



LEGISLATIVE TESTIMONY

145 West Hanover Street, Trenton, NJ 08618
(609) 393-3752
www.hcdnnj.org

Senate Community and Urban Affairs Committee Testimony in Support of S523, Monday, March 7, 2022

Good morning, Chairperson Singleton and members of the committee. Thank you for the opportunity to testify today.

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.

We support S523 because we and our members share long-standing concerns about a limited liability corporation's ability to avoid accountability when it comes to municipal and other violations related to their properties. While an LLC can benefit landlords and property owners, the lack of transparency does little for residents and municipalities that have bad actors who are shielded by an LLC to obscure their identities.

This has emerged as a particularly vexing problem in foreclosure-ravaged and gentrified communities alike. Because of LLCs, it's nearly impossible to know who the bad actors actually are as they acquire properties, violate code, and evict renters. And this is widespread. The Rental Housing Finance Survey from the Census Bureau and the Department of Housing and Urban Development says that 15 percent of all rental properties are owned by LLCs, representing one-third of all rental homes, including single-family homes and apartment buildings.

Renters and the towns in which these LLCs operate should know who is behind property ownership. With this law, we move toward lifting the veil that allows property owners to act completely in the shadows and now more than ever, renters should know who their rent check goes to. The spirit of an LLC is to shield a property owner from being personally liable for things like an injury on their property site, not to avoid accountability for repeated code violations. This bill gives towns another effective tool in addressing vacant and problem properties, as well as problem property owners.

Thank you.

Matthew Hersh
Director of Policy and Advocacy
Housing and Community Development Network of NJ