



FY2022 Budget Fact Sheet

The proposed [FY2022 budget](#) diverts the Affordable Housing Trust Fund (AHTF) to that the creation and preservation of homes for people earning below 80% of Area Median Income. Affordable homes are crucial to our economic and public recovery. However, the budget now under consideration would raid \$57 million for purposes other than the creation of affordable homes. The Fair Housing Act limits use of AHTF funding to support housing for low- and moderate-income New Jerseyans, those earning up to 80% of AMI. These programs serve families earning much higher incomes and are better funded through other revenue sources.

Prior to COVID, NJ had a severe rental housing crisis and an enormous racial wealth gap. Using funds dedicated to serving lower income residents to support homes for middle income New Jerseyans instead is bad public policy and gutting the protections provided by the Fair Housing Act through budget language is even worse.

What diversions are we opposing?

While the AHTF has been used for low- and moderate-income housing programs outside of affordable home production, the state is wading into the “workforce housing” arena (80 to 120% AMI) by using funds intended for low- and moderate-income households. Specifically:

- **\$22 million:** for HMFA's Multifamily Gap Financing Pool that provides necessary gap financing to make possible the construction of additional multifamily projects, a portion not to exceed \$10,000,000 of which may be used to address the urgent need for affordable workforce housing by providing subsidies for units accessible to families earning between 80% and 120% of Area Median Income.
- **\$20 million:** For HMFA's Down Payment Assistance Program to assist in "stabilizing neighborhoods through owner-occupancy and providing home ownership opportunities to households that would otherwise remain tenants;
- **\$10 million:** For HMFA's Risk Share Pilot Program to enhance the competitiveness of HMFA multifamily mortgage products by providing mortgage insurance;
- **\$5 million:** For DCA to "support activities to increase the production of affordable housing by streamlining the permitting and construction review processes at the state and municipal levels, including but not limited to technology upgrades to departmental systems and grants to local units for training and technology upgrades to enhance the efficiency of their permitting and review processes." **This would be strictly administrative costs.**

How does this violate the NJ Fair Housing Act?

- The legislature would have to alter the Fair Housing Act to allow these funds from the AHTF to be used for housing purposes serving populations above 80 percent AMI.

How should these funds be used?

- **Affordable home development**, including multi-family homes, veteran housing, owner-occupied rental homes, supportive housing, small rental properties, and pre-development funds to support housing production.
- **Inject capital into our hardest-hit communities.** The most effective allocations will be in our Neighborhood Revitalization Tax Credit Housing Counseling: This is a priority as there is not enough federal money to provide effective and meaningful support. Banks are more interested in financial literacy.
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- **Lead Paint Remediation:** Funding for lead paint inspections prior to home purchases and tenant turnover, as well as establishing educational programs about lead paint poisoning is essential to the health of our communities, and particularly our EJ communities. -recipient neighborhoods, thereby maximizing each investment.