not working, and homeowners struggled to make their mortgage payments.

We are so glad that Governor Murphy, Lt. Governor Oliver, the Legislature, and the staff at HMFA and DCA have been working tirelessly to keep our most at risk neighbors safely and stably housed. DCA has disbursed over \$500 million in rental assistance to those most harmed by COVID-19 and HFMA is preparing to open the assistance program for homeowners next week.

Some small landlords are still struggling to make ends meet, including some of our own non-profit property owners. The Small Landlord Emergency Grant provided smaller landlords with the option to receive aid if their tenants did not apply directly. It might be worthwhile to review options for landlords whose tenants have not applied for help, but that assistance should only go to landlords who really need it. i.e., they did not already receive help through PPP loans, are renting to vulnerable tenants, and otherwise helping to stabilize families. We should not be lining the pockets of wealthy, corporate landlords while tenants are struggling to make ends meet.

New Jersey adopted some of the best tenant protections in the nation, ensuring that eligible renters who self-certify cannot be evicted for most back rent. Mediators are available to help folks work out payment plans to get back on track. And we have initiated access-to-counsel in three communities to ensure that tenants facing eviction have legal help. These are all incredible policy interventions that cannot be understated. But they do not address the core problem that has been and remains the most stubborn issue: the FMR is too damn high.

According to last year's [Eagleton poll](#), 61% of renters feel that the cost of housing is a very serious problem and are also almost twice as likely as homeowners to say they felt the impact of the pandemic. Nearly 80% of NJ residents feel it is very or somewhat difficult to find an affordable place to rent in New Jersey based on what they have experienced or heard. In the same survey, voters wanted the state to take two steps to help address this crisis: increase rental assistance and adopt limits on rent increases. I have heard from single moms who are facing an 18% increase in their rent, from a young professional whose rent is going up 10% and from others who are being told to leave because their landlord wants to rent to someone who can "pay more." How can this basic need for housing be allowed to increase exorbitantly each year and go entirely unchecked?

Rental assistance is crucial to ensuring affordability, but it is also not available to everyone who needs it. In fact, only 25% of the families who are eligible for rental assistance actually get it. The other 75% are left to fend for themselves – so they go without food or without medicine or eventually get evicted. Maybe they couch surf, or sleep in the car, or go to a shelter when there is one that has an opening. We need universal rental assistance from the federal government and guardrails on this market. We can end homelessness by providing resources to make existing homes safe and affordable and creating more homes in places that need them.

Our non-profit members have done the opposite of the corporate entities, working with tenants to ensure they get the services and resources they need, keeping them housed and making sure their homes are healthy and safe. When people, not profit, are at the center of the business model, we have better results. We invite you to join our upcoming Rental Housing Challenge – see for yourself how hard it can be to find and get an affordable place to rent later this spring.

It is not just tenants, of course, who are concerned about affordability. The same Eagleton survey found that almost nine in 10 New Jerseyans consider the cost of housing to be a “very serious” or “somewhat serious” problem. Competition for quality, affordable homes is fierce everywhere because the housing market is out of balance. New Jersey has seen this happen in multiple cycles, after the Great Recession and then after Superstorm Sandy.

The housing crisis has been exacerbated by the pandemic. It is clearly a seller’s market, but who is buying? Homeownership is the single largest mechanism by which families create and maintain wealth. Yet, we know that Black and Brown families are much less likely to be homeowners. Residents and communities of color suffer from an extremely pervasive and persistent racial wealth gap, the result of state and federal housing policies enacted over the entirety of our national history. In their seminal report, *Erasing NJ’s Red Lines*, researchers at the New Jersey Institute for Social Justice identified the contributing factors that have led to this disparity, in New Jersey and around the country.

According to the report, Black people – through slavery, racially restrictive covenants, exclusion from the GI Bill, redlining, and predatory lending practices, among other actions – have been systematically denied the same opportunities for wealth building through homeownership afforded to white households. Consider the following data from the NJISJ report:

- The average U.S. homeowner has household wealth of \$231,400, while the average renter has household wealth of only \$5,200.
- The median net worth for New Jersey’s white families is \$352,000—the highest in the nation—but for New Jersey’s Black and Latino families, it is just \$6,100 and \$7,300, respectively.
- A total of 77 percent of New Jersey’s white households own a home; by contrast, less than half (41 percent) of Black households do.
- It would take a Black family 228 years to achieve the wealth that the average white family has today, and, if current trends persist, the median wealth for Black families is projected to fall to \$0 by 2053. It will fall to zero.

We now 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 housing. Moreover, there are proven solutions that can address the affordability crisis.

While we work to secure crucial federal investments, New Jersey’s leaders can make a down payment on housing affordability by using the ARP funds. We have submitted a plan to House

NJ using \$975 million in ARP funds to the Governor, as well as use existing state resources. That sounds like a lot of money, but when you compare what we are investing to other states that are more affordable, it is not. Oregon, for example, is preparing to spend \$400 million in its coming budget to address housing needs. Our full submission for ARP funding to House NJ is available [here](#). Some highlights of what you can do to make homes more affordable include:

- Preserve and expand the Affordable Housing Trust Fund.
- Increase funding for the Neighborhood Revitalization Tax Credit.
- Innovate and fund first-generation homeownership. Increasing homeownership for first-generation – not just first time – purchasers would be transformational in creating generational wealth, especially for Black and Brown residents.
- Expand rental assistance to an additional 300,000 extremely low-income households, including those experiencing and at risk of homelessness.
- Advance mixed income, multi-use tax credit financing
- Support capital investments to repair and rebuild public housing
- Fund efforts to get lead paint out of homes, so that we stop treating our children like lead detectors once and for all.

There are several pieces of legislation that we look forward to working on in this new session which remove critical barriers to housing stability. Things like credit scores, the confusing affordable housing and assistance application process, and a lack of mandatory forbearance from mortgage lenders, all put New Jerseyans at risk of either finding a home or staying in their home.

The housing affordability crisis in New Jersey and around the country has been decades in the making. We won't fix it overnight, but we can start today. If billionaires can go to space, surely we can make sure everyone has a safe, affordable place to live. Together, we can House NJ and make sure New Jersey is a place everyone can afford to call home.

Thank you.