

# Staying afloat?

Perfect storm making life worse than ever for the Shore's working poor.

By **MaryAnn Spoto** *NJ Advance Media for The Star-Ledger*

**P**arents strive to make Christmas morning special for their children, and that includes Diana Jacobs, a substitute teacher and single mother of two from Lakewood. But this year, her car broke down, giving her no way to get to work or to take the kids to school, so she had to make some hard choices.

The Christmas gifts were returned and on Christmas morning, the family had a working car and just a few meager items under their donated tree.

Jacobs, who earns less than \$200 a week from her salary and unemployment benefits, is one of the faces of the working poor, a class of Americans not new to society but growing in size.

In New Jersey, 1.2 million households fall below a threshold level known as ALICE (Asset Limited, Income Constrained, Employed) measured by the United Way of Northern New Jersey in a report released last year. ALICE adjusts for the cost of living and measures the income needed for a household to meet the costs of basic survival.

That report noted that while the state's economy has shown signs of recovery from the Great Recession, the number of households struggling under the ALICE measurement increased by about 24 percent from 2007 to 2012, the most recent data available.

At the Jersey Shore, that class has grown quickly in the wake of the devastation of Hurricane Sandy, a faltering casino industry and stagnant wages, officials say.

"For many folks, their lives were stable, but just barely so before Sandy," said Kevin Walsh, executive director of the housing advocacy group Fair Share Housing. "That's a stability that two years after Sandy is gone. And given the slow pace of recovery, there's little hope of it returning for them anytime soon."

## Many are underinsured

The top four counties hardest hit economically by Sandy are all at the Shore — Ocean, Atlantic, Cape May and Monmouth. The first three are also among the poorest, all with median incomes of less than \$57,000, a 2013 report by the New Jersey Institute for Social Justice found.

That same report noted those three counties already fell below the state average income per household, which was \$90,882 in 2011.

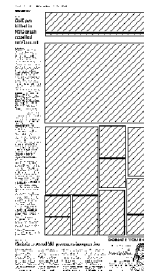
Monmouth County, with an average \$109,907 income per household, is generally wealthier, but the lower half of the county — which isn't within an easy commuting distance to New York City — isn't as well off, the report noted. For instance, in Asbury Park, the average household income was \$40,046 in 2012.

In Atlantic County, where 38 percent of its households are living at or near poverty, most of the working poor are concentrated along the coast to be near the jobs in the casinos, nightclubs, restaurants and hotels. That's also where Hurricane Sandy made landfall.

In Cape May County, 43 percent of the population lives at or near the poverty line. In Ocean County, 42 percent are at that level.

Many of the working poor are underinsured because they couldn't afford full policies, the report said. That means they had to pay out of pocket to replace many of the basic items — like kitchen appliances, washing machines — that were lost during Sandy.

Jacobs said she's doing all the



right things, but she hasn't been able to make ends meet.

"I'm working. I'm paying the bills. My kids go to school. I feed them. What else do I need to do?" she asked. "It's very frustrating."

James Hughes, dean of the Edward Bloustein School of Planning and Public Policy at Rutgers University, said many homeowners were already stretching their paychecks to the limit when Sandy hit. Faced with insurance payouts that didn't cover their actual losses, many still can't afford to rebuild.

### Jobs haven't come back

Others can't afford to elevate their homes to meet federal requirements. As a result, they'll be hit with enormous flood insurance premiums that they also can't afford, he said.

National Flood Insurance Program policies cost up to \$3,500 a year for \$350,000 in coverage. The premiums already increased an average of 20 percent the year after Sandy and are expected to double for many within the next two or three years, according to the Institute for Social Justice report.

Compounding that, Hughes said, is the slow rebuilding process, which has not pumped money into the local economy at the rate economists had hoped. Jobs haven't been returning to the area, vacationers had been skittish about returning, and rebuilding hasn't occurred as vibrantly as officials had hoped, he said.

"A number of the working poor who are homeowners and negatively impacted were put in a very difficult place," Hughes said.

