# Report of the Lowering Housing Costs and Expanding Homeownership Action Team

**Team Members:**

Julia Gordon, Co-Chair
Lopa Kolluri, Co-Chair
Baye Adofo-Wilson
Catherine Best
Mike Cerra
Christiana Foglio
Ronald Glover
Danny Gonzalez-Bosques
Adam Gordon
Ryan Haygood
Diane Johnson
Jim Johnson
Taiisa Kelly
AJ Luna
Bill Matsikoudis
Chang Suh
Sarah Rosen Wartell
Andre Williams

Housing affordability is one of the most pressing concerns for residents across New Jersey and one that the Sherrill-Caldwell Administration was vocal about addressing during the campaign. The state faces a severe housing shortage—more than 200,000 units—and this gap not only affects low- and moderate-income households, but increasingly affects middle-class families who are also struggling to rent or buy a home. More than one-third of New Jersey households spend over 30 percent of their income on housing, leaving them cost-burdened and with little room for savings, emergencies, or long-term stability. Rising rents and home prices have outpaced wage growth for years, and responses to the incoming Administration's General Public Survey underscore the strain. Respondents consistently cited escalating rent costs and homes that are too expensive for first-time buyers as among their most pressing housing concerns.

These affordability challenges are rooted in decades of constrained housing construction that prevented supply from keeping pace with demand. Multiple segments of the development process contribute to the overall cost of producing housing, including land use policies, land acquisition, permitting and regulatory requirements, financing gaps, and unpredictable project timelines. These pressures are compounded by rising construction costs driven by inflation, supply-chain disruptions, and labor shortages. Together, these factors make it increasingly difficult to deliver housing at price points that New Jersey families can afford. They also intersect with rising homelessness across the state, a challenge now worsening as federal resources decline. The Sherrill-Caldwell Administration must take swift action to improve all parts of the housing ecosystem so it can work for New Jersey residents.

The Lowering Housing Costs & Expanding Homeownership Transition Action Team explored a range of strategies to strengthen New Jersey's housing ecosystem, including preserving existing units, expanding new construction, and advancing targeted redevelopment. Addressing supply and affordability challenges will require coordinated action within state government agencies and departments, as well as between the state and local governments—not only to build new homes, but also to rehabilitate aging units and pursue smart-growth opportunities such as redeveloping underused commercial properties and investing in transit-oriented development. These approaches can expand both affordable and market-rate housing and help reduce costs for households across income levels. We urge the Sherrill-Caldwell Administration to enhance and modernize financing tools, make permitting more efficient, keep people housed, and support a broader mix of housing types—from duplexes and triplexes to starter homes and accessory dwelling units (ADUs)—alongside initiatives that assist first-time homebuyers.

Meeting this need will call for a collaborative, all-hands-on-deck effort involving every level of government and the many state agencies engaged in housing development.

The Lowering Housing Costs & Expanding Homeownership Transition Action Team proposes that the Sherrill-Caldwell Administration consider the following recommendations to accomplish these key priorities:

- Increasing Housing Supply and Homeownership Opportunities
- Addressing Regulatory Barriers at the State and Local Level
- Strengthening and Diversifying Housing Finance Tools
- Responding to Federal Program Cuts

This Action Team understands the need for our recommendations to fit into the broader context of all of the Action Teams recommendations and recognizes they will have to be prioritized accordingly. We also acknowledge these recommendations will need to be considered in the context of state budget realities, particularly with the impending impact of upcoming federal funding cuts, and where these recommendations are not budget neutral, they may need to be adjusted or re-prioritized.

# Transition Action Team Recommendations

## Increasing Housing Supply and Homeownership Opportunities

### Recommendation: Establish a "Housing Czar" to act as the Chief of Housing Supply and Affordability within the Governor's Office. This person will work in close coordination with a cross-agency permitting team and under the Chief Operating Officer to respond to New Jersey's housing supply and affordability challenges.

Housing production in New Jersey involves multiple agencies and departments, including but not limited to the Department of Community Affairs (NJDCA), the Housing Mortgage and Finance Agency (NJHMFA), the Economic Development Authority (NJEDA), and the Department of Environmental Protection (NJDEP), each responsible for different parts of the production process. This fragmentation makes it difficult to coordinate decisions, align priorities, and move projects forward at the pace required to expand housing supply and meaningfully reduce costs for working families.

To address this challenge, it is recommended the Governor establish a Director of Housing Supply and Affordability in the Governor's Office within the first 100 days. This position would serve as the focal point to ensure effective and efficient interagency coordination for housing production and would report to the Governor's Chief Operating Officer. The Director of Housing Supply and Affordability would lead a unified strategy to increase production, oversee implementation of the Governor's housing priorities, and convene Commissioners or their designees to develop a housing action plan with clear production and preservation goals.

The Director should also work closely with the Governor's cross-agency permitting team and relevant state departments and agencies to identify projects that can be accelerated through streamlined processes, as well as pinpoint regulatory barriers and opportunities to produce housing more efficiently.

### Recommendation: Direct NJ Transit and relevant state agencies to identify state-owned properties for transit-oriented development (TOD) and housing redevelopment opportunities.

State-owned properties represent one of the most immediate and scalable opportunities to deliver new affordable and -market rate- units—especially when paired with strong state leadership, coordinated planning, and partnerships with local governments and developers. NJ Transit (NJT) has taken steps to identify ways to leverage its real estate portfolio to ease the housing supply shortage. Through the Land Plan, NJT identified approximately 8,000 acres of vacant or underutilized real estate that could be used for transit-oriented development while bringing in an estimated $1.6 billion in municipal revenues.[i] The Land Plan serves as a framework for other state agencies to replicate to identify underutilized properties that may be a good fit for housing development.

