

The Rutgers Center on Law, Inequality &
Metropolitan Equity

Making Newark Work for Newarkers: Housing and Equitable Growth in the Next Brick City



A 2017 Analysis
By David D. Troutt



Rutgers CLiME

Center on Law, Inequality & Metropolitan Equity

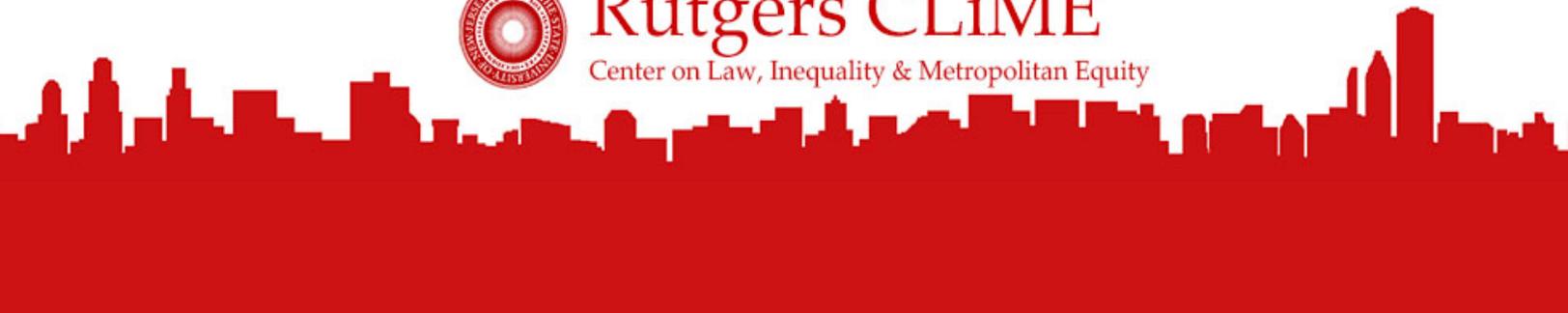


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Executive Summary

Making Newark Work for Newarkers is the full report of the Rutgers University-Newark Project on Equitable Growth in the City of Newark, written by CLiME and incorporating research conducted in conjunction with a university working group whose work began last April. We viewed the goal of equitable growth first in the context of housing issues before expanding to think about the fabric of community life and economic opportunity in the city. This Executive Summary includes the main findings from each chapter as well as the highlights from a comprehensive set of recommendations we submitted to Mayor Ras Baraka on October 27, 2017.

The key fact that animates any study of equity and opportunity in a city undergoing downtown redevelopment is this: **Newarkers face a longstanding crisis of housing affordability.**

Newarkers in Context

- Newark is a city of renters.
- Newark is a working-class city with only a small middle class and high rates of poverty.
- Newark housing costs are rising in relative and absolute terms.
- Newark has a substantial amount of subsidized housing—20% of all units—and more than half of its 110,000 units are subject to rent regulation.

Measures of the Affordability Gap:

1. Rents Are Rising While Wages Are Falling

Adjusted for inflation, median rents have risen by 20% since 2000, while median household incomes have fallen by 10%.

2. The Mismatch in Rents to Incomes Increases Rent Burdens

Today, over 20,000 households in Newark are paying *more than 50 percent* of their income towards rent, which makes them extremely rent burdened. Rent burden is the norm for those who make under \$50,000. The median household income in Newark is about \$37,000.

3. High Asking Rents Begin to Emerge

During the summer of 2017, the median asking rent advertised on Trulia and Craigslist was almost \$1,400. This figure may be aspirational in some cases, and most Newarkers don't find their housing online. However, in 2015, very few units were advertised for rent asking above \$1500 per month. Two years later, as the figure below indicates, more than a quarter of asking rents surpassed \$1500.

4. The High Vacancy Irony

Despite a lack of units affordable to most Newarkers, the City has a very high vacancy rate—16%—which may reflect persistently high foreclosures and abandoned property.

5. Homeownership Riddle: Low Prices Yet High Costs to Own

Newark home values have been slow to recover from the Great Recession. Newark lost 22% of its median home value between 2010 and 2015. Though the current median home value (2017) in the city is \$219,000, most homeowners are mortgaged burdened.

6. Tenants are Vulnerable to Eviction

The rate in Newark is about 25%; last year 40,000 evictions were sought.

The Causes of the Affordability Crisis

We hypothesized that Newark’s affordability crisis is propelled by a combination of housing supply and housing demand factors, some of which are peculiar to working-class, post-industrial cities that retain a large majority of blacks, Latinos and foreign-born residents. Supply has been diminished by the lack of adequate public investment in new or renovated affordable housing; the cost of housing development that makes more expensive housing more profitable to build; the gradual loss of public housing units; and the effect of building and land use regulations in Newark and its region that further increase housing development costs.

Housing demand factors also affect affordability. The wages and incomes of Newarkers do not cover the rents charged in the city, and there are few options to find cheaper housing elsewhere. Few communities in the region offer lower-cost housing alternatives. High rates of foreclosure increased the renter population while providing grist for a speculative market of investor landlords. Finally, tighter constraints on tenant eligibility, especially in public housing, has sent a stream of renters otherwise eligible for subsidized housing into an overheated private rental market.

Displacement & Gentrification

Though we believe this analysis demonstrates extreme displacement risks, we conclude that fears of traditional processes of gentrification—while reasonable—are premature. We offer several arguments in support of our conclusion on page ____, including the reminder that redevelopment can occur in cities without the displacing effects of gentrification where political leadership is committed to equitable growth; Newark seems uniquely committed to that goal. We acknowledge that judging gentrification is a difficult call, because gentrification is hard to define with any precision. However, the subject can also distract from other reasons for housing instability—which we think deserve more emphasis. Therefore, to keep an eye on displacement dynamics, we offer an assessment tool called **Displacement Risk Indicators Matrix (DRIM)** that allows

planners, advocates and the public to examine the movement of 10 composite variables in the City as a whole and in each of the five wards.

A City's Responsibility for Equitable Growth

The analysis concludes with discussion of the five overarching goals that should be taken by cities like Newark as they confront the challenges of growing equitably.

Goal #1: Preserve as much of the inventory of regulated, income-restricted housing as possible.

Goal #2: Take a holistic, fair housing approach to housing stability.

Goal #3: Reinvent good government.

Goal #4: Seek market restitution and regional equity for destructive and discriminatory practices.

Goal #5: Gentrify from within.

Highlights of the Recommendations to Newark City Government

Here are a few of the comprehensive recommendations that were offered to the Baraka administration on October 27th, 2017.

- 1) Plan with the CLiME **Displacement Risk Indicator Matrix** (DRIM) tool
- 2) Establish an independent **Equitable Growth Advisory Council** with representatives from non-profits, developers, community, business and academia (appointed by mayor and city council)
- 3) Embrace a voluntary **urban AFFH** (Affirmatively Furthering Fair Housing) approach to development (borrowing from HUD regulations)
- 4) Reform key aspects of the **rent regulation process and operations.**
- 5) GET THE DEVELOPMENT THE CITY WANTS:
 - a) Expand the notion of “anchor tenancy” to include, for example, Community Land Trusts, Limited Equity Cooperatives and embedded artist-restricted housing units.
 - b) Give preferences to large developer-small/local developer partnerships and seek community benefits agreements that condition PILOTs and other perks on local training, financing or hiring.

-
- c) Put city-owned land and other vacant parcels to productive, more creative uses, using APRA and other tools.
 - 6) Restore the **Trauma-Informed City** approach to institutional training and care across city agencies, but especially for educators, law enforcement, firefighters and EMT (first responders) and health practitioners.
 - 7) Make public institutions like libraries into **“Civic Learning Hubs”** with classes geared to the current needs of Newarkers of all ages (e.g., coding, financial literacy and Street Law).
 - 8) Improve overall government transparency and public information access.

Introduction

Since the federal withdrawal of direct housing funds to cities in the 1980s, inequality and housing instability have been the twin challenges of contemporary urbanism. Fights over privatization of services, competition for tax base, implosion of public housing projects and the gentrification of neighborhoods rediscovered by both suburbanites and millennials have consumed city governments. Newark has had a unique experience in these dynamics. Long ignored, if not despised, in and outside of New Jersey, with a reputation unfairly identified only with its uprising 1967, its crime and the poverty of too many of its residents,¹ Newark has bold new leadership, new vision and new prospects for growth.

The question that launched this report by the Rutgers Center on Law, Inequality and Metropolitan Equity is how to sustain that growth with equity. Equity, after all, is the missing principle of so much of the development that has characterized many other great American cities over the last three decades. Equity presumes that the processes underlying growth—in buildings, tax bases, population and institutions—will follow fairness and inclusion. A model of equitable growth recognizes the worth and the struggle of Newarkers as their city reaches for its potential and crafts policies to empower them to seize greater resources and to put them to more effective use in their lives. This report seeks to contribute to the development of that model. Rutgers University and CLiME are grateful partners in what promises to be an exciting journey—to grow stronger together.

— David D. Troutt, Director

Part 1 - City Characteristics and Housing Affordability

A. An Affordability Crisis Hidden in Plain Sight

The housing indicators we examined demonstrate a significant crisis of affordability in a city many might have thought would be inexpensive to live in. Like most urban centers in New Jersey, Newark suffered historic white flight, was the site of disproportionate amounts of public housing and lost much of its middle class after the 1967 uprising. Why would it command high rents? Considering that, until 2008, Newark was a major recipient of regional contribution agreement (RCA) funds from more affluent New Jersey municipalities trading off their own State fair housing act obligations to build affordable units, it would seem that only traditional gentrification like that occurring in Manhattan or Jersey City could drive rents to unaffordable levels. Yet the City, as we'll see, exacts a monthly struggle for most of its residents to remain here. Why?

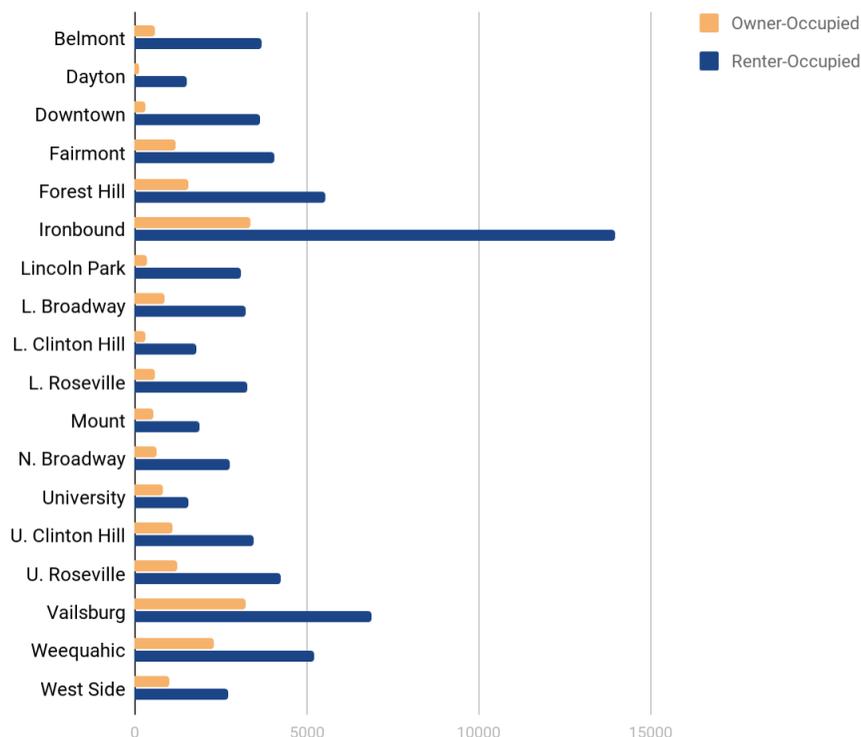
The short answer is that Newark's lack of affordability is both relative and absolute. That is, *relative* to Newarkers' means, housing costs are too high. However, the rising cost of housing here is becoming high in *absolute* terms, too. Both contribute to housing instability.

Before we explore some of the specific dimensions of the housing market, let's note four important characteristics of the city:

- Newark is a city of renters.
- Newark is a working-class city with only a small middle class and high rates of poverty.
- Newark housing costs are rising in relative and absolute terms.
- Newark has a substantial amount of subsidized housing—20% of all units—and more than half of its 110,000 units are subject to rent regulation.

First, Newark is a city of renters—78% of residents live in rentals, the second highest in the nation. This factor alone can lead to less stability and more transiency among a population than places characterized by higher rates of homeownership.

Housing Units by Tenure by Neighborhood, 2015

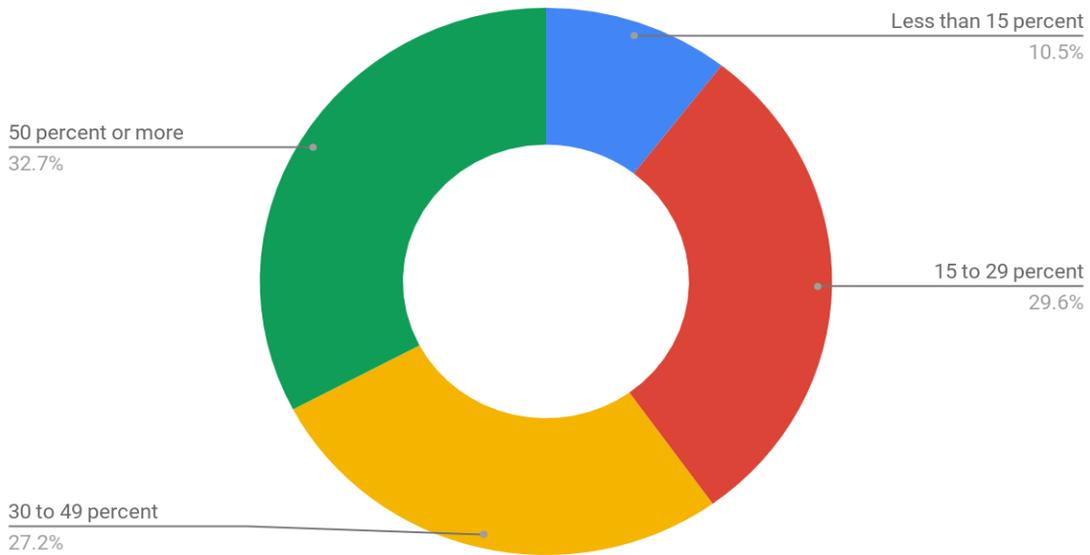


Second, almost all Newark’s residents have limited resources to devote to housing. Although unemployment is high (17.2%),² even working Newarkers earn well below the area median. It is a working-class city. According to the New Jersey Institute for Social Justice report *Bridging the Two Americas*:

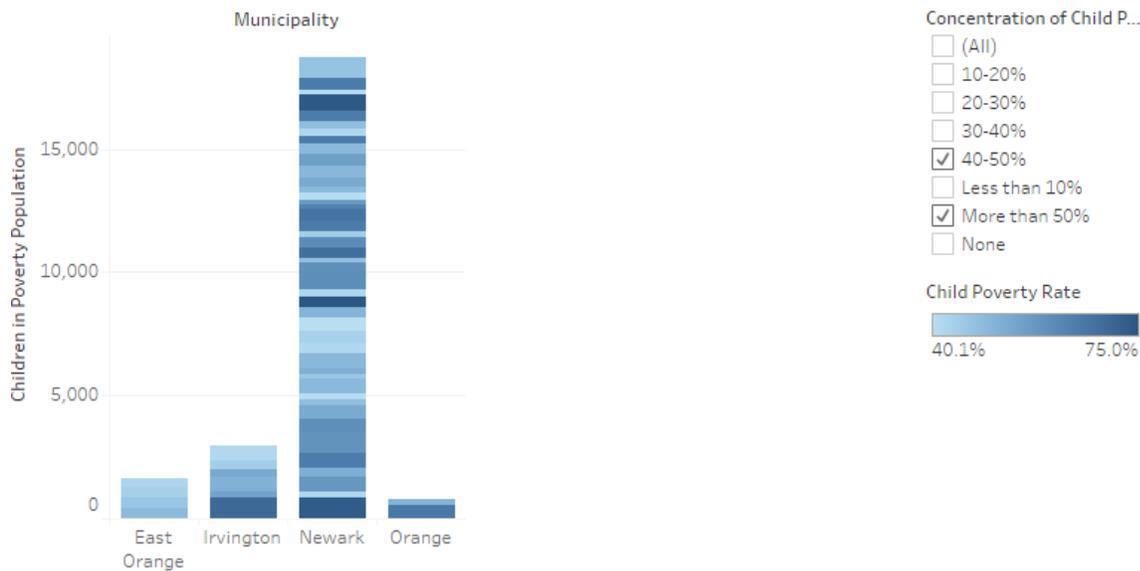
Newark residents hold only 18 percent of all jobs in the city. This makes Newark an outlier among similarly-situated cities. In New Orleans, local residents hold 46 percent of jobs; in Baltimore, local residents hold 33 percent of jobs; in Detroit, local residents hold 25 percent of jobs; and in Cleveland local residents hold 24 percent of jobs.³

Yet Newark is more than “working class.” Somewhat unique among urban demographics, Newark has very little middle class—considered by many economic geographers to be the tax-paying backbone of the electorate. Less than an estimated one in five Newarkers has an annual household income that puts them squarely in the regional middle class.⁴

Gross Rent as a Percentage of Household Income, 2015



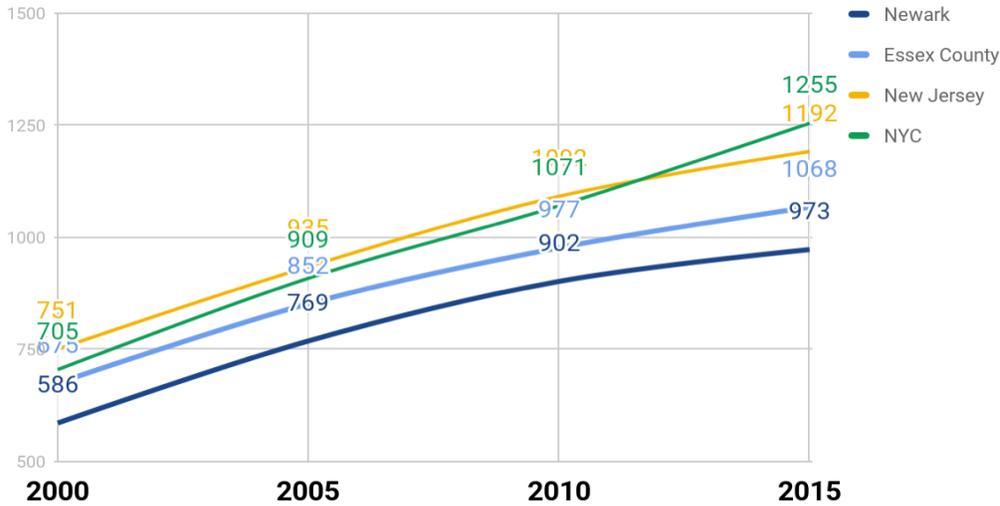
In addition to a negligible middle class, **Newark has a significant population of households in poverty, much of it severe or concentrated poverty.** It is growing, and it overwhelmingly affects children and their families—disproportionately headed by single women. According to the latest Census data, almost 30% of Newark’s residents have incomes below the poverty line, including 41% of its children.⁵ Child poverty is growing among its neighbors, too. In 2000, of 41 census tracts where child poverty rates were greater than 40%, 36 (88%) of them were located in the City of Newark. East Orange and Orange each had 1, while Irvington had 3. By 2015, this type of extremely concentrated child poverty was present in 45 census tracts in Newark, 7 in Irvington, 4 in East Orange, and 2 in Orange.



