

Newark to vote on big push to avoid gentrification with affordable housing

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At One Theater Square in Newark, 26 of the 245 apartments will be affordable. On Wednesday, June 21, the City Council will vote on a requirement that 20 percent of all new apartments in projects of at least 30 units be for low or moderate income earners. (Steve Strunsky | NJ Advance Media)

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NEWARK -- The City Council is scheduled for a vote Wednesday night on a rule requiring 20 percent of large residential projects be set aside for people with low and moderate incomes to keep housing affordable.

Ordinance [17-0842](#), titled "Inclusionary Zoning for Affordable Housing," would amend the city's land use law to require that 20 percent of units in residential projects of 30 units or more be restricted to people making not more than 80 percent of the median income for the region. In Essex County, that means up to \$50,000. A range of affordability under the requirement means some of the units would have to be priced for people making as little as 20 percent of the region's median income.

The proposal by Mayor Ras Baraka was originally [introduced in February](#)., but changes meant it would have to be re-introduced Wednesday night and, if approved, put to a final vote scheduled for July 12.

Baraka has presided over a building boom for Newark during the current economic recovery, and the measure is intended to insure that people of all income levels share in the new housing being created.

Experts say the city has been the beneficiary of soaring real estate prices on the Hudson River Gold Coast, which has pushed residential development to places farther west along commuter routes to New York City, including Newark.

Others credit publicly financed projects including the New Jersey Performing Arts Center and the Prudential Center arena for making Newark a more desirable place to live.

Officials said Hoboken is the only other municipality in the state with a similar requirement that large residential projects include an affordable component.

Newark's ordinance was the result of negotiations involving the administration of Mayor Ras Baraka and other elected officials, housing advocates and local developers, officials said.

Recent projects in the city's popular downtown section have included voluntary affordable components. At the mixed-use redevelopment of the former [Hahne & Company](#) Department Store, 65 of the 160 apartments are affordable. And the [One Theater Square](#) apartment tower, now rising across the street from NJPAC, has includes 26 affordable units out of total of 245 apartments.

For projects that developers feel they can't meet the new rule, developers could seek to make a \$100,000 payment for each affordable unit that otherwise would have been required. That money would go into a fund used to help construct affordable housing elsewhere in the city.

The provision is similar to regional transfer agreements under the state's [Mt. Laurel affordable housing requirement](#) for towns. That loophole has been criticized by some housing advocates. Frank Baraff, a spokesman for Mayor Ras Baraka, said developers were not automatically entitled to buy their way out of providing the affordable units. Rather, he said, they would have to receive special approval from planning or zoning officials reviewing their project application.

Baraff also noted that the affordable units could not be built off-site, away from the project's main location. Baraff said the affordable units would also have to be spread throughout a building, not clustered.

If some developers are discouraged from building in the city as a result of the ordinance, so be it, Baraff said.

In a statement, Mayor Ras Baraka said Newark was "leading the way, defining to the nation how a city cares for its residents, and what a city should be."

"We are forging an innovative collaboration with developers," Baraka said, "whereby they are not only committing to the economic growth of our city but also to enabling residents to remain in Newark, improving their living conditions, preventing the kind of gentrification that happens in other cities undergoing development, and assisting with the facilitation of home ownership."

But the affordable housing requirement could undercut the viability of some projects Newark is hoping to attract, said Carl Goldberg, a veteran New Jersey developer who is co-chairman of the Advisory Board to the Rutgers Center for Real Estate.

"Candidly, unfortunately," he said, "I think a 20-percent set aside, for most developers, the math doesn't work."

Goldberg, who has no projects in Newark, noted that it's not the developer alone who decides whether a project moves forward. Banks or investors could deny financing without a sufficient projected yield, typically 6.5-7%, he said.

Of course, the equation could balance out depending on the city's willingness to grant tax abatements or agreements for payments in lieu of taxes, he said.

"Mayor Baraka has done an extraordinary job and the private sector is very enthusiastic about his leadership," Goldberg said. "I think Newark, for a lot of very positive reasons, is on the precipice of a vibrant renaissance. I would hate to see the city, inadvertently, do something to upset that."

CORRECTION: *The article incorrectly stated that the council was to take a final vote on the inclusionary measure Wednesday night. But because of changes after the measure was originally addressed in February, Wednesday's action amounted to an introduction, and a final vote is scheduled for July 12.*