Rutgers CLiME
Center on Law, Inequality and Metropolitan Equity

HOUSING GAPS IN CITIES OF COLOR

**Affordability Trends
in Newark's Inner-Ring Suburbs of
IRVINGTON
ORANGE
EAST ORANGE**

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Contents

Executive Summary

Orange, East Orange, and Irvington are Black working-class suburban communities. While home to just under 20% of Essex's population, they are home to almost 40% of all Black residents and only 2% of White residents. These communities are also growing fast, with surging Latino and immigrant populations from the Caribbean.

These inner-ring suburbs are challenged by elevated rates of poverty and a growing unaffordability, and they have few resources to address these pressing needs. In 2020, Orange, East Orange, and Irvington residents generated only $30,000-$40,000 in tax basis for essential public services, such as police, education and sanitation. Meanwhile, nearby Summit residents generated almost four and a half times as many resources as any of these communities, and to serve a much smaller population.

Orange, East Orange, and Irvington are renter communities. Seventy to eighty percent of households rent their home. More than half of renters are burdened by housing costs, meaning they spend more than 1/3 of their income on rent. More than a quarter are severely rent burdened, meaning they spend more than half of their income on housing costs.

Before the pandemic hit, these figures were getting worse and worse over time. Across all three municipalities, incomes are simple not keeping up with rents. When this happens, it creates displacement pressure for local residents. On average, Orange renters pay $259 more per month than they can afford. Irvington renters pay more than $148 more than they can afford, and East Orange renters pay $128 more than they can afford.

CLiME estimates that Orange and Irvington both need more than 2,000 additional affordable units that cost $900 or less per month to fully meet local needs. The gap in East Orange is 1,500 affordable low-rent units.

These three suburban communities also face unique challenges in meeting the affordability needs of local residents. CLiME's analysis suggests that Newark's affordability crisis is more severe than any of these suburban communities. However, compared to Newark, these municipalities also have lower rates of rental subsidy, receive less investment capital, have older building stocks, and have much more limited vacant land for new construction.

Newark has a significant pool of vacant land that it could leverage to build and subsidize additional units. These municipalities have very little remaining buildable land. This places a greater burden on rehabilitation and densification of the existing building stock to meet affordability needs, and accommodate rapidly growing populations.

Local Affordability Crises in Essex County's Segregated Landscape

I. Summary and Overview

Since the century began, scholars have pointed to rapid demographic change in a previously unrecognized part of suburbia—the inner-ring suburb—because they were places of fleeting racial integration and growing poverty. Missing from those analyses of change are affordability studies that examine whether these residents are building wealth in homes or renting, being foreclosed on or being evicted, attracting immigrants or excluding them like their wealthier neighbors historically did. This brief study of one unique region aims to fill some of those gaps in the literature.

After completing a detailed affordability analysis of Newark, CLiME talked to that city's western neighbors in the municipalities of Irvington, Orange and East Orange in order to learn more about how the Newark housing market affects the adjacent region. Some of the similarities are striking. As we show below, residents of all four municipalities are primarily renters who face daunting cost burdens. The affordability gap—defined as the difference between what the median renter household can afford to pay at 1/3 of their income and the cost of housing that is actually available—is significant in each locality, just as it is in Newark. Also, like Newark, these municipalities face significant eviction risks as a result of the Covid-19 pandemic. Unlike Newark, however, these much smaller municipalities don't attract the investment capital of the central city, lack the land available for affordable housing production, and receive less in subsidized housing dollars. We detail both the similarities and the important differences among them below.

Yet before we do, these inner-ring towns must be appreciated for what they represent demographically in Essex County, one of the most economically unequal counties in New Jersey. These are working-class cities of color. They comprise a vastly disproportionate amount of the Black population in the county (if not the entire state), as the tables below indicate. They are experiencing rapid growth, especially among the foreign born. But while Northern New Jersey has seen tremendous population growth as a result of increased Latino immigration to the region, these three cities—Irvington, Orange and East Orange—have seen dramatic increases in both Latino immigration *and* immigration from Africa and the Caribbean. In fact, 23% of all foreign-born people in Essex County live in these three cities. If we add in Newark, *two thirds* of all foreign born live here. About 20% of all people with household incomes below the poverty line live in the three cities. Add in Newark and roughly *80% of all poor people* in Essex County live in just these four municipalities. Affordable housing alone is not the only constraint residents face.

Yet, in a demonstration of inequality, these four places that disproportionately bear the burden of housing, schooling, protecting and keeping healthy Essex County's low and moderate-income people of color have only a fraction of the resources with which to do it. Table 3 shows the tax base per capita of the four towns compared to some of their more middle-class and upper middle-class neighbors in Essex County, based upon 2020 data. Most striking are the last two columns, which compare resources to race. While Irvington residents generated only about $30,000 in tax basis for essential public services, such as police, education and sanitation, Summit residents generated roughly four and a half times that much *for a population one-third the size*. And racially, they could not be farther apart: whites make up only 3% of Irvington's population and 68% of Summit's.

The place-based nature of this inequality in resources is deeply troubling. In this paper, we begin to document the extent of the racial and resource disparity. Then we present the summary of our affordability analysis for these three municipalities, comparing the results to CLiME's findings from Newark. Finally, we present the results of the separate analyses done for each of the cities: Orange, East Orange, and Irvington.

II. Economic Inequality in a Segregated County

Orange, East Orange, and Irvington are Black working-class suburban communities. They are home to a vastly disproportionate share of the Black population of Essex County. While home to just under 20% of the total county population, these three inner-ring suburbs are home to almost 40% of all Black and African American residents, and only 2% of the White non-Hispanic population. If we combine these suburban municipalities with Newark, they are home to 84% of the Essex's Black population, and just 17% of its White population.

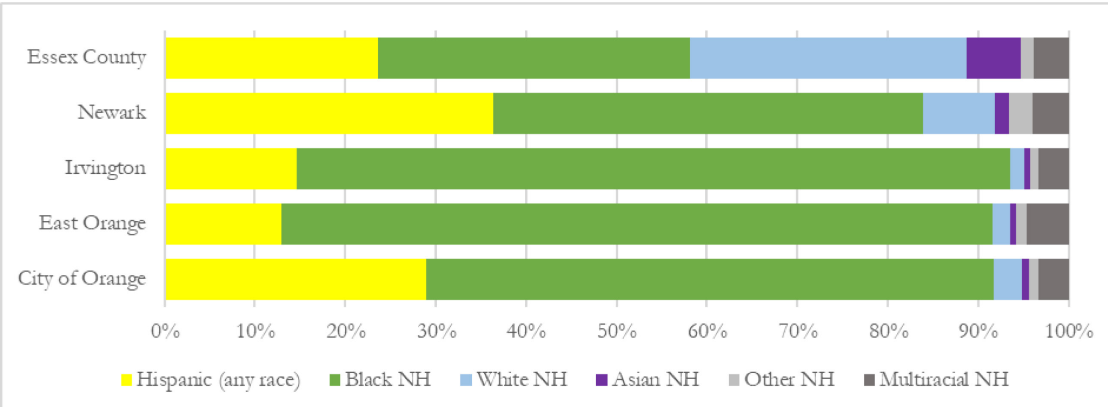
These municipalities are also important destinations for immigrants. Combined, more than a third of the population of these suburban municipalities is foreign born. If we add in Newark, these four municipalities are home to almost two-thirds of the foreign born, and roughly two-thirds of the Latino population. As shown in Table 1, while North Jersey as a whole is experiencing rapid growth in its Latino population, these municipalities are seeing growth of both Latino immigration and immigration from Africa and the Caribbean. **There are significant Haitian and Jamaican communities living in these suburban municipalities. More than ten percent of the total population of each suburban community was born in Haiti or Jamaica.**

Table 1. Municipality Share of Essex County Population, By Demographic

	Population	Black	Latino	Foreign-Born	White
Essex County	863,728	335,047	210,353	216,152	261,487
Three Municipalities Share of Total Population	19%	38%	13%	23%	2%
Three Municipalities + Newark Share of Total Population	55%	84%	67%	64%	17%

The racial and ethnic demographics of these four municipalities are compared to the county as a whole in Figure 1. Newark is home to a disproportionate share of both Black and Latino residents. The three suburban municipalities have rapidly growing Latino populations, but they are all overwhelmingly Black communities.

Figure 1. Population, Comparison by Race and Ethnicity (Census 2020)



This racial segregation is matched by deeply unequal economic realities. These four municipalities are home to 80% of all the people in the county who are living in poverty. While poverty rates in these suburban municipalities are not as high as Newark's, they are very high, particularly for children. More than one-in-four children under the age of 18 is living in poverty, in these suburban areas.

The median household income across these three cities is $45,939. This is significantly higher than the median income in Newark, which is just $35,199. However, it is much lower than the median income for the rest of the county. If we remove Newark from the total, the median household income in Essex County is $75,720.

Table 2. Poverty Rates

	Population	Share in Poverty	Share Children Under 18 Years in Poverty
Essex County	863,728	14%	22%
East Orange	69,612	16%	24%
Orange	34,447	19%	31%
Irvington	61,176	17%	27%
Newark	311,549	24%	37%

While these inner-ring suburbs face greater challenges supporting a higher poverty population, they have significantly fewer resources to do so. Table 3 show the tax base, and the tax base per capita, for these four municipalities compared to some of their neighbor municipalities in Essex County. They have $30,000-$40,000 to spend on essential public services, compared to figures that are three-to-nine times larger in the other more affluent municipalities. They have much more limited capacity to pay for the essential public services that residents need. Limited resources must be stretched to deal with difficult local challenges related to trash and sanitation, crime and safety, recreation, land use and code enforcement. The racial patterns here are very clear. These municipalities could not be further apart. Orange, East Orange, and Irvington are home to very few White residents (6% or less) compared to much more affluent White-majority neighbors.

Table 3. Tax Base Per Capita, and White Share of the Population, 2020

	Tax Base	Population	Tax Base per Capita	White Percent of the Population
East Orange	$2,434,713,214	69,612	$ 34,975	3%
Orange	$1,290,822,711	34,447	$ 37,473	6%
Irvington	$1,832,298,430	61,176	$ 29,951	3%
Newark	$12,347,290,880	311,549	$ 39,632	12%
Summit	$3,172,957,793	22,719	$ 139,661	68%
Milburn	$9,730,026,100	21,710	$ 448,182	57%
Glen Ridge	$1,703,366,100	7,802	$ 218,324	76%
Bloomfield	$5,297,838,837	53,105	$ 99,762	42%

III. Affordability of Essex County's Black Inner-Ring Suburbs

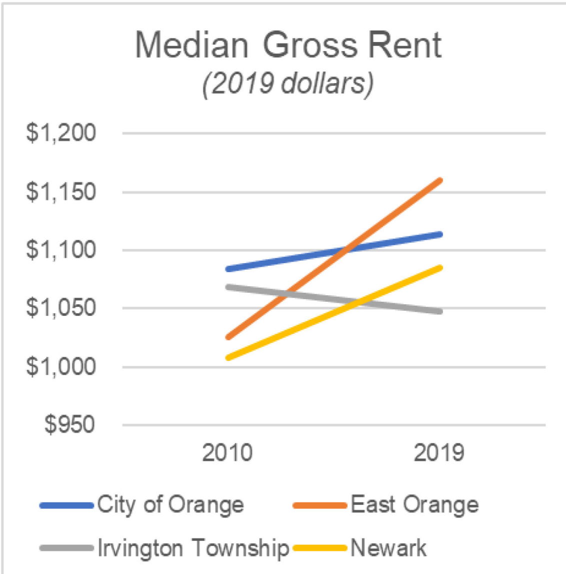
These suburban municipalities are communities of renters, and they face deep rent burdens. They pay more than they can afford for their housing, which challenges their ability to pay for all the other things that people need: food, clothing, transportation, education, health care, and prescriptions.

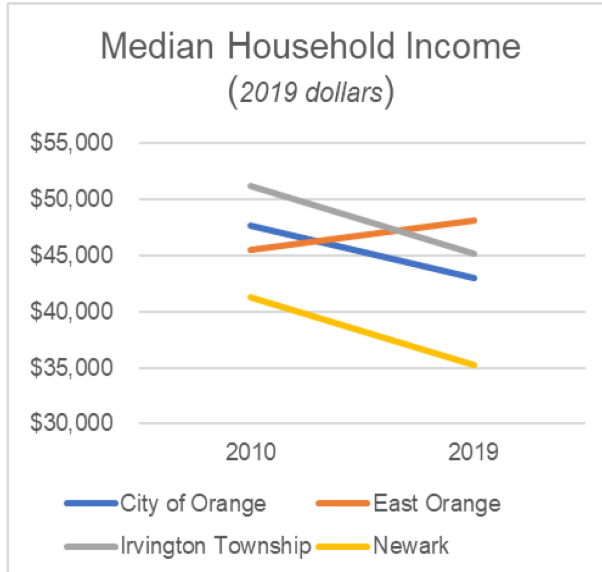
CLiME's approach to measuring affordability focuses on local affordability. We calculate locally affordable rents, and compare them to the rents of the existing housing stock. Regional affordability measures can mask the true level of need at the local level, particularly in highly unequal areas such as in Essex County. In each city the local median affordable rent (LMAR) is more than $120 less than the asking rents. A gap analysis reveals that each city has a shortage of more than 1,500 units affordable to the typical renter household. Regional analyses also obfuscate the incapacity of many programs to meet the actual needs of local populations. The rents produced through LIHTC programs are too expensive for local residents without additional subsidy support.

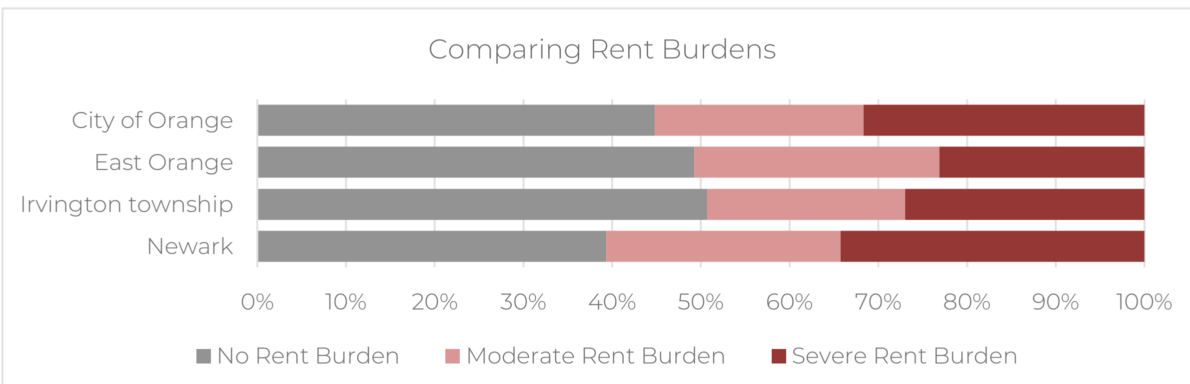
CLiME's analysis shows that while these cities face daunting affordability challenges, the level of need is not as severe as in Newark. Nevertheless, the need is significant, and these inner-ring suburban municipalities lack some key resources that Newark has available to address the crisis. These smaller cities attract less investment capital to put toward renovation and construction, they have lower rates of rental subsidy to support low-income renters, and they don't have Newark's large collection of vacant land.