Thus, Newark’s population as a whole lacks the relative capacity to shoulder high housing costs. This condition of scarcity compounds itself, as families stretch to afford housing that costs more and more of their income sacrifice other needs affecting health and wellbeing. Like families, needs and scarcity concentrate geographically. For example, many of Newark’s poorest neighborhoods are also the most medically underserved areas (MUA), putting residents at risk of health harms that might be avoided with greater proximity to health facilities. The differences among the city’s wards can be stark. Virtually the entire Central Ward—one of the areas of greatest poverty concentration—is also an MUA, while the East Ward—one of the most well off in relative terms—has the highest concentration of health care providers.⁶ More than statistics, these affected households are comprised of groups with some of the most limited economic resources: children, single adult mothers and recent immigrants. Indeed, Newark’s relative affordability, combined with demographic change over the last two decades, has made it a magnet for a growing foreign-born population—about 28% in 2016 compared to 24% in 2010.⁷ What happens to them economically, medically and otherwise happens to them spatially—that is, their neighborhoods are often intersections of myriad needs, with rising housing costs increasing the risk of the greatest instability of all: displacement.

Third, housing costs are increasing in absolute terms. Newark sits in the middle of one of the country’s most expensive housing markets. This means there are few alternatives for people with limited incomes. The New York metropolitan area also has some of the highest building costs in the country (e.g., labor, materials, building codes). This makes it more difficult to build more affordable units relative to the cost of building more high-end—and therefore more profitable—housing.

Median gross rents are rising at similar rates in the region.

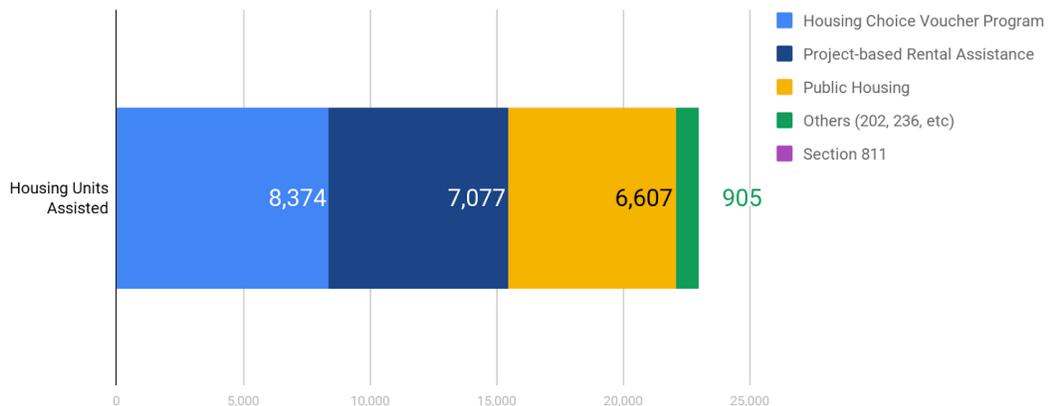


In Newark, rents have increased by 66% in 15 years.

Fourth, Newark has a substantial amount of subsidized housing—20% or 23,000 units—and comprehensive rent control. These facts would seem to mitigate against a lack of affordability. That they don't indicates the severity of economic vulnerability in the city. Nevertheless, we conclude later in this report that preservation of income-restricted housing is the single most important tool available to Newark city government in dealing with its affordability crisis.

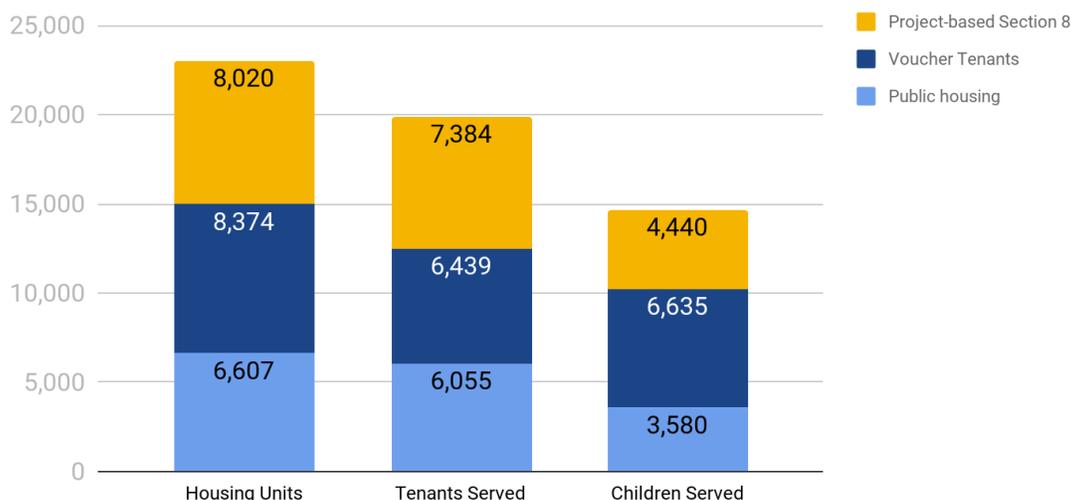
Housing subsidies are divided among four essential types in Newark.

Number of Housing Units Assisted by Subsidy Type in Newark, 2016



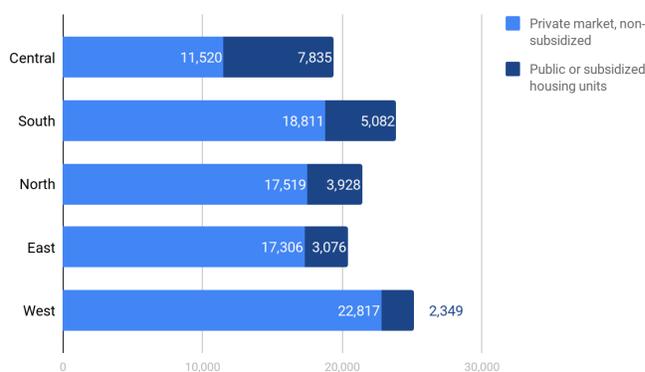
While vouchers provide the most subsidized units and house the most children, project-based Section 8 provided to developers house the most tenants of all three types.

Units, Tenants, and Children served by Subsidy Programs in Newark, 2016



The location of subsidized housing matters. The following figures show that, other than the West Ward, subsidized housing is spread throughout the City. However, the East Ward has very little public housing.

Public and Subsidized Housing by Ward in Newark, 2017



Largest Share, by N'hood

1. Dayton: 99%
2. Belmont: 89%
3. Lincoln Park: 49%
4. Lower Clinton Hill: 43%
5. University Heights: 43%
6. Upper Roseville: 32%
7. Downtown: 30%
8. West Side: 18%

Source: Affordable Housing Online 2017, American Community Survey 2011-2015

As for rent control, Newark is one of only a handful of cities in the country whose ordinance survived the wave of repeals and sunsets of this form of housing regulation. Whatever one thinks of rent control, Newark's law suffers from problems of what it says and how it works that prevent it from being the safeguard against a lack of affordability.

For instance, the language of the ordinance⁸ omits key items, such as many of the central duties of the Hearing Officer or the rights and responsibilities of the “property owner.” We also found problems with the registration of units, a threshold requirement for the regulations to apply. Only half of units eligible for rent control are currently registered in the City. Registration rates by ward range widely from a low of 28% to a high of 77%.

Table 1. Estimated Rent-Control Eligible Units by Ward

	Estimated number of renter-occupied housing units	INELIGIBLE: Estimated number of public housing units	INELIGIBLE: Estimated number of housing units built after 1990*	Estimated number of units eligible for rent control
CITYWIDE	72,589	6,607	15,866	50,116
East Ward	15,290	679	926	13,451
North Ward	15,079	1,316	2,438	11,476
West Ward	14,654	559	3,140	10,817
South Ward	14,235	1,884	3,452	9,275
Central Ward	13,331	2,169	3,910	7,097

* Calculated from share of housing units built after 1990

Due to both its concentration of public housing units and its significantly younger housing stock, the Central Ward has the least number of eligible units for rent control. It also has the highest *rate* of registration at 77%.

Table 2. Estimated Rent Control Registration Rates by Ward

	Estimate of units eligible for rent control	Units registered with Rent Control Office	Estimated registration rate
CITYWIDE	50,116	26,011	52%
Central Ward	7,097	5,430	77%
South Ward	9,275	5,535	60%
West Ward	10,817	6,017	56%
North Ward	11,476	5,266	46%
East Ward	13,451	3,732	28%

The West Ward has the least number of Public Housing units, but also the most *number* of units registered with Rent Control.

Summary

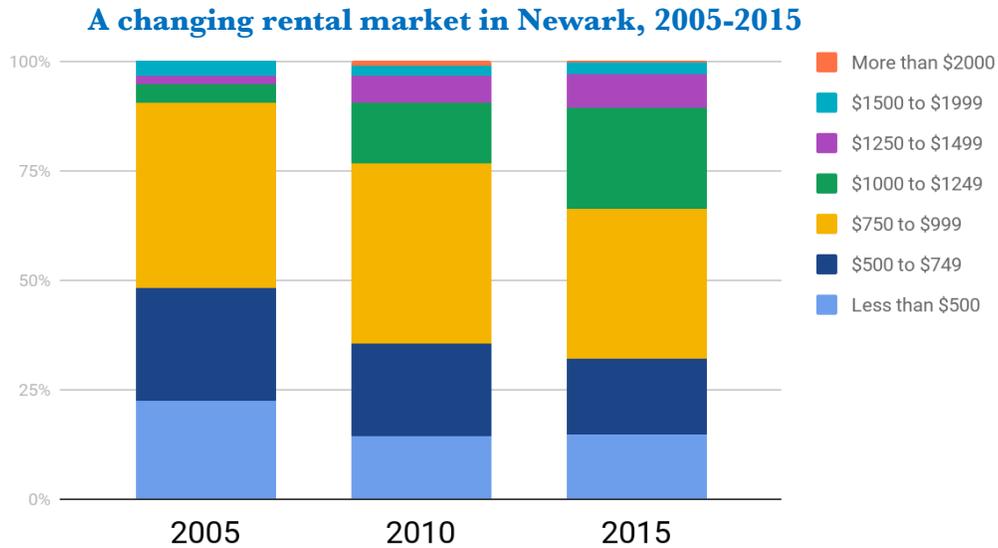
The characteristics described above are critical context for understanding the measures of affordability in Newark. High rates of renters with weak economic power, many of them subject to the either a tightening housing market or the vagaries of housing regulation offer the outlines of a population overdue for equitable growth strategies. Next we look more closely at the specific measures of affordability to show the many challenges to current residents at the city, ward and neighborhood levels. As we'll see later when examining the Displacement Risk Indicators and prospects for gentrification in Part 3, each of these measures reflects particular risks for housing displacement.



B. Measuring the struggle for Affordability in Newark

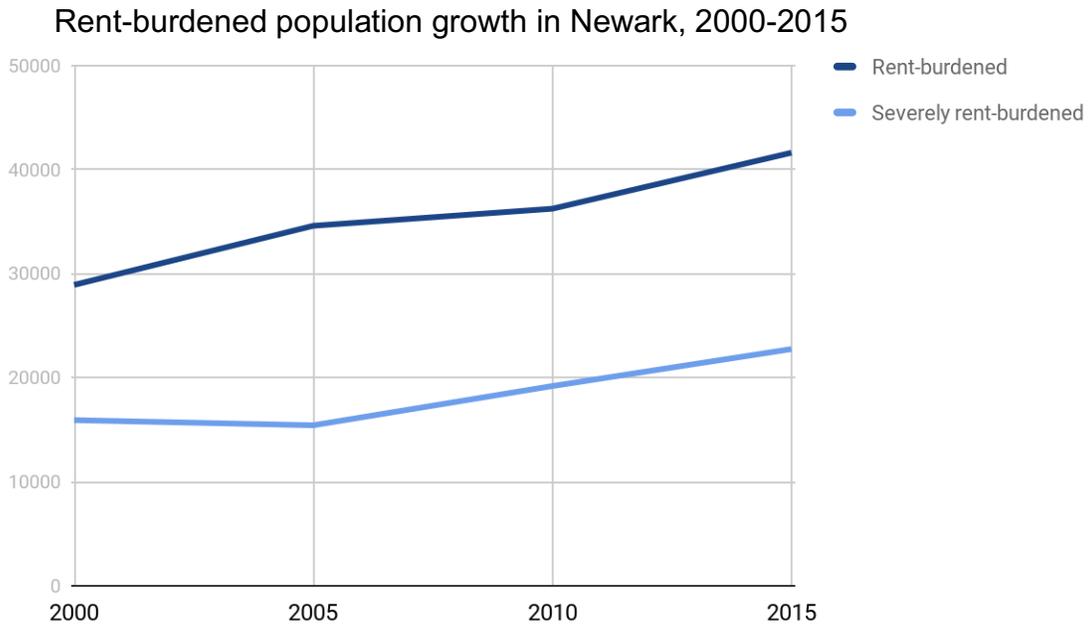
Next we examine several key dimensions of the affordability struggle in Newark, from rent burdens to foreclosures and evictions.

Rents Are Rising While Wages Are Falling

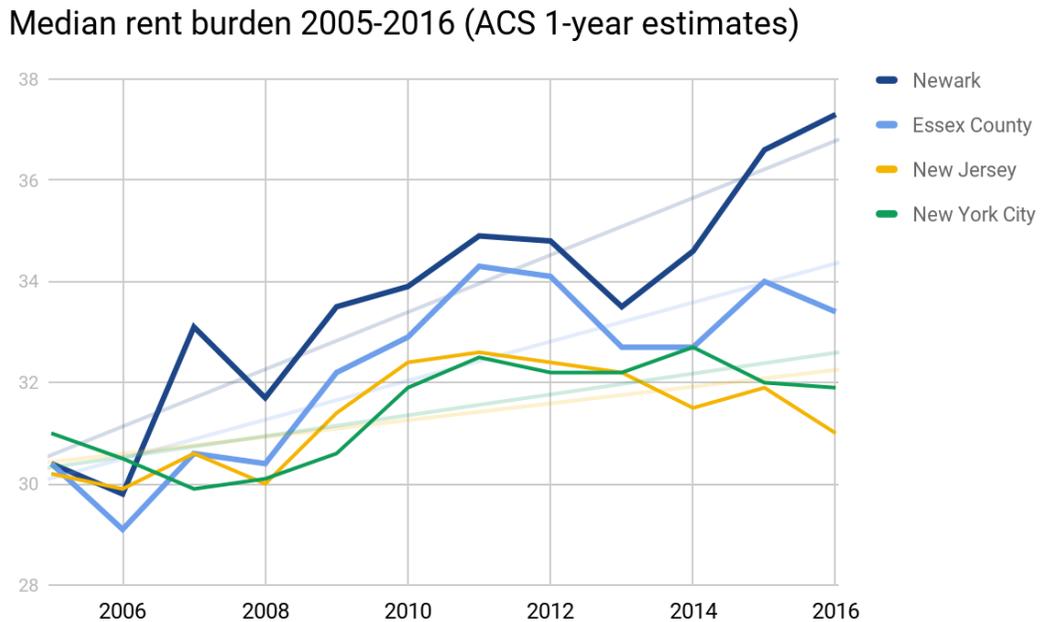


Adjusted for inflation, median rents have risen by 20% since 2000, while median household incomes have fallen by 10%.

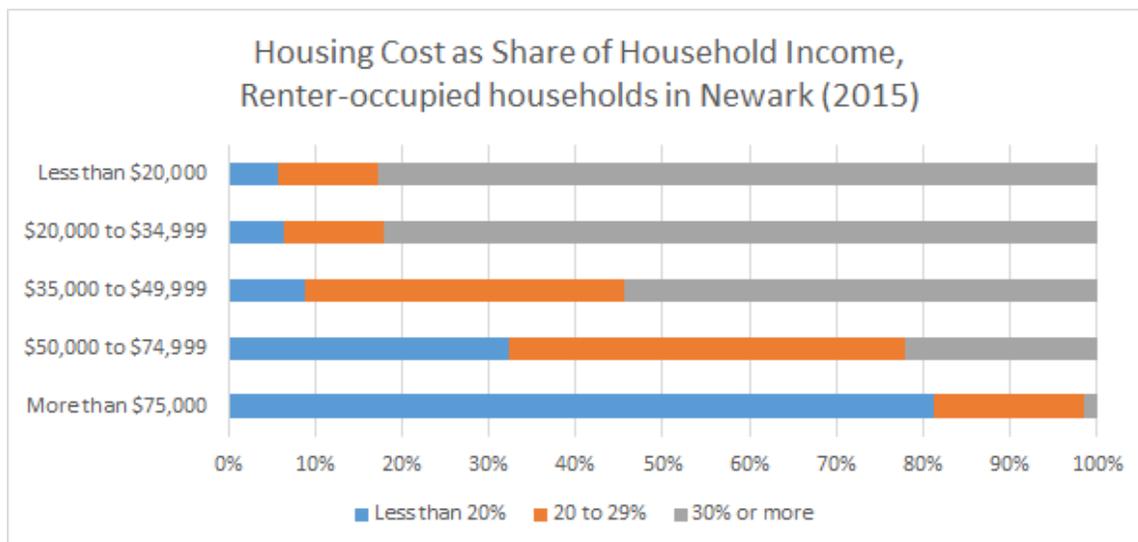
The Mismatch in Rents to Incomes Increases Rent Burdens



Today, over 20,000 households in Newark are paying more than 50 percent of their income towards rent.⁹



Newark's median rent burden rate has been growing far more than that of the region. **Rent Burdens Are Universal, but Most Pronounced for Those Making Less than \$50,000**



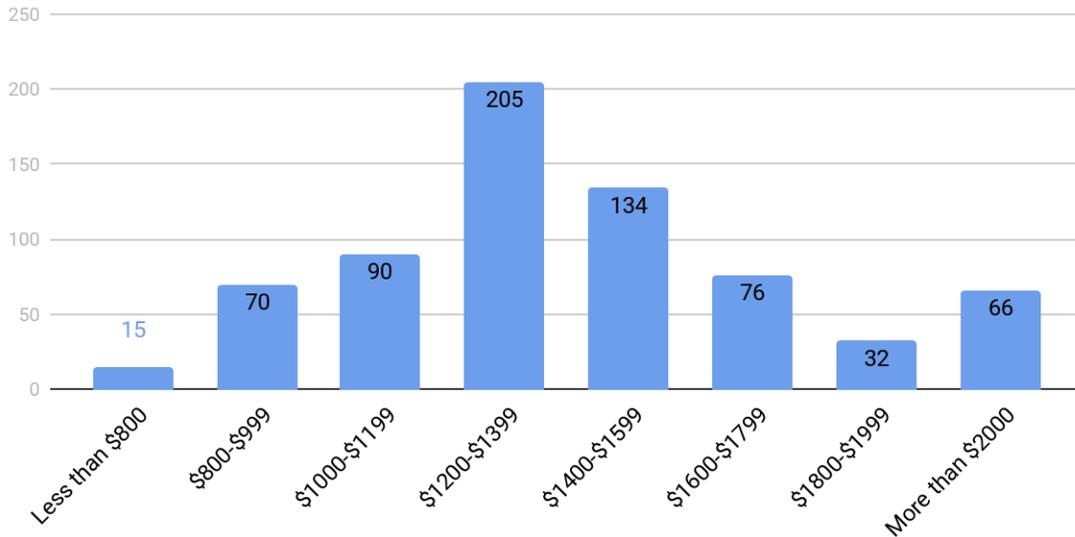
Rent burden is the norm for those who make under \$50,000. The median household income in Newark is about \$37,000.

WARNING SIGNS: High Asking Rents Begin to Emerge

Asking rents—the advertised prices for rental units—may be a signal of what owners hope a housing market will bear. In that sense they are aspirational and possibly unrealistic. They must be read somewhat skeptically. Yet asking rents are rising steeply in parts of Newark, with implications that are not fully clear.