Within the first 100 days, the Governor should direct all relevant (real estate-owning) state agencies to create an inventory of vacant and underutilized properties that they own and identify which are suitable for housing. Additionally, the Governor should direct NJT to produce a prioritized list of TOD-ready sites from its Land Plan.

With the support and backing of the cross-agency permitting team in the Governor's Office, NJT and other state agencies should identify municipalities seeking to partner to develop site plans and issue requests for proposals to developers for properties suitable for housing in the first year of the Administration.

NJT should partner with 10-12 municipalities whose local vision is predetermined to support TOD, with prioritization given to Government Restricted Municipalities (GRMs) and the state's 37 designated transit villages. As these municipalities implement TOD projects, the Administration should evaluate progress and barriers to development. This can inform future regulatory and legislative actions to ease TOD. The Department of Transportation (DOT) should also be directed to identify barriers to becoming designated a "transit village" under the Transit Villages Initiative.

These actions can be implemented using existing state agency capacity, with the potential for budget-positive outcomes upon the sale or lease of NJT and state-owned properties. Success will require effective coordination and collaboration across agencies, authorities, municipal partners, and cross-agency permitting teams.

## Recommendation: Incentivize redevelopment of stranded assets, such as dead malls and vacant commercial space, to create housing opportunities.

Shifts in retail and post-pandemic work patterns have left many office parks, shopping centers and malls partly or fully vacant. These sites are typically already served by roads, utilities, and transit, and may be well-suited for housing redevelopment that advances environmental, smart-growth and affordability goals. For example, in Parsippany-Troy Hills, the moribund Lanidex office park is being transformed into 1,570 new homes, including 314 affordable homes built without public subsidy, near the interchange between I-80 and I-287.

It is recommended that the Sherrill-Caldwell Administration work collaboratively with local governments that seek to redevelop underused and neglected properties. Many municipalities across the state have included the conversion of vacant commercial properties into either mixed-use or residential development as part of their respective $4^{th}$ round fair share housing plans. These projects will create many new opportunities that the Administration should move quickly to support and expedite. A significant obstacle, however, is that at both the local and state levels, such redevelopment requires lengthy permitting processes that can add years to creating much-needed homes.

In the first 100 days, the Governor should issue an executive order prioritizing stranded asset redevelopment and establishing a Statewide Stranded Asset Redevelopment Initiative, with support from NJDCA and NJEDA, and in coordination with the cross-agency permitting team. This additional support from the State would serve as an incentive for municipalities to redevelop stranded assets, especially municipalities lacking capacity.

In year one, as part of the Initiative, the Governor should create a competition for municipalities to propose shovel-ready housing projects—each with at least 20 percent affordable units—emphasizing redevelopment of stranded assets, TODs, and preservation. A number of projects could be selected for priority agency review and receive resources and technical assistance. State agencies with responsibility for review should commit to timelines for review. The Administration could use insights from these projects to analyze reasons for delays and recommend legislative changes to improve state processes. Additionally, the Governor should explore ways to capitalize on planning assistance by pursuing partnerships with planning departments at state higher education institutions to provide additional capacity for this work. This will be especially helpful to municipalities that may have limited resources to compete in the Initiative.

This recommendation can be largely budget-neutral or even budget-positive by streamlining state agency reviews and moving forward such projects more quickly than greenfield development. It can also coordinate and leverage existing state and federal tools, including the Affordable Housing Trust Fund (AHTF), NJEDA financing programs, Low-Income Housing Tax Credits (LIHTCs) and federal infrastructure and economic development funds. Limited new resources may be needed for planning grants and technical assistance, which could be funded through savings from streamlining review. State tax revenue would also increase through redevelopment of underutilized assets.

## Recommendation: Explore incentives and opportunities to expedite the construction of light touch density housing types (duplexes, triplexes, quads), and HUD-code manufactured housing to advance “Missing Middle” housing and expand homeownership opportunities.

As discussed above, many single-family homes are out of reach financially for the majority of aspiring homeowners. “Light touch density” (LTD) housing types—duplexes, triplexes, quads—offer a pathway to homeownership for lower- and middle-income households, helping to close the racial wealth gap, while limiting sprawl, supporting local commercial activity, and increasing housing near jobs. Similarly, HUD-code manufactured homes offer durable construction, modern design, and strong safety standards. They can often be purchased for prices well below comparable site-built homes, making ownership accessible to households priced out of traditional markets. In addition, many new manufactured homes are built to high energy-efficiency standards, reducing utility costs and improving long-term affordability for homeowners. Today’s manufactured housing can be indistinguishable from stick-built housing, and it is a critical resource not just for manufactured housing communities in rural or exurban areas, but for urban and suburban infill projects and ADUs.

It is recommended the Sherrill-Caldwell Administration promote the construction of LTD by engaging the legislature to statutorily change inspection requirements that currently apply to them but do not apply to the construction of single-family or duplex dwellings. The national housing finance system (Fannie Mae, Freddie Mac, FHA, etc.) finances home that are 1-4 units through single-family financing, whereas buildings with 5+ units through multifamily financing. Aligning New Jersey’s statutory inspection requirements with federal financing mechanisms would reduce the cost of developing more triplexes and quads, thereby increasing LTD in areas that are already zoned for it, and in areas where municipalities opt to change zoning in accordance with other efforts to increase supply.

This change would impact the amount of revenue the State collects from inspecting LTD housing types. Fiscal analysis should be conducted to determine how much revenue the State could lose. Loss of revenue could be offset by fees collected during the construction of additional LTD housing types. Municipalities such as Palisades Park allow for LTD and have experienced more housing construction, higher population growth and land values, strong commercial activity and lower property tax rates as a result.