Renter households dominate all three municipalities. In City of Orange, 80% of households are renters, which is just a little higher than East Orange (74%) and Irvington (72%). The strong dominance of renter households can create instability because there is a greater threat of displacement, a reality made clear by looming eviction crises throughout the pandemic.

Across all three municipalities, incomes are not keeping up with rents. When rents grow faster than incomes, this creates displacement pressure for local residents. According to the most recent 2020 data on employment from the New Jersey Department of Community Affairs, the rate of unemployment tripled during the first year of the pandemic, placing a greater strain on the cities' renters. The gap between incomes and rents is not as high in these suburban municipalities as it is in Newark, but the gaps are growing.







More than half of renters in all three municipalities are burdened by housing costs, meaning they spend more than a third of their income on rent. At least a quarter are severely rent burdened, meaning they spend more than half of their incomes on housing costs. A greater share of Orange's renters are severely cost burdened than the other two municipalities. One third of Orange renters pay more than half of their incomes in rent, which is comparable to Newark.

CLiME uses the local median renter income to calculate Local Median Affordable Rent (LMAR) to assess local affordability needs. LMAR is the monthly rent that the typical renter can afford to pay with a third of their income. In Orange and Irvington, the typical renter household can afford to pay roughly $900 per month in rent. Incomes in East Orange is slightly higher, so the typical renter can afford to pay roughly $986 per month in rent. Compared to Newark, each of these suburban communities has higher median incomes, and therefore renters can afford to pay a little more rent.

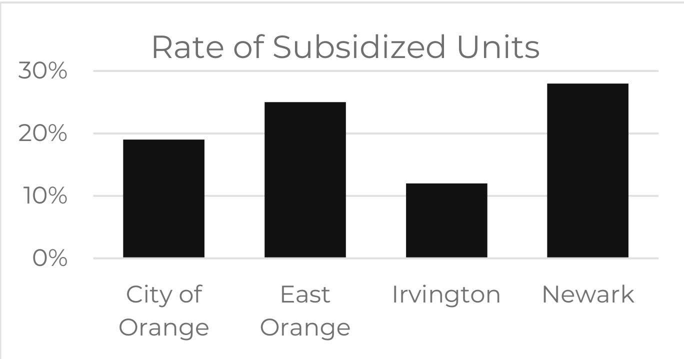
The median gross rents charged for units are higher in each of these cities than the LMAR. The gaps are largest in the urban municipalities of Newark and Orange. **Orange renters pay on average $259 more per month than they can afford. The gap in Irvington is $148 per month. The gap in East Orange is $128 per month. The gap in all three areas is smaller than in Newark, where renters pay on average $340 more than they can afford.**

	Median Renter Income	LMAR	Median Gross Rent	Affordable Rent Gap
Orange	$36,030	$901	$1,160	- $259
East Orange	$39,449	$986	$1,114	- $128
Irvington	$35,997	$900	$1,048	- $148
Newark	$29,784	$745	$1,085	- $340

CLiME estimates that each of the suburban municipalities has a gap of at least 1,500 affordable low-rent units that cost $900 or less to fully meet the demands from renters. Orange and Irvington both need more than 2,000 affordable units. Much of the demand is for very-low-rent units than cost less than $600 per month, which is almost impossible to develop without significant public subsidy.

	City of Orange	East Orange	Irvington
Gap in Affordable Units <$900 per month	2,195	1,548	2,271
Total Renter Households	9,351	17,502	4,434

Compared to Newark, these cities face unique challenges in meeting these affordability needs of local residents. In Newark, close to a third of the rental stock is subsidized through at least one public program such as housing choice vouchers, public housing, project-based subsidies and LIHTC. **The subsidy rates in these suburban areas are lower, particularly in Irvington, where only 12% of units or tenants receive some form of rental assistance.**



	Avg. Annual New Construction Permit (2016-20)
Orange	47
East Orange	157
Irvington	23
Newark	473

These inner-suburban areas also have more trouble attracting investment capital, and they have less vacant land to use to further subsidize new development. New construction permits in Orange and Irvington, in particular, are very low averaging 47 per year ad 23 per year, respectively. This means these places need to rely on rehabilitation and densification of the existing building stock in order to meet additional affordability needs and accommodate new population growth.

Finally, all three municipalities have housing stocks that are older than Newark's. Having older building stocks can keep rents more affordable, but it also creates additional costs and challenges to maintain and upgrade older units, and to weatherize and modernize aging buildings. Across all three municipalities, roughly a third of residential units were constructed before 1940, and most units almost all date to before 1980. A slightly larger share of Irvington's units are this old (90%), compared to East Orange (82%) and Orange (80%).

Individual Affordability Analyses of the Three Municipalities

I. Affordable Gap Analysis of the City of Orange

Report Highlights

The population is growing fast, but there is little new residential construction activity, especially single-family construction.

- According to the 2020 Census, **the City of Orange has 34,447 residents, a 14% increase since 2010.** This is much faster than previously estimated, and raises new urgency to plan for growth. There has been little new development activity Orange since 2017.
- **In the last decade, fewer than 30 permits were issued for 1-2 unit structures.** The sections of the city that are primarily single-family and duplex are in the South Ward and North Ward. Less than one-percent of units in the South Ward were constructed since 2000.
- **The building stock is aging, and a third of it was built before 1940.** The city will need to balance demands for new construction with programs to help maintain and upgrade older units.

Renting is becoming increasingly unaffordable.

- **Eight-out-of-ten households in Orange are renters,** a five-percentage-point increase since 2010. At the same time, rents are growing faster than incomes**. The median renter income decreased by 10%, while rents grew by 7%, in constant dollars.**
- Rents that are considered fair and affordable at a regional level are too expensive for the typical City of Orange renter household. This makes it more difficult to build locally affordable housing.

CLiME estimates that the affordability gap is larger than nearby Irvington or East Orange, but smaller than in Newark.

- Fifty-five percent of renters are cost-burdened, meaning they spend more than a third of their incomes on rent. A third are severely cost-burdened, meaning half of their incomes go to rent.
- Orange's local median affordable rent (LMAR) is $900 per month. Orange's median market rent is $1,160 per month, $260 more than the typical renter can afford.
- CLiME estimates that Orange has a gap of 2,195 units that rent for $900 or less to fully meet the needs of its residents. This need is concentrated for very low-rent units for $600 per month or less, which is difficult to achieve without significant public subsidy.

There is a need for more affordable larger units

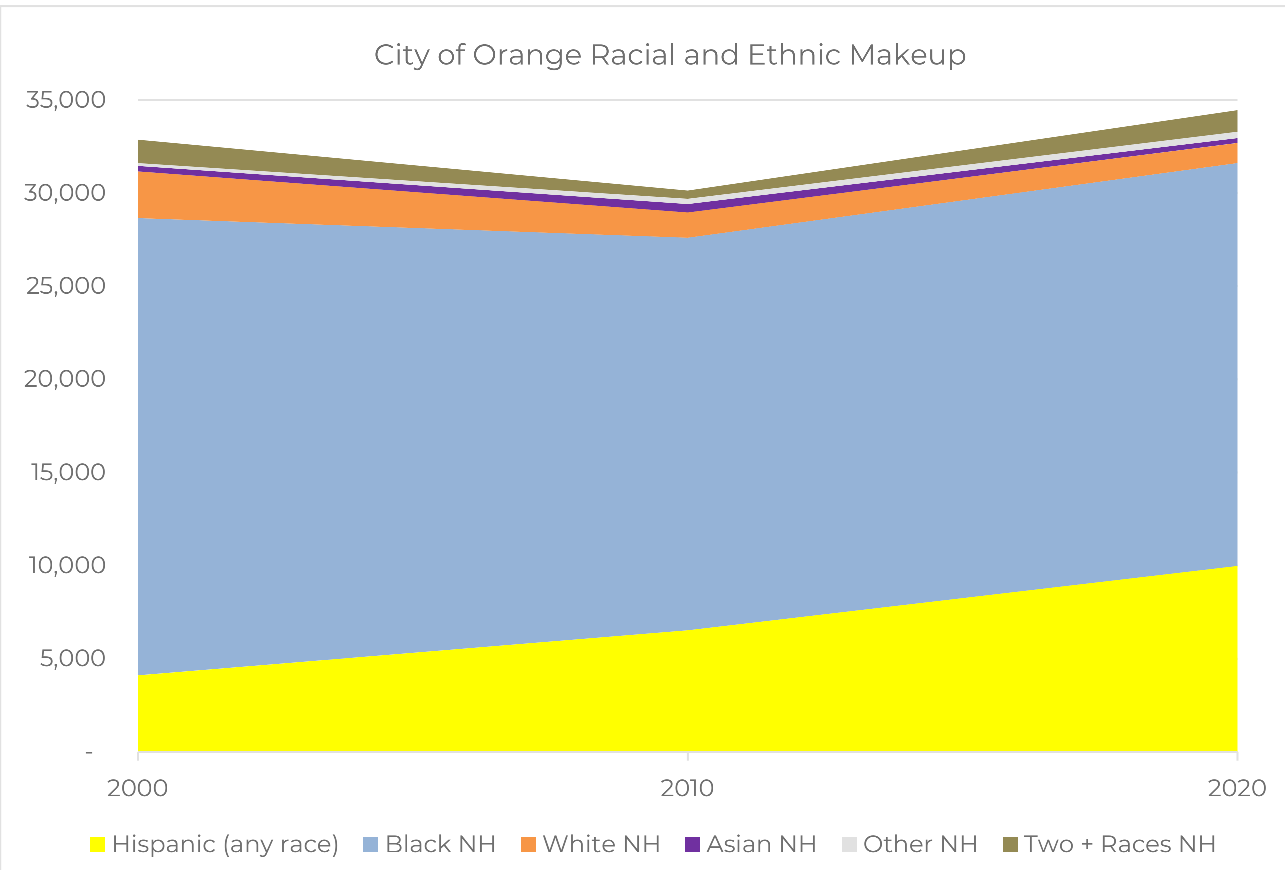
- CLiME estimates that less than 15% of larger units are affordable to the typical renter. Before the start of the pandemic, 8% of City of Orange renters were living in overcrowded conditions. Public support for family households is largely limited to the tenant-based vouchers. The stock of subsidized units through Public Housing and project-based programs mostly smaller units.

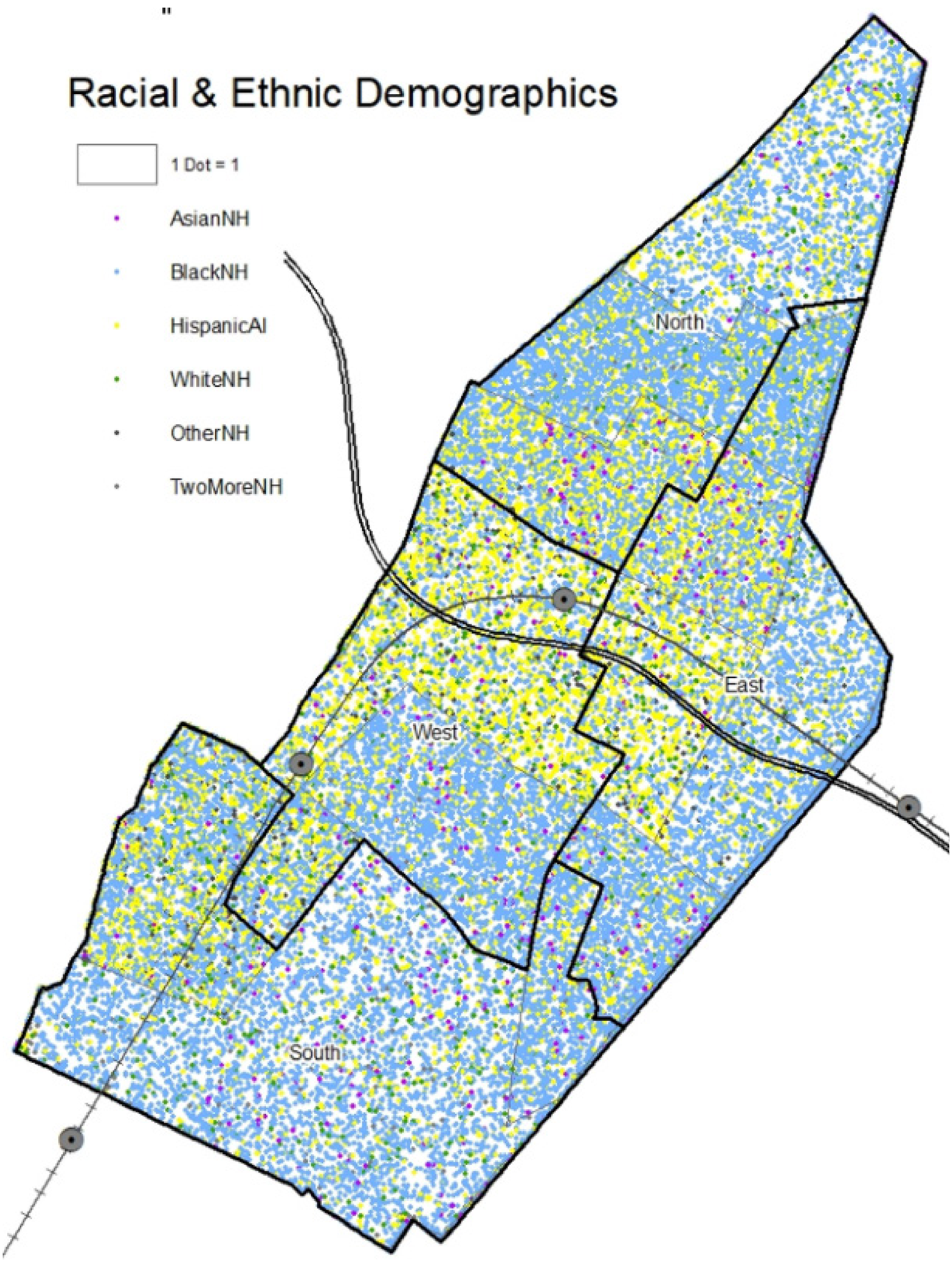
Demographic Snapshot

According to the new 2020 Census numbers, the City of Orange has 34,447 residents. This is a 14% increase since 2010, and a dramatic turnaround for the city. The 2018 Master Plan, which relies on older survey data of the population, describes a city beginning to "stem the decline of its population". As of 2020, Orange is growing, and growing pretty fast.

Key Socio-Demographics	2010	2019
Foreign Born	36%	38%
Med Household Income	$ 40,981	$42,966
Poverty Rate	17%	21%
Renter Rate	75%	80%

- Sixty-three percent of residents identify as Black or African American, and twenty-nine percent identify as Hispanic or Latino/a of any race. Most of the remaining eight percent identify as multiracial or white.
- Thirty-eight percent of City of Orange residents were born in another country. Most are from the Caribbean, with people born in Haiti making up 8%, and those born in Jamaica making up 5% of the total population. The number of first-generation Americans from these countries suggests that immigrants make up a significant portion of the Black population in the city. Population growth since 2010 was driven by an increase of 3,452 residents who identify as Latino/a or Hispanic of any race. There are also 560 more Black or African American residents, and 703 more residents with a combination of races.