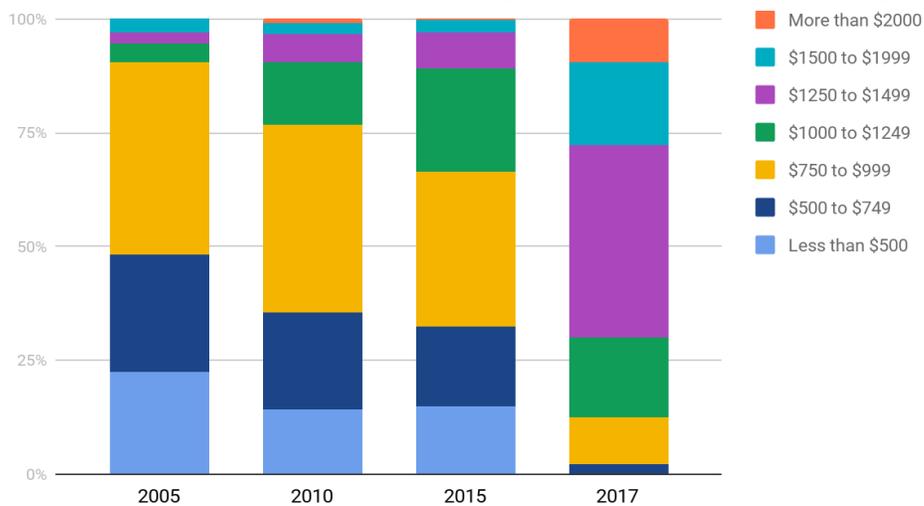
Although renters are evenly distributed among wards, asking rents are not. Current asking rents are important to try to measure—with suitable caveats. This analysis uses data compiled from the online rental marketplaces Trulia and Craigslist. Prospective renters who use such ads probably represent an upper tier of the market. Not all rentals on the private market are advertised on line. Public housing is also not advertised on line. Therefore, it is reasonable to assume that this analysis will miss some of the lower-priced rentals and thereby overestimate current asking rent.

Asking Rents for Available Rentals in Newark, Summer 2017



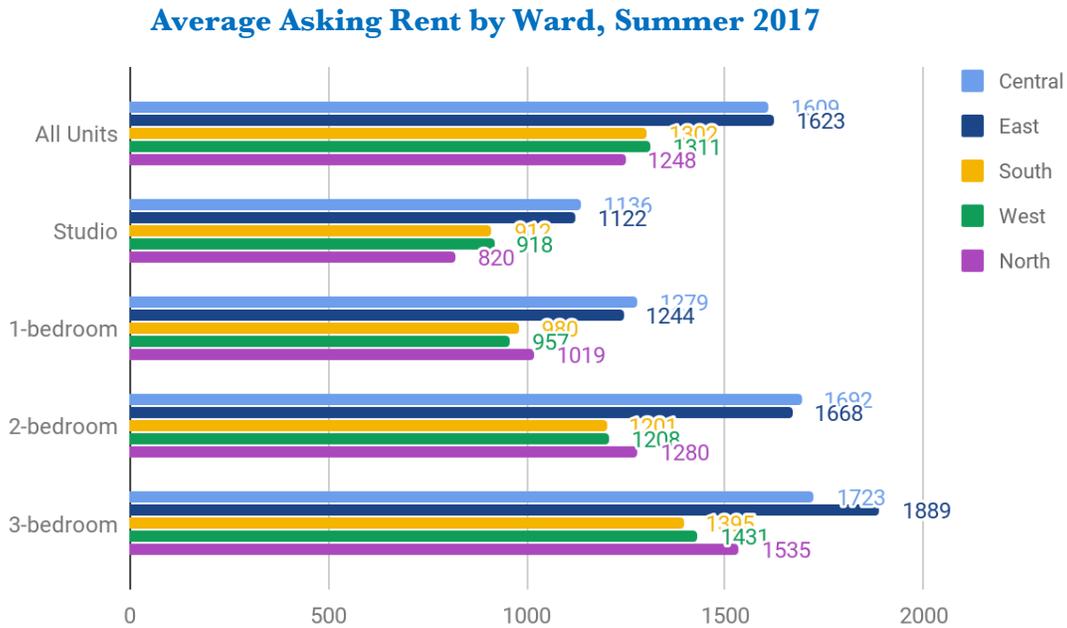
During the summer of 2017, asking rents clumped around the median. The \$1200 - \$1400 per month rental range was unheard of until recently whereas it represents the largest price range of rents asked last summer. Indeed, in 2015, very few units were advertised for rent asking above \$1500 per month. Two years later, as the figure below indicates, more than a quarter of asking rents surpassed \$1500 while a significant number sought more than \$2,000.

If representative, current asking rents are a dire warning.



(Note: Rents between 2005 and 2015 represent gross rent while 2017 represents asking.)

One of the few objective signs of traditional gentrification, asking rents suggest that only certain parts of the City—the East and Central Wards—are attracting renters whose purchase power can potentially transform neighborhood markets.

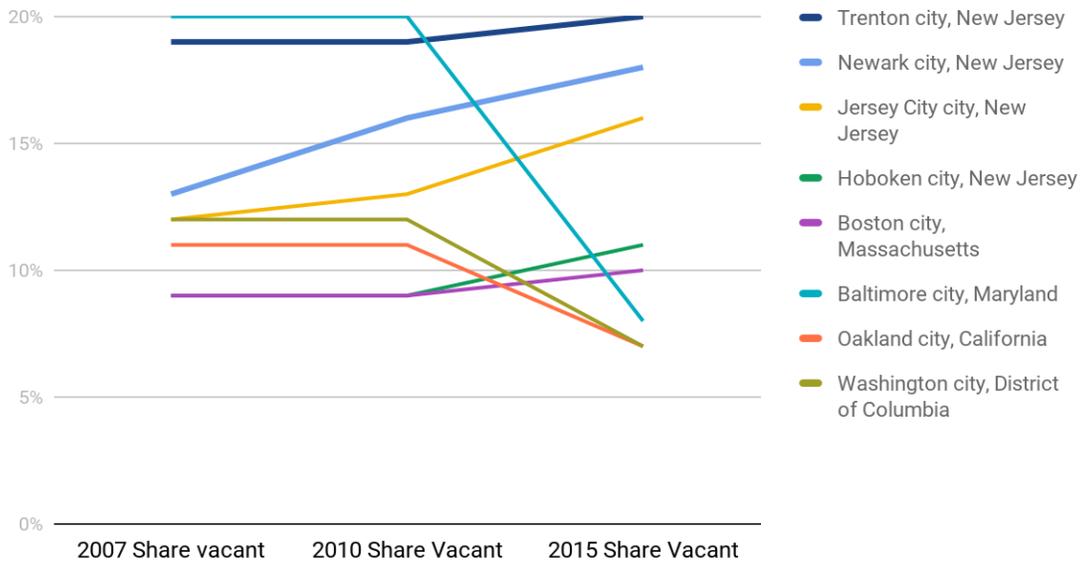


Families with limited housing budgets will be drawn to the South and West Wards.

The Irony of High Vacancy: Amid Great Need, Much Abandonment

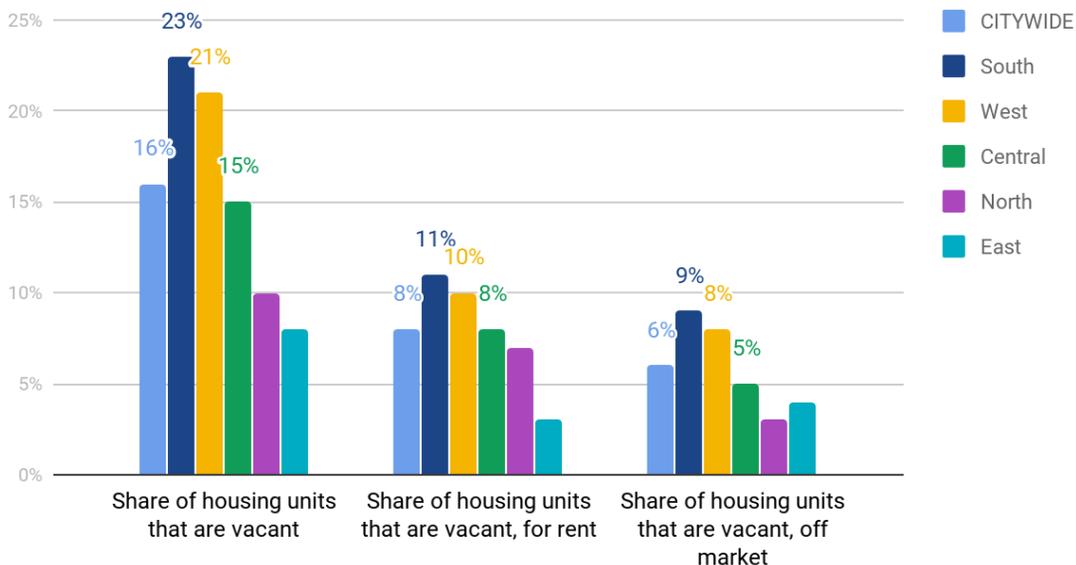
Affordability crises are often accompanied by decreased vacancy rates, as demand increases and owners who waited for markets to heat up accelerate renovation or new construction. As Figure ____ indicates, highly gentrified cities with acute housing shortages like Boston and Hoboken have vacancy rates around 10%. Cities with new affordability crises- Baltimore, Washington, DC, and Oakland- had a rapid decline in estimated vacancy rates between 2007 and 2015. Yet Newark represents an anomaly in that about 16% of Newark’s housing units are currently vacant.

Vacancy rates in cities with affordability crises 2007-2015



Foreclosure and abandonment may be factors that help explain the irony. A closer look at the prevalence and type of vacancy by ward suggests that higher rates of foreclosure and blight in the South and West Wards raise vacancy rates there—and contribute to a depressed housing market in those neighborhoods most affected.

Prevalence and Types of Vacancy in Newark by Ward, 2015



Persistently High Foreclosures—and Their Collective Costs

New Jersey was one of the states hit hardest by the foreclosure crisis that launched the Great Recession, and Newark was—and remains—its epicenter.¹⁰ Many factors contributed to New Jersey’s plight, but Newark was especially touched by the spatial discrimination by lenders pursuing subprime opportunities in segregated housing markets. Newark’s overwhelmingly black and brown zip codes were easy targets for predatory loans. These loans, according to the New Jersey Department of Banking and Finance, are based on a borrower’s assets rather than ability to pay; induce refinancing in order to charge additional fees; or result from fraud or deception in order to hide certain draconian features of the repayment obligation.¹¹ The loans themselves often had exotic features, such as balloon payments, that sharply increased the risk of foreclosure.

Thousands of foreclosures occurred as a result of predatory loans, especially those originating through Private Label Securitization (PLS). “PLS moves mortgages into trusts primarily composed of securitized mortgages that do not conform to standards established by government-sponsored enterprises (Freddie Mac, Fannie Mae, and Ginnie Mae).”¹² Because they are divided into pieces and financialized on the open market, PLS loans are



Photo by Dawan Alford

harder to modify. Indeed, many servicers lack incentives to try, making drawn-out foreclosure processes more likely.

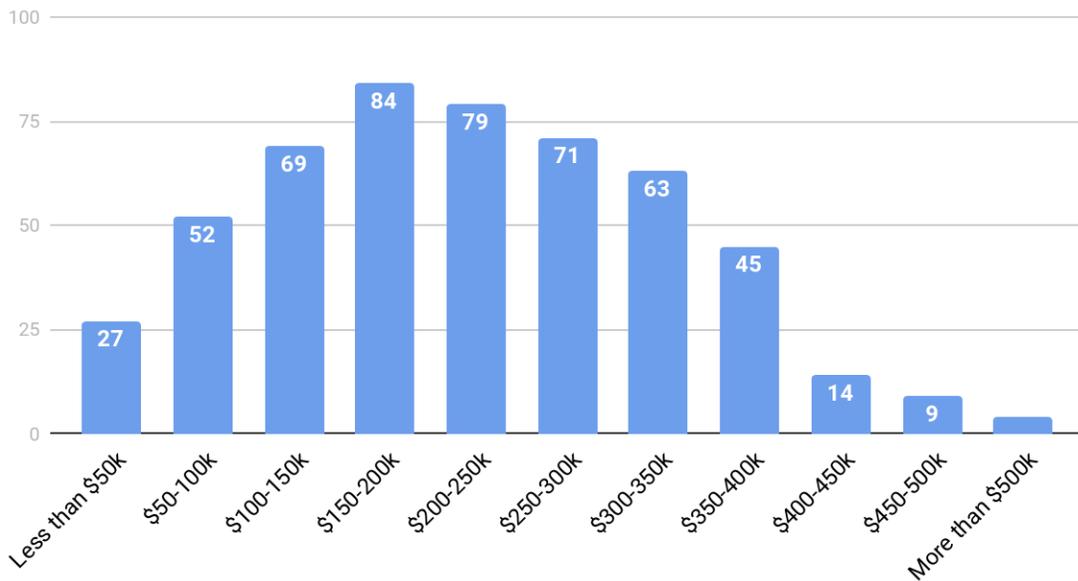
Together with other foreclosed mortgages, like the many defaults arising from underwater property owners' failures to pay property taxes (716 Newark properties in 2011 alone)¹³, many Newark neighborhoods experienced a tremendous loss of wealth. By one account, Newark homeowners are estimated to have lost almost \$2 billion in property value as a result of the 6,810 foreclosures that occurred between 2008 and 2012 alone.¹⁴ However, what affected mostly middle-class homeowners affected their neighbors and Newark as a whole. Research on the economic externalities of foreclosures has demonstrated consistent blighting effects—measurable in depressed property values, higher municipal costs for police, fire and sanitation and diminished tax base—as a result of even a single foreclosure.¹⁵ One study estimates the costs of foreclosures to Newark for only the period 2010-2015 at \$56 million.¹⁶

These collective costs hit certain neighborhoods with disproportionate force, destabilizing housing markets and contributing to vacancies and abandonment (“V&A”). The interaction between foreclosures and V&A is not always clear. Foreclosures are not always vacant and abandoned, and V&A are not always the result of foreclosure. Though this makes determining causation difficult, we can point to important correlations. In their foreclosure study of Newark, Christopher Niedt and Stephen McFarland found that in seven out of 19 census tracts with high PLS loans, the housing vacancy rate either increased sharply or stayed elevated. In five more, a clear connection between foreclosures and vacancy was evident. In the remaining five tracts, foreclosure seemed to contribute little. The authors concluded, “PLS mortgages have exacerbated the the foreclosure crisis, increasing risk to homeowners, *expanding the vacant housing stock*, and contributing to the vicious cycle of blight in Newark.”¹⁷ A similar convergence of high foreclosure rates, high vacancy rates and high poverty were replicated in another study of Newark.¹⁸

Homeownership Riddle: Low Prices Yet High Costs to Own

Also slow to recover from the Great Recession is residential real estate in Newark. While rents have increased, property values remain relatively low. According to the Census, Newark lost 22% of its median home value between 2010 and 2015. Zillow reports that the current median home value (2017) in the city is \$219,000.

Recent Home Sales in Newark, September 2016-August 2017

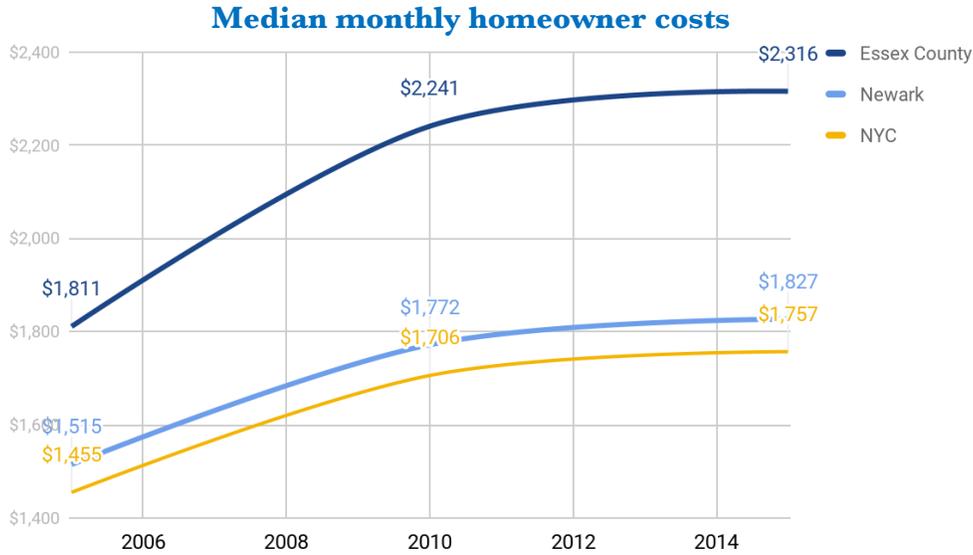


Housing prices are equally distributed around the median sales price of \$219,000.

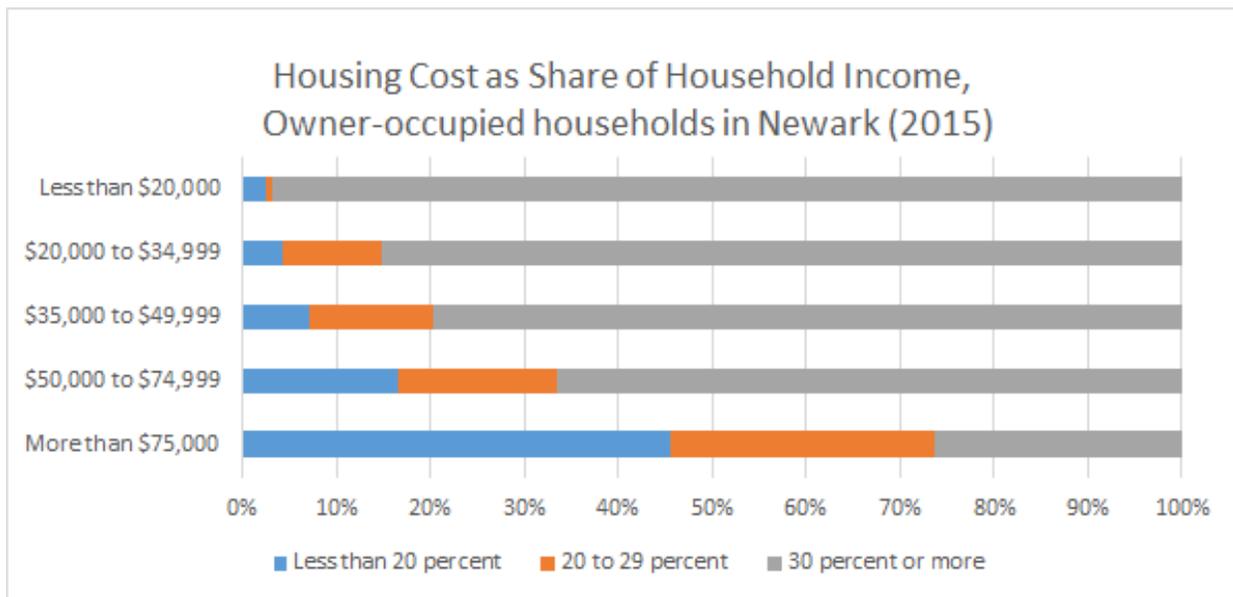
The differences in median prices by ward are striking. The East Ward—the only ward to belie early signs of traditional gentrification underway—has a median sales price (\$291,000) significantly greater than every other ward, and a price per square foot (\$137) that is almost double the amount in the West Ward (\$75).

