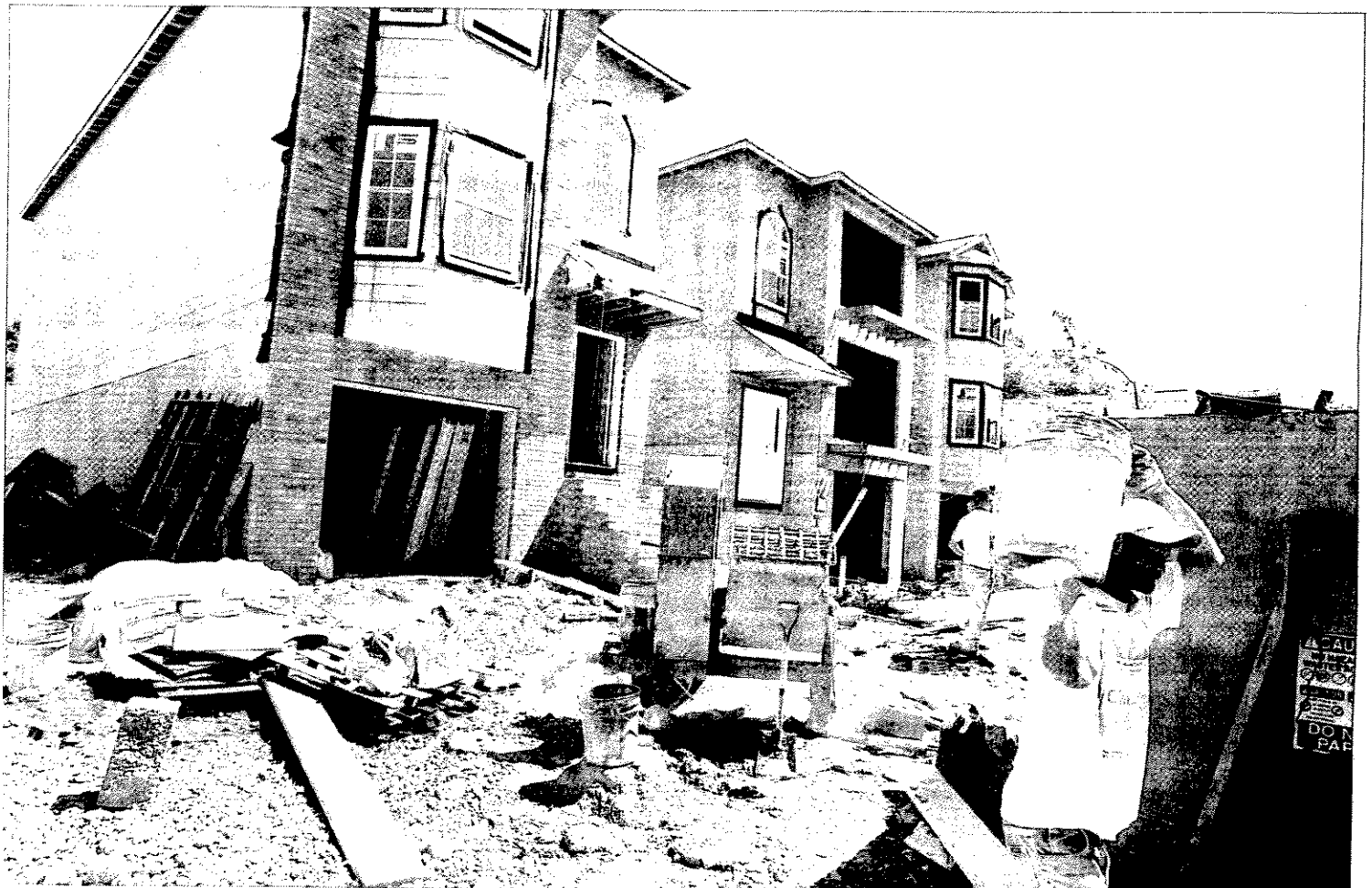


NEW JERSEY

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Section One

Sunday Star-Ledger



PHOTOS BY JERRY MCCREA/THE STAR-LEDGER

Signs of Irvington's transformation can be seen and heard on South 22nd Street. While some experts caution against excitement over the area's housing market, others say the prices are too attractive to ignore.

Building on a new frontier

Search for affordable homes puts urban markets back on real estate map

BY STEVE CHAMBERS
STAR-LEDGER STAFF

The area of South 20th Street on the Newark-Irvington border has long been known for abandoned houses, prostitution, drug dealing, stolen cars and the occasional murder. But in recent months the neighborhood has been filled with the sounds of hammers and electric saws.

These sounds of progress are being generated by a private developer, who is building two- and three-family houses for sale at market rates. As in other long-dormant urban housing markets in parts of Newark, Elizabeth, East Orange and Paterson, Irvington is finally feeling the ripples of the state's titanic housing market.

