



## MEMORANDUM

**TO:** Assembly Housing and Community Development Committee  
**FROM:** Gary La Spisa, Assistant Vice President of Government Affairs  
**DATE:** July 25, 2018  
**RE:** NJAA Testimony on Affordable Housing in New Jersey

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On behalf of the New Jersey Apartment Association (NJAA), and our members who own, develop, and manage safe, clean, and affordable rental housing to over a million New Jersey residents, we commend Chairman Wimberly and all the committee members for your attention to the critical issue of affordable housing. We greatly appreciate this opportunity to discuss strategies and ideas to assist the State in meeting its affordable housing needs.

Specifically, to meet the current demand, New Jersey must construct at least 100,000 units of affordable housing over the next decade. At the same time, we must preserve or rehabilitate the existing affordable housing stock. While much of the discussion surrounding affordable housing focuses on development, any solution must be comprehensive in its approach. First, New Jersey must make a commitment to address the affordable housing crisis we currently face. Second, we must treat both the production of new affordable housing and the preservation of existing affordable housing as equally important. And third, we must come up with a state funding source that is capable of producing and preserving sufficient affordable housing to meet the needs of low-and-moderate-income families.

NJAA offers the following suggestions for your consideration in an effort to address the State's affordable housing needs:

1. Focus the Economic Redevelopment and Growth (ERG) program to support the production of affordable housing. ERG pledges future tax revenues from a project to help developers fill financing gaps. This would provide a much-needed infusion of capital and gap funding into those projects.
2. Establish a separate tax credit program for the preservation of existing affordable housing. We envision a competitive program for affordable properties with expiring deed restrictions to apply for funding to make capital improvements in exchange for an extension of their affordable housing controls. In short, the owner receives funding and in return, the community stays affordable for a longer period of time.
3. Allow municipalities to count rehabilitation of existing affordable housing communities toward satisfying their affordable housing obligations. This does not need not be a one-for-one reduction, but even providing a 50 percent credit for rehabilitation/revitalization of existing affordable housing communities would incentivize municipalities to reinvest, and ultimately bring properties in need of rehabilitation into better condition. Most importantly, this would create a better quality of life for those living there.



4. Allow municipalities to extend the existing tax abatements on older affordable housing communities. Many tax abatements end 30 to 35 years from the time they are originally granted. Allow municipalities to renegotiate and extend those abatements, ensuring that dramatic cost increases (in taxes) do not occur. This will help the owner/operators of affordable housing to keep their rents low and still have funds to invest in their properties.
5. Update the state's Uniform Housing Affordability Controls (UHAC). The UHAC rules govern the administration of affordable units, including COAH (Council on Affordable Housing) units, in New Jersey. These rules have become outdated, and conflict with certain federal program criteria. As such, they need to be updated and reformed.

Finally, it is extremely important to understand that legislation that drives up the cost of housing, whether its mandates on new construction or mandates on property owners, hinders both the development and preservation of market rate and affordable housing. More specifically, there is a limited amount of money that is available for affordable housing construction, management and operation. When costs are increased, absent increased funding, less affordable housing will be built, existing housing will deteriorate, and/or the cost of housing will continue to rise.

NJAA stands ready to work with the Legislature and the Governor to address these issues, and we offer the expertise of our membership to help develop a comprehensive affordable housing policy. Should you have any questions or need further information, please do not hesitate to contact me at 732-992-0600.

*The New Jersey Apartment Association represents over 200,000 multi-family apartment units throughout the State of New Jersey. We are a statewide organization dedicated to maintaining, improving, and building both market-rate and affordable rental housing that serves over one million New Jersey residents.*