Additionally, it is recommended that the Sherrill-Caldwell Administration expand the use of HUD-code manufactured housing to boost the housing supply. A key step is reinstating the Office of Manufactured Housing within the Administration's first term, which was eliminated during the Christie Administration and slowed inspection activity. The Office should be responsible for reviewing state regulations and local ordinances to identify where manufactured housing is permitted and whether updates and other support mechanisms are needed. In addition, the Sherrill-Caldwell Administration should create policies and programs that promote equitable development across the manufactured housing sector, including support for resident owned communities and fair labor standards in manufacturing. The Governor should assess how much funding would be needed to reinstate the Office. If providing funding for this recommendation is determined to be infeasible, consideration should be given to establishing a division dedicated to this issue within the Department of Community Affairs.

## Recommendation: Direct the NJHMFA to produce a statewide inventory of subsidized and LIHTC units and identify funds for preservation efforts.

Preserving existing affordable housing is far more cost-effective than building new units and should be a key component of the Sherrill-Caldwell Administration's housing policy. Federal, state, and local subsidized housing programs have helped to produce tens of thousands of affordable homes over the last several decades, and some portion of this stock may be at risk of becoming lost because of expiring affordability controls or physical deterioration.

As housing affordability pressures grow, the loss of existing affordable units threatens the stability of low- and moderate-income households statewide, accelerating gentrification and displacement in rapidly changing urban areas, and further reduces New Jersey's limited existing affordable housing stock.

A publicly accessible statewide inventory that tracks all subsidized units across programs and flags upcoming affordability expirations is crucial for the State's ability to plan proactively and to target preservation efforts.

In the first 100 days, the Governor should direct NJHMFA to develop an inventory of subsidized housing units. During the first year of the Administration, the NJHMFA should be directed to publish the initial statewide inventory and expiration analysis and begin assisting housing authorities and non-profit and for-profit owners of affordable housing with preservation strategies. Throughout the first term, the Agency should update the data annually and use it to guide legislative and regulatory action. The NJHMFA should coordinate with the NJDCA to compile data on affordability controls, as the Department may have some of this information. This recommendation can be implemented by leveraging NJHMFA's existing data systems, staff expertise, and reporting authority. Additional analytical capacity or short-term consultant support may be needed to integrate data from the NJDCA, municipalities, and federal programs, which could be funded through existing state agency administrative resources. To support the preservation of units nearing their subsidy expiration and need rehabilitation, NJHMFA could set aside a portion of LIHTCs allocated to the State as a source of funding. Priority for assistance should be to preservation projects included in municipal 4$^{th}$ round housing plans.

Consideration should be given to public transparency while protecting sensitive project-level financial information. Owners and operators of this housing, including housing authorities and non-profit and for-profit leaders, as well as tenant representatives, should be actively engaged in helping design an efficient and effective system.

## Recommendation: Support the creation of municipal land banks across the state.

To maximize New Jersey's housing supply, it is crucial that municipalities convert vacant, blighted, and abandoned properties back to productive use. One way to do so is through establishing additional land banks, i.e., entities authorized by municipalities to acquire and restore these types of properties.[ii] Land banks can acquire, manage, and aggregate vacant or distressed properties, helping communities stabilize neighborhoods, return land to productive use, and support affordable housing and economic revitalization. Additionally, their use can help prevent for-profit investors from holding vacant and blighted properties indefinitely without redevelopment and can ensure that the redeveloped properties are purchased either by owner-occupants or by investors who will provide safe, quality, and affordable rental housing.

In 2019, New Jersey's Legislature authorized municipalities to establish land bank entities, and Newark quickly established the state's first land bank that same year.[iii] Recently, Salem City has also established the state's second land bank.[iv] While this is progress, much more should be done to facilitate a faster take-up of this potentially powerful tool to expand housing and redevelop underutilized properties. Further, as mentioned in the recommendation for downpayment assistance, land banking can be paired with state homeownership programs to create a powerful tool for making homeownership possible for low- and moderate-income households.

In addition to encouraging municipalities to establish land bank entities, public housing authorities (PHAs) should create or participate in their local land bank. Some PHAs that also operate a redevelopment authority hold numerous vacant parcels of land within their jurisdiction. These unused parcels could be sold to generate capital needed for preserving existing housing or for developing more affordable housing. PHAs that have implemented repositioning programs through the U.S. Department of Housing and Urban Development (HUD) may also have vacant public housing buildings that need to be demolished, allowing the land to be repurposed for affordable housing.

Within the first 100 days of the Administration, the Governor should instruct NJDCA to provide technical assistance to municipalities who may be interested in establishing land banks and work with municipalities and PHAs to overcome barriers to establishment. The NJDCA can leverage staff in the Office of Local Planning Services, Division of Housing and Community Resources, and the Division of Local Government Services. The Governor's Office should assess whether a budget commitment may be necessary to provide the Department with additional funding to hire staff to carry out this function. Acknowledging potentially challenging budget realities, there may be potential for partnerships for training sessions for municipal staff to advance the knowledge of how to do this work.

Additionally, the Governor should direct NJDCA to identify additional funding sources that may be available through HUD to help PHAs with implementation.

## Recommendation: Increase assistance through NJHMFA's Down Payment Assistance (DPA) and First-Generation Homebuyer Program to support affordable homeownership and help close the racial wealth gap.

Homeownership provides families with stability and a reliable foundation that supports stronger educational outcomes, better physical and mental health, and deeper ties to their communities. Over time, it also serves as a key pathway for building intergenerational wealth and financial security, helping reduce inequality and promote long-term economic mobility.

