

## **Resources for Affordable Home Development Diverted in NJ FY2026 Budget**

### **By Matthew Hersh**

New Jersey's Affordable Housing Trust Fund (AHTF) has been a necessary source of subsidy for nonprofit developers and municipalities as they meet their affordable housing obligations, tackle vacant and abandoned properties, prevent homelessness and build stronger neighborhoods. Towns have partnered with members of the Housing and Community Development Network of NJ (the Network) to build the safe, quality homes their residents need and want.

As currently proposed, however, the Gov. Murphy's FY2026 budget proposal potentially diverts all of this resource to housing-adjacent programs that serve income populations outside of the under-80 percent AMI income thresholds that are required for AHTF use.

The FY2026 budget must not cut or divert NJ's most important affordable home production resources; instead, we must plan for and grow essential housing and housing production resources, especially as we embark on the 4th round under Mount Laurel. Laying the groundwork for NJ's affordable housing needs is essential, particularly at times of uncertainty.

What is not uncertain is how unaffordable NJ continues to be for so many residents. Although affordable home development has increased, the NJ Department of Community Affairs' (NJDOCA) Fourth Round calculations found a statewide deficit of 65,410 low-and-moderate income homes. According to the National Low Income Housing Coalition, NJ has 296,565 extremely low-income renter households and only 31 affordable and available rental homes for every 100 of these households. To afford a modest, two-bedroom apartment at fair market rent in NJ, full-time workers need to earn \$38.08 per hour but the average worker in the Garden State earns \$23.70 per hour, making our state the seventh most expensive place for renters.

As advocates, we have walked down this road before. For several budget cycles, the Network and its members have had to mobilize to thwart proposed AHTF diversions. We have also worked with our fair budget coalition, For the Many, to advocate for the expansion of the Realty Transfer Fee, the funding source of the AHTF, to best address the state's rapidly growing affordable housing needs as well as to position NJ to meet its 4th round housing obligations.

While the governor identified this revenue raiser in his budget address, he did not propose to use it to grow the AHTF at a time when we have an ongoing obligation and the political will to make NJ more affordable. NJ should follow the lead of other states and expand the Realty Transfer Fee to cover a higher range of luxury home sales and use the additional revenue to support innovative programs to help address NJ's racial wealth gap.

NJ has come a long way towards creating more healthy, affordable opportunities for our residents, but we clearly have a long way to go, and we cannot afford to lose momentum. The AHTF is an investment we need in our communities and it is crucial we close the housing gap to make sure everyone has a safe, affordable place to call home.

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