Ward	Number of listings sold (9/16-9/17)	Average Sales Price	Median Sales Price	Average Square Footage	Average price per square foot
Central	78	\$186,250	\$215,000	2,266 sf	\$82/sf
East	92	\$288,302	\$291,500	2,100 sf	\$137/sf
South	102	\$222,045	\$233,250	2,568 sf	\$86/sf
West	133	\$176,840	\$210,000	2,360 sf	\$75/sf
North	109	\$237,274*	\$215,000	2,336 sf	\$102/sf

Newark’s residential properties are low relative to home prices in both the county and the expensive New York-New Jersey metropolitan region.



However, the *costs* of ownership in Newark exact a heavy mortgage burden—significantly greater than renting. Indeed, most of Newark’s homeowners are mortgage burdened, meaning they pay more than 30% of their income on their house note.



Evictions Are High and Renters Are Vulnerable

Thanks to the pioneering work of Seton Hall law professor Paula Franseze, we have a comprehensive view of evictions in Newark where the rate is approximately 25%. Tenants with valid defenses against their landlords are not represented by counsel, do not assert their defenses and, in the rare instances when they do, their outcomes are often quite different. Specifically, Franseze’s 2014 study¹⁹ found the following points of legal vulnerability:

- About 40,000 rental eviction proceedings were brought that year;
- Of those only 80 tenants asserted breach of Implied Warranty of Habitability as a defense—just 0.2 percent;
- Thirty of those 80 tenants were reached by Franzese’s study, or 37.5 percent;
- Of those, more than half invoked the defense successfully.

Franseze identified several structural problems, including: the lack of coordinated framework for courts, agencies and housing experts as well as a lack of a unified housing code enforcement system;²⁰ the fact that landlords in violation of the warranty of habitability nevertheless continue to receive payments from tenants and subsidies from housing agencies;²¹ and, the wide use of proprietary “blacklists” that record the names of tenants who *for whatever reason* and *regardless of whether they won or lost* their cases were involved in court proceedings, including ones in which they were successful plaintiffs.²² The

blacklists may be used by landlords without the tenant’s knowledge to deny them future housing. Franzeze makes several recommendations for reform,²³ as do we later in the recommendations part of this report.

Summary

What this means for the larger picture of Newark’s nascent redevelopment, however, is that the city must act as a firm steward of equity on behalf of a proud but fragile population. That is, it must implement policies and use all the expertise at its disposal to ensure that growth means opportunity, and opportunity is radically inclusive to embrace the very people most growing cities have left behind. Local government has long had the institutional power to promote social mobility for its residents—through housing policies, health care infrastructure, law enforcement and public safety, recreation, transportation and, perhaps most meaningfully, education. The preceding Part revealed the dimensions of housing vulnerability reflected in rent burdens, asking rents, abandonment, foreclosures and evictions. Each is a symptom of limited household resources. We look next at the causes.

Part 2 - Causing the Affordability Crisis: A Story of Intersectionality

Why is housing so expensive, particularly rents? Although the lack of housing affordability has become the norm for many people—especially renters—across the country, we focus in this section on the web of factors that make housing costs especially burdensome for moderate-, low-income and poor Americans, especially Newarkers. What has happened to them is a bellwether for most renters. It reflects what may be called an “intersectionality” of factors that come together through a constellation of forces that reinforce each other, making it harder for renters to ever afford available rents (as long as rents keep rising, which they have).

Consider this basic dynamic. We all know that income capacity dictates a lot about housing options, but we also know that human capital development dictates a lot about future earnings. If lack of income “buys” a renting family access only to weaker schools and less healthy living environments as well as social distance from employment and networking opportunities, we can predict that children growing up in such neighborhoods are at a distinct disadvantage for ever acquiring the human capital that increases the likelihood of earning enough to afford higher rents in more resource-rich communities. This is intersectionality at work. On the other hand, children who are fortunate to grow up in neighborhoods whose institutions are better designed to increase their human capital will more likely grow up to take advantage of opportunities to earn more. They will then enter a higher-end housing market, whose robustness will attract more real estate investment. This bifurcated housing market between high end and low end rentals will continue to squeeze low-earning renters, who cannot “compete” in the market for expensive rentals.

Much of the analysis of causation that follows is supported by strong research findings, but some of it is based on the intersectionality hypothesis. Here are the main factors that explain the high cost of housing.

1. Lack of (Government) Investment in Affordable Housing Development

Although it is tempting to begin with housing demand explanations, affordable housing supply issues are characteristic of virtually every community facing the crisis. There simply is not enough housing being built or preserved that is affordable to most renters. In Newark, this has been especially true over the last two decades. Building costs for labor, materials and land are very high in the New Jersey-New York metropolitan area. Some builders we spoke with here and elsewhere explain that government subsidies necessary to finance affordable projects at a reasonable profit have decreased dramatically or have become so complicated that they prefer more direct alternatives.²⁴ Given much greater profit potential for luxury development, builders—aided by city governments eager to attract wealthier taxpayers—habitually turn to high-end new construction projects.

At the same time, *direct* government investment in the construction of affordable units has been in decline since the Reagan Administration.²⁵ Although the shift in federal housing policy to more decentralized modes of production through block grants and subsidies to local networks of community developers produced a lot of housing,²⁶ it did not produce enough. This is not to say that Newark has not seen affordable housing development by other means. Hundreds of units have been built or renovated by small developers and networks of community development corporations such as the Ironbound Community Development Corporation, La Casa de Don Pedro and New Community Corporation.²⁷ Even so, the supply has not kept up with demand.



Photo by Dawan Alford

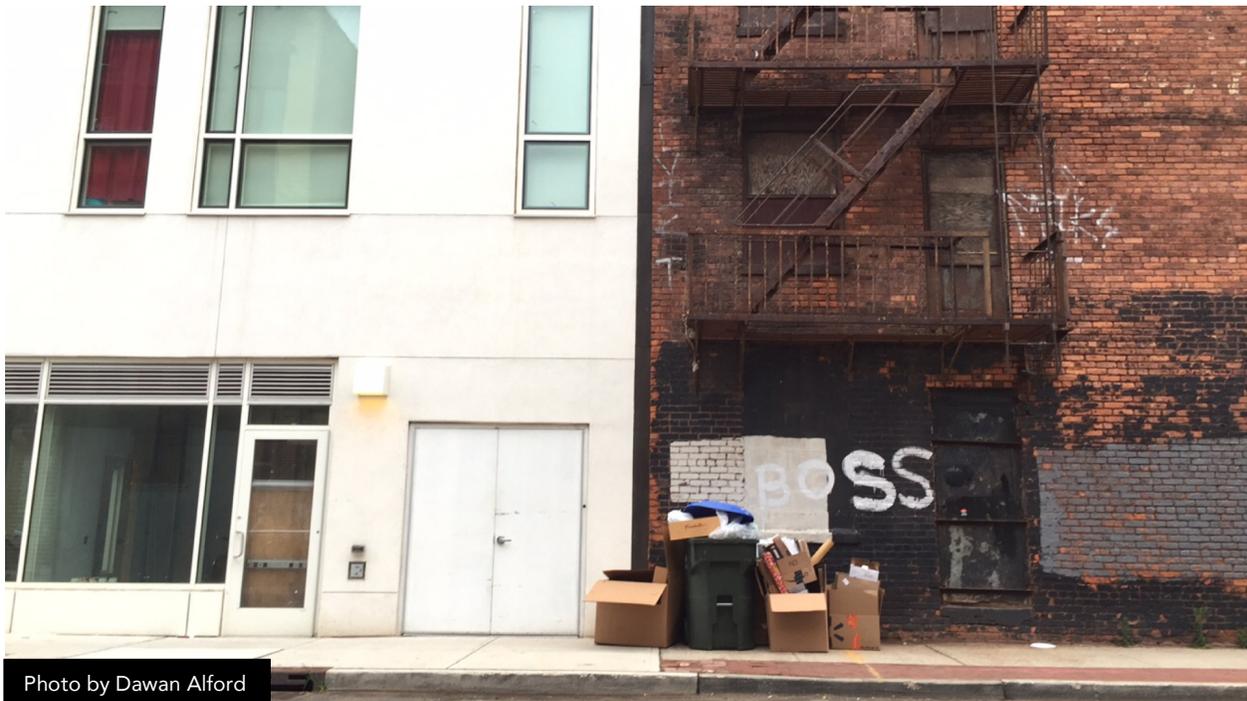
The *loss* of government-owned or subsidized affordable housing is another dimension to the withdrawal of the public sector from affordable housing production. Like many U.S. cities, Newark demolished most of its high-rise public housing without immediate one-for-one replacement of lost units. Residents were often given housing choice vouchers, reflecting the change in government philosophy away from housing authorities as landlords. But the number of vouchers has not kept up with the need, and many landlords ignore their legal obligations to accept them. Thus, by pulling out of the housing market as a direct housing producer yet permitting landlords in more desirable areas to reject vouchers, the federal and state governments have steered the market away from low-income renters. In the few places they can still find affordable rents, landlords can charge even more.²⁸

All of these aspects of government involvement and withdrawal affect the conditions of housing supply. They shape a market in which the incentives for constructing or renovating sufficiently low-cost housing options pale dramatically compared to high-rent alternatives.

2. Regulation and Lack of Enforcement

Government regulation of housing quality and land use drives up the cost of housing and decreases overall affordability. We may want to ensure that housing conditions are safe and habitable, that building permits are issued in a sound manner and that zoning is both “rational” and ecologically sound, but these requirements increase the costs of building.²⁹ Many of these regulations are imposed by city governments, like Newark’s. However, many are imposed by neighboring municipal governments, especially zoning.

New Jersey’s cities have a long history of being the unwilling repositories of affordable housing as a result of the concerted promulgation of exclusionary zoning policies—i.e., those that prohibit greater density and the economic integration that comes with it.³⁰ Sitting amid the wide inequality of Essex County’s fragmented quilt of rich and poor municipalities, the job of housing the county’s lower-income renters has fallen unfairly on Newark for at least 50 years. Again, as affordable options dry up in a region, even affordable housing costs may rise in the few places where such housing exists.



Next is the problem of government not doing enough enforcement to *preserve* the affordable housing stock it already has. Newark has been unable to devote the staffing resources to ensure adequate registration and compliance with its rent control regulations, leaving residents in either substandard units or, when landlords illegally charge too much, losing the units to market rates. Of course, cities can deliberately reduce the supply of affordable housing when they withdraw their commitments to their own public housing stock, as Newark has most recently indicated in discussions around Terrell Homes, or defer maintenance to the point where public housing units are deemed no longer habitable, as New York City has.

These are supply-side, or production, factors affecting the sheer availability of housing offered at affordable rents, either through a diverse market or government subsidization. The next factors affect demand, or consumption.

3. Income Incapacity and Financial Vulnerability

One of the most important causes of the affordability crisis is the sheer inability of people to earn enough to pay for available rental options. People simply do not make high enough wages to cover rent without devoting an unreasonable proportion of their take-home pay to housing. Of course, some people do, but they don't tend to live in Newark. As the New Jersey Institute for Social Justice stated in their *A Tale of Two Americas* report:

- The majority of people working in Newark (56.4 percent) earn more than \$40,000 annually, even as one-in-three local residents live below the poverty line.
- In comparison with non-Newark residents, local residents hold 26 percent of jobs paying less than \$15,000 annually in Newark and 28 percent of jobs paying between \$15,000 and \$40,000 per year, but only 10 percent of jobs paying more than \$40,000 annually.
- Despite having a higher labor force participation rate, people of color in Newark have the highest unemployment rates, with Black residents experiencing an unemployment rate double that of white residents.
- Newark residents commute long distances for work at a great financial and time cost. Among employed Newark residents, 60 percent of them commute to other counties in New Jersey and New York for employment, and most of the employed Newark residents (61.9 percent) drive to work. About one-fourth (26.4 percent) of employed Newark residents rely on public transportation for work, with nearly half of them (48.3 percent) having a commute of at least 60 minutes.³¹

These findings help to convey a pervasive financial vulnerability that translates directly into housing instability. Such vulnerability then contributes mightily to the evidence of excessive rent burden and, for those who fall to far behind, evictions, as we described in the last section.

4. Nowhere to Go

Then why don't people leave? As we'll see, some Newarkers are forced to leave the city in search of lower-cost housing elsewhere. But the options are few. Although we heard anecdotal claims that residents fled to Allentown, PA, the more obvious choices are not much cheaper. For example, next door is Irvington, a working-class suburb, where median rents were \$967 per month in 2016.³² Also adjacent is East Orange where the median rent was almost \$1,000 in 2016.³³

Another reason is discrimination. Very few authoritative studies of housing discrimination in Essex County have been conducted in recent years. However, the County's 2015 Analysis of Impediments to Fair Housing, prepared as a condition of continued HUD funding, noted what many Newarkers will disclose privately: discrimination based on source of income, race, ethnicity, national origin and familial status are all factors severely limiting housing choice beyond Newark's borders.³⁴



5. Foreclosure Effects

In cities with very high foreclosure rates like Newark, the loss of homeownership also contributes to a lack of affordability by contributing to the demand for rental housing. Many homeowners who lost their homes to foreclosure become renters. However, the foreclosure of homes as a result of tax delinquency creates a speculative market for real estate investors, who may buy up foreclosed properties and rent them out for the maximum the market will bear.³⁵

6. Tighter Constraints on Tenants

Finally, a lack of affordability may strike some tenants because of changes in eligibility rules. We saw earlier how landlords take advantage of proprietary data sets to screen out tenants who have either been sued for non-payment or, in many cases, were simply involved in a landlord-tenant dispute that they ultimately won or was dismissed. These “blacklists” make finding a home harder for tenants and increase the competition for units whose landlords will overlook them. These practices follow years of increasingly stringent “zero-tolerance” rules in public housing eligibility where entire families may be evicted because of a crime—even an attempted crime—by a family member.³⁶ We heard anecdotal accounts of renters seeking serial short-term rentals through online sources like Airbnb at significantly higher monthly rents simply because they could not survive background checks.

Summary

The analysis above contains both ascertainable facts for Newark and, when we could not discover them, plausible inferences based on similar conditions described in the housing literature. It is a story of intersectionality where various institutional forces affecting housing instability come together to sustain unaffordable choices. We hypothesized that Newark’s affordability crisis is propelled by a combination of housing supply and housing demand factors, some of which are peculiar to working-class, post-industrial cities that retain a large majority of blacks, Latinos and foreign-born residents. Supply has been diminished by the lack of adequate public investment in new or renovated affordable housing; the cost of housing development that makes more expensive housing more profitable to build; the gradual loss of public housing units; and the effect of building and land use regulations in Newark and its region that further increase housing development costs.

Housing demand factors also affect affordability. The wages and incomes of Newarkers do not cover the rents charged in the city, and there are few options to find cheaper housing elsewhere. Few communities in the region offer lower-cost housing alternatives. High rates of foreclosure increased the renter population while providing grist for a speculative market of investor landlords. Finally, tighter constraints on tenant eligibility, especially in public housing, has sent a stream of renters otherwise eligible for subsidized housing into an overheated private rental market.

Part 3 - Displacement and Gentrification

1. Fearing It, Defining It and Forecasting It

Measuring and explaining the lack of affordable housing in Newark leads to an analysis of its worst-case outcome: displacement. Once again intersectionality is at work. Our research turned up ample risk of housing displacement caused by the intersectional forces of limited affordability. The combination of supply-side deficits and heightened financial vulnerability among households set in the context of an expensive region that is attracting downtown development raises the risks of housing displacement for people stretched to the margins. Indeed, it sounds a familiar alarm: displacement by gentrification. As this analysis will show, however, we think the risks of displacement are real, but the threat of displacement by the traditional processes of gentrification is still premature for most of Newark.



Yet Newarkers are right to fear gentrification. The intersectional vulnerability faced by working people unable to afford to stay where they are meets its unkindest cut when new development finally comes to their neighborhoods and rejects their very existence.

Newark undeniably needs—and deserves—more investment, a stronger tax base and the capacity to do more on behalf of its residents. After all these years, a boom would be welcome. However, rarely have a city’s needs for reinvestment coincided with the needs of its most vulnerable residents.

This is why few processes elicit the anger, excitement and anxiety of our lived spaces like the word gentrification. To those who seek it, it represents revitalization. For those who dread it, it represents displacement—and worse. For these reasons it defies easy definition. The simplest may be this: “Gentrification is the return of the middle class and wealthy to cities, cities that through much of the twentieth century were markedly abandoned socially, politically, and economically.”³⁷ Embedded in that idea are all the spatial realities of the nation’s widening inequality. That gentrification beautifies and popularizes places once deemed marginal seems consistent with neoliberal strategies for making cities economically viable after the withdrawal of the federal role in the 1970s. However, that reality—played out in nearby places like Jersey City and Brooklyn or farther away in Washington, D.C. and Oakland—has inevitably stamped the marginal status of mostly African-American and Latino neighborhoods, disappearing the residents without including them in the new gains. Many Newarkers, a proud working-class population of overwhelmingly black and brown people, are wary that any revitalization of their cash-strapped city will inevitably come with an invasion of white, young professional consumers, happy to erect commercial communities tied exclusively to their tastes. They fear a loss of their city as well as a loss of their homes.

The fear reflects a place-based reality about gentrification: It is *process*, more than just buildings, a structural economic process that embodies social transformation.³⁸ Newark’s neighborhoods are symptoms of this process—the loss of people and jobs to economic restructuring as industry gave way to services; the decline of union jobs and middle-class wage levels; the loss of political power to other areas of the state; the diminution in public resources and the weakening of public institutions. Researchers suggest that gentrification fills this void by exploiting so-called “rent gaps” and providing new places (literally, real estate) for profitable investment in the absence of other investments.³⁹ Were global investors to “find” Newark, the path to gentrification requires different agents and follows particular phases.⁴⁰ First come the public relations boosters, who advertise the city as a great new place for gentrifiers.⁴¹ Next come the “pioneers”—often artists—who move into more gritty neighborhoods because of lower relative costs but who create a reputation for “buzz” and hipness to outsiders. These entrants in turn attract investors, many of them speculators, who buy up and drive up rental costs. The next phase involves middle-class entrenchment through the commercial makeover of the area’s consumer tastes and options and the gradual transfer of power over local political institutions to middle-class residents. More recent research suggests that there may be a final phase in some cities, the arrival of truly global capital that has transformed cities like

London, New York and San Francisco real estate for the ultra wealthy.⁴² Displacement of those who cannot resist the waves of structural change is inevitable in nearly every scholarly account. Most Newarkers would qualify.



We looked at displacement, gentrification and displacement by gentrification in this sensitive context. We ourselves worried that even politically progressive cities such as San Francisco, New York and Boston—cities with the most equitable stated intentions—had all managed to gentrify rapidly at a cost of city character and the homes once occupied by working-class households of color. Would Newark be different? Can it?

Nobody knew what a microbrew really was: How gentrification in Newark could occur

To be clear, the risk of gentrification, even of the type that is not driven by titanic waves of global capital in the so-called “superstar cities”, is not that it will drive one-for-one displacement in the neighborhoods where it is most acutely occurring. Rather, the risk is that it will follow the pattern described in our analysis of market unaffordability above. It will happen by accretion. Land values will increase in one small part of the city for a while, gradually driving up land values immediately adjacent to the “hot spots.” Land speculators will buy up nearby lands and hold it until demand for more profitable uses increases, thereby enlarging the hot spot across neighborhood boundaries. As the city’s population and reputation in those larger hot spots changes, the demand for higher-end housing will increase, creating incentives to develop areas no one ever thought of investing in.

Newark is only 24 square miles, a fraction of other cities. If this process of accretion were to blast off in the East Ward, with new employers and a significant new class of residents spreading the joys of life in Newark, displacement by gentrification could easily take hold. Every city that has ever radically gentrified was peopled by folks who never could imagine paying the prices people now regularly pay to live there.

