



HCDNNJ FY24 Budget Testimony

Assembly Budget Committee, Monday, March 27, 2023

Good afternoon, Chairperson 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.

Despite these barriers, we know that strong investments that help keep people safely and stably housed make the difference. This budget should put our values into action by addressing first generation homeownership, neighborhood revitalization and tenant protections." Evictions are once again approaching pre-pandemic levels as the courts continue to dig out of a pandemic-era eviction case backlog and NJ's racial wealth gap continues to widen. In Essex County, the hourly wage necessary to find a market rate 2br of \$1,479/month – that's \$28.44/hour or 2.2 jobs at the state's minimum wage.

In Passaic County, you need to earn on average \$33.38/hour, or 2.6 jobs at minimum wage, to afford the average 2br rental at \$1,736, Here in Mercer, you need 2.4 jobs at minimum wage or one job at \$31.02/hour for an average 2br rental at \$1,613/month.

NJ's affordability, housing instability, and homelessness challenges will not disappear without strong interventions. 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. While we are thrilled that leadership has championed homeownership for all income levels, we are more encouraged that you have finally prioritized a fund that was misappropriated under the previous administration.

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Next, 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.

Last week, the Network and our statewide partners met with the NJ Congressional delegation to advocate for increased federal funding for HUD dollars to support eviction prevention and homeownership in the face of proposed, severe housing cuts by Congressional leadership. One of the major barriers that stands in our way is the money that's left on the table, a point echoed by Pulitzer-winner and Princeton University sociologist Matt Desmond, who has written extensively on housing instability and eviction.

Each year, 25 percent of eligible families who qualify for assistance who are not getting it? Why? How can we do better in NJ to make families safe and secure? How can we move to get allocated funds out the door more quickly to build affordable homes? While we work together to address these issues, one thing is clear: Now is NOT the time to cut corporate taxes, when wealthy folks are getting 40% more in government aid than our poorest residents.

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.

As a statewide coalition that is part of state and federal-level budget advocacy, we have the ability to mobilize from the ground up to help this legislature address the needs of our communities on the ground.

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,