



PROJECT
FOR
LOW INCOME
HOUSING DEVELOPMENT
IN
THE CITY OF CAMDEN

by: Adriane M. Lunny

PROBLEM

If something isn't done about planning and developing affordable housing in the City and County of Camden within the next year, Camden's "working poor" will continue to be unable to afford to buy decent housing for themselves and their families.

The City of Camden is one of the most distressed cities in the United States. It is located in Camden County, New Jersey.

While the county has experienced a tremendous growth in housing units during the past decade, the city has experienced none. According to the Economic Data Report for Southern New Jersey, compiled by the Center for Economic Data, The Management Institute, Glassboro State College, during the period 1980-1985, the county municipalities authorized 2,301 building permits, 1 of which was for the city.

In addition, the Regional Labor Market Review, published by the Division of Planning & Research, NJ Department of Labor states that while the County of Camden experienced a growth in housing units of 17.4%, the City of Camden experienced a 5.1% decline in the number of units.

ADRIANE M. LUNNY

Like the rest of the country, housing prices have risen steadily and the median cost of a house in the Camden County area is now \$119,000. (Philadelphia Inquirer, Real Estate Section, January 20, 1991)

According to the Economic Profile of Camden County, prepared by the Office of Economic Research, NJ Department of Labor, Camden County had a larger share of families in the lower income bracket than did the state, but a 1.1% larger share of families headed by women.

These statistics are directly related to a number of factors which plague many cities in the United States but seem to be particularly prevalent in Camden.

At the end of World War II, Camden was a thriving city with a number of major industries such as New York Shipbuilding, Esterbrook, Campbell Soup Company and RCA. Since then, industries in Camden have either gone out of business, moved, merged or downsized. With the advent of the riots in the early 70s, small businesses and any individual who could afford to do so moved to the suburbs. On the whole, the population that is left lives there because they can't afford to move and there are very few businesses of any sort left in the city. For example, there is one supermarket in the entire city.

ADRIANE M. LUNNY

Coupled with this, the manufacturing jobs have become more sophisticated as technology has advanced. Unfortunately, the education of Camden's population has not kept pace with technology. The Camden school system is so poor, that at one point the State of New Jersey threatened to take it over.

Camden has a large number of vacant homes. Many of them were abandoned or destroyed during the riots in the 70s and never repaired. Many people who could afford to, moved away from their Camden properties and let banks and/or the city take them over. The city cannot afford to tear them down so they sit and slowly deteriorate. Many were rented until they were uninhabitable and then were just boarded up and ignored.

During the 80s, many of the still useable housing in the most decent neighborhoods were purchased on speculation and are sitting vacant waiting for real estate in Camden to make a comeback. These houses are on the market for \$30,000 and up. Because they have been vacant, they have deteriorated even farther and need major renovations to make them habitable. This, in effect, puts them out of the price range for the average person looking for a home in Camden.

GOALS

My short-term goal was to do all the preliminary work so that by the time I graduated, The Work Group would be ready to begin to rehab its first property. This short-term goal was divided into three phases:

- One: Identify a geographical area in which to work, including vacant properties, their availability for purchase and suitability for rehab. Begin to identify funding sources and banks which might be willing to work with us.

- Two: Analyze identified vacant sites including doing cost estimates for those that seem particularly suitable. Begin working with architect to review identified sites for construction soundness and rehab needs. Contact lawyer and begin to discuss contract needs.

- Three: Begin to tie down letters of commitment, contracts and loan documents binding all parties to specific elements of the deal. Finalize plans. Organize and hire students from The Work Group's Youth Corps program to do rehab work.

ADRIANE M. LUNNY

My long-term goal was to try to build outward from our original site rehabbing vacant homes and encouraging the development of small businesses within the area. In addition, neighborhood associations and youth organizations would be encouraged to help bring stability and a feeling of "belonging", to the neighborhood.

METHODS

Phase one: Pick area to work in. Begin site identification and selection. Arrange to view properties for evaluation of work needed.

