

**Housing Committee Hearing 6-15-23**  
**Lori Leonard, CEO Habitat for Humanity South Central NJ**

Good afternoon Assemblywoman Lopez and committee members. I'm Lori Leonard, CEO of HFHSCNJ covering 3 counties and 77 municipalities in NJ.

Habitat for Humanity has been building affordable homes in NJ since the early 1980's and is the 6<sup>th</sup> largest affordable homebuilder in the country. Over the last 10 years NJ Habitats have built, rehabilitated and repaired more than 2000 homes.

While the Governor and Legislature have demonstrated their commitment to addressing affordable housing needs in recent years by supporting the full funding of the Affordable Housing Trust Fund and HOME Fund Programs, the regulations for those funds have restrictions that conflict with our program guidelines and prevent NJ Habitats from fully accessing them. **That is the impetus for this bill.**

Habitat's charter and designation as a **Special Purpose Credit Program** nationally, allows us some flexibility in choosing applicants based on a formula of:

- Need, Ability to pay, and lastly willingness to partner where applicants must meet sweat equity requirements by helping to build their homes in a 10-14 month period. Much of the DCA/HMFA guidelines clash with this practice.

The strict adherence to the "**Affirmative Marketing Plan**" that was put into place to *prevent discrimination* among housing builders by placing **all** "income qualified" applicants into a random selection drawing, does the opposite for Habitat.

While Habitats have been doing affirmative marketing long before it was mandated, this plan actually **PRECLUDES** Habitat from choosing the applicant with the greatest NEED as outlined in our program guidelines.

There are other inequities that exist within the UHAC/COAH guidelines that I have found over the past 12 years at Habitat. I believe they aren't addressed because they don't unfairly impact the builder, the funder, the municipality, the administrative agent, the state, the lender- basically everyone involved in the process EXCEPT the buyer. However, as a builder, funder, lender, AND first & foremost, as an advocate for the low income home buyer, I can tell you they reside in these affordability control documents that we are **required** to use.

Currently, Habitat for Humanity affiliates across the state have **139 shovel ready units** and **167 in the pipeline** for a total of **306 homeownership units** that are waiting for funding to bring each unique project to market. It is my hope that by creating a **pilot program** that supports Habitat's mission and allows for flexibility in implementation, we could bring these homes to NJ residents in the next 5 years.

I am here to give my support to this bill that could allow NJ Habitat Home Builders the flexibility to do what we do best – Build quality homes; select, qualify & partner with the families; assist them in getting a mortgage; and sell the home at a very affordable price thanks to this pilot program.

*There are aspects of COAH/UHAC that I don't believe anyone realizes is the discrimination that exists buried deep in the deed restrictions that are unfair and prevent generational wealth among Black and Brown families, by giving **the bulk of the wealth back to the townships**. This may have been advantageous at the onset where there were large amounts of township subsidies or where large grants are given but no carve out for:*

- Habitat gets the land privately donated
- Construction of the unit is paid through private donations
- The low income homeowner STILL has to pay upwards of \$200,000 to the township, based on an arbitrary formula, at the end of the deed restriction

Deed restriction language: Restricted for 30 years.

- Clause that gives the township the ability to extend the deed restriction, for an undefined period of time, by ordinance ie: indefinitely. There is no stated compensation to the homeowner who believed they could sell at 30 years and reap the financial benefits of homeownership. I understand the rationale of keeping affordable units in the housing pool, however there should be a formula to determine compensation for that extension.

Justification for designated funding for Habitats when funds still exist in the AFHT and HOME funds.

- Arduous grant application excludes Habitat affiliates that don't have the resources to complete, monitor and report
- Grant requirements conflict with Habitat program requirements – DCA/HAS only requires income qualification. Habitat not only looks at income but also their need, ability to qualify for a mortgage, willingness to partner. NEED is the cornerstone of Habitat's program. It allows us to evaluate and serve the applicants that have the most critical need – 5 people living in a 1 bedroom apartment for \$1500 a month vs a family of 3 living in a 2 bedroom apartment for \$1000 a month.

Affirmative Marketing Requirements- Habitat has been around for 35 years and has been doing affirmative marketing before it was required. Habitat's work further helps to dismantle the systemic bias that permeates U.S. home buying, home financing and exclusionary zoning practices, which have prevented generations of Black families from accessing the intergenerational wealth-building potential of homeownership.

- We acknowledge the discrimination and inequities black and brown people have faced in their quest to own a home. The random selection process that was instituted to prevent discrimination and provide equal opportunities for all actually inhibits Habitats mission to advance Black Homeownership.

HAS income certification of applicants doesn't align with Habitat program – Randomly selected applicants sent to HAS for income verification – once approved they begin Habitats program of financial education and sweat equity hours where they work on building their home. 8-12 month process. Many things change during that time that can affect their ability to remain qualified ie: raises put them over the limit, changes in credit score, job changes, interest rate fluctuations that impact their payment, etc. – for example:

2 applicants, both meet the INCOME criteria (ex. \$48,000 yr) (that's all that *regulations* require)

- Applicant A: Family of 3 lives in a 2 bedroom rental, pays \$1200/month (that's affordable), \$100,000 savings
- Applicant B: Family of 5 lives in a 2 bedroom rental, pays \$1600/month, \$2000 savings

Gov't funding guidelines - BOTH get placed in Random Selection because they both meet simply *income requirements*.

Habitat program – applicant B has the higher need so gets higher placement. If multiple high need applicants, then they all get placed in random selection.

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