Homeownership is especially important for helping to close the racial wealth gap.[v] Today, the median net wealth for Black New Jerseyans is $14,000, while the median net wealth for white residents is a staggering $192,700—more than thirteen times the Black figure. Among families, the gap widens further—$662,500 for white families versus $19,700 for Black families.

As highlighted in a report published by the NJ Institute for Social Justice, *The Two New Jerseys: A Deepening Divide*, more than three-quarters of white households own their own homes in the state, as compared to about four in ten Black and Latina/o households.[vi] In Newark, which has the highest proportion of Black residents among large New Jersey municipalities, 78 percent of residents are renters. Rising home prices have placed ownership further out of reach for many families, with Black and Latino residents facing the greatest barriers.

The Down Payment Assistance and First-Generation Homebuyer Program (the Program) provides financing for first time homeowners and up to $22,000 toward down payment and/or closing costs, depending on the county where the property is being purchased ($15,000 is the cap on DPA and first-generation homebuyers can access an additional $7,000). As highlighted in a report submitted by the HMFA to Governor Murphy and Legislature in June, the Program has helped 7,400 low and moderate-income individuals become homeowners in the last two years. The Program has been especially effective in helping Black and Latino residents achieve homeownership, underscoring its value in supporting families historically excluded from homeownership. More than half of first-generation recipients in State Fiscal Year 2025 were Black (23%) or Latino (28%).[vii] The report further highlights that, since 2017, families who bought homes through the Program have collectively built more than $2 billion in equity, reflecting meaningful gains in household stability, access to credit, and wealth, making it a key component in any effort to address the racial wealth gap.

Although the Program has made great strides in increasing homeownership rates, rising home prices suggest that HMFA should assess whether the Program offers sufficient assistance for eligible homebuyers to compete in New Jersey's housing market and whether the total amount available is assisting an adequate number of households. Land banks can be used as a tool to advance the goals of the Program. As more land banks come online, the Program could set aside assistance for homebuyers who are buying local land bank affiliated homes as they tend to be less expensive than market rate homes.

The State Fiscal Year 2026 budget made a $40 million investment in the DPA and First-Generation Homebuyer Program. The Sherrill-Caldwell Administration should consider increasing the amount of funding provided to the Program as part of the Governor's Proposed Budget for State Fiscal Year 2027 and amending the Program's enabling statute to permit HMFA to adjust the amount of DPA assistance offered to reflect current housing market conditions.

## Recommendation: Prioritize preventing foreclosures and home loss, especially among low- and moderate- income Black homeowners and other vulnerable populations.

Given the importance of closing the racial homeownership gap, expanding homeownership must be paired with efforts to prevent the state from losing homeowners to avoidable foreclosures. This will require both an understanding of the primary drivers of foreclosures in the state; and a collection of interventions to identify and support cost-burdened homeowners before they fall into crisis.

The Sherrill-Caldwell Administration should direct NJHMFA to conduct an analysis of homeowners, especially Black and Latino homeowners, first-time and first-generation homeowners, seniors, homeowners in urban and rural communities, and homeowners in historically redlined communities, who might be vulnerable to home loss or foreclosure, and to produce a report with recommendations for ways to prevent foreclosures. This analysis should include an inventory of all actions currently being taken to assist homeowners and all areas where expanded and/or additional measures would be useful. While the recommendation is budget neutral, it may generate additional staff workload and will require careful prioritization within current capacity.

## Recommendation: Prioritize statewide investigations of housing discrimination, discrimination in lending, and predatory lending.

For the Sherrill-Caldwell Administration to ensure greater access to housing, an assertive stance against housing discrimination, lending discrimination, and predatory lending practice should be taken—especially in light of reduced federal enforcement in these areas. The Administration, working with the Attorney General, should issue a directive within the first 100 days prioritizing complaints related to housing discrimination, lending discrimination, predatory lending, and landlords who fail to maintain safe, livable conditions or do not comply with state and/or local renters' rights laws. The Administration should support the Attorney General's efforts to investigate, and when appropriate, prosecute, collusion to raise rents. Finally, the Governor should build upon existing models of trainings by the Division on Civil Rights in areas such as the Fair Chance in Housing Act to help educate landlords about legal requirements and prevent discrimination in the first place. This work would help ensure that New Jersey residents maintain fair access to housing and the credit necessary to achieve homeownership. While the recommendation is largely budget neutral, it may generate additional staff workload and will require careful prioritization within current capacity. The State could generate additional revenue if the Attorney General issues fines or secures settlement payments resulting from identified wrongdoing.

## Recommendation: Evaluate Aspire and other existing workforce housing programs for effectiveness and efficiency for producing housing.

Today's housing affordability and supply crisis not only impacts low- and moderate-income families, but also the broader middle-income segment of the population. Increasing the amount of housing requires a balanced and comprehensive strategy focused on building and preserving affordable housing, creating workforce housing, and leveraging public private partnerships to lower housing costs and ensure that the housing needs of all New Jersey families are addressed.

As the Sherrill-Caldwell Administration explores generating new resources for affordable and workforce housing development, it is recommended that the Governor require relevant state agencies to conduct an in-depth examination of existing housing production programs including Aspire, LIHTC, and the State Housing Tax Credit to assess impact, efficiency, and program utilization, and to determine whether modifications need to be made. This assessment should consider whether these programs meet the ever-growing housing needs of mixed income and working communities. Applicants of these programs should have the opportunity to participate in the assessment process. Changes to Aspire would require legislative action to be taken, while changes to LIHTC could be implemented at the administrative level through HMFA's Qualified Allocation Plan. This recommendation is budget neutral but will require strategic use of current staff capacity.

