Low-Income Households Impacted by Superstorm Sandy

Estimated Impact of Sandy on Low Income Households in New Jersey

More than 335,000 low income households were impacted by Hurricane Sandy, 93,000 significantly, according to analysis of FEMA statistics by the NJ DataBank at the School of Public Affairs and Administration at Rutgers-Newark. Only 14,100 received FEMA assistance as of February 15, 2013.

There were valid registrations for approximately 146,000 homeowners and 80,000 renters for FEMA assistance in New Jersey as of February 15, 2013. Of those, 55,000 were ALICE homeowners and 38,000 were...
ALICE renters. ALICE households are those whose income falls below a basic survival budget (see ALICE (Asset-Limited, Income-Constrained, Employed): A Study of Financial Hardship in New Jersey, United Way of Northern New Jersey, 2012. The findings show that more than 1 in 3 households in New Jersey are struggling to support themselves.)

Thus, of those who applied for assistance nearly half of all renters (48 percent) and 38 percent of all homeowners had incomes below the ALICE Threshold. This is not surprising as previous reports have shown that renters are more likely to be low-income than home-owners. Assuming ALICE households were awarded assistance in the same ratio as all applications, only 15 percent of homeowners or 8,000 households and 16 percent of renters or 6,100 households have received FEMA assistance.

Because 31 percent of New Jersey households were without power for 5 days or more, we can estimate another 240,000 ALICE households in New Jersey were impacted by lost wages and costs such as spoiled food and extra gas that were not covered by insurance or FEMA assistance. If a household had one person working at a job paying $15/hour and they missed 5 days of work (8 hours/day), they lost $600 of income. If they lost $300 in spoiled food, the financial setback for a household already struggling to afford basic household expenses was $900 from Superstorm Sandy. In aggregate terms, the total of lost wages was more than $145 million, and more than $72 million lost in spoiled food. These costs were not captured in the New Jersey Department of Community Affairs’ Community Development Block Grant Disaster Recovery Action Plan, March 2013.

This estimate underestimates the number of ALICE households impacted by Superstorm Sandy. ALICE households do not earning enough to support a basic survival budget and little or no savings. They are less likely to be covered by insurance and have less income to spend on maintenance and prevention. Thus, ALICE houses were more susceptible to adverse weather conditions, and these households were more likely to lose income through the power outage yet have fewer resources to respond to the costs of Superstorm Sandy such as restocking their refrigerator and repairing their home.

Methodology:

The number of ALICE renter and owner households impacted directly is calculated from the American Community Survey estimate of number of households in each NJ municipality, the ALICE report estimate of the percent of households living below the ALICE Threshold, and the FEMA estimate of number of households applying for assistance.

Using data by municipality, if the median income for the registrations was above the ALICE Threshold, we assume that ALICE households were hit in proportion to the households in the town. This was the case for 24 out of 214 towns where renters registered and 367 out of 504 towns where owners registered for FEMA assistance.

If the median income for the registrations was below the ALICE Threshold for that county, we assume that 50 percent of registrations were made by ALICE households. This was the case for 190 out of 214 towns where renters registered and 105 out of 504 towns where owners registered.
The report is only as good as the FEMA data reported. Note, in 14 towns, FEMA records more applications for assistance than the ACS household estimate for the town. For these towns, we assume the ACS number is the maximum possible.

Additional ALICE households impacted by power outages is based on government estimates that 31 percent of households in New Jersey were without power on November 3, 2013, five days after Superstorm Sandy hit. We assume that ALICE households were without power in proportion to their total number of households, 34 percent or 1.1 million households. Thus, 31 percent of ALICE households without power for more than five days was 335,000 minus those households already counted through FEMA registration (93,400) totals 241,800.

Sources:


FEMA Housing Assistance Program for New York and New Jersey resulting from super storm Sandy, aggregated, non-PII dataset generated on 2/15/2013.