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Racial & Ethnic Demographics
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WhiteNH
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North
East
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Renters make up 80% of all households in Orange, which is an increase from 75% in 2010. As of 2019, the median income was $42,966. If we consider inflation, this is close to a ten percent decline from 2010. The poverty rate also grew during this time, from 17% to 21%. These socio-economic variables have likely worsened during the pandemic. As of 2020, 13.6% of the labor force was unemployed. This was a large jump from 5.1% one year earlier. Most workers are in Healthcare and Social Assistance (20%), Transportation, Warehousing and Utilities (12%), Retail (10%), and Construction (9%).

According to the Urban Displacement Project Index, most of the City of Orange is categorized at risk of displacement. This categorization means that incomes remain relatively low, but rents and/or sales prices are increasing faster than the region overall. Increases in rents relative to incomes threaten housing affordability.

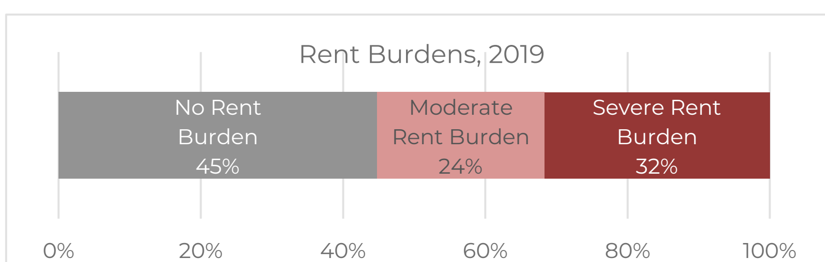
Rent Burdens

Rents are growing faster than incomes in Orange, placing an ever-growing burden on residents. Since 2010, the median renter income declined by 10%, while rents grew by 7%, in 2019 dollars.

The federal standard is that people should spend no more than a third of their income on rents:

- More than half of renters are cost burdened, meaning they are spending more than a third of their incomes for shelter.
- Thirty-two percent of renters are severely cost burdened, meaning they spent more than half of their incomes for shelter.

	2019	Real Change since 2010
Median Renter Income	$36,030	-10%
Median Gross Rent	$1,160	+7%



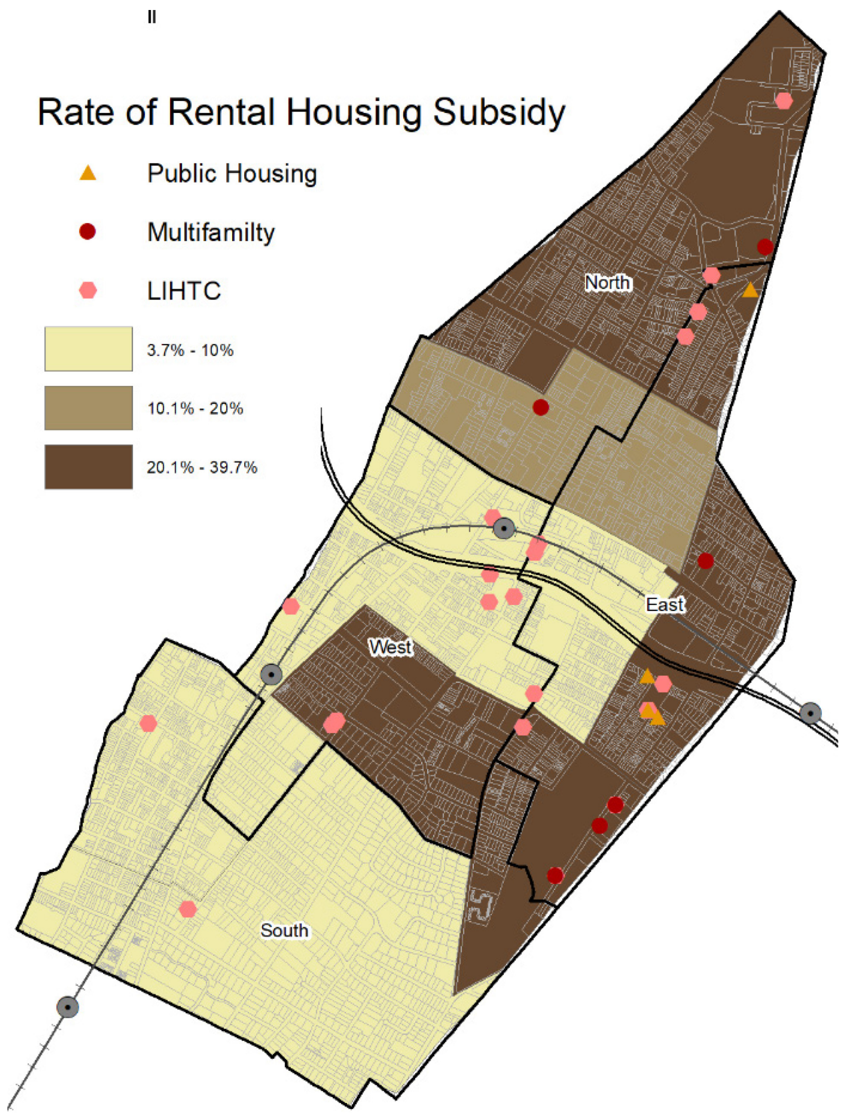
CLiME's approach to assessing affordability is rooted in the local context. We calculate a Local Median Affordable Rent (LMAR) in Orange is $900 per month. LMAR is calculated using median renter income.

- The typical renter pays $260 more than they can afford each month.
- Fair Market Rent (FMR) for a 2- bedroom unit is $580 more than what the typical renter household can afford each month.
- The Low-Income Housing Tax Credit program produces units that are $200-$500 more than what is affordable to the typical City of Orange renter.

Subsidy Programs

At least 19% of City of Orange's rental stock is subsidized by one or more public programs. According to HUD databases, there are more than 900 subsidized units, as well as 610 Housing Choice Vouchers (vouchers) in the City of Orange. Public data sources indicate that 777 units have been constructed through the LIHTC program. However, there is significant overlap between LIHTC and other subsidy programs.

The South Ward has the lowest level of subsidy. Almost all of these are tenant-based vouchers. Unit-based subsidies are primarily located in the North and East Wards.

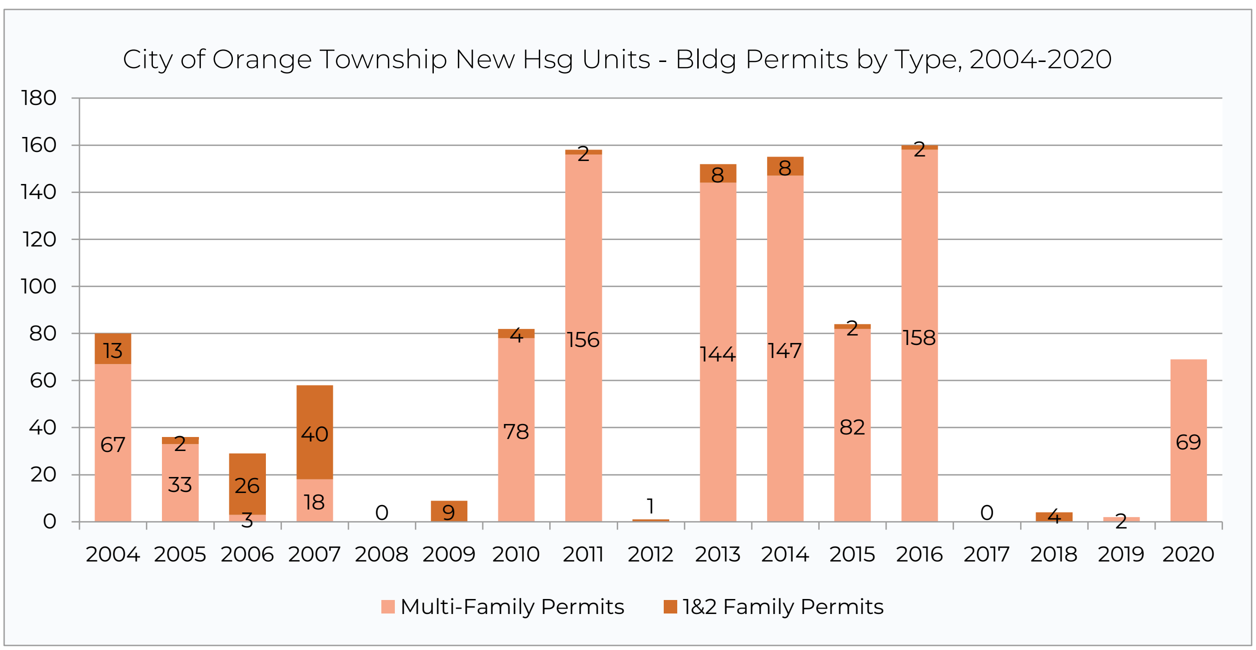


These unit-based subsidies, which include public housing and project-based programs, are almost universally small studio and one-bedroom units. The voucher program is the only program available that serves larger households. On average, an applicant waits 18 months on a waitlist before receiving a voucher or public housing unit.

Housing Stock & Recent Development

Older units tend to be relatively more affordable than newer units, but they can add costs in repair, maintenance and upgrades. Thirty-two percent of the City of Orange's residential building stock was built prior to 1940, and more than 80% was built prior to 1980. The North and South Wards have seen very little new construction activity, and they have the largest share of very old units.

There has been very little development activity in City of Orange since 2017. According to the Department of Community Affairs, there were 69 permits for multifamily development in 2020, and none for one- or two-unit development. Almost all of the residential construction since 2000 has been in the East and West Wards. Less than 1% of units in the South Ward were constructed since 2000.

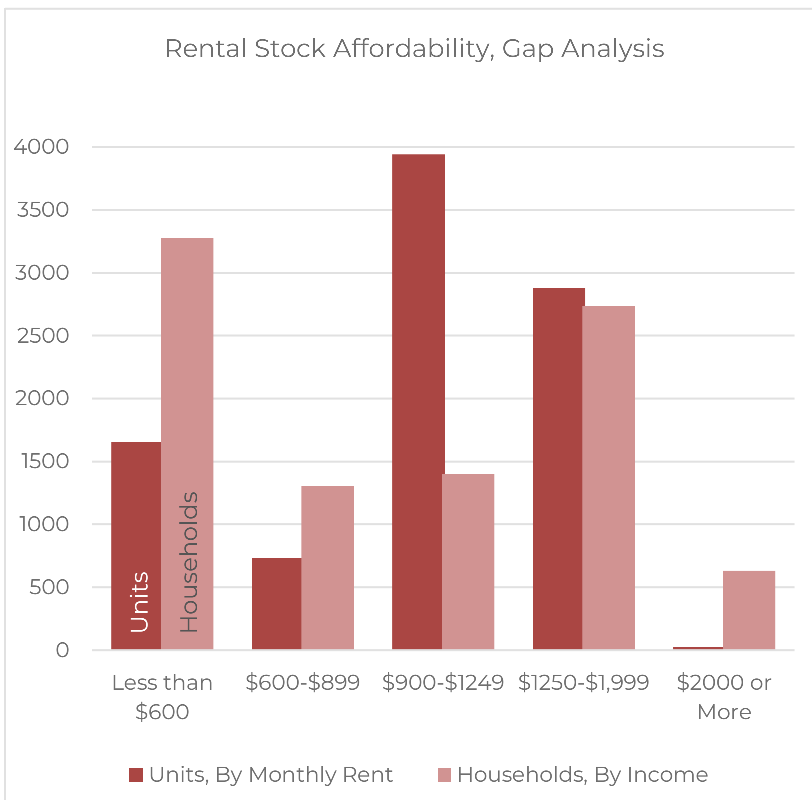


According to the ACS, the average monthly rent on new constructed rental units since 2014 is $1,269. This is about $300 more per month than is affordable to the typical renter.

City of Orange has a large stock of multifamily units, and most are in buildings with 3-19 units. Only one tract (187) in the East Ward is dominated by large 50+ unit apartments. Most of the recent developent activity has been in multifamily. More than 550 multifamily permits were issued between 2013 and 2017.

During the last decade there have been fewer than 30 permits issued for 1-2 unit structures. The South Ward, and the northern portion of the North Ward, stand out for having a majority housing stock that is single family or duplex.

Affordable Unit Gap Analysis

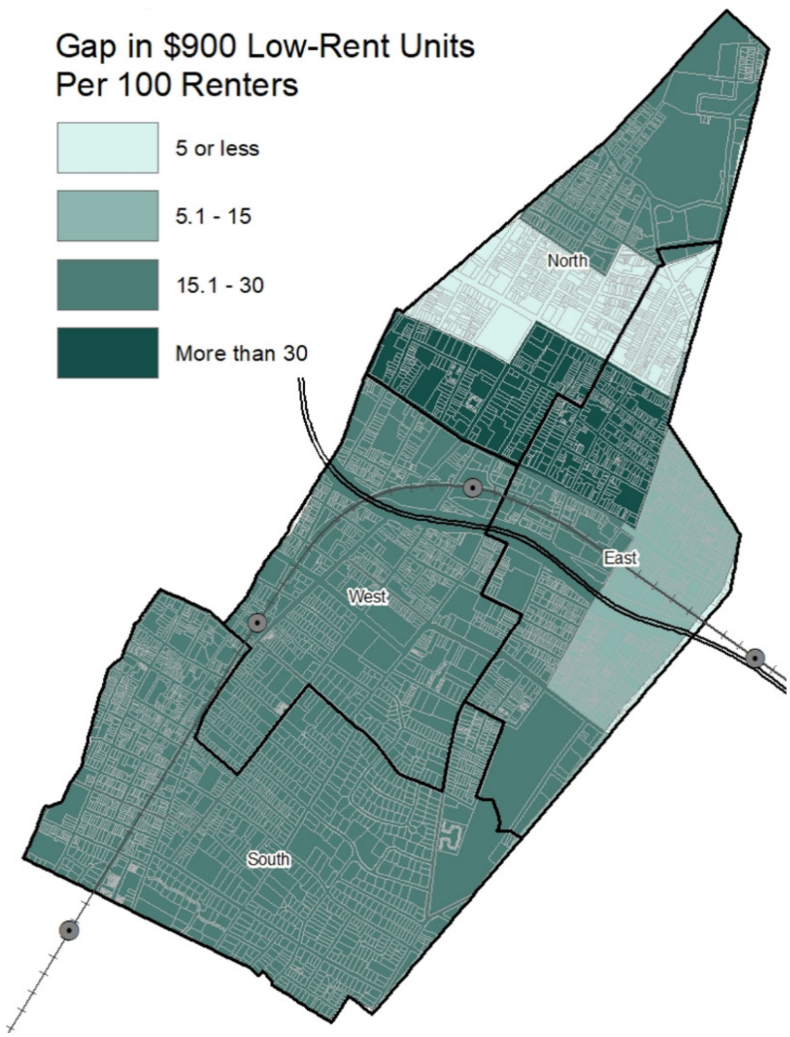


CLiME estimates the City of Orange has a gap of 2,195 units that rent for $900 or less to fully meet the needs of its residents. This means that half of all renters compete for just a quarter of all units that are affordable to them. Most units rent for $900-$1250, which is just out of reach.

