

New Jersey Rental Homes Cost More in 2012

Out of Reach report underlines need to preserve housing budget

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According to a national report released today, New Jersey is the fourth most expensive place in the nation to rent a two bedroom apartment; Hawaii, Washington, D.C., and California lead the nation as least affordable. A New Jersey family must earn an hourly wage of \$25.04 in order to afford to rent in the Garden State, where more than a third of residents rent their home. In 2011, New Jersey ranked in the top five and this year's status represents an 18% increase over a five year period.

"New Jersey has become less affordable in the last year," said Diane Sterner, executive director of the Housing and Community Development Network of NJ. "We need our leaders to invest in New Jersey's future, and help create the homes our residents need and empower municipalities to transform their neighborhoods into vibrant, affordable, safe communities. Unfortunately, Governor Christie's proposed FY 2013 state budget takes housing funds away from their intended purposes. This will gut efforts to restore vacant, foreclosed houses into affordable homes and apartments. Instead of creating more homes that people can afford, the Governor is putting our economic prosperity out of reach."

To gauge affordability, the NLIHC and the Network both use the widely accepted measure that no more than 30% of a person's income should be spent on housing. As the Fair Market Rent (FMR) in the state for a two bedroom rental is \$1,302, a family must earn \$52,081 annually in order to afford a two bedroom rental. Using that formula, a minimum wage worker would have to work 138 hours or 3.5 full time jobs per week, 52 weeks per year to afford a modest two-bedroom apartment. Another alternative would be for a household to have 3.5 minimum wage earners working 40 hours per week year-round.

"We're seeing a trend of an increasing cost of living that is negatively impacting low income households and moderate incomes alike," said Assemblyman Albert Coutinho (D-Essex). "Despite this trend, we have a proposed state budget that doesn't make the investments our residents need to prosper like the development of affordable homes."

The typical renter in the state earns \$16.40 per hour which is \$8.64 less than the hourly wage needed to afford a modest 2 bedroom rental at FMR. An estimated 62% of New Jersey renters do not earn enough to afford a two-bedroom unit at the FMR.

According to Out of Reach 2012, Bergen and Passaic are the most expensive counties in the state with where the FMR for a two bedroom is \$1,515. The biggest change over the past year was in Cape May County where the estimated percentage of renters unable to afford a two bedroom at FMR jumped 6 percent to 58 percent.

"The communities we serve continue to be hurt by foreclosures, which affect homeowners, property owners, tenants as well as the surrounding homes," said Raymond Ocasio, executive director of the Newark based La Casa de Don Pedro and Network executive board president. "The ongoing troubled economy translates into too many 'For Sale' and 'For Rent' signs in

addition to boarded up and vacant buildings. Furthermore, families are doubling up because the rents are not affordable. Investing in affordable homes today, would help boost the economy while providing long term benefits to working families throughout New Jersey."

"The huge overhang of unoccupied, boarded up foreclosed homes has depressed property values in neighborhoods, created safety problems and impeded economic recovery," said Senator Raymond J. Lesniak (D-Union). "Transforming these foreclosed homes into occupied affordable homes should be a top priority of our elected officials."

Results of the report were released today at events in Newark, Union, and Trenton. In addition to Senator Lesniak and Assemblyman Coutinho, participants included the Honorable Jerry Green, Assembly Speaker Pro Tempore; Krishna Garlic, chief executive officer of Brand New Day, Inc.; the Honorable J. Christian Bollwage, mayor of the City of Elizabeth; Michael Meyer, director, housing and real estate for the City of Newark; Alle Reis, division director housing development for La Casa de Don Pedro; Herb Levine, executive director of the Mercer Alliance to End Homelessness; Connie Mercer and Celia Bernstein, executive director and chief operating officer, respectively, of HomeFront; Valerie Haynes, board of trustee member, Princeton Community Housing; Joseph Della Fave, executive director of Ironbound Community Corporation; as well as housing advocates, renters, special needs providers, and community developers.

The report, Out of Reach 2012, was jointly released by the National Low Income Housing Coalition (NLIHC), a Washington, D.C.-based housing policy organization, and the Housing and Community Development Network of New Jersey. The report provides the Housing Wage and other housing affordability data for every state, metropolitan area, combined non metropolitan area, and county in the country.

The New Jersey data from Out of Reach 2012 is also available at <http://bit.ly/xdIMW0> . For the complete report, please visit www.nlihc.org/oor/2012

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