### Recommendation: Expand and raise awareness about the Section 8 Homeownership Program

Newark's Housing Choice Voucher (HCV) Homeownership Program serves as a model for how local PHAs in the state can leverage rental assistance vouchers to expand homeownership opportunities for low-income families. The HUD program is administered through a partnership between the Newark Housing Authority and the Newark Land Bank. The program allows qualified Section 8 recipients to use their vouchers, along with down-payment assistance, to purchase rehabilitated single-family homes previously owned by the Land Bank. Newark's approach is grounded in the understanding that homeownership is a primary pathway for families to build intergenerational wealth – a point emphasized through the City and PHA's local outreach through workshops and education efforts.

P.L.2024, c.98 expanded the use of state funds for the existing State Rental Assistance Program (SRAP) by requiring DCA to establish a program comparable to the federal Section 8 Homeownership Program. DCA is one of the largest public housing agencies in the country and currently administers vouchers for nearly 48,000 households throughout the state annually.

The State Section 8 Homeownership Program allows SRAP participants to use rental payments towards homeownership expenses including mortgage payments, homeowners' insurance, property taxes, utilities, and other homeownership expenses. To address issues of mortgage qualification and finding a home, the State Section 8 Homeownership Program requires participating voucher holders to complete housing counseling, credit counseling, and personal finance education. The law also requires PHAs that administer funding through the federal Section 8 HCV Program to adopt and implement a Section 8 Homeownership Program.

In the first 100 days, the Governor should direct DCA to survey which PHAs in the state have taken steps to adopt a Section 8 Homeownership Program and request information about where they are in the implementation process. In addition, the Governor should direct DCA to provide a report on the status of implementing the state Section 8 Homeownership Program, whether the state has single-family properties available for selected participants, and DCA's targets for allocating vouchers to senior citizens and veterans. Additionally, the Governor should direct DCA to set a clear goal for how many voucher holders are expected to secure a mortgage through the Homeownership Program. This recommendation is budget neutral, but it may increase staff workload, requiring strategic use of existing capacity.

## Addressing Regulatory Barriers at the State and Local Level

### Recommendation: Identify opportunities to streamline state housing funding programs into a "one-stop shop," creating an ease of execution for affordable housing developers.

Affordable housing development projects typically take three to five years to complete, and more complex projects can stretch to seven to 10 years. These long timelines stem from the need for developers to assemble multiple funding sources, navigate state permitting and municipal approvals, and overcome NIMBY sentiment in some communities. Unfortunately for developers, time equals money where they must cover taxes, utilities, security, and other costs on the property before it has been approved for construction, which can result in projects getting too expensive to pursue or falling through due to loss of land. Most projects rely on three to five different funding sources across local, county, state, and federal levels, each with their own application and review process. Often, funders require duplicative documentation—such as multiple appraisals—to satisfy their individual requirements. Developers also face the challenge of timing: although funders may issue soft commitments, none want to be the first dollar in, forcing developers to coordinate several closings in rapid succession so that all parties release their funds.

The Action Team recommends that there be better coordination of existing state, county, and municipal funding sources to create efficiencies within current application processes. To the extent that there is investment in building a single virtual application tool, this recommendation could be cost neutral. This action is primarily a regulatory change but may also include resource allocation for updates, upgrades to web-based application systems, and joint training opportunities.

The Governor should issue a directive that calls for an in-depth review of all programs providing funding for affordable housing across various state agencies. This will include NJDCA, NJHMFA, NJEDA, NJ Redevelopment Authority, and other state agencies that may provide resources for housing development. Eligibility criteria, types of housing supported, project size, and application requirements should all be evaluated. The directive should require these state agencies to identify similar requirements across funding sources and incongruencies across sources that prevent the use of funding within the same project.

The Governor can direct state agencies to take other regulatory actions such streamlining applications for state funding for housing projects, creating a cross-agency permitting team that's focused on project reviews for state supported housing projects, and adjusting program regulations to enable state funding, if awarded, to be the first funding in a project. Lastly, program rules should be adjusted to allow the state application process to accept reviews and tests completed for federal or county/municipal funding sources as long as it is completed within a specified timeframe.

These actions should be taken in the first 100 days. If it is possible to complete this process quickly, the administration can hit the ground running with a new process that will expedite the creation of affordable units and help municipalities meet their local obligations quickly.

## Recommendation: Develop proposals to encourage reform of local zoning processes.

Local zoning is a major key to unlocking housing production in the state. The Sherrill-Caldwell Administration should take action to promote updates to local zoning regulations that will help cultivate thriving communities and stimulate economic vitality. During the first 100 days, the Governor should consider a proposal that would create an incentive program promoting local zoning reform for certain housing types and establish certain benchmarks for participating municipalities to meet. Additionally, participating municipalities would be eligible to receive prioritization for other state funding. The proposal could call for allowing them to receive grant funding for certain purposes if they meet a certain percentage of actions that are recommended by the State. Actions can include adopting pre-approved plans to fast-track construction of infill housing and ADUs, allowing higher density near transit and employment centers, reducing governing body approvals by expediting administrative reviews, reducing cap fees, and other actions that address specific barriers to housing production. This approach would enable a strong partnership between state and local governments while creating housing opportunities that fit a municipality's fabric.

The Administration should also consider a legislative proposal that would amend the Municipal Land Use Law (MLUL) to create an expedited review process for housing projects included in fair share plans. Fair share plans for the $4^{th}$ round were heavily negotiated, meaning there is already significant buy-in from municipalities and interested parties to construct certain projects. The MLUL should be reviewed to see which review processes can be shortened for projects within fair share plans. This action should be taken in the first 100 days as well to quickly advance projects as part of the $4^{th}$ round.