The gap analysis compares the stock of affordable rental units (dark red) with the number of renter households by income range (light red). For example, there are roughly 3,250 renter households with incomes so low they can only afford $600 in rent, but there are only roughly 1,650 units with rents this low. Most of these are likely subsidized through one or more public programs. In addition, there are 1,300 renter households with slightly higher incomes who can afford to pay slightly more, $600-$900 per month. However, there are only roughly 700 rental units that rent for this amount.

The greatest surplus is for units that rent for $900-$1249 per month. This shows that the typical rent is just out or reach for the typical renter household.

CLiME replicated this analysis at the Ward level, and found that the largest gaps are in the North, East and West Wards. However, there is a gap throughout the city.



- Census tract 183 in the North Ward (shown in the darkest shade on the map) had the largest gap in affordable rental units. However, the tract immediately above it has the lowest gap, because of a large subsidized housing project.
- The South Ward has almost no units available for less than $600 per month, and it also has much fewer households with incomes this low. This part of the City of Orange is largely one- and two-unit structures, as opposed to multifamily.

The analysis suggests the primary rental need is among very low-income renters. It also suggests this need exists across all of the city's wards.

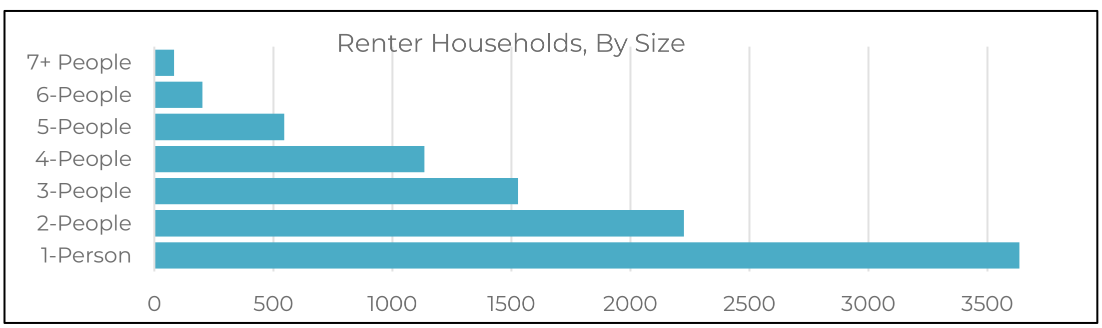
Affordability By Unit Size and Building Age

Studio and 1-bedrooms are appropriate for one- and two-person households. Nearly 6,000 renter households in City of Orange are one or two person households. Therefore, the city could meet some of its affordability needs with additional smaller units.

However, the city also has an acute need for more affordable options for larger renter households. Before the start of the pandemic, 8% of City of Orange renters were living in overcrowded conditions, with more than one person per room. A closer demographic analysis of the foreign-born and immigrant populations in the city may help the city better anticipate the city's future housing needs.

City of Orange's smaller units are more affordable than its stock of larger units. A central explanation for this is that almost all of the city's subsidized units are smaller units. CLiME estimates that:

- Twenty-three percent of studios and one-bedroom rent for less than $500 per month. Almost half rent for less than $1,000 per month.
- Only eleven percent of larger two-bedrooms, and 16% of its three-bedroom units, rent for less than $1,000 per month.



Affordability By Size of Unit	All Units	0-1 Bedroom	2 Bedrooms	3+ Bedrooms
Rental Units Affordable at 30% HAMFI	13%	23%	3%	10%
Rental Units Affordable at 50% HAMFI	28%	47%	11%	16%
Rental Units Affordable at 80% HAMFI	85%	98%	76%	69%
Total Units	9,230	4,047	3,452	1,839

Comparison with Surrounding Municipalities

CLiME conducted this analysis as a follow-up to *Homes Beyond Reach: An Assessment & Gap Analysis of Newark's Affordable Rental Stock*. It includes City of Orange, East Orange, and Irvington Township compared to results from Newark.

These analyses found commonalities in the experience of City of Orange, East Orange, and Irvington, including:

1) Rapid population growth adding urgency to affordable housing needs
2) Incomes not keeping pace with rents, which creates displacement pressure
3) Significant rental affordability gaps using several metrics
4) Little new construction and aging building stocks suggesting a worsening affordable supply problem over time
5) a more acute need for larger affordable units for families

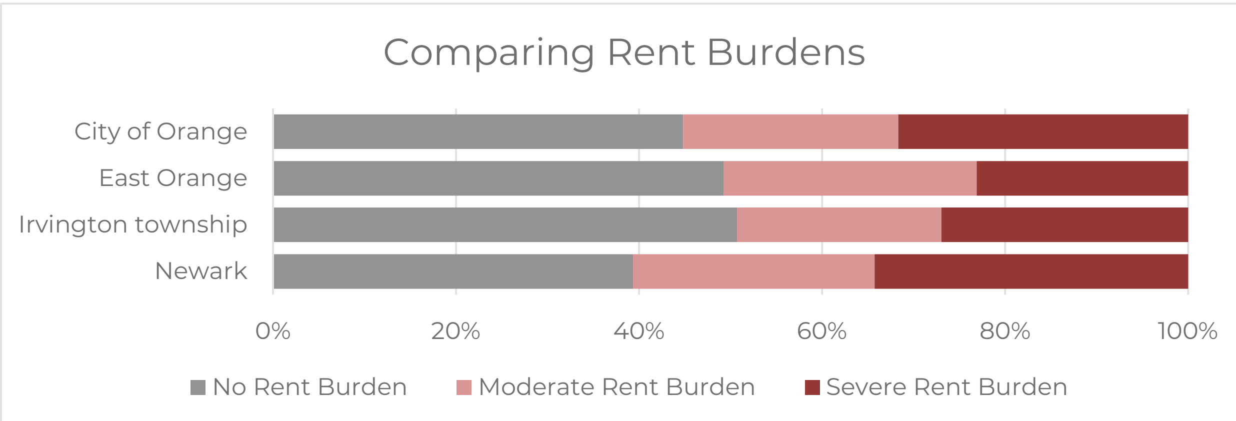
Compared to Irvington and East Orange, CLiME finds that the afforability gap in the City or Orange is the largest. This makes Orange more comparable to Newark than its more suburbanized neighbors, although the gap in Newark is larger.

CLiME compared the municipalities using three metrics:

1) In Orange, the gap is larger between what people can afford to pay in rent based on their income and the going gross market rents. This typical affordability gap is $260 per month, more than $100 per month higher than either of the other municipalities.

	Socioeconomic Indicators				Local Rental Affordability		
	Median Household Income	Median Renter Income	Renter Rate	Poverty Rate	LMAR	Local Median Gross Rent	Affordable Rent Gap
Orange	$42,966	$36,030	80%	21%	$901	$1,160	- $259
East Orange	$48,072	$39,449	74%	18%	$986	$1,114	- $128
Irvington	$45,176	$35,997	72%	19%	$900	$1,048	- $148
Newark	$35,199	$29,784	78%	27%	$745	$1,085	- $340

2) In City of Orange, one-third of renters are severely cost burdened, meaning they spend more than half of their incomes in rent. This rate is comparable to Newark, but larger than Irvington and East Orange, where roughly a quarter of renters are severely rent burdened.



3) City of Orange has a gap of roughly 2,200 affordable units that rent for less than $900 per month. The gap isn't largest in absolute terms, but it is largest relative to the total size of the municipality.

	City of Orange	East Orange	Irvington
Gap in Affordable Units <$900 per month	2,195	1,548	2,271
Total Renter Households	9,351	17,502	14,434

Sources

The data analyzed for this analysis is primarily from 2019, with some 2020 demographic variables where avaialble. This data reflect the situation on the ground before the start of this pandemic, which has almost certainly increased the challenges for City of Orange renters and exacerbated the problems.

Demographic Snapshot: The data for 2020 are from the newest Census release. The variables from 2019 are from the Census' American Community Survey (ACS). So far, only some variables have been released for 2020. The older 2010 Census data are Decennial

Census counts for population and tenure variables, and ACS for the remainder. The labor force data are the New Jersey Department of Labor and Workforce Development.

Rent Burdens: This analysis relies primarily on the Census' 2010 and 2019 ACS data. The Fair Market Rent and LIHTC rents were collected from the Department of Housing and Urban Development (HUD).

Subsidy Programs: The subsidy data are from three HUD databases: Picture of Subsidized Households (Census tract level), Picture of Subsidized Households (project level) and the LIHTC database.

Housing Stock and Development: Residential permit data is from New Jersey Department of Cmmunity Affairs. This is supplemented with 2019 ACS data, and subsidy data from HUD's databases.

Gap and Affordability Analyses Sections: These analyses rely on 2019 ACS data using CLiME's procedure described in *Homes Beyond Reach: An Assessment and Gap Analysis of Newark's Affordable Rental Stock*.

II. Affordable Gap Analysis of East Orange

Report Highlights

<u>The 2020 Census shows East Orange's population is growing faster than previously thought. Incomes are also growing, and poverty rates are declining, but there is variation throughout the wards.</u>

- According to the 2020 Census, East Orange has 69,612 residents, an 8% increase since 2010, much faster than survey data was predicting.
- Over the last decade, the poverty rate went down (23% to 18%) and median household income grew to $48,072. However, there is significant variation in median incomes throughout the city, with some areas having median incomes above $60,000 and others having median incomes around $30,000.

<u>East Orange's housing gap is for very low-rent units, particularly larger very low-rent units.</u>

- **Rents are growing faster than incomes.** Roughly half of all renters are rent burdened, meaning they spend more than they can afford on their housing. Nearly one-quarter of all East Orange renters severely cost burdened, meaning they spent more than half of their incomes for shelter.
- **East Orange local median affordable rent (LMAR) is $986 per month.** A little more than half (55%) of studio and 1-bedrooms rent for less than $1000 per month. However, only 21% of larger units rent for less than $1000 per month. **The median going rent in the municipality is $1,114, roughly $130 more per month than residents can typically afford.**
- Before the start of the pandemic, 11% of East Orange renters were living in overcrowded conditions, with more than one person per room, which reinforces the immediate need for affordable larger units.
- **CLiME estimates East Orange needs 1,548 affordable units that rent for $900 to meet the needs of its residents.** This gap is primarily in very low-rent units that cost less than $600 per month.

CLiME suggests further analysis around the viability of an affordable housing preservation strategy.

- Incomes are growing fastest in Ward 2, Ward 4, and Ward 5. Ward 2 is also experiencing more new construction that other parts of the city. Rising incomes and new development can create displacement pressure, and recent analysis has identified Census tracts in these wards as experiencing ongoing displacement of low-income households.
- The most concentrated areas of rental housing subsidy are in Ward 1, 4 and 5. This overlap may be an opportunity for the city to focus on affordable housing preservation in those parts of the city where incomes are rising the fastest.

Demographic Snapshot

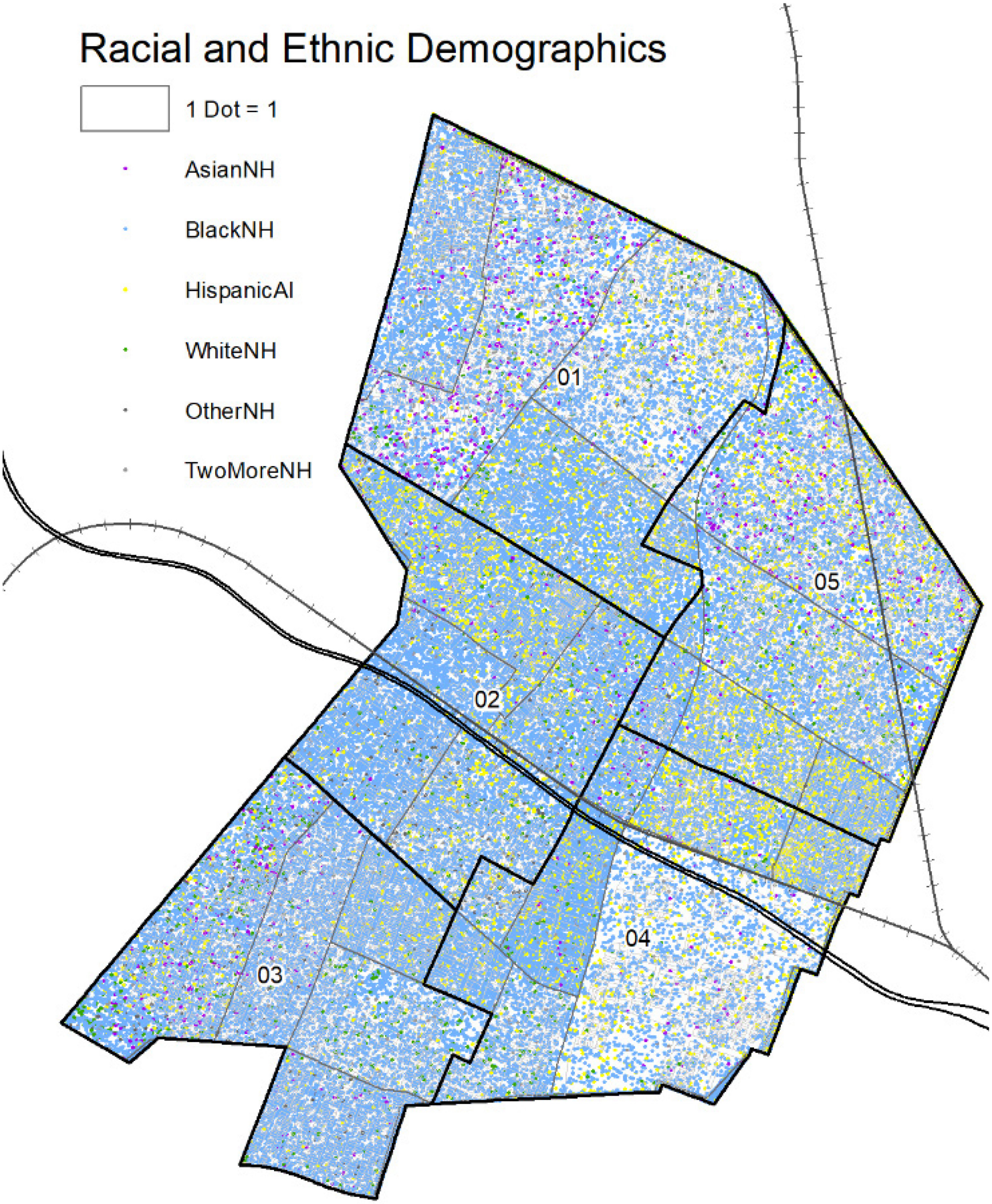
According to the 2020 Census, East Orange has 69,612 residents. This is an 8% increase since 2010, and much higher than annual surveys have been predicting. During the last decade, East Orange gained 3,937 residents who identify as Hispanic or Latino/a of any race, and 2,199 residents who identify as multiracial. Meanwhile, the city lost 1,013 residents who identify as Black or African American.