Although the prospect of gentrification has lately inspired a lot of concern (and some fear) in Newark, gentrification—at least in its typical forms—does not seem to be driving displacement in the City yet. The risk is growing, especially in the East Ward, as we show below. Nevertheless, we conclude that Newarkers are experiencing high displacement risks, but not as a result of the traditional processes associated with gentrification. Most of our reasons are quantitative and can be seen in the discussion of DRIM that follows. Some of our reasons are more straightforward, including:

- Newark (and its immediate region) does not yet have the employment base in higher-end professional jobs that typically attracts a significant “gentry” to live within the city.
- Newark does not have a large inventory of “gentrifiable” housing types and would have to build significantly.
- With the exception of a few Central Ward plots, Newark’s neighborhoods are now largely a patchwork that include small subsidized communities and blocks or swaths of abandoned properties, making large-scale, higher-end housing development less likely to expand far beyond the City’s core.
- The reputation of Newark’s public schools is not yet strong enough to compete with alternative districts in Essex County, and the private school options for “gentrifier” families are limited.
- Newark government currently and historically has not subsidized housing asymmetrically—favoring expensive residential projects over affordable housing—and is not likely to follow the lead of other cities and start now.
- Redevelopment can occur in cities without the displacing effects of gentrification, and Newark seems politically committed to that goal.

2. Calculating Housing Displacement Risk: The Displacement Risk Indicators Matrix (DRIM)

Because gentrification means so many different things to people, and because displacement is often measured after the fact, CLiME sought to create a quantitative guide to characterize and forecast housing displacement risk. Because the subject is complicated, we tried to simplify without obscuring the convergence of forces that exclude people. We borrowed elements from gentrification indices developed by others, though found most of them inapposite to Newark. The DRIM was designed as an assessment tool for policymakers, organizers, developers and the public to view the City and its five wards through select data condensed into variables that demonstrate risks associated with housing displacement. These risks are not always identified with typical gentrification. While some cities may be appropriate contexts for a gentrification index, we chose *displacement* for Newark because that is currently the more accurate framework for understanding these markets. Using the DRIM, policymakers can measure the potential impact of contemplated policy initiatives or proposed developments for the goal of equitable growth as well as for preventing traditional gentrification from taking root.

Organization of the Matrix: 3 Categories, 2 Time Periods, 6 Places

We began by identifying a sufficient number of determinative displacement factors that can be reliably quantified from accessible public data over time and condensed them into a reasonable number—ten. The ten displacement factors were then grouped into three conceptual categories. Each category can stand alone or be viewed in conjunction with one or both of the others. They are:

1. **VULNERABILITY**—stress indicators on households:
 - rent burden,
 - median gross rent,
 - median household income and
 - poverty rate
2. **MARKET DYNAMICS**—indicators that show *rising* rents, decreased affordability and new construction:
 - “affordable rents” = the percentage of households paying less than \$900;
 - “high rents” = the percentage of households paying more than \$1250, HUD’s fair market rate—FMR—for a 2BR unit;
 - new occupancy permits issued per 1000 housing units

-
3. **“GENTRIFIER” POPULATION** –indicators showing increases in the presence of wealthier, more college-educated renters:
- Owner-occupied households (number and as a percentage). This factor may or may not suggest displacement, depending on the kinds of units (high-end 1BR condo or single family home, price). It excludes investor rental properties.
 - Change in percentage of non-Hispanic whites;
 - Change in percentage of residents with college degrees

The categories are set up in three blocks of time: the present (2015), the past (2000) and the change in between (trends). The first and third blocks are probably the most useful; the second (2000) is an interesting reference point. We rely primarily on analysis of U.S. Census data (American Community Survey, 2000-2015).

The City statistic is always the baseline for comparison to the individual wards, and it is represented in the white “Newark” column. The five columns that follow represent the five wards.

CLiME Displacement Risk Indicators Matrix Newark, NJ 2000-2015

Displacement Risk Indicator Matrix (DRIM)

CLiME, Fall 2017

Higher risk	Color Legend	Lower risk but still high	Lower risk
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2015	Newark		East Ward		Central Ward		North Ward		South Ward		West Ward	
	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic
Vulnerability												
1 EXTREME RENT BURDEN (% of households)	High	31%	Less rent-burdened	26%	Less rent-burdened	28%	Equally rent-burdened	31%	More rent-burdened	34%	More rent-burdened	37%
2 RENT (Median gross rent)	Moderate	\$973	More expensive	\$1,026	More expensive	\$859	Less expensive	\$945	Less expensive	\$909	More expensive	\$1,004
3 INCOME (Median household income)	Low	\$33,133	More income	\$41,952	Less income	\$31,152	Less income	\$30,830	Less income	\$30,315	Less income	\$32,615
4 POVERTY (% of households with incomes below poverty level)	High	29%	Less poverty	23%	More poverty	34%	More poverty	29%	More poverty	32%	More poverty	36%
Market Dynamics												
5 AFFORDABLE RENTS (% of households paying <\$300)	Low	42%	More affordable	30%	More affordable	53%	Less affordable	40%	Less affordable	41%	More affordable	39%
6 HIGH RENTS (% of households paying >\$1250, FMR for 2-bed)	Low	24%	More high-rent units	28%	Less high-rent units	19%	Less high-rent units	22%	Equal high-rent unit	24%	More high-rent unit	26%
7 OCCUPANCY PERMITS (per 1000 housing units in 2012-2015)*	Low	7.7	More occupancy per	9.5	More occupancy per	11.4	Less occupancy per	5.0	Less occupancy per	5.2	Less occupancy per	4.3
Demographic Population												
8 OWNER-OCCUPIED (Number of households)	Low	20,086	Less owner-occups	3,446	Compared to city	3,083	Compared to city	4,155	Compared to city	4,210	Compared to city	5,192
9 OWNER-OCCUPIED (% of households)	Low	22%	Less owner-occups	18%	Less owner-occups	19%	Less owner-occups	22%	More owner-occups	23%	More owner-occups	26%
10 NON-HISPANIC WHITE (% of population)	Low	11%	More non-Hispanic	31%	Less non-Hispanic	7%	Less non-Hispanic	8%	Less non-Hispanic	2%	Less non-Hispanic	2%
10 BACHELORS DEGREE (% of population)	Low	13%	Less college-educal	13%	More college-educal	19%	Less college-educal	13%	Less college-educal	12%	Less college-educal	13%
2000												
Vulnerability												
1 EXTREME RENT BURDEN (% of households)	Moderate	23%	Less rent-burdened	18%	Less rent-burdened	22%	More rent-burdened	24%	More rent-burdened	24%	More rent-burdened	26%
2 RENT (Median gross rent)	Low	\$596	More expensive	\$600	Less expensive	\$456	More expensive	\$614	Less expensive	\$523	Less expensive	\$619
3 INCOME (Median household income)	Low	\$27,058	More income	\$32,464	Less income	\$23,642	More income	\$27,429	Less income	\$25,888	Less income	\$27,862
4 POVERTY (% of households with incomes below poverty level)	High	28%	Less poverty	21%	More poverty	39%	Less poverty	26%	More poverty	30%	Less poverty	27%
Market Dynamics												
5 AFFORDABLE RENTS (% of households paying <\$750)	High	76%	Less affordable	73%	More affordable	86%	Less affordable	71%	More affordable	78%	Less affordable	70%
6 HIGH RENTS (% of households paying >\$500, inflation-adjusted FMR)	Low	9%	More high-rent units	10%	Less high-rent units	5%	More high-rent units	11%	Less high-rent units	8%	More high-rent unit	11%
7 OCCUPANCY PERMITS (per 1000 housing units in 1997-2011)*	Moderate	24.5	Less occupancy per	23.5	More occupancy per	41.0	Less occupancy per	16.8	Less occupancy per	9.3	Less occupancy per	14.4
Demographic Population												
8 OWNER-OCCUPIED (Number of households)	Low	21,738	Less owner-occups	4,129	Compared to city	2,714	Compared to city	4,313	Compared to city	4,515	Compared to city	6,057
9 OWNER-OCCUPIED (% of households)	Low	22%	More owner-occups	23%	Less owner-occups	14%	More owner-occups	23%	Less owner-occups	21%	More owner-occups	21%
10 NON-HISPANIC WHITE (% of population)	Low	14%	More non-Hispanic	48%	Less non-Hispanic	5%	More non-Hispanic	16%	Less non-Hispanic	1%	Less non-Hispanic	5%
10 BACHELORS DEGREE (% of population)	Low	9%	Less college-educal	7%	More college-educal	9%	More college-educal	10%	Less college-educal	9%	More college-educal	11%
2000-2015 Change												
Vulnerability												
1 EXTREME RENT BURDEN (% change in % of households)	More rent-burdened	37%	Larger increase	43%	Smaller increase	26%	Smaller increase	29%	Larger increase	43%	Larger increase	43%
2 RENT (% change in number)	More expensive	66%	Larger increase	71%	Larger increase	88%	Smaller increase	54%	Larger increase	74%	Smaller increase	62%
3 INCOME (% change in number)	More income	22%	Larger increase	29%	Larger increase	32%	Smaller increase	16%	Smaller increase	17%	Smaller increase	17%
4 POVERTY (% change in % of households)	More poverty	3%	Larger increase	5%	Decrease	-12%	Larger increase	9%	Larger increase	7%	Larger increase	12%
Market Dynamics												
5 AFFORDABLE RENTS (% change in % of households)	Less affordable unit	-45%	Larger decrease	-59%	Smaller decrease	-38%	Smaller decrease	-44%	Smaller decrease	-40%	Equal decrease	-45%
6 HIGH RENTS (% change in % of households)	More high-rent units	166%	Larger increase	176%	Larger increase	262%	Smaller increase	100%	Larger increase	190%	Smaller increase	148%
7 OCCUPANCY PERMITS (% change in number of permits)*	Less occupancy per	-69%	Smaller decrease	-60%	Larger decrease	-72%	Larger decrease	-70%	Smaller decrease	-44%	Larger decrease	-70%
Demographic Population												
8 OWNER-OCCUPIED (Change in number of households)	No change	0%	Decrease	-683	Compared to city	369	Compared to city	-158	Compared to city	-305	Compared to city	-865
9 OWNER-OCCUPIED (% change in % of households)	Less non-Hispanic	-24%	Larger decrease	-35%	increase	33%	Decrease	-53%	increase	-9%	Decrease	-3%
10 NON-HISPANIC WHITE (% change in % of population)	More college-educal	48%	Larger increase	87%	Larger increase	103%	Smaller increase	36%	Smaller increase	165%	Larger decrease	-53%
10 BACHELORS DEGREE (% change in % of population)												

How to Read the DRIM

1. Note the baseline

In general, red indicates a variable showing higher risk of housing displacement, yellow is lower than red but still high while green represents lower risk. These risk levels are all relative to the City as a whole—the baseline—which in most cases is already pretty high. In the example below, we characterized vulnerability factors for Newark as a whole in 2000. The rate of extreme rent burden (i.e., paying more than 50% of income toward rent) is “moderate” at 23%, but for many cities that would be very high. Next, median gross rents of \$586 were low for the region (note how they rise in the “change” block and their 2015 amount). Incomes are low and poverty rates high for the City compared to other cities.

2000		Newark	
Vulnerability		<i>Characterization</i>	<i>Statistic</i>
1	EXTREME RENT BURDEN (% of households)	Moderate	23%
2	RENT (Median gross rent)	Low	\$586
3	INCOME (Median household income)	Low	\$27,058
4	POVERTY (% of households with incomes below poverty level)	High	28%
Market Dynamics		<i>Characterization</i>	<i>Statistic</i>
5	AFFORDABLE RENTS (% of households paying <\$750)	High	76%
6	HIGH RENTS (% of households paying >\$900, inflation-adjusted FMR)	Low	9%
7	OCCUPANCY PERMITS (per 1000 housing units in 1997-2011)*	Moderate	24.5
"Gentrifier" Population		<i>Characterization</i>	<i>Statistic</i>
8	OWNER-OCCUPIED (Number of households)	Low	21,738
8	OWNER-OCCUPIED (% of households)	Low	22%
9	NON-HISPANIC WHITE (% of population)	Low	14%
10	BACHELORS DEGREE (% of population)	Low	9%

2. Compare the wards by their relation to the city-wide statistic.

2015		Newark		East Ward	
Vulnerability		Characterization	Statistic	Compared to city	Statistic
1	EXTREME RENT BURDEN (% of households)	High	31%	Less rent-burdened	26%
2	RENT (Median gross rent)	Moderate	\$973	More expensive	\$1,026
3	INCOME (Median household income)	Low	\$33,139	More income	\$41,952
4	POVERTY (% of households with incomes below poverty level)	High	29%	Less poverty	23%
Market Dynamics		Characterization	Statistic	Compared to city	Statistic
5	AFFORDABLE RENTS (% of households paying <\$900)	Low	42%	Less affordable	30%
6	HIGH RENTS (% of households paying >\$1250, FMR for 2-bed)	Low	24%	More high-rent units	28%
7	OCCUPANCY PERMITS (per 1000 housing units in 2012-2016)*	Low	7.7	More occupancy pe	9.5
"Gentrifier" Population		Characterization	Statistic	Compared to city	Statistic
8	OWNER-OCCUPIED (Number of households)	Low	20,086		3,446
8	OWNER-OCCUPIED (% of households)	Low	22%	Less owner-occupa	18%
9	NON-HISPANIC WHITE (% of population)	Low	11%	More non-Hispanic	31%
10	BACHELORS DEGREE (% of population)	Low	13%	Less college-educal	13%

3. Compare the wards to the city-level indicators for both 2000 and 2015.

2015	Newark		East Ward		Central Ward		North Ward		South Ward		West Ward		
Vulnerability	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	
1	EXTREME RENT BURDEN (% of households)	High	31%	Less rent-burdened	28%	Less rent-burdened	28%	Equally rent-burder	31%	More rent-burdened	34%	More rent-burdened	37%
2	RENT (Median gross rent)	Moderate	\$973	More expensive	\$1,026	Less expensive	\$859	Less expensive	\$945	Less expensive	\$908	More expensive	\$1,004
3	INCOME (Median household income)	Low	\$33,139	More income	\$41,952	Less income	\$31,162	Less income	\$31,830	Less income	\$30,315	Less income	\$32,615
4	POVERTY (% of households with incomes below poverty level)	High	29%	Less poverty	23%	More poverty	34%	Less poverty	28%	More poverty	32%	More poverty	30%
Market Dynamics	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	
5	AFFORDABLE RENTS (% of households paying <\$900)	Low	42%	Less affordable	30%	More affordable	53%	Less affordable	40%	Less affordable	47%	More affordable	39%
6	HIGH RENTS (% of households paying >\$1250, FMR for 2-bed)	Low	24%	More high-rent units	28%	Less high-rent units	19%	Less high-rent units	22%	Equal high-rent unit	24%	More high-rent unit	28%
7	OCCUPANCY PERMITS (per 1000 housing units in 2012-2016)*	Low	7.7	More occupancy pe	9.5	More occupancy pe	11.4	Less occupancy pe	5.0	Less occupancy pe	5.2	Less occupancy pe	4.3
"Gentrifier" Population	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	
8	OWNER-OCCUPIED (Number of households)	Low	20,086		3,446		3,083		4,155		4,210		5,182
8	OWNER-OCCUPIED (% of households)	Low	22%	Less owner-occupa	18%	Less owner-occupa	19%	Less owner-occupa	22%	More owner-occupa	23%	More owner-occup	28%
9	NON-HISPANIC WHITE (% of population)	Low	11%	More non-Hispanic	31%	Less non-Hispanic v	7%	Less non-Hispanic	8%	Less non-Hispanic	2%	Less non-Hispanic	2%
10	BACHELORS DEGREE (% of population)	Low	13%	Less college-educal	13%	More college-educal	19%	Less college-educal	13%	Less college-educal	12%	Less college-educal	13%

2000	Newark		East Ward		Central Ward		North Ward		South Ward		West Ward		
Vulnerability	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	
1	EXTREME RENT BURDEN (% of households)	Moderate	23%	Less rent-burdened	18%	Less rent-burdened	22%	More rent-burdened	24%	More rent-burdened	24%	More rent-burdened	28%
2	RENT (Median gross rent)	Low	\$588	More expensive	\$800	Less expensive	\$458	More expensive	\$614	Less expensive	\$523	Less affordable	\$819
3	INCOME (Median household income)	Low	\$27,058	More income	\$32,464	Less income	\$23,842	More income	\$27,429	Less income	\$25,988	Less income	\$27,862
4	POVERTY (% of households with incomes below poverty level)	High	28%	Less poverty	21%	More poverty	38%	Less poverty	28%	More poverty	30%	Less poverty	27%
Market Dynamics	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	
5	AFFORDABLE RENTS (% of households paying <\$750)	High	78%	Less affordable	73%	More affordable	88%	Less affordable	71%	More affordable	78%	Less affordable	70%
6	HIGH RENTS (% of households paying >\$900, inflation-adjusted FMR)	Low	9%	More high-rent units	10%	Less high-rent units	5%	More high-rent unit	11%	Less high-rent units	8%	More high-rent unit	11%
7	OCCUPANCY PERMITS (per 1000 housing units in 1987-2011)*	Moderate	24.5	Less occupancy pe	23.5	More occupancy pe	41.0	Less occupancy pe	18.8	Less occupancy pe	9.3	Less occupancy pe	14.4
"Gentrifier" Population	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	
8	OWNER-OCCUPIED (Number of households)	Low	21,738		4,128		2,714		4,313		4,515		6,057
8	OWNER-OCCUPIED (% of households)	Low	22%	More owner-occupa	23%	Less owner-occupa	14%	More owner-occupa	23%	Less owner-occupa	21%	More owner-occup	27%
9	NON-HISPANIC WHITE (% of population)	Low	14%	More non-Hispanic	48%	Less non-Hispanic v	5%	More non-Hispanic	18%	Less non-Hispanic	1%	Less non-Hispanic	5%
10	BACHELORS DEGREE (% of population)	Low	9%	Less college-educal	7%	More college-educal	9%	More college-educal	10%	Less college-educal	9%	More college-educal	11%

4. Note CHANGE between 2000 and 2015 at the city level, which we then use to quantify ward-level changes. Finally, put these snapshots and trends together in one matrix and the entire DRIM appears.

