



## HouseNJ: Fund Affordable Homes in FY27

Chairman Sarlo and members of the committee:

My name is Matthew Hersh, vice president of policy and advocacy at the Housing and Community Development Network of NJ, the statewide association of over 250 non-profit housing and community development corporations, individuals, professional organizations, and prominent New Jersey corporations that support the creation of housing choices and economic opportunities for low- and moderate-income community residents.

The Network and its members share a commitment to promoting economic justice and the empowerment of low-income individuals and communities and encouraging wider participation in the framing and implementation of public policies. We support our CDC members by providing targeted technical assistance and educational programs, pursuing additional resources and improved public policies, and conducting research on ways to enhance the impact and effectiveness of the community development sector.

In her March 10 budget address, we were encouraged to hear Gov. Sherrill commit to protect and preserve the Affordable Housing Trust Fund (AHTF). Now the legislature can carry that ball into the endzone and make sure the Trust Fund supports affordable home *production*, as intended. As you are aware, the entirety of the AHTF was diverted toward other housing programs in the FY2026 budget. This, despite the Murphy administration's and this legislature's overall \$167,073,373 AHTF contribution over the past eight years. At an average \$125,000 per home, this results in about 1,400 affordable homes.

Round 4 calls on the state to build about 88,000 new affordable homes over the next 10 years, and so the FY2026 diversion represented a missed opportunity to dedicate revenue from the newly expanded mansion tax to support housing affordability across the state. The AHTF is New Jersey's only dedicated funding source for the development of affordable homes and it enjoys strong public support.

According to a 2025 Rutgers-Eagleton poll, over 60% of voters said they want our elected leaders to use these funds as intended.

With the FY26 fund diversion, resources moved away from the Trust Fund's legally intended purpose of supporting homes for NJ residents earning under 80% of the area median income (AMI). This raid undermined non-profit developers' ability to meet the state's growing housing needs and crippled the pipeline of affordable housing developments that communities across

New Jersey need. Many of us may not be able to continue to develop homes until and unless the AHTF is fully funded.

We proudly championed S4666, signed into law in July 2025 (thank you, Sen. Wimberly). This additional levy will generate more than \$250 million annually from high-end real estate sales. This is a smart and consistent revenue stream, and one that can be further codified by passing S3103 (Wimberly, Gopal, Singleton, Zwicker, Stack, Johnson, Cryan)

New Jersey is facing a shortfall of nearly 290,000 homes affordable to residents earning 50% or less of AMI. Without fully funding the AHTF, hundreds of affordable homes will not be built, and our neighbors will be without a safe place to live. These are not just construction numbers, they are homes for working families, seniors, veterans, and people with disabilities. Our communities are already suffering from the housing crisis, and the situation in Washington threatens us all.

In New Jersey, a worker must earn over \$38/hour to afford a modest two-bedroom apartment, yet the average wage is only \$23.70/hour. This crisis also perpetuates racial disparities. Due to redlining and discriminatory lending, Black and Latino families are disproportionately shut out of homeownership. The AHTF is one of the few tools we must close the racial wealth and housing gap and ensure equity in housing opportunity.

The economic case is clear: Since 2019, nonprofit developers in New Jersey—many funded by the AHTF—have generated \$2.45 billion in economic activity, created 12,500 jobs, and built 4,730 homes. This kind of investment lifts local economies and revitalizes neighborhoods. We urge you to take two critical actions:

1. **Fund the Affordable Housing Trust Fund in the FY2027 budget with \$140 million in production dollars**, so that all the funding is available for production, rehabilitation and creation of affordable homes. While other housing programs are very important, this fund is intended to build affordable homes and should only be used that way.
2. **Raise the Neighborhood Revitalization Tax Credit cap to \$65 million**, so one of the state's most powerful neighborhood revitalization programs can continue to foster equitable community development in neighborhoods around the state. Outside of the FY27 budget, this can be solidified in the long term by passing S1799.
3. **Dedicate at least half of the new mansion tax revenue—approximately \$150 million annually—to grow and sustain the AHTF**. The FY2026 raid did real harm to communities in need, and this step will help restore trust and engagement with residents and local officials, as well as provide the resources our communities need right now. Outside of the FY27 budget, this can be achieved by passing S3103.

We cannot afford to pull the plug on progress now. The decisions made in this year's budget to come will determine whether New Jersey moves forward with bold solutions or falls backward into deeper housing insecurity.

We respectfully ask you to stand with your constituents and preserve and expand the AHTF in your FY27 budget. Thank you for your time, and for your continued service to the people of New Jersey.

Respectfully submitted,

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