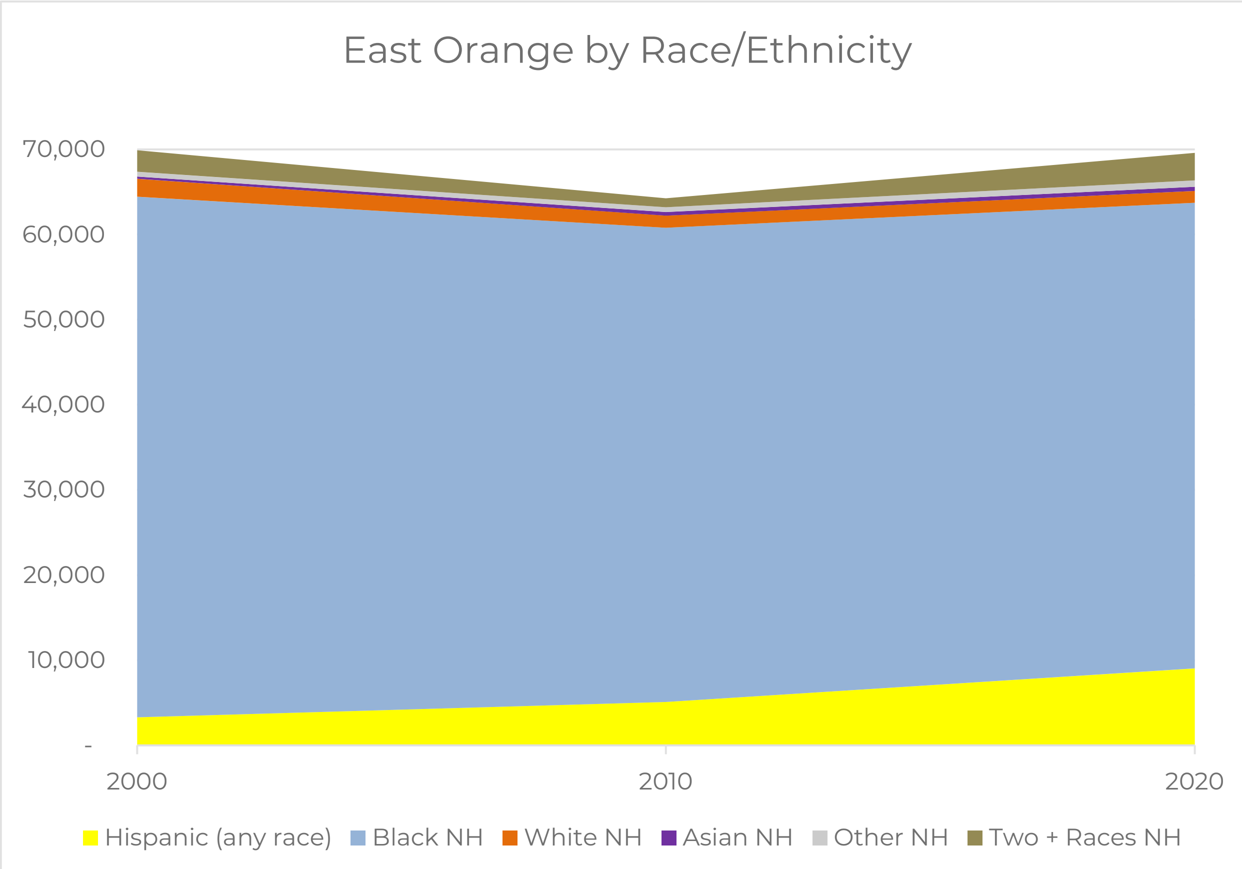
- Even with the decline in the Black population, 79% of East Orange residents identify as Black or African American. Thirteen percent identify as Hispanic or Latino of any race, and five percent identify as multiracial.

Key Socio-Demographics	2010	2019
Foreign Born	23%	27%
Med Household Income	$ 39,116	$48,072
Poverty Rate	23%	18%
Renter Rate	73%	74%

- More than a quarter of residents were born in another country. A majority of foreign-born residents are from the Caribbean. The most popular countries of origin are Jamaica (5%), Haiti (5%), and Guyana (4%).

Over the last decade, the poverty rate in East Orange dropped from 23% to 18%, and the median household income grew to $48,072. However, there is significant variation throughout the municipality. There are sections of Wards 1 and 3 where the median household incomes exceed $60,000, and other parts of East Orange have median incomes closer to $30,000. Incomes are growing fastest in Wards 2, 4, and 5.



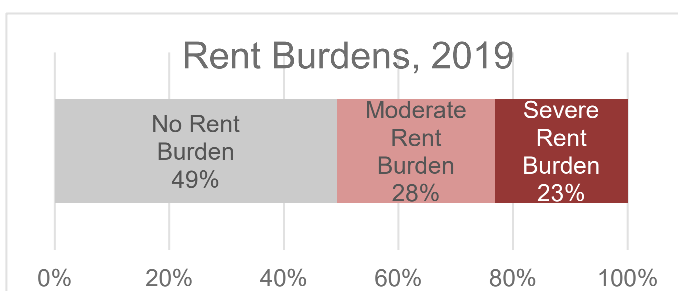


As of 2020, 14.3% of the labor force was unemployed. This was a large jump from 5.9% one year earlier. Most workers are in Healthcare and Social Assistance (23%), Transportation, Retail (14%), and Warehousing and Utilities (10%).

Rent Burdens

Before the pandemic hit, rents were growing faster than incomes. **Incomes grew 6% since 2010, in real terms, compared to 9% increase in rents.** Roughly half of all renters are rent burdened, meaning they spend more than they can afford on their housing.

	2019	Real Change since 2010
Median Renter Income	$36,030	+6%
Median Gross Rent	$1,114	+9%



The federal standard is that people should spend no more than a third of their income on rents:

- 51% of all East Orange renters were cost burdened, meaning they are spending more than a third of their incomes for shelter.
- 23% of all East Orange renters severely cost burdened, meaning they spent more than half of their incomes for shelter.

CLiME's approach to assessing affordability is rooted in the local context. We calculate a Local Median Affordable Rent (LMAR) in East Orange is $986 per month. LMAR is calculated using median renter income.

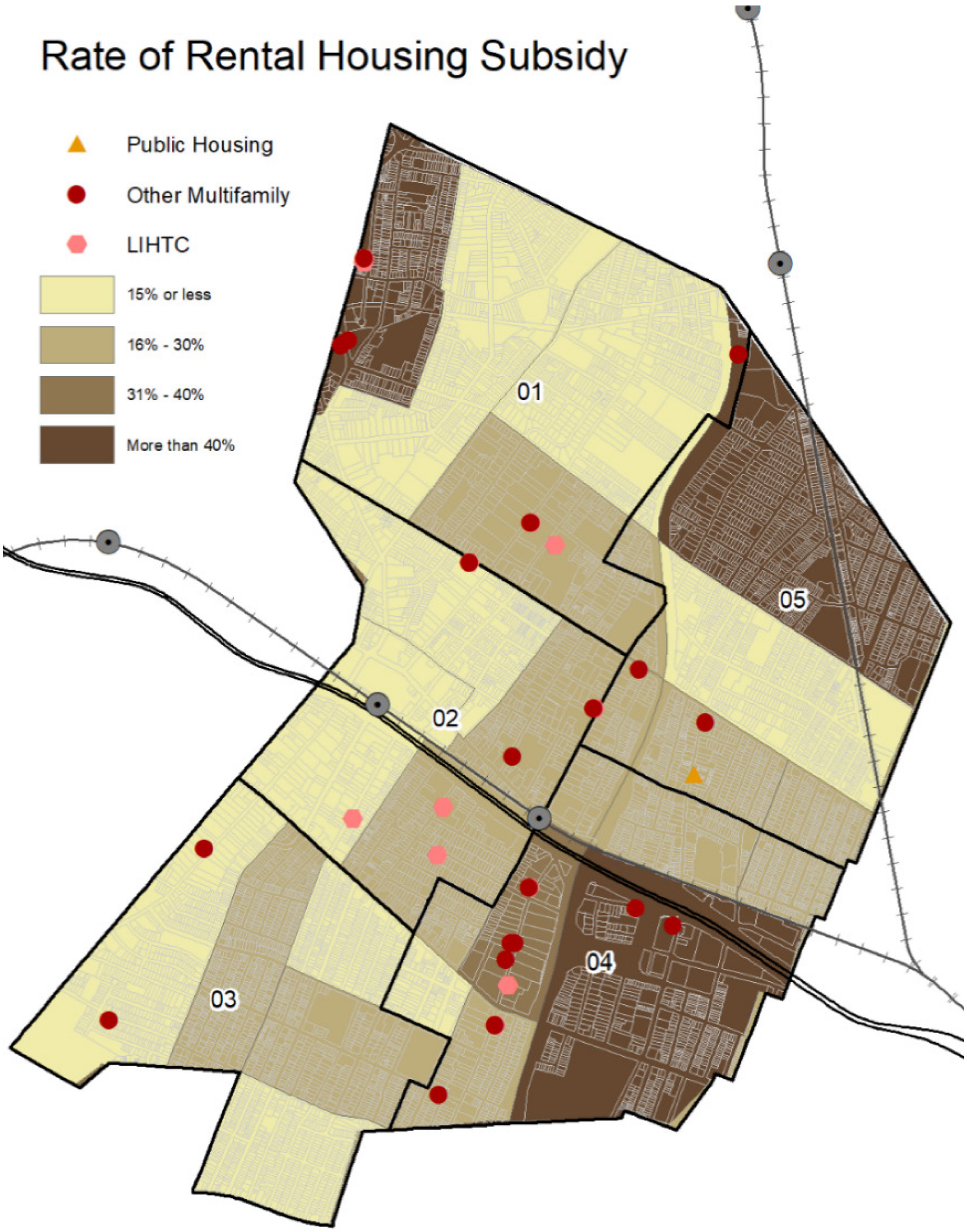
- The typical renter pays $128 more than they can afford each month.
- The rent which is considered "fair" Fair Market Rent (FMR) for a 2- bedroom unit is $500 more than what the typical renter household can afford each month.
- The Low-Income Housing Tax Credit program produces units that are $100-$500 more than what is affordable to the typical East Orange renter.

Subsidy Programs

At least a quarter of East Orange's rental stock is subsidized by one or more public programs. According to HUD databases, there are more than 2,100 subsidized units, as well as 1,966 tenant vouchers through the Housing Choice Voucher program.

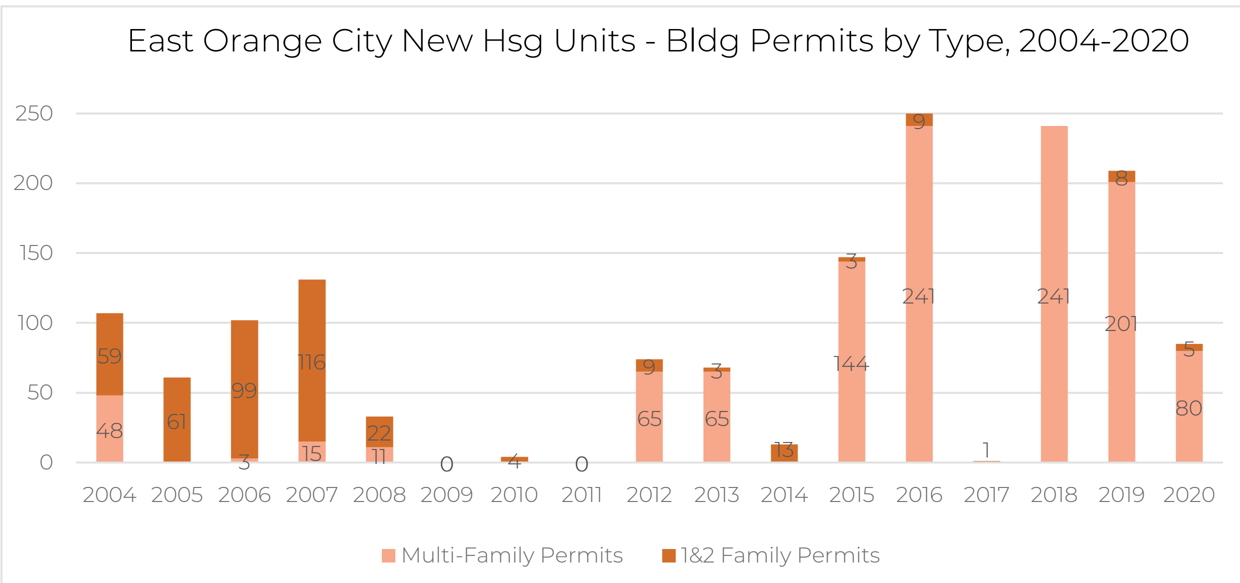
The map shows the concentration of subsidized units and vouchers, measured as the number of subsidized units as a percent of all renter households. The darkest areas are the most concentrated, which are in Ward 4, and in parts of Ward 1 and Ward 5. The lowest concentrations are areas where the subsidized units are more limited to tenant-based vouchers. These areas of lower subsidy include Ward 3, and parts of Ward1 and Ward 2. However, as the map shows clearly, each of the wards has some unit-based subsidized rental housing. There are Low-Income-Housing-Tax- Credit (LIHTC) units in Wards 1 ,2, and 4.

All of the public housing units are studios and one-bedroom units. The project-based multifamily projects are also largely smaller units. Only 14% of these units have 2 or more bedrooms. The data on unit size for LIHTC projects is not available. However, the data available suggest subsidized units are disproportionately smaller units. The options for larger households, including families, are limited, and therefore more reliant on tenant-based vouchers for assistance.



Housing Stock & Recent Development

Older units tend to be relatively more affordable than newer units, but they can add costs in repair, maintenance and upgrades. 32% of East Orange's residential building stock was built prior to 1940, and 82% was built prior to 1980. Less than 5% of East Orange housing units have been constructed since 2000. However, Ward 2 has experienced more new construction than other areas. The average monthly rent on rental units constructed since 2010 is $1,680. This is nearly $700 more per month than is affordable to the typical renter.



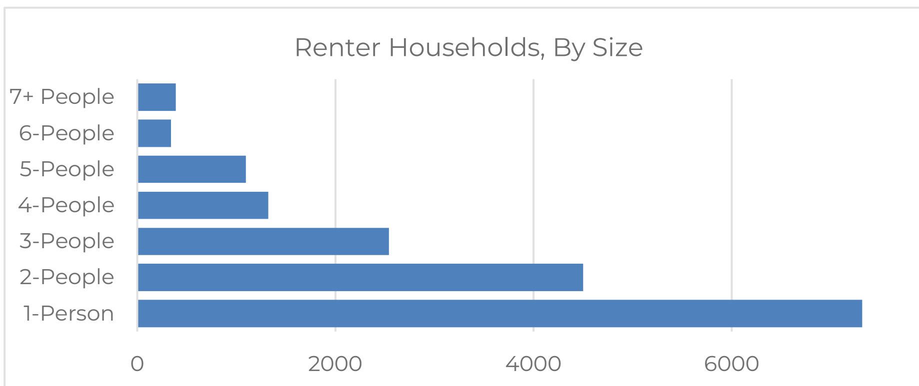
According to the Department of Community Affairs, East Orange has had on average 150 new residential building permits each year since 2015. Since 2012, almost all of these have been for multifamily housing. This is a change from before the 2007 housing crisis, when most of the permits issued were for one-and-two-unit permits. During the last decade there have been fewer than 50 permits issued for 1-2 units structures.

