



Testimony of Staci A. Berger
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Ways and Means Committee
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Good afternoon. Thank you, Chairman Pascrell, Ranking Member Kelly, and members of the subcommittee for the opportunity to testify before you today about our nation's housing affordability crisis. My name is Staci Berger, and I am the president and CEO of the Housing and Community Development Network of New Jersey, the statewide association of over 275 nonprofit community developers, housing advocates, and private sector partners working to ensure that everyone has a great place they can afford to call home. Our members range from shelter providers serving homeless individuals to Habitat for Humanity chapters and all kinds of housing and service providers in between. The Network is also the state's largest HUD-certified housing counseling intermediary. I am also proudly serving my first term on the Board of Directors of the National Low Income Housing Coalition (NLIHC).

For more than 30 years, the Network and our members around the Garden State, as well as community development associations like ours around the country, have been working to address housing instability and insecurity in our communities by creating rental and homeownership opportunities. The pandemic made plain what many of us have been saying for years: housing is health. People thrive when they have safe, affordable, and stable places to live. Unfortunately, we still have a very long way to go to create a balanced housing market that gives everyone a fair chance to live in the community of their choice, near transit and employment, and with amenities they enjoy and services they need.

You may have seen that earlier today, NLIHC and state partners around the country, including the Network, released *Out of Reach*, the annual, national report that determines the housing wage – or hourly wage a full-time worker would need to earn in order to afford their housing – for every state, metropolitan area, combined non-metropolitan area, and county in the United States. New Jersey continues to be on the top ten list of least affordable states to rent a two-bedroom apartment, following only California, Hawaii, Massachusetts, New York, and Washington, DC.

The 2021 national housing wage is \$24.90, for a full-time worker to afford a modest two-bedroom apartment. This is more than three times the federal hourly minimum wage of \$7.25. A full-time minimum-wage worker can afford a one-bedroom rental home at fair market rent in just 218 of the nation's 3,000 counties. All of these 218 counties are located in states with a minimum wage higher than the federal minimum.

To afford a modest two-bedroom rental home in New Jersey, a family must earn an hourly wage of **\$31.96**, far more than the state's average hourly wage of **\$19.38**. As the Fair Market Rent (FMR) in the

state for a two-bedroom rental is **\$1,662**, a family must earn **\$66,468** annually in order to afford rent. A minimum wage worker would have to work **107** hours per week year-round to be able to afford a two-bedroom home at FMR. Even at the mean wage of **\$19.38**, a person would need to work for **66 hours** a week to be able to afford that home. To gauge affordability, the NLIHC and the Network both use the widely accepted measure that no more than 30 percent of a person's income should be spent on housing.

Next door in Pennsylvania, the FMR for a two-bedroom apartment is \$1037. In order to afford this level of rent and utilities without paying more than 30% of income on housing, a household must earn \$19.95 per hour. The average renter wage in PA is \$16.43.

Not surprisingly, New Jersey residents worry about housing affordability. Almost nine in 10 New Jerseyans consider the cost of housing to be a “very serious” (55 percent) or “somewhat serious” (32 percent) problem, according to a recent Rutgers-Eagleton Poll. Eight in 10 feel it is “very” (49 percent) or “somewhat” (32 percent) difficult to find an affordable place to rent in New Jersey based on what they have experienced or heard. Renters are more likely than homeowners to feel that the cost of housing is a “very serious” problem (61 percent versus 53 percent). Renters are also almost twice as likely as homeowners to say they felt the impact of the pandemic (45 percent compared to 24 percentⁱ).

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. Here and across the country, millions of tenants were struggling to pay rent before the pandemic. Now, six million renter households are at risk of losing their homes when the federal eviction moratorium ends on July 31. Congress provided \$46 billion in Emergency Rental Assistance, but these funds have been slow to reach renters in need.ⁱⁱ While New Jersey renters are getting resources more quickly than many other states, millions of renters need time and assistance, and our neighborhoods need protection from unscrupulous investors who are waiting to buy up distressed properties.

Many of us have seen how the housing crisis has been exacerbated in our area and around the country by the pandemic. Wealthier and white residents, as well as corporate investors, are buying up property in less dense neighborhoods. 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. Moreover, 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 countryⁱⁱⁱ.

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.**

Congressional action is urgently needed to remediate and begin to repair these disparities. We are so thankful that Congress passed the American Rescue Plan of 2021, which will provide critically needed resources, including \$325.6 million in assistance to New Jersey homeowners facing delinquency, default, or foreclosure through the Homeowner Assistance Fund. These homeowners are disproportionately people of color. Federal funding is needed to create more pathways for homeownership, especially first-generation homeowners. Our members, like Paterson Habitat for Humanity and Garden State Episcopal in Jersey City, have shown that it is possible to help low- and moderate-income families become homeowners. Under the leadership of Mayor Ras Baraka, the City of Newark is being incredibly innovative, using the Section 8 to Homeownership program to help very low-income renters become homeowners.

As a nation, we can and must do more to build back better. The people who paid the highest price in the the pandemic were also more likely to be people of color. In 2020, COVID-19 and related causes made up 20% of all deaths in our state's Black community. By contrast, about 15% of deaths among whites last year were due to COVID-19 and related illnesses. COVID-19 was the primary cause of death for Black, Latino, and Asian people last year. Black and Latino people earn less and have less wealth, due to structural inequities in our society. They more often hold lower-paying frontline essential-worker jobs that put them at greater risk of getting COVID-19. They often live in more crowded conditions, which also puts them at greater risk during this pandemic and future health emergencies.