Gerriann Damato was renting a house in Seaside Heights and renting space in Seaside Park for her luncheonette and tackle shop when Sandy hit. Flooded out of her house, she's now renting in Toms River but is in danger of losing that place because she's quickly running out of cash. She's in a legal dispute with the owner of the building that once housed her business, so now she has no

income.

"I'm destitute. Completely, 100 percent destitute. I've never in my life had to ask for help. I've always done it myself," she said. "My life's been turned upside down, and every single government agency I went to — no one will help me."

So many versions of Damato's predicament are being played out

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every day at the Shore post-Sandy, according to Staci Berger, president and CEO of the nonprofit Housing and Community Development Network. "People who were living paycheck-to-paycheck before Superstorm Sandy have taken an even bigger blow as a result," Berger said. "The economy is just not coming back in any meaningful way."

Affordable rental housing — already in short supply at the Shore — is now in even higher demand. The units that survived Sandy are being sought by the poor who got flooded out of their homes and by the middle class who are displaced while their homes are being rebuilt.

Many businesses that closed because of Sandy still haven't reopened, contributing to the Shore's unemployment woes.

In the towns hits by Sandy, 43 percent of those storm victims were renters, Berger said. Sixty-seven percent of them earn less than \$30,000 a year, according to a 2013 study by Enterprise Community Partners.

### Casino 'triple whammy'

Even worse timing was the closing of four of Atlantic City's dozen casinos last year because of gaming competition in other states. The Atlantic Club went out of business last January, putting 1,600 people out of work.

That was followed by

Showboat, Revel and Trump Plaza, which closed in quick succession between Aug. 31 and September 16. All told, those four closures put an end to 11,000 jobs.

By the end of last year, Atlantic County's unemployment rate was 11.2 percent compared to the statewide rate of 6.4 percent. "For many folks, that's the triple whammy," Walsh said. "It's harder for folks to recover when money is slow to come from the government and their day-to-day expenses, which were being paid from lower wage jobs are not being paid anymore by them."

Although the economy has been improving, wages have been slow to respond and federal aid to help with Sandy recovery has been only trickling out, Hughes said.

New Jersey is the fourth-most expensive state in which to rent a home, according to a study, called "Out of Reach 2014," by the National Low Income Housing Coalition. The study notes that a renter has to earn \$24.92 an hour to be able to afford a decent two-bedroom apartment in New Jersey. That's the equivalent of working 121 hours a week — three full-time jobs at minimum wage, Berger said.

The only states where the rent is higher are Hawaii, California and Maryland, she said.

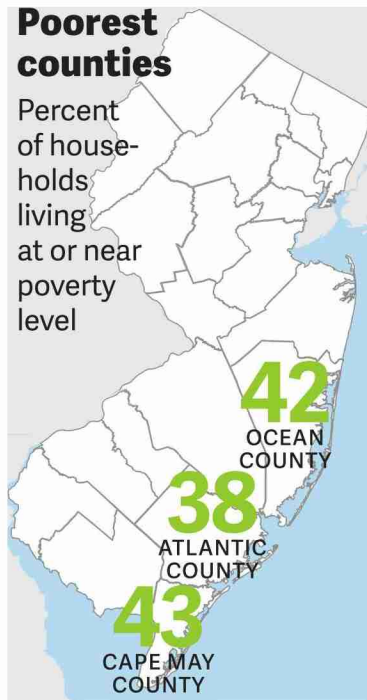
Damato said she was struggling to make post-Sandy repairs to the building that housed her shop, Jersey Joe's Bait & Tackle & Luncheonette, but she doesn't have the cash to reopen the business.

She was forced to turn to public assistance for help paying for food and rent. But \$189 a month doesn't come

close to covering food expenses, she said. She said social services kicked her off rental assistance in August after she told staff workers she got a one-time gift of \$1,000 from her stepmother to put toward a used car to replace the one destroyed by Sandy, she said.

She said she's applied to New Jersey's Sandy Homeowner and Renter Assistance Program, but she was rejected because program officials contend her near-homelessness is not related to Hurricane Sandy.