Some experts caution that an already cooling market could spell trouble for these lagging pockets. But boosters say prices in places like Irvington are so far below the suburban stratosphere that sales should continue to hum along nicely.



From left, Gerard Joab, senior program director, Local Initiatives Support Corp., and the Rev. Cornelius Martin of Unity Freedom Baptist Church tour the redevelopment zone along 19th Avenue.

"This can be an oasis," said the Rev. Cornelius Martin of Unity Freedom Baptist Church as he walked over broken glass and by boarded-up houses on 19th Avenue in the construction zone. "I'm

not surprised these houses are selling. I knew the potential was there. This area is hungry for development."

As has been the case in other troubled urban areas attracting new con-

struction, about half the buyers in Irvington are New Yorkers, who found they could simply not afford to purchase anything in the city. Others include working-class families similarly priced out of the broader metropolitan-area market.

These two groups have formed the leading edge of numerous housing trends shaping the region, including construction booms in the Poconos and Newark's troubled South Ward.

"The New York housing boom has spread out, and with the Manhattanization of Brooklyn and Queens, the whole housing cost structure is out of whack," said James Hughes, dean of Rutgers' Bloustein School of Planning and Public Policy. "There has been a frantic search for affordability. And, as a result, areas we never thought would come back on their own are coming back."

George Hawkins of the anti-sprawl group New Jersey Future agrees astronomical housing prices are driving the push into tougher urban neighborhoods,

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some of which haven't seen for-profit housing built in decades.

"These buyers are urban pioneers, but they are going where the housing is," Hawkins said. "And builders are responding to the critical, pent-up need for work-force housing."

TOO EARLY TO TELL

Three years ago, Martin's church started building subsidized units on the Newark side of the border in a desperate bid to change the character of the neighborhood. But by last year, members became convinced economic forces were pushing hard enough to justify market-rate sales.

The church's nonprofit housing arm entered into a partnership with a private developer who is currently building 25 new houses. All but one is under contract, and the initial sales price of \$350,000 for a two-family unit has edged up to \$375,000.

"There are people in the community who thought we'd lose the shirt off our backs," Martin said. "But we had faith, and so did our partner. Yes, there are people from Mendham or elsewhere in the suburbs who don't want to live here, but others do. We kept our church here. Even in the midst of recent shootings, we're going to make this work."

Mark Lustbader, the private developer whose family-owned Hub Realty has focused on Essex County urban areas for 40 years, said other developers have begun to follow. "Irvington was a bit risky, because the market is not mature," he said. "In fact, we are the test case. But things are working out well. The future looks bright."

The partners have plans to build more houses in the area when these are finished, and Irvington officials are hopeful commercial development will follow.

If such efforts truly succeed in transforming crime-ridden streets, it would be a huge boost for the state. Concentrated poverty has been one of New Jersey's most intractable problems, and experts say it's much too early to declare victory in places like Irvington.

"The beginnings of home ownership is a very positive trend, but it can't survive on its own," said Tim Touhey, director of Fannie Mae's Community Business Center in New Brunswick. "There needs to be strong efforts to ensure these are safe neighborhoods with access to good public education."

Alan Mallach, one of the state's leading experts on affordable housing, added that some new construction in tough neighborhoods is being purchased by speculators, who pack new apartments with multiple families, immigrant workers or federally subsidized Section 8 tenants. Still, he and Touhey agreed, the willingness of investors to spend private capital could signal a transformation.

"Places like Newark and Irvington need more homeowners," Mallach said. "Ultimately, the fact that people can build houses and sell them for \$350,000 means there is an economy you can build on. You will never have a healthy neighborhood unless people are willing to put private money into it."

PROGRESS AND SETBACK

Studies have shown — and logic dictates — that homeowners provide stability to neighborhoods, taking better care of their property and holding police and elected officials accountable when rules or laws aren't enforced.

Irvington Mayor Wayne Smith said the city is committed to working with the newcomers, as well as old-time residents who kept up their property, to change the fortunes of the area.

"This is community in action," he said on a recent sunny morning, as contractors hammered under the supervision of police officers, who had parked their squad cars on nearby corners.

The development has had some help — and one major setback — in recent months. Private dollars have poured into nearby Springfield Avenue in Newark in the form of a new Home Depot and other commercial ventures, most recently an Applebee's restaurant.

But a new middle school — meant to be a redevelopment anchor in the midst of the new housing — lost its funding last summer after the New Jersey Schools Construction Corp. ran out of money. Smith said he is lobbying officials to get it back on the list.

"Challenges abound, because this has historically been a very rough neighborhood," said Gerard Joab of the Local Initiatives Support Corp., a non-profit group that provided seed money to the project. "But there are a lot of very good, engaged partners. This can be a tremendous, exciting new neighborhood."

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