

People spend the biggest chunk of their income on housing in these towns



By [Erin Petenko | NJ Advance Media for NJ.com](#)

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It's expensive to be poor in New Jersey.

People living in the Garden State -- particularly low-income residents -- are frequently spending a large chunk of their income on **monthly housing costs**, according to a new report from United Way.

Housing affordability declined severely during the recession, and has only recently risen close to pre-recession levels, according to the report. Still, it estimates that the state has a 156,000-unit gap in low-cost, affordable housing

[37 percent of NJ is working poor: Study](#)

Of the 13 states United Way analyzed for their report, New Jersey had the highest average housing costs.

Financial experts recommend spending 30 percent or less than your income on housing, allowing you to spend money on food, transportation and health care while still saving for retirement. But in Salem County, for example, two-thirds of residents spend more than 30 percent of their income on housing costs.

How much of residents' paychecks went to their home depended somewhat on whether they were owners or renters. Renters had a higher burden in southern counties and the shore due to the tourist industry, said Stephenie Hoopes, author of the United Way report.

"When people buy vacation homes in these areas, they're pushing up prices for rental units for year-round residents as well," she said.

Home owners saw higher costs in concentrated areas of Essex, where 30 percent of homes were built in 1939 or earlier -- the highest in the state, according to the American Community Survey.

The high cost of housing affects a broad number of income groups, but it has an even worse effect on the poor.

The United Way report focuses on ALICE residents, which stands for Asset Limited, Income Constrained, Employed. While the conventional federal poverty line determines that 11 percent of the state is living in poverty, United Way estimates 37 percent of residents are struggling, based on the cost of living in one of the nation's most expensive states.

Towns with a higher number of low-income residents also had a higher number of residents shelling out large amounts of their income on housing.

ALICE residents are often forced to choose less-than-desirable housing, leading to long-term costs that make it harder for them to get ahead.

"They might have to live far away from work, but that adds to their transportation costs," Hoopes said. "Or they'll move to more flood-prone areas, so they'll continually get hit and have repair costs. Sometimes it'll even be small things, like their electricity will go out and they'll lose all the food in their fridge."

Only 44 percent of ALICE residents are home owners, compared to 63 percent of the general New Jersey population. Low-income residents can have a hard time saving up for a down payment, Hoopes said.

"And because of their bad credit rating, they get these fees and high interest rates that make buying a home even more expensive," she said.

Cumberland County leads the state in ALICE residents: 90 percent of renters and 62 percent of home owners in the area fall under the ALICE line.

But the gap between homes available and homes needed is high across the state. New Jersey has 521,000 subsidized and market-rate affordable units to meet the demands of 677,000 low-income renters.

Essex and Hudson each would need over 40,000 more affordable rental units to fully support their residents, according to the report.

Demand for affordable housing is also likely to rise over time, Hoopes said.

"There's going to be pressure from an aging population looking to downsize ... and on the other end, there's millennials interested in smaller units," she said.

Erin Petenko may be reached at epetenko@njadvancemedia.com. Follow her on Twitter [@EPetenko](https://twitter.com/EPetenko). Find [NJ.com](https://www.nj.com) on Facebook.

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