Roughly two-thirds of East Orange's housing stock is multifamily units, roughly split between large complexes with 50 or more units, and smaller ones with fewer than 20 units. Only 21% of the city's housing stock are single-family, and these are concentrated in the areas furthest north and south in the City.

Affordability By Unit Size and Building Age

The median affordable rent in East Orange is $986. CLiME estimates that a little more than half (55%) of studio and 1-bedrooms rent for less than $1000 per month. However, only 20% of 2-bedrooms, and 22% of larger units, rent for less than $1000 per month. Studio and 1-bedrooms are appropriate for one- and two-person households, so the affordability challenges are greater for families and larger households.

Affordability by Size of Unit	All Units	0-1 Bedroom	2 Bedrooms	3+ Bedrooms
Rental Units Affordable at 30% HAMFI	17%	21%	11%	14%
Rental Units Affordable at 50% HAMFI	39%	55%	20%	22%
Rental Units Affordable at 80% HAMFI	84%	95%	79%	54%
Total Units	17,140	9,070	5,102	3,153

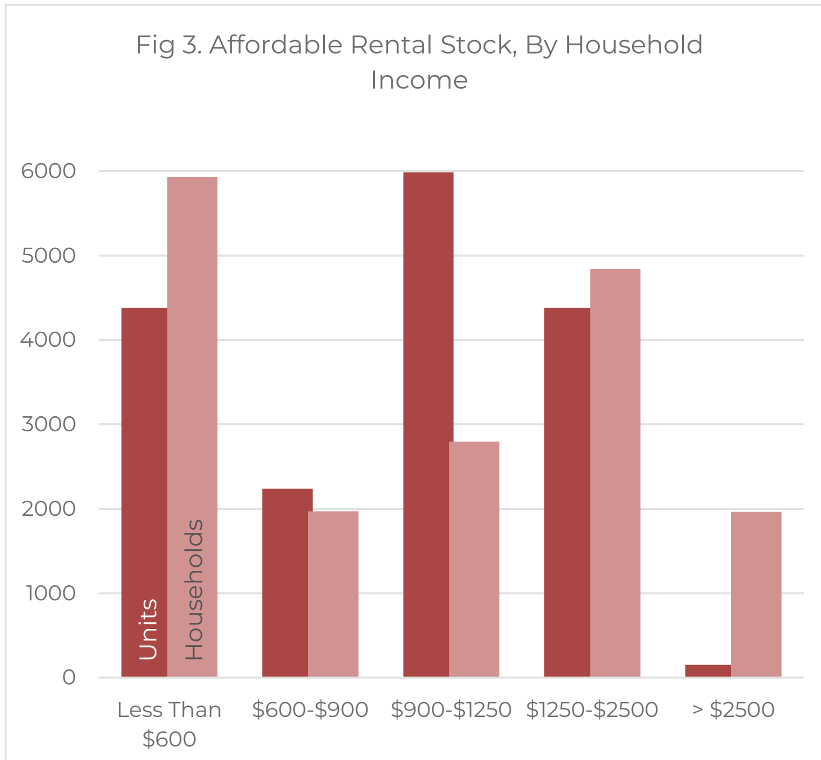


More than 7,000 renter households in East Orange are one or two person households, so the city could meet some of its affordability needs with additional smaller units. However, East Orange also has an acute need for more affordable options for larger renter households. Before the start of the pandemic, 11% of East Orange renters were living in overcrowded conditions, with more than one person per room.

For the lowest income renters, finding affordable housing is a challenge for households of all sizes. Affordability analysis assumes that smaller households have on average smaller incomes and therefore can afford less rent. Based on those best practices, CLiME estimates that only 21% of studios and one-bedrooms are affordable to the very low income (meaning they rent for less than $500 per month), and only 11% of 2-bedrooms and 14% of larger units are affordable to the very low-income (meaning they rent for less than $750 per month).

Affordable Unit Gap Analysis

CLiME estimates the East Orange has a gap of 1,548 units that rent for $900 or less to fully meet the needs of its residents. East Orange has a surplus of almost 2000 units that rent for less than $1,250 per month.



East Orange has a surplus of units in the middle, and gaps at either end of the rental market. Figure 3 is a side-by-side comparison of the number of East Orange renter households by income, with the stock of units available with affordable rents. The dark red bars capture the number of units by rent amounts, and the light red are the number of renter households for whom this rent is affordable.

The entire low-rent gap is in very low-rent units that cost less than $600 per month. On the affluent end, the ACS shows the city has almost 2000 renter households with incomes above $100,000. These families can afford units well above the going rate in the rental market.

CLiME attempted to conduct the affordability gap analysis at the Ward level. However, the results were largely inconclusive because of relatively large margins of error on some key variables. Generally, the analysis suggested that the gap in low-rent units may be higher in Wards 1,2, and 3 because of lower levels of public subsidy.

Comparison with Surrounding Municipalities

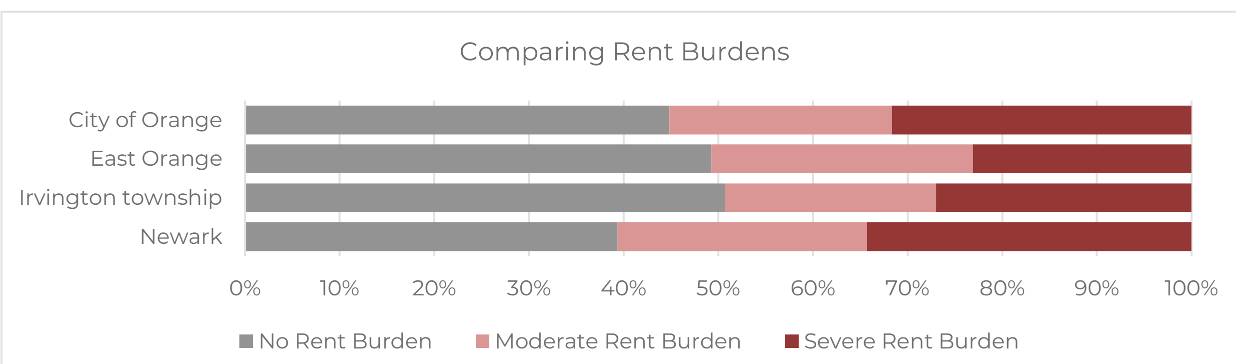
CLiME conducted this analysis as a follow-up to *Homes Beyond Reach: An Assessment & Gap Analysis of Newark's Affordable Rental Stock*. It includes City of Orange, East Orange, and Irvington Township compared to results from Newark.

These analyses found commonalities in the experience of City of Orange, East Orange, and Irvington, including:

1) Rapid population growth adding urgency to affordable housing needs
2) Incomes not keeping pace with rents, which creates displacement pressure
3) Significant rental affordability gaps using several metrics
4) Little new construction and aging building stocks suggesting a worsening affordable supply problem over time
5) a more acute need for larger affordable units for families

East Orange's affordability gap was smaller than the other municipalities using several metrics.

1) In East Orange, one-quarter of renters are severely cost burdened, meaning they spend more than half of their incomes in rent. This rate is comparable to Irvington, but smaller than in East Orange or Newark where closer to one-third of renters are severely rent burdened.



2) In East Orange, the gap between what people can afford to pay, and the going gross market rents, is smaller than the other municipalities. Still, the typical renter pays $128 more than they can afford each month.

	Socioeconomic Indicators				Local Rental Affordability		
	Median Household Income	Median Renter Income	Renter Rate	Poverty Rate	LMAR	Local Median Gross Rent	Affordable Rent Gap
Orange	$42,966	$36,030	80%	21%	$901	$1,160	- $259
East Orange	$48,072	$39,449	74%	18%	$986	$1,114	- $128
Irvington	$45,176	$35,997	72%	19%	$900	$1,048	- $148
Newark	$35,199	$29,784	78%	27%	$745	$1,085	- $340

3) East Orange has a gap of roughly 1,548 affordable units that rent for less than $900 per month. This gap is the smallest both in absolute terms and relative to the total size of the municipality.

	City of Orange	East Orange	Irvington
Gap in Affordable Units <$900 per month	2,195	1,548	2,271
Total Renter Households	9,351	17,502	14,434

However, CLiME findings suggest that East Orange faces particularly strong displacement pressure, due to more rapidly growing incomes and rents.

- The Urban Development Project (UDP) Index finds that there is active displacement of low-income households in East Orange.
- Unlike the other two municipalities, poverty rates in East Orange poverty decreased from 23% to 18% since 2010, while median household incomes increased. However, median incomes vary a lot from Census tract to Census tract, from $30,000 to more than $60,000 in some areas.

East Orange also has a large stock of subsidized units. The municipality can leverage this to help mitigate displacement risk. At least one-quarter of East Orange's rental units are subsidized, which is almost as high as Newark, and notably higher than either City of Orange or Irvington. East Orange may have some capacity to retain affordability through its existing stock of rental subsidies.

Sources

The data analyzed for this analysis is primarily from 2019, with some 2020 demographic variables where available. This data reflect the situation on the ground before the start of this pandemic, which has almost certainly increased the challenges for City of Orange renters and exacerbated the problems.

Demographic Snapshot: The data for 2020 are from the newest Census release. The variables from 2019 are from the Census' American Community Survey (ACS). So far, only some variables have been released for 2020. The older 2010 Census data are Decennial Census counts for population and tenure variables, and ACS for the remainder. The labor force data are the New Jersey Department of Labor and Workforce Development.

Rent Burdens: This analysis relies primarily on the Census' 2010 and 2019 ACS data. The Fair Market Rent and LIHTC rents were collected from the Department of Housing and Urban Development (HUD).

Subsidy Programs: The subsidy data are from three HUD databases: Picture of Subsidized Households (Census tract level), Picture of Subsidized Households (project level) and the LIHTC database.

Housing Stock and Development: Residential permit data is from New Jersey Department of Cmmunity Affairs. This is supplemented with 2019 ACS data, and subsidy data from HUD's databases.

Gap and Affordability Analyses Sections: These analyses rely on 2019 ACS data using CLiME's procedure described in *Homes Beyond Reach: An Assessment and Gap Analysis of Newark's Affordable Rental Stock*.

III. Affordable Gap Analysis of Irvington Township

Report Highlights

Irvington's population is growing fast, and there is very little new residential construction.

- According to the 2020 Census, **Irvington Township gained 7,250 residents (13% increase) in the last decade.** This is much faster than previous thought, creating new urgency to plan for growth.
- **There has been very little new residential construction activity in the last decade.** With the exception of 115 units permitted in 2016, there have been only a handful of permits issued in total since 2012.
- **The building stock is aging, and a third of it was built before 1940.** The city will have to balance demands for new construction with programs to maintain and upgrade older units.

Housing is becoming increasingly unaffordable.

- Seven-out-of-ten households are renters, and incomes are not keeping up with rents. Since 2010, in 2019 dollars, renter incomes have declined by 12% while rents went down just 2%.
- Rents that are considered fair and affordable at a regional level are too expensive for the typical City of Orange renter household. This makes it more difficult to build locally affordable housing.

CLiME calculates Irvington had significant affordability gap, before the onset of the pandemic.

- As of 2019, **half of the Irvington renters are cost-burdened,** meaning they spend more than a third of their incomes on rent. More than a quarter are severely cost-burdened, meaning half or more of their incomes go to rent.

- **Irvington's local median affordable rent (LMAR) is $900 per month. Irvington's median market rent is $1,048 per month, which is roughly $150 more than the typical renter can afford.**
- CLiME estimates **Irvington has a gap of 2,271 units that rent for $900 or less to fully meet the needs of its residents.** This need is concentrated for very low-rent units that cost less than $600 per month, which is difficult to achieve without public subsidy.

Irvington has an acute need for more affordable options for larger renter households.

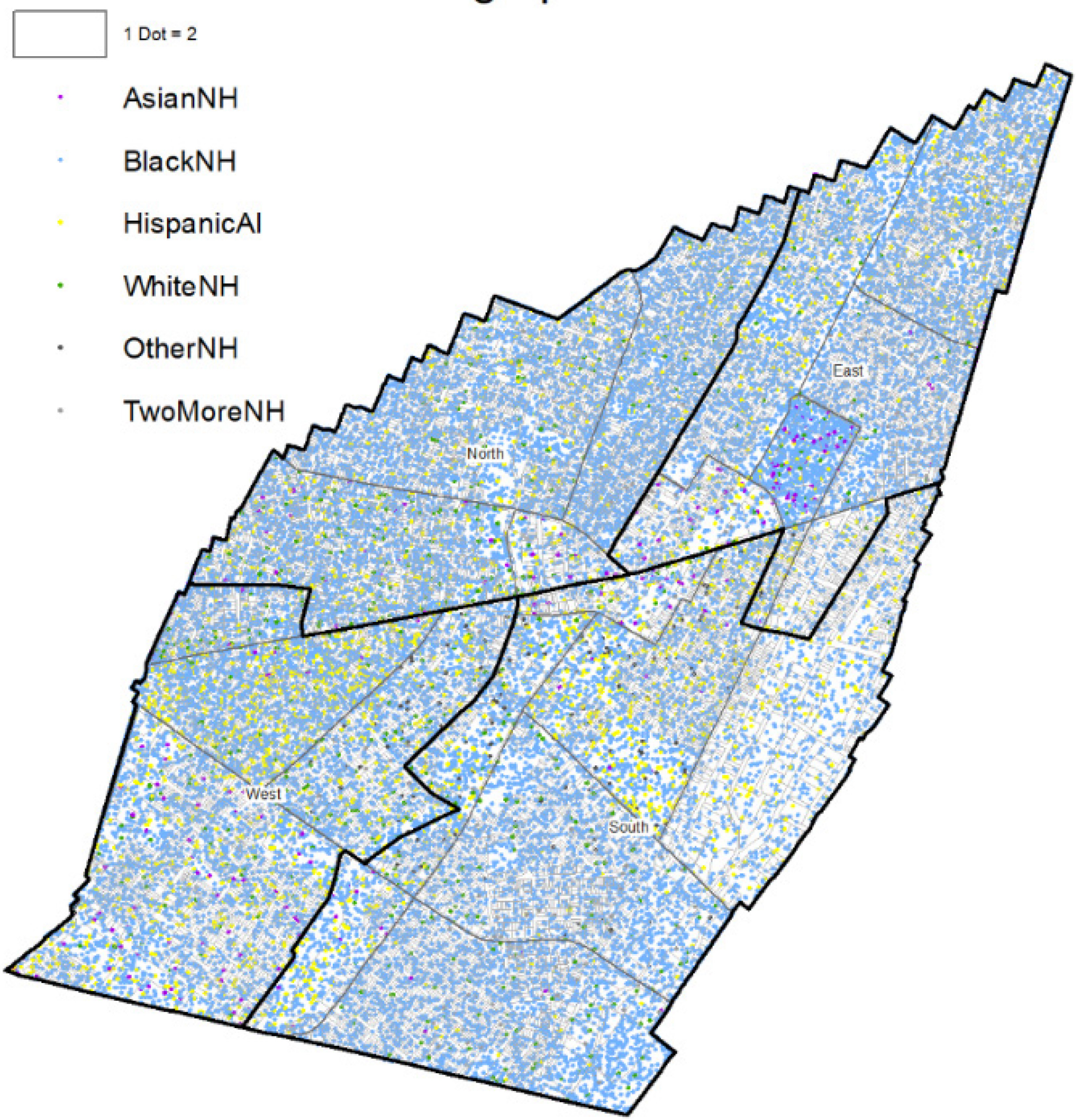
- **Before the start of the pandemic, 15% of Irvington renters were living in overcrowded conditions,** measured as more than one person per room. Less than 20% of units with at least two-bedrooms rent for less than $1,000 per month, compared to 72% of studios and one-bedrooms. This puts greater pressure on larger households and families with children.
- **Almost all of Irvington's stock of units subsidized through Public Housing or project-based programs are studios and one-bedrooms.** There is limited public support for larger households and families beyond tenant-based vouchers.