Displacement Risk Indicator Matrix (DRIM)

CLIME, Fall 2017

Color Legend		
Higher risk	Lower risk but still high	Lower risk

2015	Newark		East Ward		Central Ward		North Ward		South Ward		West Ward	
Vulnerability	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic
1 EXTREME RENT BURDEN (% of households)	High	31%	Less rent-burdened	26%	Less rent-burdened	28%	Equally rent-burdened	31%	More rent-burdened	34%	More rent-burdened	37%
2 RENT (Median gross rent)	Moderate	\$973	More expensive	\$1,026	Less expensive	\$859	Less expensive	\$945	Less expensive	\$909	More expensive	\$1,004
3 INCOME (Median household income)	Low	\$33,139	More income	\$41,952	Less income	\$31,162	Less income	\$31,830	Less income	\$30,315	Less income	\$32,615
4 POVERTY (% of households with incomes below poverty level)	High	29%	Less poverty	23%	More poverty	34%	Less poverty	29%	More poverty	32%	Less poverty	30%
Market Dynamics	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic
5 AFFORDABLE RENTS (% of households paying <\$900)	Low	42%	Less affordable	30%	More affordable	53%	Less affordable	40%	Less affordable	47%	More affordable	39%
6 HIGH RENTS (% of households paying >\$1250, FMR for 2-bed)	Low	24%	More high-rent units	28%	Less high-rent units	19%	Less high-rent units	22%	Equal high-rent unit	24%	More high-rent unit	26%
7 OCCUPANCY PERMITS (per 1000 housing units in 2012-2016)*	Low	7.7	More occupancy pe	9.5	More occupancy pe	11.4	Less occupancy pe	5.0	Less occupancy pe	5.2	More occupancy pe	4.3
Gentrifier* Population	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic	Compared to city	Statistic
8 OWNER-OCCUPIED (Number of households)	Low	20,086		3,446		3,083		4,155		4,210		5,192
9 OWNER-OCCUPIED (% of households)	Low	22%	Less owner-occupa	18%	Less owner-occupa	19%	Less owner-occupa	22%	More owner-occupa	23%	More owner-occupa	26%
10 NON-HISPANIC WHITE (% of population)	Low	11%	More non-Hispanic	31%	Less non-Hispanic	7%	Less non-Hispanic	8%	Less non-Hispanic	2%	Less non-Hispanic	2%
11 BACHELORS DEGREE (% of population)	Low	13%	Less college-educat	13%	More college-educat	19%	Less college-educat	13%	Less college-educat	12%	Less college-educat	13%

2000	Newark		East Ward		Central Ward		North Ward		South Ward		West Ward	
Vulnerability	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic						
1 EXTREME RENT BURDEN (% of households)	Moderate	23%	Less rent-burdened	18%	Less rent-burdened	22%	More rent-burdened	24%	More rent-burdened	24%	More rent-burdened	26%
2 RENT (Median gross rent)	Low	\$586	More expensive	\$600	Less expensive	\$456	More expensive	\$614	Less expensive	\$523	Less affordable	\$619
3 INCOME (Median household income)	Low	\$27,058	More income	\$32,464	Less income	\$23,642	More income	\$27,429	Less income	\$25,988	Less income	\$27,862
4 POVERTY (% of households with incomes below poverty level)	High	28%	Less poverty	21%	More poverty	39%	Less poverty	26%	More poverty	30%	Less poverty	27%
Market Dynamics	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic						
5 AFFORDABLE RENTS (% of households paying <\$750)	High	76%	Less affordable	73%	More affordable	86%	Less affordable	71%	More affordable	78%	Less affordable	70%
6 HIGH RENTS (% of households paying >\$900, inflation-adjusted FMR)	Low	9%	More high-rent units	10%	Less high-rent units	5%	More high-rent units	11%	Less high-rent units	8%	More high-rent unit	11%
7 OCCUPANCY PERMITS (per 1000 housing units in 1997-2011)*	Moderate	24.5	Less occupancy per	23.5	More occupancy pe	41.0	Less occupancy pe	16.8	Less occupancy pe	9.3	Less occupancy pe	14.4
Gentrifier* Population	Characterization	Statistic	Compared to city	Statistic	Compared to city	Statistic						
8 OWNER-OCCUPIED (Number of households)	Low	21,738		4,129		2,714		4,313		4,515		6,057
9 OWNER-OCCUPIED (% of households)	Low	22%	More owner-occupa	23%	Less owner-occupa	14%	More owner-occupa	23%	Less owner-occupa	21%	More owner-occupa	27%
10 NON-HISPANIC WHITE (% of population)	Low	14%	More non-Hispanic	48%	Less non-Hispanic	5%	More non-Hispanic	16%	Less non-Hispanic	1%	Less non-Hispanic	5%
11 BACHELORS DEGREE (% of population)	Low	9%	Less college-educat	7%	More college-educat	9%	More college-educat	10%	Less college-educat	9%	More college-educat	11%

2000-2015 Change	Newark		East Ward		Central Ward		North Ward		South Ward		West Ward	
Vulnerability	Characterization	Statistic	Compared to city	Statistic								
1 EXTREME RENT BURDEN (% change in % of households)	More rent-burdened	37%	Larger increase	43%	Smaller increase	26%	Smaller increase	29%	Larger increase	43%	Larger increase	43%
2 RENT (% change in number)	More expensive	66%	Larger increase	71%	Larger increase	88%	Smaller increase	54%	Larger increase	74%	Smaller increase	62%
3 INCOME (% change in number)	More income	22%	Larger increase	29%	Larger increase	32%	Smaller increase	16%	Smaller increase	17%	Larger increase	17%
4 POVERTY (% change in % of households)	More poverty	3%	Larger increase	5%	Decrease	-12%	Larger increase	9%	Larger increase	7%	Larger increase	12%
Market Dynamics	Characterization	Statistic	Compared to city	Statistic								
5 AFFORDABLE RENTS (% change in % of households)	Less affordable unit	-45%	Larger decrease	-59%	Smaller decrease	-38%	Smaller decrease	-44%	Smaller decrease	-40%	Equal decrease	-45%
6 HIGH RENTS (% change in % of households)	More high-rent unit	166%	Larger increase	176%	Larger increase	262%	Smaller increase	100%	Larger increase	190%	Smaller increase	148%
7 OCCUPANCY PERMITS (% change in number of permits)*	Less occupancy pe	-69%	Smaller decrease	-60%	Larger decrease	-72%	Larger decrease	-70%	Smaller decrease	-44%	Larger decrease	-70%
Gentrifier* Population	Characterization	Statistic	Compared to city	Statistic								
8 OWNER-OCCUPIED (Change in number of households)		-1,652		-683		369		-158		-305		-865
9 OWNER-OCCUPIED (% change in % of households)	No change	0%	Decrease	-19%	Increase	33%	Decrease	-5%	Decrease	-9%	Decrease	-3%
10 NON-HISPANIC WHITE (% change in % of population)	Less non-Hispanic	-24%	Larger decrease	-35%	Increase	48%	Larger decrease	-53%	Increase	165%	Larger decrease	-53%
11 BACHELORS DEGREE (% change in % of population)	More college-educat	48%	Larger increase	87%	Larger increase	103%	Smaller increase	36%	Smaller increase	36%	Smaller increase	18%

DRIM Illustrations

Using the DRIM, one might ask basic questions about displacement risk in the City. Consider the three questions that follow.

1. Which ward is at most immediate risk of housing displacement by traditional processes of gentrification?

Probably the East Ward. First, looking at column 2 for 2015, it is the ward with the highest rents, the lowest poverty rate, highest incomes and the lowest rent burden. These vulnerability factors for 2015 put it slightly ahead of other wards as an area attractive to gentrifiers, even without knowing more about this complex ward and even without having

the highest vulnerability levels (only one of four variables is red). But the question is gentrification risk, not simply displacement risk.

Moreover, the East Ward has been trending toward displacement, which may suggest that gentrifying forces are behind some of the changes. Looking at column 2 in the “Change” block, we see the East Ward is red in 7 out of 10 total displacement variables—the most of any ward. From 2000-2015, the East Ward showed some conventional signs of gentrification, such as a decrease in affordable units, an increase in high-rent units, a decrease in owner-occupancy and higher-educated residents. Its *increase* in the rate of extreme rent burden over time tied with the West Ward for the highest in the City. Additional neighborhood data on rent burden shows this from yet another perspective.

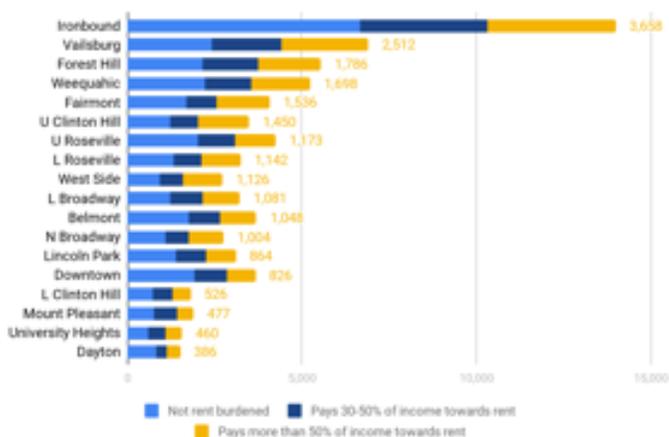
Rent-burdened neighborhoods

The **Ironbound** has the most households who pay more than 50 percent of their income towards rent.

Vailsburg, Forest Hill, Weequahic, and Fairmont also have significant numbers of highly rent-burdened households.

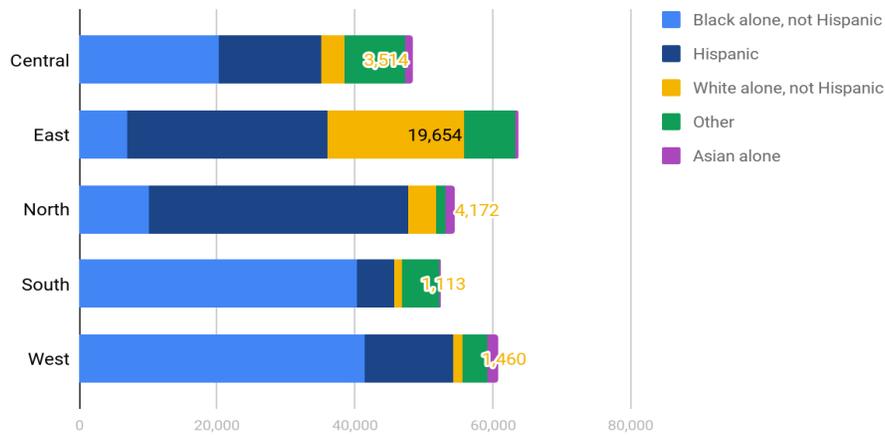
Dayton, University Heights, Mount Pleasant, and Lower Clinton Hill have the least number of highly rent-burdened households.

Rent-burdened population by neighborhood in Newark, 2015



The East Ward is also the only ward with a significant population of non-Hispanic whites, whose presence is also more closely associated with traditional gentrification processes.

Race and Hispanic Status by Wards in Newark, 2015



2. Which ward is most at risk of displacement through sheer affordability?

Probably the South Ward. Looking at 2015 and 2000, it has some of the lowest rents in the City, but also very high rates of poverty and lower incomes. This has not stopped extreme rent burdens from increasing, from 24% of households in 2000 to 34% of in 2015, and an increase of 43% compared to the City as a whole. Then, looking at the “Change” block, we see the South Ward in the red in 6 out of 10 categories, the second highest in the City.

3. Why does the Central Ward exhibit such extremes?

Probably because it contains the greatest inequality of neighborhoods combined into ward-wide statistics. This makes the Central Ward very important to watch. On the one hand, its poor neighborhoods are among the poorest. On the other, it contains parts of downtown that have experienced the highest rents and investments. It is also home to many university students. Since 2000, the percentage of units charging high rents increased there by 262% (with an 88% increase in actual rents) over time and affordable units decreased by 38%--all three figures the highest in the City.

Part 4 - Analysis of Goals: A City's Responsibility for Equitable Growth

This part follows up on the earlier description of Newark's affordability problem and the mounting sources of displacement risk to analyze just what the City's goals should be in growing equitably. We begin with this assertion: Newark should get the development Newark needs. This means several things. First, it means that we analyze equitable growth from the perspective of local governmental power. We assume that cities have significant power to control their own growth, and that governments must be responsible stewards of that power. Second, high-minority, working-class cities like Newark do not have to take whatever they can get. A city in perhaps the middle of the richest metropolitan region in the world, bounded by rivers and interstate highways, with an international airport and one of the largest commercial ports in the country is not a ward of the market. And third, development is not merely tall buildings and other edifices. It is the development of all the tangible and intangible ingredients of opportunity the public sphere can make possible for its communities and its people. That is, as a city develops, so should its residents—and vice versa.

This Part discusses five goals of equitable growth that directly and indirectly place housing at the center. However, it is written from CLiME's theoretical commitment to equity as a core principle of remedying structural—or place-based—inequality. As we've seen, that theory holds that individual opportunities are largely the product of the kinds of interactions people have with the primary institutions in their lives. In turn, the resources available to those institutions are often dependent on where—the place—those institutions happen to be. Newark's institutions must become much stronger than they are. That is the first goal of equitable growth. The others follow.

Goal #1: Preserve as much of the inventory of regulated, income-restricted housing as possible.

Researchers consistently point to preservation of existing regulated housing stock as the single most important levers to address a lack of affordability.⁴³ We earlier showed how much housing in Newark is subsidized, by what type and where it ends to be located. The type and location of this income-restricted housing supports our conclusion that Newark is at less risk of traditional gentrification. Areas of subsidized housing are scattered like islands across neighborhoods in the Central, South and North Wards. As long as these remain subsidized, they may act as safeguards against dramatic neighborhood change. The other means to effectuate this goal, reform of rent control and preservation of existing project-based housing, are discussed in the recommendations set forth in the final Part.

Goal #2: Take a holistic, fair housing approach to housing stability.

Housing is more than shelter, and housing need is more than affordability. Ideally, housing is a means to wealth accumulation, a sense of belonging, the home for a web of social networks, and a place that expresses an individual's dignified choice. Thus, when our housing situation works for us, it brings stability by being stable itself. If we think of housing in this way, it's easier to see it in holistic terms that go beyond bricks and mortar. It's easier to bring in the factors that contribute to housing being both affordable *and* stable. We suggest two approaches for local government policy here: urban fair housing and anchor tenancy.

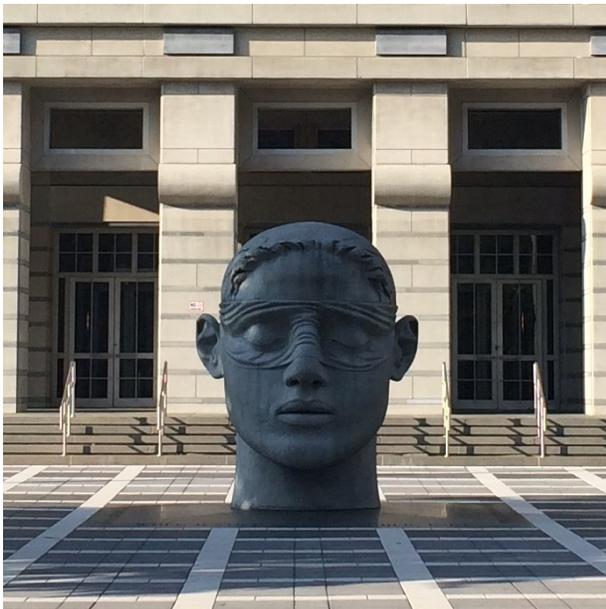


The fair housing idea stems from the federal civil rights statute, Title VIII, that in 1968 declared fair housing to be the policy of the United States—meaning that people would enjoy housing choice without the barrier of discrimination by race, color, national origin, gender or religion.⁴⁴ Recently, advocates have focused on another aspect of the federal law, the duty to affirmatively further fair housing (AFFH) imposed on any entity receiving federal housing-related funds.⁴⁵ What this means is that municipalities have to keep track of their efforts to create non-segregated, non-discriminatory housing options, document those efforts and maintain them proactively. In other words, they must take the programmatic steps that help realize the holistic ideals described above. Though the role of HUD in enforcing this obligation is unclear under the present administration, nothing prevents Newark from implementing its own AFFH policies in order to ensure that housing is more than shelter in the lives of Newarkers. We make specific recommendations in the next Part.

Anchor tenancy is akin to the more popular idea of neighborhood assets. Yet it also recognizes that like anchor stores that are indispensable to a shopping area, buildings, blocks and neighborhoods thrive on the energy and efforts of a few key people and institutions—grandmothers, community leaders, recreation centers, churches, clinics. These too are anchor tenants whose presence should be sought and protected, especially in neighborhoods where resources are limited and residents struggle for cohesion. The availability of so much abandoned and vacant land in Newark neighborhoods offers opportunities for the City to be a leader in innovating creative and lasting anchor tenants into its planning for these plots. We discuss the use of community land trusts, limited equity cooperatives, civic hubs and even tiny house villages among the recommendations in the final Part of this report.

Goal #3: Reinvent good government.

“Good government” may simply be a government capable of working well for the common good. It surely means transparency in operations and a fair execution of the rules. It requires that residents are empowered by useful information that is readily available in the language they understand. It includes systems of civil and criminal justice where people are treated with respect and outcomes follow due process. But it is also stretching for greater agency capacity. A feature of municipalities that have limited tax base is the inability to adequately staff public agencies with the people and training that complex cities require. The overload on existing staff can lead to more traditional problems of good government like too few enforcement officers or confusing operations structures. These public agencies are often the face of residents’ interactions with the institutions that can make or impede opportunity. We make specific recommendations in the next Part.



Goal #4: Seek market restitution and regional equity for destructive and discriminatory practices.

Newark's problems are not all of its own making. While New Jersey had the second highest foreclosure rate in the country, Newark led the state. This onerous distinction resulted from the concentration of predatory loans in the City by banks and unscrupulous home repair companies, beginning around the turn of the century. The damage continues, not only with the loss of homes and equity to some of Newark's limited middle-class households (see above), but also in costs to the City itself in municipal services, lower home values, a diminished tax base and neighborhood blight. Even the rumored sales of foreclosed homes at tax auctions to hedge fund investors⁴⁶ suggests how the crisis created a new market for speculation that can launch rent hikes and contribute to the lack of affordable housing.

Cities can and must fight back to ensure equity and non-discrimination—for the city and for its residents. Holding actors accountable is an important exercise of city power. A new gubernatorial administration may bring fresh avenues for revisiting Newark's foreclosure and affordability crises through cooperative advocacy. Nevertheless, Newark can consider seeking restitution through several approaches other cities have tried, such as fair housing claims and reverse eminent domain. It can also enact protective zoning laws and anti-discrimination practices.

The **federal Fair Housing Act** has long protected people from discriminatory loans, making it a potential litigation tool against predatory lenders who target high-minority zip codes. However, cities may also sue in their own right for the collective costs of predatory lending, as the U.S. affirmed Supreme Court in *Bank of America v. City of Miami*.⁴⁷ Litigation of this sort is difficult, costly and unpredictable. However, it is important to consider, given that unscrupulous lending patterns manipulated Newark's housing markets, substantially contributing to the loss of wealth, higher municipal costs and the loss of community with which a city seeking to grow equitably continues to struggle. Further, the harms to Newark are shared by its neighbors in Essex County, creating the basis for cooperation in a suit brought, alternatively, by a group of municipalities seeking regional equity in lending.

Another way to focus on foreclosure cost recovery for the city's neighborhoods is **“reverse eminent domain.”**⁴⁸ In short, this complicated idea has never been tried, but offers some promise without the vagaries of litigation. Newark would simply exercise power it already has—eminent domain—to take underwater mortgages or those already in default where the lender has declined to negotiate with the borrower, or servicers who have violated other procedural safeguards owed to the borrower. The City could work with an intermediary, such as a community development financial institution, to buy the loans and

negotiate terms with the borrower that reflect the fair market value of the property. This approach is not without its own legal and practical challenges,⁴⁹ but the need for accountability and restitution is sufficiently great to encourage its exploration.



Beyond adversarial approaches, Newark can get the development it wants by preemptively setting the terms on which development occurs. One way among several to establish equitable principles as a municipality is through land use policies. Cities make philosophical choices with the policies they pursue. A city concerned about the displacement risks facing at least half of its working-class residents may signal its equitable mandate by passing an **inclusionary zoning ordinance**⁵⁰—as Newark did last fall. These ordinances may be more symbolic than substantive in practice, because of the limited number of housing units they affect. Nonetheless, they may be paired with other land use policies, such as linkage fees, the public brokering of community benefits agreements, strong first use rules and other measures that acknowledge the known externalities of significant projects. The greater a project’s implications on markets and costs in a neighborhood (or across the city), the more it should be prepared to include mitigating elements that redound to the benefit of the city’s public good.

Finally, Newark’s majority-minority citizenry and culture does not preclude the presence of discriminatory practices—by race, gender or socioeconomic class. Cities interested in equitable development are, by definition, interested in ensuring that resources for personal growth are not unreasonably withheld. Discrimination is, by definition, the unreasonable withholding of resources. Therefore, Newark should review its **anti-discrimination policies as practiced by its own agencies or any that operate within its boundaries**. Practices worth examining include housing court treatment, tenancy rules in public housing, rent control compliance, tenancy rules regarding lease provisions, source of payment; employment-related rules, such as privacy, discrimination against formerly incarcerated persons, access to union membership and compliance with community benefits agreements; education, such as school assignment and special education classification; law enforcement; and even public child welfare agencies.