## Recommendation: Expand the number of third-party review options for certain state and local level permitting positions.

One of the greatest barriers to building housing in New Jersey is navigating the maze of regulatory permits and approvals that are required by various state and local agencies, which contribute to project delays, increased costs, and constrained housing production. These challenges stem from staffing shortages, evolving regulatory requirements across state agencies, and differing administrative processes across municipalities. The Sherrill-Caldwell Administration can pursue various proposals to make the permitting process easier for developers to navigate and to reduce strain on state and local government staff.

Similar to the Saving You Time and Money Action Team, this Action Team recommends that the Administration propose legislation to expand the number of third-party review options for different functions of the permitting process. Solutions can be modeled after the NJDEP Licensed Site Remediation Professional Program (LSRP). The LSRP framework could be adapted to other state agency permitting and application review processes, particularly within NJDEP and NJDOT, where reviews are frequently delayed. This approach could help expedite permit and application review for letters of interpretation, driveway access applications, street intersection approvals, lot consolidation and subdivision requests, letters of no interest, and traffic signal modifications or new installations.

Municipalities are required to adopt implementing ordinances for housing element and fair share plans by March 15, 2026. The Sherrill-Caldwell Administration should aim to address permitting challenges within its first 100 days so projects that are part of fair share plans can benefit from streamlined processes and move forward more quickly. Advancing the recommendations in this section alongside $4^{th}$ round projects would also provide a valuable test case for improving project delivery timelines, demonstrating the efficiencies created, and creating cost savings through permitting reform.

## Recommendation: NJHMFA should develop a comprehensive set of regulatory, operational, and administrative actions it will take to increase the pace and efficiency of housing production and preservation.

Over the last four years, NJHMFA has focused on implementing several major state and federal funding programs and promulgating regulations to ensure compliance. Although the Agency has successfully deployed these one-time subsidy programs, this funding has now ended. To support the Governor's housing goals, NJHMFA will need to adapt to a changing housing landscape by undertaking a comprehensive review of its policies and practices and identifying the changes necessary to improve its efficiency and effectiveness in financing housing production.

Recent federal budget and tax legislation, One Big Beautiful Bill (OBBA), creates new opportunities to build and preserve housing through the LIHTC program. Provisions in OBBA lower the bond cap for housing financed with private activity bonds and increases 9% LIHTC allocations. These changes will increase the number of affordable housing units that New Jersey can build over the next decade by over 22,000 units.

In the first 100 days, the Governor should establish an action team within NJHMFA to lead a comprehensive review and focus on identifying administrative and regulatory changes needed to maximize housing production and preservation. The action team should engage external stakeholders throughout this process.

The comprehensive review should evaluate how to expand the use of federal tax-exempt bonds and LIHTC financing for affordable and mixed-income development. It should also assess opportunities to increase utilization of the Conduit Bond Program, reassess existing cost caps, and consider whether a portion of the state's tax-exempt bond capacity should be allocated to counties to support local workforce and affordable housing projects.

Within the first year, NJHMFA should propose regulatory and operational changes based on the results of the action team's review including streamlined and/or expedited regulatory reviews and administrative processes to accelerate housing construction. The Agency should also propose changes that enable faster lease-up of vacant affordable housing units and streamline the process of applying for affordable housing by updating the current New Jersey Housing Resource Center to allow for a single point of access for applications statewide.

During the first term, the Governor should direct NJHMFA to structure a pilot program to partner with counties on tax exempt bond financing and provide recommendations to the Legislature for expanding or revising state tax credit financing and other proposed legislation changes needed to accelerate housing production across the state. These initiatives should be budget neutral but will increase the administrative workload for the NJHMFA. Implementing this recommendation will require prioritization of current staff capacity.

## Strengthening and Diversifying Housing Finance Tools

### Recommendation: Protect and invest in the Affordable Housing Trust Fund.

At a time when demand for housing—particularly housing accessible to low- and moderate-income households—is far greater than supply, the Affordable Housing Trust Fund is often the only public source of funding for smaller, community-driven, shovel-ready developments. The Trust Fund is a crucial source of capital for housing production—one that municipalities and developers of affordable housing depend on. As municipalities work to advance housing projects as part of their fair share plans it will be important to provide them with the resources they will need for those projects to come to fruition.

The Affordable Housing Trust Fund has increasingly been used to fund housing programs that previously were treated as separate budget items, rather than being used for its intended purpose of supporting the construction and preservation of housing for individuals earning at or below 80% of an area's median income. During the upcoming budget cycle, the Sherrill-Caldwell Administration should prioritize fully funding the Trust Fund and take steps to ensure its resources are not diverted to fund other housing programs. The Administration should use alternative funding sources to support other state housing programs.

## Recommendation: Explore alternative financing mechanisms to produce "Missing Middle" housing.

Certain housing projects, such as "missing middle," inclusionary, and medium-sized developments with 30 to 50 units, have historically struggled to secure state financing. This Action Team recommends that the Governor consider alternative financing mechanisms, such as public-private partnerships and union pension funds, to support and deliver these types of projects.

Many states are partnering with traditionally market-rate developers and using new forms of mixed-income financing to produce housing that is affordable at all income levels. The Sherrill-Caldwell Administration should refer to models used in other states such as the Massachusetts's Momentum Fund, Colorado's Proposition 123 Equity Program, and Charlotte, North Carolina's Housing Impact Fund.