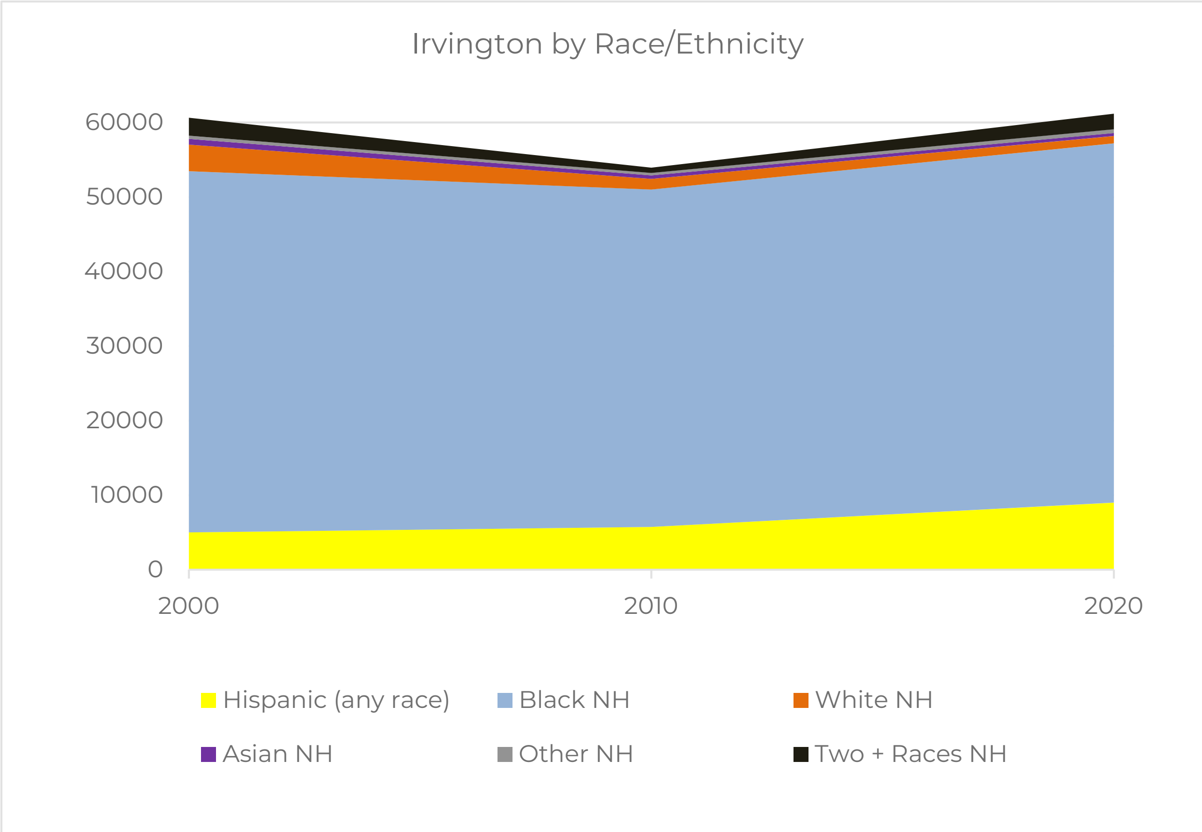
Demographic Snapshot

Key Socio-Demographics	2010	2019
Foreign Born	27%	36%
Med Household Income	$44,016	$45,176
Poverty Rate	16%	19%
Renter Rate	71%	72%

According to the 2020 Census count, Irvington Township has 61,176 residents, which means the population grew 13% since 2010. This is much faster growth than earlier Census estimates were predicting. In fact, the township is growing nine times faster than surveys were predicting. During the last decade, Irvington gained 3,269 residents who identify as Hispanic or Latino of any race, 2,923 residents who identify as Black or African American, and 1,369 residents who identify as multiracial.

Racial & Ethnic Demographics





- **Much of Irvington's growth appears to be driven by immigration.** The 2020 Census data that have been released do not include a count of the foreign-born population. However, 2019 estimates suggest that most of the change in population is explained by an increase in residents who are first-generation immigrants. Roughly 36% of Irvington residents were born in another country, and more than half are of Caribbean origin. The most popular countries of origin are Haiti (12% of residents), Jamaica (4%), Nigeria (4%) and Guyana (3%).
- **Eighty-seven percent of Irvington residents identify as Black or African American, and ten percent as Hispanic or Latino/a of any race.** Based on the demographic makeup of the foreign-born community, it is likely they make up a significant percent of the township's Black and Latino/a population.

Seventy-two percent of the township's households are renters, which is comparable to the rate from 2010. Over the last decade the poverty rate increased from 16% to 19%, and median incomes declined more than 10%, once we account for inflation. As of 2019, the median household income was $45,176. Most workers are in Healthcare & Social Assistance (26%), Transportation, Warehousing & Utilities (10%), and Retail (10%).

The pandemic has placed greater economic strains on the city's residents. **As of 2020, 14.4% of the labor force was unemployed. This was a large jump from 5.5% one year earlier.** According to the Urban Displacement Project Index, most of Irvington is categorized at risk of displacement. This categorization means that incomes remain relatively low, but rents and/or sales prices are increasing faster than the region overall. Increases in rents relative to incomes threaten local affordability.

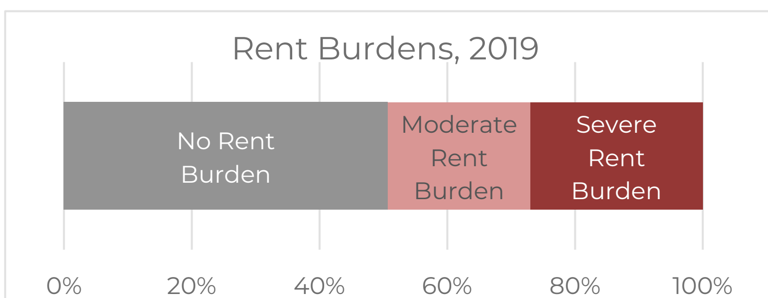
Rent Burdens

Rents are growing much faster than incomes in Irvington, placing an ever-growing burden on residents. Since 2010, the median renter income marginally decreased by 1% while rents grew by 14%, in unadjusted dollars. **In real terms, this is a 12% decline in incomes compared to a 2% decline in rents.**

The federal standard is that people should spend no more than a third of their income on rents:

- Forty-nine percent of Irvington renters were cost burdened, meaning they are spending more than a third of their incomes for shelter.
- Twenty-seven percent of Irvington renters severely cost burdened, meaning they spent more than half of their incomes for shelter.

	2019	Change since 2010 (real dollars)
Median Renter Income	$45,176	-12%
Median Gross Rent	$1,048	-2%



CLiME's approach to assessing affordability is rooted in the local context. **We calculate a Local Median Affordable Rent (LMAR) in Irvington is $900 per month.** LMAR is calculated using median renter income.

- **The typical renter pays $150 more than they can afford each month.**
- Fair Market Rent (FMR) for a 2- bedroom unit is $580 more than what the typical renter household can afford each month.
- The Low-Income Housing Tax Credit program produces units that are $200-$500 more than what is affordable to the typical Irvington renter.

Subsidy Programs

CLiME estimates that 12% of Irvington's rental stock is subsidized through public rental programs. According to HUD databases, Irvington has 1,273 subsidized units. This includes public housing, low-income housing tax credit (LIHTC), and other project-based subsidies. There are also 468 tenant-based Housing Choice Vouchers (vouchers).

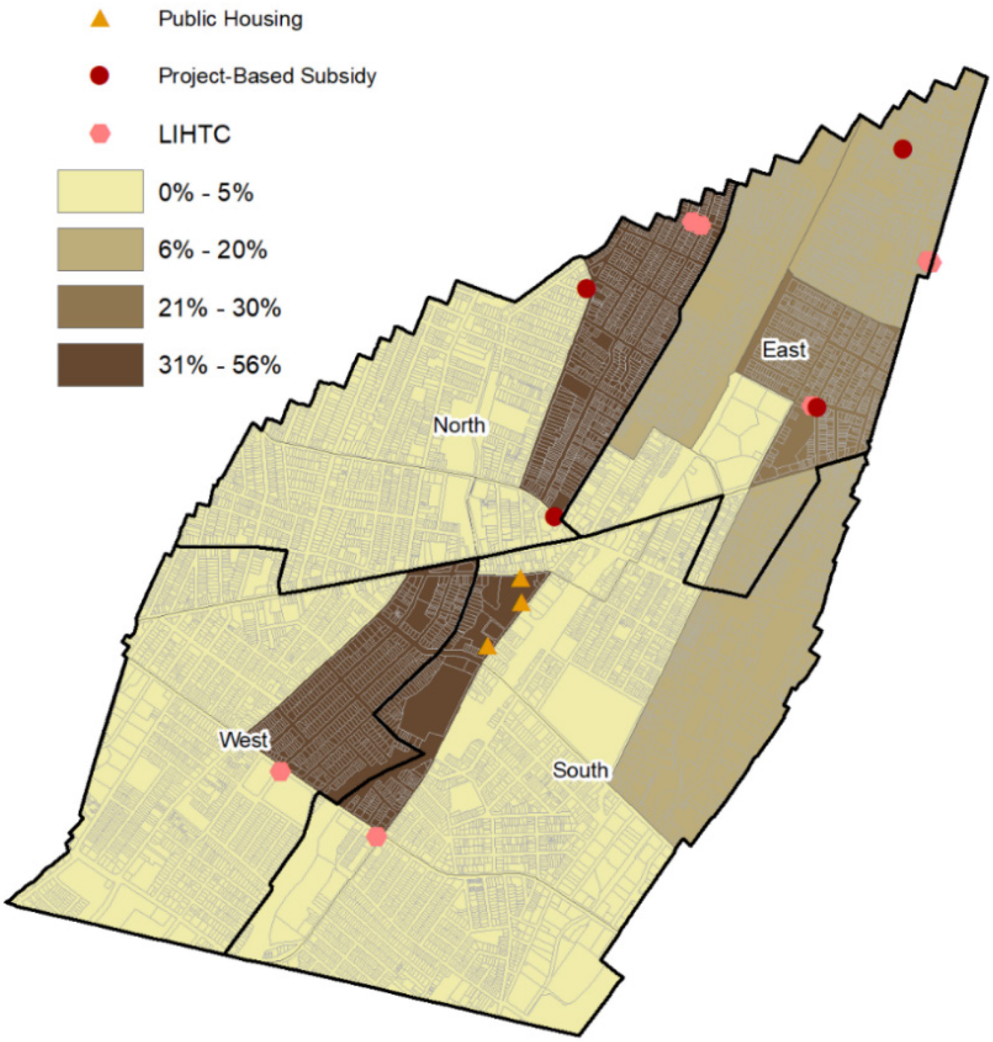
More than 80% of these subsidized units are studio and one-bedroom units. Berkeley Terrace is unique in having 36% of its units with 2-bedrooms. All of the other projects are primarily small units.

Irvington's subsidized units are located in a handful of large multifamily buildings. Beyond these large multi-unit complexes, the township is largely reliant on the voucher program.

The subsidized units include:

- The Camptown Gardens public housing complexes in the South Ward (580 units).
- One large development in the North Ward (Irvington Gardens, 170 units), and two in the East Ward (Berkeley Terrace, 144 units and Edward G. Gray Apts, 123 units).
- LIHTC subsidizes and additional 154 units (143 of these units on Chancellor Street).

Rate of Rental Housing Subsidy



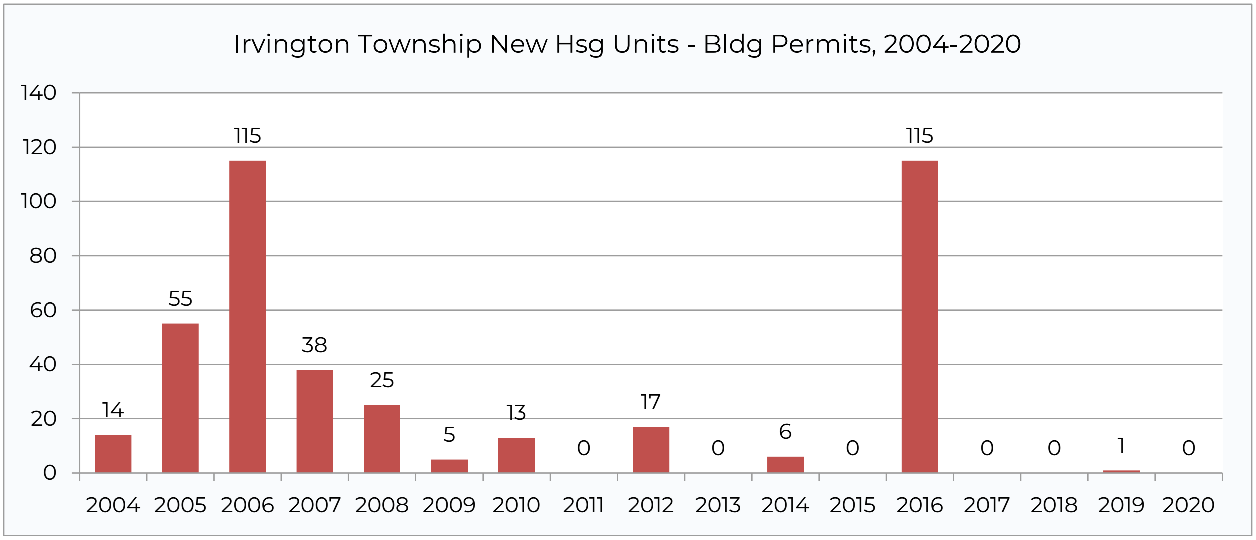
Housing Stock & Recent Development

Although Irvington's subsidized units are often in large mutifamilty buildings, the Township has a large stock of multifamily unit buildings with 3-19 units (39% of all units), and duplexes (23% of all units).