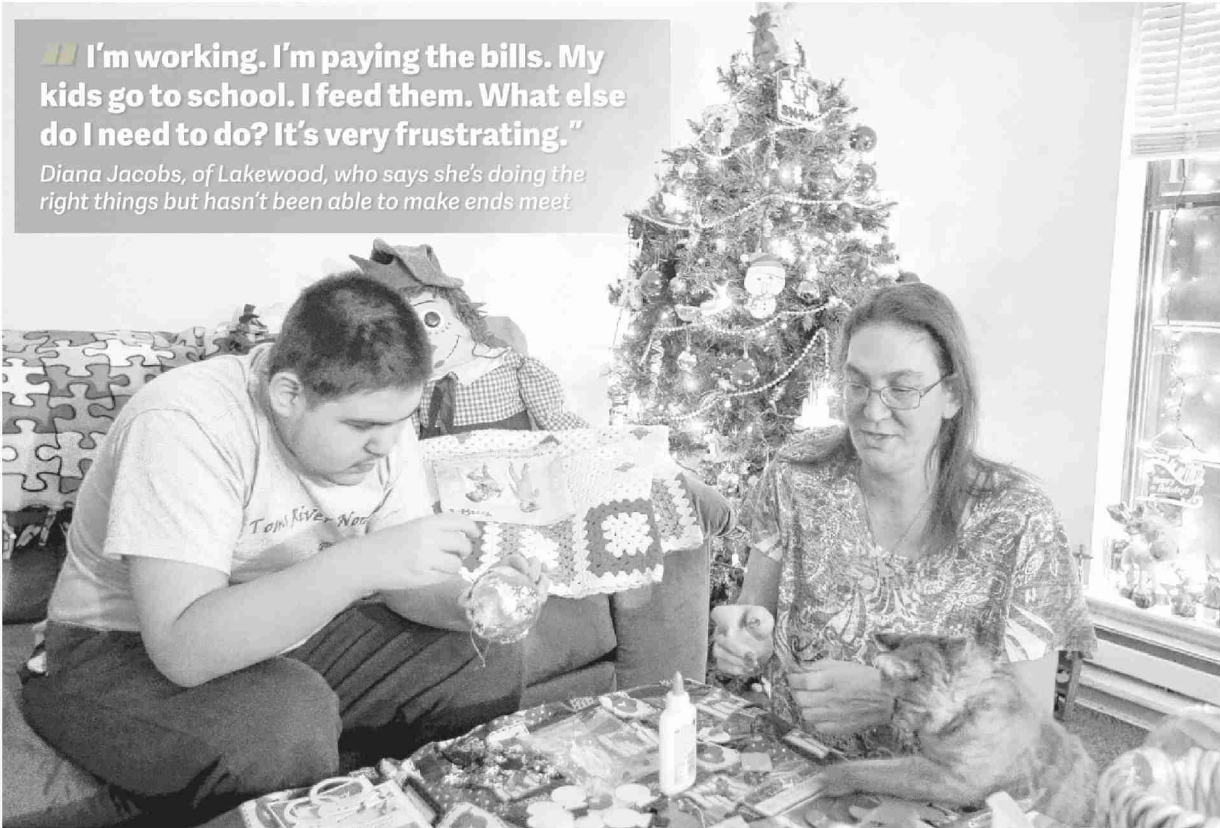
"I said 'How can you say that? If it wasn't for Superstorm Sandy, I wouldn't be here. I used to be a business owner and now I'm begging for money,'" Damato said.



SOURCE: NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE, 2013

**“ I’m working. I’m paying the bills. My kids go to school. I feed them. What else do I need to do? It’s very frustrating.”**

*Diana Jacobs, of Lakewood, who says she’s doing the right things but hasn’t been able to make ends meet*



**Steven Jacobs, 15, works on a Christmas tree decoration with his mother Diana, of Lakewood, who is barely making ends meet as a substitute teacher and the mother of two. She is one of the many faces of the working poor at the Jersey Shore, whose situation was exacerbated by Hurricane Sandy.** (ARISTIDE ECONOMOPOULOS/NJ ADVANCE MEDIA FOR THE STAR-LEDGER)



**The Atlantic Club went out of business last January, putting 1,600 people out of work. That was followed by Showboat, Revel and Trump Plaza. All told, those closures put an end to 11,000 jobs. (MEL EVANS/ ASSOCIATED PRESS)**