Union pension funds also offer a strong source of capital for investment in housing production. The AFL-CIO Housing Investment Trust has invested $858 million in 36 projects in New Jersey, which have created 6,284 units of housing. Nevada and Connecticut have created programs that allocate public subsidies to projects that leverage this type of union pension fund investment to achieve housing development, union job creation, and tax revenue benefits. Crucially, engagement of labor as a stakeholder results in additional public support for projects, which can help secure project approval in localities that may not understand the benefits of development.

As previously mentioned, the OBBA made changes to the LIHTC that lower the bond cap for housing financed with private activity bonds and increases 9% LIHTC allocations. These changes will enable New Jersey to build more homes over the next decade that cater to low- and moderate- incomes.

In the first 100 days, the Governor should direct NJHMFA to report what steps, if any, the agency needs to take to address the housing needs of families that do not fit within the LIHTC program framework, in order to support mixed-income project development. In year one, the Administration should direct relevant state agencies to assess the feasibility of implementing public-private partnerships to push production and preservation of market-rate and affordable units simultaneously. As the Governor and the Legislature partner to pass state budgets throughout the first term, a cost-benefit analysis should be conducted to evaluate whether state resources could be used to catalyze affordable housing development using financing such as union pension funds.

## Recommendation: Expand opportunities for non-profit, emerging, faith-based, and small and mid-sized developers to access state capital for housing projects.

The state has traditionally directed its housing capital to conventional, large-scale developers. Faith-based organizations and other small non-profits are increasingly seeking to enter the housing development space, bringing new approaches to repurposing underutilized properties, including those they already own. These organizations and small and mid-sized developers have deep relationships in the communities they serve, giving them insight into local housing needs, credit barriers, and market gaps that traditional lenders often cannot fill.

However, these faith-based organizations and smaller-sized developers face significant barriers, including lack of access to early-stage capital, limited capacity and expertise related to state processes, insufficient in-house real estate development capacity, and limited financing options. These challenges, especially during the predevelopment phase of a project, can make otherwise viable projects infeasible.

To address these issues, in year one the Governor should direct NJHMFA, NJDCA, and NJEDA to assess how their housing finance programs can expand access to state capital for nonprofit, emerging, faith-based, and small and midsized developers. The Sherrill-Caldwell Administration should also explore how these agencies can coordinate to provide dedicated technical assistance to faith-based organizations, non-profits, and smaller developers interested in repurposing underutilized assets into housing. HMFA, DCA, and EDA should be tasked with identifying gaps in their housing financing programs that prevent these smaller developers from accessing capital and recommending strategies for how to close those gaps.

Finally, the Administration should evaluate creating small-project and emerging-developer “lanes” within NJHMFA and NJEDA housing financing programs to provide early-stage financing and to reduce delay-related costs that disproportionately hinder these developers’ ability to move projects forward. All of these actions are regulatory in nature and therefore should be budget neutral.

## Recommendation: Increase investment in Community Development Financial Institutions and other mission-focused lenders such as faith-based credit unions.

One way that New Jersey can help increase housing supply and homeownership opportunities, especially in underserved areas, is to invest more in Community Development Financial Institutions (CDFIs) and other mission-focused lenders such as faith-based credit unions. These organizations have deep relationships in the communities they serve, which allows them to understand local housing needs, credit barriers, and market gaps in ways that traditional banks often cannot.

CDFIs and mission-based credit unions can provide flexible, mission-driven capital such as small-dollar mortgages, construction loans, and predevelopment financing that would otherwise be unavailable in low-income or disinvested communities. By taking on early or perceived risks, they unlock projects that later attract larger sources of public and private capital. Additionally, many of these institutions not only finance and develop housing, but also provide homebuyer education, financial counseling, and stewardship that help households succeed over time. New Jersey has taken steps to provide this type of capital through the establishment of the Social Impact Investment Fund (SIIF) which provides below-market-rate loans, guarantees, and other financial tools to fill gaps in state financing programs. The SIIF can be used to make investments in affordable housing, infrastructure, and early childhood education facilities.

In the first year, the Governor should expedite the finalization of the fund manager contract for the SIIF. At a time when New Jersey is facing extraordinary budget constraints, the SIIF offers a valuable opportunity to leverage both public and private dollars to finance housing development. The State should also consider creating something similar to the federal CDFI Fund’s Financial Assistance awards, which can be used for financing capital, loan loss reserves, capital reserves, or operations. These awards are made in the form of equity investments, loans, deposits, or grants, and could require a match from private funds.

Similarly, NJHMFA or NJEDA could offer low interest loans to support homeownership, housing development, and small commercial development activities undertaken by mission-focused lenders. New Jersey could also create a loan loss reserve fund to backstop investment from the state's pension fund, which would enable the pension fund to invest more robustly in mission-focused lenders while still being protected from losses.

## Responding to Federal Program Cuts

### Recommendation: Strengthen New Jersey's homeless service system.

New Jersey is facing its highest level of homelessness in more than a decade, with children making up over one-fifth of the unhoused population. Recent and expected federal policy changes threaten housing stability and the state's homeless service systems, putting communities and the broader economy at risk. We urge the Sherrill-Caldwell Administration to take immediate action to strengthen New Jersey's homelessness response.

A top priority is restoring strong statewide coordination. The Administration should direct the Interagency Council on Homelessness to convene regularly within the first 100 days and serve as the central body aligning state agencies, counties, and providers to identify and address systemwide gaps.

The Governor should work with the Legislature and local partners to advance legislation to improve emergency response and increase housing supply, such as legislation related to "Code Reds" that create pilot programs to shelter at-risk individuals during extreme heat or poor air quality, as well as legislation to protect people experiencing homelessness from discrimination.

