



INVEST NEWARK
Advancing economic prosperity for all Newarkers

Testimony
Of
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Management
Invest Newark
before the
**Subcommittee on Housing, Transportation and Community
Development**
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Chairwoman Smith, Ranking Member Lummis, and members of the subcommittee, thank you for the opportunity to testify before you today. I am Gregory Good, Chief Real Estate Development Officer and Director of Asset Management for Invest Newark and Strong Towns Advisory Board Member. I am honored and humbled to be here.

Invest Newark, is a NJ nonprofit 501(c)3 corporation with a mission to drive the City of Newark's strong and diverse economy, build vibrant communities, and create opportunities for all Newarkers. We are staffed with a dedicated team of planners, real estate professionals, and urban design innovators who are focused on 1) supporting small, women and minority-owned businesses, 2) investing in world-class internet access throughout our city, 3) catalyzing commercial, residential and mixed-use real estate development citywide; and 4) executing economic development activities to produce and sustain economic growth, generate jobs and create wealth for the citizens of Newark.

Today, I will focus on a key component that serves as the vehicle to drive our economic development agenda – the Newark Land Bank, which is New Jersey's first and only land bank and for which Invest Newark is the operator.

Through the Newark Land Bank, Invest Newark acquires, maintains, and repurposes vacant, abandoned, and foreclosed properties throughout Newark's neighborhoods. The benefits to operating a land bank are many, but there are a few I must state explicitly:

- The land bank aids in the retention and expediting of the decision-making process over public assets
- The land bank decreases blight and negative environmental activity that comes with derelict properties
- The land bank establishes a localized capacity to keep properties under management, which supports increases in surrounding property values while strengthening the City's tax base.

Beyond these benefits, the broader intrinsic value to the Newark Land Bank should be stated clearly – we use the disposition of property to create greater housing affordability and close Newark's wealth gap.

Newark faces a 16,000-unit deficit of affordable housing, as indicated in a [2022 report](#) by the Rutgers Center for Law, Inequality and Metropolitan Equity

(CLiME)¹. Newark’s Mayor Ras J. Baraka has committed his Administration to creating and/or preserving 6,600 affordable units by 2026, with the Newark Land Bank providing capacity to prioritize local homeownership and counteract investor-owner trends. We partners with the Newark Housing Authority (NHA) and a segment of its nearly 5,400-active Housing Choice Voucher holders (Section 8) to help convert rental assistance vouchers to mortgage assistance vouchers, and then purchase homes made available through Invest Newark’s Land Bank program.

Our success with the Land Bank is driven by our ability to leverage public assets to preserve and support affordability. But there remains a key missing ingredient – affordable financing not just to buy, but to build.

The costs to produce affordable housing at scale are prohibitive in many American housing markets. Building materials prices have increased over 85% since 2020, according to Gordian, a national provider of Building Intelligence Solutions². Consequently, developers raise rents to pay for the increases in material costs and labor. We see this across the country today, where luxury housing development with highly amenitized features (e.g., doormen, fitness centers and rooftop pools) emerge in highly concentrated areas with few affordable options. We are facing an economy that provides units for higher income residents nearly exclusively, when the demand for housing is much more weighted towards the lower end of the income spectrum.

Therefore, the issue of housing in America today is more complex than the simplified trope of “the greedy developer”. Most housing developers only aim to provide quality housing while earning a living doing so. The real issue today is finance. Public and private financing incentivizes large-scale projects with high concentration of high-end units over small to mid-size development at lower densities. Therefore, we don’t have homes where we need them at the price most Americans can afford.

Land banks such as the one we run at Invest Newark are one vehicle that aims to address the obstacles of homeownership and affordable housing development, but more capital (especially unrestricted capital) is still needed to fund these innovative solutions to put housing back in reach.

It is worth noting that programs like LIHTC and NMTC, which ensure affordable housing is included in larger development projects, are important programs that produce needed housing across the country. However, there are only

¹ <https://www.clime.rutgers.edu/publications-filtered/who-owns-newark>

² <https://www.gordian.com/resources/2023-construction-cost-trends-infographic/>

so many developers that can produce at such a large scale. The Federal government needs to develop additional incentives or mandates for banks to lend to housing developers for smaller projects. More housing can be built if there are more small-scale developers receiving bank commitments. We see such examples of the power of small developers in South Bend, Indiana, where smaller developers if counted together produce the most housing in the city.

To achieve better housing outcomes, the Federal government can also create more public financing options to reduce barriers to development and boost the supply of quality affordable housing. This can come in the form of programs that increase funding for smaller scale development. Currently, through HUD, the Federal government supports the renovation of 1-4-unit homes that must be owner-occupied. Similarly, through FHA, you can get a low-interest mortgage to buy a house. There are few programs in which the Federal government supports *the build*, financing the creation of units – be they rental or owner-occupied. One such program to draw from is FHA’s insuring of mortgages made by qualified lenders to support rebuilding for victims of a natural disaster who have lost their homes. The Federal government can take a program such as this, perhaps earmarking funding that can be deployed through local community banks that frequently finance smaller development projects, and apply it more broadly to the general creation and preservation of housing, allowing it to play a greater role in not just financing homebuying, but homebuilding.

Historically, the Federal government always played a role in housing development and the supply of affordable housing. It was the federal government’s investment in the interstate highway system that essentially made cheap land available for housing accessible and connected to employment centers. Through FHA, the Federal government has made affording homeownership possible for millions of Americans.

The production of quality affordable housing is an urgent and pressing matter. We live in a time where housing and homeownership is out of reach for the employed, underemployed and unemployed alike. We should receive this growing phenomenon as a clarion call to first begin to look at this issue differently, and then respond differently. I commend the members of this committee and their work in taking this much needed step forward into our collective futures. It is my hope that together through your leadership, partnership and stewardship, we forge a stronger, more inclusive housing economy. Thank you.