Goal #5: Gentrify from within.

To “gentrify from within”, a poetic phrase attributed to Mayor Baraka, is a fitting goal on which to conclude this report, because it elegantly symbolizes what equitable growth means. Gentrification scares populations at risk of displacement because it suggests that desired growth (the revitalization of areas long in need of infusions of capital and resources) will occur without them (displacement). But what if the very people whose new skills, education, financial capacity and political voice are typically wooed from elsewhere were instead grown on Newark’s fertile earth? What if—with stronger schools and the commitment of local colleges, universities and skills training facilities, more stable housing arrangements and opportunities for democratic expression—Newarkers become as much of the change they’ve been waiting for as anyone else?

These questions are being actively addressed by community-based organizations, advocacy groups, neighborhood alliances and a broad consortium of institutions called Newark 2020. Whether this goal is met through industrious neighborhood folk organized around a single goal or the networking of multiple anchor institutions working toward specific outcomes, Newark city government must engage its resources to marshal the message. Growth will certainly come with the influx of newly attracted residents and businesses—and it should. Newark is ready. But *equitable* growth will be ensured where it is fueled by the gentrifiers within—the sons and daughters of a great city. They too are anxious to get ready.

Part 5 - Full Recommendations to Newark City Government

On October 27, 2017, CLiME submitted the following recommendations to Newark Mayor Ras Baraka and his executive staff. The charge was to offer concrete steps that the City could take to advance in its stated goals to develop significantly yet equitably. The recommendations are divided into five goal-oriented groups.

Recommendation Overview: 5 Related Goals

1. Encourage Equitable Development

These recommendations recognize the centrality of coordinated and careful economic development planning for *all* the city's residents, now and in the future.

2. Reduce Displacement Risk

These recommendations focus on the proven probability that growing cities with affordability crises often displace vulnerable residents—and how to minimize those systemic risks.

3. Increase the Capacity of Existing Agencies

These recommendations recognize the reality of current limitations on capacity that affect city agencies' ability to advance reforms.

4. Improve upon Existing Initiatives

These recommendations reflect research that suggests how current initiatives can be strengthened, often through collaboration with Rutgers University-Newark.

5. Become More Child-Centered

These recommendations focus on the fact that health of Newark's future resides primarily in the opportunities afforded the 25% of its residents who are children, many of whom—42%--now live in or close to poverty. These focus on ways to keep resources trained on education, public health, the arts and safety-related institutions that protect their growth.

I. Equitable Development Recommendations:

1) Plan with the CLiME **Displacement Risk Indicator Matrix** (DRIM)

The CLiME DRIM examines trends in multiple factors across neighborhoods, wards and the city as a whole over time in order to determine the nature and the extent of housing market change associated either with gentrification, increased displacement risk or both. This assessment tool can significantly aid policymakers in evaluating how particular housing markets within the city are changing, the effect of particular reforms or investments and, most importantly, the areas most in need of targeting by government resources.

2) Establish an independent **Equitable Growth Advisory Council** with representatives from non-profits, developers, community, business and academia (appointed by mayor and city council):

- i) To review IZO success, commission data, solicit expertise
- ii) To advise regarding strategic development planning and its relationship to larger policy and fiscal goals
- iii) To convene relevant inter-agency communications on development-related subjects, and
- iv) To attract private support for public projects

A central function of the Equitable Growth Advisory Council will be to evaluate Newark's growth plans against the goal of increased access to opportunity for all residents. Specifically, the Council should periodically assess relevant data (such as the DRIM), identify barriers to housing opportunity, suggest goals and offer strategies for meeting them. In this way, the Council will help to ensure that Newark's redevelopment activity promotes inclusiveness rather than inequality and is a model for fair housing in central cities.

3) Embrace a voluntary **urban AFFH** (Affirmatively Furthering Fair Housing) approach to development (borrowing from HUD regulations)

The greatest risk of successful economic development is rising inequality. Given that most notions of fair housing include goals for *both* racial equity *and* economic affordability; given that concerns about displacement by gentrification in Newark echo broader concerns about racial and economic exclusion in the city and across Northern New Jersey; and given that HUD's AFFH regulations encompass all of these considerations in a workable framework of development directives and incentives,⁵¹

Newark could lead the nation by implementing and developing a voluntary, distinctly urban approach to government as a force for *affirmatively* furthering the goals of inclusion and fair housing. These goals, which marry housing with many housing-related aspects of place-based opportunity (e.g., mixed-income development, avoiding racial and economic concentrations, putting new housing in areas with strong schools, health care access, transportation and access to healthy food), could showcase the promise of community planning philosophies as a force for broader equity. Many are already contained in the City’s Master Plan.⁵²

4) Get the development the City wants.

- a) Actively recruit the appropriate developer(s) for the most advantageous developments. Developer may be identified based on experience and expertise, demonstrated advancement of strategic goals in Newark and elsewhere, inclusive hiring practices and evaluated through RFPs, track records and scoring regimen.
- b) Realign development incentives to achieve Newark 2020 goals. Offer subsidies, bonuses and programs based on compliance with AFFH guidelines. Continually review incentives offered by peer cities to support informed negotiation strategy.

5) Put city-owned land and other vacant parcels to better use, by using the Abandoned Properties Redevelopment Act (APRA) and other tools.

- i) Model Neighborhood Initiative projects (*see* Part IV recommendations)
- ii) Creating arts and cultural districts with restricted housing, more “Teachers Villages”; zone for “Tiny Houses”

Newark should expand upon its initiatives in providing artist housing by deliberately marketing itself as a city where artists can count on income-restricted housing options. Restrictions may come with reciprocity rules by which artists must contribute to local cultural activities in exchange for subsidies.

Similar neighborhood enrichment strategies can be created for incentivizing the residency of the City’s other “anchor professionals”, such as police officers, public utility workers, firefighters, nurses, sanitation workers. Workforce-restricted housing would expand upon the Teachers Village idea in order to diversify the make-up of Newark’s existing “villages.”

Newark can experiment with the kind of attractive and innovative in-fill development associated with both SmartGrowth and low-cost home ownership

by zoning some parcels for planned “Tiny House” developments. Design-friendly homes that cost less than \$80,000 to build require zoning changes, but once in place can attract national attention to an intriguing yet affordable urban market.

iii) Discourage speculative hoarding of properties. Utilize APRA to take down speculator slum landlords and to acquire desirable land. Consider receivership programs to increase maintenance of small apartment buildings.

iv) Expand the use of “ANCHOR TENANTS”
(*see* Part IV recommendations)

6) Make **Master Plan conformity** a greater priority.

Newark’s 2015 Master Plan represented a tremendous effort to re-imagine the City’s future. It is an unusually comprehensive source of data and a clear expression of community goals. It resulted from significant public input, making it a signature instance of democratic city planning. Although its voluminous size is daunting, its priorities are not only aspirations but guideposts against which future development must legally comply. It should be followed as closely as possible.

7) Dedicate **affordable housing and recreational areas funding through linkage fee programs** with developers.

The projected loss of over \$32 million in federal funds for housing will require the City to navigate affordable housing maintenance and development in a more challenging fiscal climate. Impact fees from new development might defray costs. Also, for residents of the City’s wards and most distressed neighborhoods, a clear benefit of downtown development could be an expansion of sports and recreational areas and programs for Newark households. Park maintenance and renovation is expensive but critical to the healthy development of Newark’s residents—especially its children. Linkage fees from development could be specifically earmarked for recreational projects in exchange for density bonuses, expedited permitting and other perks.

8) Work in **regional consultation**--all of Newark’s neighbors face the benefits and burdens of Newark’s growth.

The results of CLiME’s housing study show that trends affecting Newark affect the City’s neighbors, too. It is critically important that communication lines are open between the mayors of surrounding cities on issues of equitable growth.

9) Consider tools for informing public understanding of **development dynamics**.

Residential development is challenging and risky work on which growing cities rely. Misperceptions about risk calculations, costs and the relationship between successful projects and city administrators abound. Public meetings and information seminars can help interested constituents understand and overcome redevelopment priorities.



Photo by Dawan Alford

II. Recommendations to Reduce Displacement Risks

Research shows that the most important tool against housing displacement amid increasingly unaffordable rents is *preservation of existing income-restricted units*. Newark is fortunate to have four regulatory means for preserving—and even equitably expanding—affordability: public housing, rent control, housing choice vouchers and inclusionary zoning. Another key stabilizer is reducing evictions through government support for anti-eviction court reforms.

1) Plan with the CLiME Displacement Risk Indicator Matrix (DRIM)

The CLiME DRIM examines trends in multiple factors across neighborhoods, wards and the city as a whole over time in order to determine the nature and the extent of housing market change associated either with gentrification, increased displacement risk or both. The tool can significantly aid policymakers in assessing how particular markets within the city are changing, the effect of particular reforms or investments and, most importantly, the areas most in need of targeting by government resources. The index can be read not merely to assess gentrification. It can signal displacement risk even in the absence of gentrification.

2) Reform key aspects of the RENT REGULATION PROCESS in order to

- i) Ensure landlord registration and compliance (e.g., give a deadline for a mandatory annual registration, raise min fines to \$1250).
 - ii) Increase compliance/enforcement capacity) by assigning code enforcement officers to the rent control office.
 - iii) Revise ordinance to clarify ambiguities and specify clear agency powers.
 - iv) Regulate buy-outs by ordinance, specifying terms (e.g., notice, must be in writing and recorded with city, tenants' right of rescission within a time period, notification of tenants' rights).⁵³
 - v) Sponsor the adoption of a Uniform Rental Application with set fees and selection criteria so that both sides to a lease transaction have the same expectations of the transaction process.⁵⁴
- 3) Advocate for specific ANTI-EVICTION and ANTI-FORECLOSURE REFORMS (e.g., civil right to counsel, judge training in alternatives to eviction, coordinated wrap-around services)

As a spokesperson for the interests of the city as well as a landlord in its own right, the City can lobby for and assist in the development of reforms with a demonstrated history of reducing evictions. The rising rate of evictions in Newark (about 25 percent) contributes to family instability, exposure to traumatic experiences, homelessness, declining mental and physical health, violence and school absenteeism. Other program ideas help reduce foreclosure risk. Consider:

- i. Increased tenant legal advocacy through a civil right-to-counsel
 - ii. Increased training of landlord-tenant court judges in alternatives to eviction
 - iii. Wrap-around services to help at-risk tenants get the help they need
 - iv. Freeze property tax increases on elderly households.
 - v. Launch a home maintenance grant program to long-term residents of Newark
- 4) Unify ZONING COMPLIANCE MECHANISMS available to city and citizens and PUBLICIZE THEM.

Both perceptions and policies can displace residents. A policy of granting variances to developers has left the perception for some Newarkers that zoning compliance can always be negotiated. The City can positively affect both by disclosing to the public the rules for zoning compliance and variances and invite the public to participate through more regularly advertised public forums.

- 5) PUBLIC HOUSING PRESERVATION: Consider suspending disposition of any current NHA inventory, including Terrell Homes, until three steps are accomplished:
- i) Finalize the means by which residents' have can continue to reside in neighborhoods in or close to growing opportunity (1-for-1 and simultaneity);
 - ii) meet with stakeholders to ensure maximum participation and creative decisionmaking; and,
 - iii) explore options to refurbish or preserve existing public housing stock with HUD and other resources.
- 6) LITIGATION: Consider seeking legal damages as a city Fair Housing Act plaintiff against private label foreclosures in key homeowner neighborhoods.

Recently, the U.S. Supreme Court upheld the City of Miami's standing to sue large national banks for the city-wide fiscal harms caused by their subprime lending and subsequent foreclosures in minority neighborhoods, practices Miami argued violated

the federal Fair Housing Act.⁵⁵ Newark is perhaps the foreclosure capital of New Jersey. CLiME and others investigated the extent of private label foreclosures that appeared to result from subprime lending from at least one of the banks sued in the Miami case. Foreclosures have been especially devastating in once solidly middle class neighborhoods like Vailsburg. Recouping the City's costs associated with crime prevention, property maintenance and lost revenues related to foreclosures might support foreclosure relief as well as other equitable growth initiatives.

- 7) Consider advocating CREATIVE RENTAL OPTIONS, including short-term leases and boarder arrangements in order to encourage both greater wealth maximization by Newark homeowners and continued tenure for senior owners.



III. Recommendations to Increase the Capacity of City Agencies to Advance Reforms

1. Invest in Rent Control operations

Newark's Rent Control Office is in charge of monitoring annual rents of ~50,000 housing units that fall under rent control (renter-occupied, not public housing, housing built before 1987). This is the division of Newark government that has the largest influence on maintaining the supply of affordable housing in the City. They currently have 3 staff and manage a customer-facing window with a constant flow of in-person citizen requests for assistance.

- (1) Invest in digitization
 - (a) City must support digitization of all forms as well as past records so the Office can properly monitor registration rates and rent increases.
 - (b) Office
- (2) Registration requirements are weak
 - (a) No deadline for registration
 - (b) No fee for registration
 - (c) All property owners in the city are required to register, even just to prove exemption. This is not widely known.
 - (d) Lack of marketing and education to property owners in city
- (3) Enforcement capacity

Currently, the City has outsourced enforcement to individual citizens. Self-reporting is the only way the Rent Control Office currently pursues enforcement. They have no way to determine if landlords are charging rent as registered or are issuing illegal additional fees onto tenants because they currently have no enforcement officers. In order for rent control to preserve affordability in the city, there is a clear need for more enforcement officers.

This office can be partially or completely self-supporting if it can issue and collect registration fees.

2. Improve overall government transparency

Digitization and Data-sharing: Newark should continue to digitize forms as well as digitize paper records related to housing and housing assistance.

Development incentives registry: There lacks an authoritative public record of the incentives given to developers in exchange for concessions. The city is currently in minimal compliance with the Governmental Accounting Standards Board's Statement No.77, which requires state and local governments to disclose certain information about tax abatement agreements for periods beginning after December 15, 2015. However, the city does not currently report other costs such as zoning and permitting variances, grants, loans, or transfers of capital assets such as city-owned land. In addition, the city lacks transparency on whether developers followed through on their promised benefits for affordable housing unit construction, jobs created, or other public amenities.

Foreclosure registry: Pass a municipal ordinance is passed which requires registration of properties in foreclosure, which allows for revenue generation *and* reliable data collection.

Recommended fee is \$500 every six months. Municipality and County enter into a shared services agreement relating to the registry program, possibly with a third-party vendor.⁵⁶

Affordable housing fund use disclosure: Make regular disclosures of accounts and expenditures of affordable housing funds.

3. Clarify the Collaborative and Functional Organization between City Departments

Cities with limited resources and disproportionate costs must find commonsense efficiencies to implement their programs for greatest impact. This requires clear roles, a lack of duplication, elimination of conflicts and professional synergies. In our research, we were not clear about issues such as the relationship between redevelopment authority and public housing administration; the roles of the Newark Community Economic Development Corporation and the Office of Planning, Zoning and Sustainability; landlord-tenant court and rent control registration. For example, we recommend that landlord-tenant court judges should disallow eviction proceedings by landlords who are not registered with the Rent Control Board or have outstanding tax liens or code enforcement violations. This will increase registration, as well as discourage use of eviction in weak cases.

4. Broaden Alliances with Professional Allies

Educational Anchors: The current mayoral administration has been wise to take advantage of resources available through anchor institutions, but the tasks may be broadened to include project-based alliances with institutions such as Rutgers School of

Public Affair and Administration (SPAA), the Cornwall Center for Metropolitan Studies, the Rutgers School of Public Health, the Rutgers Law School centers such as the Center for Law, Inequality and Metropolitan Equity (CLiME), the Rutgers Business School, NJIT and others.

ULI and professional organizations: We recommend the City consider partnering with the Urban Land Institute (ULI). Earlier this year, ULI announced a renewed commitment to its Advisory Services program, which taps industry experts from within ULI's national membership to volunteer their candid and objective advice to cities on specific real estate challenges. While this program has existed for 70 years, it is only recently that ULI has gained significant philanthropic partners to cover the costs of convening advisory panels, and has tasked its leadership to improve access to communities in need that it has not reached before. Newark needs to be able to plan regulations and programs that balance its obligations to the community with the benefit of professional advice from disinterested experts.

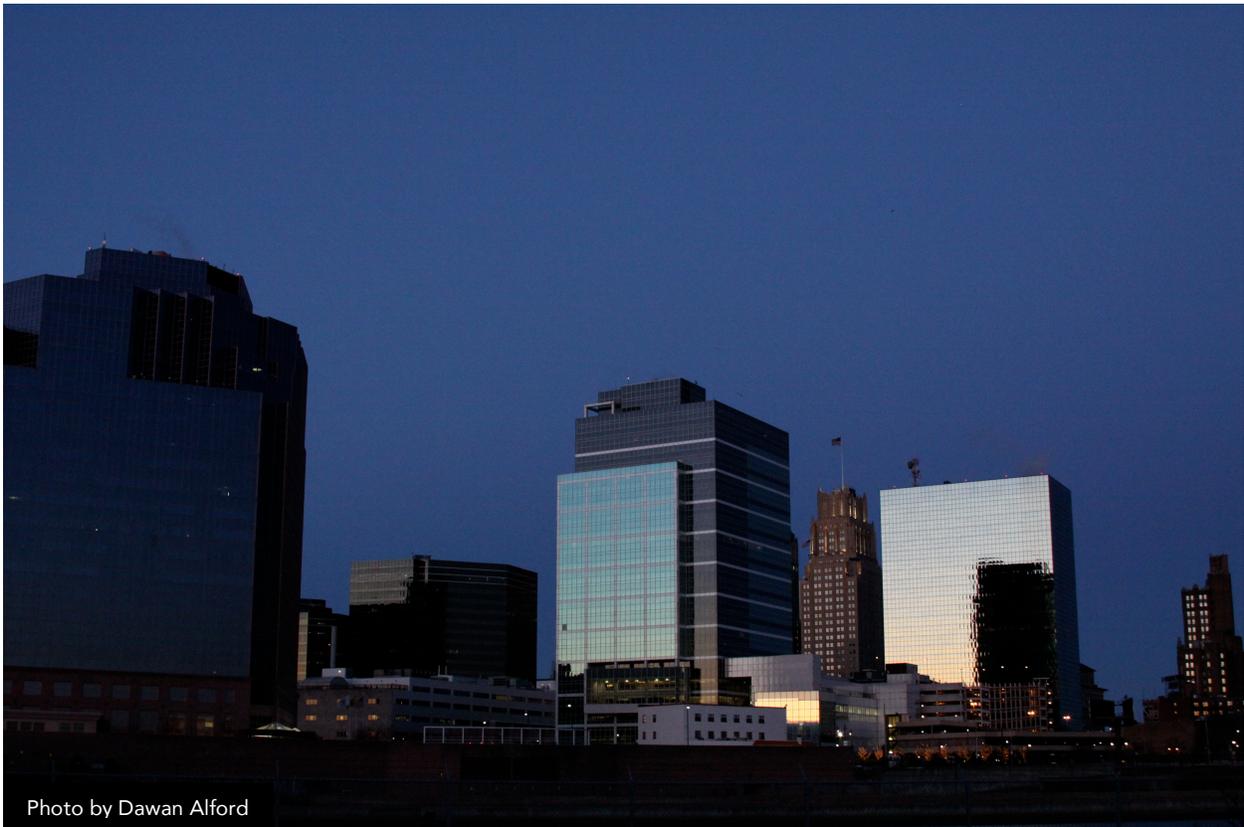


Photo by Dawan Alford

IV. Recommendations to Improve Existing Initiatives

NEIGHBORHOOD DEVELOPMENT/MODEL NEIGHBORHOOD INITIATIVE:

Described to us as an approach to deconcentrating poverty through distressed development zones in the South and West Wards maximizing the use of city-owned land, this initiative and others like it can be important sites of neighborhood innovation, including “mixed-use” development (where uses include community assets, too), “anchor tenancy” where anchors are key people as well as key uses, democratic participation and empowerment as well as improved service delivery. We specifically recommend incorporating the following into existing plans:

1. **Expand the notion of “ANCHOR TENANCY”** to include, for example, housing identified community leaders/organizers in specific developments; restricting some units/blocks/floors to specific workforce categories (e.g., artists, nurses, teachers, cops); clinics and other health-related operations; themed community-based organizations; arts organizations.
2. **Plan for central community land trusts (CLTs) and Limited-Equity Co-ops within larger development projects.** Particular parcels positioned centrally within larger developments may “anchor” community planning as either CLTs developed for a certain purpose (e.g., worker cooperative, child care and youth recreation center, performing arts enclave) or as limited-equity cooperatives for residential use. Limited-equity coops allow residents to own per-unit shares in a corporation that owns the building and builds wealth and a sense of community stakeholderhood while imposing resale restrictions in order to maintain affordability.
3. **Give preferences to projects with CDC (equity) participation** (e.g., “AFFH subsidies”, bonuses). In order to advance the AFFH norm of city-involved project development, consider adding to the MNI selection criteria a clear preference for those projects in which CDCs partner with private developers or have some meaningful form of participation. Doing so may also aid in the kinds of public funding available for projects.
4. **Give preferences to projects that include wrap-around services.** Residential projects aimed at low- and very low-income families should anticipate the need for access to services and limitations on household mobility (e.g., transportation costs). Planning for wrap-around services within larger development projects will contribute to the stability of families and neighborhoods. Coordination

among service providers may also strengthen a sense of community as they work interdependently.