Older units tend to be relatively more affordable than newer units, but they can add costs in repair, maintenance and upgrades. **33% of the Irvington's residential building stock was built prior to 1940, and more than 90% was built prior to 1980.** The North and

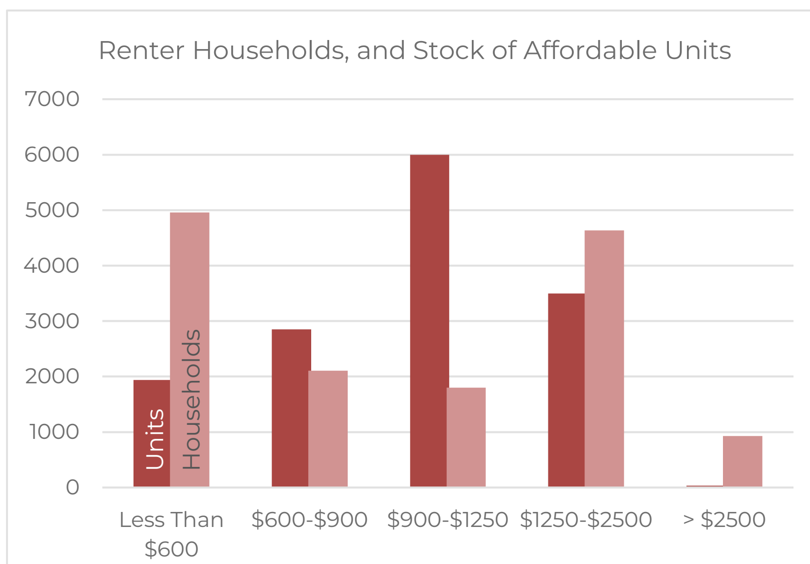
South Wards have the largest share of very old units, and these areas have seen very little new construction activity.

More generally, **Irvington has very little new residential development activity in the last decade. Less than 3% of the housing stock (600 units) has been constructed since 2000.** According to the Department of Community Affairs, there were 115 permits issued in 2016, but only one permit issued any year ever since.



Affordable Unit Gap Analysis

CLiME estimates Irvington has a gap of 2,271 units that rent for $900 or less to fully meet the needs of its residents. This need is concentrated for very low-rent units that cost less than $600 per month.



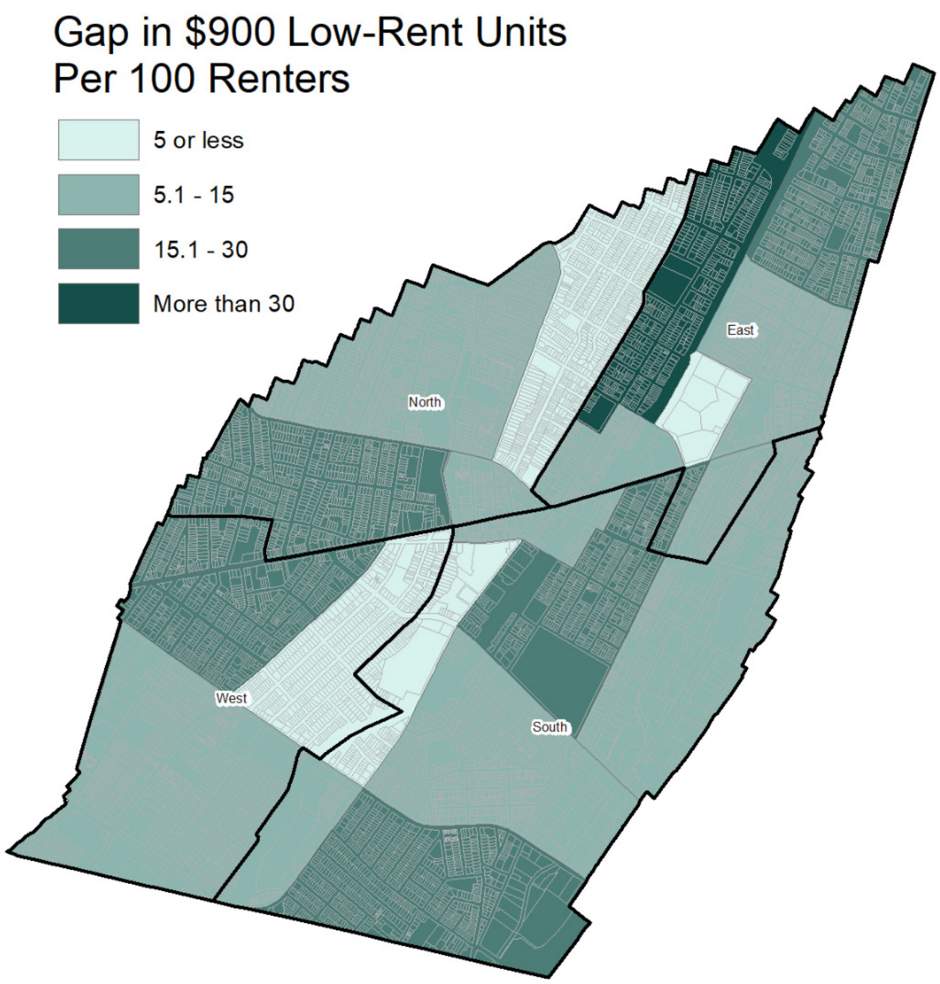
The gap analysis compares the stock of affordable rental units (dark red) with the number of renter households by income range (light red).

There are almost 5,000 renter households with incomes so low they can only afford $600 in rent, but there are only roughly 2000 units with rents for this amount. Most of these very-low rent units are likely subsidized through one or more public programs.

The availability of 3000 units that rent for between $600 and $900 helps to address the shortfall, because there are only roughly 2,000 households with incomes in this affordability range.

CLiME also ran the analysis was at the Ward level, and found the results to be similar throughout the Township, with large gaps for the lowest rent units.

The affordability need was most acute in the North and East Wards, where there are larger populations of very low-income renters competing for fewer numbers of affordable units.



The largest gap in affordable rental units is in the North Ward, in Census tract 183 (shown in the darkest shade on the map). The tract immediately west of it has the lowest gap, because of a large subsidized housing project.

Affordability By Unit Size and Building Age

Studio and 1-bedrooms are appropriate for one- and two-person households. More than 9,500 renter households in Irvington are one or two person households. Therefore, Irvington could meet some of its affordability needs with additional smaller units.

However, before the start of the pandemic, 15% of Irvington renters were living in overcrowded conditions, meaning more than one person per room. Irvington has an acute need for more affordable options for larger renter households. A closer demographic analysis of the foreign-born and immigrant populations help Irvington better anticipate the city's future housing needs.

CLiME estimates that:

- Seventy-two percent of studios and 1-bedrooms rent for less than $1,000 per month.17% rent for less than $500 per month.
- Only twenty-one percent of larger two-bedrooms, and 14% of its three-bedroom units, rent for less than $1,000 per month. Less than 10% of these larger units rent for less than $750 per month.

Affordability by Size of Unit	All Units	0-1 Bedroom	2 Bedrooms	3+ Bedrooms
Rental Units Affordable at 30% HAMFI	13%	17%	7%	9%
Rental Units Affordable at 50% HAMFI	45%	72%	21%	14%
Rental Units Affordable at 80% HAMFI	89%	98%	86%	65%
Total Units	14,321	7,188	4,687	2,541

Comparison with Surrounding Municipalities

CLiME conducted this analysis as a follow-up to *Homes Beyond Reach: An Assessment & Gap Analysis of Newark's Affordable Rental Stock*. It includes City of Orange, East Orange, and Irvington Township compared to results from Newark.

These analyses found commonalities in the experience of City of Orange, East Orange, and Irvington, including:

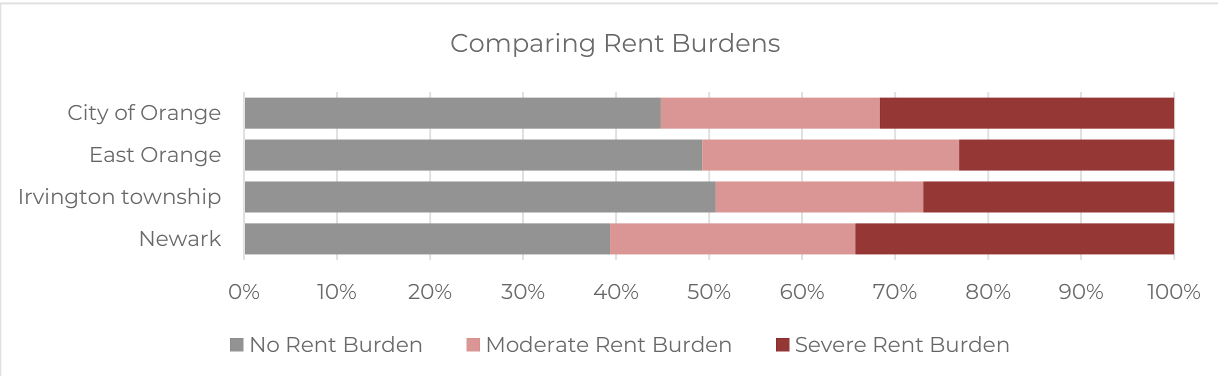
1) Rapid population growth adding urgency to affordable housing needs
2) Incomes not keeping pace with rents, which creates displacement pressure
3) Significant rental affordability gaps using several metrics
4) Little new construction and aging building stocks suggesting a worsening affordable supply problem over time
5) A more acute need for larger affordable units for families

Irvington's affordability gap is not as large as eithe City of Orange or Newark. Still, the municipality faces significant challenges with a growing renter population and limited supply, especially in affordable larger units. CLiME compared the municipalities on three metrics.

1) In Irvington, the LMAR is $900 per month, and median going rents are $1,048 per month. This affordability gap is $148 per month, which is lower than in Newark or the City of Orange, but just a little higher than East Orange

	Socioeconomic Indicators				Local Rental Affordability		
	Median Household Income	Median Renter Income	Renter Rate	Poverty Rate	LMAR	Local Median Gross Rent	Affordable Rent Gap
Orange	$42,966	$36,030	80%	21%	$901	$1,160	- $259
East Orange	$48,072	$39,449	74%	18%	$986	$1,114	- $128
Irvington	$45,176	$35,997	72%	19%	$900	$1,048	- $148
Newark	$35,199	$29,784	78%	27%	$745	$1,085	- $340

2) In Irvington, roughly a quarter of renters are severely cost burdened, meaning they spend more than half of their incomes in rent. This is comparable to the rate in East Orange, and lower than in Newark or in City of Orange, where roughly one-third of renters spend more than half of their incomes on rent.



3) In Irvington, CLiME calculates a gap of 2,271 affordable units that rent for less than $900 per month. The gap is larger than the other smaller municipalities in absolute terms, but not relative to the total size of the municipality.

	Orange	East Orange	Irvington
Gap in Affordable Units <$900 per month	2,195	1,548	2,271
Total Renter Households	9,351	17,502	14,434

Compared to the other two municipalities, CLiME finds **that Irvington Township faces particular challenges with limited new construction, overcrowding, and the need for more larger units that are affordable.**

- Before the start of the pandemic, the data shows that 15% of renters were living in overcrowded conditions, with more than one person per room. This is somewhat higher than in East Orange (11%) and much higher than City of Orange (8%).
- CLiME's affordability analysis shows that almost three-quarters of smaller units with one or fewer bedrooms are affordable for less than $1000 per month. However, less than 20% of units with two or more bedrooms rent for less than

$1000 per month. The other municipalities also have gaps in this measure, but not as stark as in Irvington.

- Irvington has the slowest rate of new residential construction compared to the other municipalities.
- Only an estimated 12% of Irvington's rental housing receives some form of subsidy, compared to 19% in City of Orange and 25% in East Orange. Almost all of the city's subsidized units are studios and one-bedrooms. In addition, Irvington receives the fewest housing choice vouchers, which are the primary form of rental support for larger families.

Sources

The data analyzed for this analysis is primarily from 2019, with some 2020 demographic variables where avaialble. This data reflect the situation on the ground before the start of this pandemic, which has almost certainly increased the challenges for City of Orange renters and exacerbated the problems.

Demographic Snapshot: The data for 2020 are from the newest Census release. The variables from 2019 are from the Census' American Community Survey (ACS). So far, only some variables have been released for 2020. The older 2010 Census data are Decennial Census counts for population and tenure variables, and ACS for the remainder. The labor force data are the New Jersey Department of Labor and Workforce Development.

Rent Burdens: This analysis relies primarily on the Census' 2010 and 2019 ACS data. The Fair Market Rent and LIHTC rents were collected from the Department of Housing and Urban Development (HUD).

Subsidy Programs: The subsidy data are from three HUD databases: Picture of Subsidized Households (Census tract level), Picture of Subsidized Households (project level) and the LIHTC database.

Housing Stock and Development: Residential permit data is from New Jersey Department of Cmmunity Affairs. This is supplemented with 2019 ACS data, and subsidy data from HUD's databases.

Gap and Affordability Analyses Sections: These analyses rely on 2019 ACS data using CLiME's procedure described in *Homes Beyond Reach: An Assessment and Gap Analysis of Newark's Affordable Rental Stock*.

Recommendations

1) **Shift the focus of emergency federal and state assistance to housing.** Covid relief helped these municipalities, but it also revealed severe shortfalls in their ability to address housing—a band-aid on a gaping wound. Mayors need flexibility to use funds beyond emergencies and street cleaning, but to fill housing gaps, too.
2) **Extend federal, state and county obligations to relieve cities.** These cities are currently obligated to do more than their fair share in meeting obligations that overlap with other agencies of government. For instance, to prevent foreclosures, HUD could do more to enforce compliance with its requirements. New jersey Transit could spend more on police around train stations rather than stretching municipal budgets. State transportation officials could extend their clean-up and maintenance responsibilities around the Garden State Parkway to free up municipal resources and save money.
3) **Density, infill and redevelopment.** Prioritize activities that promote density and infill redevelopment. Densification will allow these cities to increase affordable housing inventory, accommodate growth, and provide a greater range of housing choices.
   a. Zone for density in ways that allow for flexibility
   b. Prioritize development near transit to improve access to employment
4) **Transit-oriented development for low-income renters.** There is generally a greater ability to develop on a market-rate basis near transit, which fuels gentrification as well as tax base. When cities work to attract this kind of investment, they should also prioritize units for the hardest parts of the market – for low and very low-income renter households – and promote economic inclusion.
5) **Prioritize family-size units.** Whenever possible, Orange, Irvington and East Orange prioritize the development of larger units for families and inter-

generational households. The need for very low-rent units must be balanced with the needs of families for additional space.

6) **Low-interest loan pool.** Create a low-interest loan pool to encourage and support building upgrades and weatherization. Explore mechanisms to tie this support to rent control programs as possible.
7) **Code enforcement and housing trust funds.** Aggressive code enforcement to maintain and improve neighborhoods. Use money raised from fines to support other housing needs, or place it in a housing trust fund.
8) **Regional community land trust.** Develop a local community land trust, or work with an existing one, to help residents navigate into affordable homeownership.
9) **Focus on the low end of federal affordability thresholds.** Federal affordability thresholds drastically overstate what is affordable locally in these cities, and challenge their ability to develop affordably. Only deep subsidies are able to meet the needs of most renters. We recommend cities prioritize 30% affordability where possible, no more than 50% in lieu of 60%, and look for creative avenues to bring the rents down further to what residents can afford.
10) **Regional partnerships.** There may be strength in collaboration among these similarly situated communities. Consider partnering with each other to:
    a. Attract additional state and federal funding for housing choice vouchers, LIHTC, and other federal funding programs.
    b. Coordinate on rental assistance programs to develop capacity, and develop a united advocacy voice for additional resources