



**Assembly Appropriations Committee Testimony on A4, 'The Economic Recovery Act of 2020'
Matthew Hersh, Director of Policy & Advocacy**

Good morning, Chairperson Burzichelli and members of the Assembly Appropriations Committee.

My name is Matthew Hersh, director of policy and advocacy for the Housing and Community Development Network of New Jersey. The Housing and Community Development Network of New Jersey is the statewide association of more than 250 community development corporations, individuals, and other organizations that support the creation of affordable homes, economic opportunities, and strong communities. We appreciate the opportunity to testify today on this important legislation.

The Network and its members, working with you, have successfully advocated for programs, funding, and incentives that spur the creation of affordable homes in New Jersey. In the last few weeks, we are thrilled to have seen announcements about the Neighborhood Revitalization Tax Credit Program and the Affordable Housing Trust Fund, as those investments are being made. We strongly encourage that the Economic Recovery Act of 2020 follows the same thoughtful and strategic approach as these much smaller funding but proven strategies have. . Because of the fast-track nature of this legislation and other key pieces of legislation, there has been very limited time to provide feedback to make sure that this bill most effectively achieves the housing goals set forth. We appreciate that changes have been made to try to address concerns about the initial housing provisions in the proposal.

Other suggestions that we would like to offer include **incentivizing genuine Non-Profit participation** Like the LIHTC program, all of the EDA tax credit awards should incentivize partnerships with genuine, non-profit organizations that have a proven track record of economic development, creation of affordable housing and/or neighborhood revitalization. Applicants can be given extra points, first look or other value added benefits for engaging residents (not just local officials) and including non-profits in their plans. EDA could also set aside a portion of the total pool of credits, or a percentage in each program, to be used strictly by non-profits.

This legislation should also explicitly encourage **leveraging existing state programs**. The very successful and highly competitive Neighborhood Revitalization Tax Credit should be a factor in prioritizing successful applications. Prioritizing investment in projects that can demonstrate partnership with or leverage of a DCA approved NRTC plan, for example, will result in a highly effective investment. Additionally, there could be ways to maximize investment in future developments that are proposed in or are adjacent to areas with approved NRTC-plans and

possibly those designated as Opportunity Zones. Lastly, any community that does not have a fair share settlement agreement should not be eligible for these funds, as investing critical public resources in places that are actively opposed to maintaining their housing responsibilities is not appropriate public policy.

That being said, the \$5 million threshold for a project is very high for non-profit builders, so we are concerned that this level shuts out stakeholders most invested in their communities and who would otherwise exhibit the best use of these public funds.

We believe this legislation is a major improvement over previous Tax Credit programs of this magnitude, but that it could be significantly better if the Legislature takes more time to talk with stakeholders about ways to ensure that it succeeds. We encourage you to work with us and others to take the time needed to do that and ensure that these funds are invested in ways that will lift up communities and residents for a strong collective future. We look forward to working with you and the bill sponsors to address these concerns.

Thank you.