5. **Give preferences to large developer-small/local developer partnerships and seek binding community benefits agreements that condition PILOTs and other perks on local training, financing or hiring.**

We heard many good ideas for how to overcome the significant challenges associated with developing affordable housing in distressed areas. The most optimistic combined established developer incentives (e.g., PILOTs) with partnerships between larger and smaller firms to help either build them, finance them or both.. Newark can also achieve some of these partnerships for growth through binding community benefits agreements.

6. **Create Community Planning Boards in each ward.** A consistent trait of poor neighborhoods is a lack of citizen involvement with planning what belongs and what doesn't. Yet local democracy is the cornerstone of suburban life. Cities like New York bridge this gap with community planning boards, which also collect information about their areas. Newark should consider doing the same in each ward, if not in each neighborhood.

NEWARK 2020:

Seek more “Teachers’ Villages” workforce-restricted housing options and broader use of “Anchor Tenants”.

We considered the “Live” prong of “Hire. Buy. Live. Local” since many of these recommendations could be applied to the link between housing development and targeted populations. In addition to the above, we’d like to see Newark get the kind of development designed to attract people who already have a financial stake in the city. Thematically, Teachers’ Village does this. However, Newark could experiment with mixed-occupation designated housing along with the inclusion of particular “anchors” such as worker cooperatives, performing arts CLTs and Library Learning Hubs in order to maximize the assets of each residential community for the most stable, broadest possible membership.



V. Child-Centered Recommendations

1. Restore the TRAUMA-INFORMED CITY approach to institutional training and care across city agencies, but especially for educators, law enforcement, firefighters and EMT (first responders) and health practitioners.

A city that grows equitably must also be a loving city. A city delivers love through the quality with which its institutions interact with its residents, thereby helping to build personal opportunity from the inside out. Research at RU-N indicates high levels of toxic stress and psychological trauma among many of Newark’s school children (and their families), interfering with their ability to learn and lead healthy, productive lives. As research on the prevalence of debilitating psychological trauma becomes better understood, especially among low-income families, the public institutions with which they interact have an increased obligation to help diminish exposure to traumatic events like community violence, abuse and removals and to help build resiliency through trauma-informed services. Newark can lead by

adopting available models for personnel training in order to ensure that its children's invisible needs for safety, support and, when necessary, therapeutic intervention are recognized.

2. In education, encourage the COMMUNITIES OF CARE model for high-poverty schools.

Newark's economic future relies on the full participation of its children in employment, civics and community. Yet many Newark kids do not even finish high school. The so-called "school-to-prison-pipeline" is fed by high absenteeism and drop-out rates. Educators can identify students at risk. Newark can be a model in developing curricular models that help even the most at-risk students succeed beyond graduation. Approaches like Youthbuild's "Communities of Care" model can be modified across city schools.

3. Plan for HOUSING DISABLED CHILDREN. We learned from clinicians that there is a shortage of housing accessible to disabled children, thereby leaving these families in acutely vulnerable and unstable housing arrangements. New housing development should prioritize them.
4. Ensure EQUITABLE ACCESS TO SPECIAL ED SERVICES across *all* schools in Newark.

Just as regions like Essex county have seen the unequal distribution of affordable housing between wealthy suburb and working class city, special education services in Newark may not be evenly available across all public and private schools. Enforce the laws on equitable access for the benefit of all children.

5. Make public institutions like LIBRARIES INTO "CIVIC LEARNING HUBS" with classes geared to current needs (e.g., coding).

Learning is naturally infectious when community members model it to each other in safe shared spaces. Libraries can be a hub of more than just books. They can become de facto sites of "continuing education" for residents of all ages, with everything from coding classes for kids to financial literacy workshops for adults to computer basics for seniors. Community rooms may hold lectures, book fairs and candidate forums. Libraries also enjoy access to resource networks with other libraries in the region and the world. In some areas, schools and CBOs may also serve as neighborhood learning assets.

Acknowledgements

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We are grateful for the interest and support of Newark Mayor Ras Baraka and members of his executive staff. Many of our observations and analyses would have been impossible without the knowledgeable assistance of a great many community organizations, including the Ironbound Community Development Corporation, New Community Corporation, LISC and various housing advocates in the city of Newark.

For the layout and formatting of this report, we are greatly indebted to Michael Starrett, who saved the day with his skill and professionalism.

Nearly all of the photography was produced by Dawan Alford, a gifted photographer and our valued CLiME Fellow for 2017-2018.

All mistakes are my own.

Methodology Notes

Most of the original quantitative findings in this report rely upon either data from the United States Census Bureau (2000 and 2010), especially the American Community Survey (2015), the American Housing Survey and local housing data from the Newark Office of Rent Control. The American Community Survey is most useful in getting recent data, but has a considerable margin of error, especially in areas with high numbers of immigrants, many of them without documentation; communities of low-income households are generally undercounted more than affluent ones. Maps were produced with Tableau. Because Newark residents identify as much or more through wards than neighborhoods, we tried to construct models that align wards with census tract data as much as possible (sometimes block data was used). We relied on Craigslist and Trulia for the Asking Price Analysis. Legal research was generally conducted with the use of commercial legal search engines, such as Lexis and Westlaw. Whenever possible, we supplemented our research with qualitative data gleaned from interviews with government leaders, city stakeholders, subject matter professionals and policy experts.

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¹ Jessica Mazzola, “We asked people what they thought of Newark. Their answers may surprise you.” NJ.com, July 16, 2017 available at

http://www.nj.com/essex/index.ssf/2017/07/what_people_in_every_nj_county_think_of_newark.html.

² U.S. Bureau of the Census, American Factfinder, American Community Survey, 2016, available at

<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.

³ New Jersey Institute for Social Justice, *Bridging the Two Americas: Employment and Opportunity in Newark and Beyond* (2016), available at

https://d3n8a8pro7vhm.cloudfront.net/njisj/pages/545/attachments/original/1494520022/Bridging_the_Two_Americas_rev_5-11a_Without_Crop_Marks.pdf?1494520022

⁴ According to the Cornwall Center for Metropolitan Studies, only 16 percent of the city’s working population earned between \$50,000 and \$75,000 in 2010. See Mahn, Manieri, et al., *Barriers to Mobility: A Spatial Analysis of Newark and the Challenges to Human Development*, 21 (Oct 2013) at

https://www.cornwall.rutgers.edu/sites/default/files/files/Assesments/barriers_to_upward_mobility.pdf, hereinafter “*Barriers to Upward Mobility*”.

⁵ U.S. Bureau of the Census, American Factfinder, American Community Survey, 2016, available at

<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>.

⁶ *Id.* at 44-45.

⁷ For a 2000 analysis, see The Brookings Institution Center on Urban and Metropolitan Policy, *Newark in Focus: A Profile from Census 2000*, 24 available at <https://www.brookings.edu/wp-content/uploads/2016/07/newark.pdf>.

⁸ NEWARK, NJ., RENT CONTROL CODE § 19:2-8, 19:2-13.8 (2017).

⁹ Source for both tables: U.S. Bureau of the Census American Factfinder, available at

https://factfinder.census.gov/bkmk/table/1.0/en/ACS/10_5YR/B25070/1600000US3451000

¹⁰ In March 2013, RealtyTrac reports that 77 homes had received a foreclosure notice *that* month, for a total then of almost 2,000 homes in Newark, a figure that represented 4% of all the foreclosures in New Jersey. See *Barriers to Upward Mobility*, *supra* note __, at 36. More recent data suggests monthly totals around 25. Only Atlantic City, New Jersey is higher.

¹¹ State of New Jersey Department of Banking and Insurance, “Predatory Lending- What Consumers Should Know,” (2006), available at http://www.state.nj.us/dobi/division_consumers/finance/predatory.html.

¹² Christopher Niedt and Stephen McFarland, “Our Homes, Our Newark: Foreclosures, Toxic Mortgages and Blight in the City of Newark,” (2015) at <https://www.hofstra.edu/pdf/academics/css/ncss-our-homes-our-newark-final-report.pdf>.

¹³ *Barriers to Mobility*, *supra* note __, at 36.

¹⁴ Carol Meyer, Communities United New Jersey, “New Jersey Homewrecker: The Impact of the Foreclosure Crisis on New Jersey,” (2013) at <http://www.documentcloud.org/documents/686646-newark-homewrecker-final-report.html>.

¹⁵ See, e.g., Kristopher Gerardi, Eric Rosenblatt, Paul S. Whillen, and Vincent W. Yao, “Foreclosure Externalities: Some New Evidence,” Federal Reserve Bank of Atlanta, accessed May 19, 2013, <http://www.frbatlanta.org/documents/pubs/wp/wp1211.pdf>; Anne Shlay and Gordon Whitman, “Research for Democracy: Linking Community Organizing and Research to Leverage Blight Policy,” *City & Community* 5, no. 2. (June 2006): 153–171.

¹⁶ See Meyer, “New Jersey Homewrecker,” *supra* note __.

¹⁷ See Niedt and McFarland, “Our Homes, Our Newark,” *supra* note __ at 5, 12-13 (emphasis supplied).

¹⁸ See *Barriers to Upward Mobility*, *supra* note __ at 36.

¹⁹ Paula Franzese, *The Implied Warranty of Habitability Lives: Making Real the Promise of Landlord-Tenant Reform*, 69 *Rutgers L. Rev.* 1, 37 (2016).

²⁰ *Id.* at 37.

²¹ *Id.* at 35-36, 20.

²² *Id.* at 39.

²³ For instance, Franzese recommends creating a central databank of premises habitability and violations for history for judges and agency professionals, *id.*, at 38-39; empower judges to deny code noncompliant landlords state subsidies until violations are cured, *id.*, at 36; and, creating statutory restrictions of the practice of tenant blacklisting. *Id.*, at 41-42.

²⁴ Patrick Sisson, “The Rent is Too Damn High: The Affordable Housing Crisis,” *Curbed*, May 16, 2016, (analyzing contributing forces and quoting experts) at

<https://www.curbed.com/2016/5/19/11713134/affordable-housing-policy-rent-apartments>

²⁵ See David J. Erickson, “Revolutionary Change in Housing Policy, 1964-2006,” xiv, in *The Housing Policy Revolution: Networks and Neighborhoods*, (Urban Institute Press 2009). Through the Low-Income Housing Tax Credit, the federal government has indirectly assisted in the production of many thousands of low-income units.

²⁶ *Id.*

²⁷ Between 2010 and 2012 the Ironbound Community Corporation facilitated the creation of 89 affordable housing units, including an 80 unit apartment building; likewise, La Casa de Don Pedro has been responsible for the creation of more than 150 affordable housing units since 1988, with their most recent project seeing to the completion of four new affordable townhomes in the summer of 2016; finally, the New Community Corporation currently oversees 2,000 housing units after opening its first housing development in 1975. IRONBOUND COMMUNITY CORPORATION, (Jan. 27, 2018, 8:03 PM), <http://ironboundcc.org/about-icc/>; LA CASA DE DON PEDRO, (Jan. 27, 2018, 8:09 PM), <http://www.lacasanwk.org/community-engagement/affordable-housing-economic-development/>; NEW COMMUNITY CORPORATION, (Jan. 28, 2018, 6:54 PM), <http://www.newcommunity.org/services/services-title-6-2-2/>.

²⁸ See Scott Susin, “Rent vouchers and the price of low-income housing,” *Journal of Public Economics*, Vol. 83, Issue 1 (2002), 109-152.

²⁹ John M. Quigley and Stephen Raphael, “Is Housing Unaffordable? Why Isn’t It More Affordable?,” *Journal of Economic Perspectives*, Volume 18, Number 1 (Winter 2004), 205-08, at <https://urbanpolicy.berkeley.edu/pdf/ORJEP04PB.pdf> (arguing that upward pressure on the rents low-income people pay are attributable to several factors, especially higher building costs and unit scarcity attributable to regulatory restrictions like zoning).

³⁰ *S. Burlington County NAACP v. Mt. Laurel*, 67 N.J. 151, 184, 195 (1975).

³¹ *Bridging the Two Americas*, *supra* note ____ at 5-6.

³² U.S. Bureau of the Census, American Factfinder at

<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>.

³³ U.S. Bureau of the Census, American Factfinder at

<https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF>.

³⁴ Essex County, NJ Analysis of Impediments to Fair Housing Choice, (2015) 62 at <http://essexcountynj.org/wp-content/uploads/2015/04/Analysis-of-Impediments-to-Fair-Housing-Choices-Report-.pdf>.

³⁵ See *Barriers to Upward Mobility* *supra* note ____ at 36.

³⁶ Under the One-Strike Rule codified in 42 U.S.C. sec. 1437d(1)(6), public housing authorities have sole discretion to evict tenants based on evidence of criminal activity committed by a household member or guest in or near their dwellings, even when the tenant is not involved and unaware of the activity. This no-fault or strict liability provision was upheld by the U.S. Supreme Court in *United States Department of Housing and Urban Development v. Rucker*, 535 U.S. 125 (2002). See Gerald S. Dickinson, “Toward a New Jurisprudence of Eviction,” 23 *Geo. J. L. & Policy* 1 (2015).

³⁷ Schlichtman, Patch and Hill, *Gentrifier*, 13 (University of Toronto Press, 2017). Richard Florida offers an alternative: “Generally speaking, gentrification describes a process in which a neighborhood gains wealth and sees its population become more affluent, whiter, and younger.” *The Urban Crisis*:

³⁸ Neil Smith and Peter Williams, “Alternatives to Orthodoxy: Invitation to Debate,” originally from *Gentrification of the City* (1986) in Lees, Slater and Wyly, *The Gentrification Reader* 10 (Routledge 2010).

³⁹ Neil Smith, “Toward a theory of gentrification: a back to the city movement by capital, not people,” *Journal of the American Planning Association* 45:4, 538-548 (1979); Neil Smith, “Gentrification and capital: theory, practice and ideology in Society Hill,” *Antipode* 11:3: 24-35.

⁴⁰ The description that follows is loosely based on Robert A. Beauregard, “The Chaos and Complexity of Gentrification,” originally from *Gentrification of the City* (1986) in Lees, Slater and Wyly, *The Gentrification Reader* 12-13 (Routledge 2010).

⁴¹ See, e.g., Elizabeth Nonko, “Is Newark the new Brooklyn?,” *The New York Post*, March 2, 2017, available at <https://nypost.com/2017/03/02/is-newark-the-new-brooklyn/>.

⁴² See Peter Moskowitz, *How to Kill a City: Gentrification, Inequality, and the Fight for the Neighborhood* 34 (Nation Books 2017).

⁴³ E.g., Ann Marie Smetak, *Private Funding, Public Housing: The Devil in the Details*, 21 *Va. J. Soc. Pol’y & L.* 1, 35 (2014).

⁴⁴ 42 U.S.C.S. § 1601 (1968) *et seq.*

⁴⁵ Affirmatively Furthering Fair Housing, 80 Fed. Reg. 42,272 (July 16, 2015) (codified at 24 C.F.R. pts. 5, 91, 92, 570, 574, 576, 903).

⁴⁶ See Andrea Riquier, “Here’s what it looks like when the foreclosure ‘pig’ moves through the housing-crisis ‘python,’” MarketWatch, 7/31/17 available at <https://www.marketwatch.com/story/heres-what-it-looks-like-when-the-foreclosure-pig-moves-through-the-housing-crisis-python-2017-07-24>.

⁴⁷ 137 S.Ct. 1296 (2017).

⁴⁸ See Robert Hockett, *It Takes a Village: Municipal Condemnation Proceedings and Public/Private Partnerships for Mortgage Loan Modification, Value Preservation, and Local Economic Recovery*, 18 STAN. J.L. BUS. & FIN. 121 (2012).

⁴⁹ See Complaint, Wells Fargo Bank, Nat’l Assoc. v. City of Richmond, California (No. 13- 03663) (N.D. Cal. filed Aug. 7, 2013); Complaint, Bank of New York Mellon v. City of Richmond, California (No. 13-03664) (N.D. Cal. filed Aug. 7, 2013)(seeking declaratory judgment that Richmond’s mere *consideration* of reverse eminent domain would propose an unconstitutional taking).

⁵⁰ NEWARK, NJ., ZONING AND LAND USE ORDINANCE § 6FS-b 100417 (2017) (amending Title 41 of the Newark City Code to include a new Chapter entitled “Inclusionary Zoning for Affordable Housing).

⁵¹ According to the regulations:

“[A]ffirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws. The duty to affirmatively further fair housing extends to all of a program participant’s activities and programs relating to housing and urban development.” See 24 C.F.R. sec. 5.152 “definitions”.

⁵² Newark’s voluntary incorporation of AFFH norms in city planning and service delivery may increase support among the nation’s central municipalities for the equitable logic of the HUD framework in spite of efforts by the current administration in Washington to dismantle it.

⁵³ See, e.g., San Francisco Rent Control Board buy-out ordinance, <http://sfrb.org/new-ordinance-amendment-regulating-buyout-agreements>; Berkeley, CA, http://www.ci.berkeley.ca.us/Rent_Stabilization_Board/Home/Tenant_Buyout_Ordinance.aspx; Santa Monica, CA, https://www.smgov.net/uploadedFiles/Departments/Rent_Control/Forms_and_Petitions/Buyout_Rights_Disclosure_Form.pdf.

⁵⁴ See Princeton’s use, <https://patch.com/new-jersey/princeton/universal-rental-application-available-princeton-affordable-housing-units>

⁵⁵ See *Bank of America v. City of Miami*, No. 15-1111, May 1, 2017 available at https://www.supremecourt.gov/opinions/16pdf/15-1111_5i36.pdf.

⁵⁶ See Hudson County’s agreements with Community Champions (documents available through CLiME). According to Hudson County Division of Housing and Community Development, the uses may work as follows: *Use of Foreclosure Registry List*

- Registry is constantly updated as new properties are added.
- List can be utilized by multiple municipal departments including code enforcement to ensure properties are maintained.
- Hudson County Division of Housing and Community Development pulls monthly lists of those still occupying their homes and sends a resource package.

Hudson County Division of Housing and Community Development is working with nonprofit developers to determine the feasibility of obtaining bank-owned properties, providing necessary improvements and selling back to low/moderate income homeowners.