Our nurses and other health care workers, along with teachers, administrative assistants, and so many other essential workers and frontline employees should be able to go home to a place they can afford. Under the Biden administration and this Congress, there is a sense that we have a once-in-a-lifetime opportunity to create the homes our country needs to succeed. Our housing market is like a food market that only regularly offers filet mignon and caviar; we need Hamburger Helper and tuna fish, too. We need policies that will create homeownership opportunities, build generational wealth for Black and Brown residents, and provide safe, stable homes for every resident of our country.

A former board member of mine used to say, it doesn't take a rocket scientist to create affordable homes. That seems quaint and somewhat outdated after the events earlier this week. Simply put, if billionaires can explore outer space, we can make sure everyone in America has a great place to live. We just have to want to do it.

Now, we have an unprecedented opportunity to invest in our nation's housing market that can help mitigate and undo systemic and institutional racism, which prevents Black and Brown families from achieving homeownership and safe, affordable rental housing. Housing is infrastructure, and Congress should include in any infrastructure bill the HoUSed campaign's top priorities^{iv}. These include:

- **A major expansion of Housing Choice Vouchers to pave the way toward universal rental assistance for all eligible households.** Our members, who are working directly with people experiencing or at risk of homelessness, report to us that this would be the biggest achievement needed to ensure everyone has a home. A total of **726,800** low-income New Jersey renters pay more than half their income for housing. Most do not receive rental assistance due to funding limitations.
- **\$70 billion to repair and preserve public housing for current and future generations.** Public housing is home to some of the lowest-income renters in America. Over the years, we have seen a drastic reduction in funding going for repair and a reduction in the number of homes available. People who live in public housing deserve quality housing.
- **\$45 billion for the national Housing Trust Fund (HTF) to build and preserve new homes affordable to America’s lowest-income and most marginalized households.** The HTF is the only federal housing program exclusively focused on providing states with resources targeted to serve households with the clearest, most acute housing needs. It has been successful in New Jersey and nationally. In 2017, 28 homes were funded for extremely low-income renters throughout the state with its \$5.6 million appropriation. These include homes for domestic violence survivors, veterans, disabled individuals, and homeless families with children, especially large families. Funded at this level, the HTF can help end homelessness in this country.

We thank the Biden administration for including two of these three priorities in the President’s [American Jobs Plan](#) proposal. All three are included in House Financial Services Committee Chair Maxine Waters’ (D-CA) bills “[Housing is Infrastructure Act](#)” and “[Ending Homelessness Act](#),” both of which NLIHC and the Network support.

Congress should also include funding for rehabilitation of homes with lead paint poisoning in the infrastructure bill. We must end this entirely preventable childhood health epidemic that harms over 3,000 children in the Garden State every year. Making sure that children are not being used as lead detectors and rehabilitating affordable homes is a win-win. Resources to address other problem properties so that community developers can put more homes in the mix and help balance our market are also needed.

So often, I get calls from frantic families – almost always moms – who are threatened with eviction. We know the eviction crisis disproportionately impacts single Black women with children, who are five times more likely to be evicted than a single, white male head of household. As we saw in the pandemic, women of color are on a very tenuous tightrope, balancing paid work and childcare responsibilities. One unforeseen emergency can cost a family their home.

That’s why we support the bipartisan “Eviction Crisis Act of 2021,” which would create a permanent emergency rental assistance fund to provide direct financial assistance and stability services to help the lowest-income households overcome an unforeseen economic shock (e.g., broken-down car, unreimbursed medical bill, etc.) that threatens their housing stability. No one should be one paycheck away from homelessness. Congress should also consider other legislation endorsed by the HoUSED campaign to help address the underlying causes of the housing and homelessness crisis.^v

Additional resources for Low Income Housing Tax Credit developments can help create affordable homes in communities around the country, as proposed in the bipartisan bill, being shepherded by Congresswoman Walorski.^{vi} Finally, we support the proposal from the House Appropriations Committee's Subcommittee on Transportation, Housing and Urban Development (THUD) to create 125,000 new housing vouchers and nearly double HUD's Housing Counseling Assistance in FY 2022 to \$100 million.

Our taxation policies already favor the wealthiest homeowners, providing subsidies through the Mortgage Income Deduction. The shortage of affordable homes – for both renters and homeowners – is exacerbated by the stubborn patterns of systemic and institutional racism that we continue to see around our nation. This is especially true in New Jersey, where despite being one of the most diverse places in our country, we are still extremely segregated by race and wealth. The American Dream of homeownership can become a reality for all if our public officials at every level of government work to remove the barriers that have been created over centuries. That starts with Congress fully funding the American Jobs Plan and the HTF, providing the resources America needs through the HoUSED campaign, and continuing to hold lenders responsible through key policies, like the Community Reinvestment Act.

If we can go to outer space, we can make sure everyone has a place to call home. Thank you.

ⁱ Eagleton Poll, <https://eagletonpoll.rutgers.edu/wp-content/uploads/2021/06/Rutgers-Eagleton-Poll-HCDNNJ-Housing-June-16-2021.pdf>

ⁱⁱ National Low Income Housing Coalition (NLIHC), <https://nlihc.org/sites/default/files/NLIHC-and-DHRC-letter-to-Biden-Administration-re-Eviction-Moratorium-and-ERA.pdf>

ⁱⁱⁱ New Jersey Institute for Social Justice, https://www.njisj.org/new_institute_report_erasing_nj_s_red_lines_ties_generations_of_housing_discrimination_to_gaping_racial_wealth_gap_in_the_garden_state_and_offers_policy_recommendations

^{iv} NLIHC, https://nlihc.org/sites/default/files/American_Recovery_Plan.pdf

^v NLIHC, https://nlihc.org/sites/default/files/housed_Key-Legislation.pdf

^{vi} NLIHC, https://nlihc.org/sites/default/files/Cantwell-Hatch_Tax-Reform.pdf