Additionally, the Governor should grant the Office of Homelessness Prevention clear authority over all state-administered homelessness programs—including regulatory authority over Code Blue—and support legislation establishing a right to counsel for tenants facing eviction.

Other priorities include establishing statewide standards for how counties and municipalities implement coordinated assessment, social services, and prevention assistance; expanding proven housing models, such as the Bringing Veterans Home model, to other populations through targeted challenges with county and local level commitment to participate; and establishing a Rapid Rehousing Self Sufficiency pilot program that pairs job coaching and enhanced employment support with flexible financial assistance to help households transition off benefits and achieve stability.

Many of these strategies rely on existing state agency authority and mainly require executive direction. Stronger prevention, support services, and coordination will reduce shelter use, lower emergency costs, and improve health and economic outcomes.

### Recommendation: Fight back against cuts to federal programs and changes to federal policies that will negatively affect New Jersey.

Federal policy changes threaten the resources that support New Jersey's housing and homelessness response system. The federal government has proposed cuts to core programs—including Continuum of Care (CoC) grants, HOME Investment Partnerships, Community Development Block Grants, and Emergency Housing Vouchers—all of which are essential to the state's housing safety net.

Protecting HUD's Continuum of Care program is especially critical. In the most recent cycle, New Jersey received more than $66 million through CoC, with roughly 80 percent supporting permanent housing via rental assistance in privately owned apartments. Under the Trump Administration, HUD has shifted away from the Housing First approach, which has housed more than 2,200 people in New Jersey, by capping permanent housing spending at 30 percent and increasing competitive funding from 10 percent to 70 percent. These changes are projected to reduce New Jersey's allocation by $34–$42 million and eliminate more than 1,500 vouchers—pushing stabilized families back into homelessness, forcing nonprofit closures, and destabilizing private landlords who rely on consistent rental assistance payments.

The Trump Administration's proposed "skinny" budget would further weaken the state's housing infrastructure by eliminating the HOME program, reducing CDBG funding, and limiting Housing Choice Vouchers to two years. These cuts would remove key sources of gap financing, reduce the supply of deeply affordable units, and destabilize low-income households. Funding for the Emergency Housing Voucher program—originally intended to last through 2030—has also been withdrawn, meaning New Jersey's 1,600 vouchers will expire in 2026 and place stabilized households at renewed risk of homelessness.

Because these cuts are still proposed rather than final, the Governor must act quickly to protect New Jersey's funding. Litigation has been one of the most effective tools for challenging federal program cuts. Within the first 100 days, the Governor, in partnership with the Attorney General, should prioritize this issue and continue litigating proposed HUD changes, including efforts to recapture withdrawn funding, in coordination with other states.

In year one, the Governor should convene New Jersey's Congressional delegation to ensure they understand the impacts of the proposed cuts and can coordinate a bipartisan response to protect funding. The Governor's Office should launch a public awareness campaign to help residents understand the impact of federal cuts so they can advocate with their representatives. State agencies can support this effort by providing data that demonstrates the consequences of these cuts. Additionally, in the first year, the Governor should bring together private philanthropic partners to explore how state, county, and local governments can pool resources to sustain housing supports if federal funding cuts are made permanent. To protect households that have already achieved stability, it is recommended the Administration create a Homelessness Prevention and Housing Gap Subsidy Program, funded through a public private partnership, to provide bridge funding for homeless assistance voucher projects at risk of losing support and to strengthen eviction prevention efforts.

These recommendations are budget neutral and can be implemented within existing state and local frameworks, though they require strong, ongoing coordination. The Interagency Council on Homelessness can help coordinate these efforts. If federal cuts become final, the Governor will need to assess what state resources can fill critical funding gaps.

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[i] New Jersey Transit, New Jersey Transit's LAND Plan: Leveraging Assets for Non-farebox Dollars Report, October 2025, p. 1. Available at: https://content.njtransit.com/sites/default/files/marketing/website/pdf/REAL_ESTATE_OPPORTUNITY_REPORT.pdf

[ii] New Jersey Institute for Social Justice, Erasing New Jersey's Red Lines, May 2023, p. 16. Available at: https://njisj.org/wp-content/uploads/2023/05/Erasing_New_Jerseys_Red_Lines_Final.pdf

[iii] Id.

[iv] For more information, see, https://www.theauthoritynj.com/economic-development/the-landbank

[v] New Jersey's racial wealth gap is the product of slavery and its aftermath. Despite being one of the nation's wealthiest states, New Jersey has one of the largest Black-white wealth gaps—rooted in colonial land policies dating to 1664, when white settlers were granted 150 acres of land plus an additional 150 acres for each enslaved person they brought. Racial

exclusion continued after slavery through the cottager system, Jim Crow segregation, racially restrictive covenants, exclusion of Black World War II veterans from GI Bill homeownership benefits, and discriminatory zoning and lending practices, including redlining, denying generations of Black families the opportunity to build and transfer wealth. *See* N.J. Reparations Council, *For Such a Time as This: The Nowness of Reparations for Black People in New Jersey* 12–18, 29–36, 41–47 (2025), https://www.njisj.org/print/njrcreport.pdf.

[vi] New Jersey Institute for Social Justice, The Two New Jerseys: A Deepening Divide, pp. 4-5. Available at: https://njisj.org/print/deepeningdivide.pdf

[vii] New Jersey Housing & Mortgage Finance Agency, Report on the Down Payment Assistance and First-Generation Homebuyer Program, June 2025, p. 5. Available at: https://d31hzlhk6di2h5.cloudfront.net/20250711/b3/f8/ce/de/fc8068fb109b268a0b53ef94/Report_on_DPA_Allocation_to_NJ_Governor_and_Legislature..pdf