Begin to identify possible funding sources and banks for the project.

Phase two: Identify governmental actions necessary, if any.

Do cost estimates and begin to refine them. Test cost assumptions.

Contact architect.

Contact lawyer for legal acquisition advice and contract. Site control may be pushed into phase two or three, if possible, to save money.

Identify sources of financing and meet with them to discuss project.

Have architect start footprint schematic, if

necessary.

Continue contact with potential funding sources.

Begin contact with banks for additional funding and preliminary talks on mortgages for buyers.

Phase three: Secure site if not done in phase one or two.

Secure any governmental action necessary, i.e. planning, zoning, etc.

Get working architectural, mechanical blueprints and construction specifications.

Identify contractors for Electrical, Plumbing & HVAC, as needed.

Negotiate tentative financial commitments.

Finalize negotiation for financing agreements and sign contracts.

RESULTS

The results of my project were mixed. Because I was unable to find a property, I was unable to reach my short-term goal of being ready to begin rehabbing a property by the time I finished school. I was able to accomplish a number of the intermediate steps in my project.

I researched what some of the jobs are that will be available in New Jersey in the coming years. Many of them are in the secretarial/clerk, retail sales, and janitorial fields. (Appendix A) I spoke to a number of employment agencies about entry level positions in the secretarial field. Entry level secretaries are commanding no more than \$10,000 to \$12,000. Even experienced secretaries, who in the 1980's were commanding salaries in the mid to upper twenties are now available for \$17,000 to \$19,000. From my previous employment with the YWCA of Camden County, I know the directors of a number of day care centers. Day care workers are making no more than \$6 to \$8 an hour, \$8 an hour being considered well paid (\$14,560 annually). This is the population that The Work Group identified as the people to whom we would like to sell our homes. They also fit the category of young, working families in poverty, a group that is steadily increasing in the country, as a whole.

I identified Parkside as the best area of Camden in which to work. It is an area that is relatively stable, has an active businessman's association and neighbors that we could ask to help keep an eye on our property during rehab. During discussions with our Work Group students, I discovered that this was the area that clients most often listed as their first choice for an area in which to live.

Unfortunately, most of the houses in this area that are vacant have been bought on speculation and would ultimately cost more rehabbed than my target population could afford to buy.

I, therefore, explored other means of obtaining homes and discovered Camden Redevelopment Agency. They have homes available in Camden that can be obtained for \$500 per property provided that the house is rehabbed and occupied within 12 to 18 months. I also learned that for a small developer like ourselves if we purchase more than one property at a time, they will lengthen the time line for the additional properties. Unfortunately, the available homes are not in Parkside. However, I have continued to meet with the Camden Redevelopment Agency and answered the questionnaire (Appendix B) that they require all developers to fill out. It is now a question of finding an available house in an area in which our students would

like to live.

I was able to get a commitment from an architect that The Work Group has previously used, to work with us. He has promised to help in evaluating the property when we find one. In addition, he helped me with figures on current rehabilitation costs. At present, rehab costs in Camden County are running from \$65 to \$85 dollars per square foot. We agreed that for cost calculations we would use the most expensive figures. This will, in itself, build in a contingency for unexpected problems. In addition, because we are planning to use The Work Group's construction crew, labor costs will be paid for by the New Jersey Department of Education's stipend money calculated into The Work Group's New Jersey Youth Corps grant. This means that although labor is calculated into square footage charges, we do not have to include it in ours. These two factors should give us a comfortable "cushion" within our rehab budget, discussed below.

I spoke with a number of local banks and discovered that New Jersey National Bank targets first-time home buyers for their Community Reinvestment Act funds. During refinancing for The Work Group's office buildings, I was able to obtain a commitment from New Jersey National to review the mortgage applications for our home buyers through their Community Redevelopment Department.

ADRIANE M. LUNNY

Currently, they are giving 95% mortgages at 7.5% interest.

I also explored the Home Buyers Program of the New Jersey Housing and Mortgage Finance Agency. They have a first time home buyers program which makes 95% to 100% loans at APR 8.016%. (Appendix C)

I explored the cost for rehabbing properties and did some sample calculations to see what was financially feasible for our target population. If I can obtain the property for \$500 and use The Work Group's construction crew to do the labor, which will hold down the rehab costs, I can make the house affordable for our target population. If I can find houses that are big enough to transform into duplexes, they becomes even more affordable. As an additional cushion, the proforma was calculated on an 8% interest rate. (Appendix D)

I think, perhaps, the most important result of the project was that many of our clients who never believed that they could own their own home are now excited about the possibility of ownership. Because I have asked for feedback and "neighborhood evaluation" help, most of the students who have been in our program during the past year have heard about the project. Many of them are excited and want to be put on a list of potential owners. One student even came in to see me with a paystub and asked me

ADRIANE M. LUNNY

to help her figure out how she could begin to save a "down payment" for a home. Another student approached me and wanted to know if he could obtain a property from Camden Redevelopment and do his own rehab. (The answer is no, but it was a great idea!)

ANALYSIS

There were a number of things that I learned from working on this project.

I would consider this project as semi-successful. Because I was unable to locate a property I was unable to complete what I had hoped to accomplish. However, I was able to get enough information to know that if we can obtain the property, we can accomplish the rehabilitation and make the house affordable.

Not being able to locate a property comes from two separate issues:

- 1) I made a large mistake. There are two separate entities controlling property for the City of Camden, Camden Redevelopment Agency and Cooper Ferry Development Association. I did not take into account the jealousy and political infighting that this is causing. I, therefore, made the mistake of mentioning to the Camden Redevelopment Agency that we had had a meeting with Cooper Ferry about the possible use of our Youth Corps crew to help develop a business section near the waterfront. I compounded it by mentioning that I had coincidentally learned that

they were planning to rehab some houses in the area. The immediate response from Camden Redevelopment Agency was that they had been planning to suggest houses in that area but they were probably now gone. It was two and a half months before I was able to get through to them again on the telephone. When I was able to get through, the only houses they could suggest at that moment were all in the "Foggy Bottom" section of Camden. A tour of the suggested properties by our clients made it very clear that while they were sure that no one would want to invest in a home in this area.

- 2) Our agency is such that nothing is static for long. Deb's enthusiasm is strong and quick. Eighteen months is too long for her to remain enthusiastic about any one thing. After insisting that I do the housing rehab project, she then started getting side tracked and had us working on entrepreneurial projects with our Youth Corps clients as well as working on a "fee for service" component of the program and a model for "hands on" training based on a program located in California. Since two out of three of these projects were fund generating and capable of being spun off into their own semi-independent

corporations, they became first priority. My mistake was probably in letting her force me into doing the housing project when I had initially wanted to work on the entrepreneurial training project.

Camden is an interesting community to work in. I am not sure that I am ever going to get all the "politics" down pat. One of the things I learned very quickly was that those who are already doing rehab within Camden are very protective of their neighborhood rights to an area. I spoke with St. Joseph's Carpenter Society first. They made it very clear that while they thought that more people should be doing rehab in Camden, they did not want me trying to solicit homes in their area. They were working there. To some extent, every other group that I have talked to in Camden has the same attitude.

I also know that to some extent we are labeled in certain sections of the community as "poverty pimps" and, therefore, we are battling against that stigma when we approach anyone about properties.

I have no doubt that we will eventually be doing housing rehab. The enthusiasm generated among our clients will certainly be taken into consideration. In addition, this is a project that has been talked about for five years and

ADRIANE M. LUNNY

we have the personnel and the crew in place to do the job. However, realistically it probably won't happen for another six months to a year. We now have to find additional space for our adult program and will need another space for the CET project that we, in conjunction with the County of Camden, have just received one million dollars of technical assistance money to put together.

Appendix E Map of Camden

Appendix F Article on Governor Florio's Economic Plan for
1993